新絲路文旅有限公司
NEW SILKROAD CULTURALTAINMENT LIMITED
(Incorporated in Bermuda with limited liability)
(Stock Code: 472)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

The board (the "Board") of directors (the "Directors") of New Silkroad Culturaltainment Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (together the "Group") for the year ended 31 December 2015, together with the comparative figures for the year ended 31 December 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2015

	Notes	**2015** *HK$'000*	2014 *HK$'000*
Revenue	*3*	**241,225**	255,379
Cost of sales		**(140,475)**	(147,037)
Gross profit		**100,750**	108,342
Other revenue		**22,258**	12,619
Selling and distribution expenses		**(79,567)**	(96,466)
Administrative expenses		**(77,941)**	(69,629)
Other operating expenses		**–**	(178,732)
Loss from operating activities	*5*	**(34,500)**	(223,866)
Finance costs	*6*	**(3,544)**	(3,947)
Loss before taxation		**(38,044)**	(227,813)
Taxation	*7*	**(2,846)**	1,911
Loss for the year		**(40,890)**	(225,902)
Attributable to:			
Owners of the Company		**(35,336)**	(193,044)
Non-controlling interests		**(5,554)**	(32,858)
		(40,890)	(225,902)
Loss per share attributable to owners of the Company			
Basic and diluted	*9*	**HK(1.81) cents**	HK(11.57) cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	2015	2014
	HK$'000	*HK$'000*
Loss for the year	**(40,890)**	(225,902)
Other comprehensive loss, net of income tax		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising from translation of foreign operations	**(17,059)**	(10,713)
Total comprehensive loss for the year	**(57,949)**	(236,615)
Attributable to:		
Owners of the Company	**(51,816)**	(200,650)
Non-controlling interests	**(6,133)**	(35,965)
	(57,949)	(236,615)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
ASSETS			
Non-current assets			
Land use rights		**29,338**	27,678
Property, plant and equipment		**583,864**	294,520
Intangible assets	*10*	**458,732**	9,192
Available-for-sale investment		**1,728**	1,810
Goodwill	*11*	**75,221**	–
Deferred tax assets		**3,203**	–
		1,152,086	333,200
Current assets			
Inventories		**229,227**	248,056
Stock of properties		**281,452**	–
Trade and bills receivables	*12*	**34,536**	23,052
Prepayments, deposits paid and other receivables		**81,363**	32,659
Short-term loans receivables		**7,289**	–
Tax recoverable		**–**	1,270
Cash and cash equivalents		**305,867**	105,455
		939,734	410,492
Total assets		**2,091,820**	743,692
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital		**22,685**	16,685
Reserves		**725,020**	378,725
		747,705	395,410
Non-controlling interests		**367,112**	66,039
Total equity		**1,114,817**	461,449

	Note	**2015**	2014
		HK$'000	*HK$'000*
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		**112,799**	15,711
Loan from immediate holding company		**481,674**	–
Net defined benefits liabilities		**5,082**	–
Bank borrowing – due after one year		**60,315**	–
		659,870	15,711
Current liabilities			
Trade payables	*13*	**49,581**	48,548
Accruals, deposits received and other payables		**169,170**	152,402
Amount due to a non-controlling shareholder of a subsidiary		**4,101**	–
Amounts due to related parties		**32,011**	1,263
Loan from immediate holding company		**50,000**	–
Bank borrowing – due within one year		**6,216**	63,150
Deferred revenue		**5,377**	–
Tax payables		**677**	1,169
		317,133	266,532
Total liabilities		**977,003**	282,243
Total equity and liabilities		**2,091,820**	743,692
Net current assets		**622,601**	143,960
Total assets less current liabilities		**1,774,687**	477,160

Notes:

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

(i) Revised HKFRSs adopted by the Group

In the current year, the Group has applied the following revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (”HKICPA”), which are effective for the Group's financial year beginning on 1 January 2015:

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

The adoption of these amendments in the current year has no material impact on the Group's financial performance and positions for the current and prior years.

(ii) New and revised HKFRSs have been issued but are not yet effective for the financial year beginning on 1 January 2015

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

Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
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]
HKFRS 9	Financial Instruments[3]
HKFRS 14	Regulatory Deferral Accounts[2]
HKFRS 15	Revenue from Contracts with Customers[3]
HKFRS 16	Leases[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted

2 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted

3 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted

4 Effective for annual periods beginning on or after 1 January 2019

5 The mandatory effective date will be determined

2.1 STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA as well as the disclosure requirements of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited and the Hong Kong Companies Ordinance ("CO"). The provisions of the new CO (Cap 622) regarding preparation of accounts and directors' reports and audits became effective for the Company for the financial year ended 31 December 2015. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new CO and to streamline with HKFRSs. Accordingly, the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

2.2 BASIS OF PREPARATION

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value at the end of each reporting period.

