WINSHINE
中國瀛晟

WINSHINE ENTERTAINMENT & MEDIA HOLDING COMPANY LIMITED
中國瀛晟娛樂傳媒控股有限公司

(FORMERLY KNOWN AS CHINA TYCOON BEVERAGE HOLDINGS LIMITED 中國大亨飲品控股有限公司*)

(Incorporated in Bermuda with limited liability)

(Stock Code: 209)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

The Board of Directors (the "Board") of Winshine Entertainment & Media Holding Company Limited (the "Company") hereby announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2014 together with comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2014

	Notes	**2014** *HK$'000*	2013 *HK$'000* (Restated)
Continuing operations			
Revenue	*4*	**422,953**	330,158
Cost of sales		**(412,261)**	(286,209)
Gross profit		**10,692**	43,949
Other income and gain	*5*	**7,629**	12,093
Selling and distribution costs		**(13,045)**	(5,932)
Administrative expenses		**(87,280)**	(51,079)
Changes in fair value of trading securities		**(17,553)**	(29,320)
Other operating expenses		**(11,323)**	(524)
Finance costs	*7*	**(5,643)**	(4,579)
Loss before taxation from continuing operations	*6*	**(116,523)**	(35,392)
Income tax expense	*8*	**(1,873)**	(1,128)
Loss for the year from continuing operations		**(118,396)**	(36,520)
Discontinued operation			
Loss for the year from discontinued operation	*9*	**(3,622)**	(10,303)
Loss for the year		**(122,018)**	(46,823)

	Notes	**2014**	2013
		HK$'000	*HK$'000*
			(Restated)
Attributable to:			
Owners of the Company		**(120,853)**	(44,999)
Non-controlling interests		**(1,165)**	(1,824)
		(122,018)	(46,823)
Loss per share			
From continuing and discontinued operations			
Basic and diluted	*10*	**(HK6.67 cents)**	(HK2.67 cents)
From continuing operations			
Basic and diluted	*10*	**(HK6.53 cents)**	(HK2.17 cents)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	2014	2013
	HK$'000	*HK$'000*
Loss for the year	**(122,018)**	(46,823)
Other comprehensive income/(loss)		
Items that will not be reclassified to profit or loss:		
Revaluation surplus on leasehold buildings	**2,609**	10,094
Deferred tax credit/(charge) arising from revaluation surplus on leasehold buildings	**42**	(426)
	2,651	9,668
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	**(1,451)**	9,007
Reclassification adjustments relating to foreign operation disposed of during the year	**(21,543)**	–
	(22,994)	9,007
Other comprehensive (loss)/income for the year, net of tax	**(20,343)**	18,675
Total comprehensive loss for the year	**(142,361)**	(28,148)
Total comprehensive loss attributable to:		
Owners of the Company	**(141,020)**	(26,995)
Non-controlling interests	**(1,341)**	(1,153)
	(142,361)	(28,148)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment		**121,494**	144,831
Prepaid land premiums		**4,547**	4,699
Intangible assets		**–**	2,567
Goodwill		**–**	834
Refundable deposits		**100,000**	–
		226,041	152,931
Current assets			
Trading securities		**14,232**	103,167
Inventories		**78,425**	104,148
Prepaid land premiums		**152**	152
Trade receivables	*11*	**56,390**	19,673
Prepayments, deposits and other receivables		**9,051**	12,998
Pledged bank deposits		**2,997**	4,599
Cash and cash equivalents		**145,879**	125,439
		307,126	370,176
Current liabilities			
Trade and bills payables	*12*	**68,077**	23,198
Other payables and accruals		**35,827**	69,456
Bank borrowings		**112,503**	80,331
Tax payables		**3,382**	4,639
		219,789	177,624
Net current assets		**87,337**	192,552
Total assets less current liabilities		**313,378**	345,483
Non-current liabilities			
Deferred tax liabilities		**7,569**	7,583
Net assets		**305,809**	337,900
Equity			
Equity attributable to owners of the Company			
Share capital		**202,369**	168,641
Reserves		**103,440**	184,390
		305,809	353,031
Non-controlling interests		**–**	(15,131)
Total equity		**305,809**	337,900

