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PING AN SECURITIES GROUP (HOLDINGS) LIMITED

平安證券集團(控股)有限公司

(Formerly known as Madex International (Holdings) Limited)

(前稱盛明國際(控股)有限公司)

(Incorporated in Bermuda with limited liability)

(Stock Code: 00231)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

The directors (the "Directors") of Ping An Securities Group (Holdings) Limited (the "Company") announce the audited consolidated results of the Company and its subsidiaries (together the "Group") for the year ended 31 December 2015 together with the comparative figures for the previous year are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2015

	<i>Notes</i>	2015 HK\$'000	2014 HK\$'000 (Restated)
Revenue	4	50,465	33,107
Cost of sales		(20,199)	(3,625)
Gross profit		30,266	29,482
Other revenue	4	9,918	6,959
Distribution cost		(6,730)	-
Administrative expenses		(100,827)	(73,201)
Finance costs	5	(118,487)	(94,198)
Gains on disposal of investment property		18,430	-
Gain from changes in fair value of investment property under development		206,182	-
Loss from changes in fair value of investment property		(372,659)	(403,904)
Fair value change on financial assets at fair value through profit or loss		(10)	-
Fair value change on derivative financial assets		(18)	(1,459)
Fair value change on derivative financial liabilities		4,409	(4,545)
Fair value change on contingent consideration		57,265	(115,353)
Losses on disposal of property, plant and equipment		(122)	-
Impairment losses on inventories		(1,144)	-
Share of result of a joint venture		(2)	(5)
Loss on disposal of subsidiaries, net		-	(18,372)
Loss before tax		(273,529)	(674,596)
Income tax credit	6	41,522	100,976
Loss for the year	7	(232,007)	(573,620)

	<i>Notes</i>	2015 HK\$'000	2014 HK\$'000 (Restated)
Loss for the year attributable to:			
- Owners of the Company		(232,007)	(573,620)
- Non-controlling interests		-	-
		<hr/>	<hr/>
		<u>(232,007)</u>	<u>(573,620)</u>
Loss per share	8		
- Basic and diluted (HK cents)		<u>(1.57 cents)</u>	<u>(4.77 cents)</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	2015 HK\$'000	2014 HK\$'000 (Restated)
Loss for the year	<u>(232,007)</u>	<u>(573,620)</u>
Other comprehensive expense		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
- Exchange differences arising on translation of financial statements of foreign operations	(76,737)	(23,425)
- Reclassification from equity to profit or loss on disposal of subsidiaries	<u>-</u>	<u>(31,968)</u>
Other comprehensive expense for the year	<u>(76,737)</u>	<u>(55,393)</u>
Total comprehensive expense for the year	<u>(308,744)</u>	<u>(629,013)</u>
Total comprehensive expense for the year attributable to:		
- Owners of the Company	(308,744)	(629,013)
- Non-controlling interests	<u>-</u>	<u>-</u>
	<u>(308,744)</u>	<u>(629,013)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Notes	As at 31 December 2015 HK\$'000	As at 31 December 2014 HK\$'000 (Restated)	As at 1 January 2014 HK\$'000
NON-CURRENT ASSETS				
Property, plant and equipment		35,663	31,825	32,736
Investment properties		2,389,000	2,090,000	2,974,424
Goodwill		725,330	-	-
Intangible assets		391,194	35,342	39,842
Available-for-sale investments		-	-	-
Interest in a joint venture		47,090	47,092	47,097
Other deposits		273	-	-
		<u>3,588,550</u>	<u>2,204,259</u>	<u>3,094,099</u>
CURRENT ASSETS				
Inventories		7,053	-	-
Loan receivables		354,191	-	-
Financial assets at fair value through profit or loss		102	-	-
Trade and other receivables	9	396,920	420,940	73,108
Derivative financial assets		-	12,590	5,839
Pledged bank balances		23,613	157,731	140
Bank balances and cash – trust accounts		144,643	-	-
Bank balances and cash – general accounts		213,214	149,576	41,283
		<u>1,139,736</u>	<u>740,837</u>	<u>120,370</u>
CURRENT LIABILITIES				
Trade and other payables	10	378,549	385,418	382,505
Borrowings – current portion		16,155	264,548	123,046
Tax liabilities		12,668	210	210
Amount due to a related party		1,533	1,533	2,564
Amount due to a shareholder		75,711	88,536	18,548
Amount due to a joint venture		49,475	49,476	49,503
Derivative financial liabilities		125,041	35,780	18,039
		<u>659,132</u>	<u>825,501</u>	<u>594,415</u>
NET CURRENT ASSETS (LIABILITIES)		<u>480,604</u>	<u>(84,664)</u>	<u>(474,045)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,069,154</u>	<u>2,119,595</u>	<u>2,620,054</u>
CAPITAL AND RESERVES				
Share capital		927,973	661,253	592,132
Reserves		691,308	291,345	757,794
TOTAL EQUITY		<u>1,619,281</u>	<u>952,598</u>	<u>1,349,926</u>
NON-CURRENT LIABILITIES				
Borrowings – non-current portion		1,196,670	635,803	709,868
Deferred tax liabilities		212,673	204,264	379,204
Convertible notes		201,859	67,013	36,492
Promissory notes		636,019	-	-
Provision for contingent consideration		202,652	259,917	144,564
		<u>2,449,873</u>	<u>1,166,997</u>	<u>1,270,128</u>
TOTAL EQUITY AND NON-CURRENT LIABILITIES		<u>4,069,154</u>	<u>2,119,595</u>	<u>2,620,054</u>

