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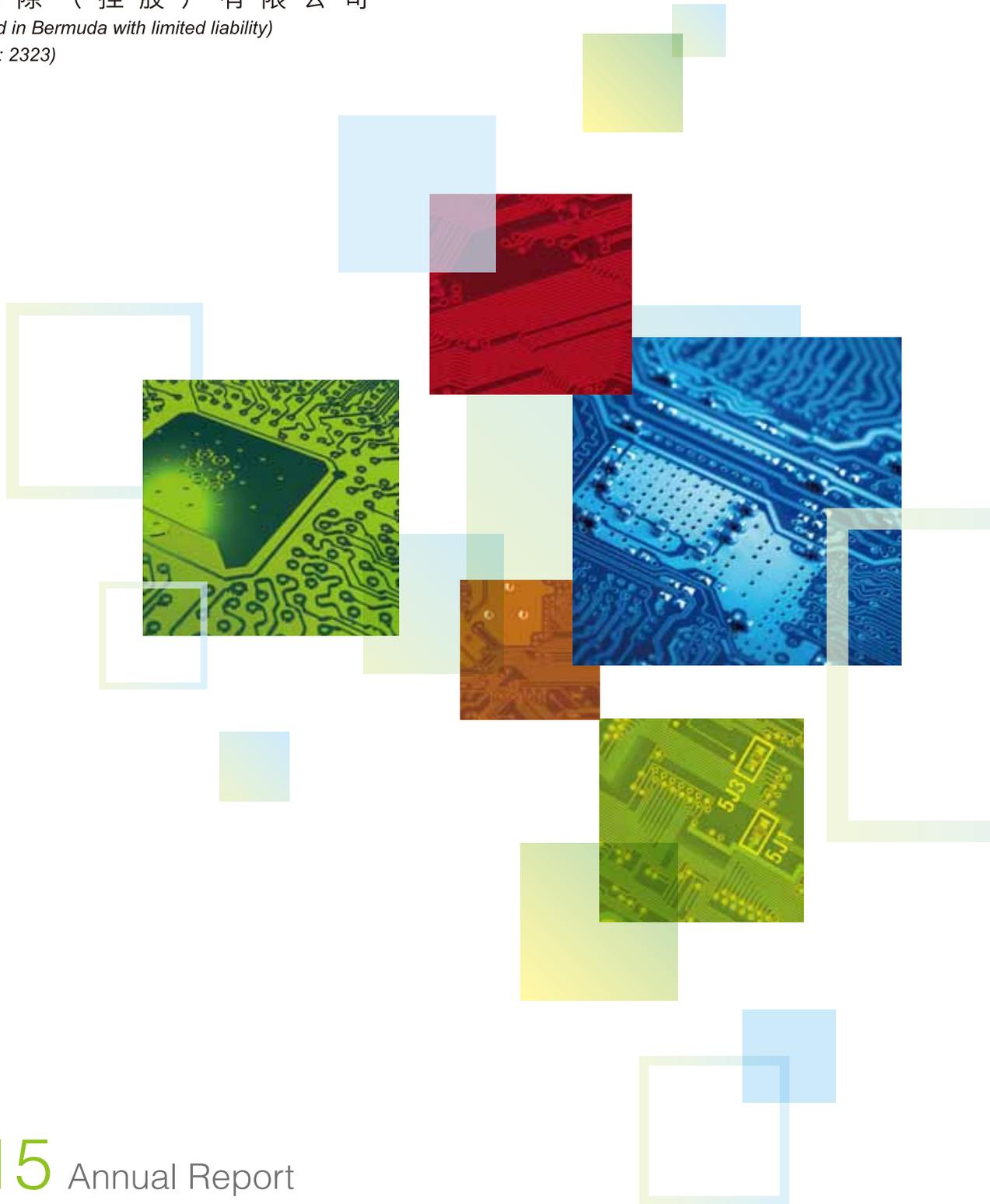
T O P S E A R C H

Topsearch International (Holdings) Limited

至卓國際（控股）有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 2323)



2015 Annual Report

**For identification purposes only*

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Corporate Information and Financial Calendar

EXECUTIVE DIRECTORS

Mr. Liu Tingan (*Chairman and Chief Executive Officer*)
(*appointed on 22 March 2016*)
Mr. Cheok Ho Fung (*Deputy Chairman*)

NON-EXECUTIVE DIRECTOR

Mr. Tang Yok Lam, Andy (*resigned on 31 March 2016*)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Leung Shu Kin, Alfred (*resigned on 31 March 2016*)
Mr. Wong Wing Kee
Mr. Ng Kee Sin
Mr. Ng Man Kung (*appointed on 22 March 2016*)
Dr. Ngai Wai Fung (*appointed on 22 March 2016*)
Mr. Lau Fai Lawrence (*appointed on 22 March 2016*)

COMPANY SECRETARY

Mr. Fong Ching Kong, Tony

AUDITOR

BDO Limited
Certified Public Accountants
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

LEGAL ADVISOR

KING & WOOD MALLESONS
13/F Gloucester Tower
The Landmark
15 Queen's Road Central
Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Appleby Management (Bermuda) Ltd.
Canon's Court, 22 Victoria Street
Hamilton HM12
Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

REGISTERED OFFICE

Canon's Court, 22 Victoria Street
Hamilton HM12
Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

3406 China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

BRANCH OFFICE

Room 4702
Far East Finance Centre
16 Harcourt Road
Admiralty
Hong Kong

PRINCIPAL BANKER

China Construction Bank Shaoguan Subbranch
No. 6 Guangxiao Road
Shaoguan, Guangdong
The People's Republic of China

FINANCIAL CALENDAR

Half year results

Announced on 17 August 2015

Full year results

Announced on 22 March 2016

REGISTER OF MEMBERS

To be closed from 1 June 2016 (Wednesday) to
3 June 2016 (Friday)

ANNUAL GENERAL MEETING

To be held on 3 June 2016 (Friday)

DIVIDENDS

Interim : Nil
Final : Nil

COMPANY WEBSITE

www.topsearch.com.hk

Business Profile



Topsearch International (Holdings) Limited ("**Topsearch**" or "**Company**") and its subsidiaries ("**Group**") are principally engaged in the manufacture and sale of a broad range of printed circuit boards ("**PCBs**"). The Group has a global customer base comprising principally Electronics Manufacturing Services ("**EMS**") companies and Original Equipment Manufacturer ("**OEM**") which are engaged in the production of a diverse range of products for personal computers ("**PC**") and PC-related industries, as well as the telecommunications, office components, security, instrumentation equipment and consumer products industries.

Reference is made to the announcement published on 23 March 2016 (for details, terms and expressions unless otherwise stated herein, please refer to the aforesaid). The Company plans to expand its business to the carrying out of managing assets and funds for clients as well as financial investments including but not limited to securities, bonds and debentures of companies on discretionary bases. To do this, the Company will apply for the relevant licenses required under applicable laws and regulations in due course.

Chairman's Statement



FINANCIAL PERFORMANCE

The trend in reducing world-wide demand for personal computers led to reduction in the demand for their ancillary parts and equipment including Hard Disk Drives, which had been the Group's major products supplied to our customers, leading to a substantial reduction of our revenue for the year ended 31 December 2015. Therefore, the Group had just been able to achieve sales turnover of about HK\$567 million for the year ended 31 December 2015, representing a decrease of approximately 7% as compared to the same of last year. Operating profit before interest and tax was approximately HK\$33 million after taking into account of the special gain attributable to the disposal of 30% equity interest in Topsearch Printed Circuits (Shenzhen) Ltd., previously an associate of the Company, during the year of 2015, as compared to operating loss before interest and tax of approximately HK\$148 million in 2014. Profit attributable to shareholders amounted to approximately HK\$13 million, as compared to loss attributable to shareholders of approximately HK\$167 million in 2014. Basic earnings per share was 1.79 Hong Kong cents, as compared to loss per share of 16.19 Hong Kong cents in 2014.

BUSINESS REVIEW

The Group is principally engaged in the manufacture and sale of a broad range of PCBs during the year of 2015.

The Group's sales turnover had been further decreased by approximately 7% from about HK\$610 million in 2014 to about HK\$567 million in 2015. The Group's gross profit had been increased from about HK\$10 million in 2014 to about HK\$29 million in 2015 with the gross profit margin increased from approximately 1.6% in 2014 to approximately 5.2% in 2015.

The Group's reduced sales turnover was primarily caused by the reduced production capacity during the learning curve when the Group's new products (regarding different household names in the Automotive and Domestic Appliances application) were introduced and conducted throughout the year of 2015.

DISPOSAL OF TOPSEARCH PRINTED CIRCUITS (SHENZHEN) LTD.

Reference is made to the section of "Business Review" under the topic headed "Chairman's Statement" in 2015 Interim Report of the Company published on 11 September 2015 (for details, terms and expressions unless otherwise stated herein, please refer to the aforesaid) regarding major disposal in relation to the disposal of 30% equity interest of Topsearch Printed Circuits (Shenzhen) Ltd. ("**Disposal Company**"), previously an associate of the Group, and various supplemental agreements concerning the asset separation arrangement and amendments of Consideration and payment manner.

Chairman's Statement



The Disposal was completed on 30 June 2015 and the Disposal Company ceased to be an associate of the Company on the same date and its financial results would no longer be consolidated into the financial statements of the Group since then. However, the Company is still holding 30% equity interest in 深圳市飛高至卓實業有限公司 which is an associate of the Company. The gain of the Disposal had been recognised in the financial statements during the year of 2015. In the opinion of the Directors, the Group will be able to reduce its overall bank borrowings and to improve its net current liability financial position, and to fund for general working capital of the Group by using the net proceeds of the Disposal.

CHANGE IN CONTROL OF THE COMPANY

Reference is made to the announcements dated 9 and 15 July 2015, 12 August and 1 September 2015 (for details, terms and expressions unless otherwise stated herein, please refer to the aforesaid).

On 9 July 2015, Inni International Inc., the controlling shareholder of the Company and its associate for the time being ("**Potential Vendors**") entered into a memorandum of understanding ("**MOU1**") with an independent third party ("**Potential Purchaser 1**") of a possible transaction, which, if materialised, might lead to a change in control of the Company and a mandatory general offer under the Takeovers Code for all the issued Shares (other than those already owned by or agreed to be acquired by the Potential Purchaser 1 and parties acting in concert with it) of the Company ("**Possible Transaction 1**").

However, on 1 September 2015, the Potential Vendors and the Potential Purchaser 1 had ceased discussion in relation to the Possible Transaction 1 and mutually agreed to terminate the MOU1. As the Potential Vendors had yet to receive earnest money as agreed under the MOU1, the MOU1 upon termination should have no further force or effect and all obligations of the Potential Vendors and the Potential Purchaser 1 thereunder should cease and terminate.

Further reference is made to the announcements dated 23, 24 and 29 September 2015, 23 October 2015, 9, 17 and 24 November 2015, 22 and 29 December 2015, 14, 15, 22 and 28 January 2016, 12 February 2016 and circulars dated 29 December 2015 and 22 January 2016 (for details, terms and expressions unless otherwise stated herein, please refer to the aforesaid).

On 28 September 2015, a memorandum of understanding ("**MOU2**") was entered into between the Potential Vendors and an independent third party ("**Potential Purchaser 2**") of a possible transaction, which, if materialised, might lead to a change in control of the Company and a mandatory general offer under the Takeovers Code for all the issued Shares (other than those already owned by or agreed to be acquired by the Potential Purchaser and parties acting in concert with it) of the Company ("**Possible Transaction 2**").

Chairman's Statement



On 16 November 2015 (after trading hours), Potential Vendors as the Vendors and Potential Purchaser 2 as the Joint Offerors entered into the Sale and Purchase Agreement, pursuant to which the Joint Offerors had conditionally agreed to acquire and the Vendors had conditionally agreed to sell the Sale Shares, being 510,250,000 Shares, representing 51.025% of the entire issued share capital of the Company as at the date thereof, for a total consideration of HK\$285,740,000, equivalent to HK\$0.56 per Sale Share, which was agreed between the Joint Offerors and the Vendors after arm's length negotiations.

On 16 November 2015 (after trading hours), Topsearch Printed Circuits (HK) (an indirect wholly owned subsidiary of the Company) entered into the Disposal Agreements, pursuant to which the Disposal Purchasers had conditionally agreed to purchase, and Topsearch Printed Circuits (HK) had conditionally agreed to sell, the respective entire issued share capital of each of Citilite Pride Limited and Topsearch Tongliao Investment (BVI) Limited, both were indirect wholly-owned subsidiaries of the Company for the time being ("**Disposal Companies**") and the shareholder's loan owed by the Disposal Companies and their respective subsidiaries ("**Disposal Groups**") to Topsearch Printed Circuits (HK) at an aggregate consideration of HK\$187,284,366 upon the Disposals Completion.

On 16 November 2015 (after trading hours), Mr. Cheok Ho Fung, the Company and Topsearch Printed Circuits (HK) entered into the Deed of Novation, pursuant to which the Company had conditionally agreed to assign and novate, and Topsearch Printed Circuits (HK) had conditionally agreed to assume and perform all the rights and obligations of the Company regarding the Indebtedness.

The Disposals constituted discloseable and connected transactions, and the Novation constituted a connected transaction for the Company under the Listing Rules. Since the Disposals and the Novation were not capable of being extended to all Shareholders, the Disposals and the Novation constituted "special deals" on the part of the Company under Note 4 to Rule 25 of the Takeovers Code. The Disposals and the Novation were therefore subject to the approval of the Independent Shareholders and the consent of the Executive.

The Disposals Completion took place on 15 January 2016 in accordance with the terms of the Disposal Agreements, simultaneously with the Sale and Purchase Completion and the Novation Completion. Upon the Disposals Completion, the principal business of the Remaining Group continued to be manufacture and sale of a broad range of printed circuit boards, and the Disposal Groups had ceased to be subsidiaries of the Company.

Following the Sale and Purchase Completion, Youfu Investment Co., Ltd. ("**Youfu**") and Zhisheng Enterprise Investment Co., Ltd. ("**Zhisheng**") as the Joint Offerors and parties acting in concert with them held a legal and beneficial interest in, and control voting rights in respect of, an aggregate of 510,250,000 Shares, representing 51.025% of the entire issued share capital of the Company as at 15 January 2016. Accordingly, pursuant to

Chairman's Statement

Rule 26.1 of the Takeovers Code, Prudential Brokerage would, on behalf of the Joint Offerors, make the Offer to acquire all the issued Shares (other than those already owned and/or agreed to be acquired by the Joint Offerors and parties acting in concert with them) at HK\$0.56 per Offer Share and in accordance with the terms to be set out in the Composite Document.

On 12 February 2016, the Joint Offerors had received valid acceptances in respect of a total of 40,000 Offer Shares under the Offer, representing approximately 0.004% of the entire issued share capital of the Company as at the date thereof.

Reference is made to the announcements dated 26 February, 1 and 9 March 2016 (for details, terms and expressions unless otherwise stated herein, please refer to the aforesaid).

On 26 February 2016 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Company appointed the Placing Agent as its placing agent to procure Placee(s), who was(were) Independent Third Party(ies) to subscribe up to 200,000,000 Placing Shares at a price of HK\$0.925 per Placing Share on a best effort basis on the terms and subject to the condition of the Placing Agreement.

The maximum number of 200,000,000 Placing Shares represented (i) 20.00% of the existing issued share capital of the Company of 1,000,000,000 Shares for the time being; and (ii) approximately 16.67% of the issued share capital of the Company of 1,200,000,000 Shares as enlarged by the allotment and issue of the Placing Shares.

The Placing was completed on 9 March 2016 pursuant to which the Company had allotted and issued 200,000,000 Placing Shares at the Placing Price of HK\$0.925 per Placing Share to China Aim Holdings Limited ("**China Aim**") who was an independent professional investor and had independent ultimate beneficial owner. The ultimate beneficial owner of China Aim had profound experiences in securities investment and was a majority shareholder of a PRC company which is principally engaged in media investment and cultural development.

The net proceeds from the Placing (after deducting the placing commission payable to the Placing Agent and other expenses incurred in the Placing) were approximately HK\$182.48 million. The Company intended to apply the net proceeds from the Placing as general working capital of the Group.

Following the abovesaid placing of Shares, China Aim became substantial shareholders of the Company which held 16.67% of the entire issued share capital of the Company.

Chairman's Statement



Furthermore, reference is also made to the announcements of the Company dated 31 December 2010, 4 January 2012, 23 August 2012 and 31 December 2013 respectively (for details, terms and expressions unless otherwise stated herein, please refer to the aforesaid announcements).

On 21 March 2012, the Supervisor (Tongliao Economic Technology Development Regional Management Committee) issued a letter of commitment to the Vendor (Topsearch Printed Circuits (Tongliao) Limited), pursuant to which the Supervisor had committed to provide RMB31 million to the Purchaser (Tongliao Xutong Solar Technology Company Limited) for the settlement of the Remaining Balance in three installments before the end of year 2012. Subsequently, on 26 April 2012, the Vendor entered into the Chinese Supplement Agreement with both the Purchaser and the Supervisor. Though a further sum of RMB10 million had been received from the Supervisor after the signing of the afore-mentioned Chinese Supplement Agreement, the Remaining Balance amounting to RMB21 million had not yet been settled by the Purchaser as per what the Supervisor had committed and was still outstanding as at 31 December 2013.

During the year of 2015, the management of the Company had not received any indication from either party that the original Property Assignment Agreement signed on 31 December 2010 should be terminated or revoked. In the meantime, the Company does not have the intention of terminating the abovesaid transaction and forfeiting the deposit of RMB5 million as provided under the Property Assignment Agreement should the Purchaser fail to pay the Remaining Balance according to the stipulated time frame. The Company still has confidence that the completion of this property disposal in respect of the abovesaid transaction can be accomplished eventually though a fixed deadline is still not available. Further announcement will be made for any results of the said negotiation with both the Supervisor and the Purchaser or further progress on the transaction.

To improve the Group's financial position progressively, the Group has been implementing various sales strategies to increase the sales turnover and profit margins of its products. The Group shall continue to enhance its marketing efforts to expand its market coverage and will further improve its product mix and plan to develop new products so as to widen its market coverage. The Group has been taking various cost control measures to tighten the costs of operations and various general and administrative expenditure especially after the completed relocation of production facilities from Shenzhen to Shaoguan.

Same as previous years, Mr. Cheok Ho Fung, a controlling shareholder of the Company as at 31 December 2015 has continued to maintain a total advance of approximately HK\$95 million to the Group for the year ended 31 December 2015 and would promise to continue providing additional financial support throughout the whole year of 2016 for financing the working capital of the Group when needed.

Chairman's Statement



PROSPECT

As reported earlier in our 2015 Interim Results Announcement, the Group did not expect an immediate recovery in her performance for the whole year of 2015, and such prediction turned out to be fairly accurate in that the Group's whole year turnover for 2015 has decreased slightly by 7% compared to her 2014 figure.

Going forward, the outlook for the PC and the HDD (Hard Disk Drive) industry for year 2016 will continue to be lackluster. This soft market, coupled with the decreasing demand in PRC made hand-phones during 2015, has created an over supply of the PCB capacity in the PCB industry globally. This is witnessed by the fall in ASP (Average Selling Price) of all kinds of volume PCB designs during the first quarter of 2016. Against all such adverse trends, perhaps the encouraging news are that the Group has continued to prove its efforts in effectively reducing its costs of production to meet such price erosion and therefore there are reasons to believe its capability to remain competitive throughout year 2016.

Furthermore, with the change in its shareholders structure in early 2016, the Group will continue to develop its existing business and will also be proactively exploring new business opportunities with bright prospect and good returns. By utilizing its resources in China and the advantage of Hong Kong as an international financial center and offshore RMB center, the Group may explore opportunities to extend its business in asset management in the near future so as to improve the Group's market strength and enhance the shareholder's return.

APPRECIATION

On behalf of the Board, I would like to extend our gratitude and sincere appreciation to all management and staff members for their diligence and dedication, and also to our business partners and the Company's shareholders for their continuing support.

On behalf of the Board

Cheok Ho Fung

Chairman and Chief Executive Officer

Hong Kong, 22 March 2016

Corporate Governance Report

CODE ON CORPORATE GOVERNANCE PRACTICES

The Board and the management of the Company are of the opinion that during the year 2015, the Company has properly operated in accordance with the “Corporate Governance Code and Corporate Governance Report” (“**CG Code**”) which sets out (a) code provisions (which are expected to comply with); and (b) recommended best practices (which are for guidance only) in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) (“**Listing Rules**”). The Company has complied with the code provisions and one of the recommended best practices of the CG Code for the period from 1 January 2015 to 31 December 2015 except for one deviation of code provisions as stated in the section headed “Compliance with CG Code” below.

The Board is committed to the principles of transparency, accountability and independence highlighted by the CG Code to better enhance the Company’s shareholders’ value and proper management of corporate assets in the following ways:

1. ensuring the decision-making process, risk management process, internal audit and controls, disclosure of information and the communication with stakeholders are carried out in accordance with good management practices and compliance with the respective regulatory standards;
2. cultivating a culture of integrity, transparency and accountability for the Company, its staff and Directors and emphasising the importance of their roles in such an environment; and
3. adopting quality standards widely recognised to foster quality management in every aspect of daily operations to enhance the performance and value of the Company as a whole.

COMPLIANCE WITH CG CODE

The Directors confirm that, for the financial year ended 31 December 2015, the Company has complied with the code provisions set out in the CG Code contained in Appendix 14 of the Listing Rules save for the deviation mentioned below:

Mr. Cheok Ho Fung was the Chairman as well as the Chief Executive Officer of the Company. This arrangement deviated from the provision of A.2.1 of the CG Code, which provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

The Directors are of the opinion that the arrangement would provide stronger leadership of the management for the Group and enable effective business planning. The Directors believe that it does not have a material adverse impact on the corporate governance of the Company.

The Board will carry out a regular review and propose any amendment, if necessary, to ensure compliance with the CG Code provisions as set out in the Listing Rules.

Corporate Governance Report

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS ("MODEL CODE")

The Company has adopted its own code of conduct ("**Own Code**") regarding securities transactions by Directors on 7 April 2005 and was revised by the Directors on 10 September 2009, 26 March 2013 and 18 August 2014 respectively on terms no less exacting than the required standard set out in the Model Code.

The Company, having made specific enquiries, confirms that members of the Board have complied with the Own Code throughout the year 2015. Members of the Company's management, who, due to their positions in the Company, are likely to be in possession of inside information, have also complied with the provisions of the Own Code.

The updated Own Code has been uploaded on the website of the Company.

THE BOARD OF DIRECTORS

As at 31 December 2015, the Board consisted of five Directors, with a variety and a balance of skills and experience in accounting, manufacturing, marketing, finance and investment professions. Their brief biographical particulars are set out on pages 52 to 63 of this annual report. List of Directors and Their Role and Function which sets out the members and composition of the Board has been uploaded on the Stock Exchange's website and the Company's website.

Members of the Board and their respective attendance to Board meetings and general meetings held during the year ended 31 December 2015 are as follows:

Name of Directors	Number of attendance at Board meetings	Number of attendance at general meetings
Executive Director		
Mr. Cheok Ho Fung (<i>the Chairman and Chief Executive Officer</i>)	6/6	1/1
Non-executive Director		
Mr. Tang Yok Lam, Andy	6/6	1/1
Independent Non-executive Directors		
Mr. Leung Shu Kin, Alfred	6/6	1/1
Mr. Wong Wing Kee	5/6	1/1
Mr. Ng Kee Sin	6/6	1/1

Corporate Governance Report

The number of Board meetings held during the year ended 31 December 2015 was six.

The number of general meetings held during the year ended 31 December 2015 was one.

During the year 2015, the Company has maintained the minimum requirements of the Listing Rules as to the number of Independent Non-executive Directors as three and, one of whom has accounting and related financial management expertise. They have dedicated to provide the Company with professional advice with respect to the steady operation and development of the Company. They also exercised supervision and coordination to safeguard interests of the Company and its shareholders. The existing Independent Non-executive Directors represent at least one-third of the Board.

Each Independent Non-executive Director as at 31 December 2015, Mr. Leung Shu Kin, Alfred, Mr. Wong Wing Kee and Mr. Ng Kee Sin had provided an annual confirmation of independence to the Company pursuant to Rule 3.13 of the Listing Rules. Based on such annual confirmation received from each of the Independent Non-executive Directors, the Company considers that all Independent Non-executive Directors are still considered to be independent for the purpose of Rule 3.13 of the Listing Rules.

Mr. Leung Shu Kin, Alfred, an Independent Non-executive Director, who is currently an executive director and equity partner of Elegance Printing Group, the printer of the Company, who had business relationship with the Company during the year 2015. Mr. Leung was considered to be independent by the Company because his business dealings with the Group was considered not to be material.