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in Bermuda. The Company's shares are listed on The Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Pursuant to the special resolution of the Company dated 9 March 2015, the name of the Company has been changed from China Tycoon Beverage Holdings Limited to Winshine Entertainment & Media Holding Company Limited. The change of the name the Company has been approved by the Registrar of Companies in Bermuda and became effective on 11 March 2015.

The principal activity of the Company is investment holding. The principal activities of its principal subsidiaries are manufacturing and trading of hard and stuffed toys and securities investments.

2. STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") and by the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622).

The HKICPA has issued certain new and revised HKFRSs which are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

3. APPLICATION OF NEW AND REVISED HKFRSs

The Group has applied for the first time in the current year certain amendments to HKFRSs and a new interpretation. Except as described below, the application of other new and revised standards and the new interpretation 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.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 *Investment Entities*

The Group has applied the amendments to HKFRS 10, HKFRS 12 and HKAS 27 *Investment Entities* for the first time in the current year. The amendments to HKFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:

- obtain funds from one or more investors for the purpose of providing them with investment management services;

- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to HKFRS 12 and HKAS 27 to introduce new disclosure requirements for investment entities.

As the Company is not an investment entity (assessed based on the criteria set out in HKFRS 10 as at 1 January 2014), the application of the amendments has had no impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

Amendments to HKAS 32 *Offsetting Financial Assets and Financial Liabilities*

The Group has applied the amendments to HKAS 32 *Offsetting Financial Assets and Financial Liabilities* for the first time in the current year. The amendments to HKAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The amendments have been applied retrospectively. As the Group does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

4. REVENUE AND SEGMENT REPORTING

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts and dividend income from the Group's securities investments.

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

	2014	2013
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Revenue		
Sale of goods	**422,953**	327,458
Dividend income	**–**	2,700
	422,953	330,158

The Group is organised and its businesses are managed by divisions, which are a mixture of both business lines and geographical location. However, based on the information that is reported internally to the executive directors of the Company, being the chief operating decision maker, of the Group for the purposes of resources allocation and performance assessment, the Group has presented the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

1. Securities investments: this segment derives its revenue from dividends received from equity securities investments.

2. Manufacturing and trading of hard and stuffed toys: this segment derives its revenue from manufacturing and trading of hard and stuffed toys.

During the year, the Group disposed of its manufacturing and sales of beverage products segment (the "Beverage Segment"). The Beverage Segment was classified as discontinued operation as described in note 9.

In accordance with HKFRS 8, segment information disclosed in these consolidated financial statements has been prepared in a manner consistent with the information used by the chief operating decision maker for the purposes of assessing segment performance and allocating resources among segments. In this regard, the chief operating decision maker monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

All assets are allocated to reportable segments other than the refundable deposits, certain property, plant and equipment, certain prepayments and certain cash and cash equivalents, which are grouped as unallocated corporate assets.

All liabilities are allocated to reportable segments other than certain accruals, which are grouped as unallocated corporate liabilities.

Segment profit or loss before taxation exclude unallocated interest income and unallocated corporate expenses which are not directly attributable to the business activities of any operating segment.