Notes:

1. GENERAL

Ping An Securities Group (Holdings) Limited (formerly known as “Madex International (Holdings) Limited”) (the “Company”) was incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda. The Company’s shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The name of the Company was changed from Madex International (Holdings) Limited into Ping An Securities Group (Holdings) Limited pursuant to a special resolution passed at a special general meeting of the Company held on 14 January 2016 and took effect upon the approval of the Registrar of Companies of Bermuda granted on 25 January 2016.

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

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

Amendments to HKAS 19	Defined benefit plans: Employee contributions
Amendments to HKFRSs	Annual improvements to HKFRSs 2010 – 2012 cycle
Amendments to HKFRSs	Annual improvements to HKFRSs 2011 – 2013 cycle

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

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

HKFRS 9	Financial instruments ²
HKFRS 15	Revenue from contracts with customers ²
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations 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 16 and HKAS 41	Agriculture: Bearer plants ¹
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture ³
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception ¹
Amendments to HKFRSs	Annual improvements to HKFRSs 2012-2014 cycle ¹
HKFRS 14	Regulatory deferred accounts ¹
Amendments to HKAS 27	Equity method in separate financial statements ¹

¹ Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

² Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

³ No mandatory effective date is determined but is available for early adoption.

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

3. SEGMENT INFORMATION

The Group's operating segments, based on information reported to the directors of the Company, being the chief operating decision maker ("CODM"), for the purpose of resource allocation and assessment of segment performances.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

Property leasing	Property leased for rental income
Right to receive royalty fee	Royalty fee related to the royalty right leasing
Trading of goods	Operating of supermarket
Financial services	Securities dealing and financial services

Segment revenues and results

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

For the year ended 31 December 2015

	Property leasing	Right to receive royalty fee	Trading of goods	Financial services	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	<u>22,760</u>	<u>-</u>	<u>10,532</u>	<u>17,173</u>	<u>50,465</u>
Segment (loss) profit	<u>(365,148)</u>	<u>(9,251)</u>	<u>(33,103)</u>	<u>4,766</u>	<u>(402,736)</u>
Unallocated corporate expenses					(29,766)
Unallocated other revenue					277,462
Share of result of a joint venture					(2)
Finance costs					<u>(118,487)</u>
Loss before tax					<u>(273,529)</u>

For the year ended 31 December 2014

	Property leasing HK\$'000 (Restated)	Right to receive royalty fee HK\$'000	Total HK\$'000 (Restated)
Revenue	<u>23,996</u>	<u>9,111</u>	<u>33,107</u>
Segment loss	<u>(419,707)</u>	<u>(4,160)</u>	<u>(423,867)</u>
Unallocated corporate expenses			(162,400)
Unallocated other revenue			5,874
Share of result of a joint venture			(5)
Finance costs			<u>(94,198)</u>
Loss before tax			<u>(674,596)</u>

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the years ended 31 December 2014 and 31 December 2015.

