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FOREBASE INTERNATIONAL HOLDINGS LIMITED
申基國際控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 2310)

2015 ANNUAL RESULTS ANNOUNCEMENT

The board of directors (the "Board") of Forebase International Holdings Limited (the "Company") is please to announce the audited consolidated annual results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2015 as follows:

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	*3*	**386,114**	348,530
Cost of sales		**(385,249)**	(341,850)
Gross profit		**865**	6,680
Other income and gains	*5*	**7,384**	7,117
Selling and distribution expenses		**(10,398)**	(11,773)
Administrative expenses		**(36,323)**	(33,475)
Research and development expenses		**(5,664)**	(13,142)
Other operating expenses		**(12,070)**	(32,184)
Finance costs	*6*	**(17,822)**	(17,276)
Loss before tax		**(74,028)**	(94,053)
Income tax (expenses) credit	*7*	**(3,628)**	2,247
Loss for the year	*8*	**(77,656)**	(91,806)

	Note	2015 HK$'000	2014 HK$'000
Other comprehensive (expense) income			
Items that will not be reclassified to profit or loss:			
Release of deferred tax upon disposal of investment properties		–	2,074
		–	2,074
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation		**(22,721)**	(9,067)
Other comprehensive expense for the year		**(22,721)**	(6,993)
Total comprehensive expense for the year		**(100,377)**	(98,799)
Loss per share	*10*	***HK cents***	*HK cents*
Basic and diluted		**(23.68)**	(28.24)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment		**114,291**	120,764
Club memberships		**600**	600
Deposits for purchase of property, plant and equipment		**206**	347
		115,097	121,711
Current assets			
Inventories		**31,212**	29,579
Properties under development	*11*	**134,291**	66,950
Trade and other receivables	*12*	**127,381**	104,301
Restricted bank deposits		**11,768**	12,940
Short-term bank deposit with original maturity more than three months		**1,000**	1,000
Bank balances and cash		**44,039**	31,921
		349,691	246,691
A disposal group classified as held for sale		**–**	86
		349,691	246,777
Current liabilities			
Trade and other payables	*13*	**208,340**	104,470
Amounts due to related companies		**94,334**	61,593
Tax payables		**2,413**	2,440
Obligations under finance lease		**148**	140
Secured loan	*16*	**62,006**	–
		367,241	168,643
Net current (liabilities) assets		**(17,550)**	78,134
Total assets less current liabilities		**97,547**	199,845

	Notes	2015 HK$'000	2014 HK$'000
Capital and reserves			
Share capital	*14*	**99,076**	99,076
Reserves	*14*	**(177,612)**	(77,988)
Equity attributable to owners of the Company and total (deficit) equity		**(78,536)**	21,088
Non-current liabilities			
Deferred tax liabilities	*15*	**98**	211
Obligations under finance lease		**156**	304
Amount due to ultimate holding company		**–**	41,998
Amount due to a director		**135,829**	15,397
Secured loan	*16*	**–**	100,847
Bonds	*17*	**40,000**	20,000
		176,083	178,757
		97,547	199,845

Notes:

1. GENERAL

Forebase International Holdings Limited (the "Company") was incorporated in Hong Kong with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company is Room 3805, 38/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.

In the opinion of the directors of the Company, Ultra Harvest Limited ("Ultra Harvest"), a company incorporated in the British Virgin Islands with limited liability, is the ultimate holding company of the Company and Mr. Shen Yong, the Chairman of the Company, is the ultimate controlling party of the Company.

On 18 September 2014, one of the subsidiaries of the Group, Forebase China Limited ("Forebase China") acquired 100% equity interest of Best Dollar International Limited ("Best Dollar") and its subsidiaries (collectively referred to as "Best Dollar Group"), of which Mr. Shen Yong is the beneficial owner of Best Dollar Group. Since the Company, Forebase China and Best Dollar Group are ultimately controlled by Mr. Shen Yong both before and after this acquisition. Accordingly, the financial statements of the Group has been prepared on the basis as if the Company had always been the holding company of Best Dollar Group throughout the two years ended 31 December 2014, using the principles of merger accounting in accordance with Accounting Guideline 5 Merger Accounting for Common Control Combination.

As a result of the above, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows including the results and cash flows of the companies comprising the Group have been prepared as if the current group structure had been in existence throughout the year ended 31 December 2013 or since their respective dates of incorporation or establishment up to 31 December 2014. The consolidated statement of financial position of the Group as at 1 January 2014 have been restated to present the assets and liabilities of the companies comprising the Group as if the current group structure had been in existence as at those dates.

The Company is an investment holding company and the principal activities of its subsidiaries are the manufacture and sale of electronic components, hotel operation and properties development in the PRC.

The functional currency of the Company is Hong Kong dollar ("HK$") and the functional currencies for certain subsidiaries are Renminbi ("RMB"), Canadian dollar ("CAD") and Korean Won ("KRW"). For the purposes of presenting the financial statements, the Group adopted HK$ as its presentation currency as its shares are listed in Hong Kong.

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

In the current year, the Group has applied the following new and revised HKFRSs, which includes HKFRSs, Hong Kong Accounting Standards ("HKAS(s)"), amendments and Interpretations ("Int(s)"), issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

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

Except as described below, the application of the new and revised 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 financial statements.

Annual Improvements to HKFRSs 2010 – 2012 Cycle

The Annual Improvements to HKFRSs 2010-2012 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 2 (i) change the definitions of "vesting condition" and "market condition"; and (ii) add definitions for "performance condition" and "service condition" which were previously included within the definition of "vesting condition". The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to HKFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have "similar economic characteristics"; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to HKAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The directors of the Company consider that the application of the amendments to HKFRSs 2010-2012 Cycle has had no material impact in the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2011 – 2013 Cycle

The Annual Improvements to HKFRSs 2011-2013 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

The amendments to HKAS 40 clarify that HKAS 40 and HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of HKAS 40; and

(b) the transaction meets the definition of a business combination under HKFRS 3.

The amendments are applied prospectively. The directors of the Company consider that the application of the amendments to HKFRSs 2011-2013 Cycle has had no material impact in the Group's consolidated financial statements.

Amendments to HKAS 19 Defined Benefit Plans – Employee Contributions

The amendments to HKAS 19 simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. Specifically, contributions that are linked to services are attributed to periods of services as a negative benefit. The amendments to HKAS 19 specifies that such negative benefit are attributed in the same way as the gross benefit, i.e. attribute to periods of services under the plan's contribution formula or on a straight-line basis.

Besides, the amendments also states that if the contributions are independent of the number of years of employee service, such contributions may be recognised as a reduction of the service cost as they fall due.

The amendments to HKAS 19 will become effective for annual periods beginning on or after 1 July 2014 with early application permitted.

The directors of the Company consider that the application of the amendments to HKAS 19 has had no material impact in the Group's consolidated financial statements.

Part 9 of Hong Kong Companies Ordinance (Cap. 622)

In addition, the annual report requirements of Part 9 "Accounts and Audit" of the Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year. As a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

New and revised HKFRSs issued but not yet effective

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

HKFRS 9 (2014)	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 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 16 and HKAS 41	Agriculture: Bearer Plants[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[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 HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]

[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] Effective date not yet been determined.

The directors of the Company anticipate that the application of the new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

HKFRS 9 (2014) Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 and includes the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, HKFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. A finalised version of HKFRS 9 was issued in 2014 to incorporate all the requirements of HKFRS 9 that were issued in previous years with limited amendments to the classification and measurement by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain financial assets. The finalised version of HKFRS 9 also introduces an "expected credit loss" model for impairment assessments.