(a) Segment results, assets and liabilities

For the years ended 31 December 2014 and 2013

	Continuing operations					
	Securities investments		Manufacturing and trading of hard and stuffed toys		Total	
	2014	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Reportable segment revenue						
Revenue from external customers	**–**	2,700	**422,953**	327,458	**422,953**	330,158
Reportable segment (loss)/profit before taxation	**(17,543)**	(26,970)	**(56,213)**	1,809	**(73,756)**	(25,161)
Unallocated corporate income					**638**	1,075
Unallocated corporate expenses					**(43,405)**	(11,306)
Loss before taxation from continuing operations					**(116,523)**	(35,392)
Other segment information (included in the measure of segment profit or loss or regularly provided to the chief operating decision maker)						
Depreciation of property, plant and equipment	**–**	–	**(9,445)**	(9,553)	**(9,445)**	(9,553)
Amortisation of prepaid land premiums	**–**	–	**(152)**	(152)	**(152)**	(152)
Impairment loss of goodwill	**–**	–	**(834)**	–	**(834)**	–
Impairment loss of property plant and equipment	**–**	–	**(7,084)**	–	**(7,084)**	–
Write down of inventories, net	**–**	–	**(21,066)**	(12,373)	**(21,066)**	(12,373)
Gain/(loss) on disposal of property, plant and equipment, net	**–**	–	**167**	(200)	**167**	(200)
Changes in fair value of trading securities	**(17,553)**	(29,320)	**–**	–	**(17,553)**	(29,320)
Bank interest income	**36**	–	**47**	85	**83**	85
Interest expense	**–**	–	**(5,643)**	(4,579)	**(5,643)**	(4,579)
Addition to non-current assets						
Property, plant and equipment	**–**	–	**2,648**	5,760	**2,648**	5,760

(b) Reconciliation of reportable segment assets and liabilities

As at 31 December 2014

	Continuing operations		
	Securities investments *HK$'000*	**Manufacturing and trading of hard and stuffed toys** *HK$'000*	**Total** *HK$'000*
Reportable segment assets	**14,899**	**298,794**	**313,693**
Unallocated corporate assets			**219,474**
Total assets			**533,167**
Reportable segment liabilities	**–**	**(221,334)**	**(221,334)**
Unallocated corporate liabilities			**(6,024)**
Total liabilities			**(227,358)**

As at 31 December 2013

	Securities investments *HK$'000*	Manufacturing and trading of hard and stuffed toys *HK$'000*	Total *HK$'000*
Reportable segment assets	123,596	276,822	400,418
Assets relating to the Beverage Segment			112,813
Unallocated corporate assets			9,876
Total assets			523,107
Reportable segment liabilities	–	(143,296)	(143,296)
Liabilities relating to the Beverage Segment			(38,247)
Unallocated corporate liabilities			(3,664)
Total liabilities			(185,207)

Note: There were no inter-segment sales in both years.

(c) Geographical information

The following is an analysis of geographical location of (i) the Group's revenue from continuing operations and (ii) the Group's non-current assets include property, plant and equipment, prepaid land premiums, intangible assets and goodwill. The geographical location of customers refers to the customers' place of domicile. The geographical locations of property, plant and equipment and prepaid land premiums are based on the physical location of the asset under consideration. In the case of intangible assets and goodwill, it is based on the location of the operation to which these assets are allocated.

	Revenue from continuing operations		**Non-current assets**	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**93,567**	27,366	**2,901**	5,476
The People's Republic of China (the "PRC")	**–**	–	**123,140**	147,455
United States and Canada	**302,047**	267,091	**–**	–
Japan and Europe	**27,339**	35,701	**–**	–
	422,953	330,158	**126,041**	152,931

(d) Information about major customers

Revenue from customers contributing 10% or more of the total revenue of the Group is as follows:

	2014	2013
	HK$'000	*HK$'000*
Revenue from manufacturing and trading of hard and stuffed toys		
The largest customer	**152,260**	227,067
Second largest customer	**67,175**	36,471
Third largest customer	**63,750**	3,527
Fourth largest customer	**43,400**	15,039

5. OTHER INCOME AND GAIN

Continuing operations	**2014** ***HK$'000***	2013 *HK$'000* (Restated)
Bank interest income	**83**	87
Other interest income	**390**	1,073
Fair value gain on derivative financial instruments	**–**	4,487
Mould income	**3,293**	856
Sublet rental income	**260**	741
Subcontracting income	**575**	2,991
Sundry income	**3,028**	1,858
	7,629	12,093