During the year, the Company completed the acquisition of Macrolink Glory Hill Co., Ltd. ("Glory Hill"). As the Company and Glory Hill are under the common control of Macro-Link International Land Limited ("MIL") before and after the acquisition, the acquisition has been accounted for in the consolidated financial statements of the Group as a business combination under common control using the principles of merger accounting under Accounting Guideline 5 *Merger Accounting for Common Control Combinations* issued by the HKICPA. The consolidated financial statements included the financial position, results and cash flows of Glory Hill as if the acquisition had occurred since 26 June 2015 (the date on which MIL completed the acquisition of the Company). There was no material effect on the statement of profit or loss of the Group arising from the business combination under common control for the year ended 31 December 2015. The assets and liabilities of Glory Hill were included in the consolidated statement of financial position as at 31 December 2015.

3. REVENUE

	2015	2014
	HK$'000	*HK$'000*
Production and distribution of wine	**164,022**	161,607
Production and distribution of Chinese baijiu	**75,036**	93,772
Casino business	**2,167**	–
	241,225	255,379

4. SEGMENT INFORMATION

In accordance with the Group's internal financial reporting framework, the Group has identified operating segments based on its products and services. The operating segments are identified by senior management who is designated as "Chief Operating Decision Maker" to make decisions about resource allocation to the segments and assess their performance.

The Group has four reportable segments, namely (i) production and distribution of wine in the People's Republic of China ("PRC"); (ii) production and distribution of Chinese baijiu in the PRC; (iii) development and operation of overseas real estate and cultural tourism in South Korea; and (iv) operation of casino business in South Korea. The segmentations are based on the information of the Group's operations that management uses to make decisions.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments for the current and prior years:

	Wine		Chinese baijiu		Cultural tourism		Casino business		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue										
Revenue from external customers	**164,022**	161,607	**75,036**	93,772	**–**	–	**2,167**	–	**241,225**	255,379
Segment profit (loss)	**8,228**	(109,855)	**(10,627)**	(100,787)	**(6,643)**	–	**1,739**	–	**(7,303)**	(210,642)
Unallocated corporate income									**151**	847
Unallocated corporate expenses									**(27,348)**	(14,071)
Finance costs									**(3,544)**	(3,947)
Loss before taxation									**(38,044)**	(227,813)
Taxation									**(2,846)**	1,911
Loss for the year									**(40,890)**	(225,902)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the year.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Segment results represented the profit earned (loss incurred) by each segment without allocation of central administration costs including directors' emoluments, finance costs and taxation. This is the measure reported to the Chief Operating Decision Maker for the purpose of resource allocation and assessment of segment performance.

Segment assets and liabilities

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

	Wine		Chinese baijiu		Cultural tourism		Casino business		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**474,886**	497,004	**213,096**	241,111	**804,398**	–	**577,160**	–	**2,069,540**	738,115
Unallocated									**22,280**	5,577
									2,091,820	743,692
Segment liabilities	**135,853**	143,287	**46,994**	56,260	**516,547**	–	**38,213**	–	**737,607**	199,547
Unallocated									**239,396**	82,696
									977,003	282,243

For the purpose of monitoring segment performance and allocating resources between segments, all assets are allocated to reportable segments except for certain assets which are managed on a group basis. Goodwill and all liabilities are allocated to reportable segments except for bank borrowing, deferred tax liabilities and other financial liabilities which are managed on a group basis.

Other segment information

Amounts included in the measure of segment profit or loss or segment assets.

	Wine		Chinese baijiu		Cultural tourism		Casino business		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Additions to non-current assets	**15,965**	18,917	**6,660**	5,144	**–**	–	**–**	–	**22,625**	24,061
Depreciation of property, plant and equipment	**12,827**	15,398	**6,971**	7,029	**760**	–	**–**	–	**20,558**	22,427
Amortisation of land use rights	**230**	234	**575**	587	**–**	–	**–**	–	**805**	821
Amortisation of intangible assets	**715**	437	**–**	–	**–**	–	**–**	–	**715**	437
Write-down of obsolete inventories	**–**	–	**–**	7,928	**–**	–	**–**	–	**–**	7,928
Impairment loss of goodwill	**–**	96,918	**–**	47,531	**–**	–	**–**	–	**–**	144,449
Impairment loss of trademark	**–**	–	**–**	26,355	**–**	–	**–**	–	**–**	26,355

Information about major customers

No single customer contributed more than 10% of the Group's revenue for the year ended 31 December 2015 (2014: Revenue from one major customer of approximately HK$27,684,000 was derived from sales by the wine segment).