Key requirements of HKFRS 9 (2014) are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9 (2014), entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as *at fair value through profit or loss, HKFRS 9* (2014) requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In the aspect of impairment assessments, the impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit were added. Those requirements eliminate the threshold that was in HKAS 39 for the recognition of credit losses. Under the impairment approach in HKFRS 9 (2014) it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, expected credit losses and changes in those expected credit losses should always be accounted for. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.

- HKFRS 9 (2014) introduces a new model which is more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. As a principle-based approach, HKFRS 9 (2014) looks at whether a risk component can be identified and measured and does not distinguish between financial items and non-financial items. The new model also enables an entity to use information produced internally for risk management purposes as a basis for hedge accounting. Under HKAS 39, it is necessary to exhibit eligibility and compliance with the requirements in HKAS 39 using metrics that are designed solely for accounting purposes. The new model also includes eligibility criteria but these are based on an economic assessment of the strength of the hedging relationship. This can be determined using risk management data. This should reduce the costs of implementation compared with those for HKAS 39 hedge accounting because it reduces the amount of analysis that is required to be undertaken only for accounting purposes.

HKFRS 9 (2014) will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The directors of the Company anticipate that the application of HKFRS 9 in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 15 Revenue from Contracts with Customers

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

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

HKFRS 15 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related Interpretations when it becomes effective.

HKFRS 15 will become effective for annual periods beginning on or after 1 January 2018 with early application permitted. The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

Annual Improvement to HKFRSs 2012 – 2014 Cycle

The Annual Improvements to HKFRSs 2012-2014 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 clarify that changing from one of the disposal methods (i.e. disposal through sale or disposal through distribution to owners) to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in HKFRS 5. Besides, the amendments also clarify that changing the disposal method does not change the date of classification.

The amendments to HKFRS 7 clarify that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in HKFRS 7 in order to assess whether the additional disclosures for any continuing involvement in a transferred asset that is derecognised in its entirety are required. Besides, the amendments to HKFRS 7 also clarify that disclosures in relation to offsetting financial assets and financial liabilities are not required in the condensed interim financial report, unless the disclosures provide a significant update to the information reported in the most recent annual report.

The amendments to HKAS 19 clarify that the market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

HKAS 34 requires entities to disclose information in the notes to the interim financial statements "if not disclosed elsewhere in the interim financial report". The amendments to HKAS 34 clarify that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report. The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete.

The directors do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2012-2014 Cycle will have a material effect on the Group's consolidated financial statements.

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

The amendments to HKAS 16 prohibit the use of revenue-based depreciation methods for property, plant and equipment under HKAS 16. The amendments to HKAS 38 introduce a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. This presumption can be rebutted only in the following limited circumstances:

i) when the intangible asset is expressed as a measure of revenue;

ii) when a high correlation between revenue and the consumption of the economic benefits of the intangible assets could be demonstrated.

The amendments to HKAS 16 and HKAS 38 will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments should be applied prospectively.

As the Group use straight-line method for depreciation of property, plant and equipment, the directors of the Company do not anticipate that the application of the amendments to HKAS 16 and HKAS 38 will have a material impact on the Group's consolidated financial statements.

Amendments to HKAS 16 and HKAS 41 Agriculture: Bearer Plants

The amendments to HKAS 16 and HKAS 41 define bearer plants. Biological assets that meet the definition of bearer plants are no longer accounted for under HKAS 41, but under HKAS 16 instead. The produce growing on bearer plants continues to be accounted for in accordance with HKAS 41.

The amendments to HKAS 16 and HKAS 41 will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments should be applied retrospectively.

As the Group does not have any biological assets, the directors of the Company do not anticipate that the application of the amendments to HKAS 16 and HKAS 41 will have a material impact on the Group's consolidated financial statements

Amendments to HKAS 27 Equity Method in Separate Financial Statements

The amendments to HKAS 27 allow an entity to apply the equity method to account for its investments in subsidiaries, joint ventures and associates in its separate financial statements. As a result of the amendments, the entity can choose to account for these investments either:

i) at cost;

ii) in accordance with HKFRS 9 (or HKAS 39); or

iii) using the equity method as described in HKAS 28.

The amendments to HKAS 27 will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments should be applied retrospectively.

As the Company does not have any investment in associates or joint ventures, the directors of the Company do not anticipate that the application of the amendments to HKAS 27 will have a material impact on the Company's financial statements.

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

The amendments provide guidance on addressing the acknowledged inconsistency between the requirements in HKFRS 10 and those in HKAS 28, in dealing with the sale or contribution of assets between an investor and its joint venture and associate. An investing entity is required to recognise the gain or loss arising from selling or contributing assets that constitutes or contains a business to a joint venture or associate in full. An investing entity is required to recognise the gain or loss arising from selling or contributing assets that does not constitute or contain a business to a joint venture or associate only to the extent of the unrelated investors' interests in that joint venture or associate.

The effective date of amendments to HKFRS 10 and HKAS 28 has not yet been determined. However, earlier application is permitted. The amendments should be applied prospectively.

As the Company does not have any investment in joint venture and associate, the directors of the Company do not anticipate that the application of the amendments to HKFRS 10 and HKAS 28 will have a material impact on the Group's consolidated financial statements.

Amendments to HKFRS 11 Accounting for Acquisition of Interests in Joint Operations

The amendments provide new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business as defined in HKFRS 3 Business Combination. Specifically, the amendments state that the relevant principles on accounting for business combinations in HKFRS 3 and other standards should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

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

The amendments should be applied prospectively to acquisitions of interests in joint operations (in which the activities of the joint operations constitute businesses as defined in HKFRS 3) occurring from the beginning of annual periods beginning on or after 1 January 2016. The directors of the Company anticipate that the application of these amendments to HKFRS 11 may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 Investment Entities: Applying the Consolidation Exception

The amendments clarify the requirements when accounting for investment entities as well as provide relief in particular circumstances, which will reduce the costs of applying the Standards. Specifically, a parent entity that is a subsidiary of an investment entity is exempted from preparing consolidated financial statements. A parent entity which is also a subsidiary of an investment entity and hold interests in associates and joint ventures is exempted from applying equity method if it meets all the conditions stated in paragraph 4(a) of HKFRS 10.

Besides, the amendments clarify if an investment entity has a subsidiary that is not itself an investment entity and whose main purpose and activities are providing investment-related services that relate to the investment entity's investment activities to the entity or other parties, it should consolidate that subsidiary. If the subsidiary that provides the investment-related services or activities is itself an investment entity, the investment entity parent should measure that subsidiary at fair value through profit or loss. If an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when apply the equity method, retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries.

Furthermore, if a parent that is an investment entity and has measured all of its subsidiaries at fair value through profit or loss, that investment entity should present the disclosures relating to investment entities required by HKFRS 12 in its financial statements. If an investment entity has consolidated its subsidiary in which the subsidiary itself is not an investment entity and whose main purpose and activities are providing services that relate to the investment activities of its investment entity parent, the disclosure requirements in HKFRS 12 apply to financial statements in which the investment entity consolidates that subsidiary.

The amendments to HKFRS 10, HKFRS 12 and HKAS 28 will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted.

As the Company does not have any investments in investment entities, the directors of the Company do not anticipate that the application of the amendments to HKFRS 10, HKFRS 12 and HKAS 28 will have a material impact on the Group's consolidated financial statements.

Amendments to HKAS 1 Disclosure Initiative

The amendments clarify that companies should use professional judgement in determining what information as well as where and in what order information is presented in the financial statements. Specifically, an entity should decide, taking into consideration all relevant facts and circumstances, how it aggregates information in the financial statements, which include the notes. An entity does not require to provide a specific disclosure required by a HKFRS if the information resulting from that disclosure is not material. This is the case even if the HKFRS contain a list of specific requirements or describe them as minimum requirements.