3. SEGMENT INFORMATION (Continued)

Segment revenues and results (Continued)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit or loss represents the profit or loss from each segment without allocation of central administration costs, directors' emoluments, share of result of a joint venture, interest income, finance costs, fair value change on derivative financial assets, fair value change on derivative financial liabilities and fair value change on contingent consideration. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

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

	2015 HK\$'000	2014 HK\$'000 (Restated)
<i>Segment assets</i>		
Property leasing	2,175,587	2,534,729
Right to receive royalty fee	30,879	83,067
Trading of goods	150,200	-
Financial services	1,303,559	-
	<hr/>	<hr/>
Total segment assets	3,660,225	2,617,796
Unallocated corporate assets	1,068,061	327,300
	<hr/>	<hr/>
Total consolidated assets	4,728,286	2,945,096
	<hr/>	<hr/>
<i>Segment liabilities</i>		
Property leasing	1,448,734	1,446,331
Right to receive royalty fee	15,967	4,216
Trading of goods	11,275	-
Financial services	221,959	-
	<hr/>	<hr/>
Total segment liabilities	1,697,935	1,450,547
Unallocated corporate liabilities	1,411,070	541,951
	<hr/>	<hr/>
Total consolidated liabilities	3,109,005	1,992,498
	<hr/>	<hr/>

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

- all assets are allocated to operating segment assets other than certain trade and other receivables, interest in a joint venture, property, plant and equipment of head office, pledged bank balances, bank balances and cash and derivative financial assets.
- all liabilities are allocated to operating segment liabilities other than certain other payables, borrowings, tax liabilities, deferred tax liabilities, amount due to a related party, amount due to a shareholder, amount due to a joint venture, derivative financial liabilities, convertible notes and provision for contingent consideration.

4. REVENUE AND OTHER REVENUE

The Group's revenue from sales of finished goods, rental income from leasing of investment properties, commission and brokerage income, underwriting income and royalty income in respect of royalty right leasing for the year is as follows:

	2015 HK\$'000	2014 HK\$'000
Revenue		
Rental income	22,760	23,996
Royalty income	-	9,111
Trading of goods	10,532	-
Commission and brokerage income	1,234	-
Underwriting income	15,939	-
	<u>50,465</u>	<u>33,107</u>
Other Revenue		
Interest income	6,083	1,521
Other loan interest income	716	-
Gain on trading of listed securities	2,800	-
Sundry income	319	5,438
	<u>9,918</u>	<u>6,959</u>

5. FINANCE COSTS

	2015 HK\$'000	2014 HK\$'000
Interests on:		
- Borrowings wholly repayable within five years	53,114	77,740
- Borrowings wholly repayable over five years	17,253	3,628
- Convertible notes	21,546	12,830
- Promissory notes	26,574	-
	<u>118,487</u>	<u>94,198</u>

6. INCOME TAX CREDIT

	2015 HK\$'000	2014 HK\$'000 (Restated)
Current tax		
- Hong Kong Profits Tax	<u>852</u>	<u>-</u>
Deferred tax		
- Credit for the year	<u>(42,374)</u>	<u>(100,976)</u>
Income tax credit	<u>(41,522)</u>	<u>(100,976)</u>

Hong Kong Profits Tax is calculated at the rate of 16.5% (2014: 16.5%) of the estimated assessable profit for the year.

