Sheen Tai Holdings Group Company Limited
順泰控股集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 01335)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

GROUP FINANCIAL HIGHLIGHT

for the year ended 31 December 2014
(Expressed in Hong Kong dollars)

	2014	2013
	$'000	*$'000*
Turnover	**712,534**	706,134
Gross profit	**282,248**	266,647
Profit before taxation	**190,601**	175,820
Profit attributable to:		
Equity shareholders of the Company	**92,507**	77,934
Earnings per share		
Basic (HKD)	**0.22**	0.19
Diluted (HKD)	**0.21**	0.19
Cash and cash equivalents	**117,049**	61,179
Net assets	**536,728**	472,230
Total assets	**1,194,906**	861,630

RESULTS

The board (the "Board") of directors (the "Directors") of Sheen Tai Holdings Group Company Limited (the "Company" or "Sheentai") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2014 (the "Year"), with the comparative figures for the year ended 31 December 2013, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
for the year ended 31 December 2014
(Expressed in Hong Kong dollars)

	Note	**2014**	2013
		$'000	*$'000*
Turnover	*5*	**712,534**	706,134
Cost of sales		**(430,286)**	(439,487)
Gross profit		**282,248**	266,647
Other revenue and net income	*6*	**25,950**	12,777
Distribution costs		**(14,777)**	(15,392)
Administrative expenses		**(76,354)**	(67,943)
Other operating expenses		**(8,100)**	(624)
Profit from operations		**208,967**	195,465
Finance costs	*7(a)*	**(18,366)**	(19,645)
Profit before taxation	*7*	**190,601**	175,820
Income tax	*8(a)*	**(39,497)**	(47,489)
Profit for the year		**151,104**	128,331
Attributable to:			
Equity shareholders of the Company		**92,507**	77,934
Non-controlling interests		**58,597**	50,397
Profit for the year		**151,104**	128,331
Earnings per share			
Basic (HKD)	*9*	**0.22**	0.19
Diluted (HKD)	*9*	**0.21**	0.19

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2014
(Expressed in Hong Kong dollars)

	Note	2014 $'000	2013 $'000
Profit for the year		**151,104**	128,331
Other comprehensive income for the year, net of tax			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of financial statements of subsidiaries		**1,145**	10,230
Available-for-sale financial assets: net movement in the fair value reserve		**(3,505)**	3,505
Other comprehensive income for the year		**(2,360)**	13,735
Total comprehensive income for the year		**148,744**	142,066
Attributable to:			
Equity shareholders of the Company		**89,861**	89,511
Non-controlling interests		**58,883**	52,555
Total comprehensive income for the year		**148,744**	142,066

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2014

(Expressed in Hong Kong dollars)

	Note	**2014**	2013
		$'000	*$'000*
Non-current assets			
Fixed assets			
– Property, plant and equipment		**188,573**	318,069
– Interests in leasehold land held for own use under operating lease		**23,148**	44,830
Intangible assets		**125**	544
Available-for-sale financial assets		**–**	23,702
Deferred tax assets		**6,473**	4,242
		218,319	391,387
Current assets			
Inventories		**323,555**	102,578
Trade and other receivables	*11*	**186,383**	256,782
Restricted cash		**18,950**	49,704
Assets classified as held for sale		**330,650**	–
Cash and cash equivalents		**117,049**	61,179
		976,587	470,243
Current liabilities			
Trade and other payables	*12*	**221,455**	88,089
Bank loans	*13*	**211,273**	271,091
Financial liabilities at fair value through profit or loss		**1,891**	–
Convertible bond - interest payable		**2,830**	–
Current taxation		**2,982**	24,195
Liabilities classified as held for sale		**139,770**	–
		580,201	383,375
Net current assets		**396,386**	86,868
Total assets less current liabilities		**614,705**	478,255

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 December 2014
(Expressed in Hong Kong dollars)

	Note	**2014** **$'000**	2013 $'000
Non-current liabilities			
Bank loans	*13*	**878**	1,083
Convertible bond		**66,329**	–
Deferred tax liabilities		**10,770**	4,303
Deferred government grants		**–**	639
		77,977	6,025
NET ASSETS		**536,728**	472,230
CAPITAL AND RESERVES			
Share capital		**4,173**	4,150
Reserves		**437,695**	378,339
Total equity attributable to equity shareholders of the Company		**441,868**	382,489
Non-controlling interests		**94,860**	89,741
TOTAL EQUITY		**536,728**	472,230

1 General information

Sheen Tai Holdings Group Company Limited (the "Company") was incorporated in the Cayman Islands on 24 February 2012 and registered as an exempted company with limited liability under Companies law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company and its subsidiaries hereinafter are collectively referred to as the "Group". The Company's shares were listed on the Stock Exchange of Hong Kong Limited on 13 July 2012.

2 Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA) and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable disclosure requirements of 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 new Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain new and revised HKFRSs that 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 financial statements.

3 Changes in accounting policies

The HKICPA has issued the following amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the Group and the Company:

- Amendments to HKFRS 10, HKFRS 12 and HKAS 27, *Investment entities*
- Amendments to HKAS 32, *Offsetting financial assets and financial liabilities*
- HK(IFRIC) 21, *Levies*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the new or amended HKFRSs are discussed below:

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

The amendments provide consolidation relief to those parents which qualify to be an investment entity as defined in the amended HKFRS 10. Investment entities are required to measure their subsidiaries at fair value through profit or loss. These amendments do not have an impact on these financial statements as the Company does not qualify to be an investment entity.