There was no relationship (including financial, business, family or other material/relevant relationship(s)), between members of the Board and in particular, between the Chairman and the Chief Executive Officer for the year ended 31 December 2015 save as disclosed below:

1. Mr. Cheok Ho Fung was the Chairman as well as the Chief Executive Officer of the Company. The role of the Chairman and Chief Executive Officer was not segregated and was exercised by the same individual. The reason had been explained under the section headed "Compliance with CG Code" in this annual report. Mr. Cheok Ho Fung is the father of Mr. Cheok Lup Yin, Eric, an assistant to Mr. Cheok Ho Fung as the Chief Executive Officer of the Company and directors of various subsidiaries of the Company; and
2. Mr. Leung Shu Kin, Alfred, an Independent Non-executive Director, who is currently an executive director and equity partner of Elegance Printing Group, the printer of the Company, who had business relationship with the Company as mentioned above.

Corporate Governance Report

All existing Non-executive Directors have signed letters of appointment with the Company for a term of not more than three years, and will be subject to retirement by rotation and re-election at the annual general meeting of the Company pursuant to the Bye-laws of the Company and the requirements of the Listing Rules.

The remuneration of Non-executive Directors will be reviewed by the remuneration committee of the Company ("**Remuneration Committee**") and will be fixed from time to time by the Board subject to the authority granted pursuant to the Company's Bye-laws by the shareholders at the Company's general meetings.

As at the date of publication of this annual report, the members of the Board are Mr. Liu Tingan (Executive Director, Chairman of the Board and Chief Executive Officer), Mr. Cheok Ho Fung (Executive Director and Deputy Chairman), Mr. Wong Wing Kee (Independent Non-executive Director), Mr. Ng Kee Sin (Independent Non-executive Director), Mr. Ng Man Kung (Independent Non-executive Director), Dr. Ngai Wai Fung (Independent Non-executive Director) and Mr. Lau Fai Lawrence (Independent Non-executive Director).

THE OPERATION OF THE BOARD

The Board's main task is to supervise and direct the management of the Company to operate under good corporate governance in order to maximise value of the Company's shareholders while balancing the interest of its various stakeholders. The Board holds meetings at around quarterly interval to monitor the performance of the Company as against the budget and to be briefed with market developments, to discuss and decide on major corporate, strategic and operational issues, and to appraise any good investment opportunities available.

The major duties performed by the Board are as follows:

1. setting the Company's values and standards;
2. setting the objectives of the Company and responsibilities of the Board and its various committees;
3. establishing the strategic direction for the Company;
4. setting targets for the management of the Group;
5. monitoring the performance of the management of the Group;
6. supervising the annual and interim results of the Group;
7. ensuring that a framework of prudent and effective internal control is in place to assess and manage the risk of the Group and implementing appropriate systems to manage these risks;

Corporate Governance Report



8. overseeing the management of the Company's relationships with its shareholders, customers, the community, various Government Authorities, interest groups and others who have a legitimate interest in the responsible conduct of the Group's business;
9. identifying and assessing any matters involving a conflict of interest for a substantial shareholder or a Director;
10. determining material acquisitions and disposals of assets, investments, capital, projects, authority levels, major treasury policies, risk management policies and key human resources issues; and
11. considering and determining issues which are the responsibilities of the Board pursuant to the Company's Memorandum of Association and Bye-laws and the relevant laws and regulations in force by which the Company is governed from time to time.

The Board is also responsible for the following corporate governance duties:

1. to develop and review the Company's policies and practices on corporate governance and make recommendations on any amendment or updating (if any);
2. to review and monitor the training and continuous professional development of Directors and the Company's senior management;
3. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
4. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to the Company's employees and Directors;
5. to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report under the CG Code; and
6. to be responsible for performing any other corporate governance duties and functions set out in the CG Code and the Listing Rules (as amended from time to time), or delegating the responsibility to a committee or committees (if applicable).

During the year of 2015, the Company had reviewed its corporate governance policy by the Board in achieving high standards of corporate governance duties. The Board will further develop and review this policy regularly and at least annually so as to make recommendations on any amendment or updating (if any).

Corporate Governance Report

During the year of 2015, the Board had delegated its authority to the nomination committee of the Company ("**Nomination Committee**") to review its board diversity policy for the Company and the terms of reference of the Nomination Committee. The Board (via the reporting from the Nomination Committee) had reviewed and considered the measurable objectives that it has set for implementing the Company's board diversity policy during the year of 2015 and would, together with its Nomination Committee, regularly review the progress on achieving those objectives.

The Board delegates to the management of the Company in respect of the major corporate matters as stated below:

1. preparation of the annual and interim results of the Group to be approved by the Board;
2. execution of the corporate strategies and directions of the Group adopted by the Board;
3. implementation of sufficient systems of internal controls and risk management procedures of the Group; and
4. carrying out daily business operations and decision-making regarding the daily ordinary business of the Company, etc.

BOARD COMMITTEES

As an integral part of good corporate governance, the Board has established various Board Committees to oversee particular aspects of the Company's affairs. The Board Committees are governed by their respective terms of reference, which describe the authority and duties of the Board Committees and will be regularly reviewed and updated by the Board. The Board Committees include audit committee ("**Audit Committee**"), Remuneration Committee, Nomination Committee, and executive committee ("**Executive Committee**") of the Company whose terms of reference had been set out in writing respectively.

AUDIT COMMITTEE

The Audit Committee is composed of three Independent Non-executive Directors during the year of 2015.

The chairman of the Audit Committee is an Independent Non-executive Director who has the appropriate professional qualifications and experience in accounting or related financial management expertise as required by the Listing Rules. The Audit Committee discharges its responsibilities as follows and in accordance with its existing terms of reference being adopted by the Board:

1. reviewing and monitoring the integrity of the interim and annual results and financial statements of the Company and of the Group and reviewing significant financial reporting judgements;
2. reviewing and monitoring the reporting, accounting and financial policies and practices of the Company;

Corporate Governance Report

3. reviewing and primarily responsible for making recommendation to the Board on the appointment, re-appointment, retirement, resignation or removal of the Company's external auditor and reviewing their remuneration and terms of engagement, discussing their audit plan and scope of audit, and monitoring the external auditor's independence, objectivity and effectiveness of the audit process up to applicable standard, and also reporting the issues raised by the external auditor, including but not limited to those stated in their management letter addressed to the Board, implementing policy on engaging external auditor to supply non-audit services;
4. acting as the key representative body for overseeing the Company's relations with the external auditor;
5. reviewing the fairness and reasonableness of connected transaction(s) or continuing connected transaction(s) of the Company, if any;
6. ensuring full access by the respective responsible teams of the Group under corporate governance function of any concerns that may have arisen during the course of their corporate governance works;
7. conducting annual review of the effectiveness of the Group's internal control and risk management systems as delegated by the Board and considering any findings of major investigation of its internal control and risk management matters; and ensuring the Group's management has discharged its duty to have an effective internal control and risk management system including the adequacy of resources, qualifications and experience of staff from the Group; and
8. reviewing arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters, and the whistleblowing policy and system for employees which has been adopted by the Board on 27 March 2012.

As at 31 December 2015, the members of the Audit Committee were Mr. Ng Kee Sin (Chairman) (Independent Non-executive Director), Mr. Leung Shu Kin, Alfred (Member) (Independent Non-executive Director) and Mr. Wong Wing Kee (Member) (Independent Non-executive Director).

During the year ended 31 December 2015, three Audit Committee meetings were held (whereas two of which had been held with the attendance of the Company's external auditor) to review the financial results and reports for the year ended 31 December 2014 and for the six months ended 30 June 2015, the budget for the year of 2016, risk management and internal control processes, related party transactions, continuing connected transactions and discloseable transactions (if any), roles and responsibilities as well as works performed by the teams under corporate governance function, and the re-election of the Company's external auditor.

Corporate Governance Report

The Audit Committee has reviewed the consolidated annual results and financial statements of the Group for the year ended 31 December 2015, including the accounting principles and practices adopted by the Group.

This annual report has been reviewed by the Audit Committee.

The attendance record of each member of the Audit Committee at its meeting for the year ended 31 December 2015 is set out below:

Members of Audit Committee	Attendance
Mr. Ng Kee Sin (<i>Chairman</i>) (<i>Independent Non-executive Director</i>)	3/3
Mr. Leung Shu Kin, Alfred (<i>Member</i>) (<i>Independent Non-executive Director</i>)	3/3
Mr. Wong Wing Kee (<i>Member</i>) (<i>Independent Non-executive Director</i>)	3/3

Auditor's Remuneration

The Audit Committee of the Company is responsible for considering the appointment and re-election of the external auditor and reviewing any non-audit functions performed by the external auditor, including whether such non-audit functions could lead to any potential material adverse effect to the Company. During the year under review, the Group is required to pay to the external auditor, BDO Limited, the following fees:

Type of services provided by the external auditor	Fee paid/payable (HK\$'000)
<i>Audit services:</i>	
Audit of the annual financial statements for the year ended 31 December 2015	890
<i>Non-audit services:</i>	
Review of continuing connected transaction(s)	10
Agreed-upon procedures on preliminary announcement of results	20
Agreed-upon procedures on interim financial statements for the six months ended 30 June 2015	30
	<hr/>
	950

As at the date of publication of this annual report, the members of the Audit Committee are Mr. Lau Fai Lawrence (Chairman) (Independent Non-executive Director), Mr. Ng Man Kung (Member) (Independent Non-executive Director), Dr. Ngai Wai Fung (Member) (Independent Non-executive Director) and Mr. Ng Kee Sin (Member) (Independent Non-executive Director).

Corporate Governance Report

REMUNERATION COMMITTEE

The Remuneration Committee performs the following roles and functions in accordance with its terms of reference and its written remuneration policy adopted by the Board:

1. ensuring formal and transparent procedures for overseeing, developing and determining policies on the remuneration packages of Directors and the Company's senior management;
2. assessing the achievement and performance and reviewing the performance-based remuneration of Executive Directors and the Company's senior management by reference to the Company's corporate goals;
3. approving the terms of Executive Directors' service agreements or letters of appointment (as appropriate);
4. providing effective supervision and administration of the Company's share option schemes and other share incentive schemes (if available);
5. determining with delegated responsibility on the remuneration packages of individual Executive Directors and the Company's senior management or recommending to the Board on Executive Director's and the Company's senior management's remuneration packages, and reviewing the remuneration of Non-executive Directors; and
6. ensuring that no Director or any of his associates is involved in deciding his own remuneration.

During the year of 2015, the Company has adopted the model to make recommendations to the Board on the remuneration packages of individual Executive Director and the Company's senior management.

During the year ended 31 December 2015, one Remuneration Committee meeting was held to discuss and review the remuneration packages and bonus (if any) of Executive Director and other Directors and the terms of their service agreement and letters of appointment, and the remuneration policy for the Company and the Group (with reference to its terms of reference and Listing Rules).

As at 31 December 2015, the Remuneration Committee comprised three members, namely Mr. Leung Shu Kin, Alfred (Chairman) (Independent Non-executive Director), Mr. Tang Yok Lam, Andy (Member) (Non-executive Director) and Mr. Wong Wing Kee (Member) (Independent Non-executive Director). All members are Non-executive Directors and the majority of whom are Independent Non-executive Directors.

Corporate Governance Report

The attendance record of each member of the Remuneration Committee at its meeting for the year ended 31 December 2015 is set out below:

Members of Remuneration Committee	Attendance
Mr. Leung Shu Kin, Alfred (<i>Chairman</i>) (<i>Independent Non-executive Director</i>)	1/1
Mr. Tang Yok Lam, Andy (<i>Member</i>) (<i>Non-executive Director</i>)	1/1
Mr. Wong Wing Kee (<i>Member</i>) (<i>Independent Non-executive Director</i>)	1/1

As at the date of publication of this annual report, the members of the Remuneration Committee are Dr. Ngai Wai Fung (Chairman) (Independent Non-executive Director), Mr. Ng Man Kung (Member) (Independent Non-executive Director) and Mr. Lau Fai Lawrence (Member) (Independent Non-executive Director).

NOMINATION COMMITTEE

The Nomination Committee performs the following roles and functions in accordance with its nomination procedures and criteria as follows and in accordance with its terms of reference and its written nomination policy adopted by the Board:

1. determining the policy for the nomination of Directors during the year;
2. adopting the nomination procedures and the process and criteria to select and recommend candidates for directorship during the year by considering the candidates' past performance and experience, academic and working qualifications, general market conditions in accordance with the requirements set out in the Listing Rules and the Company's Bye-laws so as to make the composition of the Board filled with a variety and a balance of skills and experience;
3. reviewing regularly the roles of Directors by considering the issues of conflict of interest, their performance and conduct;
4. assessing the independence of Independent Non-executive Directors; and
5. reviewing regularly the nomination policy and board diversity policy of the Company to ensure the effectiveness of these policies and to review any progress on achieving those objectives in these policies.

Corporate Governance Report



The board diversity policy of the Company is set out below:

1. Purpose

- 1.1 The board diversity policy ("**Policy**") sets out the approach to diversity on the board of directors of the Company ("**Board**").

2. Scope of Application

- 2.1 The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance.
- 2.2 The Policy applies to the Board and does not apply to diversity in relation to employees of the Company and its subsidiaries ("**Group**").

3. Policy Statement

- 3.1 In designing the Board's composition, the Company recognises and embraces the benefits of diversity in Board members.
- 3.2 Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, regional and industry experience, professional experience, skills, knowledge and length of service.
- 3.3 The Nomination Committee reviews and assesses the composition of the Board and makes recommendations to the Board on appointment of new directors of the Company ("**Directors**"). All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of the Board's diversity.

4. Measurable Objectives

- 4.1 The Nomination Committee will discuss and agree annually all measurable objectives for implementing the Policy and achieving the Board's diversity and recommend them to the Board for adoption.
- 4.2 Selection of candidates for Board members will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, regional and industry experience, professional experience, skills, knowledge and length of service, as well as the criterion set out in the Company's nomination policy. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

Corporate Governance Report

- 4.3 The Board's composition (including gender, ethnicity, age, length of service, educational background, professional experience, skills and knowledge) will be disclosed in the Company's corporate governance report ("**CG Report**") annually in accordance with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

5. Monitoring and Reporting

- 5.1 The Nomination Committee will report annually, in the CG Report, on the Board's composition under diversified perspectives, and monitor the implementation of the Policy.

6. Review of the Policy

- 6.1 The Nomination Committee will review the Policy regularly, as appropriate, to ensure the effectiveness of the Policy and to review any progress on achieving those objectives in the Policy.
- 6.2 The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

During the year ended 31 December 2015, the Nomination Committee had met once and discussed and reviewed (i) the retiring Directors to be re-elected at the 2015 annual general meeting of the Company; (ii) the independence of the Independent Non-executive Directors; (iii) the terms of appointment of Directors; (iv) the structure, size and composition (including the skills, knowledge and experience) of the Board; (v) the role, performance and conduct of the existing Directors (including but not limited to the issues on any conflict of interest); (vi) any nomination of potential candidate in place of the resigned Director(s) to the Board; and (vii) the nomination policy and board diversity policy (including its measurable objectives and progress on achieving those objectives) of the Company (with reference to its terms of reference and Listing Rules).

As at 31 December 2015, the members of the Nomination Committee were Mr. Wong Wing Kee (Chairman) (Independent Non-executive Director), Mr. Leung Shu Kin, Alfred (Member) (Independent Non-executive Director) and Mr. Tang Yok Lam, Andy (Member) (Non-executive Director). All members were Non-executive Directors and the majority of whom were Independent Non-executive Directors.

The attendance record of each member of the Nomination Committee at its meeting for the year ended 31 December 2015 is set out below:

Members of Nomination Committee	Attendance
Mr. Wong Wing Kee (<i>Chairman</i>) (<i>Independent Non-executive Director</i>)	1/1
Mr. Leung Shu Kin, Alfred (<i>Member</i>) (<i>Independent Non-executive Director</i>)	1/1
Mr. Tang Yok Lam, Andy (<i>Member</i>) (<i>Non-executive Director</i>)	1/1

Corporate Governance Report

Under the CG Code provision A.4.2, every Director including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. The Bye-laws of the Company has provided that at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation such that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years.

Under the CG Code provision A.4.2, all Directors appointed to fill a casual vacancy should be subject to election by the Company's shareholders at the first general meeting of the Company after appointment. The Bye-laws of the Company has provided that the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election, but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting.

As at the date of publication of this annual report, the members of the Nomination Committee are Mr. Ng Man Kung (Chairman) (Independent Non-executive Director), Dr. Ngai Wai Fung (Member) (Independent Non-executive Director), Mr. Lau Fai Lawrence (Member) (Independent Non-executive Director) and Mr. Wong Wing Kee (Member) (Independent Non-executive Director).

EXECUTIVE COMMITTEE

The Executive Committee operates with overall delegated authority from the Board. The Executive Committee carries out the following tasks for the purposes of dealing with the affairs relating to the day-to-day operations of the Group:

1. determining group strategy;
2. setting targets for the management;
3. reviewing business performance;
4. ensuring adequate funding; and
5. examining major investments.

As at 31 December 2015, the sole member of the Executive Committee was Mr. Cheok Ho Fung. The attendance record of the sole member of the Executive Committee at its meeting for the year ended 31 December 2015 is set out below:

Member of the Executive Committee	Attendance
Mr. Cheok Ho Fung (<i>the Chairman and Chief Executive Officer</i>)	0/0

During the year ended 31 December 2015, no Executive Committee meeting was held to consider and approve the affairs regarding the daily transactions and business operations of the Group.

Corporate Governance Report

As at the date of publication of this annual report, the members of the Executive Committee are Mr. Liu Tingan (Chairman) (Executive Director) and Mr. Cheok Ho Fung (Member) (Executive Director).

TRAINING AND SUPPORT FOR DIRECTORS

The Group provides briefings, reading materials and other training opportunities to develop and refresh the Directors' knowledge and skills so as to keep abreast of their collective responsibilities and to emphasis on the roles, functions and duties of a listed company director.

The Group continuously updates Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices, and to ensure that their contribution to the Board remains informed and relevant.

During the period from 1 January 2015 to 31 December 2015 as required by CG Code, the Directors had participated in the following trainings:

Name of Directors	Types of Training		
Executive Director			
Mr. Cheok Ho Fung <i>(Chairman of the Board, Chief Executive Officer)</i>	A	—	B
Non-executive Director			
Mr. Tang Yok Lam, Andy	—	—	B
Independent Non-executive Directors			
Mr. Leung Shu Kin, Alfred	—	—	B
Mr. Wong Wing Kee	A	—	B
Mr. Ng Kee Sin	A	—	B

A : *attending seminars and/or conferences and/or forums (via different means)*

B : *self-reading on newspapers, journals and updates relating to the business of PCBs, updates on the Listing Rules or corporate governance matters, other relevant statutory requirements, director's duties and responsibilities etc.*

CORPORATE MANAGEMENT AND INTERNAL CONTROL

The Board established a Whistleblowing Policy on 27 March 2012 which deals with and governs properly and fairly concerns raised by the Company's employees about any suspected malpractice or misconduct regarding financial reporting, internal control or other matters within the Company and the Group. The Audit Committee shall review regularly this Policy and ensure that arrangements are in place for independent and fair investigation of these matters and for appropriate following-up action.

Corporate Governance Report

The responsible teams of different sections or departments within the Group under corporate governance function play a major role in monitoring the internal corporate governance of the Group. They have unrestricted access to the information that allow them to review all aspects of the Group's risk management and governance processes in connection with nature of compliance and legal requirements. It also has the power to consult the Audit Committee without reference to the Company's management.

Internal Control Activities:

Internal control activities are undertaken by the responsible teams under corporate governance function. Under the cross-functional work relationship, the teams conduct periodic review of the practices, procedures and internal controls of all business and support units within the Group. The relevant Board Committees may request the responsible teams to conduct ad-hoc reviews or investigation in relation to all types of business operations of the Group if needed, and to report back the review or investigation results to the Board Committees.

The management systems for occupational health, safe environment and quality standards are set up. The perfection of the internal control system is properly established and the Board and the Company's management have paid significant attention to it. The aim of undertaking the internal control activities by the responsible teams is to govern the overall system establishment and comprehensive perfection in corporate internal control. Key tasks of the responsible teams in this internal control function include:

1. unlimited authority of access to review different aspects of the Group's business activities and internal control procedures;
2. regular performance of the comprehensive audit of the working procedures, practices, expenses, investment, asset management of the special business unit and the Group;
3. special reviews and investigations for ad-hoc projects; and
4. liaison with the Company's management and reporting to the Audit Committee and the Board on the effectiveness and efficiency of the Group's management and the assurance against material financial misstatements.

The Board holds full responsibility for the system of internal control of the Group and continuously reviews its effectiveness from time to time. The responsible teams participating into the internal audit activities as aforementioned perform investigation of the effectiveness of material processes and controls on a risk-based approach in accordance with the provisions on internal controls as set forth in the CG Code. The findings are reported to the Audit Committee. The Board, through the Audit Committee, has at least annually reviewed the effectiveness of the system of internal control of the Group for the year ended 31 December 2015. The review had covered all material controls, including financial, operational and compliance controls and risk management functions of the Group. The Board via annual review considers the internal control systems (including but not limited to the resources, qualifications and experience of staff of the Group's accounting and financial reporting function, its training programmes and budget) is effective and adequate.

Corporate Governance Report

The Board has implemented procedures and internal controls for the handling and dissemination of inside information. During the year of 2013, the Company has adopted the inside information policy which aims to set out guidelines to the Group's directors, officers and all relevant employees to ensure inside information (as defined below) of the Company is to be disseminated to the public in equal and timely manner in accordance with the applicable laws and regulations. The term "relevant employee" refers to employee of the Group, because of his office or employment, who is likely to be in possession of the unpublished inside information (as defined below). The above mentioned persons are also recommended to make reference to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission ("SFC") in June 2012.

Under the new Part XIVA of the Securities and Future Ordinance ("SFO"), Chapter 571 ("Part XIVA") which has been effective on 1 January 2013, inside information is the specific information about the Company, its shareholder or officer or its listed securities or derivatives, which is not generally known to the persons who are accustomed, or would be likely, to deal in the Company's listed securities but would, if generally known to them, be likely to materially affect the price of the Company's listed securities.

OPERATION RISKS

The Group has implemented appropriate policies and procedures for all major operations. In particular, the Company's management closely monitors the procurement process and performs due diligence check on the vendors. The In Process Quality Assurance Department and Reliability Department ensure the stability of the manufacturing process and control products quality. The Group also strives to promote human resources reforms and comprehensively enhances cost management. By establishing clear policies and requiring well-documented business process, the exposure to operation risks is considered minimal.

INVESTOR RELATIONS AND COMMUNICATION

The Board established a shareholders' communication policy on 27 March 2012 for maintaining an on-going dialogue with the Company's shareholders and other stakeholders and encouraging them to communicate actively with the Company. This policy sets out the principles of the Company in relation to shareholders' communications, with the objective of ensuring that its communications with the Company's shareholders and other stakeholders (including potential investors) with ready, equal and timely access to balanced and understandable information about the Company (including its financial performance, strategic goals and plans, material developments, governance and risk profile), in order to enable the Company's shareholders and other stakeholders to exercise their rights in an informed manner mainly through the Company's corporate communications (such as interim and annual reports, announcements and circulars, notices of meetings, proxy forms and listing documents), annual general meetings and other general meetings, as well as disclosure on the website of the Company.

Corporate Governance Report

Interim reports, annual reports and circulars and associated explanatory documents etc are sent to the Company's shareholders and are also posted on the Stock Exchange's website (www.hkex.com.hk) and the Company's website (www.topsearch.com.hk) under a dedicated "Investor Relations" section as soon as practicable in plain language and in both English and Chinese versions or where permitted, in single language, and will be updated on a regular basis and in a timely manner. The Company's website provides its shareholders with the corporate information, such as principal business activities, the development of corporate governance and the corporate social responsibilities of the Group such as environmental protection, etc.

The Company's shareholders are provided with contact details of the Company, such as telephone hotline, fax number, email address and postal address (as indicated below), in order to enable them to make any query that they may have with respect to the Company. They can also send their enquiries to the Board through these means. In addition, the Company's registered shareholders can contact Tricor Tengis Limited, the Company's Hong Kong Branch Share Registrar and Transfer Office, if they have any enquiries about their shareholdings and entitlements to dividend.