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

7. LOSS FOR THE YEAR

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

	2015 HK\$'000	2014 HK\$'000 (Restated)
Staff costs:		
- Directors' emoluments	3,081	2,985
- Other staff costs:		
- Salaries and other benefits	18,063	11,892
- Retirement benefit scheme contributions	1,735	1,272
Total staff costs	22,879	16,149
Amortisation of intangible assets	8,027	3,625
Depreciation for property, plant and equipment	2,390	1,795
Total depreciation and amortisation	10,417	5,420
Cost of inventories sold	8,932	-
Impairment losses on inventories	1,144	-
Auditor's remuneration	1,000	950
Minimum lease payments under operating lease	2,294	690
Rental income from investment properties	(22,760)	(23,996)
Direct operating expenses incurred in respect of investment properties that generated rental income during the year	8,834	13,687

8. LOSS PER SHARE

(a) BASIC LOSS PER SHARE

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

	2015 HK\$'000	2014 HK\$'000 (Restated)
Loss for the year attributable to the owners of the Company	232,007	573,620
Weighted average number of ordinary shares		
Issued ordinary shares at 1 January	13,225,076	11,842,647
Effect of shares issued upon conversion of convertible notes	460,867	175,035
Effect of share issued	1,132,989	-
Effect of repurchases of shares	(6,666)	-
Weighted average number of ordinary shares at 31 December	14,812,266	12,017,682

(b) DILUTED LOSS PER SHARE

The diluted loss per share for the years ended 31 December 2015 and 31 December 2014 is equivalent to the basic loss per share for both years as the potential shares arising from the conversion of the convertible bonds would decrease the loss per share of the Group for both years, and is regarded as anti-dilutive.

9. TRADE AND OTHER RECEIVABLES

	Notes	2015 HK\$'000	2014 HK\$'000
Trade receivables from			
- Clearing house and cash clients	(a)	5,597	-
- Others	(b)	1,421	10,426
Less: Allowances		-	-
		<u>7,018</u>	<u>10,426</u>
Deposit paid in respect of the acquisition of Full Boom Global Limited		-	107,000
Deposit paid in respect of the acquisition of property, plant and equipment		-	19,009
Tendering deposit paid		-	37,406
Payment in respect of the maintenance of the Group's Chongqing property		30,697	32,419
Advance property management fee		8,264	8,728
Advance to a third party		38,165	192,408
Other receivables, prepayment and deposit		<u>312,776</u>	<u>13,544</u>
		<u>389,902</u>	<u>410,514</u>
		<u>396,920</u>	<u>420,940</u>

Notes:

(a) Trade receivables – clearing house and cash clients

The settlement terms of trade receivables are two days after trade date.

(b) Trade receivables – others

The credit period granted to the Group's trade receivables generally ranges from 30 to 120 days. The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period.

	2015 HK\$'000	2014 HK\$'000
Within 3 months	5,640	2,681
4 to 6 months	-	2,681
Over 6 months	<u>1,378</u>	<u>5,064</u>
Total	<u>7,018</u>	<u>10,426</u>

The Group does not hold any collateral over these balances.

9. TRADE AND OTHER RECEIVABLES (Continued)

(b) Trade receivables – others (continued)

Ageing of trade receivables which are past due but not impaired

	2015 HK\$'000	2014 HK\$'000
Overdue by:		
Within 3 months	-	2,774
4 to 6 months	-	2,831
Over 6 months	<u>1,378</u>	<u>-</u>
Total	<u>1,378</u>	<u>5,605</u>

Trade receivables that were past due but not impaired relate to independent customer that have signed an agreement with the Group to settle the balance by 4 instalments. The first instalment was received in February 2016. The management believes that no impairment allowance is necessary and the balances are still considered fully recoverable due to the signed agreement.

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

10. TRADE AND OTHER PAYABLES

	2015 HK\$'000	2014 HK\$'000
Account payables		
- Clearing house and cash client	149,610	-
- Others	3,703	-
Construction cost payables, other payables, accrued charges and others	144,827	268,945
Outstanding consideration for acquisition of intangible asset through acquisition of a subsidiary	10,000	10,000
Refundable deposits received	66,274	95,743
Rental received in advance	<u>4,135</u>	<u>10,730</u>
	<u>378,549</u>	<u>385,418</u>

The following is an aged analysis of accounts payable presented based on the invoice date.

	2015 HK\$'000	2014 HK\$'000
0 - 60 days	152,377	-
61 - 90 days	-	-
> 90 days	<u>936</u>	<u>-</u>
	<u>153,313</u>	<u>-</u>

11. RESTATEMENTS DUE TO CORRECTION OF PRIOR YEAR ERRORS

In preparing the consolidated financial statements for the year ended 31 December 2015, the Group has revisited the accounting treatments of an investment property located in the PRC (“the PRC Investment Property”) in previous years and concluded that adjustments are required to be made to the comparative information presented so as to ensure that the consolidated financial statements presented are in compliance with HKFRSs.