Besides, the amendments provide some additional requirements for presenting additional line items, headings and subtotals when their presentation is relevant to an understanding of the entity's financial position and financial performance respectively. Entities, in which they have investments in associates or joint ventures, are required to present the share of other comprehensive income of associates and joint ventures accounted for using the equity method, separated into the share of items that (i) will not be reclassified subsequently to profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions are met.

Furthermore, the amendments clarify that:

(i) an entity should consider the effect on the understandability and comparability of its financial statements when determining the order of the notes; and

(ii) significant accounting policies are not required to be disclosed in one note, but instead can be included with related information in other notes.

The amendments will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted.

The directors of the Company anticipate that the application of Amendments to HKAS 1 in the future may have a material impact on the disclosures made in the Group's consolidated financial statements.

3. REVENUE

Revenue represents the sales of goods to customers less goods returns and trade discounts, rental income under operating leases and service income from hotel operation.

4. SEGMENT INFORMATION

The Group is principally engaged in the manufacture and sales of electronic components, properties investment, properties development and hotel operation. The Group's reportable and operating segments, based on information reported to the chief executive officer, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on goods or services provided are as follows:

(1) Composite components segment

Sales and manufacture of composite components for electronic appliances and communication equipment.

(2) Unit electronic components segment

Sales and manufacture of unit electronic components for electronic appliances and communication equipment.

(3) Properties investment segment

Leasing office premises to generate rental income.

(4) Hotel operation segment

Operation of a resort in Canada.

(5) Properties development segment

Properties development in the PRC.

No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

Segment revenue and results

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

Year ended 31 December 2015

	Composite components *HK$'000*	Unit electronic components *HK$'000*	Properties investment *HK$'000*	Hotel operation *HK$'000*	Properties development *HK$'000*	Total *HK$'000*
Revenue	**189,311**	**155,722**	**–**	**41,081**	**–**	**386,114**
Segment (loss) profit	**(14,301)**	**(24,782)**	**–**	**4,971**	**(3,768)**	**(37,880)**
Unallocated operating income						**7,384**
Unallocated operating expenses						**(25,710)**
Finance costs						**(17,822)**
Loss before tax						**(74,028)**

Year ended 31 December 2014

	Composite components *HK$'000*	Unit electronic components *HK$'000*	Properties investment *HK$'000*	Hotel operation *HK$'000*	Properties development *HK$'000*	Total *HK$'000*
Revenue	140,916	160,616	900	46,098	–	348,530
Segment (loss) profit	(29,983)	(18,019)	(5,938)	5,442	(5,651)	(54,149)
Unallocated operating income						7,117
Unallocated operating expenses						(29,745)
Finance costs						(17,276)
Loss before tax						(94,053)

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment (loss) profit represents the (loss from) profit earned by each segment without allocation of other income and gain, certain other operating expenses and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

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

Year ended 31 December 2015

	Composite components *HK$'000*	Unit electronic components *HK$'000*	Properties investment *HK$'000*	Hotel operation *HK$'000*	Properties development *HK$'000*	Consolidated *HK$'000*
Segment assets	**101,301**	**81,922**	**–**	**85,526**	**135,310**	**404,059**
Unallocated assets						
– Restricted bank deposit						**11,768**
– Short-term bank deposit with original maturity more than three months						**1,000**
– Bank balances and cash						**44,039**
– Others						**3,922**
Consolidated assets						**464,788**
Segment liabilities	**81,676**	**67,185**	**–**	**3,769**	**133,997**	**286,627**
Unallocated liabilities						
– Others						**256,697**
Consolidated liabilities						**543,324**

Year ended 31 December 2014

	Composite components HK$'000	Unit electronic components HK$'000	Properties investment HK$'000	Hotel operation HK$'000	Properties development HK$'000	Consolidated HK$'000
Segment assets	80,380	58,579	–	104,589	74,569	318,117
Unallocated assets						
– Restricted bank deposits						12,940
– Short-term bank deposit with original maturity more than three months						1,000
– Bank balances and cash						31,921
– A disposal group classified as held for sale						86
– Others						4,424
Consolidated assets						368,488
Segment liabilities	35,291	40,226	–	5,528	66,585	147,630
Unallocated liabilities						
– Others						199,770
Consolidated liabilities						347,400

Segment assets and liabilities

For the purposes of monitoring segment performances and allocating resources between segments for the years ended 31 December 2015 and 2014:

- all assets are allocated to reportable segments other than restricted bank deposits, short-term bank deposit with original maturity more than three months, bank balances and cash, a disposal group classified as held for sale and part of other receivables. Assets used jointly by reportable segments are allocated on the basis of the production capacity; and

- all liabilities are allocated to reportable segments other than part of other payables, obligations under finance lease, deferred tax liabilities, amount due to ultimate holding company, amount due to a director, secured loan and bonds.

Other segment information

Amount included in the measure of segment profit or loss or segment assets:

Year ended 31 December 2015

	Composite components *HK$'000*	**Unit electronic components** *HK$'000*	**Properties investment** *HK$'000*	**Hotel operation** *HK$'000*	**Properties development** *HK$'000*	**Unallocated** *HK$'000*	**Total** *HK$'000*
Additions to non-current assets	**11,916**	**9,576**	**–**	**448**	**6**	**–**	**21,946**
Depreciation	**3,879**	**3,003**	**–**	**2,722**	**154**	**483**	**10,241**
Interest income	**235**	**9**	**–**	**–**	**–**	**3**	**247**
(Gain)/loss on disposal of property, plant and equipment	**(12)**	**(9)**	**–**	**14**	**–**	**–**	**(7)**
Impairment loss recognised on trade receivables	**–**	**27**	**–**	**–**	**–**	**–**	**27**
Reversal of impairment loss recognised on trade receivable	**(111)**	**–**	**–**	**–**	**–**	**–**	**(111)**
Allowance for inventories	**2,338**	**2,003**	**–**	**–**	**–**	**–**	**4,341**
Reversal of allowance for inventories	**(220)**	**(1,483)**	**–**	**–**	**–**	**–**	**(1,703)**

Year ended 31 December 2014

	Composite components *HK$'000*	Unit electronic components *HK$'000*	Properties investment *HK$'000*	Hotel operation *HK$'000*	Properties development *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Additions to non-current assets	769	1,648	–	1,014	547	–	3,978
Depreciation	4,838	2,167	–	2,943	109	461	10,518
Interest income	296	266	–	11	3	–	576
(Gain)/loss on disposal of property, plant and equipment	(1,155)	–	–	–	6	–	(1,149)
Loss on disposal of investment properties	–	–	6,716	–	–	–	6,716
Impairment loss recognised on trade receivables	57	66	–	–	–	–	123
Allowance for inventories	–	1,644	–	–	–	–	1,644
Reversal of allowance for inventories	(1,642)	–	–	–	–	–	(1,642)

Note: Non-current assets excluded deposits for purchase of property, plant and equipment.

Geographical information

The Group's operations are principally located in Hong Kong, Korea, Canada and the People's Republic of China ("PRC") (excluding Hong Kong).