The Company will not normally deal with verbal or anonymous enquiries. However, its shareholders may send their enquiries to the following in respect of the Company:

Principal place of business in Hong Kong : 3406, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong

For the attention of Chairman of the Board/Chief Executive Officer/
Company Secretary

Telephone : (852) 2271 2299

Fax : (852) 2858 8778

Email : investor.relations@topsearch.com.hk

The Company's registered shareholders should direct their enquiries about their shareholdings and entitlement to dividend to the Company's Hong Kong Branch Share Registrar and Transfer Office, Tricor Tengis Limited, through the online holding enquiry service at www.tricoris.com or by email to is-enquiries@hk.tricorglobal.com or hotline at (852) 2980 1333 or in person at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

The Company's general meeting allows the Directors, its members of the Audit Committee, the Remuneration Committee and the Nomination Committee respectively and its external auditor to meet and communicate with its shareholders and to answer shareholders' questions. The Company will ensure that its shareholders' views can be communicated to the Board. For each substantially separate issue at a general meeting, a separate resolution should be proposed by the chairman of that meeting, for instances, nomination of persons as

Corporate Governance Report

Directors by means of a separate resolution. The Procedures for Shareholders to Propose a Person for Election as a Director of the Company has been uploaded on the website of the Company in the section “Corporate Governance” under “Investor Relations” section.

The proceedings of general meeting are reviewed from time to time to ensure that the Company follows good corporate governance practices. Notice of an annual general meeting (whether for the passing of a special resolution and/or an ordinary resolution) shall be called by not less than twenty business days’ notice or twenty-one days’ notice (whichever is longer) in writing at the least and a special general meeting called for the passing of a special resolution shall be called by twenty-one days’ notice in writing at the least, and a general meeting of the Company (other than an annual general meeting or a meeting for the passing of a special resolution) shall be called by ten business days’ notice or fourteen days’ notice (whichever is longer) in writing at the least (whereas the notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given), and the accompanying circular also sets out details of each proposed resolution and other relevant information as required under the Listing Rules.

The chairman of the general meeting exercises his power under the Company’s Bye-laws to put each proposed resolution to the vote by way of a poll, save for the resolutions (if any) proposed by the chairman of the meeting regarding the approval on the procedural and administrative matters as defined in the Listing Rules. The procedures for demanding and conducting a poll are explained at the general meeting prior to the polls being taken. The Company’s shareholders who are entitled to attend and vote at a general meeting are entitled to ask about the poll voting procedures and details of the proposed resolutions at the general meeting whose questions should be answered during the general meeting prior to the conduction of poll voting. Announcement on poll voting results of general meeting will be posted on the Stock Exchange’s website and the Company’s website.

During the year of 2015, there was no significant change in the Company’s Memorandum of Association and Bye-laws, whereas both of which have been uploaded on the Stock Exchange’s website and the Company’s website.

The Company continues to commit to a proactive policy of promoting investor relations and effective communication with the Company’s shareholders and analysts by maximizing the use of the Company’s website (www.topsearch.com.hk) as a channel to disclose the Company’s updated information and corporate communications to the Company’s shareholders, stakeholders and the public on a timely basis.

Corporate Governance Report

Shareholders Rights

The Directors, pursuant to Bermuda Companies Act and notwithstanding anything in the Company's Bye-laws shall, on the requisition of the Company's shareholders holding at the date of the deposit of the requisition not less than one-tenth of such of the paid-up capital of the Company as at the date of the deposit carries the right of voting at general meetings of the Company, forthwith proceed duly to convene a special general meeting of the Company.

The requisition must state the purposes of the general meeting, and must be signed by the requisitionists and deposited at the Company's principle place of business in Hong Kong, and may consist of several documents in like form each signed by one or more requisitionists.

If the Directors do not within twenty-one days from the date of the deposit of the requisition proceed duly to convene a general 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 general meeting, but any general meeting so convened shall not be held after the expiration of three months from the said date.

A general meeting convened by the requisitionists shall be convened in the same manner, as nearly as possible, as that in which general meetings are to be convened by Directors.

Any number of shareholders of the Company representing not less than one-twentieth (1/20) of the total voting rights of all the shareholders or not less than 100 shareholders of the Company, may make a requisition in writing to the Company to do the following (which will be done at the expense of the requisitionists unless the Company otherwise resolves):

- (i) to give to the Company's shareholders entitled to receive notice of the next annual general meeting and notice of any resolution which may properly be moved and is intended to be moved at that meeting; and/or
- (ii) to circulate to the Company's shareholders entitled to have notice of any general meeting sent to them any statement of not more than one thousand (1,000) words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

Corporate Governance Report

A copy of the requisition signed by the requisitionists, or two or more copies which between them contain the signatures of all the requisitionists, must be deposited at the principal place of business of the Company in Hong Kong.

- (i) in the case of a requisition requiring notice of a resolution, not less than six weeks before the meeting;
and
- (ii) in the case of any other requisition, not less than one week before the meeting,

and there must be deposited or tendered with the requisition a sum reasonably sufficient to meet the Company's expenses in giving effect thereto.

However please note that if, after a copy of the requisition requiring notice of a resolution has been deposited at the principal place of business of the Company in Hong Kong, an annual general meeting is called for a date six weeks or less after the copy has been deposited, the copy though not deposited within the time limit stated above shall be deemed to have been properly deposited for the purposes thereof.

Any reasonable expenses incurred by the requisitionists by reason of the failure of the Directors duly to convene a general meeting shall be repaid to the requisitionists by the Company.

DIRECTORS' RESPONSIBILITY IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Group on a going concern basis, with supporting assumptions or qualifications as necessary, for each financial period which give a true and fair view of the financial affairs of the Group.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this annual report (i.e. 14 April 2016), the Company has maintained a sufficient public float of its issued shares in the Stock Exchange throughout the period from 1 January 2015 to 31 December 2015 and has continued to maintain such a sufficiency of public float as at 14 April 2016.

Environmental, Social and Governance Report

The Board believes that a sound environmental, social and governance structure is vital for continued sustainability and development of the Group's activities. In addition to business growth, the Group has been pursuing excellence in environmental protection, social responsibility, and governance areas. Meanwhile, the Group also wishes to enhance its transparency to achieve and uplift the sense of social caring and responsibility amongst various stakeholders including shareholders and investors, employees, customers, suppliers, government and regulators, the environment and the community. With reference to its own experience and practice, the Group primarily adopts the principles and basis of Environmental, Social and Governance Reporting Guide set out in Appendix 27 to the Listing Rules as its standards, with an aim to establish a sound environment, social and governance structure.

This Environmental, Social and Governance Report is a review of its performance in environment, social and governance areas, which sets out the Group's policies and practices in four aspects namely environmental protection, working environment, supply chain management, and community involvement for the period from 1 January 2015 to 31 December 2015. This report is designed to allow shareholders, investors (including potential investors) and the public to have a more comprehensive and profound understanding of the Company's corporate governance and culture. The Company is willing to take more responsibilities for the society but with a view to balancing the shareholders' interests and the society's benefits.

ENVIRONMENTAL PROTECTION

Environmental Policy

Traditionally, the manufacture of PCBs is classified as a pollution industry. In view of it, the Group pledges to uphold quality management and implement policies for conserving resources and managing waste. The Group has established the following policies in compliance with environmental regulations:

1. During the stage of design, research and development, environmental impact assessment for each material or machinery is conducted prior to any purchase decision. Accordingly, such impact assessment data is considered as one of the key criteria for procurement decisions.
2. During production, consumption, delivery and waste disposal, the Group undertakes environmental protection measures through technological enhancement, usage of recycling materials and conservation of resources. Besides, minimum environmental impact approach and systematic recycling methods are employed to best protection to the environment as well as the ecosystem.
3. The Group commits to fulfill and comply with national and regional environmental protection regulations and establishes self-regulating frameworks and standards accordingly.

Environmental, Social and Governance Report

4. Awareness for environmental protection of all employees is enhanced through environmental protection activities, training program and promotion. The concept of “Reduce”, “Reuse”, “Recycle” are heavily promoted. By promoting them, the Group is striving to protect the environment as well as contributing back to the society.
5. Top management of the Company is acting as a core for establishing a well-defined structure and system for environmental management by outlining corresponding responsibility, scope and policy. Besides, this environmental protection policy is always given first priority, overriding production needs wherever necessary.
6. The Company always keeps track of the development of international environmental protection legislation and ensures its environmental policy is implemented not only to comply with international standards, but also to ensure it is at the same pace as worldwide counterparts.

Environmental Research Projects

Since 2001, the Group has started sponsoring Tsinghua University (one of the top research and education institutions in China) for the establishment of the “Tsinghua Topsearch R&D Centre of Green Manufacturing” to achieve the following:

1. Conduct Green Manufacturing Research; and
2. Organise and promote Green Education.

Major subjects for research include:

1. Green Assessment System;
2. Green Design Theory and Methods;
3. Recycle and Reuse Technology of PCBs;
4. Energy Consumption Management;
5. Green Education for Manufacturing and Industrial Ecology; and
6. Green Manufacturing Website.

Environmental, Social and Governance Report

The Group has been playing a significant role in taking the Green Technologies on to the next level. It is looking forward to sharing these future technologies and is confident that a better and healthier environment can be built.

RoHS Standard and Lead-Free Production

As one of the leading companies in the PCBs industry, environmental protection is always one of the focused areas of the Group. The Group has been complying with “Restriction of the use of certain Hazardous Substances” (“**RoHS Standard**”). The RoHS Standard requires electronic manufacturing companies to use the minimum hazardous substances, such as lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyls or polybrominated diphenyl ethers, which are dangerous to our environment. The RoHS Standard enables our products which are produced under environmental friendly. Apart from meeting the RoHS Standard, the Group is also using halogen-free materials because halogen compound is dangerous to the ozone.

The Group has already used lead-free surface finishing production such as Organic Solderability Preservative (OSP) and Electroless Nickel Immersion Gold (ENIG), which enable our product surfaces to be lead-free. As one of the Group’s long term strategies, we will continue to invest on new lead-free technology. Recently, we have invested on Immersion Silver and Immersion Tin machines, which provide better lead-free finishing production along the manufacturing lines.

In future, the Group will keep sourcing new RoHS compliance materials and lead-free surface finishing alternatives to achieve better environmental protection and provide more choices for customers.

Emissions

The Group adopts the following policy and measures for monitoring various emissions to be arisen out of the PCBs production:

1. Waste water discharge complies with the Emission Limit of 200% in Table 1 (Non Pearl River Delta) (Applicable Standard 4.2.7) of Discharge Standard of Water Pollutants for Electroplating (DB44/1597-2015); exhaust gas emission complies with the phase two level (two requirements) of the Emission Limit of Air Pollutants (DB44/27-2001).
2. Hazardous wastes are collected, stored, transferred, reused and timely registered with the solid waste management platform of Guangdong Province as required to file the transfer of hazardous wastes in accordance with the requirements of the national regulation on the management of hazardous wastes.
3. Internal carbon-emission inspection and audit in relation to greenhouse gas emission were commenced in compliance with the standards of ISO14064.

Environmental, Social and Governance Report

Emission Data for the year 2015 (with 2014 comparatives)

	(Total emission: tonne)	
	2015	2014
1. Nitrogen oxides	2.9190	6.7471
2. Hydrogen chloride	0.9830	1.3976
3. Ammonia	0.5550	0.4262
4. Sulfuric acid mist	0.0660	0.0639
5. Formaldehyde	0.0000	0.0642
6. Lead and its compounds	0.0077	0.0091
7. Particles	0.6523	0.6768
	2015	2014
Total emission of greenhouse gas:	79,035	89,391 (tonnes of CO ₂ equivalent)
Hazardous waste:	7,362	9,178.69 tonnes
Strictly controlled waste:	533*	410.46 tonnes
General waste:	1,235*	1,204.85 tonnes

* The increase in emission is attributable to the corresponding increased production of multi-layers PCB as compared with the level of year 2014. Meanwhile, the increase in the volume of sample and small quantity orders has also led to related variation in the use of laminates, films and other materials for the PCB production where unfavourable waste generation would have been resulted accordingly.

Use of Resources

Predictable resource waste reduction and waste disposal policy were executed in a planned and controlled manner in compliance with ISO14001 environmental management system. At the stage of research and development or design, materials used or machines are subject to environmental safety assessment and investigation before procurement for understanding their impact on the environment. Options of lower consumption and higher resource- and energy-saving properties are preferred. During the production process, all processes are evaluated against energy consumption standards to effectively control the energy consumption of the processes.

Environmental, Social and Governance Report

Electricity

Actions plan for efficient use of electricity:

1. In 2015, the Group eliminated 13 old air compressors and introduced 6 new variable-frequency air compressors.
2. All processes are evaluated against energy consumption standards on a monthly basis and any processes not reaching the standards are subject to KPI assessment.

Achievement during the year 2015:

In 2015, the total power consumption of the Qujiang Company was 82.85 GWh, whereas in 2014, the total power consumption of the Qujiang Company was 89.55 GWh, representing a saving of electricity by 6.7 GWh in 2015 compared to 2014.

Water

Water consumed by the Group's manufacturing activities comes from tap water supplied by Qujiang Water Supply Company.

Actions plan for efficient use of water:

1. Water used for backwashing the DI machines of the Qujiang Company is recycled to the sewage treatment station of the Qujiang Company for equipment washing and ingredient mixing. Sewage after treatment at the sewage treatment station is also recycled to the sewage treatment station for equipment washing and ingredient mixing.
2. All water-consuming processes are evaluated against energy consumption standards on a monthly basis and processes not reaching the standards are subject to KPI assessment.

Achievement during the year 2015:

In 2015, the total water consumption of the Qujiang Company was 1.94 million tonnes, whereas in 2014, the total water consumption of the Qujiang Company was 2.06 million tonnes, representing an saving in consumption by 0.12 million tonnes slightly in 2015 as compared with the same in 2014.

Packing Materials

Achievement during the year 2015:

In 2015, the total consumption of packing materials for finished goods was 2,832 tonnes. Given the total output of 678,652 m² in 2015, the average packing material per square metre was 0.0042 tonne.

Environmental, Social and Governance Report

WORKING ENVIRONMENT

The Company stresses the importance of the development and growth of talented employees, and is aware that realisation and promotion of employees' value will help to achieve the Company's overall goals. The Company highly recognises the importance on employees' contribution to its business growth, and seeks to provide a platform for mutual growth and sharing of success between the Company and its employees. The Company also provides opportunities for skill training, career planning and development as well as humanistic cares to each employee.

Employment Policy

Almost 99% of the employees hired by the Group have been located in the PRC. The Group strictly complies with the requirements of the Labour Law of the PRC without violating the relevant rules and regulations:

1. Workers' wages, overtime payments and related benefits are made in accordance with the local minimum wage (or slightly above);
2. Holidays and statutory paid leaves are in compliance with the requirements of the PRC;
3. Adults aged 18 or above are employed indiscriminate of gender, religion and race, and equal training and promotion opportunities are provided to its employees;
4. Integrated computation of working hours is implemented with reference to the requirements of the Labour Law.

Labour Standards

1. The Group hires employees aged 18 or above with valid citizen identity cards issued by the public security bureau in strict compliance with the requirements of the Labour Law.
2. Employment by the Group's companies is based on the principle of fairness, openness and willingness. The individual entities enter into labour contracts for legal employments without acts of forced labour.

Environmental, Social and Governance Report

The Group employs workers in strict compliance with the requirements of the Labour Law without incidences of illegitimate employment. The following procedures will be adopted in case any incidence of illegitimate employment is discovered:

1. To confirm the existence of such illegitimate employments.
2. To timely investigate the reason and channel of illegitimate employment, and to devise relevant measures of improvement to prevent future occurrences.
3. To contact the relevant labour affairs authorities to assist in the follow-up actions.
4. To terminate the employment, fully pay the labour remuneration and make compensation in accordance with the relevant requirements.

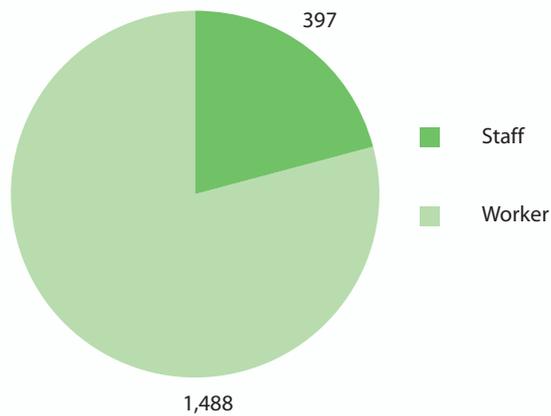
Structure of Employees

The Company understands and recognises the benefits of the diversity of staff, which is regarded as a key to maintaining its competitive strengths. A company with a wide diversity of cultures should be inclusive of employees with different genders, ages, skills, educational backgrounds, industry experiences and other qualifications in order to achieve the most suitable composition and balance.

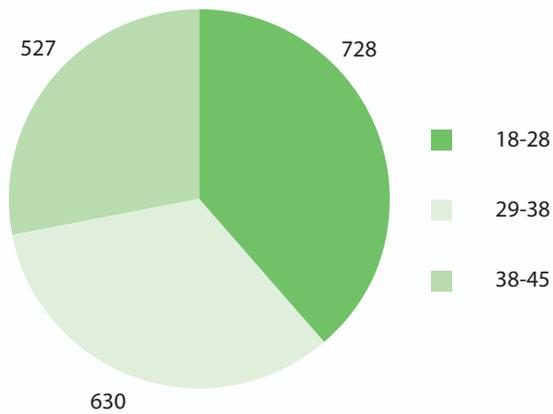
Environmental, Social and Governance Report

For employees hired in the PRC Factory (as at 31/12/2015):

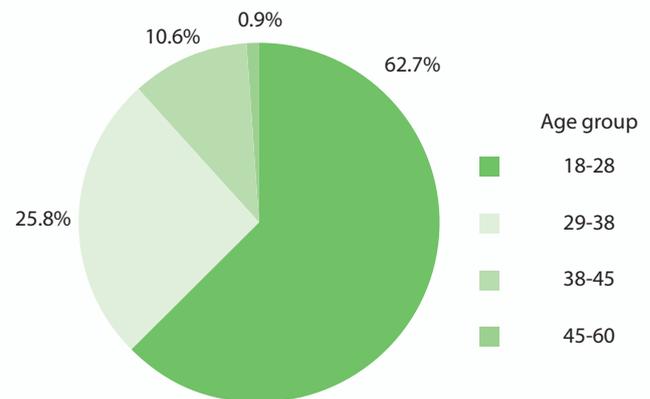
Type of employees



Age



Turnover rate



Environmental, Social and Governance Report

Health and Safety

Employees are the most important assets and resources of the Company. The Company is committed to providing healthy cares for employees in a safely, healthy, sound and guaranteed workplace in addition to production safety.

1. The working environment of the Group's companies in the PRC strictly complies with the relevant State requirements of the Law of the People's Republic of China on Prevention and Control of Occupational Diseases, Measures for Supervision and Administration of Employers' Occupational Health Surveillance, Measures for Classified Administration of Occupational Diseases and Hazards in Connection with Construction Projects, Warning Signs for Occupational Hazards in the Workplace, Measures for Administration of Declaration of Occupational Hazards at Workplace, and Regulations on the Safety and Hygiene at Factories.
2. Physical examination is performed for new, existing and ex-serving employees every year.
3. Occupational hazards at workplace are reported to the local regulatory authorities every year.
4. Qualified assessors are engaged to assess occupational hazards at the workplace every year.
5. Qualified assessors are engaged to issue a report on the existing situation of occupational hazards every three years.
6. First aid, fire extinguishing, evacuation, leakage and escape exercises are regularly performed.
7. Appropriate contingency report and investigation systems are set up to encourage the report of contingencies and unsafety factors by the employees.

There was no case of occupational casualties for the Qujiang factory since the commencement of operation in September 2003, representing a casualty ratio of 0%. Number of day loss due to occupational injuries did not exceed 20 days for each year.

Environmental, Social and Governance Report

Employee Training and Development

The Company has a comprehensive training system and training mechanism to support the on-the-job education and training of its employees in order to enhance their knowledge and skills. The Company's training mainly include: entry training, on-the-job training and external training. Courses of entry training include: rules and regulations on personnel matters, 6S and occupational quality, management system of the Company, industrial safety and working environment, and knowledge of quality fundamentals. On-the-job training covers qualification authentication (theories and practices) and matters related to the annual training programme. External training covers orientation training for special posts. All the related training expenses are borne by the Company.

Entry training: participated by 100% of the employees;

On-the-job training: participated by 100% of the employees;

External training: participated by the senior management, middle management and first-line management as to approximately 17.5%, 61.6%, 10% and 20.9% respectively.

Moreover, the Group has already financed over 120 staff members for attending university studies since 1999. It also invests heavily in training because it believes that training and further education will not only benefit the individual staff member but also provide them more opportunities to make greater contributions to the Company. Financing for education is not limited to staff. The Group extends it to talented young students. Since 1995, the Group has sponsored over 50 students in their Doctor's and Master's studies in South China Agricultural University and Tsinghua University respectively. The Company may not directly benefit from it, but the Board believes that these students can contribute more to the society if they have opportunities to further their studies.

Recreational Activities

The Group has arranged different recreational activities and welfare for all its employees working in the PRC manufacturing plant including but not limited to the following:

1. Providing free coach bus services for the employees for implementing human-based management: for facilitating employees to go to work and to get off duty, and to pick them up or send them off for shopping and travel, etc.
2. Providing free internet connection facilities.
3. Holding birthday-travel activities for the employees.

Environmental, Social and Governance Report

4. Providing a comfortable and safety living environment for the employees.
5. Holding regular sports activities and competitions such as basketball, soccer and table tennis.

SUPPLY CHAIN MANAGEMENT

Supply chain management is always one of the key links in the Company's quality control system. The Group exercises a high level of scrutiny over the selection of suppliers. Based on legitimate qualifications, suppliers are subject to assessments and on-site audits on their product quality as well as suitability and quality consistency tests being conducted by our quality-control department. Suppliers must pass the audits and assessments before they can be selected into the "Qualified Vendor List". The Group will only enter contract with and make purchases from suppliers whose names are on the said list according to needs.

The Group will ensure that:

1. The raw material suppliers have obtained the ISO9001 quality system certification.
2. The major material suppliers for production of automotive products have obtained the ISO/TS16949 quality system certification, and the major material suppliers for production of medical products have obtained the ISO/TS13485 quality system certification.
3. At least 15 suppliers will be subject to annual system audit every year.
4. The suppliers will be subject to performance assessment every month.

Geographical distribution of key suppliers:

	2015	2014
Pearl River Delta	20 - 30	20 - 25
Shaoguan	10 - 15	15 - 20
Overseas	2 - 3	2 - 3
Other regions in the PRC	2 - 3	5 - 7

Environmental, Social and Governance Report

Product Responsibility

The Group has adopted the following measures for enhancing its product's safety and customers' satisfaction:

1. Our quality policy: to provide products and services which are satisfactory to the customers.
2. Our products fulfill UL requirements under UL laboratory tests by third parties, evidencing the safety of our products.
3. The Group has a series of product assurance systems in place: TSQJTCP003 product realisation plan under ISO/TS16949, TSQJTCP008 product labeling and traceability procedures, TSQJTCP010 product and process monitor and assessment procedures, TSQJTCP013 nonconforming product control procedures, TSQJTCP014 product rectifying and preventive measures and procedures, TSQJTCP015 product protective procedures and TSQJTCP024 product control planning procedures under ISO/TS16949.
4. The Qujiang Company has passed the EICC audit.
5. The Company protects the privacy of its customers or consumers, and enters into confidentiality agreements with its customers.

The Group also carries out long-term quality monitoring and regular reviews on all its suppliers. In case there is a significant change in suppliers, or qualification or serious quality issues, the Group may suspend delivery from the supplier in question at any time and, if necessary, cancel its qualification as our qualified vendor to ensure promising quality of our products.

Intellectual Property Rights

The Company respects and protects intellectual properties. The management and protection of the Company's core technical information and customer and product information technologies are performed in accordance with the documents "TSQJT005-DOC-OI-001 Instructions on the Handling of Customer Information on the Electronic Media" and "TSQJT005-DOC-OI-002 Instructions on the Handling of Information on Non-electronic Media", whereas the core information storage sites such as the document control centre and the ME information centre are installed with entry access, locks and other mechanisms based on the principle of safety to prevent the leakage of information caused by the entry of unrelated personnel. All new employees (staff members) are required to sign a Confidentiality Agreement and Non-competitive Agreement prior to starting employment. The Company has the rights to claim the violator any compensation for the losses arising from the violation of protect intellectual properties subject to the Company's Non-disclosure Agreement and Non-competitive Agreement.

Environmental, Social and Governance Report

Anti-Corruption

To effectively promote the integrity environment in the workplace, the Group has implemented clear internal rules and regulations and continues to improve its internal control system with an aim at strengthened internal supervision, risk management and anti-corruption management.