The management found that the valuation of the PRC Investment Property presented in the valuation report provided by the independent valuer was denominated in HK\$ instead of RMB. In this connection, the management adjusted the carrying amount of the PRC Investment Property in terms of HK\$ based on the valuation amount in the valuation report. This amount was fully charged to profit or loss for the year ended 31 December 2014 and regarded as “Fair value loss on investment properties”.

Based on the reassessment performed, the management considered that the functional currency of the subsidiary which owned the PRC Investment Property was RMB. The carrying amount of the PRC Investment Property should be denominated in RMB in the books of that subsidiary. The difference arose from the translation of the RMB into the presentation currency of the Group should be included in other comprehensive income for the year ended 31 December 2014.

Accordingly, certain prior year adjustments have been made and certain amounts as at 31 December 2014 and for the year ended 31 December 2014 have been restated to reflect the recognition of exchange adjustment of investment properties. The related deferred tax expenses has been changed due to the adjustment on the fair value change of investment properties. As the deferred tax liabilities were denominated at RMB and therefore, the related exchange adjustment of deferred tax liabilities has been adjusted to translation reserves.

The effects of these prior year adjustments are summarised below:

	For the year ended 31 December 2014 HK\$'000
Loss for the year	
Decrease in fair value loss on investment properties	48,315
Decrease in deferred tax credit	<u>(12,079)</u>
Decrease in loss for the year	<u>36,236</u>
Other comprehensive expenses	
Increase in exchange loss on translation of investment properties	48,315
Decrease in exchange loss on translation of deferred tax liabilities	<u>(7,416)</u>
Increase in exchange losses arising on translation of financial statements of foreign operations	<u>40,899</u>
LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	
Increase in total comprehensive expense for the year attributable to owners of the Company	<u>4,663</u>

11. RESTATEMENTS DUE TO CORRECTION OF PRIOR YEAR ERRORS (Continued)

	For the year ended 31 December 2014 HK\$'000 (As previously reported)	Adjustment HK\$'000	For the year ended 31 December 2014 HK\$'000 (As restated)
Consolidated profit and loss and other comprehensive income:			
Fair value change on investment properties	(452,219)	48,315	(403,904)
Deferred tax credit	113,055	(12,079)	100,976
Exchange difference arising on translation of financial statements of foreign operations	17,474	(40,899)	(23,425)
	As at 31 December 2014 HK\$'000 (As previously reported)	Adjustment HK\$'000	As at 31 December 2014 HK\$'000 (As restated)
Consolidated financial position:			
Deferred tax liabilities	199,601	4,663	204,264
Translation reserves	113,351	(40,899)	72,452
Accumulated losses	(901,760)	36,236	(865,524)
Total equity attributable to owners of the Company	957,261	(4,663)	952,598
Loss per share (As previously reported)			<u>(5.07 cents)</u>
Loss per share (As restated)			<u>(4.77 cents)</u>

12. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On 29 February 2016, the subsidiary of the Group has signed a letter of intent with an independent third party in relation to the disposal of the intangible assets for the right to receive royalty fee at consideration of RMB28,000,000.

DIVIDENDS

The Directors do not recommend the payment of a final dividend in respect of the year ended 31 December 2015 (2014: nil).

RESULTS

For the year ended 31 December 2015, the Group recorded a turnover of HK\$50,465,000, representing an increase of approximately 52% from HK\$33,107,000 for the last year. The Group's audited consolidated loss for the year under review amounted to HK\$232,007,000, representing a decrease of approximately 60% when comparing with the loss of HK\$573,620,000 for the year ended 31 December 2014.

