MEGA MEDICAL TECHNOLOGY LIMITED
美加醫學科技有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 876)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

The board (the "**Board**") of directors (the "**Directors**") of Mega Medical Technology Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2015 together with the comparative figures for the corresponding year ended 31 December 2014.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Notes	**2015** ***HK$'000***	2014 *HK$'000*
Turnover	*3*	**395,678**	363,455
Cost of goods sold		**(334,213)**	(303,027)
Gross profit		**61,465**	60,428
Other income, gains and losses		**4,409**	(34,821)
Selling and distribution costs		**(25,146)**	(40,027)
Administrative expenses		**(75,700)**	(82,555)
Other expenses		**—**	(39,225)
Impairment loss recognised in respect of property, plant and equipment		**—**	(36,375)
Changes in fair value of investment properties		**—**	164
Finance costs	*4*	**(296)**	(8,844)
Gain on disposal of subsidiaries		**—**	53,277
Share of profit of an associate		**—**	3,331

	Notes	**2015** HK$'000	2014 HK$'000
Loss before taxation	*5*	**(35,268)**	(124,647)
Taxation	*6*	**(4,112)**	(983)
Loss for the year		**(39,380)**	(125,630)
Other comprehensive expense			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operation		**(9,966)**	(4,212)
Reclassification of exchange differences upon disposal of subsidiaries		**—**	(29,315)
Other comprehensive expense for the year		**(9,966)**	(33,527)
Total comprehensive expense for the year		**(49,346)**	(159,157)
Loss for the year attributable to:			
Owners of the Company		**(30,613)**	(90,005)
Non-controlling interests		**(8,767)**	(35,625)
Loss for the year		**(39,380)**	(125,630)
Total comprehensive expense attributable to:			
Owners of the Company		**(37,980)**	(129,678)
Non-controlling interests		**(11,366)**	(29,479)
		(49,346)	(159,157)
Loss per share	*8*		
– Basic		**(0.86) HK cents**	(3.40) HK cents
– Diluted		**(0.86) HK cents**	(3.40) HK cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current assets			
Investment properties		—	183,554
Property, plant and equipment		**9,113**	2,233
Prepaid lease payments		**7,968**	8,519
Intangible assets		**29,839**	—
Goodwill		**330,805**	—
		377,725	194,306
Current assets			
Inventories		**7,796**	4,716
Trade and other receivables	*9*	**89,467**	142,872
Amount due from a director		**40,772**	5,600
Taxation recoverable		**122**	9,043
Bank balances and cash		**130,150**	28,009
		268,307	190,240
Assets classified as held for sale		**177,652**	—
		445,959	190,240
Current liabilities			
Trade and other payables	*10*	**186,902**	164,271
Amount due to a director		—	1,800
Amounts due to related parties		**43,713**	—
Amount due to a non-controlling shareholder of a subsidiary		**1,943**	2,571
Taxation payable		**11,868**	2,758
Bank loans		**1,134**	1,637
		245,560	173,037
Liabilities associated with assets classified as held for sale		**3,508**	—
		249,068	173,037

	2015	2014
	HK$'000	*HK$'000*
Net current assets	**196,891**	17,203
Total assets less current liabilities	**574,616**	211,509
Non-current liabilities		
Deferred taxation	**7,460**	—
	567,156	211,509
Capital and reserves		
Share capital	**4,783**	3,845
Reserves	**502,577**	136,982
Equity attributable to owners of the Company	**507,360**	140,827
Non-controlling interests	**59,796**	70,682
	567,156	211,509

NOTE TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

1. GENERAL

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information of the annual report.

The consolidated financial statements are presented in Hong Kong dollars, which is the functional currency of the Company.

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

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

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 application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
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[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[1]
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 annual periods beginning on or after 1 January 2018, with earlier application permitted.

[3] Effective for annual periods beginning on or after a date to be determined.

HKFRS 15 "Revenue from Contracts with Customers"

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 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 or services. Specifically, the Standard introduces a 5-step 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 the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15. The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

The directors of the Company do not anticipate that the application of these amendments will have a material effect on the amounts recognised in the Group's consolidated financial statements.

