CHINA CHENGTONG DEVELOPMENT GROUP LIMITED

中國誠通發展集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 217)

ANNOUNCEMENT OF 2015 FINAL RESULTS

FINANCIAL HIGHLIGHTS

- Turnover for the year ended 31 December 2015 amounted to approximately HK$576.53 million, representing a decrease of approximately 82% as compared with the same period last year.

- The consolidated profit before tax for the year ended 31 December 2015 amounted to approximately HK$126.32 million, while the consolidated loss before tax amounted to approximately HK$15.73 million for the same period last year.

- Earnings per share for the year ended 31 December 2015 was approximately HK1.53 cents, while the loss per share was approximately HK1.06 cents for the same period last year.

- As at 31 December 2015, the cash (comprising structured bank deposits, pledged bank deposits, deposits in other financial institution, bank balances and cash) held by the Group amounted to approximately HK$1,573.40 million.

- As at 31 December 2015, debt to equity ratio (calculated by interest-bearing borrowings and corporate bonds divided by total equity) was approximately 24%, representing a decrease of approximately 15% as compared with 31 December 2014.

- On 17 June 2015, the Company completed the placing of 968 million shares to not less than six investors at a price of HK$1.01 per placing share. The net proceeds from the top-up placing were approximately HK$962 million.

- The Board has resolved not to declare any final dividends.

The board ("**Board**") of directors ("**Directors**") of China Chengtong Development Group Limited ("**Company**") would like to announce the audited consolidated results of the Company and its subsidiaries (collectively, "**Group**") for the year ended 31 December 2015 together with the comparative figures for the year ended 31 December 2014 as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	**2015** *HK$'000*	2014 *HK$'000*
Turnover	*3*	**576,533**	3,224,100
Cost of sales		**(464,414)**	(3,238,720)
Gross profit/(loss)		**112,119**	(14,620)
Other income	*4*	**172,953**	232,573
Selling expenses		**(15,222)**	(17,766)
Administrative expenses		**(107,479)**	(127,547)
Fair value (loss)/gain on investment properties		**(62)**	3,465
Fair value loss on held-for-trading securities		**(469)**	(405)
Excess of fair value of the net identifiable assets over the cost of acquisition of a subsidiary		**5,056**	–
Gain on disposal of subsidiaries		**–**	63,901
Finance costs	*5*	**(40,579)**	(155,329)
Profit/(loss) before income tax	*7*	**126,317**	(15,728)
Income tax expense	*6*	**(49,391)**	(80,527)
Profit/(loss) for the year		**76,926**	(96,255)
Profit/(loss) for the year attributable to:			
Owners of the Company		**81,830**	(51,417)
Non-controlling interests		**(4,904)**	(44,838)
		76,926	(96,255)
Earnings/(loss) per share			
– Basic	*9*	**HK1.53 cents**	HK(1.06) cents
– Diluted	*9*	**HK1.53 cents**	HK(1.06) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	2015	2014
	HK$'000	*HK$'000*
Profit/(loss) for the year	**76,926**	(96,255)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising from translation of financial statements of foreign operations	**(144,798)**	(22,941)
Change in fair value of available-for-sale financial assets	**(3,492)**	–
Reclassification adjustment – Disposal of subsidiaries	**–**	(37,194)
Total comprehensive income for the year	**(71,364)**	(156,390)
Total comprehensive income attributable to:		
Owners of the Company	**(57,895)**	(110,578)
Non-controlling interests	**(13,469)**	(45,812)
	(71,364)	(156,390)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Notes	2015 HK$'000	2014 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**179,059**	187,722
Prepaid land lease payments		**206,579**	51,760
Investment properties		**58,468**	58,086
Deposits paid		**39,341**	29,181
Loans receivable	*12*	**261,493**	194,173
		744,940	520,922
Current assets			
Properties held for sale		**242,917**	287,498
Properties under development		**169,581**	160,469
Properties held for development		**293,728**	311,006
Inventories	*10*	**22,922**	23,191
Trade and other receivables	*11*	**73,492**	403,444
Loans receivable	*12*	**162,969**	85,538
Amount due from a non-controlling shareholder of a subsidiary		**21,641**	21,686
Loan to a related party		**38,888**	54,454
Prepaid land lease payments		**5,414**	2,007
Entrusted loan receivables	*13*	**59,140**	107,525
Available-for-sale financial assets	*14*	**410,136**	–
Held-for-trading securities		**1,234**	1,703
Short-term investments	*15*	**16,660**	594,720
Structured bank deposits		**167,790**	662,760
Pledged bank deposits		**1,737**	1,774,816
Deposits in other financial institution		**355,650**	–
Bank balances and cash		**1,048,218**	728,127
		3,092,117	5,218,944

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*
AS AT 31 DECEMBER 2015

	Notes	**2015** **HK$'000**	2014 *HK$'000*
Current liabilities			
Trade and other payables	*16*	**107,333**	2,798,209
Deposits received from sale of properties		**53,294**	58,728
Taxation payable		**2,218**	26,029
Bank borrowings		**–**	68,157
Unsecured other loan		**600**	600
		163,445	2,951,723
Net current assets		**2,928,672**	2,267,221
Total assets less current liabilities		**3,673,612**	2,788,143
Non-current liabilities			
Deferred tax liabilities		**74,608**	52,584
Corporate bonds	*17*	**694,757**	721,610
		769,365	774,194
Net assets		**2,904,247**	2,013,949
EQUITY			
Equity attributable to owners of the Company			
Share capital	*18*	**2,185,876**	1,224,214
Reserves		**574,992**	632,887
		2,760,868	1,857,101
Non-controlling interests		**143,379**	156,848
Total equity		**2,904,247**	2,013,949

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**"), Hong Kong Accounting Standards ("**HKASs**") and Interpretations (hereinafter collectively referred to as the "**HKFRSs**") and the provisions of the Hong Kong Companies Ordinance which concern the preparation of financial statements. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair value.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**") and the functional currency of the Company is Renminbi ("**RMB**"). The Company uses Hong Kong dollars as its presentation currency because the Company is a public company incorporated in Hong Kong with its shares listed on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**").

2. ADOPTION OF HKFRSs

2.1 Adoption of new and revised HKFRSs

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations ("**the new HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2015:

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

The adoption of these amendments has no material impact on the Group's financial statements.

2. ADOPTION OF HKFRSs *(Continued)*

2.2 New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
HKFRS 9 (2014)	Financial Instruments[2]
HKFRS 14	Regulatory Deferral Accounts[1]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRSs (Amendments)	Annual Improvements 2012–2014 Cycle[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2018

Amendments to HKAS 1 – Disclosure Initiative

The amendments are designed to encourage entities to use judgement in the application of HKAS 1 when considering the layout and content of their financial statements.

An entity's share of other comprehensive income from equity accounted interests in associates and joint ventures will be split between those items that will and will not be reclassified to profit or loss, and presented in aggregate as a single line item within those two groups.

Amendments to HKAS 27 – Equity Method in Separate Financial Statements

The amendments allow an entity to apply the equity method in accounting for its investments in subsidiaries, joint ventures and associates in its separate financial statements.

2. ADOPTION OF HKFRSs *(Continued)*

2.2 New/revised HKFRSs that have been issued but are not yet effective *(Continued)*

HKFRS 9 (2014) – Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("**FVTOCI**") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("**FVTPL**").

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

2. ADOPTION OF HKFRSs *(Continued)*

2.2 New/revised HKFRSs that have been issued but are not yet effective *(Continued)*

HKFRS 15 – Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to each performance obligation

Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

The Group is in the process of making an assessment of the potential impact of these pronouncements in the period of initial application and the directors anticipate that more disclosures would be made but are not yet in a position to state whether they would have material financial impact on the Group's financial statements.

2.3 New Companies Ordinance provisions relating to the preparation of financial statements

The provisions of the new Companies Ordinance, Cap. 622, in relation to the preparation of financial statements apply to the Company in this financial year.

The directors consider that there is no impact on the Group's financial position or performance, however the new Companies Ordinance, Cap. 622, impacts on the presentation and disclosures in the consolidated financial statements. For example, the statement of financial position of the Company is now presented in the notes to the financial statements rather than as a primary statement and related notes to the statement of financial position of the Company are generally no longer presented.

3. SEGMENT INFORMATION

For the purpose of resources allocation and performance assessment, the executive directors, being the Group's chief operating decision makers, review operating results and financial information on a company by company basis. Each company is identified as an operating segment in accordance with HKFRS 8. When the group companies are operating in similar business model with similar target group of customers, the group companies are aggregated into same segments.