6. LOSS BEFORE TAXATION FROM CONTINUING OPERATIONS

The Group's loss before taxation from continuing operations is arrived at after charging/(crediting) the following:

	2014 ***HK$'000***	2013 *HK$'000* (Restated)
Continuing operations		
Employee benefit expense (including directors' remuneration):		
Wages and salaries	**148,137**	126,116
Other employee benefits	**3,891**	2,370
Contributions to defined contribution retirement plans	**11,946**	11,416
Equity-settled share-based payments	**26,500**	–
	190,474	139,902
Auditors' remuneration	**1,500**	1,100
Cost of inventories	**388,337**	270,357
Depreciation of property, plant and equipment	**9,557**	9,808
Amortisation of prepaid land premiums	**152**	152
Impairment loss on goodwill	**834**	–
Impairment loss on property, plant and equipment	**7,084**	–
Net foreign exchange loss	**244**	3,910
Write down of inventories, net	**21,066**	12,373
Fair value loss/(gain) on derivative financial instruments	**3,109**	(4,487)
Loss on disposal of property, plant and equipment, net	**180**	524
Operating lease charges in respect of land and buildings	**5,882**	7,318

7. FINANCE COSTS

	2014	2013
	HK$'000	*HK$'000*
Continuing operations		
Interest on bank loans and overdrafts wholly repayable within five years	**5,643**	4,579

8. INCOME TAX EXPENSE

Income tax expense in the consolidated statement of profit or loss represents:

	2014	2013
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Current - Hong Kong		
Charge for the year	**–**	41
Over provision in prior year	**–**	(7)
	–	34
Current - The PRC		
Charge for the year	**1,701**	989
Deferred tax charge	**172**	105
Income tax expense	**1,873**	1,128

Hong Kong Profits Tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

Enterprise Income Tax ("EIT") in the PRC has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 25% (2013: 25%).

Taxation arising in other jurisdictions is calculated at the rates of tax prevailing in the relevant jurisdictions.

9. DISCONTINUED OPERATION

During the year ended 31 December 2014, the Group entered into a disposal agreement to dispose of the Beverage Segment at a consideration of HK$65,000,000. The disposal was completed on 15 September 2014.

The loss from the discontinued operation which has been included in the consolidated statement of profit or loss and consolidated statement of cash flows are set out below:

	1 January 2014 to 15 September 2014	1 January 2013 to 31 December 2013
	HK$'000	*HK$'000*
Loss for the year from discontinued operation		
Revenue	**3,103**	12,339
Cost of sales	**(2,247)**	(5,281)
Gross profit	**856**	7,058
Other income and gain	**823**	2,531
Selling and distribution costs	**(398)**	(5,388)
Administrative expenses	**(7,713)**	(14,393)
Other operating expenses	**(172)**	(237)
Loss before taxation	**(6,604)**	(10,429)
Income tax credit	**22**	126
Loss after taxation	**(6,582)**	(10,303)
Gain on disposal of subsidiaries	**2,960**	–
Loss for the year from discontinued operation	**(3,622)**	(10,303)
Loss for the year from discontinued operation attributable to:		
Owners of the Company	**(2,457)**	(8,479)
Non-controlling interests	**(1,165)**	(1,824)
	(3,622)	(10,303)
Loss for the year from discontinued operation is arrived at after charging/(crediting):		
Depreciation of property, plant and equipment	**1,541**	2,416
Amortisation of intangible assets	**90**	126
Loss on disposal of property, plant and equipment	**12**	35
Reversal of allowance for impairment loss of trade receivables	**–**	(14)
Bank interest income	**(836)**	(2,487)
Cash flows from discontinued operation		
Net cash used in operating activities	**(2,040)**	(1,625)
Net cash generated from investing activities	**1,517**	55
Net cash outflows from discontinued operation	**(523)**	(1,570)