Geographical information

The Group's operations are located in the PRC and South Korea.

Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
PRC	**239,058**	255,379	**315,485**	333,200
South Korea	**2,167**	–	**836,601**	–
	241,225	255,379	**1,152,086**	333,200

5. LOSS FROM OPERATING ACTIVITIES

	2015 *HK$'000*	2014 *HK$'000*
Loss from operating activities has been arrived at after charging:		
Staff costs, including directors' emoluments		
– Salaries and allowances	**42,456**	44,838
– Retirement benefits scheme contributions	**6,588**	10,428
Total staff costs	**49,044**	55,266
Auditors' remuneration	**2,600**	1,108
Amortisation of intangible assets	**715**	437
Amortisation of land use rights	**805**	821
Cost of inventories recognised as expenses	**119,788**	119,943
Loss on disposal of property, plant and equipment	**4,134**	1,678
Write-down of obsolete inventories*	**–**	7,928
Impairment loss of goodwill *	**–**	144,449
Impairment loss of trademark*	**–**	26,355
Depreciation of property, plant and equipment	**20,577**	22,437
Research and development costs	**895**	60
Minimum lease payments under operating leases:		
– Land and building	**2,397**	1,771

* These items are included in "Other operating expenses" in the consolidated statement of profit or loss.

6. FINANCE COSTS

	2015 *HK$'000*	2014 *HK$'000*
Interest expenses on bank borrowing	**3,544**	3,947

7. TAXATION

	2015 *HK$'000*	2014 *HK$'000*
Current tax:		
Hong Kong Profits Tax	**–**	11
PRC Corporate Income Tax		
– current year	**2,846**	3,345
– under-provision in prior year	**–**	1,322
South Korea Corporate Income Tax	**–**	–
Deferred tax	**–**	(6,589)
	2,846	(1,911)

Hong Kong Profits Tax

Hong Kong Profits Tax is calculated at 16.5% (2014: 16.5%) of the estimated assessable profits for both years.

As at 31 December 2015, the Group had estimated unused tax losses of approximately HK$102,310,000 (2014: HK$87,478,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams.

PRC Corporate Income Tax

During the year ended 31 December 2011, Shangri-la Winery Company Limited has successfully applied a tax reduction with the tax rate of 15% from Yunnan State Administration of Taxation of the PRC for 3 years starting from 1 January 2011 and was expired on 31 December 2013. During the year ended 31 December 2014, the tax reduction was renewed by Yunnan State Administration of Taxation of the PRC for 3 years starting from 1 January 2014 and the tax rate was 20%.

The tax rate applicable for all other subsidiaries established in the PRC was 25% (2014: 25%).

South Korea Corporate Income Tax

Development Golden Beach Co., Ltd. ("Golden Beach") and Glory Hill were established in South Korea and are subject to the South Korea Corporate Income Tax. It is calculated on a progressive rate of the assessable income (tax rate is 11% up to KRW200,000,000) in accordance with the relevant corporate tax law in South Korea.

8. DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 31 December 2015 (2014: Nil).

9. LOSS PER SHARE

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

	2015	2014
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per ordinary share	**(35,336)**	(193,044)

	Number of shares	
	2015	2014
Weighted average number of shares for the purpose of basic and diluted loss per ordinary share	**1,955,417,392**	1,668,532,146

Diluted loss per share were same as the basic loss per share as there were no potential dilutive ordinary shares in both years.

10. INTANGIBLE ASSETS

	Casino license *HK$'000*	Farmland development *HK$'000*	Technical know-how *HK$'000*	Trademarks *HK$'000*	Total *HK$'000*
Cost					
At 1 January 2014	–	16,381	1,962	27,535	45,878
Exchange alignment	–	(308)	(39)	(554)	(901)
At 31 December 2014 and 1 January 2015	–	16,073	1,923	26,981	44,977
Acquisition of a subsidiary	443,099	–	–	–	443,099
Exchange alignment	7,548	(674)	(86)	(1,213)	5,575
At 31 December 2015	450,647	15,399	1,837	25,768	493,651
Accumulated amortisation and impairment					
At 1 January 2014	–	6,585	1,962	749	9,296
Exchange alignment	–	(112)	(39)	(152)	(303)
Charge for the year	–	408	–	29	437
Impairment for the year	–	–	–	26,355	26,355
At 31 December 2014 and 1 January 2015	–	6,881	1,923	26,981	35,785
Exchange alignment	–	(282)	(86)	(1,213)	(1,581)
Charge for the year	–	715	–	–	715
At 31 December 2015	–	7,314	1,837	25,768	34,919
Carrying amounts					
At 31 December 2015	**450,647**	**8,085**	**–**	**–**	**458,732**
At 31 December 2014	–	9,192	–	–	9,192

