中国优通控股
China UT Holding

CHINA U-TON HOLDINGS LIMITED
中 國 優 通 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6168)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

Highlights

- The Company reported a profit attributable to the equity holders of the Company of RMB48,732,000 for the year ended 31 December 2015 (2014: RMB74,695,000), representing a decrease of RMB25,963,000, or approximately 34.8% when compared with the corresponding period of the previous financial year.
- The Group's revenue was RMB475,507,000 for the year ended 31 December 2015 (2014: RMB511,472,000), representing a decrease of RMB35,965,000, or approximately 7.0% when compared with the corresponding period of the previous financial year.
- Gross profit margin for the year ended 31 December 2015 was approximately 30.6% (2014: 31.7%), which translates into gross profit of RMB145,734,000 (2014: RMB162,148,000), representing a decrease of RMB16,414,000 when compared with the corresponding period of the previous financial year.
- Earnings per share for the year ended 31 December 2015 was RMB2.77 cents, representing a decrease of RMB1.6 cents as compared to RMB4.37 cents for the corresponding period of the previous financial year.
- The Board does not recommends payment of any dividend for the year ended 31 December 2015 (2014: HK$1.0 per share).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	**Year ended 31 December** **2015** **RMB'000**	2014 RMB'000
Revenue	4	**475,507**	511,472
Cost of sales/services		**(329,773)**	(349,324)
Gross profits		**145,734**	162,148
Other income		**4,268**	2,606
Other gains and losses	5	**2,269**	(5,282)
Marketing and distribution expenses		**(12,347)**	(10,169)
Administrative expenses		**(61,355)**	(48,865)
Research and development expenses		**(2,001)**	(2,284)
Finance costs	6	**(20,587)**	(9,882)
Share of profit of an asscociate		**509**	919
Profit before taxation	7	**56,490**	89,191
Income tax expense	8	**(7,861)**	(13,078)
Profit and total comprehensive income for the year		**48,629**	76,113
Profit (loss) and total comprehensive income (expenses) for the year attributable to:			
Equity holders of the Company		**48,732**	74,695
Non-controlling interests		**(103)**	1,418
		48,629	76,113
		RMB	RMB
Earings per share	10		
Bacic (cents)		**2.77**	4.37
Diluted (cents)		**2.77**	4.37
Proposed final dividend per share	9	**—**	HK$1.00

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2015

	Notes	At December 31, 2015 RMB'000	At December 31, 2014 RMB'000
Non-current assets			
Property, plant and equipment		**27,808**	27,603
Goodwill		**37,536**	36,423
Intangible assets		**6,692**	3,186
Investment in an associate	11	**—**	13,407
Available-for-sale financial assets	11	**12,488**	—
Deferred tax assets		**531**	394
Trade receivables	12	**7,279**	10,729
		92,334	91,742
Current assets			
Inventories		**7,019**	4,820
Trade and bill receivables	12	**196,839**	142,657
Other receivables, deposits and prepayments		**100,820**	44,734
Amount due from an associate		**6,581**	4,581
Amounts due from customers for contract work		**577,609**	509,514
Available-for-sale financial assets		**20,000**	—
Restricted bank deposits		**136,885**	54,000
Bank balances and cash		**63,595**	167,578
		1,109,348	927,884
Assets held for sale	13	**39,000**	—
		1,148,348	927,884
Current Liabilities			
Trade and other payables	14	**278,613**	290,008
Amounts due to related parties		**1,500**	—
Bank and other borrowings		**186,041**	92,280
Provision		**515**	375
Income tax payables		**27,338**	22,370
Corporate bonds	15	**6,471**	7,654
		500,478	412,687
Liabilities associated with assets held for sale	13	**11,000**	—
		511,478	412,687

	Note	At December 31, 2015 RMB'000	At December 31, 2014 RMB'000
Net current assets		**636,870**	515,197
Total assets less current liabilities		**729,204**	606,939
Non-current Liabilities			
Corporate bonds	15	**140,884**	35,273
Deferred tax liabilities		**1,215**	9,793
		142,099	45,066
Net assets		**587,105**	561,873
Capital and reserves			
Share capital		**143,139**	143,139
Reserves		**438,745**	405,981
Equity attributable to equity holders of the Company		**581,884**	549,120
Non-controlling interests		**5,221**	12,753
Total equity		**587,105**	561,873

1. GENERAL

China U-Ton Holdings Limited (the "Company") was incorporated in the Cayman Islands on 7 March 2011 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

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

The Company's shares were listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") from 12 June 2012 to 31 July 2014. On 1 August 2014, the shares of the Company were delisted from the GEM and listed on Mainboard of the Hong Kong Stock Exchange.

In the opinion of the directors of the Company (the "Directors"), Bright Warm Limited is the Company's immediate and ultimate holding company. Bright Warm Limited is a private company incorporated in the British Virgin Islands.

2. QUALIFICATIONS IN INDEPENDENT AUDITOR'S REPORT

The following paragraphs are extracted from the independent auditor's report dated 31 March 2016 provided by the Company's auditors:

"Basis for Qualified Opinion

As set out in note 25 to the consolidated financial statements, the Group acquired 90% equity interests in Nanjing New Lixon Electric Appliance Co. Ltd. ("Nanjing Newlixon") during the year ended 31 December 2015. After acquisition, the Group obtained control over Nanjing Newlixon but Nanjing Newlixon continued to be managed by its non-controlling shareholder. The Group and the non-controlling shareholder of Nanjing Newlixon had disagreements in different areas including business development strategy, business revenue model and allocation of resources. Before the end of the reporting period, the directors of the Company had already planned the disposal of the controlling interest in Nanjing Newlixon back to the non-controlling shareholder of Nanjing Newlixon. The Group entered into an agreement with the non-controlling shareholder and an entity controlled by the non-controlling shareholder to dispose of the 90% equity interest in Nanjing Newlixon subsequent to 31 December 2015.

For the purpose of preparing the consolidated financial statements, the directors of the Company consider the cost of consolidating the financial statements of Nanjing Newlixon outweighs the benefit and the Group accounted for the investment in Nanjing Newlixon at cost less impairment and classified it as assets held for sale as set out in note 25 to the consolidated financial statements. The Group has not accounted for the acquisition of Nanjing Newlixon in accordance with International Financial Reporting Standard 3 "Business Combination" and consolidated the financial statements of Nanjing Newlixon in accordance with International Financial Reporting Standard 10 "Consolidated Financial Statements". As a result of not consolidating Nanjing Newlixon, the amount included in the asset held for sale is the investment cost accounted at cost less impairment, instead of grouping the relevant assets and liabilities of Nanjing Newlixon under assets held for sale and liabilities associated with assets held for sale respectively and the financial information of Nanjing Newlixon, which is regarded as discontinued operations, has not been presented in the consolidated financial statements in accordance with International Financial Reporting Standard 5 "Non-current Assets Held For Sale and Discontinued Operations", which also has consequential effects on the basic and dilutive earnings per share disclosure in accordance with International Accounting Standards 33 "Earnings Per Share". It is not practicable for us to quantify the effects of the departure from above requirements on these consolidated financial statements for the year ended 31 December 2015.