The Group's chief operating decision makers have identified the reportable segments of the Group as follows:

(1) Property development – holding land for property development projects

(2) Property investment – providing rental services and holding investment properties for appreciation

(3) Finance leasing – providing finance leasing service including arranging sale and leaseback transaction

(4) Trading of coal – trading of coal

(5) Bulk commodity trade – trading of bulk commodity

(6) Hotel and marine travelling services – providing hotel and marine travelling services

3. SEGMENT INFORMATION *(Continued)*

Segment revenue and results

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

For the year ended 31 December 2015

	Property investment *HK$'000*	Property development *HK$'000*	Finance leasing *HK$'000*	Trading of coal *HK$'000*	Bulk commodity trade *HK$'000*	Hotel and marine travelling services *HK$'000*	Total *HK$'000*
Turnover as presented in consolidated income statement	**1,970**	**101,042**	**40,986**	**374,345**	**–**	**58,190**	**576,533**
Results							
Segment results *(Note (a))*	**1,719**	**22,384**	**36,478**	**(3,563)**	**66,551**	**6,661**	**130,230**
Fair value loss on investment properties *(Note (b))*							**(62)**
Fair value loss on held-for-trading securities							**(469)**
Excess of fair value of the net identifiable assets over the cost acquisition of a subsidiary							**5,056**
Interest income from entrusted loan receivables							**10,471**
Unallocated finance costs							**(39,394)**
Unallocated corporate expenses							**(29,950)**
Unallocated corporate income							**50,435**
Profit before income tax							**126,317**

3. SEGMENT INFORMATION *(Continued)*

Segment revenue and results *(Continued)*

For the year ended 31 December 2015 (Continued)

	Property investment *HK$'000*	Property development *HK$'000*	Finance leasing *HK$'000*	Trading of coal *HK$'000*	Bulk commodity trade *HK$'000*	Hotel and marine travelling services *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Notes:								
(a) Amounts included in the measure of segment results								
Interest income from bank deposits, short-term investments and available-for-sale financial assets	–	222	2,776	182	62,699	1,534	17,397	84,810
Depreciation	–	(157)	(101)	(12)	(3,580)	(10,903)	(480)	(15,233)
Finance costs	–	–	–	–	(1,185)	–	(39,394)	(40,579)
(Loss)/gain on disposal of property, plant and equipment	–	–	43	–	(13)	(12,438)	–	(12,408)
Reversal impairment of prepayment	–	–	–	–	16,855	–	–	16,855
Compensation income	–	–	–	–	–	6,762	–	6,762
Subsidy income	–	5,315	–	–	–	–	–	5,315
Provision for inventories	–	–	–	(949)	–	(562)	–	(1,511)
Impairment of prepayment	–	–	–	(4,960)	–	–	–	(4,960)
(b) Amounts regularly provided to the chief operating decision maker for the analysis of the segment's performance								
Fair value loss on investment properties	(62)	–	–	–	–	–	–	(62)

3. SEGMENT INFORMATION *(Continued)*

Segment revenue and results *(Continued)*

For the year ended 31 December 2014

	Property investment HK$'000	Property development HK$'000	Finance leasing HK$'000	Trading of coal HK$'000	Bulk commodity trade HK$'000	Hotel and marine travelling services HK$'000	Total HK$'000
Turnover as presented in consolidated income statement	1,629	103,186	1,987	29,324	3,028,869	59,105	3,224,100
Results							
Segment results *(Note (a))*	1,443	19,279	2,107	(1,521)	(121,981)	13,570	(87,103)
Fair value gain on investment properties *(Note (b))*							3,465
Fair value loss on held-for-trading securities							(405)
Gain on disposal of subsidiaries *(Note (b))*							63,901
Interest income from entrusted loan receivables							24,959
Unallocated finance costs							(40,136)
Unallocated corporate expenses							(20,013)
Unallocated corporate income							39,604
Loss before income tax							(15,728)

3. **SEGMENT INFORMATION** *(Continued)*

Segment revenue and results *(Continued)*

For the year ended 31 December 2014 (Continued)

	Property investment HK$'000	Property development HK$'000	Finance leasing HK$'000	Trading of coal HK$'000	Bulk commodity trade HK$'000	Hotel and marine travelling services HK$'000	Unallocated HK$'000	Total HK$'000
Notes:								
(a) Amounts included in the measure of segment results								
Interest income from bank deposits and short-term investments	–	514	5,345	325	151,155	1,146	5,000	163,485
Depreciation	–	(209)	(175)	(4)	(3,983)	(12,830)	(229)	(17,430)
Finance costs	–	–	–	–	(115,193)	–	(40,136)	(155,329)
(b) Amounts regularly provided to the chief operating decision maker for the analysis of the segment's performance								
Fair value gain on investment properties	3,465	–	–	–	–	–	–	3,465
Gain on disposal of subsidiaries	52,636	–	–	–	10,522	–	743	63,901

Unallocated corporate income mainly comprised interest income from bank deposits, short-term investments and available-for-sale financial assets, interest income from a related party, reversal of other payables and net exchange gain of the Group's headquarter which are not directly attributable to the business activities of any operating segment.

Unallocated corporate expenses mainly comprised staff costs and legal and professional expenses of the Group's headquarter which are not directly attributable to the business activities of any operating segment.

Segment results do not include income tax expense, while segment liabilities include the current and deferred taxation except for those recognised by the head office and the inactive subsidiaries.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment results represent the results from each segment without allocation of administration costs incurred and other income generated by head office and the inactive subsidiaries, directors' emoluments, excess of fair value of the net identifiable assets over the cost of acquisition of a subsidiary, gain on disposal of subsidiaries, fair value change of investment properties and held-for-trading securities and finance cost of corporate bonds. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

3. SEGMENT INFORMATION *(Continued)*

Other segment information

The Group's significant operations, external customers and non-current assets (other than financial assets) during the years ended 31 December 2015 and 2014 were mainly located in Hong Kong (place of domicile) and the People's Republic of China (the "**PRC**"). Geographical information of revenue from external customers is based on the location of the customers and the geographical location of the non-current assets (other than financial assets) is based on the physical location of the assets.

	Revenue from external customers		**Non-current assets (other than financial assets)**	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**–**	2,045,401	**223**	276
The PRC	**576,533**	734,903	**443,883**	297,292
Singapore	**–**	443,796	**–**	–
	576,533	3,224,100	**444,106**	297,568

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

	2015	2014
	HK$'000	*HK$'000*
Customer A *(note 1)*	**139,469**	–
Customer B *(note 1)*	**98,212**	19,975
Customer C *(note 2)*	**–**	476,858
Customer D *(note 2)*	**–**	473,901
	237,681	970,734

Notes:

1. These are customers for coal trading business and revenue from these customers contributed less than 10% of the total turnover of the Group for the year ended 31 December 2014.

2. These were customers for bulk commodity trade business for the year ended 31 December 2014 and no revenue from these customers contributed to the total turnover of the Group for the year ended 31 December 2015.

3. SEGMENT INFORMATION *(Continued)*

Turnover from major products and services

	2015 HK$'000	2014 HK$'000
Rental income	**1,970**	1,629
Sales of properties	**101,042**	103,186
Interest income	**28,703**	1,987
Consultancy service income from finance leasing arrangements	**12,283**	–
Sales of coal	**374,345**	29,324
Bulk commodity trade	**–**	3,028,869
Hotel and marine travelling services	**58,190**	59,105
	576,533	3,224,100

4. OTHER INCOME

	2015 HK$'000	2014 HK$'000
Interest income from bank deposits, short-term investments and available-for-sale financial assets	**84,810**	163,485
Interest income from entrusted loan receivables	**10,471**	24,959
Interest income from deposits and other receivables	**–**	25,505
Interest income from consideration receivable from disposal of a subsidiary	**7,159**	1,452
Interest income from a related party	**6,448**	4,865
Interest income from a non-controlling shareholder of a subsidiary	**1,208**	1,391
Subsidy income *(note (a))*	**5,315**	–
Reversal of impairment of prepayment	**16,855**	–
Reversal of other payables *(note (b))*	**5,024**	–
Compensation from overdue deposit	**–**	5,899
Compensation income	**6,762**	–
Overdue charges under the entrusted loan arrangements	**197**	1,431
Exchange gain, net	**27,941**	–
Others	**763**	3,586
	172,953	232,573

4. OTHER INCOME *(Continued)*

Notes:

(a) Subsidy income mainly comprised unconditional government grants for subsidising the Group's property development business.

(b) The disposal of Chengtong Development International Trading Limited ("**CDIT**") and 杭州瑞能金屬材料有限公司 (unofficial English translation being Hangzhou Ruineng Metals Company Limited) ("**Hangzhou Ruineng**") was completed on 22 December 2014 and 19 December 2014 respectively. The profit or loss of CDIT and Hangzhou Ruineng during the period from the valuation date (being 31 May 2014) up to the date of completion (the "**post agreement date**") will be borne by the Group. As at 31 December 2014 and up to the date that the board of directors approved the Group's annual financial statements for the year ended 31 December 2014 for issue, the Group had not signed any supplemental agreement with the buyer yet. As at 31 December 2014, the Group accrued the amount of approximately HK$31,746,000 for the amounts to the buyer regarding the post agreement date results borne by the Group based on the directors' best estimation.

On 30 April 2015, the Group entered into a supplemental agreement with the buyer of CDIT and Hangzhou Ruineng and confirmed that the post agreement date loss in the aggregate amount of approximately HK$26,722,000 from CDIT and Hangzhou Ruineng should be borne by the Group. Since the supplemental agreement was signed during the year ended 31 December 2015, reversal of amount payable to the buyer regarding the post agreement date results borne by the Group of approximately HK$5,024,000 was credited to other income. Details of the supplemental agreement are set out in the Company's announcement dated 30 April 2015.

5. FINANCE COSTS

	2015	2014
	HK$'000	*HK$'000*
Interest on corporate bonds	**43,553**	42,985
Interest on bank and other borrowings wholly repayable within five years	**477**	8,402
Interest on discounted bills with recourse	**708**	106,791
	44,738	158,178
Less: Amounts capitalised on properties under development	**(4,159)**	(2,849)
	40,579	155,329

6. INCOME TAX EXPENSE

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits for both years.