Amendments to HKAS 32, *Offsetting financial assets and financial liabilities*

The amendments to HKAS 32 clarify the offsetting criteria in HKAS 32. The amendments do not have an impact on these financial statements as they are consistent with the policies already adopted by the Group.

HK(IFRIC) 21, *Levies*

The Interpretation provides guidance on when a liability to pay a levy imposed by a government should be recognised. The amendments do not have an impact on these financial statements as the guidance is consistent with the Group's existing accounting policies.

4 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2014

Up to the date of issue of these financial statements, the HKICPA has issued a few amendments and standards which are not yet effective for the year ended 31 December 2014 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 19, *Defined benefit plans: Employee contributions*	1 July 2014
Annual improvements to HKFRSs 2010-2012 cycle	1 July 2014
Annual improvements to HKFRSs 2011-2013 cycle	1 July 2014
Amendments to HKAS 16 and HKAS 38, *Clarification of acceptable methods of depreciation and amortisation*	1 January 2016
HKFRS 15, *Revenue from contracts with customers*	1 January 2017
HKFRS 9, *Financial instruments*	1 January 2018

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

In addition, the requirements of Part 9, "Accounts and Audit", of the new Hong Kong Companies Ordinance (Cap. 622) come into operation from the company's first financial year commencing after 3 March 2014 (i.e. the company's financial year which began on 1 January 2015) in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of the expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9. So far it has concluded that the impact is unlikely to be significant and will primarily only affect the presentation and disclosure of information in the consolidated financial statements.

5 Turnover and segment reporting

(a) Turnover

The principal activities of the Group are manufacturing and supply of cigarette paper boxes, cigarette films and other marketing films and development of properties in the PRC.

Turnover represents the sales value of goods sold less returns, discounts and value added taxes and other sales taxes. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2014		2013	
	$'000	*%*	*$'000*	*%*
Manufacturing and sales of cigarette-related packaging materials				
– Cigarette paper boxes	**304,748**	**42.8**	289,565	41.0
– Anti-counterfeiting films	**92,722**	**13.0**	72,281	10.2
– Other cigarette films	**178,894**	**25.1**	146,355	20.7
Sub-total	**576,364**	**80.9**	508,201	71.9
Trading of imported films	**46,323**	**6.5**	78,267	11.1
Manufacturing and sales of non-cigarette-related packaging materials	**89,847**	**12.6**	119,666	17.0
Sub-total	**712,534**	**100.0**	706,134	100.0
Sales of properties	**–**	**–**	–	–
Total	**712,534**	**100.0**	706,134	100.0

For the year ended 31 December 2014, there were 2 (2013: 2) customers with whom transactions have exceeded 10% of the Group's revenues. Revenues from sales to these customers, including sales to entities which are known to the Group to be under common control with these customers (i.e. the sales to different customers are viewed as a single customer if the relevant sales were made to various customers under common control), amounted to approximately $531,301,000, and $571,816,000 for the years ended 31 December 2013 and 2014 respectively.

Further details regarding the Group's principal activities are disclosed as below:

(b) Segment reporting

The Group manages its businesses by divisions, which are consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments.

- Cigarette-related packaging materials: this segment sells and manufactures cigarette packages and cigarette packaging films;
- Non-cigarette-related packaging materials: this segment sells and manufactures non-cigarette-related packing materials (e.g. films for packing straws, food, cassettes and stationery tapes); and
- Development of properties: this segment develops and sells residential properties.

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following basis:

Segment assets include all tangible, intangible assets and current assets. Segment liabilities include trade creditors, accruals and bills payable attributable to the manufacturing and sales activities of the individual segments and bank borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2014 and 2013 is set out below.

	Cigarette related packaging materials		Non-cigarette related packaging materials		Development of properties		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Revenue from external customers	**622,687**	586,468	**89,847**	119,666	**–**	–	**712,534**	706,134
Reportable segment revenue	**622,687**	586,468	**89,847**	119,666	**–**	–	**712,534**	706,134
Reportable segment gross profit	**273,192**	254,080	**9,056**	12,567	**–**	–	**282,248**	266,647
Reportable segment profit before taxation	**188,621**	173,990	**1,980**	1,830	**–**	–	**190,601**	175,820
Interest income from bank deposits	**2,377**	1,084	**34**	39	**8**	–	**2,419**	1,123
Finance costs	**14,430**	15,595	**1,891**	4,050	**2,045**	–	**18,366**	19,645
Depreciation and amortisation for the year	**26,061**	25,745	**5,748**	7,393	**124**	–	**31,933**	33,138
Reportable segment assets	**784,756**	684,691	**161,901**	175,510	**245,201**	–	**1,191,858**	860,201
Additions to non-current segment assets during the year	**16,285**	5,067	**5,636**	279	**851**	–	**22,772**	5,346
Reportable segment liabilities	**352,619**	284,409	**98,301**	104,129	**205,743**	–	**656,663**	388,538

(ii) Reconciliations of reportable segment assets and liabilities

	2014	2013
	$'000	*$'000*
Assets		
Reportable segment assets	**1,191,858**	860,201
Deferred tax assets	**3,048**	1,429
Consolidated total assets	**1,194,906**	861,630
Liabilities		
Reportable segment liabilities	**656,663**	388,538
Current taxation	**586**	473
Deferred tax liabilities	**929**	389
Consolidated total liabilities	**658,178**	389,400

(iii) Geographic information

No geographic information is shown as the turnover and profit from operations of the Group are derived from its activities in the PRC.