Qualified Opinion

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

The information included in Note 25 to the consolidated financial statements mentioned above are set out in Note 13 below in this announcement.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

New and revised IFRSs adopted during the reporting period

The Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board ("IASB") for the first time in the current year:

Amendments to IAS 19	Defined Benefit Plans: Employee Contributions
Amendments to IFRSs	Annual Improvements to IFRSs 2010-2012 Cycle
Amendments to IFRSs	Annual Improvements to IFRSs 2011-2013 Cycle

The application of the above amendments to IFRSs 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.

New and revised IFRSs in issue but not yet effective

The Group has not early applied the following new and revised standards, amendments and interpretation ("new and revised IFRSs") that have been issued but are not yet effective.

IFRS 9	Financial Instruments[1]
IFRS 15	Revenue from Contracts with Customers[1]
IFRS 16	Leases[3]
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations[4]
Amendments to IAS 1	Disclosure Initiative[4]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[4]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants[4]
Amendments to IAS 27	Equity Method in Separate Financial Statements[4]
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle[4]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception[4]
Amendments to IAS 7	Disclosure Initiative[2]
Amendments to IAS 12	Recognition of Deferred Tax Assets for unrealised Losses[2]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2017
3 Effective for annual periods beginning on or after 1 January 2019
4 Effective for annual periods beginning on or after 1 January 2016
5 Effective for annual periods beginning on or after a date to be determined

4. SEGMENT INFORMATION

The chairman of the Company is the chief operating decision maker of the Group. He reviewed the sales of major products for the purpose of resources allocation and performance assessment. Accordingly, the Group does not have any identifiable segment or any discrete information for segment reporting purpose.

An analysis of the Group's revenue for the year is as follows:

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Sales of goods	**50,641**	22,168
Construction contract revenue	**397,612**	459,355
Services income	**27,213**	29,884
Rental income	**41**	65
	475,507	511,472

Revenue from major products and services

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Deployment services of optical fibers		
– sales of goods	**565**	388
– provision of services	**329,578**	377,134
Low-voltage equipment integration services		
– sales of goods	**47,237**	21,780
– provision of services	**65,063**	82,221
Applications and other services		
– sales of goods	**2,839**	—
– provision of services	**2,971**	—
Pipeline maintenance service	**27,213**	29,884
Rental income	**41**	65
	475,507	511,472

Geographical disclosures

The Group operates mainly in the PRC. Over 99% of the non-current assets of the Group at the end of the reporting period are located in the PRC. Over 99% of the Group's revenue generated from external customers located in the PRC in both years.

Information about major customers

Revenue from the customer of the corresponding year contributed over 10% of the total revenue of the Group is as follows:

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Customer A	**189,952**	228,184
Customer B	**47,297**	52,025

5. OTHER GAINS AND LOSSES

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Other gains (losses) comprise:		
Impairment loss on trade receivables	**(1,495)**	(2,732)
Impairment loss on available-for-sale financial assets	**(1,428)**	—
Net foreign exchange loss	**(5,579)**	(355)
(Losses) gains on disposal of property, plant and equipment	**(10)**	92
Fair value adjustment on initial recognition of other borrowings	**—**	275
Listing expenses (Note)	**—**	(2,562)
Gain on disposal of a subsidiary	**10,781**	—
	2,269	(5,282)

Note:

The amount represents the transaction cost in connect with the transfer of the listing of shares from the GEM to the Main Board of the Hong Kong Stock Exchange in 2014.

6. FINANCE COSTS

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Finance costs comprise interest expenses on:		
Corporate bonds	**10,835**	1,931
Bank borrowings	**6,607**	4,090
Other borrowings	**3,145**	3,861
	20,587	9,882

7. PROFIT BEFORE TAXATION

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	**6,278**	4,683
Amortisation of intangible assets	**1,442**	454

8. INCOME TAX EXPENSE

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Current tax:		
PRC enterprise income tax	**11,794**	10,940
Withholding tax	**5,500**	—
	17,294	10,940
Deferred tax:		
Current year	**(9,433)**	2,138
	7,861	13,078

9. DIVIDENDS

	2015	2014
	RMB'000	RMB'000
Dividends recognised as distribution during the year:		
2014 Final, paid - HK$1.0 per share	**13,869**	—

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2015 (2014: HK$1.0 per share in respect of the year ended 31 December 2014, amounting to RMB13,869,000).

10. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to equity holders of the Company is based on the following data:

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Earnings		
Earnings for the purpose of basic and diluted earnings per share	**48,732**	74,695

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,757,620**	1,709,537
Effect of dilutive potential ordinary shares arising from issue of share options by the Company	**—**	1,506
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,757,620**	1,711,043

11. INVESTMENT IN AN ASSOCIATE/AVAILABLE-FOR-SALE FINANCIAL ASSETS

Pursuant to the share purchase agreement dated 3 December 2014 for the purchase of 河北華訊微通網絡集成有限公司Hebei Huaxun Weitong Internet Integration Co., Ltd. ("Hebei Huaxun"), of the cash consideration of RMB12,488,000, RMB7,493,000 was payable on or before 18 February 2015, RMB2,500,000 was payable on or before 31 May 2015 and RMB2,495,000 was payable on or before 30 September 2015. The Group has not fulfilled its payment obligations because the original intention of the Group is to obtain the control of Hebei Huaxun. The Directors are still negotiating with the counter parties for amendment of the contracts. In accordance with the share purchase agreement, the counter parties has the legal right to rescind the agreement after 15 days subsequent to 18 February 2015 and the Group has ceased to have significant influence to Hebei Huaxun since then. Accordingly, the Group has not shared the results of this associate after 5 March 2015 and reclassified the Group's interests in Hebei Huaxun amounting to RMB13,916,000 to available-for-sale financial assets.

As the recoverable amount of this available-for-sale financial assets will not exceed RMB12,488,000, an impairment loss of RMB1,428,000 was recognized in the profit or loss.

12. TRADE AND BILL RECEIVABLES

The collection period of the majority of the trade receivables ranges from 30 to 180 days from the invoice date during the reporting period. No interest is charged on the outstanding balance. There is no credit term granted to customers.

The following is an ageing analysis of trade and bill receivables by invoice/completion certificate after deducting the allowance for trade receivables at the end of the reporting period, which approximated the respective revenue recognition dates:

	At 31 December	
	2015	2014
	RMB'000	RMB'000
Within 90 days	109,956	62,052
91 to 180 days	25,812	2,960
181 to 365 days	20,175	26,221
1 to 2 years	23,231	41,052
2 to 3 years	10,020	6,610
Over 3 years	4,195	563
Total trade and bill receivables not repayable by instalments	193,389	139,458
Trade receivable repayable by installments	10,729	13,928
Total trade receivables	204,118	153,386

13. ASSETS HELD FOR SALE

On 7 May 2015, the Group acquired a 90% equity interest in Nanjing New Lixon Electric Appliance Co. Ltd. ("Nanjing Newlixon") for an aggregate cash consideration of RMB15,000,000. Nanjing Newlixon was established in the PRC with limited liability and is principally engaged in telecommunication related application, smart education projects and other smart cities projects service.