BUSINESS REVIEW

2015 was a milestone year for the Group. Following the passing of a resolution by the shareholders of the Company on 14 January 2016, Certificate of Incorporation on Change of Name and Certificate of Secondary Name were issued by the Registry of Companies in the Bermuda on 2 February 2016 certifying that the change of name of the Company from "Madex International (Holdings) Limited" to "Ping An Securities Group (Holdings) Limited" and the secondary name "平安證券集團 (控股) 有限公司" were registered and took effect on 25 January 2016; and Certificate of Registration of Change of Name of non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 29 February 2016 confirming the registration of the new English name "Ping An Securities Group (Holdings) Limited" also known as "平安證券集團 (控股) 有限公司" in Hong Kong under Part XI of the Companies Ordinance.

The change of our company name has signified our embankment on a new line of business, i.e. the financial sector. On 10 March 2015, the Company entered into a sale and purchase agreement for an acquisition of Ping An Securities Limited ("Ping An Securities"), one of the well-established securities brokerage and financial advisory houses in Hong Kong providing a wide range of financial services, which include the provision of securities brokerage, securities underwriting and placements and financial advisory services, at a fair value of total consideration of HK\$1,040 million. Completion of the acquisition took place on 25 September 2015, and since then Ping An Securities has become a wholly-owned subsidiary of the Company.

As the Hong Kong Stock Exchange has been ranked the world's top five in fundraising from initial public offerings every year since 2002 and was ranked the top second in 2015, and Ping An Securities generates most of its revenues from its equity capital market operation, especially in the marketing, distribution and allocation of new shares in initial public offerings on the Stock Exchange, the acquisition has broadened the income sources of the Group and helped diversify the Group's business portfolio.

Alongside this new line of business, during the year under review the Company's principal activity continued to be investment holding, whilst its subsidiaries were mainly engaged in property investment and development and trading of goods in mainland China.

In order to strengthen its presence in the China property market, the Group made an acquisition of a land use right of a piece of land in Xiqiao Town, Nanhai District, Foshan City, Guangdong Province from our controlling shareholder Mr. Liang Wenguan during the year. With a site area of 86,938 square metres, the land will be developed into a project with gross floor area of approximately 94,400 square metres, 92,000 square metres and 8,800 square metres for shops, offices and hotel development respectively under the current development plan. Construction works are now underway.

To fund the aforesaid new projects, the Group underwent some fundraising exercises during the year. On 18 August 2015, the Company entered into a share placing agreement with a placing agent, pursuant to which the agent had conditionally agreed to place, on a best effort basis, up to a maximum of 613,400,000 placing shares to not less than six share placees at a price of HK\$0.163 per placing share. On the same day, the Company entered into a convertible bond ("CB") placing agreement with the placing agent, pursuant to which the agent had conditionally agreed to place, on a best effort basis, the CBs with a principal amount of up to HK\$344,745,000 to not less than six CB placees. All 613,400,000 placing shares and CBs with an aggregate principal amount of HK\$242,960,000 has been successfully placed. On 30 October 2015, the Company entered into another CB placing agreement with the placing agent, pursuant to which the agent had conditionally agreed to place, on a best effort basis, CBs with a principal amount of up to HK\$102,000,000 to not less than six CB placees. CBs with principal amount of HK\$100,100,000 has been successfully placed.

The total net proceeds from the above-mentioned placing exercises were approximately HK\$441.6 million, of which approximately HK\$242 million has been earmarked for the development of the Company's Xiqiao project and approximately HK\$80 million for the daily operations of Ping An Securities Limited, and the remaining as general working capital of the Group.

FINANCIAL REVIEW

Revenue and earnings

During the year under review, the Group's Shenghui Plaza in Chongqing recorded rental income amounted to HK\$22,760,000 (2014: HK\$20,499,000), representing an increase of approximately 11%. A supermarket was set up in the Plaza providing international goods and groceries which recorded a turnover amounted to HK\$10,532,000 (2014: Nil). The newly established supermarket is taking shape and will be another source of revenue for the Group in future. Ping An Securities recorded a turnover amounted to HK\$17,173,000 (2014: Nil) comprising commission, brokerage income and underwriting income.

For the year under review, part of the Shenghui Plaza in Chongqing was disposed and a gain on disposal of HK\$18,430,000 was recorded. On the other hand, it also recorded a loss from change in fair value of HK\$372,659,000 during 2015 (2014: loss of HK\$403,904,000).