6 Other revenue and net income

(a) Other revenue

	2014	2013
	$'000	*$'000*
Interest income	**2,419**	1,123
Government grants	**575**	766
Dividend income from listed securities	**1,549**	–
	4,543	1,889

(b) Other net income

	2014	2013
	$'000	*$'000*
Net foreign exchange (loss)/gain	**(908)**	420
Sales of scrap materials	**12,505**	10,239
Gain on sale of available-for-sale financial assets	**9,482**	–
Loss on revaluation of convertible bond	**(274)**	–
Others	**602**	229
	21,407	10,888

7 Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

	2014 *$'000*	2013 *$'000*
(a) Finance costs:		
Interest on bank borrowings wholly repayable within five years	**15,024**	19,645
Interest on convertible bond	**776**	–
Other interest expense	**7,509**	–
Less: Interest expense capitalised into properties under development*	**(4,943)**	–
	18,366	19,645

* The borrowing costs have been capitalised at a rate of 5.600% - 8.515% per annum.

	2014 *$'000*	2013 *$'000*
(b) Staff costs:		
Contributions to defined contributions retirement plan	**3,768**	3,713
Equity-settled share-based payment expenses	**1,363**	973
Salaries, wages and other benefits	**56,528**	50,400
	61,659	55,086
(c) Other items:		
Amortisation of intangible assets	**138**	72
Auditors' remuneration	**2,557**	2,350
Cost of inventories #	**430,286**	439,487
Depreciation and amortisation of fixed assets	**31,795**	33,066
Impairment losses - Trade and other receivables	**1,102**	728
Net foreign exchange loss/(gain)	**908**	(420)
Operating lease charges	**8,128**	4,141
Net loss on sale of fixed assets	**44**	378

Cost of inventories includes $49,005,000 (2013: $50,842,000) relating to staff costs, operating lease charges, depreciation and amortisation expenses, which amounts are also included in the respective total amounts disclosed separately above or in note 7(b) for each of these types of expenses.

8 Income tax in the consolidated statement of profit or loss

(a) Taxation in the consolidated statement of profit or loss represents:

	2014	2013
	$'000	*$'000*
Current tax - Hong Kong Profits Tax		
Provision for the year	**4,851**	3,666
Current tax - PRC income tax		
Provision for the year	**35,354**	43,966
Deferred tax		
Origination and reversal of temporary differences	**(708)**	(143)
	39,497	47,489

(i) Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in these jurisdictions.

(ii) The provision for Hong Kong Profits Tax for the years ended 31 December 2013 and 2014 is calculated at 16.5% of the estimated assessable profits for the year. The payments of dividends by the Group companies incorporated in Hong Kong are not subject to withholding tax.

(iii) On 16 March, 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the PRC ("New Tax Law") which became effective on 1 January 2008 and the PRC's statutory Corporate Income Tax rate is 25%.

Pursuant to the rules and regulations applicable to advanced technology enterprises established in the PRC, JSST is subject to PRC corporate income tax at a preferential tax rate of 15%.

(iv) According to the New Tax Law and its implementation rules, dividends receivable by non-PRC-resident corporate investors from PRC-resident enterprises are subject to withholding tax at 10%, unless reduced by tax treaties or arrangements, for profits earned since 1 January 2008. Under the tax arrangement between the Mainland of China and Hong Kong Special Administrative Region and the relevant regulations, a qualified Hong Kong tax resident which is the "beneficial owner" and holds a 25% equity interest or more of a PRC enterprise is entitled to a reduced withholding tax rate of 5%. The withholding tax rate applicable to the Group is 5%.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2014	2013
	$'000	*$'000*
Profit before taxation	**190,601**	175,820
Notional tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned	**33,747**	42,621
Tax effect of non-deductible expenses	**2,657**	2,865
PRC withholding tax	**3,093**	2,003
Actual tax expense	**39,497**	47,489

9 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share for the year ended 2014 is based on the consolidated profit attributable to equity shareholders of the Company of HK$92,507,000 (2013: HK$77,934,000) and weighted average number of 416,391,346 shares (2013: 415,000,000 shares) in issue during the year.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the consolidated profit attributable to ordinary equity shareholders of the Company of HK$93,557,000 (2013: HK$77,934,000) divided by the weighted average number of ordinary shares of 439,233,158 shares (2013: 417,155,000) after adjusting for the effects of deemed issue of shares under the Company's Pre-IPO Share Option Scheme and the effect of deemed conversion of convertible bond.

(i) Profit attributable to ordinary equity shareholders of the Company (diluted)

	2014	2013
	HK$'000	*HK$'000*
Profit attributable to ordinary equity shareholders of the Company	**92,507**	77,934
After tax effect of effective interest on the liability component of convertible bond	**776**	–
After tax effect of change in fair value of embedded derivative component of convertible bond	**274**	–
Profit attributable to ordinary equity shareholders of the Company (diluted)	**93,557**	77,934

(ii) Weighted average number of ordinary shares (diluted)

	2014	2013
Weighted average number of ordinary shares	**416,391,346**	415,000,000
Effect of deemed issue of shares under the Company's share option scheme	**1,732,041**	2,155,000
Effect of deemed conversion of convertible bond	**21,109,771**	–
Weighted average number of ordinary shares (diluted)	**439,233,158**	417,155,000

10 Dividends

Dividends payable and proposed to equity shareholders of the Company attributable to the year:

	2014	2013
	$'000	$'000
Final dividend proposed after the end of the reporting period of HK$0.08 (2013: HK$0.08) per ordinary share	**40,027**	33,200

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

11 Trade and other receivables

	Group	
	2014	2013
	HK$'000	*HK$'000*
Trade and bills receivable	**161,992**	241,024
Less: Allowance from doubtful debts	**(1,830)**	(728)
	160,162	240,296
Deposits, prepayments and other receivables – third parties	**26,221**	16,486
Amount due from subsidiaries	**–**	–
	186,383	256,782

All of the other trade and other receivables (including amounts due from subsidiaries), are expected to be recovered or recognised as expense within one year.