3. TURNOVER AND SEGMENT INFORMATION

The Group's operating activities are currently attributable to two operating segments focusing on the manufacture of and trading in dental prosthetics and electronic components. These operating segments have been identified on the basis of internal management reports prepared in accordance with accounting policies conformed to HKFRSs, that are regularly reviewed by the executive directors of the Company (the "Executive Directors") (being the chief operating decision maker of the Company). The Executive Directors review the Group's internal reporting in order to assess performance and allocate resources. The details of operating and reportable segments of the Group are as follows:

- Manufacture of and trading in dental prosthetics
- Manufacture of and trading in electronic components

The operation of manufacture of and trading in dental prosthetics was introduced to the Group during the year.

The following is an analysis of the Group's revenue and results by operating segments:

Segment revenues and results

For the year ended 31 December 2015

	Manufacture of and trading in dental prosthetics *HK$'000*	Manufacture of and trading in electronic components *HK$'000*	Total *HK$'000*
TURNOVER			
External sales	**99,873**	**295,805**	**395,678**
RESULTS			
Segment results	**29,709**	**(26,584)**	**3,125**
Unallocated income			**277**
Unallocated expenses			**(38,374)**
Finance costs			**(296)**
Loss before taxation			**(35,268)**

For the year ended 31 December 2014

	Manufacture of and trading in electronic components *HK$'000*
TURNOVER	
External sales	363,455
RESULTS	
Segment results	(156,370)
Unallocated income	3,737
Unallocated expenses	(19,778)
Finance costs	(8,844)
Gain on disposal of subsidiaries	53,277
Share of profit of an associate	3,331
Loss before taxation	(124,647)

Segment profit/loss represents the profit/loss earned/suffered by each segment without allocation of central administration costs, certain other income, gains and losses and other expenses, finance costs, gain on disposal of subsidiaries and share of profit of an associate. This is the measure reported to the Executive Directors for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

	2015 *HK$'000*	2014 *HK$'000*
SEGMENT ASSETS		
Manufacture of and trading in dental prosthetics	**482,680**	—
Manufacture of and trading in electronic components	**64,601**	190,685
Unallocated assets	**276,403**	193,861
Consolidated assets	**823,684**	384,546
SEGMENT LIABILITIES		
Manufacture of and trading in dental prosthetics	**51,934**	—
Manufacture of and trading in electronic components	**67,054**	56,910
Unallocated liabilities	**137,540**	116,127
Consolidated liabilities	**256,528**	173,037

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than certain prepayments and bank balances and cash held by the respective head offices, taxation recoverable and investment properties; and

- all liabilities are allocated to operating segments other than liabilities of the respective head offices, deferred taxation, bank loans and taxation payable from both segments.

Other segment information

For the year ended 31 December 2015

	Manufacture of and trading in dental prosthetics *HK$'000*	**Manufacture of and trading in electronic components** *HK$'000*	**Total** *HK$'000*
Amounts included in the measure of segment profit (loss):			
Depreciation of property, plant and equipment	**2,314**	**47**	**2,361**
Amortisation of prepaid lease payments	**—**	**210**	**210**
Amortisation of intangible assets	**2,310**	**—**	**2,310**
Loss on disposal of property, plant and equipment	**365**	**—**	**365**
Net exchange gain	**(706)**	**—**	**(706)**

For the year ended 31 December 2014

	Manufacture of and trading in electronic components *HK$'000*
Amounts included in the measure of segment loss:	
Depreciation of property, plant and equipment	19,280
Amortisation of prepaid lease payments	231
Fair value gain on investment properties	(164)
Loss on disposal of property, plant and equipment	41,497
Bad debts recovered	(29)
Net exchange loss	396

Geographical information

The Group's external customers are mainly located in Hong Kong, the PRC (excluding Hong Kong), Malaysia, Europe, Singapore, Russia and others. The following table provides an analysis of the Group's turnover by the location of customers and the Group's non-current assets by geographical location of assets.