After acquisition, the Group obtained control over Nanjing Newlixon but Nanjing Newlixon continued to be managed by its non-controlling shareholder. The Group and the non-controlling shareholder of Nanjing Newlixon had disagreements in different areas including business development strategy, business revenue model and allocation of resources. Before the end of the reporting period, the Directors had already planned the disposal of controlling interests in Nanjing Newlixon back to the non-controlling shareholder of Nanjing Newlixon.

On 31 March 2016, the Group entered into share transferred agreement to dispose of the 90% equity interest in Nanjing Newlixon at an aggregate consideration of RMB52,700,000 to the non-controlling shareholder of Nanjing Newlixon and an entity controlled by the non-controlling shareholder of Nanjing Newlixon.

For the purpose of preparing the consolidated financial statements, the Directors consider the cost of consolidating the financial statements of Nanjing Newlixon outweighs the benefit and the Group accounted for the investment in Nanjing Newlixon at cost less impairment and classified it as assets held for sale.

The Group total financial interests in Nanjing Newlixon are as follows:

	RMB'000
Assets held for sale	
Cost of investment in New Lixon	15,000
Amount due from New Lixon	24,000
	39,000
Liabilities associated with assets held for sale	
Consideration payable for acquisition of Nanjing Newlixon	11,000

14. TRADE AND OTHER PAYABLES

Included in the balance is trade payable amounting to RMB178,716,000 (2014: RMB212,467,000)

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

	At 31 December	
	2015	2014
	RMB'000	RMB'000
Within 90 days	**119,746**	119,615
91 to 180 days	**15,910**	36,273
181 to 365 days	**32,044**	55,277
1 to 2 years	**10,107**	953
2 to 3 years	**616**	349
Over 3 years	**293**	—
	178,716	212,467

15. CORPORATE BONDS

In 2015, the Directors approved the issue of 40 batches of unsecured corporate bonds of a face value of HK$153 million (equivalent to approximately RMB121.66 million). The bonds are unsecured with a maturity period of 2 years to 7.5 years and carried a fixed rate of 6.5% or 7% per annum. Interest is repayable annually. The effective interest rate ranges are from 10.00% to 11.91% per annum after the adjustment for the issue costs. The net proceeds, after deducting the issue costs, amounted to HK$128.3 million (equivalent to approximately RMB102 million).

In 2014, the Directors approved the issue of bonds of a face value of HK$53 million (equivalent to approximately RMB41.97 million). The bonds are unsecured with a maturity period of 2 years to 7.5 years and carried a fixed rate of 7% per annum. Interest is repayable annually. The effective interest rate ranges are from 10.00% to 11.72% per annum after the adjustment for the issue costs. The net proceeds, after deducting the issue costs, amounted to HK$44.4 million (equivalent to approximately RMB35.17 million).

The movements of the corporate bonds during the reporting period are as follows:

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
At 1 January	**42,927**	7,240
Net proceeds from issue of corporate bonds	**102,000**	35,168
Repayment of bonds	**(7,892)**	—
Accrued interest	**10,835**	1,931
Interest paid or payable	**(8,573)**	(1,292)
Exchange differences	**8,058**	(120)
At 31 December	**147,355**	42,927
Less: Amount repayable within one year	**(6,471)**	(7,654)
Amount repayable after one year	**140,884**	35,273

MANAGEMENT DISCUSSION AND ANALYSIS

LISTING ON THE STOCK EXCHANGE OF HONG KONG

On 11 April 2014, an application was made by the Company to the Stock Exchange for the transfer of listing of all the Company's shares in issue from the GEM to the Main Board of the Stock Exchange. The Company's shares were successfully listed on Main Board of the Stock Exchange on 1 August 2014 (the "Transfer of Listing"). In connection with the listing on the Stock Exchange of Hong Kong, the Group took important steps to explore business opportunities and build up reputation.

OVERVIEW

The Company reported its audited results for the year ended 31 December 2015 with a profit attributable to the equity holders of the Company of RMB48,732,000, representing an decrease of approximately 34.8% over the corresponding period of the previous financial year. Our gross profit decreased by RMB16,414,000 to RMB145,734,000. The Group's turnover for the year ended 31 December 2015 decreased by approximately 7.0% to RMB475,507,000, which was mainly due to significant decrease in construction revenue of Sichuan Province due to keen competition of the market. Due to some construction contracts had not reached the stage to recognise the contraction revenue or profit but costs incurred were recorded, the gross profit margin decreased accordingly. In addition, due to expansion of business, the increase in the operating expenses and income of finance cost which caused the decrease in the profit attributable to the equity holders of the Company.

BUSINESS REVIEW

The Group is principally engaged in the provision of deployment services of optical fibers in the PRC. It is the Group's strategy to become a significant optical fiber deployment service provider for telecommunication operators in the PRC by (1) further strengthening our deployment services of optical fibers in the PRC and (2) expanding our business of low-voltage equipment integration services in the PRC.

Our competitive strengths include (1) the micro-ducts and mini-cable system integration methods which enable us to provide flexible solutions to our clients; and (2) we have registered a number of patents and obtained the rights to use the sewer system in various cities/districts to enhance our business development in telecommunication industry in the PRC.

In terms of seeking international business opportunities, after conducting several site visits, feasibility studies and business opportunity evaluations, the overseas business development department that was established has incorporated wholly-owned subsidiaries in Ghana, Libya and South Africa respectively and started business operations. Meanwhile, it has been exploring with local partners in many countries to consider to establish joint ventures to develop the local market.

The Group has extensive experience and absolute advantage in the application of mini-cable and micro-ducts integration technology for laying optical fibre networks in stormwater conduits in China. As the Company has plans for overseas expansion, the Group has explored with a number of domestic and foreign telecommunications operators and equipment providers to enhance and construct local optical fibre networks overseas, using local sewer system conduits and mini-cable and micro-ducts technology for laying new networks, and conducting business in rental of optical fibre resources (bare optical fibre, conduits) under the business model of "operators of operators".

Based on the experience of the Group and the results of detailed analysis, it has been shown that laying optical fibre cables through combining the use of sewer system and mini-cable and mirco-ducts technology is a technology that can construct networks with the most extensive coverage in the shorter time and the lower cost, and it is expected that no alternative technology with a lower cost will be available in the foreseeable future. As an "operator of operators", we have absolute competitive and cost advantages in using the technology.

In addition to developing the existing works business of the Group overseas, the Group has recently set up a special team for business investment and chosen some "operators of operators" with a huge need for optical fibre network construction, using various business cooperation schemes, including investment, business cooperation, lease contracts, in exchange for equity interest; and has undertaken optical fibre network construction projects through the method of exclusive contracting. These initiative have increased the revenue of Group from its works business and diversified its business at a lower cost with lower risks.

The business model of "operators of operators" involves a one-off cash payment by the customer to acquire the right to use optical fibres and conduits (IRU), and operation and maintenance fees are paid on an annual basis. This can substantially help improve the cash flow of the Group.