(a) **Ageing analysis:**

As of the end of the reporting period, the ageing analysis of trade debtors and bills receivable (which are included in trade and other receivables), based on the invoice date and net of allowance for doubtful debts, is as follows:

	Group			
	2014		2013	
	Trade receivable $'000	***Bills receivable $'000***	*Trade receivable $'000*	*Bills receivable $'000*
Less than 30 days	**46,747**	**19,645**	123,485	3,419
31 - 90 days	**61,884**	**9,530**	82,953	16,128
91 - 180 days	**11,859**	**76**	5,536	–
181 - 365 days	**6,247**	**–**	6,976	–
Over 365 days	**4,174**	**–**	1,799	–
	130,911	**29,251**	220,749	19,547

Trade and bills receivable are due within 30 to 180 days from the invoice date.

(b) **Impaired of trade debtors and bills receivable**

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

The movement in the allowance for doubtful debts during the year, including both specific and collective loss components, is as follows:

	Group	
	2014	2013
	HK$'000	*HK$'000*
At 1 January	**728**	–
Impairment loss recognised	**1,102**	728
At 31 December	**1,830**	728

As of 31 December 2014, an impairment loss of HK$1,830,000 (2013: HK$728,000) was recognised and provided for as a result from the assessment of the Group's trade receivables due from third parties of HK$1,830,000 (2013: HK$728,000) that individually determined to be impaired. The individually impaired trade receivables mainly relate to customers who are in financial difficulties and the likelihood of recoverability is expected to be in doubt. The Group does not hold any collateral over these balances.

Trade receivables due from third parties that are past due but not impaired relate to creditworthy customers who have maintained a close working relationship with the Group and have consistent payment records.

(c) Trade and bills receivable that are not impaired:

The ageing analysis of trade debtors and bills receivable that are neither individually nor collectively considered to be impaired are as follows:

	Group	
	2014	2013
	HK$'000	*HK$'000*
Current	**113,243**	211,908
Less than 1 month past due	**22,720**	10,245
1 to 3 months past due	**11,635**	7,627
More than 3 months past due	**12,564**	10,516
Amount past due	**46,919**	28,388
	160,162	240,296

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history default.

Receivables that were past due but not impaired relate to the trade balance with a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balance are still considered fully recoverable.

(d) Trade and other receivables pledged for banking facilities:

As at 31 December 2014, nil trade receivables (2013: $49,080,000) are pledged as security against bank loans of certain subsidiaries.

12 Trade and other payables

	Group	
	2014	2013
	HK$'000	*HK$'000*
Trade and bills payable	**61,530**	51,340
Other payables and accruals		
– related parties	**46,011**	–
– others	**110,157**	36,213
Amount due to the Controlling Shareholder and director		
– Mr Guo Yumin	**3,757**	536
	221,455	88,089

All of the trade and other payables are expected to be settled within one year or are repayable on demand.

As of the end of the reporting period, the ageing analysis of trade creditors and bills payable (which are included in trade and other payables), based on the invoice date, is as follows:

	Group			
	2014		2013	
	Trade payable $'000	***Bills payable $'000***	*Trade payable $'000*	*Bills payable $'000*
Due within 1 month or on demand	**11,554**	**42,500**	20,458	20,967
Due after 1 month but within 3 months	**6,329**	**–**	7,301	–
Due after 3 months but within 6 months	**397**	**–**	681	–
Due more than 6 months	**750**	**–**	1,933	–
	19,030	**42,500**	30,373	20,967

13 Bank loans

At 31 December 2013 and 2014, the bank loans were repayable as follows:

	Group	
	2014	2013
	HK$'000	*HK$'000*
Within 1 year or on demand	**211,273**	271,091
After 1 year but within 2 years	**220**	213
After 2 years but within 5 years	**658**	870
	878	1,083
	212,151	272,174

	Group	
	2014	2013
	HK$'000	*HK$'000*
Representing:		
Secured	**198,998**	246,734
Unsecured	**13,153**	25,440
	212,151	272,174

At 31 December 2013 and 2014, the banking facilities of the Group totalling $496,388,000 and $468,832,251 respectively were utilised to the extent of $272,174,000 and $212,151,000 respectively. Certain bank loans were secured by assets of the Group as set out below:

	2014	2013
	HK$'000	*HK$'000*
Restricted cash	**18,950**	49,704
Fixed assets	**179,502**	280,551
Trade receivable	**–**	49,080
	198,452	379,335

At 31 December 2013, the banking facility of the Company was guaranteed by Jiangsu Shuntai Packaging & Printing Science Technology Co., Ltd. ("JSST").

All of the Group's banking facilities are subject to the fulfilment of covenants relating to certain of the Group's balance sheet ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. As at 31 December 2014, none of the covenants relating to drawn down facilities had been breached (2013: $nil).