	Turnover from external customers		Non-current assets	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**140,100**	169,846	**—**	—
PRC	**111,631**	62,180	**17,081**	194,306
Malaysia	**11,682**	33,587	**—**	—
Europe	**14,678**	11,642	**—**	—
Singapore	**26,448**	26,306	**—**	—
Russia	**11,265**	30,156	**—**	—
Others	**79,874**	29,738	—	—
	395,678	363,455	**17,081**	194,306

Note: Non-current assets exclude intangible assets and goodwill.

Information about major customers

Revenue from customers from the segment of trading in electronic components of the corresponding years is over 10% of the total revenue of the Group:

	2015	2014
	HK$'000	*HK$'000*
Customer A	**104,570**	132,688
Customer B	**39,144**	—

4. FINANCE COSTS

	2015	2014
	HK$'000	*HK$'000*
Interest on bank borrowings	**296**	196
Interest on convertible notes	**—**	8,648
	296	8,844

5. LOSS BEFORE TAXATION

	2015	2014
	HK$'000	*HK$'000*
Loss before taxation has been arrived at after charging (crediting):		
Directors' remuneration		
– fees	**996**	929
– other emoluments	**5,018**	6,208
– equity-settled share option expenses	**6,057**	—
– contributions to defined contribution retirement schemes	**27**	37
	12,098	7,174
Other staff costs		
– staff salaries and allowances	**42,275**	83,266
– equity-settled share option expenses	**6,537**	—
– contributions to defined contribution retirement schemes	**1,325**	2,198
	50,137	85,464
Total staff costs	**62,235**	92,638
Amortisation of prepaid lease payments	**210**	231
Auditor's remuneration	**2,300**	1,432
Amortisation of intangible assets (included in cost of sales)	**2,310**	—
Bad debts recovered (included in other income)	—	(29)
Cost of inventories recognised as expense	**334,213**	303,027
Compensation for staff laid off (included in other expenses)	—	32,951
Professional fees incurred by the Company in respect of a general offer of the Company (included in other expenses)	—	5,878
Depreciation of property, plant and equipment	**2,361**	19,280
Net exchange gain (included in other gains and losses)	**(706)**	—
Net exchange loss (included in other expenses)	—	396
Operating lease rentals in respect of rented premises	**2,686**	1,368

6. TAXATION

	2015	2014
	HK$'000	*HK$'000*
Current tax:		
Hong Kong Profits Tax	**3,608**	929
PRC Enterprise Income Tax	**789**	73
	4,397	1,002
Underprovision in prior years:		
Hong Kong Profits Tax	**265**	—
PRC Enterprise Income Tax	**27**	—
	292	—
Deferred tax credit	**(577)**	(19)
	4,112	983

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

Since 2011, the Hong Kong Inland Revenue Department (the "IRD") conducted a tax audit to the Group for the years of assessment from 2004/05 to 2012/13, mainly in connection with the pricing policy of its intergroup transactions of the trading and manufacturing operations in these years. The Group proposed alternative pricing policies of the inter-group transactions to the IRD and made further tax provisions and penalty provisions according to the adjusted pricing policies.

In the current year, the Group settled with the IRD for the years of assessment 2004/05 to 2012/13 at additional tax and various penalties of approximately HK$12,739,000 and HK$13,140,000 respectively, and that the amounts had been accrued for in the previous years. With respect to the years of assessment for 2013/14 and 2014/15, in the opinion of the directors, the assessment profits would not be significantly different from the amounts previously reported to the IRD.

The provision for PRC Enterprise Income Tax ("EIT") is based on the estimated taxable income for PRC taxation purpose at the rate of taxation applicable for the year.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

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

7. DIVIDENDS

	2015	2014
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
Special dividend of 30 HK cents per share	—	96,158
Special dividend, by way of a distribution in specie of shares of Wing Lee Property Investments Limited ("Wing Lee Property") *(Note)*	—	70,694
	—	166,852

Note:

On 8 April 2014, the board of directors of the Company declared a conditional special dividend by way of a distribution in respect of Wing Lee Property shares held by the Company in proportion of 0.2048 share for every one share held by the shareholders of the Company, representing approximately 17% of the issued share capital of Wing Lee Property. On 9 June 2014, a total of 65,649,879 Wing Lee Property shares, representing approximately 17% of the shares of Wing Lee Property were distributed to the owners of the Company, whose names appear on the register of members of the Company at the close of business on 26 May 2014, pursuant to the fulfillment of all conditions to this distribution.