The Group's revenue from external customers and information about its non-current assets by geographical location of the assets are detailed below:

	Revenue		**Non-current assets**	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The PRC (excluding Hong Kong)	**60,580**	120,718	**28,270**	15,248
Hong Kong	**207,160**	82,431	**3,189**	4,133
Korea	**70,558**	84,338	**13**	17
Canada	**41,081**	46,097	**83,625**	102,313
Others	**6,735**	14,946	**–**	–
	386,114	348,530	**115,097**	121,711

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2015	2014
	HK$'000	*HK$'000*
Customer A[1]	**89,173**	N/A[2]
Customer B[1]	**83,052**	N/A[2]
Customer C[1]	**48,200**	72,465
Customer D[1]	**N/A[2]**	44,374

1 Revenue from composite components segment and unit electronic components segment.
2 The corresponding revenue did not contribute 10% of the total revenue of the Group.

5. OTHER INCOME AND GAINS

	2015	2014
	HK$'000	*HK$'000*
Interest income from bank balances and deposits	**247**	576
Gain on disposal of property, plant and equipment	**7**	1,149
Scrap sales	**213**	246
Gain arising from initial recognition of amount due to ultimate holding company at fair value	**–**	3,264
Gain arising from initial recognition of amount due to a director at fair value	**5,645**	1,197
Gain on disposal of a subsidiary	**110**	–
Reversal of impairment loss recognised on trade receivables	**111**	–
Government grant	**69**	69
Others	**982**	616
	7,384	7,117

6. FINANCE COSTS

	2015	2014
	HK$'000	*HK$'000*
Interest on:		
– Finance lease	**19**	27
– Secured loan	**13,138**	15,182
– Bonds	**2,422**	376
Imputed interest on amount due to ultimate holding company	**1,624**	848
Imputed interest on amount due to a director	**619**	843
	17,822	17,276

7. INCOME TAX EXPENSES (CREDIT)

	2015	2014
	HK$'000	*HK$'000*
PRC Enterprise Income Tax		
Provision for the year	**3,741**	3,115
Deferred tax *(Note 15)*		
Credited for the year	**(113)**	(5,362)
	3,628	(2,247)

Notes:

(a) For the years ended 31 December 2015 and 2014, no Hong Kong Profits Tax has been provided in the consolidated financial statements as the Group has no assessable profits for both years. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years.

Provision for the PRC Enterprise Income Tax for 深圳光星電子有限公司, Shenzhen Kwang Sung Electronics Co., Ltd. ("Shenzhen Kwang Sung") and 石岩光星電子(深圳)有限公司are calculated at 25% of the estimated assessable profits for both years.

The Korean Branches operated in Korea are subject to Korean Corporate Income Tax. The basic Korean Corporate Tax rates for the years ended 31 December 2015 and 2014 are 11% on the first KRW200,000,000 of the tax base and 22% for the excess. In addition to the basic tax rate, there is a resident surcharge of 10% on the income tax liability. No provision for taxation has been made as there is no assessable profit for the years ended 31 December 2015 and 2014.

Canadian Corporation Tax is calculated at Federal tax rate of 15% and British Columbia provincial tax rate of 11% on the estimated assessable profits for the years ended 31 December 2015 and 2014. No provision for taxation has been made as there is no assessable profit for the years ended 31 December 2015 and 2014.

During the year ended 31 December 2014, the Company has received notices of assessment from HKIRD, for the three years of assessment 2008/09 to 2010/11. Based on notices of assessment, net profits tax payable was approximately HK$3,084,000. As the Company had made provision for Hong Kong Profits Tax of approximately HK$8,930,000 for the years of assessment 2001/02 to 2007/08, the excessive tax provision of approximately HK$5,879,000 made in prior years had been reversed in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2013. The net profits tax payable of HK$3,084,000 was fully settled during the year ended 31 December 2014.

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

	2015	2014
	HK$'000	*HK$'000*
Loss before tax	**(74,028)**	(94,053)
Notional tax on loss before tax, calculated at the rates applicable to profit in the tax jurisdictions concerned	**(15,521)**	(14,951)
Tax effect of expenses not deductible for tax purpose	**19,256**	12,783
Tax effect of income not taxable for tax purpose	**(987)**	(6,180)
Tax effect of tax losses and other temporary differences not recognised	**2,963**	6,101
Utilisation of tax losses previously not recognised	**(2,083)**	–
Income tax expenses (credit)	**3,628**	(2,247)

Details of the deferred taxation are set out in note 15.

8. LOSS FOR THE YEAR

	2015	2014
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging (crediting):		
Auditor's remuneration	**880**	800
Minimum lease payments for rented premises under operating leases	**8,682**	8,963
Gross rental income less outgoings of nil (2014: HK$84,000)	**–**	(816)
Staff costs (including directors' remuneration)		
– salaries, wages, allowances, long service payment and other benefits in kind	**108,894**	103,394
– retirement schemes contributions	**4,271**	4,776
– Equity-settled share-based payment expenses (included in administrative expenses)	**753**	829
	113,918	108,999
Cost of inventories recognised as an expense	**234,909**	198,582
Loss on disposal of investment properties	**–**	6,716
Reversal of impairment loss recognised on trade receivable	**(111)**	–
Impairment loss recognised on trade receivables (included in other operating expenses)	**27**	123
Net foreign exchange (gain) loss	**(1,871)**	524
Allowance for inventories (included in cost of sales)	**4,341**	1,644
Reversal of allowance for inventories (included in cost of sales)	**(1,703)**	(1,642)
Depreciation	**10,241**	10,518

Minimum lease payments include an amount of approximately HK$1,610,000 (2014: HK$1,790,000) for staff quarters which is also included and disclosed in staff costs.

9. DIVIDEND

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

10. LOSS PER SHARE

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

	2015	2014
	HK$'000	*HK$'000*
Loss		
Loss for the year attributable to owners of the Company used in basic and diluted loss per share	**(77,656)**	(91,806)
Number of shares		
Weighted average number of ordinary shares – basic and diluted	**327,896,933**	325,036,659

The computation of diluted loss per share does not assume the exercise of the Company's share options as the exercise would result in a decrease in loss per share for the year ended 31 December 2015.

The computation of diluted loss per share does not assume the exercise of the Company's share options as the exercise price of those options was higher than the average market price of the Company's shares for the year ended 31 December 2014.

11. PROPERTIES UNDER DEVELOPMENT

	2015	2014
	HK$'000	*HK$'000*
At beginning of the year	**66,950**	57,441
Additions	**74,329**	10,022
Exchange adjustments	**(6,988)**	(513)
At end of the year	**134,291**	66,950

	2015	2014
	HK$'000	*HK$'000*
Represented by:		
Land use rights	**50,107**	53,164
Construction costs and capitalised expenditure	**84,184**	13,786
	134,291	66,950

Properties under development are classified as current asset as the construction period of the relevant property development project is expected to be completed in the normal operating cycle.

12. TRADE AND OTHER RECEIVABLES

	2015 *HK$'000*	2014 *HK$'000*
Trade receivables	**110,705**	85,249
Less: allowance for impairment loss	**(10,871)**	(10,965)
	99,834	74,284
Deposits and other receivables	**27,078**	29,051
Prepayments	**469**	966
Total trade and other receivables	**127,381**	104,301

(a) Ageing analysis

The Group does not hold any collateral or other credit enhancements over its trade receivables.

The Group allows an average credit period of 30 to 90 days to its trade customers. The following is an aged analysis of trade receivables net of impairment loss presented based on the date of delivery of goods or date of rendering of services which approximated the respective dates on which revenue was recognised.

	2015 *HK$'000*	2014 *HK$'000*
Within 90 days	**84,284**	67,770
91 to 180 days	**5,291**	5,515
181 to 365 days	**5,277**	999
over 365 days	**4,982**	–
	99,834	74,284

(b) Impairment loss on trade receivables

Impairment loss in respect of trade receivables is recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

At 31 December 2015, the Group's trade receivables of approximately HK$10,871,000 (2014: HK$10,965,000) were individually determined to be impaired.