1. The Group prohibits the giving and acceptance of bribes, the acceptance of valuables, the embezzlement of funds, blackmail and extortion. Employees of the Group are required to sign an Honesty Agreement prior to starting employment.
2. The Group strictly prohibits “eating, taking, obstructing, and demanding” by using the excuse of work in order to establish a sound image for the Company.
3. Outgoing business activities with definite business purposes shall apply to the principle of thrifty and succinctness. Excessive claim of travel expenses, incompliant dining expenses and reception of unrelated persons at the Company’s expenses are not allowed.
4. The Company encourages the reporting of dishonest acts by its employees. The human resources department may terminate the employment contract with the employee carrying out dishonest acts in accordance with S17 and S20 of the Employee Manual and confiscate the illegal gains. Serious cases are reported to the public security authorities.

During the Reporting Period, these rules and systems played a sound control and preventive role in risk control and anti-corruption management of the Company and its subsidiaries, and no material weakness was identified.

Environmental, Social and Governance Report

COMMUNITY INVOLVEMENT

As a global corporate citizen, the Company strives to improve the society through community investment. Apart from making cash donations to charitable organisations, both management and employees of the Group have been creative in taking their own initiatives on helping and supporting the local communities and neighbours.

During the year 2015, the following activities have been organised and carried out by the Group:-

1. In response to the calling of the Municipal Committee and Municipal Government of Shaoguan, and the District Committee and District Government of Qujiang, the Company has commenced the preparatory works for the "Giving a Helping Hand Day Guangdong". On 30 June of every year, the Group continues to spread the traditional virtue of giving generously and helping the needy to help building a warm and harmonious world with a dedicated heart. On 17 July, the Qujiang Company donated RMB60,000 to Xinjing Village, Hukou Town, Nanxiong City, Shaoguan Municipal and RMB60,000 to the Charity Association of Qujiang District, Shaoguan Municipal, respectively.
2. "Unity flourishes Topsearch — Together we build Chinese Dream" — Human resources department of the Company organised a large-scaled variety show in 1 October for all our employees' enjoyment, including dancing, musical, speech, male or female solo performance, group singing, chorus, opuscul, crosstalk, magic show and tea opera.

Going forward, the Company will continue to identify new opportunities in promoting sustainability through its business operations, as well as to strengthen our partnership with charities for the minority groups and to nurture a culture of giving within the community.

DISCLOSURE OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Board approved this Environmental, Social and Governance Report for 2015 as well as its disclosure on the websites of the Hong Kong Stock Exchange and the Company respectively.

Management Discussion and Analysis

FINANCIAL REVIEW

During the year under review, the Group's turnover decreased by 7%. Overall, the Group's gross margin increased from 1.6% in 2014 to 5.2% in 2015.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations through a combination of internally generated cash flows, shareholders' equity and borrowings from banks.

As at 31 December 2015, the Group had total equity of HK\$340 million (31 December 2014: HK\$372 million) and net debt (trade payables, other payables and accruals, interest-bearing bank loans, obligation under finance leases and shareholder's loan less cash and cash equivalents) of HK\$326 million (31 December 2014: HK\$465 million), representing a gearing ratio, defined as net debt over total equity plus net debt, of 49% (31 December 2014: 56%).

The Group's net current assets of HK\$53 million (31 December 2014: net current liabilities of HK\$71 million) consisted of current assets of HK\$515 million (31 December 2014: HK\$315 million) and current liabilities of HK\$462 million (31 December 2014: HK\$386 million), representing a current ratio of 1.11 (31 December 2014: 0.82).

As at 31 December 2015, the Group's current assets consisted of HK\$97 million (31 December 2014: HK\$95 million) held as cash and cash equivalents, of which 3% was in Hong Kong dollars ("**HKD**"), 12% was in US dollars ("**USD**"), 84% was in Renminbi ("**RMB**") and 1% was in other currencies.

The Group's current assets also consisted of HK\$105 million (31 December 2014: HK\$102 million) as trade receivables from its customers. Debtors turnover days was 67 days (31 December 2014: 68 days).

As at 31 December 2015, the Group's inventories decreased to HK\$77 million (31 December 2014: HK\$96 million). Inventory turnover days was 59 days (31 December 2014: 57 days). Trade payables decreased to HK\$93 million from HK\$180 million in 2014. Creditors turnover days was approximately 93 days (31 December 2014: 102 days).

Management Discussion and Analysis

INTEREST-BEARING BORROWINGS

As at 31 December 2015, the Group had the interest-bearing borrowings as follows:

	31 December 2015 HK\$'000	31 December 2014 HK\$'000
Amounts payable:		
Within one year	250,546	105,711
In the second year	574	173,492
In the third to fifth years, inclusive	—	181
	251,120	279,384
<i>Less: Portion classified as current liabilities</i>	250,546	105,711
Portion classified as non-current liabilities	574	173,673

Of the total interest-bearing borrowings, HKD denominated loans accounted for 36% (31 December 2014: 33%), USD denominated loans accounted for 15% (31 December 2014: 23%) and the 49% balance was RMB denominated loans as at 31 December 2015 (31 December 2014: 44%).

Bank loans of approximately HK\$115,294,000 (31 December 2014: HK\$75,000,000) carried floating interest rates and the effective interest rates ranged from 5.35% to 6.15% (31 December 2014: 6.15%) per annum. The remaining bank loans carried fixed interest rate at 1.2% to 1.93% (31 December 2014: ranged from 1.53% to 6%) per annum. The Board does not recognise a significant seasonality of borrowing requirements.

The bank loans and other banking facilities of the Group are secured by:

- (i) certain buildings and payments for leasehold land held for own use under operating leases held by the Group;
- (ii) the assignment of trade receivables of a subsidiary of the Group; and
- (iii) corporate guarantee of the Company.

Management Discussion and Analysis

There are shareholder's loans advanced by Mr. Cheok Ho Fung, an Executive Director, Chairman of the Board, Chief Executive Officer and a controlling shareholder of the Company as at 31 December 2015 at the effective interest rate of 7% per annum (2014: 7%). This financial assistance provided by Mr. Cheok Ho Fung as a connected person (defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") ("**Listing Rules**")) is a connected transaction. However, it is fully exempt from the reporting, announcement and independent shareholders' approval requirements pursuant to rule 14A.90 of the Listing Rules because this financial assistance provided by the abovesaid connected person is conducted on normal commercial terms and it is not secured by the assets of the Company or its subsidiaries.

FOREIGN EXCHANGE EXPOSURE

Sales of the Group's products are principally denominated in USD and the purchases of materials and payments of operational expenses are mainly denominated in USD, HKD and RMB. Approximately 51% and 81% of the Group's purchases and expenses, respectively, are denominated in RMB. As the Group imported a substantial portion of its major and important raw materials and machines from overseas which were non-RMB denominated, this would help to mitigate the overall effects arising from RMB appreciation.

As at 31 December 2015, the Group has not entered into any financial instrument for hedging purpose. Nevertheless, the Board will continue to monitor foreign exchange exposure in the future and will consider hedging such exposure to minimize exchange risk should the need arise.

NUMBER AND REMUNERATION OF EMPLOYEES

As at 31 December 2015, excluding the associate, the Group had approximately 1,885 employees (31 December 2014: 2,060). For the year ended 31 December 2015, our total staff costs (including provision for employee termination benefits) amounted to HK\$201 million (31 December 2014: HK\$174 million). Under the Group's remuneration policy, employees are rewarded in line with market rate and in compliance with statutory requirements of all jurisdictions where it operates. Employees are also granted discretionary bonus subject to the individual's performance and business results of the Group.

The Company previously operated a share option scheme for the purpose of providing incentives and rewards to eligible participants including any employees of the Group. However, as at 31 December 2015, no share options were outstanding under the scheme because the share option scheme, which life was 10 years from its date of adoption on 30 May 2002, had already been expired on 30 May 2012. The Board considered that a new share option scheme may only be adopted in future at the time the Directors think favourable to the Company to do so.

The Group follows a policy of encouraging its subsidiaries to send their staff to attend training classes or seminars that are related directly or indirectly to the Group's businesses.

Management Discussion and Analysis



CAPITAL COMMITMENTS

As at 31 December 2015, the Group's capital commitments contracted but not provided for amounted to HK\$0.4 million (31 December 2014: HK\$0.3 million) and there was no capital commitment authorised but not contracted for (31 December 2014: Nil). All of these capital commitments were related to construction of factory buildings and acquisition of plant and machinery.

DIVIDEND

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

CLOSURE OF REGISTER OF MEMBERS

The register of Members of the Company will be closed from 1 June 2016 (Wednesday) to 3 June 2016 (Friday), both days inclusive. In order to qualify for the attendance of the forthcoming annual general meeting of the Company to be held on 3 June 2016 (Friday), share transfer forms accompanied by relevant share certificates must be lodged with the Company's Branch Share Registrar and Transfer Office in Hong Kong, Tricor Tengis Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 31 May 2016 (Tuesday).

Report of the Directors



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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the subsidiaries are set out in note 34 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

Details of the analysis of the Group's revenue for the year by geographical location are set out in note 6 to the consolidated financial statements.

BUSINESS REVIEW

The relevant discussion and analysis as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's business and the financial key performance indicators, can be found in "Chairman's Statement" on pages 4 to 9 of this annual report. Meanwhile, the corresponding particulars on the Group's environmental policies and performance, the Group's compliance with the relevant laws and regulations governing the Group's business activities, and the Group's key relationships with its employees, customers and suppliers and others can be found in "Environmental, Social and Governance Report" on pages 30 to 43 of this annual report. All these discussions form part of this Directors' Report.

RESULTS AND DIVIDENDS

The Group's loss for the year ended 31 December 2015 and the state of affairs of the Company and the Group at that date are set out in the consolidated financial statements on pages 73 to 143.

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

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements, is set out on page 144. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the year are set out in note 17 to the consolidated financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of movement in the Company's issued share capital for the year ended 31 December 2015 are set out in note 31 to the consolidated financial statements.

There was no movement in the Company's share options during the year because the Company's share option scheme has been expired on 30 May 2012.

Report of the Directors



PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws which would oblige the Company to offer new shares on a pro rata basis to its existing shareholders though there are no restrictions against such rights under the laws of Bermuda.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year of 2015.

RESERVES

Details of the movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 77.

DISTRIBUTABLE RESERVES

As at 31 December 2015, the Company's reserves available for distribution amounted to HK\$Nil. Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus shall not be distributed to the shareholders of the Company if there are reasonable grounds for believing that:

- (i) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or
- (ii) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

MAJOR CUSTOMERS AND SUPPLIERS

For the financial year ended 31 December 2015, the sale of products to the largest and the five largest customers amounted to approximately 16% (2014: 26%) and 43% (2014: 50%) of the Company's revenue respectively.

For the financial year ended 31 December 2015, the purchase of materials from the largest and the five largest suppliers amounted to approximately 13% (2014: 17%) and approximately 41% (2014: 48%) of the Company's total purchases respectively.

None of the Directors, or any of their associates or any shareholders of the Company (which, to the best knowledge of the Directors, own more than 5% of the issued share capital of the Company) has any beneficial interest in any of the five largest customers and suppliers of the Group for the financial year ended 31 December 2015.

Report of the Directors



CONTINUING CONNECTED TRANSACTION

The following is a continuing connected transaction that is not exempted under the Listing Rules and is statutorily required to be disclosed pursuant to Rule 14A.71 of the Listing Rules in this annual report:

Tenancy Agreement

On 28 May 2014, Topsearch Printed Circuits (HK) Limited as tenant (an indirect wholly-owned subsidiary of the Company), entered into a tenancy agreement (“**Tenancy Agreement**”) with Keentop Investment Limited as landlord (an investment holding company and a connected person defined under the Listing Rules, which is beneficially owned as to 50% by each of Mr. Cheok Ho Fung, an Executive Director and Chief Executive Officer as at 31 December 2015 and his spouse, Mrs. Cheok Chu Wai Min) in respect of the renting of the properties known as House 7 and the Garden appurtenant thereto and Car Parking Spaces Nos. 7A and 7B on Basement Floor, Las Pinadas, No. 33 Shouson Hill Road, Hong Kong for a lease term of three years commencing from 1 June 2014 to 31 May 2017 (both days inclusive) as director’s quarters provided to Mr. Cheok Ho Fung and his family.

Keentop Investment Limited charged Topsearch Printed Circuits (HK) Limited for the monthly rental of HK\$165,000 (exclusive of rates, management fee and other outgoings) and monthly management fee of HK\$11,390 from 1 June 2014 to 31 March 2015, and HK\$12,000 from 1 April 2015 to 31 May 2017 (both days inclusive), subject to adjustment based on the valuation report dated 23 May 2014 conducted by a professional property valuer (an independent third party). The terms of the Tenancy Agreement have been negotiated on an arm’s length basis and are considered as fair and reasonable and on normal commercial terms and in the interests of the Company and its shareholders as a whole.

Details of the terms of and the annual caps under the Tenancy Agreement were announced by the Company on 28 May 2014 at the websites of the Stock Exchange and the Company respectively.

In respect of the Tenancy Agreement which constitutes a continuing connected transaction of the Company, the Independent Non-executive Directors have reviewed the said transaction and confirmed that the said transaction has been entered into:

- (1) after arm’s length negotiation;
- (2) on normal commercial terms; and
- (3) according to the Tenancy Agreement governing them on terms that are fair and reasonable and in the interests of the Company’s shareholders as a whole.

Report of the Directors



The Board of Directors confirmed that the Company's external auditor was engaged to report on the Group's continuing connected transaction in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued their unqualified letter continuing their findings and conclusions in respect of the continuing connected transaction disclosed by the Group on page 50 of this annual report and confirmed the matters set out in Rule 14A.56 of the Listing Rules as follows. A copy of the auditor's letter has been provided by the Board of Directors to the Stock Exchange that:

- (a) nothing has come to the auditor's attention that causes them to believe that the said transaction has not been approved by the Board of Directors.
- (b) nothing has come to the auditor's attention that causes them to believe that the said transaction was not entered into, in all material respects, in accordance with the Tenancy Agreement governing the said transaction.
- (c) with respect to the aggregate amount of the said transaction, nothing has come to the auditor's attention that causes them to believe that the said transaction has exceeded the annual cap disclosed in the announcement dated 28 May 2014 made by the Company in respect of the said transaction.

DISCLOSEABLE TRANSACTIONS

Save as disclosed in the paragraphs under the section headed "Chairman's Statement" on pages 4 to 9 of this annual report, the Group had not entered into any discloseable transactions (as defined under the Listing Rules).

DIRECTORS

The Directors during the year of 2015 and up to the date of publication of this report were:

Executive Directors:

Mr. Liu Tingan (*Chairman and Chief Executive Officer*) (*appointed on 22 March 2016*)

Mr. Cheok Ho Fung (*Deputy Chairman*)

Non-executive Director:

Mr. Tang Yok Lam, Andy (*resigned on 31 March 2016*)

Independent Non-executive Directors:

Mr. Leung Shu Kin, Alfred (*resigned on 31 March 2016*)

Mr. Wong Wing Kee

Mr. Ng Kee Sin

Mr. Ng Man Kung (*appointed on 22 March 2016*)

Dr. Ngai Wai Fung (*appointed on 22 March 2016*)

Mr. Lau Fai Lawrence (*appointed on 22 March 2016*)

Report of the Directors

In accordance with the Listing Rules and Bye-law 99 of the Company's Bye-laws, at each annual general meeting, 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 such that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years.

Pursuant to the Listing Rules and Company's Bye-law 102(B) of the Bye-laws, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election, but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting.

Accordingly, Mr. Cheuk Ho Fung (Executive Director), Mr. Wong Wing Kee (Independent Non-executive Director) and Mr. Ng Kee Sin (Independent Non-executive Director) shall retire from office by rotation at the forthcoming annual general meeting of the Company pursuant to Bye-law 99 of the Company's Bye-laws.

In addition, Mr. Liu Tingan (Executive Director), Mr. Ng Man Kung (Independent Non-executive Director), Dr. Ngai Wai Fung (Independent Non-executive Director) and Mr. Lau Fai Lawrence (Independent Non-executive Director), being Directors appointed by the Board on 22 March 2016 and after the Company's annual general meeting held on 5 June 2015, will hold office only until the next following general meeting of the Company pursuant to Bye-law 102(B) of the Company's Bye-laws. Accordingly, they will retire at the annual general meeting of the Company.

All the retiring Directors (except Mr. Wong Wing Kee and Mr. Ng Kee Sin who had informed the Board that they will retire and not offer themselves for re-election as Directors because Mr. Wong Wing Kee wants to devote more time on his personal matters and commitments whereas Mr. Ng Kee Sin wants to devote more time on other business engagements which require more of his time and dedication), being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

None of the Directors offering themselves for re-election at the forthcoming annual general meeting of the Company has any service contract with the Company in respect of any unexpired period which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

BIOGRAPHICAL DETAILS OF DIRECTORS

Executive Directors

Mr. Liu Tingan ("Mr. Liu")

Mr. Liu, aged 54, is an Executive Director, the chairman of the Board, the chief executive officer of the Company and the chairman of the Executive Committee since 22 March 2016.

Mr. Liu graduated from the Jiangxi University of Finance and Economics, China with a bachelor's degree in Economics in 1983. He attained a master's degree in Economics at Renmin University of China in 1987. In 1990, Mr. Liu joined a scholarship programme in Monetary Policy and Financial Markets launched by the University of Oxford, the United Kingdom. Mr. Liu has over 30 years of experience in finance management.

Report of the Directors

Mr. Liu was the managing director and chief investment officer of Reorient Financial Group Limited. Mr. Liu was also the managing director of Reorient Financial Markets Limited (stock code: 0376) from July to December 2015. He was the deputy chairman and president of China Life Insurance (Overseas) Company Limited from June 2008 to March 2015. He was a non-executive director of Sunshine Oilsands Limited (stock code: 2012) from February 2011 to June 2015 during which he was the chairman of the board of directors from November 2014 to June 2015. Mr. Liu worked at China Life Insurance Company Limited (stock code: 2628) and was the board secretary general and spokesman of the company between November 2003 and May 2008. He was the general manager of the investment centre of former China Life Insurance Company Limited between September 2000 and May 2004. Mr. Liu was the president of Guangzhou Branch and Assistant President of Hainan Development Bank between December 1994 and January 2000. He was the division chief of the State Commission for Economic Reforms, China between July 1987 and December 1994. Mr. Liu has been the deputy chairman of Hong Kong Institute of Directors since 2014 and a member of Financial Services Development Council of the Government of HKSAR since 2013. Mr. Liu has also been a member of the Hong Kong — Taiwan Business Co-operation Committee of the Hong Kong Trade Development Council since 2012 and a member of Insurance Advisory Committee of the Government of HKSAR since 2010. Mr. Liu was a member of the Listing Committee of The Stock Exchange of Hong Kong Limited from 2010 to 2015. From 2008 to 2015, he was the executive director of the Hong Kong Chinese Enterprises Association. Mr. Liu was awarded the “2013 Outstanding Leaders Award” by Hong Kong’s Capital Magazine in 2014, the “Director of the Year Award” by the Hong Kong Institute of Directors and Winner of China’s “Top 10 Economic Talents Special Award 2009” both in 2009.

The Company has entered into a service agreement with Mr. Liu on his appointment as an Executive Director for a term of three years commencing on 22 March 2016. The term is renewable automatically for successive term of three years on the same terms and conditions, unless notified by either party in writing of its decision not to renew the agreement. He is subject to retirement by rotation and re-election at the annual general meeting of the Company pursuant to the Company’s Bye-laws. His remuneration will be approved by the Board subject to the authority granted by the Shareholders to authorise the Board to fix the Directors’ remuneration at the annual general meeting of the Company with reference to his duties and responsibilities with the Company and the prevailing market situation and shall be reviewed by the Remuneration Committee from time to time.

Mr. Liu will be entitled to a lump sum remuneration of HK\$13,000,000 for the year of 2016 and an annual remuneration of HK\$6,000,000 and an annual discretionary bonus subject to the approval of the Board from 1 January 2017 onwards. The remuneration and benefits were determined with reference to Mr. Liu’s past working experience, duties and responsibilities with the Company and the prevailing market situation.

Report of the Directors



Save as disclosed above, Mr. Liu has not held any other position with the Company or other members of the Group and he has not held any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years. Other than the relationship arising from being an Executive Director, the chairman of the Board, the chief executive officer of the Company and the chairman of the Executive Committee, Mr. Liu does not have any relationships with any other Directors, senior management, substantial shareholders, or controlling shareholders (as defined in the Listing Rules) of the Company, nor have they any interest or deemed interest in the shares or underlying shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), and there are no other matters concerning Mr. Liu that need to be brought to the attention of the Shareholders nor any information to be disclosed pursuant to (h) to (v) of Rule 13.51(2) of the Listing Rules.

Mr. Cheok Ho Fung (“Mr. Cheok”)

Mr. Cheok, aged 64, is an Executive Director, deputy chairman of the Board, a member of the Executive Committee and director of other members of the Group. He is the founder of the Group.

Mr. Cheok is responsible for overall strategic planning and the direction of the Group. With over 20 years of experience in the PCBs industry, Mr. Cheok also spearheads the Group’s efforts in seeking out business development, capital investment and joint venture opportunities.

Prior to founding the Group, Mr. Cheok had held the positions of financial controller and various management positions in different multinational companies involved in computer related products, application systems, motor vehicles and agricultural equipment, ship repairing and oil-rig construction, business-form printing and PCBs manufacturing. Mr. Cheok has been a fellow member of the Association of Chartered Certified Accountants since 1980, a member of the Chartered Institute of Management Accountants since 1981 and the Hong Kong Institute of Certified Public Accountants since 1990.

Mr. Cheok has entered into a service agreement with the Company on 30 May 2002 for an initial fixed term of three years and shall continue thereafter for successive terms of one year each commencing from the day immediately following the expiry of the then current terms of the service agreement. He is subject to retirement by rotation and re-election at the annual general meeting of the Company pursuant to the Bye-laws of the Company. For the financial year ended 31 December 2015, Mr. Cheok received annual emoluments of HK\$5,601,000, including the housing benefits in kind. His emoluments and performance bonus was approved by the Board subject to the authority granted by the Shareholders to authorise the Board to fix the Directors’ remuneration at the annual general meeting of the Company with reference to his duties and responsibilities with the Company and the prevailing market situation and shall be reviewed by the Remuneration Committee from time to time.

Report of the Directors



Prior to 15 January 2016, Mr. Cheok was one of the substantial Shareholders (as defined in the Listing Rules), a director and a shareholder of Inni International Inc. which was also one of the substantial Shareholders. Details of his interest in the shares and underlying Shares as at 31 December 2015 have been disclosed in this annual report on pages 66 to 68 under the sub-sections headed “Directors’ Interests in Shares and Underlying Shares” and “Substantial Shareholders and Other Persons’ Interests in Shares and Underlying Shares”.

Save as disclosed above, Mr. Cheok has not held any other directorships in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years. Other than the relationship arising from being an Executive Director, deputy chairman of the Board and a member of the Executive Committee, and being the father of Mr. Cheok Lup Yin, Eric, director of some of the other members of the Group, Mr. Cheok does not have any relationships with any other Directors and senior management (as defined in the Listing Rules), and there are no other matters concerning Mr. Cheok that need to be brought to the attention of the Shareholders nor any information to be disclosed pursuant to (h) to (v) of Rule 13.51(2) of the Listing Rules.

Non-executive Director

Mr. Tang Yok Lam, Andy

Mr. Tang Yok Lam, Andy, aged 68, was appointed as an Independent Non-executive Director on 3 April 2002 and has been re-designated as a Non-executive Director of the Company since 1 December 2004. He ceased to act as member of the Remuneration Committee and the Nomination Committee of the Company respectively on 22 March 2016, and resigned as a Non-executive Director on 31 March 2016.

Mr. Tang has over 30-years working experience globally in Hong Kong, Japan, London, USA and China in respect of engineering, shipping, energy, finance and investment banking areas. Mr. Tang had held various executive positions in multinational companies, including First Chicago, Fuji Bank, JP Morgan, Coastal Power, etc in Hong Kong, Japan, London, USA and China. Mr. Tang has been a pioneer in non-recourse project financing for sports stadium in USA and power plants in China. Mr. Tang currently resides in Beijing. Mr. Tang studied naval Architecture in Taiwan and subsequently production management at Cambridge and earned his MBA at Cranfield University in England in 1977.