Deployment services of optical fibers

During the year ended 31 December 2015, the Group achieved steady growth of business in Heber Province. The decrease of revenue and gross profit was mainly contributed by the poor performance of construction contract revenue in Sichuan Province. As projects during the year ended 31 December 2015 were less complex, the gross profit margin decreased accordingly. In addition, some of the large construction projects were at early stage as at 31 December 2015 so that criteria for recognition of revenue could not be fulfilled at the time of recognition at 31 December 2015 which in turn would have a negative impact on gross profit margin.

Low-voltage equipment integration services

During the year ended 31 December 2015, the slightly increase in revenue was mainly arising from the increase of sales of goods of low-voltage equipment integration.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

On 3 February 2016, the Company completed placing of 50,000,000 existing shares and top-up subscription of 50,000,000 new shares respectively at placing price and subscription price of HK$1.00 per share. The total net proceeds from the subscription amounted to approximately HK$47.6 million. The Company intends to use the net proceeds from the subscription as general working capital in the Group's principal business of deployment service of optical fibers in the PRC.

On 31 March 2016, the Company announced that an indirectly wholly owned subsidiary, Hebei Changtong entered into the Equity Transit agreements with Purchasers, pursuant to which the Purchasers agreed to acquire and Hebei Changtong agreed to dispose an aggregate 90% equity interest in Nanjing Newlixon at an aggregate consideration of RMB52,700,000.

Save as disclosed elsewhere in these announcement, there is no important events affecting the Company and its subsidiaries which has occurred after the reporting period.

FUTURE PLANS AND PROSPECTS

The application of wireless technology by the market and the promotion of cloud computing, big data and data centres, together with upgrades in systems and skills and application of 4G and development of 5G, have resulted in a multi-fold increase in the global demand for bandwidth in the next few years. Optical fibre broadband network construction is the forerunner of all infrastructure works, and the most important ring for the economic development of countries in the surrounding areas under the One Belt and One Road initiative, as well as those in the Middle East and Africa. Upgrade of existing networks and laying of new networks are required to cope with the local needs for future development. The Group is proactively looking for business opportunities to expand its existing business overseas and conducting research on investment opportunities on the basis of its existing business, so as to tap into new drivers for business growth.

On the back of its advantages in technology and construction, the Group has explored cooperation opportunities with local telecommunications operators overseas for laying optical fibre networks and made investments to support their development for sustainable sharing of business revenues. The plan will enable the Group to expand its business from a service provider for laying optical fibre networks to an optical fibre network provider, enhancing the status of the Group as a stakeholder in the industry. The plan can increase the success rate of the business of providing services for laying of optical fibres, tap into new business for the sustainable development of the Group in future, and increase the recurring revenue of the Group. It can also provide the Group with a long-term and a more stable source of cash income and better equip it with funds for future plans.

Under the One Belt and One Road initiative of the country and its policy of supporting the construction works of countries with amicable relationships, the Group has set up broadband networks domestically and in Hong Kong and expanded overseas. As a regional leader in the industry, the Group is confident that the plan will reap, achieve and bring further business growth and substantial revenue.

The Group will pay attention to other potential telecommunication business opportunity and our Directors are cautiously optimistic on the prospect at this stage. More efforts will be made to strengthen internal control and management, strictly control production cost and operating expenses, so as to increase the overall profitability of the Group and maximize the returns for shareholders.

FINANCIAL REVIEW

	Year ended 31 December		
	2015	2014	Increase
	RMB'000	RMB'000	(Decrease)%
Revenue	**475,507**	511,472	(7.0)
Gross Profit	**145,734**	162,148	(10.1)
EBITDA	**84,797**	104,210	(18.6)
EBITDA margin %	**17.8%**	20.4%	(2.6) percent point
Net profit	**48,629**	76,113	(36.1)
Profit for the period attributable to the equity holders of the Company	**48,732**	74,695	(34.8)
Net profit margin	**10.2%**	14.9%	(4.7) percent point
Basic earnings per share (cents)	**2.77**	4.37	(1.6)

	As at 31 December 2015	As at 31 December 2014
Current ratio	**2.2**	2.2
Gearing ratio	**56.8%**	24.1%

Revenue

The Group's turnover for the year ended 31 December 2015 was RMB475,507,000, representing a decrease of approximately 7.0% over the corresponding period of the previous financial year. The decrease in the Group's turnover was mainly due to decrease of construction contract revenue of deployment services of optical fibers.

The following table sets out the breakdown of our Group's revenue during the periods indicated:

	Year ended 31 December		
	2015	2014	Increase (Decrease)
	RMB'000	RMB'000	%
Deployment services of optical fibers			
Construction contract revenue			
– Traditional deployment methods	**268,571**	311,208	(13.7)
– Micro-ducts and mini-cables system integration methods	**61,007**	65,926	(7.5)
Sub-total	**329,578**	377,134	(12.6)
Others			
– Services income	**27,213**	29,884	(8.9)
– Sales of goods	**565**	388	45.6
– Rental income	**41**	65	(36.9)
– Applications and other services	**5,810**	–	100
Sub-total	**33,629**	30,337	10.9
Low-voltage equipment integration services	**112,300**	104,001	8.0
Total	**475,507**	511,472	(7.0)

Deployment of optical fibers

Construction contract revenue

The construction contract revenue, being the income generated from our provision of the deployment services of optical fibers, was RMB329,578,000 and RMB377,134,000, representing approximately 69.3% and 73.7% of the total revenue of the Group for the year ended 31 December 2015 and 2014, respectively. The decrease in construction revenue for the year ended 31 December 2015 as compared to the same period in 2014 was mainly due to the decrease in the revenue derived from the provision of deployment services of optical fibers in Sichuan Province.

The following table set forth our revenue from construction contract by major locations for the periods indicated.

	Year ended 31 December			
	2015		2014	
	(RMB'000)	**%**	(RMB'000)	%
Hebei Province	**218,777**	**66.4**	186,214	49.4
Beijing	**3,043**	**0.9**	4,388	1.1
Liaoning Province	**14,521**	**4.4**	18,004	4.8
Sichuan Province	**9,198**	**2.8**	59,198	15.7
Guizhou Province	**16,984**	**5.2**	24,605	6.5
Chongqing	**40,657**	**12.3**	67,400	17.9
Hunan Province	**5,152**	**1.6**	7,962	2.1
Others	**21,246**	**6.4**	9,363	2.5
Total construction contract revenue	**329,578**	**100.0**	377,134	100.0

Others

The Group's revenue from others included services income, sales of goods, rental income and applications and other services and contributed RMB33,629,000, represented 7.1% of total revenue. Revenue from others increased was mainly due to the increase in demand of maintenance service.

Low-voltage equipment integration services

The income from low-voltage equipment integration services, representing the income generated from the provision of integration services for low-voltage equipment and accessories to our clients, which include financial institutions, governmental departments, public facilities, road and transportation companies, and state-owned and private companies, was approximately RMB112,300,000, representing approximately 23.6% of our total revenue for the year ended 31 December 2015.