Under the Law of the PRC on Enterprise Income Tax ("**EIT**") and Implementation Regulation, the PRC subsidiaries are subject to tax rate of 25%. The current tax also comprised land appreciation tax ("**LAT**") which is estimated in accordance with the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable deductions.

	2015	2014
	HK$'000	*HK$'000*
The taxation charge comprises:		
Current tax for the year:		
Hong Kong Profits Tax	**–**	–
PRC EIT	**34,775**	71,377
PRC LAT	**2,784**	3,215
	37,559	74,592
Under-provision in prior years:		
PRC EIT	**7,972**	558
Deferred taxation	**3,860**	5,377
Income tax expense	**49,391**	80,527

7. PROFIT/(LOSS) FOR THE YEAR

	2015 *HK$'000*	2014 *HK$'000*
Profit/(loss) for the year is arrived at after charging/(crediting):		
Auditor's remuneration	**980**	1,300
Amortisation of prepaid land lease payments	**3,256**	2,222
Depreciation of property, plant and equipment	**15,351**	17,552
Less: Amounts capitalised on properties under development	**(118)**	(122)
	15,233	17,430
Minimum lease payments in respect of rented premises	**3,056**	4,363
Contributions to retirement benefits schemes (including directors' emoluments)	**6,791**	6,946
Staff costs (including directors' emoluments)	**48,977**	48,418
Total staff costs	**55,768**	55,364
Less: Amounts capitalised on properties under development	**(1,674)**	(2,039)
	54,094	53,325
Cost of inventories recognised as expenses	**451,070**	3,227,729
Exchange (gain)/loss, net	**(27,941)**	22,317
Provision for inventories*	**1,511**	–
Loss on disposal of property, plant and equipment	**12,408**	429
Impairment of prepayment	**4,960**	–

* Provision for inventories for the year was included in "cost of sales" on the face of the consolidated income statement.

8. DIVIDENDS

No dividend in respect of the years ended 31 December 2015 and 2014 was proposed during the years ended 31 December 2015 and 2014, nor has any dividend been proposed since the end of the reporting period.

9. EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings per share is based on the earnings for the year attributable to owners of the Company of HK$81,830,000 (2014: loss per share is based on the loss for the year attributable to owners of the Company of HK$51,417,000) and on the weighted average number of 5,360,538,000 (2014: 4,840,735,000) ordinary shares in issue during the year.

There were no potential dilutive ordinary shares outstanding during both years and hence the diluted earnings/loss per shares is the same as basic earnings/loss per share.

10. INVENTORIES

	2015	2014
	HK$'000	*HK$'000*
Coal	**19,128**	18,329
Merchandises and consumables	**3,794**	4,862
	22,922	23,191

11. TRADE AND OTHER RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Trade receivables *(note (a))*	**48,979**	26,841
Bills receivable from bulk commodity trade *(note (b))*	**–**	53,037
Trade and bills receivable	**48,979**	79,878
Prepayments and deposits	**10,017**	43,394
Other receivables	**14,496**	66,015
Consideration receivable for disposal of a subsidiary	**–**	214,157
Total trade and other receivables	**73,492**	403,444

11. TRADE AND OTHER RECEIVABLES *(Continued)*

Notes:

(a) As at 31 December 2015 and 2014, trade receivables mainly arose from sales of coal. There is a 0 day to 45 days credit period granted to certain customers (2014: 10 days to 1 month) of coal trading business.

The Group normally grants credit terms to its customers according to industry practice together with consideration of their creditability and repayment history. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are regularly reviewed by senior management.

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

	2015	2014
	HK$'000	*HK$'000*
Within three months	**48,979**	26,841

The ageing analysis of trade receivables presented that are neither individually nor collectively considered to be impaired are as follows:

	2015	2014
	HK$'000	*HK$'000*
Neither past due nor impaired	**48,145**	16,235
Less than one month past due	**820**	10,565
One to three months past due	**14**	41
	48,979	26,841

As at 31 December 2015, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK$834,000 (2014: HK$10,606,000) which are past due at the reporting date for which the Group has not provided for impairment loss as the directors are of the view that such receivables can be fully recovered. The Group does not hold any collateral over these balances.

(b) Bills receivable represent banker's acceptances, i.e. time drafts accepted and guaranteed for payment by PRC banks. As at 31 December 2014, bulk commodity trading was mainly settled by cash or bills issued by PRC banks which are receivable in 1 year from the date of issuance.

As at 31 December 2014, these banker's acceptances were issued to the Group and were due within 1 year from the date of issuance. Those banks issuing the banker's acceptances, which are state-owned banks or commercial banks in the PRC, are the primary obligors for payment on the due date of such banker's acceptances.

At 31 December 2014, HK$53,037,000 of the bills receivable had been discounted to the banks with recourse. The Group is committed to underwrite any of the bills receivable that have been discounted and therefore continues to recognise these as bills receivable until the banks collect the debts. The proceeds from bills receivable that have been discounted to banks of HK$53,037,000 are included in bank borrowings until the debts are collected or the Group makes good any losses suffered by the banks.

12. LOANS RECEIVABLE

During the year ended 31 December 2015, the Group entered into 5 (2014: 3) sale and leaseback agreements pursuant to which the customers (the "**lessees**") sold their equipment and facilities to the Group and leased back the equipment and facilities with the lease period ranged from 2.5 years to 3 years from the date of inception. In addition, the ownership of leased assets will be transferred to the lessees at a purchase option of RMB1 upon the settlement of the receivable and the interest accrued under the sale and leaseback arrangements. The lessees retain control of the equipment and facilities before and after entering into the sale and leaseback arrangements which do not therefore constitute a lease for accounting purposes. Rather, the arrangements have been accounted for as a secured loan in accordance with HKAS 39 Financial Instruments: Recognition and Measurement.

	2015	2014
	HK$'000	*HK$'000*
Analysed for reporting purposes as:		
Current assets	**162,969**	85,538
Non-current assets	**261,493**	194,173
	424,462	279,711

As at 31 December 2015, effective interest rates ranged from approximately 8.20% to 10.87% (2014: 11.53% to 12.33%) per annum.

As at 31 December 2015 and 2014, no loans receivable have been past due or impaired. The loans receivable under the sale and leaseback arrangements are secured by the leased equipment and facilities and the Group has obtained guarantees provided by the controlling shareholders of the lessees. The Group is not permitted to sell or re-pledge the collateral in absence of default by the lessees. The lessees are obliged to settle the amounts according to the terms set out in the relevant contracts.

As at 31 December 2015 and 2014, the fair value of loans receivable approximates to its carrying amount.

13. ENTRUSTED LOAN RECEIVABLES

As at 31 December 2015, the Group had entered into one (2014: two) entrusted loan arrangement with customer through licensed bank in the PRC. Details of the entrusted loan receivables are as follows:

	2015	2014
	HK$'000	*HK$'000*
Entrusted loan receivables:		
Principal	**58,905**	107,100
Interest receivables	**235**	425
	59,140	107,525
Receivables within one year	**59,140**	107,525

As at 31 December 2015 and 2014, all entrusted loan receivables carry fixed-rate interest and the contractual maturity dates are within one year from the respective date of borrowing.

Effective interest rates (which are equal to contractual interest rates) of the Group's entrusted loan receivables is 13% (2014: 13%).

As at 31 December 2015 and 2014, no entrusted loan receivables have been past due or impaired. The entrusted loan receivables are mainly secured by land and buildings (2014: secured by land and buildings and guarantees provided by the specified borrowers or their related parties). The Group is not permitted to sell or re-pledge the collateral in the absence of default by the entrusted loan borrowers.

All the Group's entrusted loan receivables are denominated in RMB, which is the functional currency of the respective group companies.

14. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2015	2014
	HK$'000	*HK$'000*
Listed securities, at fair value:		
– Term note with interest of 8.125% per annum,		
– dual-listed in Singapore and Ireland	**231,636**	–
Unlisted securities, at cost:		
– Investments with interest ranging from 8.3% to 9.6% per annum	**178,500**	–
	410,136	–

Available-for-sale financial assets are denominated in the following currencies:

	2015	2014
	HK$'000	*HK$'000*
United States Dollars	**231,636**	–
RMB	**178,500**	–
	410,136	–

Within the available-for-sale financial assets, balance of HK$267,336,000 was subject to maturity from 2 to 3 years and balance of HK$142,800,000 was subject to maturity from 152 days to 1 year.

The unlisted investments amounted to HK$178,500,000 do not have quoted market prices in an active market and those fair value cannot be reliably measured. These available-for-sale financial assets are measured at cost less identified impairment losses (if any) at the end of the reporting period.

None of the available-for-sale financial assets is either past due or impaired as at 31 December 2015.

15. SHORT-TERM INVESTMENTS

During the years ended 31 December 2015 and 2014, the Group purchased short-term investments from major banks in the PRC.

The short-term investments as at 31 December 2015 was subject to maturity of 1 month (2014: subject to maturity ranged from 60 days to 1 year). The estimated return from these short-term investments was 3.6% per annum (2014: 4.5% to 5.5% per annum). The accrued and unpaid interest will be received upon redemption of the investment from the bank. The directors of the Company consider that the carrying value of short-term investments approximates their fair value at end of the reporting period.