The movements in allowance for impairment loss recognised during the year are as follows:

	2015	2014
	HK$'000	*HK$'000*
At 1 January	**10,965**	10,960
Exchange adjustments	**(10)**	(118)
Impairment loss recognised	**27**	123
Reversal of impairment loss	**(111)**	–
At 31 December	**10,871**	10,965

13. TRADE AND OTHER PAYABLES

	2015	2014
	HK$'000	*HK$'000*
Trade payables	**90,412**	50,593
Construction payables	**35,040**	800
Advances from third parties *(Note 1)*	**42,337**	7,416
Accrued expenses and other payables *(Note 2)*	**40,551**	45,661
	208,340	104,470

Note 1: The advances are unsecured, interest free and repayable within one year.

Note 2: Included in the balance represented an amount of approximately HK$12,469,000 (2014: HK$16,530,000) deposits received from constructors as a guarantee for the construction project.

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

	2015	2014
	HK$'000	*HK$'000*
Within 90 days	**78,314**	42,407
91 to 180 days	**2,255**	5,925
181 to 365 days	**7,547**	69
Over 365 days	**2,296**	2,192
	90,412	50,593

The average credit period on purchases of goods is 0 to 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

14. CAPITAL AND RESERVES

	Share Capital HK$'000	Share premium HK$'000	Merger reserve HK$'000	Contribution reserve HK$'000	Properties revaluation reserve HK$'000	Statutory reserve HK$'000	Share options reserve HK$'000	Exchange reserve HK$'000	Retained profits (accumulated losses) HK$'000	Total HK$'000
At 1 January 2014 (restated)	32,390	58,566	12,460	8,478	10,397	10,215	–	(4,202)	3,289	131,593
Loss for the year	–	–	–	–	–	–	–	–	(91,806)	(91,806)
Other comprehensive income (expense) for the year										
– Release of deferred tax upon disposal of investment properties *(Note 15)*	–	–	–	–	2,074	–	–	–	–	2,074
– Exchange differences arising on Translation	–	–	–	–	–	–	–	(9,067)	–	(9,067)
	–	–	–	–	2,074	–	–	(9,067)	–	(6,993)
Total comprehensive income (expense) for the year	–	–	–	–	2,074	–	–	(9,067)	(91,806)	(98,799)
Transfer upon abolition of par value under the new Hong Kong Companies Ordinance	58,566	(58,566)	–	–	–	–	–	–	–	–
Recognition of equity-settled share-based payment expenses *(Note 18)*	–	–	–	–	–	–	829	–	–	829
Merger reserve arising from common control combination	–	–	(20,655)	–	–	–	–	–	–	(20,655)
Issue of shares	8,120	–	–	–	–	–	–	–	–	8,120
Disposal of investment properties	–	–	–	–	(12,471)	–	–	–	12,471	–
At 31 December 2014	99,076	–	(8,195)	8,478	–	10,215	829	(13,269)	(76,046)	21,088

	Share Capital *HK$'000*	Share premium *HK$'000*	Merger reserve *HK$'000*	Contribution reserve *HK$'000*	Statutory reserve *HK$'000*	Share options reserve *HK$'000*	Exchange reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
At 1 January 2015	**99,076**	**–**	**(8,195)**	**8,478**	**10,215**	**829**	**(13,269)**	**(76,046)**	**21,088**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(77,656)**	**(77,656)**
Other comprehensive expense for the year – Exchange differences arising on translation	**–**	**–**	**–**	**–**	**–**	**–**	**(22,721)**	**–**	**(22,721)**
Total comprehensive expense for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(22,721)**	**–**	**(22,721)**
	–	**–**	**–**	**–**	**–**	**–**	**(22,721)**	**(77,656)**	**(100,377)**
Recognition of equity-settled share-based payment expenses *(Note 18)*	**–**	**–**	**–**	**–**	**–**	**753**	**–**	**–**	**753**
Transfer to accumulated losses upon lapse of share options granted by the Company *(Note 18)*	**–**	**–**	**–**	**–**	**–**	**(1,322)**	**–**	**1,322**	**–**
At 31 December 2015	**99,076**	**–**	**(8,195)**	**8,478**	**10,215**	**260**	**(35,990)**	**(152,380)**	**(78,536)**

15. DEFERRED TAX LIABILITIES

The followings are the major deferred tax liabilities recognised in the Group's consolidated statement of financial position and movements thereon during the current and prior years:

	Depreciation allowances in excess of related depreciation *HK$'000*	Revaluation of land and buildings held for own use and investment properties *HK$'000*	Total *HK$'000*
At 1 January 2014	331	7,316	7,647
Credited to profit or loss *(Note 7)*	(120)	(5,242)	(5,362)
Release of deferred tax upon disposal of investment properties recognised in other comprehensive income	–	(2,074)	(2,074)
At 31 December 2014	211	–	211
Credited to profit or loss *(Note 7)*	(113)	–	(113)
At 31 December 2015	98	–	98

At the end of the reporting period, the Group had unused tax losses of approximately HK$122,605,000 (2014: HK$113,997,000) available for offset against future profits in respect of the Korea Branch and the PRC subsidiaries, which will expire in five years' time, subject to the approval and confirmation by the relevant tax authorities. No deferred tax asset has been recognised in respect of the above tax losses due to the unpredictability of future profit streams.

At the end of the reporting period, the Group had deductible temporary differences of approximately HK$47,150,000 (2014: HK$47,150,000). 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.

Under the EIT Law of the PRC, effective from 1 January 2008, the Company is subject to a withholding tax at the rate of 5% for any dividend payment from its PRC subsidiaries. Deferred tax liabilities of nil (2014: HK$418,000) in respect of temporary differences relating to the undistributed profits of subsidiaries operating in the PRC of nil (2014: HK$8,353,000) have not been recognised as the Company is able to control the dividend policy of these subsidiaries and it has been determined that those profits will not be distributed in the foreseeable future.

16. SECURED LOAN

On 24 December 2014, the Company signed a secured term loan facility ("the Loan") with aggregate principal amount of US$13,000,000 (equivalent to approximately HK$100,847,000) to refinance the secured note with aggregate principal amount of US$15,000,000 (equivalent to approximately HK$116,271,000) issued on 20 November 2013. The secured term loan facility is guaranteed by its subsidiaries, two directors of the Company and a related company, has a maturity term of two years and bear a fixed interest rate of 14% per annum with interest payable annually in arrears. The secured term loan facility is secured by the land and buildings of the Group of approximately HK$80,858,000 (2014: HK$98,217,000).

On 8 January 2016, the Company entered into a supplemental deed with the lender, pursuant to which the maturity date of the Loan has been changed to 23 June 2016.

	Secured note		**Secured loan**	
	US$'000	*HK$'000*	*US$'000*	*HK$'000*
On date of issue	15,000	116,271	–	–
Exchange adjustment	–	45	–	–
At 31 December 2013	15,000	116,316	–	–
Exchange adjustment	–	61	–	–
Repayment during the year	(2,000)	(15,530)	–	–
Transfer to secured loan	(13,000)	(100,847)	13,000	100,847
At 31 December 2014	–	–	13,000	100,847
Exchange adjustment	–	–	–	(80)
Repayment during the year	–	–	(5,000)	(38,761)
At 31 December 2015	–	–	8,000	62,006

In the opinions of the directors of the Company, the effective interest rate of the secured loan and secured note approximated to the nominal interest rate of 14% and 13% per annum respectively.