The newly acquired investment property under development located in Foshan City recorded a gain from change in fair value of HK\$206,182,000 during 2015 (2014: Nil).

Moreover, the Group also recorded a gain from change in fair value of HK\$57,265,000 on contingent consideration during 2015 (2014: loss of HK\$115,353,000).

For the year under review, cost of sales included cost of goods sold of the newly operated supermarket amounting to approximately HK\$8,932,000 (2014: Nil).

Administrative expenses increased by HK\$27,626,000 or 38% to HK\$100,827,000, mainly due to the administrative expenses incurred by the newly subsidiaries acquired during the year and the increase in advertising and staff costs of the newly operated supermarket.

The increase in finance cost of HK\$24,289,000 as compared to 2014 was mainly due to the interest expenses incurred on the promissory notes issued during 2015 amounting to HK\$26,574,000.

Liquidity, financial resources, charge on assets and gearing

As at 31 December 2015, the Group's current assets and current liabilities were HK\$1,139,736,000 and HK\$659,132,000 respectively. The total secured bank loans amounted to HK\$1,136,450,000.

As at 31 December 2015, main charges on assets of the Group included bank balances of HK\$23,613,000, investment properties with fair value of HK\$1,750,000,000 and leasehold land and buildings with carrying amount of HK\$27,450,000.

The Group's gearing ratio as at 31 December 2015 was 66%, which is calculated on the Group's total liabilities divided by its total assets.

PROSPECTS AND OUTLOOK

In order to capture opportunities arising from the booming development in the capital markets in China, Ping An Securities is in the process of setting up a joint venture in mainland China (the “China Joint Venture”) under the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA). An application to establish the China Joint Venture is being compiled for submission to the China authorities. The establishment of the China Joint Venture, if it is approved, would represent the Group's presence in China's securities sector.

As the securities business is capital intensive, the Company intends to inject more funds into Ping An Securities. More fundraising exercises will be planned where appropriate, and our target is to tap around HK\$800 million to HK\$1,500 million from the market in the short- to medium-term. A larger fund pool will enable Ping An Securities to achieve better performance in its capital market operations, and in turn to improve the return to the Company and its shareholders as a whole.

Construction works have already commenced in the Xiqiao Town project and it is expected that the investment property will start generating rental income for the Group about three years later. Improvement works have been carried out in Shenghui Plaza from time to time to maintain its attractiveness to the customers.

The Board believes that the existing principal activities of the Group blended with the newly acquired securities business will bring in smart returns to our shareholders in the longer run.

CAPITAL COMMITMENTS

As at 31 December 2015, capital commitments contracted but not provided for were approximately HK\$765 million.

FOREIGN EXCHANGE RISK

The Group's operations are principally in the PRC and Hong Kong and all assets and liabilities were denominated either in Renminbi or Hong Kong dollars. The Directors consider that the Group does not have any material exposure to fluctuations in exchange. Therefore, no hedging measures have been taken at present.

CONTINGENT LIABILITIES

During the period from 1 January 2004 to 31 December 2006, certain units and shops of the investment properties located in Chongqing had been sold to the independent third parties (the “Buyers”) under the Sale and Purchase Agreements (the “SP Agreements”). The leasing agency contracts and the mortgage contracts were signed together with SP Agreements among the Buyers, Chongqing Kings Mall Business Management Company Limited (“Kings Mall Management”) and Chongqing Xin Jia Jun Construction and Decoration Engineering Limited (“Xin Jia Jun”). Pursuant to the terms of the leasing agency contracts, Xin Jia Jun would pay the Buyers an annual rental income equivalent to ten percent of the purchase price of the properties over twenty years.

Based on the legal advice from the legal adviser to the Group, the Directors considered that they have strong and valid ground of defence in relation to the probable litigations in respect of the Buyers without entering into the cancellation agreements (“Problematic Properties”) and the Directors considered that Kings Mall Management would not suffer material financial losses arising from such probable litigation and has the right to occupy and lease the Problematic Properties to other tenants to generate rental income.