As at 31 December 2014, short-term investments of HK$428,400,000 and HK$15,120,000 were pledged to secure the bills payable and short-term bank loans respectively.

16. TRADE AND OTHER PAYABLES

	2015	2014
	HK$'000	*HK$'000*
Trade payables *(note (a))*	**13,669**	17,398
Other payables and accruals *(note (c))*	**49,450**	99,704
Bills payable for purchase of bulk commodity *(note (b))*	**–**	2,603,097
Accrual of construction costs	**44,214**	78,010
	107,333	2,798,209

Notes:

(a) The ageing analysis of the trade payables presented based on the invoice date at the end of the reporting period is as follows:

	2015	2014
	HK$'000	*HK$'000*
Within one year	**9,232**	14,337
Over one year but less than two years	**4,088**	3,061
Over two years but less than three years	**349**	–
	13,669	17,398

(b) As at 31 December 2014, bills payable of HK$2,603,097,000 were secured by bank deposits, structured bank deposits and short-term investments of HK$1,772,982,000, HK$183,960,000 and HK$428,400,000 respectively.

As at 31 December 2014, the ultimate holding company, China Chengtong Holdings Group Limited ("**CCHG**"), has provided corporate guarantee amounted to HK$441,000,000 to the banks in respect of the banking facilities granted to the subsidiaries of the Group in relation to the bills payable. As at 31 December 2014, the corporate guarantee which has been utilised for bills payable amounted to HK$156,183,000. The corporate guarantees had been released during the year ended 31 December 2015.

(c) As at 31 December 2015, included in other payables and accruals, an amount of HK$3,371,000 (2014: Nil) was due to 中國寰島(集團)公司 (unofficial English translation being China Huandao Group Co.) ("**Huandao Group**"), a wholly-owned subsidiary of CCHG. The balance was unsecured, interest-free and repayable on demand.

17. CORPORATE BONDS

	2015 HK$'000	2014 HK$'000
Corporate bonds	**694,757**	721,610

The corporate bonds are fixed rate bonds issued by the Company (the "**Bonds**") on 9 May 2014 with a principal amount of RMB600,000,000 and a fixed interest at 4.0% per annum.

The Bonds will mature on 9 May 2017 and are guaranteed by an irrevocable standby letter of credit denominated in RMB issued by Agricultural Bank of China Limited, Beijing Branch. The Bonds are subject to redemption, in whole but not in part, at their principal amount, together with accrued interest, at the option of the Company at any time in the event of certain changes affecting taxes of Hong Kong or the PRC. At any time following the occurrence of a change of control, the holder of any Bonds will have the right, at such holder's option, to require the Company to redeem all, but not some, of that holder's Bonds at their principal amount plus accrued interest to the change of control put date. Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on the maturity date.

Net proceeds from the issue of the Bonds was reduced by transaction costs amounted to approximately RMB34,248,000. The effective interest rate of the Bonds is approximately 6.11% per annum.

18. SHARE CAPITAL

	2015		2014	
	Number of shares '000	***HK$'000***	Number of shares *'000*	*HK$'000*
Issued and fully paid:				
At 1 January	**4,840,735**	**1,224,214**	4,840,735	484,074
Subscription of shares during the period *(note (a))*	**968,000**	**977,680**	–	–
Share issuance expenses	**–**	**(16,018)**	–	–
Transferred from share premium and capital redemption reserve in accordance with the transition to no-par value regime on 3 March 2014 *(note (b))*	**–**	**–**	–	740,140
At 31 December	**5,808,735**	**2,185,876**	4,840,735	1,224,214

18. SHARE CAPITAL *(Continued)*

Notes:

(a) On 13 June 2015, (1) the Company, the Company's immediate holding company and the placing agent entered into a placing agreement pursuant to which the immediate holding company of the Company appointed the placing agent to procure placees for a maximum of 968,000,000 existing shares at the placing price of HK$1.01 per placing share; and (2) the Company and the Company's immediate holding company entered into a subscription agreement pursuant to which the immediate holding company of the Company conditionally agreed to subscribe for a maximum of 968,000,000 new shares at the subscription price of HK$1.01 per subscription share. The placing of shares was completed on 17 June 2015 and the subscription of shares was completed on 19 June 2015. A total of 968,000,000 existing shares have been placed at the placing price of HK$1.01 per share and a total of 968,000,000 new shares were subscribed by the immediate holding company of the Company at HK$1.01 per subscription share. Net cash proceeds of HK$961,662,000 have been received by the Company.

(b) A new Companies Ordinance (Cap. 622) came into effect on 3 March 2014. The new Companies Ordinance (Cap. 622) abolishes the concepts of authorised share capital, par value, share premium and capital redemption reserve, in respect of the share capital of Hong Kong companies. As a result, the amounts of share premium and capital redemption reserve of the Company were transferred to the share capital.

During the years ended 31 December 2015 and 2014, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during both years.

19. ACQUISITION OF SUBSIDIARIES

(i) Acquisition of 海南寰島國際旅行社有限公司 (unofficial English translation being Hainan Huandao International Travel Agency Co. Ltd.) ("Huandao Int'l Travel")

On 22 January 2015, the Group entered into an acquisition agreement with 海南寰島泰得酒店物業管理有限公司 (unofficial English translation being Hainan Huandao Taide Hotel Property Management Co. Ltd.), an indirect wholly-owned subsidiary of CCHG, to acquire the entire equity interest of Huandao Int'l Travel. The acquisition was completed on 8 July 2015 and the purchase consideration as per the acquisition agreement was RMB7,425,100 (equivalent to approximately HK$9,207,000). Following the acquisition, the Group owned the entire equity interest in Huandao Int'l Travel and Huandao Int'l Travel became a wholly owned subsidiary of the Company. The acquisition of Huandao Int'l Travel was made with the aim to diversify the Group's business into travel business and agent services.

Pursuant to a supplemental agreement, the loss of Huandao Int'l Travel during the period from the valuation date (being 31 July 2014) up to the date of completion (the "**post agreement date**") of RMB188,186 (equivalent to approximately HK$233,000) would be borne by the vendor. The amount was settled by the vendor as at 31 December 2015. Such amount will be considered as an adjustment to the purchase consideration.

19. ACQUISITION OF SUBSIDIARIES *(Continued)*

(i) Acquisition of 海南寰島國際旅行社有限公司 (unofficial English translation being Hainan Huandao International Travel Agency Co. Ltd.) ("Huandao Int'l Travel") *(Continued)*

The fair values of the identifiable assets and liabilities of Huandao Int'l Travel as at the date of acquisition are as follows:

	Fair value
	HK$'000
Net assets acquired:	
Other receivables	**7**
Short-term investments	**9,920**
Bank balances and cash	**12,918**
Trade and other payables	**(13,871)**
Net assets acquired	**8,974**

	HK$'000
Net cash inflow arising on acquisition:	
Cash consideration paid	**(9,207)**
Bank balances and cash acquired	**12,918**
Net cash inflow from acquisition of subsidiary	**3,711**

	HK$'000
Purchase consideration as per the acquisition agreement	**9,207**
Amounts received from the vendor in respect of the post agreement date results borne by the vendor	**(233)**
Fair value of net assets acquired	**(8,974)**
	–

19. ACQUISITION OF SUBSIDIARIES *(Continued)*

(i) Acquisition of 海南寰島國際旅行社有限公司 (unofficial English translation being Hainan Huandao International Travel Agency Co. Ltd.) ("Huandao Int'l Travel") *(Continued)*

The fair value of other receivables amounted to HK$7,000. The gross amount of these receivables is HK$7,000. None of these receivables have been impaired and it is expected that the full contractual amounts can be collected.

Acquisition transaction costs of HK$45,000 have been recognised in the profit or loss and included under administrative expenses in the consolidated income statement for the year ended 31 December 2015.

If the acquisition had occurred on 1 January 2015, the Group's turnover and profit after tax for the year ended 31 December 2015 would have been HK$576,533,000 and HK$76,699,000 respectively. This pro forma information is for illustrative purposes only and is not necessarily an indication of turnover and financial performance of the Group that actually would had been achieved had the acquisition been completed on 1 January 2015, nor is it intended to be a projection of future results.

Since the acquisition date, Huandao Int'l Travel has contributed turnover and profit after tax of HK$12,000 and HK$560,000 to the Group respectively.

(ii) Acquisition of 海口翠島溫泉度假酒店有限公司 (unofficial English translation being Haikou Cuidao Hotspring Resort Hotel Company Limited) ("Cuidao Hotspring Hotel")

On 16 June 2015, the Group entered into an acquisition agreement with Huandao Group, a wholly-owned subsidiary of CCHG, to acquire (a) the entire equity interest of Cuidao Hotspring Hotel and (b) the debts owed by Cuidao Hotspring Hotel to the vendor. The acquisition was completed on 16 September 2015 and the purchase consideration as per the acquisition agreement was RMB138,500,000 (equivalent to approximately HK$171,740,000). Following the acquisition, the Group owned the entire equity interest in Cuidao Hotspring Hotel and Cuidao Hotspring Hotel became a wholly-owned subsidiary of the Company. The acquisition of Cuidao Hotspring Hotel was made with the aim to diversify the Group's business into elderly healthcare services, which may bring synergistic effect to the traveling business of the Group in the PRC.