11. GOODWILL

	HK$'000
Cost	
At 1 January 2014 and 1 January 2015	177,959
Acquisition of a subsidiary	75,221
At 31 December 2015	253,180
Accumulated impairment losses	
At 1 January 2014	33,510
Impairment loss recognised for the year	144,449
At 31 December 2014 and 1 January 2015	177,959
Impairment loss recognised for the year	–
At 31 December 2015	177,959
Carrying amounts	
At 31 December 2015	**75,221**
At 31 December 2014	–

Goodwill is allocated to the Group's cash generating units identified according to business as follows:

	2015 *HK$'000*	2014 *HK$'000*
Wine business	**–**	–
Chinese baijiu business	**–**	–
Casino business	**75,221**	–
	75,221	–

12. TRADE AND BILLS RECEIVABLES

The Group generally allows an average credit period ranging from 30 to 90 days (2014: 30 to 90 days) to its trade customers.

	2015 *HK$'000*	2014 *HK$'000*
Trade and bills receivables	**38,337**	23,133
Less: Allowance for doubtful debts	**(3,801)**	(81)
	34,536	23,052

An aged analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date and net of allowance for doubtful debts, is as follows:

	2015	2014
	HK$'000	*HK$'000*
Within 30 days	**12,724**	6,027
More than 30 days and within 60 days	**1,685**	–
More than 60 days and within 90 days	**666**	1,082
More than 90 days and within 180 days	**10,641**	15,943
More than 180 days and within 360 days	**8,820**	–
At 31 December	**34,536**	23,052
Represented by:		
Receivables from related parties	**20,967**	17,969
Receivables from third parties	**13,569**	5,083
	34,536	23,052

All trade and bills receivables were denominated in Renminbi ("RMB") and Won ("KRW").

The movements in allowance for doubtful debts were as follows:

	2015	2014
	HK$'000	*HK$'000*
At 1 January	**81**	257
Exchange alignment	**(5)**	(5)
Acquisition of a subsidiary	**3,725**	–
Written off during the year as uncollectible	**–**	(171)
At 31 December	**3,801**	81

The Group does not hold any collateral over these balances.

The aged analysis of the trade and bills receivables that are not considered to be impaired is as follows:

	2015	2014
	HK$'000	*HK$'000*
Neither past due nor impaired	**15,075**	7,109
One to six months past due	**10,641**	15,943
Six months to one year past due	**8,820**	–
	34,536	23,052

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

At 31 December 2015, receivables that were past due but not impaired related to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

13. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date is as follows:

	2015	2014
	HK$'000	*HK$'000*
Within 90 days	**26,437**	38,798
More than 90 days and within 180 days	**6,713**	2,015
More than 180 days and within 360 days	**16,431**	7,735
	49,581	48,548

Trade payables are non interest-bearing and have an average term of four months.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATION ANALYSIS

During the year, China continued its efforts in shifting the country's major economic drivers from export and investment oriented to domestic consumption. Despite the additional effort by the government to stimulate domestic demand and consumption, the weakening momentum of the underlying economy has dampened especially on the appetite for high-end products.

Revenue

Despite the challenging business environment, the Group continued to focus on consolidating its business strengths and brand equity. During the year, the Group ramped up marketing effort and promotion to strengthen customer and brand loyalty. As a result, the Group maintained a total revenue of HK$241 million (2014: HK$255 million), representing an adjustment of 5.5% from last year.

Chinese baijiu segment, which accounted for 31.1% (2014: 36.7%) of the Group's revenue, continued its product mix re-adjustment process in order to accommodate the changes of consumption pattern, resulted in a significant drop in revenue by 20.0% to HK$75 million (2014: HK$94 million).

The wine segment, which currently accounted for 68.0% (2014: 63.3%) of the Group's revenue, showed a sign of recovery. Revenue of wine increased 1.5% to HK$164 million (2014: HK$162 million).

Our newly acquired casino business had also contributed HK$2 million to the Group's revenue for the year and we shall see this trend to continue.

Cost of Sales

Cost of sales decreased by 4.5% to HK$140 million (2014: 147 million). Cost of sales to total revenue increased slightly by 0.6% to 58.2% due to higher production costs from the Chinese baijiu segment.

Despite the sharp fall in Chinese baijiu revenue, due to higher cost margin for middle to low-end baijiu products which were being focused, the cost of sales only reduced slightly by 6.0% to HK$51 million (2014: HK$54 million) reflecting a higher cost margin on such products.