On 27 February 2011, pursuant to a deed of indemnity being executed by Profit China Investments Development Limited (“Profit China”) and Mr. Liang Wenguan (“Mr. Liang”) in favour of the Group at the date of acquisition completion, Profit China and Mr. Liang will indemnify the Group against all costs that the Group may suffer in relation to the investment properties acquired on the acquisition of Kings Mall Management and its subsidiary and holding companies (the “Acquired Group”) and any disputes and litigation (whether commencing before or after the acquisition completion) against the Group arising or accruing in relation to the operation of the Acquired Group on or before the date of acquisition completion (the “Indemnified Liabilities”).

In addition, on 19 May 2011, Zhu Hai Port Plaza Development Company Limited entered into an undertaking to pay the aforesaid Indemnified Liabilities to the extent that such losses, liabilities and expenses have not been settled by Mr. Liang pursuant to his obligations under the indemnity agreement executed by him in favour of Kings Mall Management that Kings Mall Management may suffer.

In view of the above, the Directors consider that the probable litigations, if any, would not have any significant financial impacts on the financial positions of the Company.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Please refer to note 12 to this announcement for details.

EMPLOYEES AND REMUNERATION POLICIES

During the year, the Group had a total of approximately 200 employees (2014: 200), who were remunerated according to nature of the job and market trend, as well as individual qualifications and performance. The Group has participated in the Mandatory Provident Fund Scheme. On the job training was provided to its staff from time to time.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, the Company repurchased a total of 17,760,000 shares of the Company on the Stock Exchange at an aggregate consideration (before expenses) of HK\$2,722,920. All the repurchased shares were subsequently cancelled. The repurchases were effected by the Directors for the enhancement of shareholders' value. Details of the repurchases are as follows:

Month, Year	Number of shares repurchased	Purchase price		Aggregate consideration paid (before expenses) HK\$
		Highest HK\$	Lowest HK\$	
July 2015	17,760,000	0.156	0.137	2,722,920

During the year, all the 17,760,000 shares purchased were cancelled on delivery of the share certificates.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") as contained in Appendix 10 to the Listing Rules. The Company has made specific enquiry to all Directors regarding any non-compliance with the Model Code during the year and they all confirmed that they have fully complied with the required standard set out in the Model Code.

CODE OF CORPORATE GOVERNANCE PRACTICE

During the year, the Company has complied with the code provisions in the Code of Corporate Governance Practice (the "CG Code") contained in Appendix 14 to the Listing Rules, except the deviations from the CG Code as described below:

- (1) Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer ("CEO") should be separated and should not be performed by the same person. The Company has no chairman and CEO. Decisions of the Company are made collectively by the executive Directors. The Board believes that the present arrangement enables the Company to make and implement decisions promptly, and thus achieve the Company's objectives efficiently and effectively in response to the changing environment.

- (2) Under Code Provision A.4.1, non-executive directors should be appointed for a specific term and subject to re-election. None of the non executive director or the independent non-executive directors are appointed for a specific term but all of them would be subject to retirement by rotation in accordance with the Company's Bye-laws.

AUDIT COMMITTEE

Regular meetings have been held by the Audit Committee since its establishment and it meets at least twice each year to review and supervise the Group's financial reporting process and internal control. The Audit Committee has reviewed the financial statements and the annual results of the Group for the year ended 31 December 2015 and discussed with management and the external auditors the accounting principles and policies adopted by the Company.

APPRECIATION

The Directors would like to express our sincere gratitude to the management of the Group and all the staff for their hard work and dedication, as well as our shareholders, business partners, bankers and auditors for their support to the Group throughout the year.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.pingansecgp.com.hk). The annual report of the Company for the year ended 31 December 2015 containing all the information required by the Listing Rules will be dispatched to the Company's shareholders and posted on the above websites in due course.

By Order of the Board of
Ping An Securities Group (Holdings) Limited
Liang Huixin
Executive Director

Hong Kong, 30 March 2016

As at the date of this announcement, the Board comprises Mr. Zhang Guodong, Ms. Liang Huixin and Mr. Cheung Kam Fai as executive directors; Mr. William Keith Jacobsen as non-executive director; and Dr. Dong Ansheng and Mr. Wong Yee Shuen, Wilson and Mr. Tsang Wah Kwong as independent non-executive directors.