17. BONDS

	2015	2014
	HK$'000	*HK$'000*
HK$20,000,000 bonds carry fixed coupon rate of 6% per annum	20,000	20,000
HK$20,000,000 bonds carry fixed coupon rate of 8% per annum	20,000	–
	40,000	20,000

During the year ended 31 December 2014, the Company entered into two placing agreements with a placing agent on 12 June 2014 and 12 September 2014. Pursuant to each of the placing agreements, the placing agent has agreed to endeavour to procure placees to subscribe for the bonds in an aggregated principal amount of up to HK$150,000,000 within the placing period. The bonds will be placed in denomination of HK$1,250,000 and will be utilised as general working capital, repayment of bank loan of the Group and/or for future properties development of the Group.

The Company issued two 6% HK dollar denominated bonds with the aggregate principal amount of HK$10,000,000 each on 6 August 2014 and 10 October 2014 respectively. The amounts are repayable within 96 months from the date of issue, which are 5 August 2022 and 9 October 2022 respectively.

The Company entered into two placing agreements with a placing agent on 31 July 2014 and 16 March 2015. Pursuant to each of the placing agreements, the placing agent has agreed to endeavour to procure placees to subscribe for the bonds in an aggregated principal amount of up to HK$200,000,000 and HK$100,000,000 respectively within the placing period. The bonds will be placed in denomination of HK$5,000,000 and will be utilised as general working capital, repayment of bank loan of the Group and/or for future properties development of the Group.

The Company issued two 8% HK dollar denominated bonds with the aggregate principal amount of HK$10,000,000 each on 23 January 2015 and 1 June 2015 respectively. The amounts are repayable within 96 months and 60 months respectively from the date of issue, which are 22 January 2023 and 31 May 2020 respectively.

18. SHARE-BASED PAYMENT TRANSACTIONS

The share option scheme (the "Old Scheme") adopted by the Company on 16 June 2003 expired on 15 June 2013. The Company has adopted a new share option scheme (the "New Scheme") on 3 June 2013 whereby the directors of the Company are authorised, at their discretion, to invite, among other eligible participants, employees of the Group (including directors of any member of the Group), advisers and consultants, to take up options to subscribe for shares of the Company. Each option gives the holder the right to subscribe for one ordinary share of the Company. The New Scheme shall be valid and effective for a period of ten years ending on 2 June 2023, after which no further options can be granted.

At 31 December 2015 and 2014, the number of shares in respect of which options had been granted and remained outstanding under the New Scheme was 3,278,939 and 3,238,969, representing 1.0% and 1.0% of the shares of the Company in issue at that date, respectively. The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders.

No consideration is payable on the grant of an option. Options may be exercised at any time from the date of grant of the share option to the second anniversary of the date of grant. The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

Details of specific categories of options are as follows:

Category participant	**Date of grant**	**Vesting period**	**Exercise period**	**Exercise price** *HK$*
Director	31 August 2015	31 August 2015 to 31 August 2018	1 September 2018 to 30 August 2025	1.41
Director	10 June 2014	10 June 2014 to 31 March 2017	1 April 2017 to 9 June 2024	2.41

The following table discloses movements of the Company's share options held by a director during the year.

Category participant	**Date of grant**	**Outstanding at 1 January 2015**	**Lapsed during the year**	**Granted during the year**	**Outstanding at 31 December 2015**
Director	31 August 2015	–	–	3,278,939	3,278,939
Director	10 June 2014	3,238,969	(3,238,969)	–	–
		3,238,969	(3,238,969)	3,278,939	3,278,939
Exercisable at the end of the year					–
Weighted average exercise price				HK$1.41	HK$1.41

Category participant	Date of grant	Outstanding at 1 January 2014	Lapsed during the year	Granted during the year	Outstanding at 31 December 2014
Director	10 June 2014	–	–	3,238,969	3,238,969
Exercisable at the end of the year					–
Weighted average exercise price				HK$2.41	HK$2.41

During the years ended 31 December 2015 and 2014, a total of 3,278,939 and 3,238,969 options were granted to a director and the estimated fair values of the options granted on the date is HK$2,259,000 and HK$4,172,000, respectively.

The Group recognised the total expense of approximately HK$753,000 for the year ended 31 December 2015 (2014: HK$829,000) in relation to share options granted by the Company.

During the year ended 31 December 2015, Mr. Kwan Man Kit Edmond resigned as an executive director of the Company with effect from 13 March 2015 and his 3,238,969 share options were then lapsed in April 2015.

The fair value was calculated using the Binomial model. The inputes into the model were as follows:

For the year ended 31 December 2015

Grant date share price	**HK$1.41**
Exercise price	**HK$1.41**
Expected volatility	**66.94%**
Option life	**10 years**
Dividend yield	**5.26%**
Risk-free interest rate	**1.799%**
Early exercise multiple for director	**2.8**

For the year ended 31 December 2014

Grant date share price	HK$2.38
Exercise price	HK$2.41
Expected volatility	54.65%
Option life	10 years
Dividend yield	0%
Risk-free interest rate	2.053%
Early exercise multiple for director	2.8

Expected volatility was determined by using the historical volatility of companies that were similar in business nature as the Company. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

19. LITIGATIONS

a) Reference is made to the circular of the Company dated 3 December 2015 in relation to the proposed acquisition of the entire issued share capital of Capital Knight Limited ("the Target Company"). As announced by the Company on 5 January 2016, the Company has received a writ of summons dated 2 January 2016 filed by Zhi Charles as the plaintiff (the "Plaintiff") against certain parties including the Company, Mr. Shen Yong, Mr. Shen Ke, Mr. Kaneko Hiroshi and Mr. Hong Sang Joon (the directors of the Company), with the Court of First Instance of the High Court of Hong Kong ("High Court") under action number HCA 1 of 2016. It alleged that the directors used misleading valuation for assessing the fair value of the Target Company, are breach of duty to act bona fide in the best interest for the Company by causing the Company to enter into the sale and purchase agreement of the Target Company and failed to disclose the recent material labour and wage problems relating to the Target Company in the circular.

The Plaintiff is seeking various orders against various defendants that (i) rescission of the sale and purchase agreement is demanded; (ii) a new valuer be engaged for preparing a new valuation report of the Target Company; (iii) the extraordinary general meeting for approval of acquisition be adjourned and (iv) claim for the damage of misrepresentation and breach of duty.

As announced by the Company on 7 January 2016, the Company has investigated the claims as set out in the writ of summons, reviewed the information as set out in the Circular and have taken advice from Senior Counsel in relation to the claims. It is confirmed that it is not necessary to make any modification to the opinions as embodied in the Circular. On such basis, the Independent Board Committee also maintains its views as set out in its letter dated 4 December 2015. The Board also considers that there is no additional information to be disclosed or amendments to be made to the circular, including the letter of the Board, as a whole.

Details of the above have been disclosed in the Company's announcement on 5 January 2016. The Company is taking legal advice in respect of the above action.

b) As announced by the Company on 12 February 2016, the Company received a petition dated 11 February 2016 for the winding-up of the Company filed by Zhi Charles as the petitioner (the "Petitioner"), under Section 327(3)(c) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the laws of Hong Kong with a case number of HCCW 40 of 2016 (the "Petition"). The Petitioner made allegations for the misleading valuation used by the defendants relating to the group reorganisation occurred in 2012 and three acquisitions occurred from 2013 to 2016, among other things, that the affairs of the Company have been mismanaged to such an extent which renders it just, equitable and desirable in the interest of the shareholders of the Company and/or the general investing public to wind up the Company. Hearing of the Petition has been scheduled to be held on 18 May 2016 in the High Court.