Cost of Sales

The Group's cost of sales for the year ended 31 December 2015 was approximately RMB329,773,000, representing a decrease of approximately 5.6% over the corresponding period of the previous year. The decrease in the Group's cost of sales was due to decrease of construction revenue of deployment services of optical fibers and low-voltage equipment integration services.

Gross profit

The following table sets forth the gross profit of each of our services for the periods indicated:

	Year ended 31 December			
	2015		2014	
	RMB'000	**%**	RMB'000	%
Gross profit by services				
Construction contract revenue				
– Traditional deployment methods	**72,091**	**49.5**	91,366	56.4
– Micro-ducts and mini-cables system integration methods	**29,790**	**20.4**	36,409	22.5
Sub-total	**101,881**	**69.9**	127,775	78.9
Others				
– Services income	**6,192**	**4.2**	4,600	2.8
– Sales of goods	**332**	**0.2**	100	—
– Rental income	**41**	**—**	35	—
– Applications and other services	**1,736**	**1.2**	—	—
Low-voltage equipment integration services	**35,552**	**24.5**	29,638	18.3
	145,734	**100.0**	162,148	100.0

The following table sets forth the gross profit margin of each of our services for the periods indicated:

	Year ended 31 December		
	2015	2014	Increase (Decrease)
	%	%	percent point
Gross profit margin by services			
Construction contract revenue			
– Traditional deployment methods	**26.8**	29.4	(2.6)
– Micro-ducts and mini-cables system integration methods	**48.8**	55.2	(6.4)
Overall	**30.9**	33.9	(3.0)
Others			
– Services income	**22.8**	15.5	7.3
– Sales of goods	**58.8**	25.8	33.0
– Rental income	**100.0**	53.8	46.2
– Applications and other services	**29.9**	—	NA
Low-voltage equipment integration services	**31.7**	28.5	3.2
Total gross profit margin	**30.6**	31.7	(1.1)

There was a decrease in overall gross profit margin for the year ended 31 December 2015 when compared with the corresponding period of the previous financial year.

The decrease in our gross profit margin from approximately 31.7% for the year ended 31 December 2014 to approximately 30.6% for the year ended 31 December 2015 was primarily due to the decrease in gross profit margin of construction contract revenue in relation to deployment of optical fibers from approximately 33.9% in year ended 31 December 2014 to approximately 30.9% in year ended 31 December 2015 and the gross profit of which accounted for approximately 69.9% and 78.9% of total gross profit in year ended 31 December 2015 and year ended 31 December 2014, respectively. In general, the gross profit margin of construction contract varies according to the difficulties and complexities of each project.

The gross profit margin of construction contracts of deployment services of optical fibers using traditional deployment methods decreased from approximately 29.4% for the year ended 31 December 2014 to approximately 26.8% for the year ended 31 December 2015. It was mainly due to the been competition of business in Hebei Province and Sichuon Province. In addition, some construction contracts had not reached the stage to recognise the construction revenue or profit but costs incurred were recorded. Therefore, there was a negative impact on gross profit margin.

The gross profit margin of construction contracts of deployment services of optical fibers using micro-ducts and mini-cables system integration methods decreased from approximately 55.2% for the year ended 31 December 2014 to approximately 48.8% for the year ended 31 December 2015. The decrease was primarily attributable to the less complex projects generating relatively lower gross profit margin, in particular the projects in Hebei Province.

The gross profit margin of services income increase from approximately 15.5% for the year ended 31 December 2014 to approximately 22.8% for the year ended 31 December 2015. Such increase was mainly attributable to the decrease in average cost of service during the year.

The gross profit margin of sales of goods increase from approximately 25.8% for the year ended 31 December 2014 to approximately 58.8% for the year ended 31 December 2015. Such increase was mainly attributable to the sales of ancillary products to our clients at relatively higher unit selling price during the year.

The gross profit margin of low-voltage equipment integration services increase from approximately 28.5% for the year ended 31 December 2014 to approximately 31.7% for the year ended 31 December 2015. Such increase was mainly attributable to the current year's projects were more complex than that of last year.

Major customers and service network

Based in Hebei Province, the Group principally provides one-stop optical fiber deployment solutions for telecommunication operators and provides low voltage equipment integration services in China. Our major customers include China Mobile Communications Corporation ("China Mobile"), a major telecommunication operator in China which contributed approximately 39.9% of total revenue, and other regional telecommunication operators. As the Group maintains a favourable position in terms of resource in the industry of both micro-ducts and mini-cables system deployment technology, we obtain our contracts of that kind mainly through negotiated tender, while for traditional deployment business we mainly compete for contracts through open tender.

As at 31 December 2015, the Group's service network included Beijing, Chongqing, Hebei Province, Shandong Province, Hunan Province, Jiangxi Province, Liaoning Province, the Inner Mongolia Autonomous Region, Anhui Province, Henan Province, Sichuan Province, Guizhou Province and Yunnan Province.

Other income

Other income mainly included the interest income and government grants received by the Group.

Other gains and losses

Other gains and losses mainly included gain on disposal of a subsidiary net foreign exchange gain or loss, impairment loss recognized for trade receivables and available-for-sale financial assets.

Marketing and distribution expenses and administrative expenses

The Group's marketing and distribution expenses and administrative expenses for the year ended 31 December 2015 were RMB73,702,000, representing an increase of RMB14,668,000 from RMB59,034,000 for the corresponding period of the previous year. The increase was mainly because of expansion of business of the Group.

Finance cost

Finance cost included interest charged from bank and other borrowings, and bonds. The finance cost increased was mainly due to the average principal of bank and other borrowings, and bonds was higher in the year ended 31 December 2015.

Profit attributable to equity holders of the Company

The Group recorded net profit attributable to equity holders of the Company of RMB48,732,000 for the year ended 31 December 2015 compared to RMB74,695,000 for the corresponding period in 2014, representing a decrease of approximately 34.8%. The decrease of profit attributable to equity holders was mainly due to the fact that the effects of the increase in marketing and distribution expenses and administration expenses of an aggregate amount of approximately RMB14,668,000, increase of finance costs of RMB10,705,000, decrease in gross profit of approximately RMB16,414,000 and outweighted the effect of the increase of other gain of RMB7,551,000.

Trade and bill receivables

There was an increase in trade and bills receivables as at 31 December 2015 of approximately RMB50,732,000 as compared to 31 December 2014 which was mainly due to the net effect of the settlement from customers, new trade receivables provided by the Group during the year ended 31 December 2015.

Amount due from customers for contract works

There was an increase in the amount due from customers for contract works as at 31 December 2015 of RMB68,095,000 as compared to 31 December 2014 which was mainly due to the most of the revenue for year ended 31 December 2015 mainly arising from the construction revenue from projects in progress as at 31 December 2015, and revenue generated had not been certified by customers.

Bank and other borrowings

The Group had bank and other borrowings as at 31 December 2015 amounted to RMB136,041,000 and RMB50,000,000 respectively. No financial instruments were used for hedging purposes. The Group's bank loans were made in Hong Kong dollars and Renminbi, RMB24,791,000 of bank loans are carried at floating rates, and the remaining bank and other borrowings are carried at fixed rates.