14 Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors capital with reference to its debt position. The Group's strategy was to maintain the equity and debt in a balanced position and ensure that there was adequate working capital to service its debt obligations. The Group's gearing ratio, being the Group's net debt over its shareholder's equity as at 31 December 2013 and 2014 was 42% and 62% respectively.

Neither the Company nor any of its subsidiaries is subject to externally imposed capital requirements in the current and prior years.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The economy in the PRC has continued to grow in 2014 with a slight decrease of 0.3% in GDP when compared to 7.7% in 2013. In December 2014, the Central Economic Work Conference indicated the trend of changes in terms of productivity, investment, consumption and resource allocation for the new China economic era. The PRC economy is entering into a period of transformation and tends to stabilize at a more steady growth rate. The Group has reported an increase in turnover and profit attributable to equity holders of the Company for the year ended 31 December 2014 when compared to the year ended 31 December 2013.

Business and Financial Review

The Group is principally engaged in developing, promoting and sales of imported films, self-manufactured films, cigarette paper boxes and residential properties. Our business can be broadly classified into three categories, namely, (i) the production of cigarette-related packaging materials; (ii) the production of non-cigarette-related packaging materials; and (iii) the development of properties. Among the cigarette-related packaging material production segment of the Group, there are three types of products which are (i) cigarette paper boxes; (ii) anti-counterfeiting film; and (ii) other cigarette film.

The Group has three manufacturing plants. The first manufacturing plant is located in Qingdao, the PRC (the "Ener Manufacturing Plant"). The Ener Manufacturing Plant is used for the manufacturing of other cigarette films and non-cigarette-related films. The maximum production capacity of the Ener Manufacturing Plant was 13,000 mt. With the commencement of production of the second production line in late December 2014, the maximum production capacity of the Ener Manufacturing Plant in 2015 has been increased by 4,000 mt to 17,000 mt. The second and the third manufacturing plant of the Group is located in Huaian, the PRC (the "JSST Manufacturing Plant" and "Sheen Colour Manufacturing Plant"). The Sheen Colour Manufacturing Plant is used for the manufacturing of anti-counterfeiting films. The JSST Manufacturing Plant is used for the manufacturing of cigarette paper boxes. It is anticipated that the production capacity of the Sheen Colour Manufacturing Plant will remain stable in 2015.

Result of operation

Turnover

Our turnover represents the sales value of goods sold less returns, discounts and value added taxes and other sales taxes and which is principally derived from the manufacturing and trade of cigarette-related and non-cigarette related packaging materials. No sales has been recorded for sale of properties during the year ended 31 December 2013 and 2014. The Group recorded turnover of approximately HK$712.5 million for the year ended 31 December 2014, representing an increase of approximately 0.9% when compared to approximately HK$706.1 million for the year ended 31 December 2013.

Cigarette-related packaging materials

The increase in turnover from cigarette-related packaging materials by approximately 6.2% to approximately HK$622.7 million (2013: approximately HK$586.5 million) for the year ended 31 December 2014 was mainly contributed by the growth in (i) sales of our other cigarette films by approximately 22.2%, from approximately HK$146.4 million for the year ended 31 December 2013 to approximately HK$178.9 million for the year ended 31 December 2014, primarily as a result of the increase in the demand from our customers; (ii) sales of our anti-counterfeiting films by approximately 28.2%, from approximately HK$72.3 million for the year ended 31 December 2013 to approximately HK$92.7 million for the year ended 31 December 2014, due to the increase of the sales of several series of cigarette brand "Nanjing", which are using our anti-counterfeiting product, in 2014. The increase was partially offset by the decrease in the sales of trading of imported films by approximately 40.9%, from approximately HK$78.3 million for the year ended 31 December 2013 to approximately HK$46.3 million for the year ended 31 December 2014. The decrease was caused by the limited supply from our sole supplier during 2014.

Non-cigarette-related packaging materials

Revenue from sale of our only product in non-cigarette-related packaging materials, other film, decreased by approximately 25.0%, from HK$119.7 million for the year ended 31 December 2013 to approximately HK$89.8 million for the year ended 31 December 2014. In 2014, in order to increase the profit and due to the limitation of the production capacity of the Ener Manufacturing Plant, we have continuously adjusted our production and sales plan by switching the manufacturing of other films to other cigarette films which has higher gross profit margin. With the commencement of production of the second production line in late December 2014, extra production capacity of the Ener Manufacturing Plant has provided more options for our manufacturing mix in 2015 which may lead to a better allocation of production between different types of other film and hence may enhance our result in the future.

Development of properties

There was no sale of properties for the year ended 31 December 2014.

Gross profit and gross profit margin

Gross profit increased by approximately HK$15.6 million, or approximately 5.9%, from approximately HK$266.6 million for the year ended 31 December 2013 to approximately HK$282.2 million for the year ended 31 December 2014. Gross profit margin increased by 1.8% from approximately 37.8% for the year ended 31 December 2013 to approximately 39.6% for the year ended 31 December 2014.

Other net income

Our other net income recorded an increase of approximately HK$13.2 million, or approximately 103.1% for the year ended 31 December 2014, when compared with the year ended 31 December 2013. The increase was mainly due to the receipt of dividend generated from available-for-sale financial assets amounting to HK$1.5 million and the sale of the available-for-sale financial assets amounting to HK$9.5 million.

Distribution costs

Our distribution costs decreased by approximately HK$0.6 million, or approximately 3.9%, from approximately HK$15.4 million for the year ended 31 December 2013 to approximately HK$14.8 million for the year ended 31 December 2014, primarily due to the decrease of marketing expenses for our other film clients which was in line with the decrease of our sales in other film. We expect that the distribution costs will increase in 2015 after the commencement of operations of our second production line in the Ener Manufacturing Plant.