Pursuant to a supplemental agreement, the loss of Cuidao Hotspring Hotel during the period from the valuation date (being 30 November 2013) up to the date of completion (the "**post agreement date**") of RMB4,402,412 (equivalent to approximately HK$5,459,000) would be borne by Huandao Group. The amount was settled by Huandao Group as at 31 December 2015. Such amount will be considered as an adjustment to the purchase consideration.

19. ACQUISITION OF SUBSIDIARIES *(Continued)*

(ii) Acquisition of 海口翠島溫泉度假酒店有限公司 (unofficial English translation being Haikou Cuidao Hotspring Resort Hotel Company Limited) ("Cuidao Hotspring Hotel") *(Continued)*

The fair values of the identifiable assets and liabilities of Cuidao Hotspring Hotel as at the date of acquisition are as follows:

	Fair value
	HK$'000
Net assets acquired:	
Property, plant and equipment	**28,297**
Prepaid land lease payments	**171,244**
Other receivables	**127**
Bank balances and cash	**60**
Trade and other payables	**(6,258)**
Debts owed by Cuidao Hotspring Hotel to vendor	**(21,444)**
Deferred tax liabilities	**(22,133)**
Net assets acquired	**149,893**

	HK$'000
Net cash outflow arising on acquisition:	
Cash consideration paid	**(171,740)**
Bank balances and cash acquired	**60**
Net cash outflow from acquisition of subsidiary	**(171,680)**

	HK$'000
Purchase consideration as per the acquisition agreement	**171,740**
Debts owed by Cuidao Hotspring Hotel to vendor	**(21,444)**
Amounts received from the vendor in respect of the post agreement date results borne by the vendor	**(5,459)**
Fair value of net assets acquired	**(149,893)**
Excess of interest in the net fair value of the net identifiable assets over the fair value of the total cost of acquisition of a subsidiary	**5,056**

19. ACQUISITION OF SUBSIDIARIES *(Continued)*

(ii) Acquisition of 海口翠島溫泉度假酒店有限公司 (unofficial English translation being Haikou Cuidao Hotspring Resort Hotel Company Limited) ("Cuidao Hotspring Hotel") *(Continued)*

The fair value of other receivables amounted to HK$127,000. The gross amount of these receivables is HK$127,000. None of these receivables have been impaired and it is expected that the full contractual amounts can be collected.

Acquisition transaction costs of HK$128,000 have been recognised in the profit or loss and included under administrative expenses in the consolidated income statement for the year ended 31 December 2015.

If the acquisition had occurred on 1 January 2015, the Group's turnover and profit after tax for the year ended 31 December 2015 would have been HK$576,533,000 and HK$72,229,000 respectively. This pro forma information is for illustrative purposes only and is not necessarily an indication of turnover and financial performance of the Group that actually would had been achieved had the acquisition been completed on 1 January 2015, nor is it intended to be a projection of future results.

Since the acquisition date, Cuidao Hotspring Hotel has contributed no turnover and loss after tax of HK$2,006,000 to the Group.

20. CONTINGENT LIABILITIES

At 31 December 2015, the Group had contingent liabilities in relation to guarantees of approximately HK$157,478,000 (2014: HK$138,365,000) given to banks in respect of mortgage loans granted to purchasers of certain property units.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with any accrued interest and penalty owed by the defaulted purchasers to the banks, and the Group is entitled to take over the legal title and possession of the related properties. In the opinion of the directors, the financial impact arising from providing the above financial guarantees is insignificant and accordingly, they are not accounted for in these financial statements.

As at 31 December 2015 and 2014, the Group was not involved in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the directors of the Company to be pending or threatened against the Group.

21. COMMITMENTS

Capital commitments

	2015	2014
	HK$'000	*HK$'000*
Contracted but not provided for		
Purchase of property, plant and equipment	**5,912**	18,446

22. POST REPORTING DATE EVENT

(i) On 4 February 2016, 海南寰島酒店旅遊投資有限公司 (unofficial English translation being Hainan Huandao Hotel and Travel Investment Co., Ltd.) ("**Huandao Hotel Investment**") and 誠通發展貿易有限公司 (unofficial English translation being Chengtong Development Trading Co., Ltd.), each of which is a wholly-owned subsidiary of the Company, agreed to invest RMB75 million (equivalent to approximately HK$89.25 million) and RMB80 million (equivalent to approximately HK$95.20 million) respectively in a trust scheme hold by CITIC Trust Co., Ltd.. Such investment in trust scheme constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. Details of investment in trust scheme were set out in the Company's announcement dated 4 February 2016.

(ii) On 5 February 2016, Huandao Hotel Investment and Huandao Group entered into an extension loan arrangement to extend the term of the loan granted by Huandao Hotel Investment to Huandao Group in the principal amount of RMB30,000,000 for one year to 8 February 2017. The extension of loan arrangement constituted a connected transaction under the Listing Rules. Details of the extension of loan arrangement were set out in the Company's announcement dated 5 February 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

I. Results and Dividend

Since February 2015, the Group has temporarily suspended its bulk commodity trade business and its currently-owned assets are divided into four core businesses and concentrated within the territory of the PRC, including hotel and marine travelling services, property development and property investment, finance leasing and trading of coal.

For the year ended 31 December 2015, the Group recorded a turnover of approximately HK$576.53 million (2014: approximately HK$3,224.10 million), representing a drastic decrease of approximately 82% as compared to that in 2014. The decrease in turnover was mainly due to the fact that the Group has temporarily suspended its bulk commodity trade business since February 2015 as the demand for bulk commodities in China has no signs of improvement, thus causing a drastic decrease in the turnover of 2015 as compared to that in 2014. Despite a decrease in revenue of the Group, significant risk related to the operation of bulk commodity trade business of the Group was eliminated and the business structure of the Group was optimized.

During the year 2015, the Group recorded profit before tax of approximately HK$126.32 million (2014: loss before tax of approximately HK$15.73 million) and profit after tax of approximately HK$76.93 million (2014: loss after tax of approximately HK$96.26 million). The main reasons for the profit recorded for the year are as follows: (i) there was an increase of approximately HK$39 million in the income from the finance lease business which has resumed during the year; (ii) suspension of bulk commodity trade business at the beginning of the year has led to a substantial decrease in the relevant operating expenses of approximately HK$38.34 million and finance costs of approximately HK$106.08 million; (iii) the depreciation of RMB in the year has led to an exchange gain of approximately HK$42.27 million arising from the RMB liabilities; and (iv) a prepayment in the amount of approximately HK$16.86 million that had been impaired in the previous years was reversed during the year.

The Board does not recommend the declaration of a final dividend for the year of 2015 (2014: Nil).

II. Business Review

Segment revenue and results

During the year 2015, the Group is principally engaged in hotel and marine travelling services, property development and property investment, finance leasing and trading of coal.

(1) Hotel and Marine Travelling Services

The Group has been engaged in marine travelling, hotel operation and travel agency business in Yalong Bay Tourism Development Zone, Jiyang Town, Sanya City, Hainan Province, the PRC. Currently, new projects of the marine tourism sector are under construction and no revenue has been generated. The existing mature businesses face fierce competition, and the Group increases revenue while reducing expenditure through various means. Turnover of marine travelling business for the year ended 31 December 2015 amounted to approximately HK$48.42 million (2014: approximately HK$46.71 million), representing an increase of approximately 4% as compared to that in 2014, and the gross profit margin was approximately 67% (2014: approximately 67%), which remained unchanged from 2014. Operating profit before tax amounted to approximately HK$17.13 million (2014: approximately HK$17.92 million), representing a decrease of approximately 4.4%. Although a marine platform, an operation equipment, was destroyed by typhoon and made a loss of approximately HK$5.68 million, the marine travelling business still recorded profit before tax of approximately HK$11.45 million (2014: approximately HK$17.92 million). Hotel business is in the stage of product upgrade and transformation. Despite an average occupancy rate for the year 2015 of approximately 45% (2014: approximately 42%) which was 3% higher than 2014, with the decrease in the average room rate of the hotel for the year 2015, combining with the discontinuation of the hotel western restaurant catering business, the turnover of the hotel business decreased by approximately 21% from approximately HK$12.40 million in 2014 to approximately HK$9.76 million in 2015. Although the Group proactively controlled the cost, made efforts in increasing revenue while reducing expediture and there was an increase of approximately 7% in the gross profit margin of hotel business to approximately 86% (2014: approximately 79%), loss before tax for the hotel business was recorded in the amount of approximately HK$4.56 million for the year ended 31 December 2015 (2014: loss before tax of approximately HK$4.35 million), representing a 5% increase as compared to that in 2014, due to a decrease in turnover. The travel agency business is positioned at e-commerce, and the construction of e-commerce platform was just completed at the end of the year. Therefore, the turnover was just HK$12,000 while the gross profit was approximately HK$4,000 and operating loss before tax was approximately HK$264,000. The above-mentioned three businesses generated a consolidated turnover of approximately HK$58.19 million (2014: approximately HK$59.11 million) and consolidated profit before tax was approximately HK$6.66 million (2014: approximately HK$13.57 million) for the Group.

(2) Property Development and Property Investment

Property Development

With the relaxation of the austerity measures on the national purchase policy and numerous reduction of required reserve ratio and interest rates by the central bank, the real estate market tended to be gradually recovering. There was a rebound of price in the first-tier and the second-tier cities in a certain extent, while little improvement was seen in the third-tier and the fourth-tier cities, which were still in the process of lowering price to boost sales quantities and inventory reduction.