Cost of sales for wine segment decreased by 4.1% to HK$89 million (2014: HK$93 million) due to improved profit margin on wine products.

Gross Profit

Gross profit decreased by 7.0% to HK$101 million (2014: HK$108 million). Wine and Chinese baijiu segments each accounted for HK$75 million and HK$24 million respectively. Gross profit margin of wine segment increased slightly by 3.2% to 45.9% (2014: 42.7%) whereas Chinese baijiu segment fell by 10.2% to 31.7% (2014: 41.9%) leading to a drop in the Group's gross profit margin by 0.6% to 41.8% (2014: 42.4%).

Selling and Distribution Expenses

Selling and distribution expenses decreased by 17.5% to HK$80 million (2014: HK$96 million) mainly due to reduced advertising and promotional expenses. Selling and distribution expenses as a percentage of revenue decreased by 4.8% to 33.0% (2014: 37.8%) for the year.

Administrative Expenses

Administrative expenses increased by 11.9% to HK$78 million (2014: HK$70 million) as a result of the consolidation of Glory Hill's administrative expenses amounted to HK$7 million.

Other Operating Expenses

Other operating expenses for 2014 represented impairments of goodwill and trademark of HK$171 million, and provision for slow-moving inventories of HK$8 million. There was no impairment loss for the year.

Loss Before Tax

Taking into account of the aforementioned, loss before taxation amounted to HK$38 million (2014: loss of HK$228 million).

Taxation

Taxation comprises current income tax and deferred tax. Current income tax reduced by 39.2% to HK$3 million (2014: HK$5 million). No deferred tax was recognised for the year (2014: deferred tax credit of HK$7 million).

Loss Attributable to Owners

Loss after tax for the year was HK$41 million (2014: HK$226 million). Loss attributable to owners of the Company was HK$35 million (2014: HK$193 million). Basic loss per share attributable to owners of the Company for the year ended 31 December 2015 was HK1.81 cents (2014: HK11.57 cents).

LIQUIDITY AND FINANCIAL RESOURCES

Cash and Bank Borrowing

During the year, the Group's source of fund was generated from net proceeds from the placing of new shares, operating activities and banking facilities provided by Agricultural Development Bank of China and Woori Bank. As at 31 December 2015, the Group had cash and cash equivalents of HK$306 million (2014: HK$105 million), representing an increase of 190.0%. The Group's cash position has improved as a result of the placing of new shares during the year.

As at 31 December 2015, total bank borrowing increased by 5.4% to HK$67 million (2014: HK$63 million) mainly due to the consolidation of bank borrowing of Golden Beach. Our major borrowings are denominated in RMB and KRW. In view of the Group's cash and bank balances, funds generated internally from our operations and the unutilized banking facilities available, we are confident that the Group will have sufficient resources to meet its debt commitment and working capital requirements in the foreseeable future.

Capital Expenditure

During the year, our total capital expenditure amounted to HK$23 million (2014: HK$24 million) which was mainly used for the purchase of machineries and the construction of factories. For the year 2016, we have budgeted HK$480 million on capital expenditure mainly for the development expenses of Glory Hill.

Inventories

Our inventories primarily consist of finished goods, work in progress and raw materials. The Group's inventories decreased by 7.6% to HK$229 million (2014: HK$248 million). Finished goods decreased by 25.7% to HK$45 million (2014: HK$61 million) and finished goods revenue ratio (being average closing finished goods divided by cost of sales) was 137 days for the year ended 31 December 2015 (2014: 155 days).

Balance Sheet Analysis

Followed by the completion of the placing of new shares and the acquisition of Golden Beach and Glory Hill, the Group's financial position has improved significantly.

As at 31 December 2015, the Group had total assets of HK$2,092 million (2014: HK$744 million) which were composed of current assets of HK$940 million (2014: HK$411 million) and non-current assets of HK$1,152 million (2014: HK$333 million). Such increase was mainly attributable to (i) the recognition of the casino license of HK$451 million acquired through the acquisition of Golden Beach; (ii) the recognition of goodwill of HK$75 million in relation to the acquisition of Golden Beach; (iii) the consolidation of land and properties held by Glory Hill of HK$575 million; and (iv) the prepayments of HK$51 million paid by Glory Hill for the acquisition of lands in Jeju, South Korea.

Total liabilities of the Group included current liabilities of HK$317 million (2014: HK$267 million) and non-current liabilities of HK$660 million (2014: HK$16 million). The significant increase of non-current liabilities was mainly because of (i) the reclassification of a bank borrowing from short-term to long-term amounted to HK$60 million; (ii) the recognition of deferred tax liabilities in relation to the casino license amounted to HK$99 million; and (iii) the consolidation of a long-term loan recorded in the books of Glory Hill from the immediate holding company amounted to HK$482 million.