Other than the special dividend and the distribution in specie indicated above, no dividend were paid, declared or proposed for the year ended 31 December 2015 and 31 December 2014.

8. LOSS PER SHARE

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

Loss	**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 share	**(30,613)**	(90,005)

Number of shares	**2015**	2014
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**3,550,864,565**	2,644,894,914

The computation of diluted loss per share for the year ended 31 December 2015 and 31 December 2014 have not assumed the conversion of the Company's outstanding share options and convertible notes, respectively, which would reduce the loss per share.

9. TRADE AND OTHER RECEIVABLES

The following is an aged analysis of trade receivables presented based on the invoice date (also approximates to revenue recognition date) at the end of the reporting period:

	2015	2014
	HK$'000	*HK$'000*
Age		
0 – 90 days	**70,095**	67,553
91 – 180 days	**2,927**	696
	73,022	68,249

Payment terms with customers are mainly on credit. Invoices are normally due for payment within 30 to 90 days after issuance, except for certain well-established customers, where the terms are extended to 120 days.

10. TRADE AND OTHER PAYABLES

	2015	2014
	HK$'000	*HK$'000*
Trade payables	**24,306**	4,991
Other payables *(note)*	**139,168**	133,787
Accrued charges	**23,428**	25,493
	186,902	164,271

Note: At 31 December 2015, other payables mainly represent deposit received in respect of Disposal Group, which is expected to be utilised upon completion of disposal within one year from the end of the reporting period. At 31 December 2014, other payables mainly represented consideration payable for acquisition of subsidiaries which was settled during the year.

The following is an aged analysis of the Group's trade payables presented based on the invoice date as at the end of the reporting period:

	2015	2014
	HK$'000	*HK$'000*
Age		
0 – 90 days	**24,103**	4,991
91 – 180 days	**22**	—
Over 180 days	**181**	—
	24,306	4,991

The average credit period on purchases of goods is 90 days.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

During the year, the Group recorded a turnover of approximately HK$395.7 million (2014: HK$363.5 million), representing an increase of 8.9% compared with last year. The Group's loss attributable to shareholders for the year ended 31 December 2015 was approximately HK$30.6 million, representing a basic loss per share of HK0.86 cents (2014: loss of HK$90.0 million, representing a basic loss per share of HK3.40 cents).

DIVIDEND

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

BUSINESS REVIEW

Electronic Manufacturing Services Business (the "EMS Business")

During 2015, the Group's EMS Business had continued to operate under very severe and challenging conditions as the US and European economic recovery was slow and the demand for electronic products was weak.

During the financial year, instability in the financial markets continued and the US dollar remained strong which led to currencies in other parts of the world to plummet. Consumers in many regions continued to be more conservative when spending on electronic products, resulting in weakening of customers' orders and accordingly demand for our products was also hit.

Continuing from the previous year, our Korean, Japanese and European high-end consumer electronic branded customers continues to face intense competition from PRC brand name manufacturers of consumer electronic products compounded by drastic reduction of market demand for electronic products. As such, some of our customers have been adversely affected and ultimately exited from the consumer electronic products markets globally causing a dramatic reduction in demand for our products. In addition, our customers continue to request major price reductions for our products. This further adversely affected our Group's sales performances and profitability as we are forced to maintain competitiveness by decreasing our product prices substantially.

Due to the increasing labour costs in the PRC, many of our customers have also decided to move their production base out of the PRC to Southeast Asian countries with lower labour costs. This strategic move has caused the attrition of many of our basic customers as they seek to source electronic components from other suppliers in nearby locations to save costs.

As the use of wireless technology and smart home related technology become more prevalent, connector products required for these products continue to decrease at a dramatic rate. These revolutionary technological changes will continue to make demands for traditional connector products decrease drastically. Adding to the above, smartphones have been the go-to personal electronic product that encompasses several electronic functionalities into one. As such, the smartphone has replaced traditional audio visual products which led to the phase out of traditional audio visual products.