During the year 2015, the turnover and profits before tax from property development amounted to approximately HK$101.04 million (2014: approximately HK$103.19 million) and approximately HK$22.38 million (2014: approximately HK$19.28 million) respectively, representing a decrease of approximately 2% and an increase of approximately 16% respectively as compared with the turnover and profits before tax in 2014. The revenue from property sale of the Group was from CCT-Champs-Elysees project in Weifang of Shandong Province of the PRC, the details of which are as follows:

(i) Zhucheng of Shandong Province – CCT-Champs-Elysees

The CCT-Champs-Elysees project wholly owned by the Group is situated in part of a parcel of land located at the northern side of Eastern Section of Mizhou West Road No. 1, Zhucheng City, Shandong Province, the PRC (Lot No. 01213003). Such project had a total site area of approximately 146,006 square metres and was developed in three phases. The project was situated in a typical fourth-tier city where there were over-supply and saturated demand in the real estate market. During the year 2015, residential apartments of approximately 17,061 square metres, commercial space of approximately 384 square metres and underground ancillary apartments of approximately 401 square metres (2014: residential apartments of approximately 17,414 square metres, commercial space of approximately 326 square metres and underground ancillary apartments of approximately 318 square metres respectively), 4 underground parking spaces and 4 ground parking spaces (2014: 12 underground parking spaces and 9 ground parking spaces) of phase I and phase II of the project were sold and delivered. The average unit selling price per square metre for residential apartments and commercial spaces of the project are approximately HK$5,585 (2014: approximately HK$5,838) and HK$9,365 (2014: approximately HK$9,497) respectively, representing a decrease of 4% and 1% respectively as compared to the average unit selling price of residential apartments and commercial spaces in 2014. Sale of housing of this project was 133 units in total for the year 2015, recording total revenue from the sale of properties of approximately HK$101.04 million (2014: approximately HK$101.40 million) and a profit before tax of approximately HK$24.48 million (2014: approximately HK$20.57 million).

As at 31 December 2015, the unsold or sold-but-not-delivered area of phase I and phase II of CCT-Champs-Elysees project included residential apartments of approximately 37,458 square metres (as at 31 December 2014: approximately 45,710 square metres) and commercial spaces of approximately 1,652 square metres (as at 31 December 2014: approximately 2,036 square metres) (excluding the leased area of approximately 4,849 square metres (as at 31 December 2014: approximately 4,849 square metres)).

Construction works of phase III of CCT-Champs-Elysees project have started and are expected to be completed and delivered during the period from 2016 to 2020.

(ii) Dafeng of Jiangsu Province – Chengtong International City

The initial development area of "Chengtong International City" which is located at North Portion of Lot No. 2, Port Serviced Area, Dafeng Ocean Economic Development Area, Dafeng City, Jiangsu Province, the PRC, 66.67% equity interests of which were held by the Group and with a total site area of approximately 118,974 square metres, was developed in two sections. During the year 2015, as no sales revenue has been recorded for this project (2014: approximately HK$1.79 million), loss before tax of approximately HK$2.1 million (2014: loss before tax of approximately HK$0.93 million) was recorded, which was HK$1.17 million higher than that of 2014.

As at 31 December 2015, the unsold or sold-but-not-delivered saleable area of serviced apartments, commercial units (along with ancillary facilities) and office buildings of section I of the initial development area of "Chengtong International City" were approximately 344 square metres, 6,364 square metres and 3,176 square metres, respectively. The unsold or sold-but-not-delivered saleable area of residential apartments of section II was approximately 12,648 square metres, which is the same as the unsold or sold-but-not-delivered saleable area of serviced apartments, commercial units (along with ancillary facilities) and office buildings as at 31 December 2014.

Property Investment

The rental income from property lease of the Group came from CCT-Champs-Elysees project in Zhucheng of Shandong Province as follows:

Zhucheng of Shandong Province – CCT-Champs-Elysees

As at 31 December 2015, the leasable commercial area of phase I of CCT-Champs-Elysees project was approximately 4,849 square metres, remaining the same as compared to that in 2014. During the year 2015, the rental income from the property lease of CCT-Champs-Elysees project amounted to approximately HK$1.97 million (2014: approximately HK$1.63 million), representing an increase of approximately 21% as compared to that in 2014. The increase in rental income was mainly due to the increase in rental income per square metre during the year 2015 as compared to that of 2014.

Land Resources Development

The Group will continue to exit the property development business in certain third-tier and fourth-tier cities with lower profitability as opportunities arise. During the year 2015, the Group has proactively pursued to dispose of the following land resources:

Land in Dafeng of Jiangsu Province

誠通大豐海港開發有限公司(unofficial English translation being Chengtong Dafeng Harbour Development Limited), a non-wholly owned subsidiary of the Company and 66.67% equity interests of which were held by the Company, held a parcel of industrial land situated in the south of Shugang Highway, Dafeng City, Jiangsu Province, the PRC and three parcels of residential and commercial land situated at lot number 1 to 3 in the Port Serviced Area, Ocean Economic Development Zone, Dafeng City, Jiangsu Province. On 3 July 2014, the Group entered into two resumption agreements with Dafeng Land Reserve Center and Management Committee of the Jiangsu Dafeng Harbour Economic Development Zone (the "**Dafeng Harbour Committee**") and two compensation agreements with the Dafeng Harbour Committee and 江蘇大豐海港控股集團有限公司(unofficial English translation being Jiangsu Dafeng Harbour Holdings Group Limited) in relation to the resumption of two plots of land in Dafeng of Jiangsu Province at the total compensation amount of RMB219.92 million (equivalent to approximately HK$277.10 million). Details of the resumption of land are set out in the Company's announcement dated 3 July 2014. However, the compensation amount has not been finalised and the resumption of land has not been completed as of 31 December 2015 and the date of this announcement.

(3) Finance Leasing

In 2015, the central bank lowered the RMB benchmark lending interest rate for five consecutive times, resulting in the general decrease in overall yield of financial enterprises which include finance leasing companies and intensifying competition in the industry. The Group strengthened efforts in market exploration and actively explored the possibilities of various business innovations. Firstly, the Group vigorously expanded the finance leasing business in the sectors of urban infrastructure as well as energy conservation and environmental protection with water pipe network as the core assets and eventually completed the investment in two projects in this respect in 2015. Secondly, the Group explored to develop finance leasing consultancy business and investment bank business and to identify new growth point of profit. The Group took advantage of its resources and capacities in the industry, and eventually provided two clients with finance leasing consultancy services during the year 2015 and had achieved significant results.

During the year 2015, income and profit before tax of the Group from finance leasing business were approximately HK$40.99 million (2014: approximately HK$1.99 million) and HK$36.48 million (2014: approximately HK$2.11 million) respectively, representing a sharp increase of approximately HK$39 million and HK$34.37 million respectively as compared to that of 2014. The main reasons were: (i) two finance leasing transactions were completed for the year 2015. The total financing amount was approximately HK$238 million, and the total handling fees and interest for the entire term of such finance leasing transactions amounted to approximately HK$33.41 million, among which approximately HK$3.99 million was included in the profit and loss for the year 2015, and (ii) two transactions of provision of finance leasing consultancy service transactions were completed which led to an increase in the one-off service income of approximately HK$12.28 million in 2015.

(4) *Trading of Coal*

At the end of 2014, the Group relocated the existing coal trading business from Jiangsu Dafeng Port to Zhuhai Gaolan Port in Guangdong. In 2015, the Group vigorously developed the upstream and downstream resources in various ways and achieved significant results. During the year, 27 business units in total were developed by the Group ranging from power generation, paper manufacturing, chemicals, printing and dyeing, cement, steel and iron, etc., among which, 12 units are in the upstream (of which 90% were State-owned enterprises) and 15 units are in the downstream (of which 80% are State-owned enterprises), thereby gaining certain recognition in regional markets. Since the coal market remains in the doldrums as a whole, profitability of the operations is limited and operating risks are rising. The Group evaluates the situation and maintains steady operations to actively adopt the combination of upstream resources and space resources, take advantage of various preferential policies of Shenhua port and Shenhua sales and adopt a selective, prudent and market-oriented operating strategies with sound inventory management.

During the year 2015, 70 transactions of coal processing and sales were completed with sales quantities of approximately 0.82 million tonnes and the unit sales price was approximately HK$456 per tonne. Turnover and gross profit were approximately HK$374.35 million (2014: approximately HK$29.32 million) and HK$4.8 million (2014: approximately HK$0.39 million) respectively. The operating profit before tax amounted to approximately HK$1.4 million. However, due to a provision made for the impairment of an advance payment for coal purchase in the amount of approximately HK$4.96 million during the year 2015, the coal trading business has recorded loss before tax of approximately HK$3.56 million (2014: loss before tax of approximately HK$1.52 million).

Bulk Commodity Trade

During the year, bulk commodity trade ceased to be the core business of the Group. The consolidated interest income of bulk commodity trade business amounted to approximately HK$62.70 million. After deducting the finance costs of approximately HK$1.19 million, the net consolidated interest income amounted to approximately HK$61.51 million, representing an increase of approximately HK$25.54 million as compared to that of last year. Other income included the reversal of impairment of prepayment of approximately HK$16.86 million and net exchange gains of approximately HK$13.18 million. As such, profit before tax for the year was approximately HK$66.55 million as compared to loss before tax of approximately HK$121.98 million last year.