Our total equity was composed of owners' equity of HK$748 million (2014: HK$395 million) and non-controlling interests of HK$367 million (2014: HK$66 million).

The Group's current ratio as at 31 December 2015 was 3.0 (2014: 1.5). Gearing ratio, representing total borrowings divided by total equity, was 54.0% (2014: 13.7%). About 88.9% of borrowings are from immediate holding companies which are unsecured and repayable within a 5-year period. We believe that both ratios are at healthy level indicating that the Group is able to meet its short-term and long-term debts when due.

Trade receivables revenue (being average trade receivables divided by revenue) was 16 days (2014: 13 days). The Group did not experience any material doubtful debts that required to be written off in 2015.

The Group had capital commitments amounted to HK$37 million (2014: HK$50 million). The Group had no material contingent liabilities as at 31 December 2015.

MAJOR SUPPLIERS AND CUSTOMERS

The Group's five largest suppliers accounted for 43.3% (2014: 48.0%) of the Group's total purchases and the purchases attributable to the Group's largest supplier was 20.6% (2014: 16.1%). Excluding Yunnan Jinliufu Trading Limited and VATS Chain Liquor Store Management Company Limited which are the connected persons of the Company, the Group's five largest customers accounted for 13.9% (2014: 34.0%) of the Group's total revenue and the sales attributable to the Group's largest customer was 3.5% (2014: 7.6%).

None of the Directors, their close associates or shareholders of the Company which, to the knowledge of the Directors, owned more than 5% of the Company's issued share capital had any beneficial interest in the five largest suppliers or customers of the Group.

GOVERNMENT SUBSIDIES

During the year, the Group has been granted an aggregate amount of HK$19 million (2014: HK$11 million) from the respective local finance department in subsidising the Group's technical development.

DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 31 December 2015 (2014: Nil).

PLEDGE OF ASSETS

At 31 December 2015, the Group pledged its land, property, plant and equipment with net book value amounted to HK$30 million (2014: HK$39 million) to secure general banking facilities granted.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

The Group's revenue, expenses, assets and liabilities are denominated in RMB, HKD and KRW.

The functional currency of the Group's PRC subsidiaries is RMB while the functional currencies of the Group's subsidiaries in South Korea are in KRW and RMB. As the impact of the fluctuation of RMB is low, therefore, no material exchange rate risk is anticipated and no financial instruments for hedging purposes are employed. To enhance overall risk management, the Group has already strengthened its treasury management capability and will closely monitor its currency and interest rate exposures. We will employ suitable foreign exchange hedging policy as and when appropriate in order to prevent the related risks.

MATERIAL ACQUISITION AND DISPOSAL

Major Transaction in relation to the acquisition of 51.5% equity interests in Golden Beach

On 29 July 2015, the Company entered into a sale and purchase agreement with Blackstone Resort Co. ("Blackstone") to acquire 206,000 shares of Golden Beach, representing 51.5% of its entire issued share capital (the"Acquisition") at a consideration of HK$258,876,000.

Major and connected transaction in relation to the subscription of shares in Glory Hill

On 29 July 2015, the Company, Glory Hill and Blackstone entered into a subscription agreement pursuant to which the Company has agreed to subscribe for 2,707,848 shares of Glory Hill (representing 55% of its enlarged issued share capital) at a consideration of HK$153,916,000 (the "Subscription").

Both the Acquisition and Subscription were completed on 28 December 2015, upon which Golden Beach and Glory Hill had become non-wholly owned subsidiaries of the Company. For details, please refer to the announcements of the Company dated 13 August 2015 and 28 December 2015, and the circular of the Company dated 4 December 2015.

Save as disclosed above, no other material acquisition and disposal of subsidiaries or associated companies was made by the Group during the year.

EMPLOYEE INFORMATION AND EMOLUMENT POLICY

As at 31 December 2015, the Group employed a total of 870 (2014: 869) full time employees, in which 350 staff were related to sales and marketing, 258 staff were related to production, 80 staff were related to management and 182 staff were related to administration. The Group's emolument policies are formulated based on the performance of individual employees and are reviewed annually. The Group also provides medical insurance coverage and provident fund schemes (as the case may be) to its employees in compliance with the applicable laws and regulation.

ECONOMY OUTLOOK

The world economy remained restrained in 2015, punctuated by market volatility across the globe. Growth in emerging markets and developing economies, except the United States, continued to be overshadow by three “C”s: Commodity, Currency and China. Commodity, particularly the oil prices, has fallen sharply adding deflationary pressure to the sluggish global economy. The decline in commodity prices and various economic quantitative easing programs executed across Europe, Japan and other major countries plummeting capital flows to emerging markets causing pressure on currencies and increasing market volatility. China’s economy was experiencing a major slowdown with gross domestic product growth rate slowed to 6.9% in 2015, down from 7.3% in 2014 as a result of volatility in global economy and domestic economic restraints. The International Monetary Fund has recently released that global growth will slow slightly taking into account China’s ongoing economic transition. The prospect of downside risks has arisen.