Details of the above have been disclosed in the Company's announcement on 12 February 2016. The Company is taking legal advice in respect of the above action.

c) As announced by the Company on 15 March 2016, the Company received a writ of summons dated 8 March 2016 filed by Zhi Charles as a plaintiff against certain parties including the Company, Mr. Kaneko Hiroshi and Mr. Hong Sang Joon, with the Court of First Instance of the High Court under action number HCA 584 of 2016. The plaintiff made similar allegations in HCA 1 of 2016 and HCCW 40 of 2016 relating the valuation for the Company's acquisition of the entire issued share capital of Capital Knight Limited and alleged the directors of the Company are breach of duty to act bona fide in the best interest for the Company. The Plaintiff is seeking various orders against various defendants that (i) compensation for the damage of breach of duty and misrepresentation; (ii) withdrawal of the valuations; and (iii) order to pay compensation to the Company.

Details of the above have been disclosed in the Company's announcement on 15 March 2016. The Company is taking legal advice in respect of the above action.

d) As announced by the Company on 30 March 2016, the Company's board of directors are of unanimous view that the Mr. Zhi's claims against the Company in each of the Three Actions (HCA 1 of 2016, HCCW 40 of 2016 and HCA 584 of 2016) are not meritorious and even without cause. The Company will defend the claims in the Three Actions accordingly.

Since 8 January 2016, the Company has received various letters from Mr. Zhi in which Mr. Zhi made unfounded allegations against the Company. As such, the Company has sought legal advice on the possible legal actions for appropriate remedies against Mr. Zhi and shall take all necessary step(s) to protect the interests of the Company.

Details of the above have been disclosed in the Company's announcement on 30 March 2016.

20. EVENTS AFTER THE END OF THE REPORTING PERIOD

a) Acquisition of property management business

On 30 October 2015, the Company had entered into an acquisition agreement with Ultra Harvest Limited, a controlling shareholder of the Company, to acquire the entire issued share capital of Capital Knight Limited and its subsidiaries ("Target Group"), at a consideration of approximately HK$146,000,000. The consideration was satisfied by way of allotment and issue of 71,219,512 new shares at HK$2.05 each, representing approximately 21.72% of the issued share capital of the Company.

The Target Group has a company, Chongqing Novotel Property Management Co. Ltd., which is principally engaged in property management business in Chongqing. It currently possesses first class qualification for property management in the PRC. The property management services primarily include but not limited to security, cleaning, parking services, gardening, repairs and maintenance provided to residential and commercial units and ancillary facilities as wells as hotel in the PRC. The transaction was completed on 27 January 2016.

b) Issue of bonds

On 29 March 2016, the Company issued 5% HK dollar denominated bond with aggregate principal amount of HK$47,000,000. The amounts are repayable within 36 months from the date of issue.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is an extract from the report issued by the Company auditor on the consolidated financial statements of the Group for the year ended 31 December 2015:

BASIS FOR DISCLAIMER OF OPINION

Scope limitations on property, plant and equipment and property under development

In our audit of the Group's consolidated financial statements for the year ended 31 December 2015, we did not receive sufficient information on the Group's impairment assessment on certain property, plant and equipment and property under development amounted to approximately HK$113,514,000 and HK$134,291,000, respectively as at 31 December 2015 from the directors of the Company as of the date of our report. Consequently, in view of the impracticability of performing alternative procedures in respect thereof during the current period's audit, we were unable to ascertain whether any adjustments might have been found necessary in respect of the valuation of property, plant and equipment and property under development. Any adjustments found to be necessary to the above balance at 31 December 2015 would have a consequential effect on the loss of the Group.

Litigation

In forming our opinion, we have considered the adequacy of the disclosures made in note 19 (a) to (c) to the consolidated financial statements concerning the outcome of various writs and winding up petition against the Company and directors of the Company for various claims and winding up of the Company. Although the directors of the Company, based on the legal opinion provided by the Group's legal counsel, are of the view that the related defendants have valid grounds for defending such claims made by the plaintiff, we have not been provided with sufficient evidence to determine the extent and possibility of the petition result against the Group. As a result, we are unable to satisfy ourselves as to the proper disclosure of the litigation and related liabilities as at 31 December 2015.

Disclaimer of Opinion

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

DIVIDEND

The Board does not recommend the payment of final dividend in respect of the year ended 31 December 2015 (2014: Nil). The Group's long-term dividend policy is to distribute not less than 30% of its net profit as dividend each financial year, and the Board will review this dividend policy from time to time to ensure optimal returns to shareholders.

ANNUAL GENERAL MEETING

The annual general meeting (the "AGM") will be held at Board Room, Level 1, South Pacific Hotel, 23 Monison Hill Road, Wanchai, Hong Kong on Tuesday, 31 May 2016 at 2:30 p.m. The Notice of AGM will be published on the websites of the Company at www.forebase.com.hk and the Stock Exchange at www.hkexnews.hk, and is intended to be despatched to shareholders on or before Friday, 29 April 2016.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 27 May 2016 to Tuesday, 31 May 2016, both days inclusive, during which period, no transfer of shares will be registered. To be eligibility for attending and voting at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on Thursday, 26 May 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue and Segment Information

Revenue represents sales of goods and hotel operating income. Sales of goods accounted for approximately 89.4% (2014: 86.5%) of the total revenue. Revenue increased by 10.8% to approximately HK$386,114,000 from approximately HK$348,530,000 in 2014 which was due to the net effect of the increase in sales of composite components business and devaluation of CAD during the year.

Cost of Sales

Cost of sales increased by approximately HK$43,399,000 or 12.7% to approximately HK$385,249,000 which was in line with the increase in revenue.

Gross Profit

Gross profit decreased by approximately HK$5,815,000 to approximately HK$865,000 and gross profit margin decreased to 0.2% (2014: 1.9%).

Other Income and Gains

Other income and gains increased by approximately HK$267,000 from approximately HK$7,117,000 in 2014 to approximately HK$7,384,000 in 2015. The increase was mainly due to net effect of increase in gain arising from initial recognition of amount due to director at fair value, decrease in gain on disposal of property, plant and equipment and approximately HK$3,264,000 gain arising from initial recognition of amount due to ultimate holding company at fair value last year while no such item reported in 2015.

Operating Expenses

Operating expenses decrease by approximately HK$26,119,000 from approximately HK$90,574,000 in 2014 to approximately HK$64,455,000 in 2015. The decrease was mainly due to decrease in legal and professional fee and donation expenses compared with 2014, and loss on disposal on investment properties, public relation expenses and set up fee of a research and development office in Korea while no such items reported in 2015.

Finance Costs

The Group's finance costs during the year amounted to HK$17,822,000 (2014: HK$17,276,000). The increase was mainly due to net effect of increase in interest charged on two bonds issued by the Group, imputed interest on amount due to ultimate holding company and repayment of secured loan during the year.

Taxation

Income tax expense represented a net tax expenses of approximately HK$3,628,000 as compared to income tax credit of approximately HK$2,247,000 in last year as there was approximately HK$5,362,000 deferred tax credit in 2014.

Loss for the Year

As a result of the foregoing combined effects of the above, the Group recorded a net loss of approximately HK$77,656,000.

Liquidity and Financial Resources

As at 31 December 2015, the Group's net current liabilities and current ratio were approximately HK$17,550,000 and 0.95 respectively (2014: Net current asset of approximately HK$78,134,000 and 1.46).

As at 31 December 2015, the Group's bank balances and cash amounted to approximately HK$56,807,000 including approximately HK$11,768,000 restricted bank deposits and approximately HK$1,000,000 short-term bank deposit with original maturity more than three months (2014: approximately HK$45,861,000 including approximately HK$12,940,000 restricted bank deposits).