Other income

Other income amounted to approximately HK$172.95 million for the year 2015 (2014: approximately HK$232.57 million), representing a decrease of approximately HK$59.62 million or approximately 26% as compared to that of 2014. Other income during the year 2015 mainly included interest income from bank deposits, short-term investments and available-for-sale financial assets of approximately HK$84.81 million (2014: approximately HK$163.49 million), net exchange gains of approximately HK$27.94 million (2014: nil), recovery of prepayment impaired in previous years of approximately HK$16.86 million (2014: nil), interest income from entrusted loan receivables of approximately HK$10.47 million (2014: approximately HK$24.96 million) and insurance compensation income from loss of fixed assets of approximately HK$6.76 million (2014: nil).

Selling and administrative expenses

Selling expenses amounted to approximately HK$15.22 million for the year 2015 (2014: approximately HK$17.77 million), representing a decrease of approximately HK$2.55 million as compared to that of 2014, which was mainly attributable to the fact that the catering services of western restaurants under the hotel business of the Group suspended and the Group ceased to engage in agency sales services for its property development business, leading to a decrease in the relevant costs of sales operation and depreciation expenses of approximately HK$1.95 million and the related commission cost of approximately HK$0.80 million.

During the year 2015, administrative expenses amounted to approximately HK$107.48 million (2014: approximately HK$127.55 million), representing a decrease of approximately HK$20.07 million as compared to that of 2014. The decrease was mainly attributable to the net exchange gains derived in the year 2015. While there were exchange losses of approximately HK$22.32 million from loans of bulk commodity trade finance denominated in USD resulting from the depreciation of RMB against USD and Hong Kong dollars in 2014, there was a sharp decrease of loans of bulk commodity trade finance denominated in USD and the depreciation of RMB has led to an exchange gain of approximately HK$42.27 million arising from the RMB liabilities. In addition, suspension of bulk commodity trade business at the beginning of the year resulted in relevant decrease of operating expenses.

Finance costs

During the year 2015, finance costs incurred by the Group amounted to approximately HK$40.58 million (2014: approximately HK$155.33 million), representing a drastic decrease of approximately HK$114.75 million or approximately 74% as compared to that of 2014. Finance costs mainly included interest on discounted bill with recourse which amounted to approximately HK$0.71 million (2014: approximately HK$106.79 million), interest on bank and other borrowings which amounted to approximately HK$0.48 million (2014: approximately HK$8.40 million) and interest expenses and amortisation costs in respect of the RMB-denominated bonds issued by the Company which amounted to approximately HK$43.55 million (2014: approximately HK$42.99 million), representing a decrease of approximately 99% and 94% and an increase of 1% respectively as compared to those of 2014. The significant decrease in finance costs was mainly due to the fact that the temporary suspension of bulk commodity trade finance business has led to the decrease in finance cost arising from relevant finance loan transactions during the year 2015.

III. Outlook

Looking back 2015, the growth in the global economy slowed down and its recovery was full of hardships and the growth in the gross domestic product (GDP) of China was the lowest since 1990. Looking forward for the year 2016, the growth in the world's economy is still not optimistic. Under the new normal, the Chinese economy will face even more complicated internal and external environment. 2016 is the first year of the decisive stage of completing the comprehensive well-off society, in which the old growth engine is shrinking and weak and a new growth engine is being formed. Structural reform will become the theme and China's economy will remain "stable with good momentum" in the long run.

Facing new challenges and opportunities, the Group will pay close attention to the internal and external economic situations and continue to make great efforts on adjusting internal structure and optimizing businesses. The Group's strategy has been gradually transferred from traditional businesses to modern service businesses, such as tourism, finance leasing, elderly healthcare and capital operation. Efforts made to the business transformation has been proved. During the year 2015, the Group's consolidated profit before tax amounted to approximately HK$126.32 million, which turned from loss to profit, as compared with the consolidated loss before tax of approximately HK$15.73 million in 2014.

As for hotel and marine travelling services, the national tourism businesses kept a steady growth in 2015. There were over 4.1 billion domestic and foreign tourists throughout the year, and the total revenue in tourism industry exceeded RMB4 trillion, representing an increase of 10% and 12% respectively as compared to those in 2014. As one of the key consumption areas encouraged by the State, tourism consumption is becoming a new engine in promoting economic growth in China. The Group's overall strategy is to base in Hainan and enrich its marine tourism resources with the main theme of "beautiful Hainan". The Group will acquire quality marine tourism resources unswervingly to form a resource-base core business of marine tourism. The Group will establish the industrial chain and build up an operating mode with interaction between land and sea. Our major tasks for 2016 are focused on the above strategies. On one hand, the Group will enrich the marine entertainment by the operation of the Huandao Jiaolong sightseeing submarine to increase the proportion of high-end entertainment and further enhance the profitability of the marine projects. On the other hand, it will actively carry out the demonstration works for hotel upgrading.

As for finance leasing, the finance leasing business continued to grow rapidly in 2015 with the balance of contracts exceeding RMB4 trillion, representing a year-on–year increase of 38.8%. The Group's finance leasing business has been developing rapidly since it was restarted in 2014, and has made significant achievements in professional team-building and internal control. The Group currently aims at researching and exploring business in such sectors as government infrastructure, high-end equipment manufacturing, energy conservation and environmental protection and has demonstrated and implemented a number of projects. Looking forward, the Group will continue to make great efforts in its finance leasing business, enhance business development capabilities, seize the market opportunities for rapid expansion, and gradually extend its business to capital operation and asset management and other business areas on the basis of leasing business.

As for elderly healthcare, the number of elderly people over 65 years old in China reached 138 million as of the end of 2014, the proportion of which has exceeded 10% for the first time. It will be a rapid growth period of the aging of China's population from 2015 to 2020, which is both a challenge and an opportunity. Along with the economic development and the improvement of income of elderly consumers, the elderly consumers with high consumption ability will emerge, and there will be great potential for the development of the elderly healthcare service industry. At present, the Group is seeking to enter the elderly healthcare service industry. Our major tasks for 2016 are, on one hand, to speed up the renovation project of Cuidao Hotspring Hotel and officially launch a pilot project of elderly healthcare and, on the other hand, to actively look for a suitable target from the market so as to seize the market initiative and accomplish the layout of elderly healthcare sector through mergers and acquisitions as opportunities arise.

In 2015, the Group further increased its cash reserve by financing from placing, laying a solid foundation for the transformation. The Group will pay close attention to the above businesses and actively seize market opportunities in the future. Meanwhile, it will take advantage of the resources of the controlling shareholders and constantly explore new growth point of profit in order to create greater value for all shareholders. The Board of the Company is full of confidence for the future development of the Group.

IV. Asset Structure, Liquidity and Financial Resources

As at 31 December 2015, equity attributable to owners of the Company reached approximately HK$2,760.87 million (as at 31 December 2014: approximately HK$1,857.10 million), representing an increase of approximately HK$903.77 million as compared to that of 2014, which was mainly attributable to the net proceeds from the placing of placing shares completed by the Company in June 2015 of approximately HK$962 million and the profit attributable to the shareholders for the year 2015 of approximately HK$81.83 million. However, the Group recorded a reduction of exchange reserve of approximately HK$136.23 million due to the depreciation of RMB during the year 2015.

As at 31 December 2015, the total assets of the Group were approximately HK$3,837.06 million (as at 31 December 2014: approximately HK$5,739.87 million), representing a decrease of HK$1,902.81 million as compared to that of 2014, which is mainly due to a drop of approximately HK$1,592.31 million in the cash and bank balances as a result of the Group's repayment of bills payable of bulk commodity trade with cash during the year 2015. The amount of total current assets as at 31 December 2015 was approximately HK$3,092.12 million (as at 31 December 2014: approximately HK$5,218.94 million), accounting for approximately 81% of total assets and representing a decrease of approximately HK$2,126.82 million as compared with the current assets of 2014, which reflected the strong liquidity of the Group. The total non-current assets as at 31 December 2015 were approximately HK$744.94 million (as at 31 December 2014: approximately HK$520.92 million), accounting for approximately 19% of total assets and representing an increase of approximately HK$224.02 million as compared with the non-current assets of 2014, mainly as a result of the increase in fixed assets of approximately HK$172.03 million upon completion of the acquisition of Cuidao Hotspring Hotel by the Group during the year 2015.

As at 31 December 2015, total liabilities of the Group amounted to approximately HK$932.81 million (as at 31 December 2014: approximately HK$3,725.92 million), representing a decrease of approximately HK$2,793.11 million as compared with that of 2014, which was mainly due to a drastic drop of approximately HK$2,603.10 million in the bills payable as a result of the Group's full repayment of bills payable of bulk commodity trade with cash during the year. The total non-current liabilities of the Group as at 31 December 2015 amounted to approximately HK$769.37 million (as at 31 December 2014: approximately HK$774.19 million), accounting for approximately 82% of the total liabilities and representing a decrease of approximately HK$4.82 million as compared to that of 2014. The current liabilities of the Group as at 31 December 2015 amounted to approximately HK$163.45 million (as at 31 December 2014: approximately HK$2,951.72 million), accounting for approximately 18% of total liabilities and representing a decrease of approximately HK$2,788.27 million as compared to that of 2014, which was mainly attributable to the repayment of the bills payable of the bulk commodity trade business in full, which indicated a relatively low liability level and a stable financial position of the Group.