Related Party Balances and Transactions

(a) During the reporting period, the following parties are identified as related party to the Group and the respective relationships are set out below:

Name of related party	Relationship
Mr. Li Qingli	Beneficial shareholder and director of the Company
Mr. Jiang Changqing	Beneficial shareholder and director of the Company
Ms. Guo Aru	Beneficial shareholder and director of the Company
Hebei Qiushi Olin Funiture Sales Co., Ltd. ("Qiushi Olin")	Owned by Mr. Li Qingli
Hebei Huaxun	Associate of the Company

(b) At the end of the reporting period, the Group has amounts payable to the following related parties and the details are set out below:

	At 31 December	
	2015	2014
	RMB'000	RMB'000
Non-trade nature:		
Mrs. Guo Aru	**500**	—
Qinshi Olin	**1,000**	—
	1,500	—

The amounts are unsecured, interest-free and repayable on demand.

(c) At the end of the reporting period, the Group has amount receivable from an associate and the details are set out below:

	At 31 December	
	2015	2014
	RMB'000	RMB'000
Non-trade nature:		
Hebei Huaxun	**6,581**	4,581
	6,581	4,581

(d) The remuneration paid and payable to the key management of the Company who are also the Directors for the year amounted to RMB8,896,000 (31 December 2014:RMB5,149,000)

Liquidity and financial resources

As at 31 December 2015, the Group had current assets of approximately RMB1,148,348,000 (31 December 2014: RMB927,884,000) which comprised cash and cash equivalents amounted to approximately RMB63,595,000 as at 31 December 2015 (31 December 2014: RMB167,578,000). As at 31 December 2015, the Group had non-current liabilities and current liabilities amounted to approximately RMB142,099,000 and RMB511,478,000 (31 December 2014: RMB45,066,000 and RMB412,687,000), consisting mainly of payables, corporate bonds and, bank and other borrowings arising in the normal course of operation. Accordingly, the current ratio, being the ratio of current assets to current liabilities, was around 2.2 as at 31 December 2015 (31 December 2014: 2.2).

The Group finances its operation primarily with the use of internally-generated cashflows and banking facilities.

Gearing ratio

The gearing ratio of the Group, calculated as total borrowings over shareholders' equity, was approximately 56.8% as at 31 December 2015 (31 December 2014: approximately 24.1%).

Treasury policies

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the period under review. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the board of Directors (the "Board") closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

Foreign exchange exposure

For the year ended 31 December 2015, we had partial bank balances and corporate bonds which are denominated in foreign currencies and consequently we have foreign exchange risk exposure from translation of amount denominated in foreign currencies as at the report date. During the year ended 31 December 2015, the Group did not engage in any derivatives activities and did not commit to any financial instruments to hedge its exposure to foreign exchange risk.

Capital structure

The shares of the Company were listed on Main Board of the Stock Exchange. The capital of the Company mainly comprises ordinary shares and capital reserves.

Capital commitments

As at 31 December 2015, the Group had capital commitments of RMB17,000 (31 December 2014: RMB842,000).

Dividend

The Board does not recommends the payment of any dividend for the year ended 31 December 2015 (2014: HK$1.0 per share).

Information on employees

As at 31 December 2015, the Group had 656 employees (31 December 2014: 556), including the executive Directors. Total staff costs (including Directors' emoluments) were approximately RMB65,226,000 for the year ended 31 December 2015 as compared to approximately RMB51,568,000 for the year ended 31 December 2014. Remuneration is determined with reference to market norms and individual employees' performance, qualification and experience.

On top of basic salaries, bonuses will be paid with reference to the Group's performance as well as individual's performance. Other staff benefits include contributions to Mandatory Provident Fund scheme in Hong Kong and various welfare plans including the provision of pension funds, medical insurance, unemployment insurance and other relevant insurance for employees who are employed by our Group pursuant to the PRC rules and regulations and the existing policy requirements of the local PRC authorities as well as share options.

Significant investments held

Except for investment in subsidiaries, interest in an asociate and available-for-sale financial assets during the year ended 31 December 2015, the Group did not hold any significant investment in equity interest in any company.

Future Plans for Material Investments and Capital Assets

Save as disclosed above, the Group did not have any plans for material investments and capital assets.

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

On 6 May 2015, the Group acquired 51% equity interest in成都昊普環保技術有限公司 Chengdu Hop Environmental Protection Technology Co. Ltd ("Chengdu Hop") from an independent third party for a cash consideration of RMB8,160,000. Chengdu Hop is principally engaged in sale of equipment of application services.

On 26 October 2015, the Group disposed the 51% equity interest in重慶五洋通信技術有限公司Chongqing Wuyang Communication Technology Co. Ltd (" Chongqing Wuyang") for a consideration of cash of RMB27,744,000 to the non-controlling shareholder and an independent third party.

During the year ended 31 December 2015, save as disclosed above the Group did not have any other material acquisitions or disposals of subsidiaries and affiliated companies.

Charges on assets

As at 31 December 2015, the Group had pledged bank deposit with carrying amount of RMB136,885,000 and to secure the bank and other borrowings (31 December 2014: RMB54,000,000).

Contingent liabilities

The Group had no material contingent liabilities as at 31 December 2015 (31 December 2014: Nil).

OTHER INFORMATION

COMPARISON BETWEEN FUTURE PLANS AND PROSPECTS AND ACTUAL BUSINESS PROGRESS AND USE OF PROCEEDS

Comparison of Future Plans with the Actual Business Progress

The following is a comparison of the Group's business plan as set out in the Prospectus with actual business progress for the year ended 31 December 2015. Capitalised terms used herein shall have the same meanings as those defined in the Prospectus unless the content requires otherwise.

Business plan as set out in the Prospectus	Actual business progress up to 31 December 2015
1. Further strengthening our deployment services of optical fibers in the PRC	
(i) Investment in equipment	The Group has purchased various equipment, spare parts of equipment and motor vehicles for construction projects.
(ii) Market expansion	The Group has built sixteen experimental sections and purchased motor vehicles for marketing purposes. In addition, the Group has established three representative office in Chongqing, Tianjin and Shenzhen.
(iii) Securing strategic assets/rights	The Group has signed one co-operation memorandum with a government department and the Group is communicating with various relevant governmental departments in various cities of the PRC.
(iv) Acquisition	The Group completed three acquisitions which are located in Hunan Province, Chongqing and Hebei Province.
(v) Human resources	The Group has employed additional technical and management staff and provided relevant training to new and existing staff.
(vi) Research and development	The Group has continued to conduct research and development on technology related to micro-ducts and mini-cables system integration methods, especially the application in sewer system.
2. Expanding our business of low-voltage equipment integration services in the PRC	
(i) Sales and marketing	The Group has employed additional staff to strengthen sales and marketing network. In addition, the Group is conducting research on appropriate sales and marketing activities to promote reputation.

As of the date of this announcement, the Directors had no intention to make any changes to the business plan.