CHANGE OF SUBSTANTIAL SHAREHOLDER AND BOARD OF DIRECTORS

The Company had also experienced a major change in shareholder in 2015. On 22 April 2015, Macro-Link International Land Limited (“MIL”), a wholly-owned subsidiary of Macrolink Real Estate Co., Ltd. (a company listed on the Shenzhen Stock Exchange with stock code: 000620), entered into a sales and purchase agreement with the then controlling shareholder of the Company, JLF Investment Company Limited (“JLF”), to acquire 841,120,169 shares, representing 50.41% of the Company’s equity interests, from JLF at a cash consideration of HK$555,139,312 (equivalent to HK$0.66 per sale share). The transaction was completed on 19 May 2015. Subsequently, an unconditional general offer was made by MIL to other shareholders of the Company under the Code on Takeovers and Mergers on 5 June 2015. Upon closure of the general offer on 26 June 2015, the current Board was formed. Macrolink Group with its holding of 50.42% of the Company’s shares via MIL, together with 12.94% of the Company’s shares already in control via MACRO-LINK International Investment Co, Ltd., has become the then controlling shareholder of the Company with a total controlling stake of 63.36% at the time being.

CHANGE OF COMPANY NAME

A resolution was passed at the special general meeting held on 6 July 2015 to change the name of the Company to ‘New Silkroad Culturaltainment Limited’ with the adoption of a secondary Chinese name “新絲路文旅有限公司”. Upon completion of all necessary application and filings, the new names of the Company have come into effect on 10 July 2015. The implication of the names change has more meaning than just a demonstration of the change in control and management. In times of current economy, it signifies Macrolink Group’s confidence in promoting the Company as its international flagship platform to replicate its success in China.

PLACEMENT OF NEW SHARES

The Company announced a share placing on 4 May 2015 to raise HK$396 million from the equity market by issuing 600 million of new shares at HK$0.66 per share. The placing was approved at the special general meeting held on 6 July 2015 and was completed on 10 July 2015. Upon completion of the placing, the equity interests of Macrolink Group in the Company was diluted to 46.6%. The additional fund raised had strengthened the Company’s financial position and was subsequently used by the Company to seize investment opportunities in Jeju, Korea.

ACQUISITIONS IN JEJU, KOREA

It has been quite a while since the Company has been looking for investment opportunities in order to diversify from the deteriorating wine and Chinese baijiu operations and to strengthen the Company's investment portfolio. Finally, the tone was set on 29 July 2015 when the Company announced its acquisition of 51.5% equity interests in Golden Beach and subscription for 55% equity interests of the enlarged capital of Glory Hill.

Golden Beach holds a gaming license and has been operating a casino at KAL Hotel in Jeju since 2010 whereas Glory Hill owns various parcels of integrated land with an area of around 1,800 mu (equivalent to approximately 1.2 million square meters) which is intended to be developed into an integrated resort (the "Glory Hill Project") comprising residential and commercial properties, hotel, shopping and entertainment complexes. The Glory Hill Project when completed in 2020, will be one of the largest integrated resorts in Jeju. The Company believes that the gaming license held by Golden Beach is not only a scarce and valuable asset but also has great synergy with the Glory Hill Project and the Group's future development plan.

The successful completion of both projects on 28 December 2015 marked an important milestone for the Group to participate in the gaming and entertainment, and integrated resort businesses in a booming tourism city. Integrated resort and real estate operation, gaming and entertainment together with the existing wine and baijiu businesses form the Group's three core strategies covering short-term, mid-term and long-term growth of the Group with each stage adding splendid returns to our shareholders.

BUSINESS OVERVIEW

WINE AND CHINESE BAIJIU OPERATION

Despite the challenging market condition, with strong promotional and brand building exercises in our core markets, our wine and Chinese baijiu operations demonstrated signs of recovery. During the year, Shangri-la Winery showed a slight increase in revenue of around 1.5% to HK$164 million (2014: HK$162 million). Most important of all Shangri-la Winery has returned to profit and we shall see the trend to continue. Yuquan Winery is still undergone a painful product mix adjustment process. Revenue of Chinese baijiu was still on the fall yet the division demonstrated a slight improvement in profit margin and a narrowing operating loss for the year.