Charge on Assets

As at 31 December 2015, the Group's bank deposits of approximately HK$11,768,000 (2014: approximately HK$12,940,000) and the land and buildings held for own use of approximately HK$80,858,000 (2014: HK$98,217,000) were pledged to secure banking facilities granted to the Group.

Capital Structure

For the year ended 31 December 2015, the Group financed its liquidity requirements through a combination of cash flow as generated from operations, bank borrowings, secured loan, bonds, advances from a director.

Capital Commitment and Contingent Liabilities

As at 31 December 2015, the Group's capital commitments were approximately HK$518,685,000 (2014: HK$139,000,000) and approximately HK$15,386,000 as operating lease commitments (2014: approximately HK$18,563,000). As at 31 December 2015 and 2014, the Group did not have any significant contingent liabilities.

BUSINESS REVIEW

Composite components business

Composite components business accounted for 49.0% of the total revenue of the Group. The segmental revenue was approximately HK$189,311,000, an increase of 34.4% against approximately HK$140,916,00 in 2014. The increase was mainly attributable to growth in turnover from tablet products during the year.

Unit electronic components business

Revenue from unit electronic components business amounted to approximately HK$155,722,000, representing a decrease of 3.1% against approximately HK$160,616,000 in 2014. The decrease mainly reflected severe competition, resulting in many leading manufacturer to adopt a defensive posture and to delay orders. The segmental revenue accounted for 40.3% of the Group's total revenue.

Hotel Operation Business

Revenue from hotel operation accounted of approximately 10.7% of the total revenue. For the year 2015, the hotel achieved occupancy of 72.5% (2014: 70.91%) and revenue from food and beverage increased 3.75% in 2015. However, the growth in room revenue and revenue from food and beverage offset by the devaluation of CAD. The revenue was decreased by approximately HK$5,017,000 from approximately HK$46,098,000 in 2014 to approximately HK$41,081,000 in 2015.

Property Development Business

This project with a total gross floor area of 243,000 square metre ("sq.m") for residential properties and a total gross floor area of 41,000 sq.m for commercial use is under construction.

Staff and Remuneration Policy

As at 31 December 2015, the Group had approximately 1,250 employees, including 1,108 based in the PRC, 36 based in Hong Kong and 106 based in Canada. Staff costs for the year ended 31 December 2015 were approximately HK$113,918,000, representing an increase of approximately HK$4,919,000 as compared to approximately HK$108,999,000 of last year.

Employee remuneration is determined in accordance with prevailing industry practice and employees' performance and experience. Discretionary bonuses are awarded to employees with outstanding performance with reference to the performance of the Group. Employees are also entitled to other staff benefits including medical insurance and mandatory provident fund.

Foreign Exchange Fluctuation and Hedge

The Group is exposed to foreign currency risk arising from various currency exposures, primarily with respect to Renminbi, United States Dollars, Canadian Dollar and Korean Won. Foreign exchange risk arises from commercial transactions, recognised assets and liabilities and net investment in foreign operations.

During the years ended 31 December 2015 and 2014, the Group did not enter into any forward foreign currency contracts.

Prospects

Although the revenue of the Group's electronic components business recorded an increase for the year, the business is still at a loss, resulted from the slow economic recovery, weak demand for traditional electronic products in export market and intense market competition. The Group is adjusting its overall operational strategies and taking active and favourable measures to implement a comprehensive upgrading of traditional electronic products processing business so as to reduce the negative impact of this business segment and contribute to bring a turnaround for the Group.

The hotel and residential composite development project located in Zhaotong City, Yunnan Province, the People's Republic of China is under construction. As a result of the slowdown of China's economic growth, the real estate market in the second- and third-tier cities continues to be challenging. In order to mitigate investment risk, the Group has always been striving for better conditions for the development of the project to revitalise the development potential of the whole project so as to ensure that reasonable return can be derived from the project.

The hotel operation business in Victoria, British Columbia, Canada continues to generate revenue for the Group, which, however, has contributed less due to foreign exchange. The Group is actively exploring other investment opportunities in hotel operation, property investment and development in Hong Kong, the PRC and other overseas counties, with an aim to deliver substantial returns for shareholders of the Company through a series of acquisitions and proposed cooperation.

In January 2016, the Group completed the acquisition of Chongqing Novotel Property Management Co., Ltd., which the management expects to bring satisfactory income growth to the Group.

The Group has been conducting a series of discussions with various advanced service providers in the healthcare and senior care industry at home and aboard, and has received positive responses from some first-class high-end senior care service providers abroad. Leveraging on its resources and experience in areas such as hotel operation as well as property investment and development, the Group intends to become an integrated service provider in the global high-end healthcare and senior care industry, with high-end senior care properties as a foundation as well as service management and medical care as core resources.

OTHER INFORMATION

Corporate Governance

The Company is committed to achieving a high standard of practices of corporate governance so as to ensure the protection of shareholders' interests with better transparency. The Company has complied with the code provisions of the Corporate Governance Code set out in Appendix 14 to the Rules (the "Listing Rules") Governing the Listing of Securities on the Stock Exchange during the year ended 31 December 2015, except for the following:

Pursuant to the code provision A.6.7, independent non-executive directors and other non-executive directors, as equal Board members, should attend the general meetings of the Company.

The Company held its extraordinary general meeting on 22 January 2016 ("the EGM") and annual general meeting on 29 May 2015 (the "AGM"). During the year ended 31 December 2015, certain independent non-executive directors were unable to attend the Company's general meetings due to their unavoidable business engagements.

The Company was arranged and will continue to arrange to furnish all directors (including independent non-executive directors) and (if any) non-executive directors with appropriate information on all general meetings and take all reasonable measures to arrange to schedule in such a way that all directors can attend general meetings, as well as to support non-executive directors to respond to shareholders' questions in the general meetings.

Code Provision E.1.2 stipulates that the Chairman of the Board should attend the AGM. Due to other business engagements, the Chairman of the Board was unable to attend the AGM. However, Mr. Zhao Enze, a former executive director, took chair of the AGM pursuant to the articles of association of the Company to ensure an effective communication with the shareholders of the Company thereat.

Model Code for Securities Transactions by Directors

The Company has adopted Appendix 10, Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules (the "Model Code") as the code of practice for carrying out securities transactions by the directors of the Company. The Company, having made specific enquiries to all directors of the Company, confirmed that all directors have complied with the required standard of dealings as set out in the Model Code throughout the year ended 31 December 2015.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2015.

Review of Accounts

The audit committee of the Board, which comprises all independent non-executive directors of the Company, has reviewed the financial results of the Group for the year ended 31 December 2015, including the accounting principles and practices adopted by the Group, and has reviewed and discussed with the management on the effectiveness of the Group's system regarding the internal controls and accounts.

Publication of the Final Results and Annual Report

This results announcement has been published on the Company's website at www.forebase.com.hk and the website of the Stock Exchange at www.hkexnews.hk. The 2015 annual report is expected to be despatched to shareholders of the Company on or before Friday, 29 April 2015, which will be also made available on the websites of the Company and the Stock Exchange.

By order of the Board
Forebase International Holdings Limited
SHEN YONG
Chairman

Hong Kong, 31 March 2016

As at the date hereof, the Board comprises four executive Directors Mr. SHEN Yong, Mr. KANEKO Hiroshi, Mr. SHEN Ke and Mr. HONG Sang Joon; and three independent nonexecutive Directors Mr. YU Lei, Ms. ZHANG Cui Lan and Mr. Ernst Rudolf ZIMMERMANN.