Use of Proceeds

The net proceeds from the Placing on 12 June 2012 (the "Listing Date") were approximately HK$108.7 million (equivalent to approximately RMB88.7 million). The net proceeds from the Listing Date to 31 December 2015 had been applied as follows:

	Use of proceeds from the Listing Date to period ended 31 December 2015 as shown in the Prospectus HK$ (million)	Actual use of proceeds from the Listing Date to 31 December 2015 HK$ (million)
1. Further strengthening our deployment services of optical fibers in the PRC		
(i) Investment in equipment	26.18	6.88
(ii) Market expansion	15.50	15.50
(iii) Securing strategic assets/rights	23.42	1.40
(iv) Acquisition	12.20	12.20
(v) Human resources	2.60	2.60
(vi) Research and development	3.70	3.70
Sub-total	83.60	42.28
2. Expanding our business of low-voltage equipment integration services in the PRC		
(i) Sales and marketing	2.40	2.40
3. Repayment of bank and other borrowings	14.30	14.30
4. General working capital (Note)	8.40	8.40
Total	108.70	67.38

Note: The amount of general working capital had been reduced from HK$11.1 million to HK$8.4 million to reflect the difference of the estimated amount of net proceeds shown in the Prospectus amounted to HK$111.4 million and the final net proceeds of HK$108.7 million.

The future plans and prospects as stated in the Prospectus were derived from the Group's reasonable estimation of the future market conditions based on the information available at the time of preparing the Prospectus. According to the Company's announcement dated 24 July 2014, the Company intended to adjust the allocation of the unutilised net proceeds in the sum of approximately HK$55.1 million. As of the date of this announcement, the Directors are not aware of material change to the planned use of the proceeds from the plan as stated in such announcement.

On 29 September 2014, subscription of 62,500,000 new shares was completed and net proceeds were approximately HK$96.75 million (equivalent to approximately RMB76.70 million). The net proceeds from the completion date of the aforesaid subscription to 31 December 2015 had been applied as follows:

		Planned use HK$ (million)	Actual use HK$ (million)
1.	Acquisition	21.30	21.30
2.	General working capital	75.45	75.45
		96.75	96.75

SHARE OPTION SCHEMES

The Company's existing Share Option Scheme was approved for adoption pursuant to the written resolutions of all of our Shareholders passed on 27 May 2012 for the purpose of providing our Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to eligible participants and for such other purposes as the Board shall approve from time to time.

Subject to the terms of the Share Option Scheme, the board may, at their absolute discretion, grant or invite any person belonging to any of the following classes to take up options to subscribe for shares: (a) any employee, supplier service provider, customer, partner or joint-venture partner of the Group (including any director, whether executive and whether independent or not, of the Group) who is in full-time or part-time employment with the Company or any subsidiaries, (b) any person who have contributed or may contribute to the Group.

The maximum number of shares which may be issued upon exercise of all outstanding options granted under the Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the total number of shares in issue from time to time.

The total number of share which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company must not exceed 10% of the total number of shares in issue on 12 June 2012 unless the Company seeks the approval of the shareholders in general meeting for refreshing the 10% limit under the Share Option Scheme provided that options lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company will not be counted for the purpose of calculating 10% limit.

Details of the principal terms of the Share Option Scheme are set out in paragraph headed "Share Option Scheme" in section headed "Statutory and General Information" in Appendix IV to the Prospectus. The principal terms of the Share Option Scheme are summarised as follows:

The Share Option Scheme was adopted for a period of 10 years commencing from 27 May 2012 and remains in force until 26 May 2022. The Company may, by resolution in general meeting or at such date as the Board determined, terminate the Share Option Scheme without prejudice to the exercise of options granted prior to such termination.

The exercise price per share of the Company for each option granted shall be determined by the Board in its absolute discretion but in any event shall be at least the higher of:

(1) the closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of offer for the grant of option (the "Date of Grant") which must be a trading day;

(2) the average closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange for the five trading days immediately preceding the Date of Grant; and

(3) the nominal value of the shares on the Date of Grant.

Upon acceptance of the options, the grantee shall pay HK$1.00 to the Company as consideration for the grant. The acceptance of an offer of the grant of the option must be made within the date as specified in the offer letter issued by the Company. The exercise period of any option granted under the Share Option Scheme shall not be longer than 10 years commencing on the date of grant and expiring on the last day of such 10-year period subject to the provisions for early termination as contained in the Share Option Scheme.

The total number of new shares of the Company that may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share options schemes of the Company shall not exceed 168,000,000 shares, which represents 10% of the shares in issue of the Company as at the listing date of the Company.

The maximum number of shares issued and to be issued upon exercise of the options granted and to be granted to each grantee under the Share Option Scheme (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the total number of Shares in issue. Any further grant of options in excess of this 1% limit shall be subject to issuance of a circular by the Company and approved by its shareholders in accordance with the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

The purpose of the Share Option Scheme is to enable the Company to grant options to selected persons as incentives or rewards for their contribution or future contribution to the Group.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 December 2015, the interests and short positions of each director and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or which were required, pursuant to Appendix 10 of the Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in the Company

Name of Director	Name of Group member/ associated corporation	Capacity/ nature of interest	Number and class of securities (Note 1)	Approximate percentage of shareholding
Mr. Jiang Changqing (Note 2 and note 3)	Our Company	Interest of a controlled corporation	926,750,000 Shares (L)	52.73%
	Our Company	Family	10,195,000 Shares (L)	0.58%
	Bright Warm Limited	Beneficial owner	1 share (L)	100%
Ms. Guo Aru (Note 3)	Our Company	Family	926,750,000 Shares (L)	52.73%
	Our Company	Beneficial owner	10,195,000 Shares (L)	0.58%
	Bright Warm Limited	Family	1 share (L)	100%

Name of Director	Name of Group member/ associated corporation	Capacity/ nature of interest	Number and class of securities (Note 1)	Approximate percentage of shareholding
Mr. Li Qingli (Note 4)	Our Company	Interest of a controlled corporation	157,065,000 Shares (L)	8.94%
	Our Company	Beneficial owner	6,640,000 Shares (L)	0.38%
	Ordillia Group Limited	Beneficial owner	1,000 Shares (L)	100%

Notes:

1. The letter "L" denotes the Directors' long position in the shares of our Company or the relevant associated corporation.

2. The 926,750,000 Shares are held by Bright Warm Limited, the entire issued capital of which is beneficially owned by Mr. Jiang Changqing, one of the controlling shareholders of our Company and an executive Director.

3. Ms. Guo Aru is the spouse of Mr. Jiang Changqing. Therefore, Ms. Guo Aru is deemed to be interested in the 926,750,000 Shares owned by Mr. Jiang Changqing in the Company and 1 share owned by Mr. Jiang Changqing in Bright Warm Limited by virtue of the SFO. Moreover, Ms. Guo Aru held 10,195,000 Shares directly. Mr. Jiang Changqing is deemed to be interested in the 10,195,000 Shares held by Ms. Guo Aru.

4. The 157,065,000 Shares are held by Ordillia Group Limited, the entire issued capital of which is beneficially owned by Mr. Li Qingli, an executive Director.