FINANCIAL OVERVIEW

For the year ended 31 December 2015, the Group's revenue was reported at HK$241 million, representing a slight decrease of 5.5% from HK$255 million last year. The decrease was mainly attributable to the fall in Chinese baiju revenue for the year. Taking out last year's one off adjustment of around HK$179 million relating to the provision for slow-moving inventories amounted to HK$8 million and the impairments of goodwill and trademark amounted to HK$171 million, the total operating costs of the Group fell by 5.2% to HK$158 million (2014: HK$166 million). The Group's loss attributable to shareholders posted at HK$35 million, representing an improvement of 81.7% compared to last year.

CORPORATE SUSTAINABILITY

The Group takes pride in being a responsible corporate citizen which forms an integral part of our business strategy and success. As we forge ahead in our corporate sustainable path, we introduced our first environment, social and governance report to be disclosed in the annual report this year with a reporting scope reaffirming our efforts in enhancing environmental, social and corporate transparency and responsibility.

PROSPECTS

Looking ahead, global economic growth is expected to remain turbulence. Though the ending of the zero-interest rate era in the United States indicated added confidence in the economic conditions in the United States, recovery of other advanced economies is still very slow and downward pressures on emerging market economies are still prominent. With diverging monetary policies among major central banks and heightened geopolitical tensions, the global economy will remain fragile. Notwithstanding a tough operating environment, our professional management team with a proven track record of mastering changes will stay focused on consolidating our business strengths and leading market position. We have strong confidence in the growth potential of the Group in the years ahead.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

EVENT AFTER THE REPORTING PERIOD

On 1 February 2016, the Company entered into a sale and purchase agreement to purchase from Mr. Jung Hee Tae ("Mr. Jung", who is a director of Golden Beach, a non-wholly owned subsidiary of the Company) 30,000 shares of Golden Beach, representing 7.5% of its entire issued share capital for a consideration of KRW5,700,000,000 (equivalent to approximately HK$37,000,000). The acquisition is subject to the reporting, announcement and annual review requirements. Details of the acquisition are set out in the announcement of the Company dated 1 February 2016. Upon completion, the Company's shareholding in Golden Beach increased to 59.0%.

CORPORATE GOVERNANCE CODE

Throughout the year ended 31 December 2015, the Company has complied with all the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules, except for the deviations from code provisions A.6.7 and E.1.2 which are explained as follows:

Code provision A.6.7 provides that independent non-executive directors and non-executive directors should attend general meetings. Mr. E Meng, who was the independent non-executive Director at the time being, and Mr. Cao Kuangyu ("Mr. Cao"), being the independent non-executive Director, were unable to attend the special general meetings of the Company held on 27 February 2015 and 6 July 2015 respectively, and the annual general meeting of the Company held on 5 June 2015 (the "2015 AGM") due to their overseas business engagement. In addition, Mr. Cao and Mr. Che Kuong Hon, being independent non-executive Directors, were unable to attend the special general meeting of the Company held on 22 December 2015 due to their overseas business engagement.

Code provision E.1.2 provides that the chairmen of the Board and board committees should attend the annual general meeting to be available to answer questions thereat. Mr. Wu Xiang Dong, who was the chairman of the Board and Nomination Committee at the time being, was unable to attend the 2015 AGM due to his overseas business engagement. However, Mr. Ng Kwong Chue, Paul, being the executive Director and company secretary of the Company, took the chair at the 2015 AGM, and the chairman of the Audit Committee and Remuneration Committee, and the auditors attended the 2015 AGM. The Company considers that their presence is sufficient for effective communication with shareholders at the 2015 AGM.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS (THE "MODEL CODE")

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules. Upon specific enquiry by the Company, all Directors confirmed that they have complied with the required standards as set out in the Model Code throughout the year ended 31 December 2015.

AUDIT COMMITTEE

The Audit Committee comprises the three independent non-executive Directors namely Mr. Ting Leung Huel, Stephen (Chairman), Mr. Cao Kuangyu and Mr. Che Kuong Hon.

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the Group's annual results for the year ended 31 December 2015. The Audit Committee was content that the accounting policies of the Group are in accordance with the current best practice in Hong Kong.

By Order of the Board
New Silkroad Culturaltainment Limited
Ng Kwong Chue, Paul
Executive Director

Hong Kong, 30 March 2016

As at the date of this announcement, the Board comprises six executive Directors, namely, Mr. Su Bo, Mr. Yan Tao, Mr. Ng Kwong Chue, Paul, Mr. Zhang Jian, Mr. Hang Guanyu and Mr. Liu Huaming, and three independent non-executive Directors, namely Mr. Ting Leung Huel, Stephen, Mr. Cao Kuangyu and Mr. Che Kuong Hon.