10. LOSS PER SHARE

From continuing and discontinued operations

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

	2014	2013
	HK$'000	*HK$'000*
Loss		
Loss attributable to owners of the Company for the purposes of basic and diluted loss per share	**(120,853)**	(44,999)
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**1,811,156**	1,686,409

From continuing operations

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

	2014	2013
	HK$'000	*HK$'000*
Loss		
Loss attributable to owners of the Company for the purposes of basic and diluted loss per share	**(118,396)**	(36,520)
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**1,811,156**	1,686,409

From discontinued operation

Basic and diluted loss per share from the discontinued operation is HK0.14 cent per share (2013: basic and diluted loss of HK0.50 cent per share), calculated based on the loss attributable to owners of the Company from the discontinued operation of HK$2,457,000 (2013: HK$8,479,000) and the weighted average number of ordinary shares of 1,811,156,000 (2013: 1,686,409,000).

The computation of diluted loss per share for the years ended 31 December 2014 and 2013 do not assume the exercise of share options granted by the Company since such assumed exercise would be anti-dilutive.

11. TRADE RECEIVABLES

	2014	2013
	HK$'000	*HK$'000*
Trade receivables	**56,390**	23,601
Less: allowance for impairment loss	**–**	(3,928)
	56,390	19,673

All of the trade receivables are expected to be recovered within one year.

Ageing analysis

The following is an analysis of the trade receivables by age, presented based on the invoice date and net of allowance:

	2014	2013
	HK$'000	*HK$'000*
0 to 30 days	**26,839**	12,728
31 to 90 days	**25,399**	4,911
Over 90 days	**4,152**	2,034
	56,390	19,673

The Group's trading terms with its customers are mainly on credit with credit periods generally ranging from 30 to 180 days. The Group seeks to maintain strict control over its outstanding receivables, and overdue balances are reviewed regularly by management. Trade receivables are non-interest bearing.

12. TRADE AND BILLS PAYABLES

The ageing analysis of the trade and bills payables as at 31 December 2014 is as follows:

	2014	2013
	HK$'000	*HK$'000*
0 to 30 days	**18,292**	10,153
31 to 90 days	**35,427**	10,091
Over 90 days	**14,358**	2,954
	68,077	23,198

Notes:

(i) The trade and bills payables are expected to be settled within one year.

(ii) No bills payables were included in the balance of trade and bills payables as at 31 December 2014 (2013: HK$1,601,000).

FINAL DIVIDEND

The Board does not recommend the payment of final dividend in respect of the year ended 31 December 2014 (2013: nil).

BUSINESS REVIEW

During the year under review, the Group disposed of its entire beverage operation in September and continues to engage principally in the business of manufacturing and trading of hard and stuffed toys and securities investments after the disposal. For the year ended 31 December 2014, the Group reported revenue of the continuing operations of HK$422,953,000, representing year-over-year increase of 28% (2013: HK$330,158,000). The gross profit of the continuing operations dropped by 76% year-over-year to HK$10,692,000 (2013: HK$43,949,000) and the loss for the year of HK$122,018,000 increased by more than 1.6 times of that of the previous year (2013: HK$46,823,000), mainly due to the unsatisfactory performance in the toys and securities investment division, and also the expenses incurred by the grant of share options in December 2014.

Continuing operations

Toys Division

The Group's toys division continued to suffer from rising production costs in the Pearl River Delta throughout the year and recorded a segment loss of HK$56,213,000, compared to a profit of HK$1,809,000 in the previous year. As mentioned on the 2014 Interim Report, management of the toys division was able to acquire more new orders from its existing clients to fill up the excess production capacity brought by the loss of a product line during the first half year. The increase in revenue from HK$327,458,000 to HK$422,953,000 was however at a cost of a lower margin, which led to the substantial drop of gross profit as a result. In order to improve profitability, the management will adopt a more cautious approach in choosing new sales orders for the coming year.