Mr. Tang had been with the Company for over 13 years, and had signed a letter of appointment with the Company for an initial fixed term of three years which continued thereafter until his resignation on 31 March 2016. For the financial year ended 31 December 2015, Mr. Tang received annual emoluments of HK\$120,000 for being a Non-executive Director of the Company. The emoluments of Mr. Tang were subject to review by the Board from time to time pursuant to the power given to it under the Bye-laws of the Company with reference to his contribution in terms of time, skills and expertise, the prevailing market conditions and the remuneration benchmark in the industry.

Report of the Directors



Save as disclosed above, Mr. Tang had not held any other position with the Company or other members of the Group and he had not held any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years. Other than the relationship arising from his being a Non-executive Director, Mr. Tang did not have any relationships with any other Directors, senior management, substantial shareholders (as defined in the Listing Rules), or controlling shareholders (as defined in the Listing Rules) of the Company, and there are no other matters concerning Mr. Tang that need to be brought to the attention of the Company's shareholders nor any information to be disclosed pursuant to the requirements of Rule 13.51(2) of the Listing Rules.

Independent Non-executive Directors

Mr. Leung Shu Kin, Alfred

Mr. Leung Shu Kin, Alfred, aged 63, has been an Independent Non-executive Director of the Company since 1 September 2004. He ceased to act as the chairman of the Remuneration Committee and also a member of the Audit Committee and the Nomination Committee of the Company respectively on 22 March 2016, and resigned as an Independent Non-executive Director on 31 March 2016.

Mr. Leung has had extensive working experience in the banking industry. For over 20 years, Mr. Leung had held various senior credit management positions in Bank of America and the First National Bank of Boston prior to becoming the Group General Manager of Seng Heng Bank in Macau. Currently he serves as an Executive Director for the Elegance Printing Group, the printer of the Company, which has business relationship with the Company. Mr. Leung holds a Bachelor's degree in Economics and a Bachelor's degree in Commerce from the University of Windsor, Canada, a Master's degree in Business Administration from the Chinese University of Hong Kong.

Mr. Leung had been with the Company for over 11 years, and had signed a letter of appointment with the Company for an initial fixed term of three years which continued thereafter until his resignation on 31 March 2016. For the financial year ended 31 December 2015, Mr. Leung received annual emoluments of HK\$120,000 for being an Independent Non-executive Director of the Company. The emoluments of Mr. Leung were subject to review by the Board from time to time pursuant to the power given to it under the Bye-laws of the Company with reference to his contribution in terms of time, skills and expertise, the prevailing market conditions and the remuneration benchmark in the industry.

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Save as disclosed above, Mr. Leung has not held any other position with the Company or other members of the Group and he has not held any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years. Other than the relationship arising from his being an Independent Non-executive Director and an executive director and equity partner of the Elegance Printing Group, the printer of the Company, Mr. Leung does not have any relationships with any other Directors, senior management, substantial shareholders (as defined in the Listing Rules), or controlling shareholders (as defined in the Listing Rules) of the Company, and there are no other matters concerning Mr. Leung that need to be brought to the attention of the Company's shareholders nor any information to be disclosed pursuant to the requirements of Rule 13.51(2) of the Listing Rules.

Mr. Wong Wing Kee ("Mr. Wong")

Mr. Wong, aged 69, has been an Independent Non-executive Director since 1 December 2004. He ceased to act as the chairman of the Nomination Committee, a member of the Audit Committee and the Remuneration Committee respectively on 22 March 2016, but remains to act as a member of the Nomination Committee.

Mr. Wong holds a Bachelor of Science degree in Financial Services from The University of Manchester Institute of Science and Technology. He is also a Fellow of The London Chartered Institute of Bankers (FCIB), now known as IFS, School of Finance (UK). As a Singaporean, Mr. Wong has more than 30-year experience in operational risk management, internal audit and compliance. He has held various positions in senior operational risk, internal audit and compliance at Asian and US banks, and has served as advisor and provided strategic risk consultancy services to various banks in Indonesia.

Mr. Wong has been with the Company for over 11 years, and had signed a letter of appointment with the Company for an initial fixed term of three years which shall continue thereafter. He is subject to retirement by rotation and re-election at the annual general meeting of the Company pursuant to the Bye-laws of the Company. His remuneration will be approved by the Board subject to the authority granted by the Company's shareholders to authorise the Board to fix the Directors' remuneration at the annual general meeting of the Company. For the financial year ended 31 December 2015, Mr. Wong received annual emoluments of HK\$120,000. The emoluments of Mr. Wong was approved by the Board subject to the authority granted by the Shareholders to authorise the Board to fix the Directors' remuneration at the annual general meeting of the Company with reference to his duties and responsibilities with the Company and the prevailing market situation and shall be reviewed by the Remuneration Committee from time to time.

Save as disclosed above, Mr. Wong has not held any positions with the Company or other members of the Group and he has not held any other directorships in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years. Other than the relationship arising from being an Independent Non-executive Director, Mr. Wong does not have any relationships with any other Directors, senior management, substantial shareholders, or controlling shareholders (as defined in the

Report of the Directors



Listing Rules) of the Company, nor have they any interest or deemed interest in the shares or underlying shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), and there are no other matters concerning Mr. Wong that need to be brought to the attention of the Shareholders nor any information to be disclosed pursuant to (h) to (v) of Rule 13.51(2) of the Listing Rules.

Mr. Ng Kee Sin (“Mr. KS Ng”)

Mr. KS Ng, aged 64, has been an Independent Non-executive Director since 20 March 2007. He ceased to act as the chairman of the Audit Committee of the Company on 22 March 2016 but remains as a member of the Audit Committee.

Mr. KS Ng has more than 20 years of senior management experience in Asia Pacific countries with NCR, Digital Equipment Corporation, Compaq Computer Corporation and had been the managing director of Quantum Storage Greater China Region. He is currently an international associate of Golden Namsing Technology Shenzhen Co. Mr. KS Ng holds a Bachelor of Accountancy degree in the University of Singapore. He is a member of the Institute of Singapore Chartered Accountants (ISCA).

Mr. KS Ng has been with the Company for over 9 years, and had signed a letter of appointment with the Company for an initial fixed term of three years which shall continue thereafter. He is subject to retirement by rotation and re-election at the annual general meeting of the Company pursuant to the Bye-laws of the Company. His remuneration will be approved by the Board subject to the authority granted by the Company’s shareholders to authorise the Board to fix the Directors’ remuneration at the annual general meeting of the Company. For the financial year ended 31 December 2015, Mr. KS Ng received annual emoluments of HK\$120,000 for being an independent non-executive director of the Company. The emoluments of Mr. KS Ng was approved by the Board subject to the authority granted by the Shareholders to authorise the Board to fix the Directors’ remuneration at the annual general meeting of the Company with reference to his duties and responsibilities with the Company and the prevailing market situation and shall be reviewed by the Remuneration Committee from time to time.

Save as disclosed above, Mr. KS Ng has not held any other position with the Company or other members of the Group and he has not held any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years. Other than the relationship arising from being an Independent Non-executive Director, Mr. KS Ng does not have any relationships with any other Directors, senior management, substantial shareholders, or controlling shareholders (as defined in the Listing Rules) of the Company, nor have they any interest or deemed interest in the shares or underlying shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), and there are no other matters concerning Mr. KS Ng that need to be brought to the attention of the Shareholders nor any information to be disclosed pursuant to (h) to (v) of Rule 13.51(2) of the Listing Rules.

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Mr. Ng Man Kung (“Mr. MK Ng”)

Mr. MK Ng, aged 64, is an Independent Non-executive Director, the chairman of the Nomination Committee, a member of the Audit Committee and a member of the Remuneration Committee since 22 March 2016.

Mr. MK Ng graduated from the Hong Kong Polytechnic University with an attendance certificate in banking. Mr. MK Ng has over 28 years of management experience in the banking industry. He had worked as a business consultant at China Orient Asset Management (International) Holding Limited, a company principally engaged in investment, from January 2014 to April 2015. He worked at Chiyu Banking Corporation Ltd. from July 1969 to December 2012, and was the chief executive of the company from April 1992 to July 2012. Mr. MK Ng was an honorary president of the 37th Chinese Bankers Club, Hong Kong, a member of the Council of Hong Kong Polytechnic University from April 1999 to March 2003 and a member of the 10th Fujian Province Committee of the Chinese People’s Political Consultative Conference (中國人民政治協商會議第十屆福建省委員會委員). Mr. MK Ng has been an independent non-executive director of Fujian Holdings Limited (stock code: 181) since June 2014, an independent non-executive director of ELL Environmental Holdings Limited (stock code: 1395) since September 2014 and an independent non-executive director of Global Tech (Holdings) Limited (stock code: 143) since March 2016.

Mr. MK Ng had signed a letter of appointment with the Company as an Independent Non-executive Director for an initial term of three years effective from 22 March 2016. The term of Independent Non-executive Director is renewable automatically for successive terms of three years each commencing from the next day after the expiry of the then current term of appointment, unless terminated by not less than three months’ notice in writing served by the Independent Non-executive Director or the Company expiring at the end of the initial term or at any time thereafter. He is subject to retirement by rotation and re-election at the annual general meeting of the Company pursuant to the Bye-laws of the Company.

Mr. MK Ng is entitled to a director’s fee of HK\$150,000 per annum, which comprises an annual remuneration of HK\$120,000 and an annual committee remuneration of HK\$30,000. The director’s fee payable to Mr. MK Ng was approved by the Board subject to the authority granted by the Shareholders to authorise the Board to fix the Directors’ remuneration at the annual general meeting of the Company with reference to his duties and responsibilities with the Company and the prevailing market situation and shall be reviewed by the Remuneration Committee from time to time.

Save as disclosed above, Mr. MK Ng has not held any other position with the Company or other members of the Group and he has not held any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years. Other than the relationship arising from being an Independent Non-executive Director, the chairman of the Nomination Committee, a member of the Audit Committee and a member of the Remuneration Committee, Mr. MK Ng does not have any relationships

Report of the Directors



with any other Directors, senior management, substantial shareholders, or controlling shareholders (as defined in the Listing Rules) of the Company, nor have they any interest or deemed interest in the shares or underlying shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), and there are no other matters concerning Mr. MK Ng that need to be brought to the attention of the Shareholders nor any information to be disclosed pursuant to (h) to (v) of Rule 13.51(2) of the Listing Rules.

Dr. Ngai Wai Fung (“Dr. Ngai”)

Dr. Ngai, aged 54, is an Independent Non-executive Director, the chairman of the Remuneration Committee, a member of the Audit Committee and a member of the Nomination Committee since 22 March 2016.

Dr. Ngai is the chief executive officer of SW Corporate Services Group Limited, a specialty company secretarial, corporate governance and compliance services provider to companies in pre-IPO and post-IPO stages. Prior to that, he was the director and head of listing services of an independent integrated corporate services provider. He has over 20 years of senior management experience including acting as the executive director, chief financial officer and company secretary, most of which are in the areas of finance, accounting, internal control and regulatory compliance, corporate governance and secretarial work for listed issuers including major red chips companies. He had led or participated in a number of significant corporate finance projects including listings, mergers and acquisitions as well as issuance of debt securities. Dr. Ngai is the president of Hong Kong Institute of Chartered Secretaries, a member of the Qualification and Examination Board of the Hong Kong Institute of Certified Public Accountants, the Adjunct Professor of Law of Hong Kong Shue Yan University and a member of the General Committee of the Chamber of Hong Kong Listed Companies. Dr. Ngai was appointed by the Chief Executive of the Hong Kong Special Administrative Region as a member of the Working Group on Professional Services under the Economic Development Commission for two years in 2013 and reappointed for further two years in 2015. He is a fellow of the Association of Chartered Certified Accountants in the United Kingdom, a member of the Hong Kong Institute of Certified Public Accountants, a fellow of the Institute of Chartered Secretaries and Administrators, a fellow of the Hong Kong Institute of Chartered Secretaries, a fellow of Hong Kong Institute of Directors and a member of Hong Kong Securities and Investment Institute. Dr. Ngai obtained a Doctoral Degree in Finance at Shanghai University of Finance and Economics in 2011 and received a Master’s Degree in Corporate Finance from Hong Kong Polytechnic University in 2002 and a Master’s Degree in Business Administration from Andrews University of Michigan in 1992 and a Bachelor’s Degree in Laws at University of Wolverhampton in 1994.

Dr. Ngai is currently an independent non-executive director of two dual-listing companies whose shares are listed on the Stock Exchange (“SEHK”) and Shanghai Stock Exchange (“SSE”), namely China Railway Group Limited (SEHK, Stock Code: 00390, SSE, Stock Code: 601390), China Coal Energy Company Limited (SEHK, Stock Code: 01898; SSE, Stock Code: 601898) and BBMG Corporation (English translation denotes for identification

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purposes only) (SEHK, Stock Code: 02009, SSE, Stock Code: 601992). In addition, Dr. Ngai is the independent non-executive director of the following companies, namely BaWang International (Group) Holding Limited (SEHK, Stock Code: 01338), Bosideng International Holdings Limited (SEHK, Stock Code: 03998), Biostime International Holdings Limited (SEHK, Stock Code: 01112), Beijing Capital Juda Limited (formerly known as Juda International Holdings Limited) (SEHK, Stock Code: 01329), Powerlong Real Estate Holdings Limited (SEHK, Stock Code: 01238), SITC International Holdings Company Limited (SEHK, Stock Code: 01308), TravelSky Technology Limited (SEHK, Stock Code: 00696), and Yangtze Optical Fibre and Cable Joint Stock Limited Company (SEHK, Stock Code: 06869). Dr. Ngai is also an independent director of LDK Solar Co., Ltd which recently received a winding-up order from the Grand Court of the Cayman Islands on 6 April 2016. (whose American depository shares were listed on the New York Stock Exchange, now are currently listed on OTC Pink Limited Information, stock code: LDKYQ). He was the independent non-executive director of China Life Insurance Company Limited (SEHK, Stock Code: 02628) from December 2006 to May 2009, the independent non-executive director of Franshion Properties (China) Limited (SEHK, Stock Code: 00817) from May 2007 to June 2011, the independent non-executive director of China Railway Construction Corporation Limited (SEHK, Stock Code: 01186; SSE, Stock Code: 601186) from November 2007 to October 2014 and the independent non-executive director of Sany Heavy Equipment International Holdings Company Limited (SEHK, Stock Code: 00631) from November 2009 to December 2015.

Dr. Ngai had signed a letter of appointment with the Company as an Independent Non-executive Director for an initial term of three years effective from 22 March 2016. The term of Independent Non-executive Director is renewable automatically for successive terms of three years each commencing from the next day after the expiry of the then current term of appointment, unless terminated by not less than three months' notice in writing served by the Independent Non-executive Director or the Company expiring at the end of the initial term or at any time thereafter. He is subject to retirement by rotation and re-election at the annual general meeting of the Company pursuant to the Bye-laws of the Company.

Dr. Ngai is entitled to a director's fee of HK\$150,000 per annum, which comprises an annual remuneration of HK\$120,000 and an annual committee remuneration of HK\$30,000. The director's fee payable to Dr. Ngai was approved by the Board subject to the authority granted by the Shareholders to authorise the Board to fix the Directors' remuneration at the annual general meeting of the Company with reference to his duties and responsibilities with the Company and the prevailing market situation and shall be reviewed by the Remuneration Committee from time to time.

Save as disclosed above, Dr. Ngai has not held any other position with the Company or other members of the Group and he has not held any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years. Other than the relationship arising from being an Independent Non-executive Director, the chairman of the Remuneration Committee, a member of the Audit Committee and a member of the Nomination Committee, Dr. Ngai does not have any relationships with any other Directors, senior management, substantial shareholders, or controlling shareholders (as defined in the

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Listing Rules) of the Company, nor have they any interest or deemed interest in the shares or underlying shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), and there are no other matters concerning Dr. Ngai that need to be brought to the attention of the Shareholders nor any information to be disclosed pursuant to (h) to (v) of Rule 13.51(2) of the Listing Rules.

Mr. Lau Fai Lawrence (“Mr. Lau”)

Mr. Lau, aged 44, is an Independent Non-executive Director, the chairman of the Audit Committee, a member of the Nomination Committee and a member of the Remuneration Committee since 22 March 2016.

Mr. Lau is currently a practising certified public accountant in Hong Kong and a fellow member of the Association of Chartered Certified Accountants in the UK. Mr. Lau graduated from The University of Hong Kong with a bachelor’s degree in business administration in 1994 and obtained a master’s degree in corporate finance from Hong Kong Polytechnic University in 2007.

Mr. Lau joined BBMG Corporation (listed on the Main Board of the Stock Exchange) (Stock Code: 2009) on 6 August 2008 as joint company secretary and qualified accountant. Since 26 October 2012, Mr. Lau serves as the company secretary of BBMG Corporation.

Before joining BBMG Corporation, Mr. Lau has served as the group financial controller and qualified accountant of Founder Holdings Limited (Stock Code: 418) and PKU Resources (Holdings) Company Limited (previously known as EC-Founder (Holdings) Company Limited) (Stock Code: 618), both companies listed on the Main Board of the Stock Exchange. Mr. Lau is an executive director of Central Wealth Financial Group Limited (previously known as China For You Group Company Limited) (listed on the Main Board of the Stock Exchange) (Stock Code: 572). Mr. Lau is also an independent non-executive director of Artini China Co. Ltd., (Stock Code: 789) and an independent non-executive director of Titan Petrochemicals Group Limited (Stock Code: 1192), both of these companies are listed on the Main Board of the Stock Exchange.

Mr. Lau had signed a letter of appointment with the Company as an Independent Non-executive Director for an initial term of three years effective from 22 March 2016. The term of Independent Non-executive Director is renewable automatically for successive terms of three years each commencing from the next day after the expiry of the then current term of appointment, unless terminated by not less than three months’ notice in writing served by the Independent Non-executive Director or the Company expiring at the end of the initial term or at any time thereafter. He is subject to retirement by rotation and re-election at the annual general meeting of the Company pursuant to the Bye-laws of the Company.

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Mr. Lau is entitled to a director's fee of HK\$150,000 per annum, which comprises an annual remuneration of HK\$120,000 and an annual committee remuneration of HK\$30,000. The director's fee payable to Mr. Lau was approved by the Board subject to the authority granted by the Shareholders to authorise the Board to fix the Directors' remuneration at the annual general meeting of the Company with reference to his duties and responsibilities with the Company and the prevailing market situation and shall be reviewed by the Remuneration Committee from time to time.

Save as disclosed above, Mr. Lau has not held any other position with the Company or other members of the Group and he has not held any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years. Other than the relationship arising from being an Independent Non-executive Director, the chairman of the Audit Committee, a member of the Nomination Committee and a member of the Remuneration Committee, Mr. Lau does not have any relationships with any other Directors, senior management, substantial shareholders, or controlling shareholders (as defined in the Listing Rules) of the Company, nor have they any interest or deemed interest in the shares or underlying shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), and there are no other matters concerning Mr. Lau that need to be brought to the attention of the Shareholders nor any information to be disclosed pursuant to (h) to (v) of Rule 13.51(2) of the Listing Rules.

DIRECTORS' SERVICE CONTRACTS

On 30 May 2002, the Company entered into a service agreement with Mr. Cheok Ho Fung as an Executive Director for an initial fixed term of three years and shall continue thereafter for successive terms of one year each commencing from the day immediately following the expiry of the then current terms of the service agreements, subject to the termination specified in the said service agreement and the retirement by rotation and re-election at the annual general meeting of the Company pursuant to the Bye-laws of the Company. Under the service agreement with Mr. Cheok, such agreement may be terminated by either party by giving not less than six months' written notice to the other party.

On 29 August 2005, a letter of appointment was issued by the Company and accepted by Mr. Tang Yok Lam, Andy. Mr. Tang served the Company as Non-executive Director with terms of appointment for an initial fixed term of three years and shall continue thereafter, subject to the termination specified in the said letter and the retirement by rotation and re-election at the annual general meeting of the Company pursuant to the Bye-laws of the Company. His terms of appointment were renewed and approved by the Board for the fixed term of three years and shall be continued thereafter. Under the letter of appointment, his appointment may be terminated by either party by giving not less than three months' written notice to the other party. Mr. Tang resigned as a Non-executive Director on 31 March 2016.

Report of the Directors



On 29 August 2005, a letter of appointment was issued by the Company and accepted by Mr. Leung Shu Kin, Alfred. Mr. Leung served the Company as an Independent Non-executive Director with terms of appointment for an initial fixed term of three years and shall continue thereafter, subject to the termination specified in the said letter and the retirement by rotation and re-election at the annual general meeting of the Company pursuant to the Bye-laws of the Company. His terms of appointment were renewed and approved by the Board for the fixed term of three years and shall be continued thereafter. Under the letter of appointment, the appointment may be terminated by either party by giving not less than three months' written notice to the other party. Mr. Leung resigned as an Independent Non-executive Director on 31 March 2016.

On 29 August 2005, a letter of appointment was issued by the Company and accepted by Mr. Wong Wing Kee. Mr. Wong serves the Company as an Independent Non-executive Director with terms of appointment for an initial fixed term of three years and shall continue thereafter, subject to the termination specified in the said letter and the retirement by rotation and re-election at the annual general meeting of the Company pursuant to the Bye-laws of the Company. His terms of appointment were renewed and approved by the Board for the fixed term of three years and shall be continued thereafter. Under the letter of appointment, the appointment may be terminated by either party by giving not less than three months' written notice to the other party.

On 16 March 2007, a letter of appointment was issued by the Company and accepted by Mr. Ng Kee Sin. Mr. Ng serves the Company as an Independent Non-executive Director with effect from 20 March 2007 for an initial fixed term of three years and shall be continued thereafter, subject to the termination specified in the said letter and the retirement by rotation and re-election at the annual general meeting of the Company pursuant to the Bye-laws of the Company. His terms of appointment were renewed and approved by the Board for the fixed term of three years and shall be continued thereafter. Under the letter of appointment, the appointment may be terminated by either party by giving not less than three months' written notice to the other party.

On 8 March 2016, the Company entered into an employment agreement with Mr. Liu Tingan as an Executive Director, Chairman and Chief Executive Officer for a period of three years and shall continue thereafter for another three years commencing on 22 March 2016, subject to the termination specified in the said employment agreement and the retirement by rotation and re-election at the annual general meeting of the Company pursuant to the Bye-laws of the Company. Under the employment agreement with Mr. Liu, such agreement may be terminated by either party as agreed which should not exceed one year.

On 22 March 2016, separate letters of appointment were issued by the Company and accepted by Mr. Ng Man Kung, Dr. Ngai Wai Fung and Mr. Lau Fai Lawrence respectively. Mr. Ng Man Kung, Dr. Ngai Wai Fung and Mr. Lau Fai Lawrence serve the Company as Independent Non-executive Directors with terms of appointment for an initial fixed term of three years and shall continue thereafter, subject to the termination specified in the said letters and the retirement by rotation and re-election at the annual general meeting of the Company pursuant to the Bye-laws of the Company. Under the letters of appointment, their appointment may be terminated by either party by serving a three months' written notice to the other party.

Report of the Directors



Save as disclosed above, none of the Directors has or is proposed to have a service contract with the Company or any of its subsidiaries, which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

DIRECTORS' REMUNERATION

The directors' fees are subject to the Company's shareholders' approval at general meetings. Other emoluments are determined by the Board subject to the authority granted by the Company's shareholders at general meeting with reference to directors' duties and skills, responsibilities and performance and the financial results of the Group pursuant to the remuneration policy of the Company.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 38 to the financial statements, no Director or an entity connected with a Director had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, its holding company or any of its subsidiaries or fellow subsidiaries was a party subsisting during or for the year ended 31 December 2015.

PERMITTED INDEMNITY PROVISION

Pursuant to Bye-law 178 of the Bye-laws of the Company and subject to the provisions permitted by the Companies Ordinance (Cap 622 of the Laws of Hong Kong), every Director, or, other officers of the Company shall be indemnified out of the assets of the Company against all actions, costs, charges, losses, damages and expenses which he may incur or sustain in or about the execution of the duties of his office. The permitted indemnity provision made by the Company for the benefit of the Directors and other officers of the Company is in force.

Report of the Directors



DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

1. Directors' interests in Shares

As at 31 December 2015, the interests and short positions of the Directors, the chief executive of the Company or their respective associates in the share capital, underlying shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong ("SFO") as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

(a) The Company

Name of director	Nature of interest		Number of ordinary shares held	Percentage of issued capital
Mr. Cheok Ho Fung	Direct	Long position	78,250,000	7.83%
	<i>Note</i> Deemed	Long position	432,000,000	43.20%
Total			510,250,000	51.03%

Note: These shares are owned by Inni International Inc., a company incorporated in the Republic of Liberia. The shares of Inni International Inc. are owned as to 49% by Mr. Cheok Ho Fung and as to 51% jointly by Mr. Cheok Ho Fung and his spouse Mrs. Cheok Chu Wai Min.