Administrative expenses

Our administrative expenses increased by approximately HK$8.5 million, or approximately 12.5%, from approximately HK$67.9 million for the year ended 31 December 2013 to approximately HK$76.4 million for the year ended 31 December 2014. The increase was due to the increase of staff cost by approximately HK$4.5 million attributable to the expansion of our operation and the increase of the operating lease payment by approximately HK$6.3 million for the machinery of the second production line of the Ener Manufacturing Plant.

Finance costs

Our finance costs decreased by approximately 6.1% from approximately HK$19.6 million for the year ended 31 December 2013 to approximately HK$18.4 million for the year ended 31 December 2014, primarily due to the decrease in the effective interest rate of our borrowings in the year ended 31 December 2014 when compared to the year ended 31 December 2013.

Income tax

Our income tax decreased by approximately HK$8 million from approximately HK$47.5 million for the year ended 31 December 2013 to approximately HK$39.5 million for the year ended 31 December 2014. Our subsidiary, Jiangsu Shuntai Packaging & Printing Science Technology Co., Ltd. ("Jiangsu Shuntai") has been qualified as a high-and-new-technology enterprise and is entitled to the application of a tax rate of 15% (2013: 25%) since the tax year of 2014. The positive effect of the aforesaid change in tax rate on income tax was approximately HK$14.2 million.

Profit attributable to equity holders of the Company

As a result of the foregoing factors, profit attributable to equity holders of the Company for the year ended 31 December 2014 increased approximately by 18.7% from approximately HK$77.9 million to approximately HK$92.5 million.

Liquidity and financial resources

As at 31 December 2014, the total cash and bank balances of the Group amounted to approximately HK$175.0 million compared with approximately HK$61.2 million as at 31 December 2013, representing an increase of approximately HK$113.8 million. Such increase was mainly due to the net cash inflow from borrowings and operating activities.

Borrowings and gearing ratio

Total interest-bearing borrowings of the Group as at 31 December 2014 was HK$408.5 million, which were denominated in RMB, US dollar and HK dollar, of which approximately HK$341.3 million were current interest-bearing borrowings and HK$67.2 million were non-current borrowings. The Group's gearing ratio, calculated by net debt divided by shareholders' equity as at the end of the Year and multiplied by 100%, increased from 42% as at 31 December 2013 to 62% as at 31 December 2014. It was primarily due to the issuance of convertible bond by the Company to Mr. Guo Yumin (the chairman, an executive Director and a controlling shareholder of the Company) for the acquisition of the entire issued share capital of Sheen Tai International Investment Ltd. (順泰國際投資有限公司) in 2014.

Exposure to fluctuation in exchange rate

The Group is exposed to currency risk primarily through sales and purchases made by the subsidiaries in the PRC which give rise to receivables, payables, cash balances and bank loans that are denominated in US dollars. At present, the Group has no hedging policy with respect to the foreign exchange exposure.

As the functional currency for all subsidiaries in the PRC are RMB, these subsidiaries are not exposed to any currency risk due to the exchange rate movement of RMB. For subsidiaries established outside of the PRC, they have no material financial assets and liabilities denominated in RMB. Accordingly, the Group's exposure to RMB currency risk is insignificant.

Capital expenditure

During the year ended 31 December 2014, the Group's total capital expenditure amounted to approximately HK$22.8 million (2013: approximately HK$5.4 million), which was mainly used in the acquisition of property, plant and equipment.

Charge on assets

As at 31 December 2014, the Group had pledged its fixed assets with net book value of approximately HK$179.5 million (31 December 2013: approximately HK$280.6 million) for the purpose of securing loans with carrying value of HK$199.0 million (31 December 2013: HK$246.7 million).

Material acquisition and disposal of subsidiaries and associated companies

On 4 April 2014, the Company entered into an agreement (as supplemented by a supplemental deed dated 16 May 2014) with Mr. Guo Yumin (the chairman, an executive director and a controlling shareholder of the Company) for the acquisition of the entire issued share capital of Sheen Tai International Investment Ltd. at a consideration of HK$165,000,000 (the "Acquisition"). The consideration was satisfied by the Company issuing a convertible bond, which can be converted into 99,517,490 ordinary shares of the Company at the initial conversion price of HK$1.658.

The Acquisition constitutes a major transaction of the Company under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). Besides, as Mr. Guo Yumin is the chairman, an executive director and a controlling shareholder of the Company, he is a connected person of the Company and the Acquisition also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. The Acquisition was approved by the independent shareholders of the Company at the extraordinary general meeting of the Company held on 12 June 2014, and was completed on 30 June 2014. The Company has made an early repayment of an aggregate principal amount of HK$95,000,000, and as at the date of this announcement, the aggregate outstanding principal amount is HK$70,000,000.

For further details, please refer to the announcements of the Company dated 4 April 2014, 29 April 2014, 16 May 2014, 12 June 2014 and 30 June 2014 and the circular of the Company dated 21 May 2014.

Save as disclosed above, there were no material acquisitions or disposals of subsidiaries and associated companies during the year ended 31 December 2014.

Contingent liabilities

As at 31 December 2014, the Group did not have any significant contingent liabilities (31 December 2013: Nil).