Securities Investments

During the year, the Group made use of its surplus fund on hand to invest in the securities portfolio aiming to achieve a short term return. The stock market of Hong Kong was volatile during 2014 and the securities investment division recorded a segment loss of HK$17,543,000, compared to the segment loss of HK$26,970,000 in 2013. As at 31 December 2014, the Group's securities portfolio was valued at HK$14,232,000 (2013: HK$103,167,000). The Group had not received any dividend income during the year (2013: HK$2,700,000).

Discontinued operation

Beverage Division

After considering the unsatisfactory performance of the beverage division for the past few years, the Group decided to dispose of its entire interest to a third party in September 2014. A disposal gain of HK$2,960,000 was recorded pursuant to the disposal agreement where the subsidiary and the shareholder's loan owed by the subsidiary were sold at a consideration of HK$65,000,000.

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

At 31 December 2014, the Group had current assets of HK$307,126,000 (2013: HK$370,176,000) comprising cash and cash equivalents of HK$145,879,000 (2013: HK$125,439,000)(excluding pledged bank deposits). The Group's current ratio, calculated as current assets divided by current liabilities of HK$219,789,000 (2013: HK$177,624,000), remained at a healthy ratio of 1.40 (2013: 2.08). The Group's bank loans as at 31 December 2014 were denominated in Hong Kong dollars, United States dollars and Renminbi in the proportion of 91%, 4% and 5% (2013: 98%, 2% and nil) respectively. All bank loans totaling HK$112,503,000 (2013: HK$80,331,000) would mature within one year, out of which 96% bore fixed interest rate (2013: 98%) and the remaining 4% bore floating interest rate (2013: 2%).

The use of derivative financial instruments was strictly monitored and controlled. The majority of the derivative financial instruments entered into by the Group were primarily used for management of the Group's foreign currency risk exposures.

The equity attributable to owners of the Company decreased by 13% to HK$305,809,000 (2013: HK$353,031,000) mainly as a result of the loss incurred by the Group during the year. The Group financed its operations through a combination of bank financing and shareholder's equity. The Group's gearing ratio was determined as its net debt divided by total equity plus net debt where net debt included bank borrowings, trade payables and other payables less pledged bank deposits and cash and cash equivalents. The gearing ratio of the Group as at 31 December 2014 was 18% (2013: 11%).

Despite the loss incurred by the Group, the financial position of the Group remains solid with sufficient cash to support the Group's ongoing business operations.

PROSPECTS

Acquisition of Ankai Tianjin Holding Co. Ltd. ("Ankai Tianjin")

On 18 November 2014, the Group announced (the "Ankai Announcement") that it entered into the framework agreement ("Ankai Agreement") with Ankai Tianjin and its shareholders (together, the "Vendor") pursuant to which the Group has conditionally agreed to acquire the entire right of control, economic interests, management and benefits of Ankai Tianjin through the structured contracts (the "Structured Contracts") at a consideration of HK$120 million (the "Acquisition"). Ankai Tianjin is a limited liability company incorporated in the PRC engaging in the investment holding business. According to the Ankai Agreement, Ankai Tianjin will hold 40% equity interest in Hubei Changjian Huasheng Media Co. Ltd. ("Hubei Changjian Huasheng") and 70% equity interest in China Sports Insurance Broker Co. Ltd. ("China Sports Insurance") upon completion of reorganisation. Hubei Changjian Huasheng is principally engaged in production and distribution of television drama, film and media production in the PRC while China Sports Insurance is engaged in insurance brokerage business in the PRC, specialised in the areas of sports events and media production insurance services.