Save as disclosed above, as at 31 December 2015, none of the Directors and chief executive of the Company had any other interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or which were required, pursuant to Rules Appendix 10 of the Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2015, so far as was known to the Directors, the following persons/entities (other than the Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of shareholder	**Name of Group member**	**Capacity/ nature of interest**	**Number and class of securities** (Note 1)	**Approximate percentage of shareholding**
Bright Warm Limited (Note 2)	Our Company	Beneficial owner	926,750,000 Shares (L)	52.73%
Ordillia Group Limited (Note 3)	Our Company	Beneficial owner	157,065,000 Shares (L)	8.94%
Ms. Ren Yanping (Note 4)	Our Company	Family	163,705,000 Shares (L)	9.31%
Mr. Zheng Jinqiao (Note 5)	Our Company	Interest of controlled corporations	125,000,000 Shares (L)	7.11%
Central Huijin Investment Limited	Our Company	Interest of controlled corporations	392,900,000 Shares (L)	22.35%

Notes:

1. The letter "L" denotes the person's long position in the shares of our Company or the relevant Group member.

2. Bright Warm Limited is a company incorporated in the BVI and the entire issued share capital of which is beneficially owned by Mr. Jiang Changqing, one of the controlling shareholders of our Company and an executive Director. Therefore, Mr. Jiang Changqing is also deemed to be interested in the 926,750,000 Shares owned by Bright Warm by virtue of the SFO.

3. Ordillia Group Limited is a company incorporated in the BVI and the entire issued share capital of which is beneficially owned by Mr. Li Qingli, one of the substantial shareholders of our Company and an executive Director. Therefore, Mr. Li Qingli is also deemed to be interested in the 157,065,000 Shares owned by Ordillia by virtue of the SFO.

4. Ms. Ren Yanping is the spouse of Mr. Li Qingli. Therefore, Ms. Ren Yanping is deemed to be interested in the 163,705,000 Shares owned by Mr. Li Qingli by virtue of the SFO.

5. Richlink International Capital Co. Ltd ("Richlink International") is interested in 50,000,000 Shares. Richlink International is owned as to 100% by Mr. Zheng Jinqiao and therefore Mr. Zheng Jinqiao is deemed to be interested in the 50,000,000 Shares owned by Richlink International by virtue of the SFO. Moreover, Beijing Richlink Private Equity Management Co. Ltd ("Beijing Richlink PE") is interested in 75,000,000 Shares. Beijing Richlink PE is owned as to 58% by Beijing Richlink International Capital Co. Ltd, which in turn is owned as to 51% by Mr. Zheng Jinqiao, and therefore Mr. Zheng Jinqiao is also deemed to be interested in the 75,000,000 Shares owned by Beijing Richlink PE by virtue of the SFO.

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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.

COMPETING INTERESTS

Save and except for interests in the Group, none of the Directors and controlling shareholders of the Company nor their respective associates (as defined under the Listing Rules) had any interest in any other companies as at 31 December 2015 which may, directly or indirectly, compete with the Group's business.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rule 5.48 to Rule 5.67 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (the GEM Listing Rules") for the period where the Company's shares were listed on GEM. Since the Company's shares were successfully listed on Main Board of the Stock Exchange on 1 August 2014, the Group continues and will continue to ensure compliance with the corresponding provisions set out in Appendix 10 of the Listing Rules. Having made specific enquiries to all the Directors, the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors throughout the year ended 31 December 2015.

CORPORATE GOVERNANCE CODE

In the opinion of the Directors, throughout the year ended 31 December 2015 the Company has complied with all the code provisions as set out in the Corporate Governance Code contained in Appendix 15 to the GEM Listing Rules and contained in Appendix 14 to the Listing Rules since the Transfer of Listing, except Code Provision A.2.1 as more particularly described below. Since the Company's shares were successfully listed on Main Board of the Stock Exchange on 1 August 2014, the Group continues and will continue to ensure compliance with the corresponding code previsions set out in Appendix 14 to the Listing Rules.

Code Provision A2.1 provides that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The Board considers that the Company is still in its growing stage and it would be beneficial to the Group for Mr. Jiang Changqing to assume both roles as the chief executive officer and executive chairman of the Company, since the two roles tend to reinforce each other and are mutually enhancing in respect of the Group's continual growth and development. When the Group has developed to a more sizeable organization, the Board will consider splitting the two roles. With the strong business experience of the Directors, they do not expect any issues would arise due to the combined role of Mr. Jiang Changqing. The Group also has in place an internal control system to perform the check and balance function. There are also three independent non-executive Directors on the Board offering strong, independent and differing perspectives. The Board is therefore of the view that there are adequate balance-of-power and safeguards in place.

ANNUAL GENERAL MEETING ("AGM")

The AGM will be held on Friday, 10 June 2016. Notice of AGM will be issued and disseminated to the shareholders in due course.

CLOSURE OF THE REGISTER OF MEMBERS

To determine the eligibility of the shareholders of the Company to attend the AGM to be held on Friday, 10 June 2016 , the register of members will be closed from Tuesday, 7 June 2016 to Friday, 10 June 2016, both days inclusive, during which period no transfer of shares will be effected. In order to be entitled to attend and vote at the annual general meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4 p.m. on Monday, 6 June 2016.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules. The written terms of reference of the audit committee was adopted in compliance with paragraph C3.3 to C3.7 of the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules. The primary duties of the audit committee are mainly to make recommendations to the Board on the appointment and removal of external auditors; review the financial statements and provide material advice in respect of financial reporting; and oversee internal control procedures of the Company. The audit committee comprises three independent non-executive Directors, namely Ms. Li Xiaohui (chairlady of the audit committee), Mr. Meng Fanlin and Mr. Wang Haiyu. Since the Company's shares were successfully listed on Main Board of the Stock Exchange on 1 August 2014, the Company has established an audit committee with written terms of reference in compliance with Rules 3.21 to 3.23 of the Listing Rules. The written terms of reference of the audit committee was adopted in compliance with paragraph C3.3 to C3.7 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

The audit committee had reviewed the final results for the year ended 31 December 2015 together with the Company's external auditor and provided advice and comments thereon.

AUDITORS

A resolution to re-appoint the retiring auditors, Messrs. Deloitte Touche Tohmatsu, is to be proposed at the forthcoming annual general meeting of the Company. There was no change in auditors in the past 3 years.

PUBLICATION OF THE ANNUAL RESULTS AND THE ANNUAL REPORT

This results announcement is published on the website of The Stock Exchange of Hong Kong Limited at http://www.hkexnews.hk and the website of the Company at www.chinauton.com, respectively.

The Company's 2015 annual report containing all the information required under the Listing Rules will be despatched to the relevant shareholders and will be published on the websites of the Company and The Stock Exchange of Hong Kong Limited in due course.

By order of the Board
China U-Ton Holdings Limited
Jiang Changqing
Chairman and Executive Director

Hong Kong, 31 March 2016

As at the date of this announcement, the executive Directors are Mr. Jiang Changqing, Ms. Guo Aru and Mr. Li Qingli, the independent non-executive Directors are Mr. Meng Fanlin, Mr. Wang Haiyu and Ms. Li Xiaohui.