As a result of the aforementioned, our sales turnover dropped significantly as a whole. Sales turnover of EMS Business decreased by 18.6% to approximately HK$295.8 million as compared to last year (2014: HK$363.5 million).

As our connector products profit margins are low due to market price competition, the Group will continue to review the Group's product mix and customer portfolio and will phase out certain customers and product lines that are not profitable.

Money Lending Business

In August 2014, the Group commenced its money lending business in Hong Kong to diversify the Group's income source. However, in view of the on-going uncertainty surrounding the Hong Kong money lending market and the higher associated market and credit risks during the year, the Group has exercised more stringent credit control and as such, the Directors have been cautious in new money lending activities during the year and decided to dispose of the money lending business. In August 2015, the Group disposed of its entire equity interest in Boundless Success Group, principally engaged in the money lending business.

Investment in Properties Business

Through the acquisition of 70% equity interest in Common Glory Global Limited (a then non wholly-owned indirect subsidiary of the Company) and its subsidiaries in 2014, the Group owned the investment properties (the "Investment Properties") which comprise (i) the land which is located in Chuan Hu Industrial District, 24 He Ping Road, Qinghu Community, Longhua Street, Longhua New Zone, Shenzhen, the PRC with a site area of approximately 6,841.81 sq.m.; and (ii) various buildings, including factories, offices, living quarters and ancillary facilities erected thereon. The related land use right has been granted for a term of 50 years expiring on 4 March 2049 for industrial use and with re-development potential. On 24 July 2015, in order to realize the value of the Investment Properties at a reasonable price, the Group entered into an agreement (the "Disposal") to dispose, among others, of all of the equity interests of a subsidiary of the Group owning the Investment Properties (the "Disposal Group") at a consideration of RMB158,000,000. The related details of the agreement and other details relating to the Disposal are set out in the announcement of the Company dated 24 July 2015. As at the date of this announcement, the Disposal has not yet been completed.

Dental Prosthetics Business

Through the completion of the acquisition (the "On Growth Acquisition") of, among others, 100% equity interests in On Growth Global Development Limited ("On Growth") on 15 May 2015, the Group commenced to engage in the dental prosthetics business ("Dental Prosthetics Business"), including the sale (both overseas and domestic) and production of dental prosthetics, including crowns and bridges, removable full and partial dentures, implants and full-cast restorations. This business sector is contributing earnings to the Group already. The Dental Prosthetics Business has a higher gross profit margin as compared to other business sectors of the Group. It is expected that this On Growth Acquisition will continue to contribute and enhance the earning quality of the Group in the future.

PROSPECT

The Group has a business strategy to diversifying its business and further enhancing shareholder value. The Group plans to leverage on the experience and network of the management to capture business and investment opportunities.

EMS Business

While the Group has been endeavoring to pursue the existing EMS Business, there continues to be revolutionary technological changes that are phasing out connector products. There continues to be intense price competition that will continue amongst PRC brand name manufacturers of consumer electronic products and our customers. Sales and market share of our customers is expected to decline which will detrimentally affect the Group's sales performance. Going forward, it is expected that the Group's EMS Business sales will continue to be reduced and record losses.

Currently, there remains certain buildings and land of the Group's Heyuan factory that is left idle. The Group will consider disposing of the aforementioned in the near future should a suitable opportunity arise. In order to push forward and remain competitive, the Group will continue its investment in research and development in new connector products for use in different applications to explore different markets and customers.

In view of the weakening performance and reshuffling of the Group's EMS Business, the Group has been actively exploring business diversification opportunities in order to enhance the long-term growth potential of the Group. Through the On Growth Acquisition, the Group can diversify into the denture business in the PRC and overseas markets.

Dental Prosthetics Business

The Group is optimistic about the long-term outlook of the dental prosthetics market in the PRC, particularly in view of the rising living standard causing surge in sugar consumption by the citizens and thereby faster dental decay among the general public and the increasing awareness of cosmetics, which together are expected to induce augmenting demand for dental prosthesis. In addition, the dental prosthetics industry on a global scale has been growing positively over the past few years and such trend is likely to continue.