(b) Associated Corporation — Inni International Inc.

Name of director	Nature of interest		Number of ordinary shares held	Percentage of issued capital
Mr. Cheok Ho Fung		Direct	12,250	49.00%
	<i>Note</i>	Deemed	12,750	51.00%
Total			25,000	100.00%

Note: These shares are jointly owned by Mr. Cheok Ho Fung and his spouse, Mrs. Cheok Chu Wai Min.

Report of the Directors

(c) *Subsidiary — Topsearch Industries (Holdings) Limited*

Name of director	Nature of interest	Number of deferred shares held	Percentage
			of total deferred shares issued
Mr. Cheok Ho Fung	Direct	2,000,100	10.00%
	<i>Note</i> Deemed	17,999,900	90.00%
Total		20,000,000	100.00%

Note: These shares are owned by Inni International Inc., a company incorporated in the Republic of Liberia. The shares of Inni International Inc. are owned as to 49% by Mr. Cheok Ho Fung and as to 51% jointly by Mr. Cheok Ho Fung and his spouse, Mrs. Cheok Chu Wai Min.

2. **Directors' Interests in Share Options of the Company**

As at 31 December 2015, none of the Company's directors held share options of the Company because the Company's share option scheme had been expired on 30 May 2012.

Save as disclosed above, as at 31 December 2015, none of the Directors or chief executives of the Company or their respective associates had registered an interest or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

Report of the Directors

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

Long positions in Shares:

As at 31 December 2015, the interests or short positions of every person holding 5% or more in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name of shareholders	Notes		Number of ordinary shares held	Percentage of issued capital
Inni International Inc.	Direct	Long position	432,000,000	43.20%
Mr. Cheok Ho Fung	Direct	Long position	78,250,000	7.83%
	(i) Deemed	Long position	432,000,000	43.20%
	Total		510,250,000	51.03%
Mrs. Cheok Chu Wai Min	(ii) Deemed	Long position	510,250,000	51.03%

Notes:

- (i) The above interest in the name of Inni International Inc. is disclosed as interest of Mr. Cheok Ho Fung in the above section headed "Directors' Interests in Shares and Underlying Shares".
- (ii) Mrs. Cheok Chu Wai Min is the spouse of Mr. Cheok Ho Fung. The shares of Inni International Inc. are owned as to 49% by Mr. Cheok Ho Fung and as to 51% jointly by Mr. Cheok Ho Fung and Mrs. Cheok Chu Wai Min. The shareholdings stated as held by Mr. Cheok Ho Fung and Mrs. Cheok Chu Wai Min above represent the same block of shares, which were also included as interests of Mr. Cheok Ho Fung as disclosed in the above section headed "Directors' Interests in Shares and Underlying Shares".

Save as disclosed above, as at 31 December 2015, no person, other than the directors and chief executive of the Company, whose interests are set out in the section headed "Directors' Interest in Shares and Underlying Shares" above had registered an interests or short position in the shares or underlying shares of the Company that are required to be recorded pursuant to Section 336 of the SFO.

Report of the Directors

As at the date of this report, the interests or short positions of every person holding 5% or more in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name of shareholders	Notes		Number of ordinary shares held as at the date of this report	Percentage of Issued capital as at the date of this report
Youfu Investment Co., Ltd.	Direct	Long position	340,192,667	28.35
Mr. Sun Mingwen	(1)	Deemed	340,192,667	28.35
Zhisheng Enterprise Investment Co., Ltd.	Direct	Long position	170,097,333	14.17
Ms. He Yeqin	(2)	Deemed	170,097,333	14.17
China Aim Holdings Limited	Direct	Long position	200,000,000	16.67

Notes:

1. Mr. Sun Mingwen is the beneficial owner of the entire issued share capital of Youfu Investment Co., Ltd. and is deemed to be interested in the 340,192,667 Shares, representing approximately 28.35% of the total issued Shares as at the Latest Practicable Date, held by Youfu Investment Co, Ltd. under the SFO.
2. Ms. He Yeqin is the beneficial owner of the entire issued share capital of Zhisheng Enterprise Investment Co., Ltd. and is deemed to be interested in the 170,097,333 Shares representing approximately 14.17% of the total issued Shares as at the Latest Practicable Date, held by Zhisheng Enterprise Investment Co., Ltd. under the SFO.

Report of the Directors



EVENTS AFTER THE REPORTING PERIOD

Details of the significant events of the Group after the reporting period are set out in note 43 to the consolidated financial statements.

AUDITOR

Deloitte Touche Tohmatsu, who previously acted as external auditor of the Company, resigned on 17 October 2013, and BDO Limited was appointed as external auditor of the Company on 19 November 2013 by the Board to fill the casual vacancy created by Deloitte Touche Tohmatsu until the conclusion of the Company's annual general meetings held on 6 June 2014 on 5 June 2015 respectively, and was being re-elected thereat.

A resolution for the re-appointment of BDO Limited, the Company's retiring external auditor, and being eligible, who will offer themselves for reappointment, would be proposed for the consideration, and if thought fit, to be approved by members at the Company's forthcoming annual general meeting to be held on 3 June 2016.

The financial statements of the Group for the year ended 31 December 2015 have been audited by BDO Limited.

On behalf of the Board

CHEOK HO FUNG

Chairman and Chief Executive Officer

Hong Kong, 22 March 2016

Independent Auditor's Report



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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF TOPSEARCH INTERNATIONAL (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Topsearch International (Holdings) Limited (the "**Company**") and its subsidiaries (together the "**Group**") set out on pages 73 to 143, 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, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

Independent Auditor's Report

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

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

OPINION

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

BDO Limited

Certified Public Accountants

Pak Tak Lun

Practising Certificate Number P06170

Hong Kong, 22 March 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2015

	Notes	2015 HK\$'000	2014 HK\$'000
Revenue	7	566,630	610,340
Cost of sales		(537,380)	(600,317)
Gross profit		29,250	10,023
Other income	8	10,240	12,245
Other gains and losses	9	(9,304)	(30,082)
Selling and distribution costs		(45,473)	(50,549)
Administrative expenses		(107,894)	(84,826)
Share of results of associates		(76)	(5,211)
Gain on disposal of interest in an associate	19	156,505	—
Finance costs	10	(17,380)	(14,899)
Profit/(loss) before income tax expense	11	15,868	(163,299)
Income tax expense	15	(2,413)	(3,295)
Profit/(loss) for the year		13,455	(166,594)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		(44,013)	(21,291)
Share of other comprehensive income of associates		(4,626)	470
Release of translation reserve included in profit or loss upon disposal of an associate		(2,788)	—
Net other comprehensive income to be reclassified subsequently to profit or loss for the year		(51,427)	(20,821)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2015

	Notes	2015 HK\$'000	2014 HK\$'000
Item that will not be reclassified to profit or loss:			
Gain on revaluation of property, plant and equipment	17	10,435	5,831
Income tax effect	29	(4,067)	—
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		6,368	5,831
Other comprehensive income for the year, net of tax		(45,059)	(14,990)
Total comprehensive income for the year		(31,604)	(181,584)
Profit/(loss) for the year attributable to:			
Owners of the Company		17,904	(161,895)
Non-controlling interests		(4,449)	(4,699)
		13,455	(166,594)
Total comprehensive income attributable to:			
Owners of the Company		(27,220)	(176,810)
Non-controlling interests		(4,384)	(4,774)
		(31,604)	(181,584)
Earnings/(loss) per share	16		
Basic and diluted		HK1.79 cents	(HK16.19 cents)

Consolidated Statement of Financial Position

As at 31 December 2015

	Notes	2015 HK\$'000	2014 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	17	286,124	482,068
Payments for leasehold land held for own use under operating leases	18	3,866	22,131
Interests in associates	19	—	109,403
Rental and utility deposits		215	840
Available-for-sale financial assets	20	1,857	1,857
Deposits paid for acquisition of property, plant and equipment		186	198
Total non-current assets		292,248	616,497
CURRENT ASSETS			
Inventories	21	77,004	96,086
Payments for leasehold land held for own use under operating leases	18	127	582
Trade receivables	22	104,814	102,218
Prepayments, deposits and other receivables		18,259	21,963
Bank balances and cash	23	96,985	94,722
Assets of disposal groups classified as held for sale	30	297,189	315,571
		217,680	—
Total current assets		514,869	315,571
CURRENT LIABILITIES			
Trade payables	24	93,089	180,136
Other payables and accruals	25	78,667	100,499
Tax payable		2,430	136
Shareholder's loans	28	94,698	—
Interest-bearing bank loans	27	152,510	101,616
Obligation under finance leases	26	3,338	4,095
Liabilities of disposal groups classified as held for sale	30	424,732	386,482
		37,435	—
Total current liabilities		462,167	386,482
NET CURRENT ASSETS/(LIABILITIES)		52,702	(70,911)
TOTAL ASSETS LESS CURRENT LIABILITIES		344,950	545,586

Consolidated Statement of Financial Position

As at 31 December 2015

	Notes	2015 HK\$'000	2014 HK\$'000
NON-CURRENT LIABILITIES			
Shareholder's loans	28	—	95,661
Interest-bearing bank loans	27	—	75,000
Obligation under finance leases	26	574	3,012
Deferred tax liabilities	29	4,067	—
Total non-current liabilities		4,641	173,673
NET ASSETS		340,309	371,913
CAPITAL AND RESERVES			
Share capital	31	100,000	100,000
Reserves	32	252,505	279,725
Equity attributable to owners of the Company		352,505	379,725
Non-controlling interests		(12,196)	(7,812)
TOTAL EQUITY		340,309	371,913

On behalf of the Board

Cheek Ho Fung

Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Share capital	Share premium	Contributed surplus	Property revaluation reserve	Foreign exchange reserve	Statutory reserve	Accumulated losses	Equity attributable to owners of the Company	Non-controlling interests	Total equity
	HK\$'000 (Note 31)	HK\$'000	HK\$'000 (Note (a))	HK\$'000	HK\$'000	HK\$'000 (Note (b))	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2014	100,000	337,854	19,000	—	182,800	7,335	(90,454)	556,535	(3,038)	553,497
Loss for the year	—	—	—	—	—	—	(161,895)	(161,895)	(4,699)	(166,594)
Exchange differences arising on translation of foreign operations	—	—	—	—	(21,216)	—	—	(21,216)	(75)	(21,291)
Gain on revaluation of property, plant and equipment	—	—	—	5,831	—	—	—	5,831	—	5,831
Share of other comprehensive income of associates	—	—	—	—	470	—	—	470	—	470
Total comprehensive income for the year	—	—	—	5,831	(20,746)	—	(161,895)	(176,810)	(4,774)	(181,584)
At 31 December 2014 and 1 January 2015	100,000	337,854	19,000	5,831	162,054	7,335	(252,349)	379,725	(7,812)	371,913
Profit/(loss) for the year	—	—	—	—	—	—	17,904	17,904	(4,449)	13,455
Exchange differences arising on translation of foreign operations	—	—	—	—	(44,078)	—	—	(44,078)	65	(44,013)
Gain on revaluation of property, plant and equipment, net of tax	—	—	—	6,368	—	—	—	6,368	—	6,368
Share of other comprehensive income of associates	—	—	—	—	(4,626)	—	—	(4,626)	—	(4,626)
Release upon disposal of an associate	—	—	—	—	(2,788)	—	—	(2,788)	—	(2,788)
Total comprehensive income for the year	—	—	—	6,368	(51,492)	—	17,904	(27,220)	(4,384)	(31,604)
At 31 December 2015	100,000	337,854	19,000	12,199	110,562	7,335	(234,445)	352,505	(12,196)	340,309

Notes:

- (a) The contributed surplus of the Group represents the difference between the nominal value of the share capital of the subsidiaries acquired as a result of the group reorganisation in prior years, over the nominal value of the Company's shares issued in exchange therefor.
- (b) Statutory reserve was appropriated each year on the basis of 10% of the profit after taxation of certain subsidiaries established in the People's Republic of China (the "PRC") as determined by their boards of directors in accordance with the Articles of Association of the subsidiaries. This reserve should only be used for making up losses, capitalisation into capital and expansion of production and operation.

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	2015 HK\$'000	2014 HK\$'000
Cash flows from operating activities		
Profit/(loss) before income tax expense	15,868	(163,299)
Adjustments for:		
Depreciation of property, plant and equipment	30,883	33,438
Interest income	(329)	(306)
Finance costs	17,380	14,899
Share of results of associates	76	5,211
Net gain on disposal of property, plant and equipment	(13)	(1,044)
Impairment loss on property, plant and equipment	31,890	50,000
Gain on revaluation of property, plant and equipment	(7,816)	(7,151)
Gain on disposal of an associate	(156,505)	—
Amortisation of payments for leasehold land held for own use under operating leases	575	587
Write-down of inventories	3,095	723
Impairment loss on trade receivables	841	1,673
Operating loss before working capital changes	(64,055)	(65,269)
Decrease/(increase) in rental and utility deposits	625	(88)
Decrease/(increase) in inventories	11,888	(10,760)
(Increase)/decrease in trade receivables	(3,819)	19,788
Decrease in prepayments, deposits and other receivables	2,316	5,153
(Decrease)/increase in trade payables	(81,020)	25,026
Decrease/(increase) in other payables and accruals	13,115	(6,192)
Cash used in operations	(120,950)	(32,342)
Income tax paid	—	(3,159)
Net cash used in operating activities	(120,950)	(35,501)

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	2015	2014
	HK\$'000	HK\$'000
Cash flows from investing activities		
Interest received	329	306
Proceeds from disposal of property, plant and equipment	163	1,310
Purchase of property, plant and equipment	(6,360)	(6,977)
Deposits paid for property, plant and equipment	(196)	(142)
Acquisition of subsidiaries	—	(1,304)
Proceeds from disposal of an associate	185,194	—
Net cash generated from/(used in) investing activities	179,130	(6,807)
Cash flows from financing activities		
New bank loans	369,357	497,458
Repayment of bank loans	(404,808)	(420,800)
Repayment of obligations under finance leases	(2,808)	(3,977)
Repayment of shareholder's loans	(718)	(6,096)
Interests paid	(17,380)	(14,899)
Repayment from an associate	—	70
Net cash (used in)/generated from financing activities	(56,357)	51,756
Net increase in cash and cash equivalents	1,823	9,448
Cash and cash equivalents at beginning of year	94,722	85,872
Effect of exchange rate changes on cash and cash equivalents	440	(598)
Cash and cash equivalents at end of year		
represented by bank balances and cash	96,985	94,722

Notes to the Financial Statements

31 December 2015

1. GENERAL

Topsearch International (Holdings) Limited (the “Company”) was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The directors of the Company consider that its immediate holding company and ultimate holding company as at 31 December 2015 was Inni International Inc., which is incorporated in Liberia, and its ultimate controlling party was Mr. Cheok Ho Fung (“Mr. Cheok”), an executive director and chief executive officer of the Company.

Subsequent to the end of the financial year on 15 January 2016, Inni International Inc. and Mr. Cheok have sold 51.025% of the entire issued share capital of the Company to Youfu Investment Co., Ltd. and Zhisheng Enterprise Investment Co., Ltd.. Mr. Cheok was no longer the ultimate controlling party of the Company thereafter. However, Mr. Cheok remained as an executive director of the Company.

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 is an investment holding company. The principal activities of its principal subsidiaries are set out in Note 34.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(a) Adoption of amendments to HKFRSs — first effective on 1 January 2015

During the year, the Group has adopted the following amendments to HKFRSs which are first effective for the current year:

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

The adoption of these amendments has no material impact on the Group’s financial statements.

Notes to the Financial Statements

31 December 2015

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(continued)

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group’s financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

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

¹ Effective for annual periods beginning on or after 1 January 2016

² Effective for annual periods beginning on or after 1 January 2018

³ Mandatory effective date is yet to be determined but early application is permitted

Amendments to HKAS 1 — Disclosure Initiative

The amendments are designed to encourage entities to use judgement in the application of HKAS 1 when considering the layout and content of their financial statements.

An entity’s share of other comprehensive income from equity accounted interests in associates will be split between those items that will and will not be reclassified to profit or loss, and presented in aggregate as a single line item within those two groups.

Amendments to HKAS 16 and HKAS 38 — Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit the use of a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that amortisation based on revenue is not appropriate for intangible assets. This presumption can be rebutted if either the intangible asset is expressed as a measure of revenue or revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

Notes to the Financial Statements

31 December 2015

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(continued)

(b) **New/revISED HKFRSs that have been issued but are not yet effective** *(continued)*

Amendments to HKAS 27 — Equity Method in Separate Financial Statements

The amendments allow an entity to apply the equity method in accounting for its investments in subsidiaries and associates in its separate financial statements.

HKFRS 9 (2014) — Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income (“FVTOCI”) if the objective of the entity’s business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss (“FVTPL”).

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

Notes to the Financial Statements

31 December 2015

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(continued)

(b) **New/revised HKFRSs that have been issued but are 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 clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

HKFRS 15 — Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework 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 and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of 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 each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

The Group has already commenced an assessment of the impact of adopting the above standards and amendments to existing standards to the Group. The directors of the Company have so far concluded that the application of these new pronouncements will have no material impact on the Group's financial statements.

Notes to the Financial Statements

31 December 2015

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(continued)

(c) **New Hong Kong Companies Ordinance provisions relating to the disclosure requirements for financial statements**

The provisions of the new Hong Kong Companies Ordinance, Cap. 622, in relation to the disclosure requirements for financial statements apply to the Company in this financial year.

The directors of the Company consider that there is no impact on the Group’s financial position or performance, however the new Hong Kong Companies Ordinance, Cap. 622, impacts on the presentation and disclosures in the consolidated financial statements. For example, the statement of financial position of the Company is now presented in the notes to the financial statements rather than as a primary statement and related notes to the statement of financial position of the Company are generally no longer presented.

3. BASIS OF PREPARATION

(a) **Statement of compliance**

The financial statements have been prepared in accordance with all applicable HKFRSs (defined below), Hong Kong Accounting Standards (“HKASs”) and Interpretations (hereinafter collectively referred to as the “HKFRS”) and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

(b) **Basis of measurement**

The financial statements have been prepared under the historical cost basis except for certain properties and financial instruments, which are measured at revalued amounts or fair values as explained in the accounting policies set out below.

(c) **Functional and presentation currency**

The financial statements are presented in Hong Kong dollars (“HK\$”), which is the same as the functional currency of the Company.

Notes to the Financial Statements

31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (the "Group"). Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

Notes to the Financial Statements

31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

(c) Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

Associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Group's share of the post-acquisition change in the associates' net assets except that losses in excess of the Group's interest in the associate are not recognised unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate. Where unrealised losses provide evidence of impairment of the asset transferred they are recognised immediately in profit or loss.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

Notes to the Financial Statements

31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) **Property, plant and equipment**

The building component of owner-occupied leasehold properties is stated at valuation less accumulated depreciation. Revaluations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair values at the end of the reporting period. Increases in value arising on revaluation are recognised in other comprehensive income and accumulated in equity under the heading of property revaluation reserve. Decreases in value arising on revaluation are first offset against increases on earlier valuations in respect of the same property and thereafter recognised in profit or loss. Any subsequent increases are recognised in profit or loss up to the amount previously charged and thereafter to the property revaluation reserve.

Upon disposal, the relevant portion of the property revaluation reserve realised in respect of previous valuations is released from the property revaluation reserve to accumulated losses.

Other property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

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

Notes to the Financial Statements

31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) **Property, plant and equipment** *(continued)*

Property, plant and equipment are depreciated so as to write off their cost or valuation net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Buildings	Over the lease terms ranging from 30 to 50 years
Leasehold improvements	5 years
Plant and machinery	10 years
Furniture, fixtures and equipment	5 years
Motor vehicles	5 years
Moulds, dies, test fixtures and pins	4 years

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, the term of the relevant lease.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

(e) **Payments for leasehold land held for own use under operating leases**

Payments for leasehold land held for own use under operating leases represent up-front payments to acquire long-term interests in lessee-occupied properties. These payments are stated at cost and are amortised over the period of the lease on a straight-line basis as an expense.

Notes to the Financial Statements

31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) **Leasing**

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

The Group as lessee

Assets held under finance leases are initially recognised as assets at their fair value or, if lower, the present value of the minimum lease payments. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to profit or loss over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

The total rentals payable under the operating leases are recognised in profit or loss on a straight-line basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of the lease.

(g) **Financial instruments**

(i) ***Financial assets***

The Group classifies its financial assets at initial recognition, depending on the purpose for which the asset was acquired. Financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade debtors), and also incorporate other types of contractual monetary asset. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses.

Notes to the Financial Statements

31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) **Financial instruments** *(continued)*

(i) **Financial assets** *(continued)*

Available-for-sale financial assets

These assets are non-derivative financial assets that are designated as available-for-sale or are not included in other categories of financial assets. Subsequent to initial recognition, these assets are carried at fair value with changes in fair value recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary instruments, which are recognised in profit or loss.

(ii) **Impairment loss on financial assets**

The Group assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of debtor's financial difficulty;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

Notes to the Financial Statements

31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) **Financial instruments** *(continued)*

(ii) **Impairment loss on financial assets** *(continued)*

For loans and receivables

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of financial asset is reduced through the use of an allowance account. When any part of financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

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

For available-for-sale financial assets

Where a decline in the fair value constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognised in profit or loss.

Any impairment losses on available-for-sale debt investments are subsequently reversed in 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.

(iii) **Financial liabilities**

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred.

Financial liabilities at amortised cost

Financial liabilities at amortised cost are initially measured at fair value, net of directly attributable costs incurred, and are subsequently measured at amortised cost, using effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Notes to the Financial Statements

31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) **Financial instruments** *(continued)*

(iv) **Effective interest method**

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) **Equity instruments**

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

(vi) **Derecognition**

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

(h) **Non-current assets held for sale and disposal groups**

Non-current assets and disposal groups are classified as held for sale when:

- they are available for immediate sale;
- management is committed to a plan to sell;
- it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn;
- an active programme to locate a buyer has been initiated;
- the asset or disposal group is being marketed at a reasonable price in relation to its fair value; and
- a sale is expected to complete within 12 months from the date of classification.

Notes to the Financial Statements

31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) **Non-current assets held for sale and disposal groups** *(continued)*

Non-current assets and disposal groups classified as held for sale are measured at the lower of:

- their carrying amount immediately prior to being classified as held for sale in accordance with the Group's accounting policy; and
- fair value less costs to sell.

Following their classification as held for sale, non-current assets (including those in a disposal group) are not depreciated.

The results of operations disposed of during the year are included in profit or loss up to the date of disposal.

(i) **Inventories**

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Raw materials are valued at cost on a weighted average basis. Work in progress and finished goods are valued at standard cost which approximates to the actual cost determined on a weighted average basis and comprises direct materials, direct labour and an appropriate proportion of manufacturing overheads.

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

Notes to the Financial Statements

31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of rebate, discounts and related taxes. Provided it is probable that the economic benefit will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

Revenue from sale of goods is recognised on transfer of risks and rewards of ownership, which is at the time of delivery and the title is passed to customer.

Tooling income is recognised when the relevant services are provided.

Interest income is accrued on a time basis on the principal outstanding at the applicable interest rate.

(k) Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in associates, 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.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

Notes to the Financial Statements

31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(I) Foreign currency

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which they operate (the “functional currency”) are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at this rates prevailing on 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.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. HK\$) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as foreign exchange reserve. Exchange differences recognised in profit or loss of group entities’ separate financial statements on the translation of long-term monetary items forming part of the Group’s net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as foreign exchange reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are reclassified to profit or loss as part of the profit or loss on disposal.

Notes to the Financial Statements

31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(m) Employee benefits

(i) Short term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

(ii) Defined contribution retirement plans

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees.

(iii) Termination benefits

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

(n) Impairment of other assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment; interests in leasehold land held for own use under operating leases; and investments in associates to determine whether there is any indication that these assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased.

If the recoverable amount (i.e. the greater of the fair value less costs to sell and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the impairment loss is treated as a revaluation decrease under that HKFRS.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent 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 in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the reversal of the impairment loss is treated as a revaluation increase under that HKFRS.

Notes to the Financial Statements

31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(o) Government grants

Government grants are recognised when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(p) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which it is probable will result in an outflow of economic benefits that can be reasonably estimated.

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

(q) Related parties

- (a) A person or a close member of that person's family is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of key management personnel of the Group.

Notes to the Financial Statements

31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(q) **Related parties** *(continued)*

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

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

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

Notes to the Financial Statements

31 December 2015

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

(a) Estimation of useful lives of property, plant and equipment

Items of property, plant and equipment are depreciated on a straight line basis over their estimated useful lives after taking into account the estimated residual values. The estimated useful lives are based on the expected lives of those property, plant and equipment items. The useful lives of property, plant and equipment could change significantly as a result of technical obsolescence. When the actual useful lives of property, plant and equipment, due to the change of commercial and technological environment, are different from their estimated useful lives, such difference will impact the depreciation charges.