As at 31 December 2015, the Group had cash and bank balances denominated mainly in RMB, HKD and USD (including pledged bank deposits, structured bank deposits, deposits in other financial institution, bank balances and cash) of approximately HK$1,573.40 million (as at 31 December 2014: approximately HK$3,165.70 million), representing a decrease of approximately HK$1,592.31 million as compared to that of 2014.

The Company seized favorable opportunity in the first half of 2015 when the stock market climbed significantly. Pursuant to the general mandate granted at the shareholders' meeting of the Company, on 17 June 2015, the Company completed the top-up placing of 968,000,000 shares in total to not less than six investors at the placing price of HK$1.01 per placing share. The number of subscription shares represented approximately 16.66% of the issued share capital of the Company as enlarged by the issue of the subscription shares under the top-up placing. The net proceeds from the top-up placing were approximately HK$962 million, which has been used as general working capital. The successful placing introduced various institutional investors as the shareholders of the Company which contributed to the expansion of the shareholder base and strengthened the capital foundation of the Company.

V. Debt to Equity Ratio

As at 31 December 2015, the interest-bearing bank borrowings, corporate bonds and other loans of the Group were HK$0 (as at 31 December 2014: approximately HK$68.16 million), HK$694.76 million (as at 31 December 2014: approximately HK$721.61 million) and HK$0.60 million (as at 31 December 2014: approximately HK$0.60 million) respectively, representing a decrease of approximately 100% in interest-bearing bank borrowings and a decrease of approximately 4% in corporate bonds while other loans remained the same as compared to that of 2014. As at 31 December 2015, the total borrowings amounted to approximately HK$695.36 million (as at 31 December 2014: approximately HK$790.37 million), representing a decrease of approximately HK$95.01 million as compared with the total borrowings of 2014. The corporate bonds were denominated in RMB at the fixed interest rate of 4% per annum, whereas the other loans were denominated in HKD and non-interest bearing. The debt to equity ratio (expressed as the sum of interest-bearing bank borrowings and corporate bonds divided by total equity) declined from approximately 39% as at 31 December 2014 to approximately 24% as at 31 December 2015. The debt to equity ratio saw a relatively large improvement mainly due to the suspension of bulk commodity trade and the decrease in relevant financing loan conducted during the year 2015.

VI. Exposure in Exchange Rate Fluctuations

The Group's businesses for the year ended 31 December 2015 were principally conducted in RMB, while most of the Group's assets and liabilities were denominated in HKD and RMB. As RMB is not a freely convertible currency, any fluctuation in the exchange rate of HKD against RMB may have impact on the Group's result. As at 31 December 2015, net assets of the Group's business within the territory of the PRC was approximately RMB1,307.22 million. According to HKASs, such amount should be converted at the exchange rate applicable at the end of the reporting period. Due to the depreciation of RMB during the year, there were exchange losses of approximately HK$144.80 million arising from the RMB net assets. Such exchange losses were recognized in other comprehensive income, thereby reducing the exchange reserve of approximately HK$136.23 million and leading to a decrease of the net assets of the reduced Group. Although foreign currency exposure does not pose significant risk on the Group and currently, the Group does not have any hedging measures against such exchange risks, the Group will continue to take proactive measures and closely monitor the risks arising from such currency movement.

VII. Treasury Policies

The business activities and operation of the Group are mainly carried out in Mainland China and Hong Kong, with transactions denominated in HKD, Renminbi and US dollars, which expose the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy but maintains a conservative approach on foreign exchange exposure management and ensures that its exposure to fluctuations in foreign exchange rates is minimised. At times of interest rate or exchange rate uncertainty or volatility and where appropriate, hedging instruments including swap and forward contracts are used against the exposure to interest rate and foreign exchange rate fluctuations.

As at 31 December 2015, the Group's corporate bonds are principally on a fixed interest rate basis, and does not have any borrowings based on floating rate.

VIII. Pledge of Assets

As at 31 December 2015, bills payable was HK$0 and no assets were pledged (as at 31 December 2014: bills payable was approximately HK$2,603.10 million and secured by bank deposits, structured bank deposits and short-term investments of approximately HK$1,772.98 million, HK$183.96 million and HK$428.40 million respectively).

As at 31 December 2015, short-term bank loans were HK$0 and no assets were pledged (as at 31 December 2014: short-term bank loans were approximately HK$15.12 million and secured by short-term investments of approximately HK$15.12 million).

As at 31 December 2015, bank deposits of approximately HK$1.74 million were pledged for banking facilities granted to mortgagees (as at 31 December 2014: amount pledged for bills payable: approximately HK$1,772.98 million and amount pledged for banking facilities granted to mortgagees: approximately HK$1.83 million).

IX. Commitments & Contingent Liabilities

Please refer to notes 20 and 21 to the financial statements in this announcement.

HUMAN RESOURCES AND EMOLUMENT POLICY

As at 31 December 2015, the Group employed a total of 316 employees (as at 31 December 2014: 314) of which 13 (as at 31 December 2014: 12) were based in Hong Kong and 303 (as at 31 December 2014: 302) were based in Mainland China. Employee's remunerations are determined in accordance with their experiences, competence, qualifications and nature of duties, and remain competitive under current market trend. Apart from the basic salary, discretionary bonus and other incentives are offered to employees of the Group to reward their performance and contributions. The emoluments of the Directors are decided by the remuneration committee of the Company ("**Remuneration Committee**"), having regard to the Company's corporate goals, the individual performance of the Directors and comparable market statistics. The Company has adopted a share option scheme under which the Company may grant options to Directors and eligible employees to subscribe for shares of the Company. The Company has also adopted a share award scheme, under which shares of the Company will be awarded, with the approval of the Board, to selected employees to recognise the contribution made by them and to give them incentives thereto in order to retain them for the continual operation and development of the Group and attract suitable personnel for the growth and further development of the Group.

POST REPORTING DATE EVENT

Please refer to note 22 to the financial statements in this announcement.

FINAL DIVIDEND

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

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own code of conduct ("**Code of Conduct**") regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix 10 to the Listing Rules. Having made specific enquiry to each of the Directors, the Company has received confirmations from all Directors that they have complied with the required standards as set out in the Code of Conduct and the Model Code during the year ended 31 December 2015.

INDEPENDENT NON-EXECUTIVE DIRECTORS

During the year ended 31 December 2015, the Company has complied with provisions of Rules 3.10 and 3.10A of the Listing Rules that a sufficient number of independent non-executive directors shall be appointed by listed issuers and that at least one of the independent non-executive directors must have appropriate professional qualifications or accounting or related financial management expertise. For the detailed profile of the independent non-executive Directors, please refer to the annual report of the Company to be issued for the year ended 31 December 2015.

CORPORATE GOVERNANCE

The Board appreciates that good corporate governance is vital to the healthy and sustainable development of the Group. In the opinion of the Directors, the Company has complied with all the code provisions of the Corporate Governance Code ("**CG Code**") as set out in Appendix 14 to the Listing Rules for the year ended 31 December 2015.

AUDIT COMMITTEE

As at 31 December 2015, the audit committee of the Company ("**Audit Committee**") comprised three independent non-executive Directors, including Mr. Lee Man Chun, Tony as chairman of the Audit Committee, Professor Chang Qing and Professor He Jia. The principal duties of the Audit Committee include the review of the Company's financial reporting procedures, internal controls and results of the Group. The audited consolidated financial statements of the Company for the year ended 31 December 2015 have been reviewed by the Audit Committee.

REMUNERATION COMMITTEE

Pursuant to the provisions of the CG Code, the Board has established the Remuneration Committee. As at 31 December 2015, the Remuneration Committee comprises two independent non-executive Directors, Professor He Jia as chairman of the Remuneration Committee and Mr. Lee Man Chun, Tony and an executive Director, Mr. Wang Hongxin. The Remuneration Committee normally meets for reviewing the remuneration policy and structure, determining the annual remuneration packages of the members of the Board and the senior management and other related matters.

NOMINATION COMMITTEE

The Company has established a nomination committee ("**Nomination Committee**") which is formed by two independent non-executive Directors, including Professor Chang Qing as the chairman of the Nomination Committee and Mr. Lee Man Chun, Tony and an executive Director and the chairman of the Board, Mr. Yuan Shaoli. The Nomination Committee is responsible for nominating potential candidates for directorship appointment and succession planning of the Board, reviewing the composition and structure of the Board regularly and making appropriate recommendation to the Board in order to ensure the balance of expertise, skills and experience among the members of the Board.

SCOPE OF WORK OF BDO LIMITED ON THIS ANNOUNCEMENT

The figures in this announcement in respect of the Group's results for the year ended 31 December 2015 have been agreed by the Group's auditor, BDO Limited. The work performed by BDO Limited in this respect do not constitute an 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 BDO Limited in this announcement.

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.irasia.com/listco/hk/chengtong. The annual report of the Company for the year ended 31 December 2015 will be available on both websites and dispatched to the shareholders of the Company in due course.

By order of the Board
China Chengtong Development Group Limited
Wang Hongxin
Managing Director

Hong Kong, 4 March 2016

As at the date of this announcement, the executive Directors are Mr. Yuan Shaoli, Mr. Wang Hongxin, Mr. Wang Tianlin and Mr. Zhang Bin; and the independent non-executive Directors are Professor Chang Qing, Mr. Lee Man Chun, Tony and Professor He Jia.