Since the media business and insurance brokerage business are subject to prohibition or restriction on foreign investment under the applicable PRC laws, a series of Structured Contracts will be entered between the Group, the nominee and the nominee's shareholder(s) so that the Group can acquire the entire economic benefits and risks of the businesses and account for the financial results of Ankai Tianjin upon completion of the Acquisition. As the Group does not have any direct equity ownership in the nominee and Ankai Tianjin and can only rely on the Structure Contracts to control, operate and be entitled to the economic benefits, there are certain risks associated with the use of the Structured Contacts for the Acquisition.

Up to the date of this announcement, the Acquisition is not yet completed as Ankai Tianjin is still undergoing reorganisation and certain conditions precedent of the Ankai Agreements have not been satisfied. According to the Ankai Agreement, a total of HK$100 million is paid to the Vendor as refundable deposit, upon satisfaction of due diligence review results on Ankai Tianjin in December 2014.

Acquisition of Beijing Weiying Times Technology Co. Ltd. ("Beijing Weiying")

On 29 December 2014, the Group announced ("Weiying Announcement") that it entered into the framework agreement ("Weiying Agreement") with one of the existing shareholders of Beijing Weiying and an independent third party (together, the "Weiying Vendor") to acquire the right of control, economic interests, management and benefits of 19.08% interests in Beijing Weiying through the Structure Contracts ("Weiying Acquisition"). Beijing Weiying is a limited liability company incorporated in the PRC and is engaged in provision of online sale of movie tickets through the Weixin movie tickets platform and provision of other value added services relating to the film distribution business in the PRC. The consideration for the Weiying Acquisition is HK$296,885,000, which comprises of (i) a refundable deposit of HK$75 million in cash and (ii) HK$221,885,000 by issue of 778,543,000 consideration shares at HK$0.285 per share by the Company.

As current PRC laws and regulations imposes certain restrictions on foreign ownership of companies that engage in value-added telecommunications business, a series of Structured Contracts will be entered between the Group, the nominee and the nominee's shareholder(s) so that the Group can acquire the entire economic benefits and risks of the businesses and account for the financial results of Beijing Weiying upon completion. As the Group does not have any direct equity ownership in the nominee and Beijing Weiyin and will only rely on the Structure Contracts to control, operate and be entitled to the economic benefits, there are certain risks associated with the use of the Structured Contacts for Weiying Acquisition.

Since certain Acquisition conditions could not be fulfilled or complied with, the Group entered into a termination agreement with the Weiying Vendor to terminate the Weiying Agreement on 6 March 2015.

Despite the termination of Weiying Acquisition, the Group will continue to pursue investment opportunities in the media and entertainment, cultural and internet business sectors in the PRC, which can enable the Group to participate in these fast growing industries and enhance returns to the shareholders.

CORPORATE GOVERNANCE

During the year ended 31 December 2014, the Company had complied with all the applicable code provisions of the Corporate Governance Code set out in Appendix 14 to the Listing Rules. The Company had failed to meet the requirement of Rule 3.10A of the Listing Rules during the period from 4 November 2014 to 10 November 2014 where the number of independent non-executive directors fell below one-third of the Board.

AUDIT COMMITTEE

The audited consolidated financial statements of the Company for the year ended 31 December 2014 have been reviewed by the Audit Committee of the Company before they are duly approved by the Board under the recommendation of the Audit Committee.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

During the year ended 31 December 2014, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

By Order of the Board
Gao Feng
Executive Director and Acting Chairman

Hong Kong, 30 March 2015

As at the date of this announcement, the Board comprises four Executive Directors, being Mr. Gao Feng (Acting Chairman), Ms. Liu Ying (Acting Chief Executive Officer), Mr. Zhang Jack Jiyei (Chief Financial Officer) and Mr. Wu Jiang; two Non-executive Directors, namely Mr. Lo Ming Chi, Charles and Ms. Chan Yuk Yee; and three Independent Non-executive Directors, namely Mr. Li Fang, Ms. Yang Qinyan and Mr. Wong Kwok Tai.

* *For identification purposes only*