(b) Impairment of property, plant and equipment

The Group assesses annually whether property, plant and equipment have any indication of impairment, in accordance with the relevant accounting policies. The determining of the recoverable amounts requires the use of judgement and estimates on future operating cash flows and discount rates adopted. Where the actual cash flows are different from the original estimate, a material change in the amount of impairment may arise, further details of which are set out in Note 17.

Notes to the Financial Statements

31 December 2015

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

Key sources of estimation uncertainty *(continued)*

(c) Fair value measurement of buildings

As described in Note 17, the buildings were measured at their fair values at the end of the reporting period using the depreciated replacement cost approach by an independent firm of professional qualified valuer or agreed selling price where available.

The fair value measurement of the Group's buildings utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "fair value hierarchy"):

- Level 1: Quoted prices in active markets for identical items (unadjusted);
- Level 2: Observable direct or indirect inputs other than Level 1 inputs;
- Level 3: Unobservable inputs (i.e. not derived from market data).

Further detailed information in relation to the fair value measurement of the revalued buildings is set out in Note 17.

(d) Impairment loss on trade receivables

The policy for impairment loss on trade receivables of the Group is based on the evaluation of collectability and the ageing analysis of the trade receivables and on management's judgement. A considerable amount of estimation is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment loss may be required, further details of which are set out in Note 22.

Notes to the Financial Statements

31 December 2015

6. SEGMENT INFORMATION

(a) Reportable segments

No segment information is presented as the manufacture and sale of printed circuit boards is the only operating segment of the Group. The Group's chief operating decision maker (the Chief Executive Officer of the Group) regularly reviews the consolidated results of the Group as a whole for the purposes of resource allocation and assessment of performance. The Group considered that there is only one reportable operating segment with the segment revenue, segment results, segment assets and segment liabilities the same as the revenue, profit/(loss) for the year, total assets and total liabilities respectively as reported in the consolidated financial statements.

(b) Geographical information

The following table provides an analysis of the Group's revenue from external customers and non-current assets other than financial instruments ("Specified non-current assets").

	Revenue from external customers (Note)		Specified non-current assets	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Hong Kong (place of domicile)	55,557	52,008	2,519	10,546
The People's Republic of China ("PRC")	78,136	69,687	287,872	604,094
Singapore	26,304	135,555	—	—
Thailand	62,803	90,596	—	—
Malaysia	68,885	89,247	—	—
Germany	73,537	47,876	—	—
Poland	54,169	17,811	—	—
Other European Countries	46,320	38,385	—	—
United States of America	36,488	22,105	—	—
Taiwan	1,345	10,869	—	—
Korea	19,413	21,608	—	—
Others	43,673	14,593	—	—
Total	511,073	558,332	287,872	604,094
	566,630	610,340	290,391	614,640

Note: Revenue is attributed to countries on the basis of the customer's location.

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6. SEGMENT INFORMATION *(continued)*

(c) Information about major customer

Revenue from customer individually contributing over 10% of the total sales of the Group is as follows:

	2015 HK\$'000	2014 HK\$'000
Customer A	92,360	157,622

7. REVENUE

Revenue represents the net amounts received and receivable for goods sold to external customers, less returns, rebate, discounts and related taxes, if any, during the year.

8. OTHER INCOME

	2015 HK\$'000	2014 HK\$'000
Interest income	329	306
Government grants <i>(Note)</i>	132	3,371
Tooling income	6,540	5,280
Compensation received from insurance claims	1,767	—
Others	1,472	3,288
	10,240	12,245

Note: The government grants mainly represent reimbursement of export credit insurance paid under a concession policy in Guangdong province, the PRC.

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9. OTHER GAINS AND LOSSES

	2015 HK\$'000	2014 <i>HK\$'000</i>
Net exchange gains	17,176	10,128
Impairment loss on trade receivables (<i>Note 22</i>)	(841)	(1,673)
Net gain on disposal of property, plant and equipment	13	1,044
Gain on revaluation of property, plant and equipment (<i>Note 17</i>)	7,816	7,151
Impairment loss on property, plant and equipment (<i>Note 17</i>)	(31,890)	(50,000)
Others	(1,578)	3,268
	(9,304)	(30,082)

10. FINANCE COSTS

	2015 HK\$'000	2014 <i>HK\$'000</i>
Interest on:		
Bank loans	10,254	7,482
Shareholder's loans	6,660	6,991
Obligation under finance leases	466	426
	17,380	14,899

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11. PROFIT/(LOSS) BEFORE INCOME TAX EXPENSE

This is arrived at after charging:

	2015 HK\$'000	2014 HK\$'000
Auditor's remuneration		
— Current year	950	930
— Under-provision in prior years	125	160
— Others	301	280
	1,376	1,370
Cost of inventories recognised as expenses	299,199	344,258
Write-down of inventories	3,095	723
Employee costs (Note 12)	200,679	173,575
Depreciation of property, plant and equipment	30,883	33,438
Release of payments for leasehold land held for own use under operating leases	575	587
Minimum lease payments under operating leases on land and buildings	5,253	5,296

12. EMPLOYEE COSTS

	2015 HK\$'000	2014 HK\$'000
Employee costs (including directors' remuneration (Note 13)) comprise:		
Wages and salaries	143,179	145,166
Contributions to retirement benefits scheme	19,384	15,237
Provision for employee termination benefits	31,478	5,764
Other staff benefits	6,638	7,408
	200,679	173,575

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13. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S EMOLUMENTS

The emoluments paid or payable to each of the directors were as follows:

	Fees HK\$'000	Salaries and other benefits HK\$'000	Contributions to retirement benefit scheme HK\$'000	Total HK\$'000
2015				
Executive director:				
Cheok Ho Fung	—	5,446 [^]	155	5,601
Non-executive director:				
Tang Yok Lam, Andy	120	—	—	120
Independent non-executive directors:				
Leung Shu Kin, Alfred	120	—	—	120
Wong Wing Kee	120	—	—	120
Ng Kee Sin	120	—	—	120
	360	—	—	360
Total	480	5,446	155	6,081
2014				
Executive director:				
Cheok Ho Fung	—	5,433 [^]	155	5,588
Non-executive directors:				
Tang Yok Lam, Andy	120	—	—	120
Ng Kwok Ying, Alvin (Deceased on 13 October 2014)	100	—	—	100
	220	—	—	220
Independent non-executive directors:				
Leung Shu Kin, Alfred	120	—	—	120
Wong Wing Kee	120	—	—	120
Ng Kee Sin	120	—	—	120
	360	—	—	360
Total	580	5,433	155	6,168

[^] Included in the amount is rental and management fee paid for director's quarter to a company beneficially owned by Mr. Cheok.

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

As at the end of the reporting period, Mr. Cheok was also the Chief Executive Officer and his emoluments disclosed above include those for services rendered by him as the Chief Executive Officer.

No emolument was paid to the directors as an inducement to join or upon joining the Group or as compensation for loss of office during both years. No directors waived any of their emoluments for both years.

14. FIVE HIGHEST PAID INDIVIDUALS

Of the five individuals with the highest emoluments in the Group, one (2014: one) is a director of the Company whose emoluments are included in the disclosures in Note 13 above. The emoluments of the remaining four (2014: four) individuals are as follows:

	2015 HK\$'000	2014 <i>HK\$'000</i>
Salaries and other benefits	3,723	3,819
Contributions to retirement benefit scheme	113	146
	3,836	3,965

Their emoluments were within the following bands:

	2015 Number of individuals	2014 <i>Number of</i> <i>individuals</i>
HK\$Nil to HK\$1,000,000	3	3
HK\$1,500,001 to HK\$2,000,000	1	1

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14. FIVE HIGHEST PAID INDIVIDUALS *(continued)*

The emoluments paid or payable to members of senior management are within the following bands:

	2015 Number of individuals	2014 <i>Number of</i> <i>individuals</i>
HK\$Nil to HK\$1,000,000	8	8
HK\$1,500,001 to HK\$2,000,000	1	1
HK\$5,500,001 to HK\$6,000,000	1	1

15. INCOME TAX EXPENSE

The amount of income tax expense in the consolidated statement of profit or loss and other comprehensive income represents:

	2015 HK\$'000	2014 <i>HK\$'000</i>
Current tax — PRC Enterprise Income Tax		
— tax for the year	2,549	3,216
— (over)/under-provision in prior years	(136)	79
Income tax expense	2,413	3,295

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong for both years. No Macau profits tax has been provided as the Macau subsidiary of the Company is exempted from Macau Complementary Tax for both years.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the Group's PRC subsidiaries is 25%.

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15. INCOME TAX EXPENSE *(continued)*

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

	2015 HK\$'000	2014 <i>HK\$'000</i>
Profit/(loss) before income tax expense	15,868	(163,299)
Tax at the statutory tax rate of 25%	3,967	(40,825)
Tax effect of exemption granted to Macau subsidiary	(1,259)	(99)
Tax effect of income not taxable for tax purpose or subject to capital gain tax	(53,931)	(2,400)
Tax effect of expenses not deductible for tax purpose	39,503	28,527
Tax effect of tax losses not recognised	4,931	4,329
(Over)/under-provision in prior years	(136)	79
Effect of different tax rates of subsidiaries operating in other jurisdictions	1,415	1,184
Tax effect of other deductible temporary differences not recognised	7,923	12,500
Income tax expense	2,413	3,295

16. EARNINGS/(LOSS) PER SHARE

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

	2015 HK\$'000	2014 <i>HK\$'000</i>
Earnings/(loss) for the purpose of basic earnings/(loss) per share	17,904	(161,895)

	2015	2014
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	1,000,000,000	1,000,000,000

Basic and diluted earnings/(loss) per share are equal as there is no potential dilutive ordinary share in issue for both years and as at 31 December 2014 and 2015.

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17. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK\$'000	Leasehold improvements HK\$'000	Plant and machinery HK\$'000	Furniture, fixture and equipment HK\$'000	Motor vehicles HK\$'000	Moulds, dies, test fixtures and pins HK\$'000	Total HK\$'000
At 31 December 2015							
At 1 January 2015							
Cost or valuation	431,879	6,898	1,139,508	39,373	8,505	6,955	1,633,118
Accumulated depreciation	(50,211)	(4,101)	(1,049,619)	(36,676)	(6,177)	(4,266)	(1,151,050)
Carrying amount	381,668	2,797	89,889	2,697	2,328	2,689	482,068
At 1 January 2015, carrying amount	381,668	2,797	89,889	2,697	2,328	2,689	482,068
Additions	—	3,889	971	365	182	1,043	6,450
Disposals	—	—	(148)	(2)	—	—	(150)
Depreciation provided during the year	(8,128)	(128)	(20,641)	(755)	(610)	(621)	(30,883)
Impairment loss	—	(2,000)	(29,675)	(92)	(116)	(7)	(31,890)
Revaluation gain	18,251	—	—	—	—	—	18,251
Classified as held for sale (Note 30)	(125,882)	(709)	—	—	—	—	(126,591)
Exchange realignment	(23,641)	(626)	(6,614)	(110)	(30)	(110)	(31,131)
At 31 December 2015, carrying amount	242,268	3,223	33,782	2,103	1,754	2,994	286,124
At 31 December 2015							
Cost or valuation	261,459	9,342	700,812	8,677	7,435	7,605	995,330
Accumulated depreciation and impairment losses	(19,191)	(6,119)	(667,030)	(6,574)	(5,681)	(4,611)	(709,206)
Carrying amount	242,268	3,223	33,782	2,103	1,754	2,994	286,124

Notes to the Financial Statements

31 December 2015

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

	Buildings HK\$'000	Leasehold improvements HK\$'000	Plant and machinery HK\$'000	Furniture, fixture and equipment HK\$'000	Motor vehicles HK\$'000	Moulds, dies, test fixtures and pins HK\$'000	Total HK\$'000
At 31 December 2014							
At 1 January 2014							
Cost or valuation	443,851	6,845	1,188,877	38,871	7,713	6,251	1,692,408
Accumulated depreciation	(56,686)	(1,257)	(1,039,058)	(35,976)	(6,249)	(3,978)	(1,143,204)
Carrying amount	387,165	5,588	149,819	2,895	1,464	2,273	549,204
At 1 January 2014, carrying amount	387,165	5,588	149,819	2,895	1,464	2,273	549,204
Additions	—	227	14,725	478	1,564	1,033	18,027
Disposals	—	—	—	—	(45)	(221)	(266)
Depreciation provided during the year	(7,999)	(131)	(23,508)	(793)	(630)	(377)	(33,438)
Impairment loss	—	(3,000)	(47,000)	—	—	—	(50,000)
Revaluation gain	12,982	—	—	—	—	—	12,982
Exchange realignment	(10,480)	113	(4,147)	117	(25)	(19)	(14,441)
At 31 December 2014, carrying amount	381,668	2,797	89,889	2,697	2,328	2,689	482,068
At 31 December 2014							
Cost or valuation	431,879	6,898	1,139,508	39,373	8,505	6,955	1,633,118
Accumulated depreciation	(50,211)	(4,101)	(1,049,619)	(36,676)	(6,177)	(4,266)	(1,151,050)
Carrying amount	381,668	2,797	89,889	2,697	2,328	2,689	482,068

Notes to the Financial Statements

31 December 2015

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

The Group's buildings are situated in the PRC. At 31 December 2015, the Group's buildings with a carrying amount of approximately HK\$241,359,000 (2014: HK\$244,908,000) were pledged to secure the bank loans granted to the Group.

The Group is in the process of obtaining ownership certificate of buildings with a carrying amount of approximately HK\$125,882,000 (2014: HK\$129,917,000) as at 31 December 2015. The buildings were reclassified to assets of disposal groups classified as held for sale as further detailed in Note 30.

As at 31 December 2015, the carrying amount of the Group's plant and machinery includes an amount of approximately HK\$11,628,000 (2014: HK\$13,631,000) in respect of assets acquired under finance leases.

The Group's buildings were revalued at end of the reporting period based on market approach and with reference to the valuation reports issued by Flagship Consulting (Hong Kong) Limited, an independent firm of professionally qualified valuers. The valuation reports used depreciated replacement cost approach which is arrived at using the aggregate amount of the new replacement cost of the buildings, from which appropriate deductions may then be made to allow for the age, condition, functional obsolescence and environmental factor, or agreed selling price where available.

During the year ended 31 December 2015, a revaluation gain of approximately HK\$10,435,000 (2014: HK\$5,831,000) on one of the Group's buildings has been recognised in other comprehensive income and credited to property revaluation reserve.

In addition, a revaluation gain of approximately HK\$7,816,000 (2014: HK\$7,151,000) on a property located in Tongliao, the PRC, has been recognised in profit or loss included in other gains and losses as a revaluation loss of HK\$35,000,000 on the property was previously charged to profit or loss during the year ended 31 December 2013. The property located in Tongliao has been reclassified as assets of disposal groups classified as held for sale as further detailed in Note 30.

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

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

	2015 HK\$'000	2014 HK\$'000
Level 2	—	129,917
Level 3	242,268	251,751
	242,268	381,668

A reconciliation of the opening and closing fair value balance of Level 3 recurring fair value measurement is provided below:

	2015 HK\$'000	2014 HK\$'000
Opening balance (Level 3 recurring fair value)	251,751	257,657
Depreciation provided for the year	(5,363)	(5,340)
Revaluation gain	10,435	5,831
Exchange realignment	(14,555)	(6,397)
Closing balance (Level 3 recurring fair value)	242,268	251,751

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

The following table gives information about how the fair value of the Group's buildings are determined, as well as the fair value hierarchy into which the fair value measurement is categorised, based on the degree to which the inputs to the fair value measurement is observable.

As at 31 December 2015

Fair value hierarchy	Valuation technique	Significant unobservable input	Relationship of unobservable inputs for fair value	Range
Level 3	Depreciated replacement cost approach	New replacement costs per square metre are determined using estimated current cost of replacement of the improvement less allowance for physical deterioration and all relevant forms of obsolescence and optimisation.	The increase in the new depreciated replacement costs per square metre would result in an increase in fair value	RMB2,700 per square metre

As at 31 December 2014

Fair value hierarchy	Valuation technique	Significant unobservable input	Relationship of unobservable inputs for fair value	Range
Level 3	Depreciated replacement cost approach	New replacement costs per square metre are determined using estimated new replacement cost per square metre of the buildings, and adjusted to reflect the age, condition, functional obsolescence and environmental factor	The increase in the new depreciated replacement costs per square metre would result in an increase in fair value	RMB1,689 to RMB3,899 per square metre
Level 2	Market approach	N/A	N/A	N/A

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

There were no changes to the valuation techniques during the year.

The fair value measurement is based on the above properties' highest and best use, which does not differ from their actual use.

Had the Group's buildings been stated at historical cost less accumulated depreciation and impairment losses (if any), their carrying amount as at 31 December 2015 would have been approximately HK\$226,002,000 (2014: HK\$368,686,000).

The trend in reducing world-wide demand for personal computers led to reduction in the demand for their ancillary parts and equipment which are the Group's major products supplied to customers, leading to a substantial reduction of the Group's revenue for the year ended 31 December 2015. Certain items of property, plant and equipment and payments for leasehold land held for own use under operating leases (the "Relevant Assets") which relate to the manufacture and sale of printed circuit boards business and also constitute a smallest cash-generating unit ("CGU"), were assessed for impairment. The recoverable amount of the CGU has been determined to be approximately HK\$375,000,000 (2014: HK\$368,000,000) by the directors of the Company with reference to a value-in-use calculation, using cash flow projection based on estimates and financial budgets approved by the management. These projections cover a 5-year period and extrapolate cash flows beyond such projection period using an estimated growth rate of 2% (2014: 2%), and have been discounted using a pre-tax discount rate of 12% (2014: 13%). All of the assumptions and estimations involved in the preparation of the cash flow projection including budgeted gross margin, discount rate and growth rate are determined by the management of the Group based on past performance, experience and their expectation for market development. In view of the carrying amount of the Relevant Assets being higher than the recoverable amount of this CGU, the Relevant Assets were written down to the recoverable amount, with impairment loss of approximately HK\$31,890,000 (2014: HK\$50,000,000) recognised in profit or loss under other gains and losses in the current year.

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18. PAYMENTS FOR LEASEHOLD LAND HELD FOR OWN USE UNDER OPERATING LEASES

The Group's payments for leasehold land held for own use under operating leases comprise of land use rights in the PRC:

	2015 HK\$'000	2014 HK\$'000
Analysed for reporting purpose as		
Current assets	127	582
Non-current assets	3,866	22,131
	3,993	22,713

As at 31 December 2015, the Group's land use rights with a carrying amount of approximately HK\$3,993,000 (2014: HK\$4,377,000) was pledged to secure the bank loans granted to the Group. An amount of approximately HK\$16,837,000 was transferred to as assets of disposal groups classified as held for sale as further detailed in Note 30.

Notes to the Financial Statements

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19. INTERESTS IN ASSOCIATES

	2015 HK\$'000	2014 <i>HK\$'000</i>
Unlisted shares, at cost	—	111,521
Share of post-acquisition change in net assets	—	(2,118)
	—	109,403

Particulars of the Group's associates during the year ended 31 December 2015 are set out below:

Name	Place of incorporation or establishment and operation	Form of legal entity	Issued share capital/paid-up registered capital	Percentage of ownership interest indirectly held by Group		Principal activities
				2015	2014	
Topsearch Printed Circuits (Shenzhen) Ltd ("Topsearch Shenzhen") (Note a)	The PRC	Sino-foreign equity joint venture	Registered capital US\$50,000,000	—	30%	Property investment
深圳市飛高至卓實業有限公司 ("Topsearch Sky") (Note b)	The PRC	Sino-foreign equity joint venture	Registered capital RMB210,000,000	30%	30%	Property investment

Notes to the Financial Statements

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19. INTERESTS IN ASSOCIATES (continued)

Notes:

- (a) During the year, Topsearch Shenzhen was disposed of to an independent third party in a gain of approximately HK\$156,505,000. Financial performance of Topsearch Shenzhen during the period up to disposal was insignificant to the Group. Accordingly, no financial information of Topsearch Shenzhen as at 31 December 2015 has been disclosed. The financial information of the associate as at 31 December 2014 is summarised as below.

	2014 HK\$'000
As at 31 December	
Current assets	245,795
Non-current assets	601,126
Current liabilities	(436,322)
Included in the above amounts are:	
Cash and cash equivalents	152
Year ended 31 December	
Revenue	—
Loss for the year	(17,371)
Other comprehensive income	—
Total comprehensive income	(17,371)
Reconciled to the Group's interests in associates:	
Gross amounts of net assets of the associate	410,599
Group's effective interest	30%
Group's share of net assets of the associate	123,180
Impairment loss recognised	(13,777)
Carrying amount in the consolidated financial statements	109,403

- (b) On 16 November 2015, the Group entered into a conditional disposal agreement in connection with the disposal of the Group's entire 30% equity interest in Topsearch Sky. Accordingly, the Group's interests in associates have been classified as held for sale in the consolidated statement of financial position. Further details are set out in Note 30.

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20. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2015 HK\$'000	2014 <i>HK\$'000</i>
Club debentures, at fair value	1,857	1,857

The fair values of the club debentures are based on recent transaction prices.

21. INVENTORIES

	2015 HK\$'000	2014 <i>HK\$'000</i>
Raw materials and consumables	45,194	48,067
Work in progress	14,003	19,180
Finished goods	39,174	47,948
	98,371	115,195
Less: Allowance for obsolete inventories	(21,367)	(19,109)
	77,004	96,086

22. TRADE RECEIVABLES

	2015 HK\$'000	2014 <i>HK\$'000</i>
Trade receivables	107,317	103,945
Less: Allowance for doubtful debts	(2,503)	(1,727)
	104,814	102,218

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31 December 2015

22. TRADE RECEIVABLES *(continued)*

The Group's trade receivables that are denominated in a currency other than the functional currencies of the relevant group entities are set out below:

	2015 HK\$'000	2014 HK\$'000
Denominated in United States dollars ("US\$")	97,399	97,975

Customers are generally granted with credit terms of 30 to 120 days. The ageing analysis of trade receivables based on invoice date (net of allowance for doubtful debts) at the end of reporting period is as follows:

	2015 HK\$'000	2014 HK\$'000
0 — 30 days	43,948	41,311
31 — 60 days	37,620	38,842
61 — 90 days	20,586	19,999
Over 90 days	2,660	2,066
	104,814	102,218

As at 31 December 2015, trade receivables of approximately HK\$80,748,000 (2014: HK\$81,101,000) were neither past due nor impaired. Trade receivables that were neither past due nor impaired related to customers for whom there was no recent history of default.

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22. TRADE RECEIVABLES *(continued)*

The ageing of trade receivables (net of allowance for doubtful debts) which are past due but not impaired is as follows:

	2015 HK\$'000	2014 <i>HK\$'000</i>
0 — 30 days past due	19,302	18,510
31 — 90 days past due	4,764	2,607
	24,066	21,117

Trade receivables that were past due but not impaired related to customers that have good creditworthiness or good track record with the Group. Based on past experience, the management considered no impairment is necessary as there has not been a significant change in credit quality of these balances, which are still considered fully recoverable. The Group does not hold any collateral over these balances.

The movement in impairment loss on trade receivables during the year is as follows:

	2015 HK\$'000	2014 <i>HK\$'000</i>
At beginning of the year	1,727	6,870
Impairment loss recognised	841	1,673
Bad debts written off	(32)	(6,811)
Exchange realignment	(33)	(5)
At end of the year	2,503	1,727

The Group recognised impairment loss on individual assessment based on the accounting policy stated in Note 4(g)(ii).

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31 December 2015

23. BANK BALANCES AND CASH

At 31 December 2015 and 2014, bank balances carry interest at prevailing deposit rates.

The Group's bank balances and cash that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2015 HK\$'000	2014 HK\$'000
Denominated in HK\$	—	134
Denominated in Renminbi ("RMB")	75,571	1,903
Denominated in US\$	11,600	55,463
Denominated in Euro dollars	127	141
Denominated in Great British Pound	572	605
Denominated in Macau Pataca ("MOP")	202	—

24. TRADE PAYABLES

The ageing analysis of trade payables based on invoice date at the end of reporting period is as follows:

	2015 HK\$'000	2014 HK\$'000
0 — 30 days	27,201	41,320
31 — 60 days	22,665	39,644
61 — 90 days	17,575	28,216
Over 90 days	25,648	70,956
	93,089	180,136

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24. TRADE PAYABLES (continued)

The Group's trade payables that are denominated in a currency other than the functional currencies of the relevant group entities are set out below:

	2015 HK\$'000	2014 HK\$'000
Denominated in US\$	34,857	82,085

The trade payables are non-interest-bearing and are normally settled on terms of 60 to 120 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

25. OTHER PAYABLES AND ACCRUALS

Included in other payables and accruals were accruals for payroll and payroll related costs, utility charges and general administrative expenses, purchases of spare parts, and a deposit of approximately RMB30,000,000 (equivalent to approximately HK\$35,294,000 (2014: HK\$37,500,000)) in respect of a property assignment transaction described below.