Human resources

As at 31 December 2014, the Group employed 437 employees (as compared with 412 employees as at 31 December 2013) with total staff cost of approximately HK$61.7 million incurred for the year ended 31 December 2014 (as compared with approximately HK$55.1 million for the year ended 31 December 2013). The Group's remuneration packages are generally structured with reference to market terms and individual merits. The Company has also adopted a pre-IPO share option scheme and a share option scheme to provide incentive or reward to high-calibre employees and attract human resources that are valuable to the Group.

Final Dividend

The Board recommended the payment of a final dividend of HK$0.08 per share for the year ended 31 December 2014 to the shareholders whose names appear on the register of members of the Company on 26 May 2015 (Tuesday), the record date for determining entitlements of the shareholders to the proposed final dividend. The proposed final dividend is subject to approval by the shareholders at the forthcoming annual general meeting ("AGM") and a resolution will be proposed to the shareholders for voting at the AGM. If the resolution for the proposed final dividend is passed at the AGM, the proposed final dividend will be payable on or about 5 June 2015 (Friday).

Continuing Connected Transactions

On 28 February 2013, Qingdao Ener Packaging Technology Co., Ltd. (青島英諾包裝科技有限公司) ("Qingdao Ener") (an indirect wholly owned subsidiary of the Company) entered into a written agreement (the "Agreement") with Qingdao Justo Packaging Co., Ltd. (青島嘉澤包裝有限公司) ("Qingdao Justo"), a connected person (as defined under the Listing Rules) of the Company, in relation to the purchase of cigarette films by Qingdao Justo from Qingdao Ener. The transaction amount contemplated under the Agreement, when aggregated with the past transaction amount from 1 January 2013, constituted a continuing connected transaction. For further details, please refer to the announcement of the Company dated 28 February 2013. The abovementioned sales were completed on 27 March 2013.

Subsequently, Qingdao Ener had continued to sell cigarette films to Qingdao Justo, which, in aggregate, constituted non-exempt continuing connected transactions. Due to the misunderstanding of the management of the Group regarding the shareholding structure of Qingdao Justo at the relevant time, the Company has omitted to comply with the relevant requirements under Chapter 14A of the Listing Rules for such sales.

On 19 March 2014, Qingdao Ener and Qingdao Justo entered into an agreement (the "2014 Agreement") in respect of the sale of cigarette films by Qingdao Ener to Qingdao Justo. The 2014 Agreement and the transactions contemplated thereunder, when aggregated with past transaction amount from 1 January 2014, constitute continuing connected transactions. For further details, please refer to the announcement of the Company dated 19 March 2014.

On 28 August 2014, Qingdao Ener entered into an agreement with Qingdao Justo (the "2014 New Agreement"), pursuant to which Qingdao Justo shall purchase not more than 3,584.31 tonnes of cigarette films from Qingdao Ener for a period from the date of the 2014 New Agreement until 31 December 2014 with a total consideration of not more than RMB74,034,550.62 (equivalent to approximately HK$91,400,680).

As described above, Qingdao Justo is an associate of Shenzhen Jinjia color Printing Group Co., Ltd. (深圳勁嘉彩印集團股份有限公司) ("Shenzhen Jinjia") and thus a connected person of the Company under the Listing Rules. Therefore, The transaction contemplated under the 2014 New Agreement constituted a continuing connected transaction of the Company which was subject to reporting, announcement and annual review requirements, but was exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules. For details of the 2014 New Agreement, please refer to the announcement of the Company dated 28 August 2014.

On 4 February 2015, Qingdao Ener entered into an agreement with Qingdao Justo (the "2015 New Agreement"), pursuant to which Qingdao Justo shall purchase not more than 1,089.45 tonnes of cigarette films from Qingdao Ener for a period from the date of the 2015 New Agreement until 31 December 2015 with a total consideration of not more than RMB24,891,556.04 (including value added tax) (equivalent to approximately HK$30,840,637.93).

As described above, Qingdao Justo is an associate of Shenzhen Jinjia and thus a connected person of the Company under the Listing Rules. Therefore, The transaction contemplated under the 2015 New Agreement constituted a continuing connected transaction of the Company which was subject to reporting, announcement and annual review requirements, but was exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules. For further details of the 2015 New Agreement, please refer to the announcement of the Company dated 4 February 2015.

PROSPECT

The Tobacco packaging market in PRC is approaching the level of saturation and market competition has become more intense. The global economy and the economy in the PRC remain uncertain in the near future. The Company will continue to explore opportunities available in the PRC in order to diversify our business portfolio and to reduce our reliance in one single market. Subsequent to the Disposal (as defined below) and the Placing (as defined below), the Company will seize future investment opportunities in emerging markets when such opportunity has been identified with the funds and proceeds raised from the Placing and the Disposal.

CORPORATE GOVERNANCE PRACTICE

The Directors recognize the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability. The Directors continuously observe the principles of good corporate governance in the interests of shareholders and devote considerable effort to identifying and formalizing best practice.

The Group's corporate governance practices are based on the principles and the code provisions in the Corporate Governance Code (the "Code") as set out in Appendix 14 to the Listing Rules.

The Board considered that the Company had complied with the code provisions of the Code during the Year except for the deviation from code provision A.1.8 of the Code as stated below.

Under the code provision A.1.8 of the Code, an issuer should arrange appropriate insurance cover in respect of legal action against its directors. With regular, timely and effective communications among the Directors and the management of the Group, the management of the Group believes that all potential claims and legal actions against the Directors can be handled effectively, and the possibility of actual litigation against the Directors is relatively low. The Company will review and consider to make such arrangement as and when it thinks necessary.