On 31 December 2010, the Group entered into a property assignment agreement (the "Property Assignment Agreement") with an independent third party (the "Purchaser"), to sell a portion of a parcel of industrial land and buildings (the "Property"), which are located in phase II of Tongliao Economic Technology Development Zone, Tongliao City, Inner Mongolia, the PRC for a consideration of RMB51,000,000 (equivalent to HK\$59,302,000).

As at 31 December 2011, a deposit of RMB20,000,000 (equivalent to HK\$24,691,000) was received whilst the transaction was suspended due to delay of financing arrangement with a bank for a loan by the Purchaser for settlement of the remaining consideration. The directors of the Company believed that the aforesaid remaining consideration balance of RMB31,000,000 would be settled in full, taking into consideration the statements given by the local government bodies of Tongliao dated 21 March 2012 that they would pay directly to the Group's subsidiary in Tongliao.

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25. OTHER PAYABLES AND ACCRUALS *(continued)*

During the year ended 31 December 2012, a further deposit of RMB10,000,000 (equivalent to HK\$12,500,000) was received from local government bodies of Tongliao.

As further detailed in Note 30, on 16 November 2015, the Group entered into a conditional disposal agreement in connection with the disposal of certain subsidiaries of the Group, and the above deposit has been classified as held for sale as at the end of the financial period accordingly. Subsequent to the end of the reporting period, on 15 January 2016, the disposal has been completed.

26. OBLIGATION UNDER FINANCE LEASES

The Group leases certain plant and machinery items. Such assets are generally classified as finance leases as the ownership of the assets will be transferred to the Group by the end of the lease terms.

Future lease payments are due as follows:

	Minimum lease payments 2015 HK\$'000	Interest 2015 HK\$'000	Present value 2015 HK\$'000
Not later than one year	3,525	187	3,338
Later than one year and not later than two years	588	14	574
	4,113	201	3,912

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26. OBLIGATION UNDER FINANCE LEASES (continued)

	Minimum lease payments 2014 HK\$'000	Interest 2014 HK\$'000	Present value 2014 HK\$'000
Not later than one year	4,558	463	4,095
Later than one year and not later than two years	3,023	192	2,831
Later than two years and not later than five years	191	10	181
	7,772	665	7,107

The present value of future lease payments are analysed as:

	2015 HK\$'000	2014 HK\$'000
Current liabilities	3,338	4,095
Non-current liabilities	574	3,012
	3,912	7,107

The Group's obligation under finance leases is secured by the lessor's charge over the leased assets.

27. INTEREST-BEARING BANK LOANS

	2015 HK\$'000	2014 HK\$'000
Secured bank loans repayable:		
within one year	152,510	101,616
in the second year	—	75,000
	152,510	176,616

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27. INTEREST-BEARING BANK LOANS *(continued)*

The bank loans are secured by certain buildings and payments for leasehold land held for own use under operating leases held by the Group, the assignment of the Group's trade receivables of approximately HK\$53,720,000 (2014: HK\$91,382,000) and corporate guarantee of the Company. Bank loans of approximately HK\$115,294,000 (2014: HK\$75,000,000) carried floating interest rates and the effective interest rate ranged from 5.35% to 6.15% (2014: 6.15%) per annum. The remaining bank loans carried fixed interest rates ranging from 1.21% to 1.93% (2014: 1.53% to 6%) per annum.

The bank loans that are denominated in a currency other than the functional currencies of the relevant group entities are set out below:

	2015 HK\$'000	2014 HK\$'000
Denominated in US\$	37,216	64,116

28. SHAREHOLDER'S LOANS

	2015 HK\$'000	2014 HK\$'000
Unsecured loans from a controlling shareholder: — interest bearing at 7% and repayable on 2 July 2016 (2014: 2 January 2016)	94,698	95,661

The shareholder's loans were advanced by Mr. Cheok, a director and the then controlling shareholder of the Company. As further detailed in Note 1, Mr. Cheok was not a controlling shareholder after the completion of his disposal of 51.025% of the entire issued share capital of the Company on 15 January 2016.

Subsequent to the end of reporting period, Mr. Cheok agreed to extend the repayment date to 2 January 2017.

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28. SHAREHOLDER'S LOANS (continued)

The shareholder's loans that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2015 HK\$'000	2014 HK\$'000
Denominated in RMB	3,906	4,150
Denominated in US\$	643	643

29. DEFERRED TAX LIABILITIES

The following are the major deferred tax liabilities/(assets) recognised and movements thereon during the current and prior years:

	Accelerated tax depreciation <i>HK\$'000</i>	Tax losses <i>HK\$'000</i>	Impairment of property, plant and equipment <i>HK\$'000</i>	Revaluation of property <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2014, 31 December 2014 and 1 January 2015	3,185	(1,588)	(1,597)	—	—
Charged to reserve during the year	—	—	—	4,067	4,067
At 31 December 2015	3,185	(1,588)	(1,597)	4,067	4,067

At the end of reporting period, the Group had unused tax losses arising in the PRC of approximately HK\$55,492,000 (2014: HK\$53,968,000) that will expire in one to five years for offsetting against future taxable profit. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for several years and it is not considered probable that taxable profit will be available against which the tax losses can be utilised.

At the end of the reporting period, the Group has deductible temporary differences of HK\$158,270,000 (2014: HK\$160,140,000) in respect of the allowance for obsolete inventories and impairment of property, plant and equipment. No deferred tax asset has been recognised in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

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29. DEFERRED TAX LIABILITIES *(continued)*

Under the EIT Law, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. There is no profit of the PRC subsidiaries available for distribution subject to the withholding tax.

As at 31 December 2015 and 2014, the Group did not have other material unrecognised deferred tax.

30. ASSETS AND LIABILITIES OF DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

On 16 November 2015, the Group entered into two conditional disposal agreements with Toprich Bravo Limited and Top Harvest International Investment Limited respectively, both of which are wholly-owned by Mr. Cheok Ho Fung, in connection with the disposals of certain subsidiaries and an associate of the Group. The disposals constitute connected transactions under the Listing Rules.

The following major classes of assets and liabilities relating to these subsidiaries and associate have been classified as held for sale in the consolidated statement of financial position.

	2015 HK\$'000
Property, plant and equipment	126,591
Payments for leasehold land held for own use	16,837
Interests in associates	73,224
Other receivables	684
Bank balances and cash	344
	217,680
Trade payables	341
Other payables and accruals	37,094
	37,435

No impairment loss has been recognised as the fair values less costs to sell of the disposal groups are not less than their carrying amounts.

The disposal groups did not constitute a discontinued operation as they do not represent a major line of business or geographical area of operation.

The fair values less costs to sell of the disposal groups were estimated using the agreed selling price.

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31. SHARE CAPITAL

	Number of ordinary shares of HK\$0.1 each (‘000)	HK\$’000
Authorised:		
At 1 January 2014, 31 December 2014, 1 January 2015 and 31 December 2015	2,000,000	200,000
Issued and fully paid:		
At 1 January 2014, 31 December 2014, 1 January 2015 and 31 December 2015	1,000,000	100,000

32. RESERVES

The Group

Details of the movements in the reserves of the Group are set out in the consolidated statement of changes in equity.

The Company

	Share premium HK\$’000	Accumulated losses HK\$’000	Total HK\$’000
At 1 January 2014	337,854	(539,779)	(201,925)
Profit for the year	—	6,105	6,105
At 31 December 2014 and 1 January 2015	337,854	(533,674)	(195,820)
Profit for the year	—	4,769	4,769
At 31 December 2015	337,854	(528,905)	(191,051)

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33. HOLDING COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	2015 HK\$'000	2014 HK\$'000
NON-CURRENT ASSETS			
Investments in subsidiaries		1,000	1,000
CURRENT ASSETS			
Other current assets		2,069	460
Bank balances and cash		2,204	23
Total current assets		4,273	483
CURRENT LIABILITIES			
Other payables and accruals		1,626	1,642
Shareholder's loans		94,698	—
Total current liabilities		96,324	1,642
NET CURRENT LIABILITIES		(92,051)	(1,159)
TOTAL ASSETS LESS CURRENT LIABILITIES		(91,051)	(159)
NON-CURRENT LIABILITIES			
Shareholder's loans		—	95,661
NET LIABILITIES		(91,051)	(95,820)
CAPITAL AND RESERVES			
Share capital	31	100,000	100,000
Reserves	32	(191,051)	(195,820)
DEFICIENCY IN SHAREHOLDERS' FUND		(91,051)	(95,820)

On behalf of the Board

Check Ho Fung

Director

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34. SUBSIDIARIES

Particulars of the principal subsidiaries as at 31 December 2015 are set out below:

Name	Place of incorporation or establishment/ operations	Issued share capital/ paid-up registered capital	Attributable equity interest held by the Company		Principal activities
			Directly	Indirectly	
Topsearch Industries (BVI) Limited	British Virgin Islands/ Hong Kong	Ordinary shares US\$50,000	100%	—	Investment holding
Topsearch Industries (Holdings) Limited	Hong Kong	Ordinary shares HK\$1,000 Deferred non-voting* HK\$20,000,000	—	100%	Investment holding
Topsearch Printed Circuits (HK) Limited	Hong Kong	Ordinary shares HK\$10,000,000	—	100%	Investment holding
Topsearch Printed Circuits Macao Commercial Offshore Company Limited	Macau	Ordinary shares Macau Pataca100,000	—	100%	Sale of printed circuit boards
Topsearch Tongliao Investment (BVI) Limited [#]	British Virgin Islands/ Hong Kong	Shares US\$50,000	—	100%	Investment holding
Topsearch Excelio Investment (HK) Limited	Hong Kong	Ordinary share HK\$1	—	100%	Investment holding

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34. SUBSIDIARIES (continued)

Name	Place of incorporation or establishment/ operations	Issued share capital/ paid-up registered capital	Attributable equity interest held by the Company		Principal activities
			Directly	Indirectly	
至卓飛高線路板(曲江)有限公司 [@]	The PRC	Registered capital US\$99,000,000	—	100%	Manufacture of printed circuit boards
至卓飛高線路板(通遼)有限公司 ^{@#}	The PRC	Registered capital US\$28,300,122	—	100%	Manufacture of printed circuit boards
Topsearch Technologies Investment (Holdings) Limited	Hong Kong	Ordinary shares HK\$2	—	100%	Investment holding
Topsearch iService Investment Limited	Hong Kong	Ordinary share HK\$1	—	100%	Investment holding
Excelio Technology (Hong Kong) Company Limited	Hong Kong	Ordinary shares HK\$10,000,000	—	60%	Investment holding
Excelio Company Limited	British Virgin Islands/ Hong Kong	Ordinary share US\$1	—	60%	Integrated circuit design
卓捷創芯科技(深圳)有限公司 [@]	The PRC	Registered capital RMB10,000,000	—	60%	Product research and development
無錫智速科技有限公司 [@]	The PRC	Registered capital RMB1,500,000	—	60%	Product research and development

Notes to the Financial Statements

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34. SUBSIDIARIES (continued)

Name	Place of incorporation or establishment/ operations	Issued share capital/ paid-up registered capital	Attributable equity interest held by the Company		Principal activities
			Directly	Indirectly	
至卓飛高企業管理諮詢服務(韶關)有限公司 [®]	The PRC	Registered capital HK\$1,000,000	—	100%	Provision of information system management services
Citilite Pride Limited [#]	Hong Kong	Ordinary shares HK\$2,000,000	—	100%	Investment holding

* The non-voting deferred shares carry no rights to dividends, no rights to attend or vote at general meetings and no rights to receive any surplus assets in a return of capital upon winding-up unless a sum of HK\$500,000,000,000,000 has been distributed to each of the holders of the ordinary shares.

[®] Registered as wholly-foreign-owned enterprises under the PRC law.

[#] These subsidiaries were disposed subsequent to the end of the reporting period.

None of the subsidiaries had issued any debt securities as at 31 December 2015 or at any time during the year.

The above tables list the subsidiaries of the Company which, in the opinion of the directors of the Company, principally comprised the Group's assets or results. To give details of the other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

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35. OPERATING LEASE COMMITMENTS

The Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due during the period as follows:

	2015 HK\$'000	2014 HK\$'000
Within one year	3,710	4,055
In the second to fifth years inclusive	2,122	3,017
	5,832	7,072

Operating lease payments represent rentals payable by the Group for its office properties and staff quarters. Leases were negotiated for terms ranging from one to three years with fixed rentals over the terms of the leases.

36. CAPITAL AND OTHER COMMITMENTS

	2015 HK\$'000	2014 HK\$'000
Capital expenditure, contracted for but not provided in the consolidated financial statements, in respect of:		
Construction of factory buildings	—	91
Acquisition of plant and machinery	383	160
	383	251

37. SHARE OPTION SCHEME

The Company's share option scheme was adopted on 30 May 2002 and became effective on 21 June 2002 and unless otherwise cancelled or amended, would remain in force for 10 years from that date. The share option scheme was expired in prior years without renewal. At the end of the reporting period, no share option was outstanding under the share option scheme (2014: Nil).

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38. RELATED PARTY TRANSACTIONS

- (a) In addition to the related party balances and transactions set out in other notes to the consolidated financial statements, during the year, the Group entered into the following transactions with related parties:

Related party	Nature of transaction	2015 HK\$'000	2014 HK\$'000
Keentop Investment Limited ("Keentop") (Note)	Rental expenses and management fee expense	2,122	2,112

Note:

The amounts paid to Keentop, which is beneficially owned by Mr. Cheok Ho Fung, a director of the Company, and his spouse, related to a property leased as their residence. Pursuant to a tenancy agreement entered into on 1 June 2011, the monthly rental and management fees were revised to HK\$165,000 and HK\$9,900 for the period from 1 June 2011 to 31 May 2014. The tenancy agreement was renewed on 28 May 2014 for three years from 1 June 2014 to 31 May 2017 under the same terms and conditions, except that the monthly management fee was increased to HK\$11,390 from 1 June 2014 to 31 March 2015 and HK\$12,000 from 1 April 2015 to 31 May 2017 (subject to adjustment). Further details are set out in the Company's announcement dated 28 May 2014.

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

	2015 HK\$'000	2014 HK\$'000
Within one year	1,980	1,980
In the second to fifth years inclusive	825	2,805
	2,805	4,785

This related party transaction constitutes a continuing connected transaction under the Listing Rules.

Notes to the Financial Statements

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38. RELATED PARTY TRANSACTIONS *(continued)*

(b) Details of the compensation of key management personnel of the Group were as follows:

	2015 HK\$'000	2014 HK\$'000
Short-term benefits	10,249	9,832
Post-employment benefits	298	301
	10,547	10,133

(c) During the year ended 31 December 2014, the Group acquired 100% interest in a company (the "Target") from the former controlling shareholder and former ultimate holding company at approximately HK\$1,500,000, which approximated the fair value of the attributable net assets of the Target and its subsidiary as at the date of acquisition.

39. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

(a) **Categories of financial assets and financial liabilities**

	2015 HK\$'000	2014 HK\$'000
<i>Financial assets</i>		
Loan and receivables (including cash and cash equivalents), at amortised cost	207,600	203,455
Available-for-sale financial assets, at fair value	1,857	1,857
<i>Financial liabilities</i>		
Financial liabilities at amortised cost	373,172	503,628

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39. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

(continued)

(b) Fair values

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets which are traded on active markets are determined with reference to quoted market bid prices; and
- The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of the financial assets and financial liabilities recorded at amortised costs in the consolidated financial statements approximate to their fair values.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities; Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 fair value measurements are those derived from inputs that are not based on observable market data (unobservable inputs).

Available-for-sale financial assets are measured subsequent to initial recognition at fair value, grouped into Level 2.

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40. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The Group's major 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. The Group's overall strategy remains unchanged from prior year.

(i) Currency risk

Several subsidiaries of the Company have foreign currency sales and purchases, which expose the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, management closely monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the monetary assets and monetary liabilities denominated in foreign currencies, i.e. currency other than the functional currency of the respective group entities, which are mainly trade receivables, intra-group companies balances, trade payables, bank balances and bank loans at the end of the reporting period, are as follows:

	2015	2014
	HK\$'000	HK\$'000
Assets		
US\$	109,000	153,438
RMB	76,463	1,903
HK\$	25	134
Euro dollars	127	141
Great British Pound	572	605
Macau Pataca	202	—
Liabilities		
RMB	3,902	4,110
US\$	72,715	146,844

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40. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES *(continued)*

(i) **Currency risk** *(continued)*

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase in the functional currencies of the group entities, against relevant foreign currencies, mainly US\$ and RMB. The directors of the Company are of the opinion that the Group's sensitivity to the change in US\$ against HK\$ is low as HK\$ are pegged to US\$. In addition, the monetary assets denominated in Euro dollars, Great British Pound and HK\$ are not significant and the directors of the Company consider that the Company's exposure to the currency of Euro dollars, Great British Pound and HK\$ are minimal. As a result, the following sensitivity table does not include the impact of such changes. 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 currency rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for 5% change in foreign currency rates.

A negative number below indicates a decrease in profit (2014: an increase in loss) for the year when the functional currencies have strengthened against the relevant foreign currencies. For a 5% weakening of the functional currencies against the relevant foreign currencies, there would be an equal but opposite impact on the result for the year.

	2015 HK\$'000	2014 HK\$'000
US\$		
Decrease in profit (2014: increase in loss) for the year	(2,546)	(2,295)
RMB		
Increase in profit (2014: increase in loss) for the year	3,029	(93)

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40. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES *(continued)*

(ii) **Interest rate risk**

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank loans and shareholder's loans.

The Group is also exposed to cash flow interest rate risk in relation to bank balances and bank loans with floating interest rates. The directors of the Company monitor the related cash flow interest rate risk exposure closely and will consider hedging significant cash flow interest rate risk exposure should the need arise. No derivative contracts have been entered into during both years.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative financial liabilities. The analysis is prepared assuming the financial liabilities outstanding at the end of the reporting period were outstanding for the whole year. A 300 basis point (2014: 300 basis points) is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 300 basis points (2014: 300 basis points) higher and all other variables were held constant, the Group's profit for the year ended 31 December 2015 would decrease by HK\$2,594,000 (2014: loss for the year would increase by HK\$1,688,000).

The Group's exposure to cash flow interest rate risk is mainly concentrated on the fluctuation of People's Bank of China lending rate arising from the Group's bank loans. In the opinion of directors of the Company, no sensitivity analysis for bank balances is prepared as the effect of fluctuation of interest rate is not significant.

(iii) **Credit risk**

The Group has policies in place to ensure that sales of products are made to customers with an appropriate credit history. The Group mainly trades with recognised and creditworthy third parties. It is the Group's policy that credit terms are granted subject to in-depth credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and substantially covered by credit insurance. In this regard, management considers that the Group's credit risk is minimal.

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40. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES *(continued)*

(iii) **Credit risk** *(continued)*

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to perform an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

Since the Group mainly trades with recognised and creditworthy third parties, there is no requirement for collateral.

The Group has concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings.

The Group also has concentration of credit risk as 27% (2014: 28%) of the total trade receivables were due from the Group's two largest customers.

(iv) **Liquidity risk**

The Group adopts a prudent liquidity risk management policy to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. The Group also relies on the continuous financial support from the banks and the management closely monitors its liquidity risk. Accordingly, the directors of the Company considered that the Group's liquidity risk is properly addressed and therefore prepared the consolidated financial statements on a going concern basis.

The following table details the remaining contractual maturity at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

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40. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

(iv) Liquidity risk (continued)

	Weighted average interest rate %	Within 1 year or on demand HK\$'000	1 to 5 years HK\$'000	Total contractual undiscounted cash flow HK\$'000	Carrying amount HK\$'000
2015					
Trade payables	—	93,089	—	93,089	93,089
Other payables	—	28,963	—	28,963	28,963
Shareholder's loans	7	98,040	—	98,040	94,698
Interest-bearing bank loans	4.45	155,730	—	155,730	152,510
Obligation under finance leases	5.14	3,525	588	4,113	3,912
		379,347	588	379,935	373,172

	Weighted average interest rate %	Within 1 year or on demand HK\$'000	1 to 5 Years HK\$'000	Total contractual undiscounted cash flow HK\$'000	Carrying amount HK\$'000
2014					
Trade payables	—	180,136	—	180,136	180,136
Other payables	—	44,108	—	44,108	44,108
Shareholder's loans	7	6,696	95,698	102,394	95,661
Interest-bearing bank loans	4.12	107,256	76,738	183,994	176,616
Obligation under finance leases	9.36	4,558	3,214	7,772	7,107
		342,754	175,650	518,404	503,628

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41. CAPITAL RISK MANAGEMENT

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

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

The Group monitors its capital using a gearing ratio, which is net debt divided by the total capital plus net debt. The Group's policy is to maintain the gearing ratio of not more than 80%. Net debt includes trade payables, other payables and accruals, interest-bearing bank loans, obligation under finance lease and shareholder's loans, less cash and cash equivalents. Capital represents total equity. The gearing ratios as at the end of the reporting periods were as follows:

	2015 HK\$'000	2014 HK\$'000
Trade payables	93,089	180,136
Other payables and accruals	78,667	100,499
Interest-bearing bank loans	152,510	176,616
Shareholder's loans	94,698	95,661
Obligation under finance leases	3,912	7,107
Less: Bank balances and cash	(96,985)	(94,722)
Net debt	325,891	465,297
Total capital	340,309	371,913
Total capital and net debt	666,200	837,210
Gearing ratio	49%	56%

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42. RETIREMENT BENEFIT SCHEMES

Hong Kong

The Group participates in both a defined contribution scheme which is registered under the Occupational Retirement Scheme Ordinance (the "ORSO Scheme") and a Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Mandatory Provident Fund Ordinance. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. Employees who were members of the ORSO Scheme prior to the establishment of the MPF Scheme were offered a choice of staying within the ORSO Scheme or switching to the MPF Scheme, whereas all new employees joining the Group on or after 1 December 2000 are required to join the MPF Scheme.

The ORSO Scheme is funded by monthly contributions from both employees and the Group based on a specified percentage of the employee's basic salary, depending on the length of service with the Group. Where there are employees who leave the ORSO Scheme prior to vesting, the contributions payable by the Group are reduced by the amount of forfeited contributions. No forfeited contributions were utilised in this manner for both years.

For members of the MPF Scheme, the Group contributes 5% of relevant payroll costs to the scheme, which contribution is matched by the employees subject to a limit of HK\$1,500 since 1 June 2014.

The PRC

The employees of the Group in the PRC are members of state-managed retirement benefit schemes operated by the local governments in the PRC. The Group is required to contribute a specified percentage of the payroll costs to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the specified contributions.

43. SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

- (i) On 15 January 2016, the Group's disposals of certain subsidiaries and an associate to companies wholly owned by Mr. Cheuk Ho Fung have been completed. Further details of the disposals are set out in Note 30. The Group recorded a gain on disposals of approximately HK\$49,939,000 and received net proceeds in cash of approximately HK\$182,689,000.
- (ii) On 26 February 2016, the Company entered into a conditional placing agreement with a placing agent pursuant to which the Company appointed the placing agent to procure placees who are independent third parties to subscribe up to 200,000,000 placing shares at a price of HK\$0.925 per share. The placing of shares has been completed on 9 March 2016 and the net proceed received was approximately HK\$182,480,000.

44. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 22 March 2016.

Five-Year Financial Summary

31 December 2015

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Revenue	566,630	610,340	720,372	817,004	1,135,320
Profit/(loss) before income tax expense	15,868	(163,299)	(90,682)	98,210	(422,019)
Income tax expense	(2,413)	(3,295)	(3,585)	(4,557)	(17,608)
Profit/(loss) for the year	13,455	(166,594)	(94,267)	93,653	(439,627)
Profit/(loss) attributable to:					
Owners of the company	17,904	(161,895)	(90,381)	96,341	(438,996)
Non-controlling interests	(4,449)	(4,699)	(3,886)	(2,688)	(631)
Assets and liabilities					
Total assets	807,117	932,068	1,028,802	1,434,886	1,432,132
Total liabilities	(466,808)	(560,155)	(475,305)	(811,427)	(821,365)
Total net assets	340,309	371,913	553,497	623,459	610,767