MODEL CODE FOR DIRECTORS SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as the required standard for securities transactions by Directors. The Company has made specific enquiries of all Directors and all Directors confirmed that they have complied with the required standards set out in the Model Code and its code of conduct regarding Directors securities transactions for the year ended 31 December 2014 and up to the date of this announcement.

CLOSURE OF THE REGISTER OF MEMBERS

For determining entitlement to attend the AGM, the register of members of the Company will be closed from 14 May 2015 (Thursday) to 18 May 2015 (Monday), both days inclusive, during which period no transfer of Shares will be registered. The record date will be 18 May 2015 (Monday). In order to qualify for attending the forthcoming AGM, all transfers of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong before 4:30 p.m. on 13 May 2015 (Wednesday).

For determining entitlement to the proposed final dividend (if approved at the AGM), the register of members of the Company will be closed from 22 May 2015 (Friday) to 26 May 2015 (Tuesday), both days inclusive. The record date will be 26 May 2015 (Tuesday). In order to qualify for the entitlement of the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong before 4:30 p.m. on 21 May 2015 (Thursday).

AUDIT COMMITTEE

The Company established the audit committee (the "Audit Committee") on 22 June 2012 with written terms of reference which are in compliance with the code provisions of the Code. The Audit Committee currently has three members comprising Mr. Lo Wa Kei, Roy (being the Chairman of the Audit Committee), Ms. Fan Qing and Mr. Fong Wo, Felix, all being independent non-executive Directors. The Group's final results for the year ended 31 December 2014 had been reviewed by the Audit Committee before submission to the Board for approval. The Audit Committee had also reviewed this announcement, and confirmed that this announcement has complied with the Listing Rules.

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

There were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries during the year ended 31 December 2014.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

Disposal of the Equity Interest of Jiangsu Shuntai Packaging & Printing Science Technology Co., Ltd.

On 15 January 2015, Sheen China Group Holdings Limited (順華集團控股有限公司) (the "Vendor"), a wholly-owned subsidiary of the Company, and Chinese Hongkong International Tobacco Group Co., Limited (中華香港國際煙草集團有限公司) (the "Purchaser") entered into an equity transfer agreement, pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase the 51% equity interest in Jiangsu Shuntai Packaging & Printing Science Technology Co., Ltd. (江蘇順泰包裝印刷科技有限公司) (the "Target Company") at a consideration of RMB325,000,000, which will be satisfied in cash (the "Disposal"). Upon completion of the Disposal, the Company will not hold any interest in the Target Company and the Target Company will cease to be a subsidiary of the Company.

The Purchaser is a wholly-owned subsidiary of Shenzhen Jinjia, which holds the remaining 49% equity interest in the Target Company before the Disposal and thus a substantial shareholder and a connected person of the Group before the Disposal. The Purchaser is an associate of Shenzhen Jinjia and hence a connected person at the subsidiary level (as defined under the Listing Rules) of the Company under the Listing Rules. The Disposal therefore constitutes a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 75%, the Disposal constitutes a very substantial disposal for the Company pursuant to Chapter 14 of the Listing Rules and is subject to the reporting, announcement and the shareholders' approval requirements.

The Disposal had been approved by the shareholders of the Company at the extraordinary general meeting of the Company held on 9 March 2015. For details of the Disposal, please refer the announcements of the dated 26 January 2015 and 9 March 2015 respectively and the circular of the Company dated 17 February 2015.

Grant of Share Options

On 29 January 2015, a total of 14,600,000 share options to subscribe for a total of 14,600,000 ordinary shares of HK$0.01 each of the Company were granted to certain Directors and employees of the Company under the share option scheme adopted by the Company on 22 June 2012.

Among the share options granted above, 2,100,000 share options were granted to the Directors to subscribe for a total of 2,100,000 shares of the Company. For details, please refer to the Company's announcement dated 29 January 2015.

The Placing

On 6 February 2015, the Company entered into a placing agreement with Orient Securities Limited (the "Placing Agent"), whereby the Company conditionally agreed to place, through the Placing Agent, on a best effort basis, a maximum of 83,000,000 new shares of the Company (the "Placing Shares") to not less than six placees at a price of HK$2.66 per Placing Share (the "Placing"). The Placing was completed on 26 February 2015. For details, please refer to the announcements of the Company dated 6 February 2015 and 26 February 2015.

Resignation of Executive Director

Mr. He Lijun ("Mr. He") has resigned as an executive Director with effect from 15 January 2015 due to the need to devote more time to focus on his works in Jiangsu Shuntai subsequent to the Disposal, of which Mr. He is the general manager.

PUBLICATION OF FINAL RESULTS

The financial figures as set forth in this announcement have been compared by the Company's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft consolidated financial statements for the Year and the amounts were found to be consistent. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by KPMG.

This announcement will be published on the websites of the Stock Exchange and the Company at www.sheentai.com. The annual report for the year ended 31 December 2014 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to shareholders and published on the websites of the Stock Exchange and the Company in due course.

By Order of the Board
Sheen Tai Holdings Group Company Limited
Guo Yumin
Chairman

Hong Kong, 31 March 2015

As at the date of this announcement, the executive Directors are Mr. Guo Yumin, Ms. Xia Yu, Mr. Zeng Xiangyang, Mr. Huang Bo and Mr. Bau Siu Fung and the independent non-executive Directors are Ms. Fan Qing, Mr. Fong Wo, Felix, and Mr. Lo Wa Kei, Roy.