After the On Growth Acquisition, the Group has formulated a number of growth strategies in the Dental Prosthetics Business, including enlarging its sales network in the PRC and foreign markets like the US, expanding its production capacity in the PRC and developing high-end new denture prosthetics products with beauty attributes. In order to develop the Dental Prosthetics Business, which in the view of the Company would become the most significant business segment of the Group with strongest growth potential, the Group would devote most of the Group's resources and efforts to this segment going forward.

In addition, on 20 August 2015, the Company and Shenzhen BGI Clinical Laboratories Center Limited) ("BGI Clinical") entered into a Cooperation Framework Agreement (the "Framework Agreement"), pursuant to which the parties agreed to cooperate in (i) developing the business of preservation of dental pulp stem cells; (ii) developing the genetic and metabolite testing services through the Company's sales channel in the PRC; and (iii) research and development on tooth preservation technologies, tooth regeneration technologies and products for a term of 3 years (the "Term Period") to 17 August 2018. Furthermore, on the same date, the Company and BGI Clinical entered into a specific cooperation agreement (the "Specific Cooperation Agreement"), pursuant to which the Company will engage BGI Clinical to provide preservation services and testing services to its end customers for the Term Period. BGI Clinical is a wholly-owned subsidiary of Shenzhen BGI Technology Limited, a leading genomics research institute which particularly focus on genetic sequencing and bioinformatics analysis. The entering into the Framework Agreement and the Specific Cooperation Agreement can be an important step forward for the Group to devote themselves to transforming the Group into a life science enterprise specializing in denture arena.

OPERATING RESULTS AND FINANCIAL REVIEW

Revenue

The sales for the year has been increased which is mainly due to the revenue contributed from the Dental Prosthetics Business after the On Growth Acquisition on 15 May 2015 and partly offset by the reduction of revenue from the EMS Business.

Gross Profit

Gross profit for the year amounted to HK$61.5 million (2014: HK$60.4 million). Gross profit margin for the year has been slightly decreased to 15.5% (2014: 16.6%). This is mainly attributable to the deteriorate of profit contributed by the EMS Business while partly offset by the higher gross profit margin generated from the Dental Prosthetics Business after the On Growth Acquisition since 15 May 2015.

Intangible Assets

Intangible assets were acquired from the On Growth Acquisition. Intangible assets represent patents and trademarks of the acquired companies and the expected useful lives of these patents and trademarks were 8.7 years.

Goodwill

Goodwill of HK$330.8 million was generated from the On Growth Acquisition. A review on the carrying value of the goodwill has been conducted and no impairment of the Dental Prosthetics Business containing that goodwill was noted.

Cash Position and Cash Flow

The Group has a solid cash position for the year under review, with cash and cash equivalents amounting to approximately HK$130.2 million as at 31 December 2015 (31 December 2014: HK$28.0 million). During the year, the Group have positive cash flow from operating activities.

Asset classified as held for sale and liabilities associated with assets classified as held for sale

Balances represent the assets and liabilities of the Disposal Group respectively.

Deferred Taxation

Deferred taxation represent the deferred tax liabilities of the intangible asset acquired in the On Growth Acquisition.

Capital and Reserves

Equity attributable to owners of the Company amounted to approximately HK$507.4 million (31 December 2014: approximately HK$140.8 million).

Capital Expenditure and Capital Commitments

During the year, the Group invested approximately HK$4.0 million (2014: approximately HK$26.8 million), mainly on production equipment. As at 31 December 2015, there was no capital expenditure commitments.

Contingent Liabilities

The Group had no significant contingent liabilities as at 31 December 2015.

Treasury Policy

The Group’s sales were principally denominated in Renminbi, EURO dollars, US dollars and Hong Kong dollars while purchases were transacted mainly in US dollars, Renminbi and Hong Kong dollars.

The fluctuation of Hong Kong dollars and other currencies did not materially affect the costs and operations of the Group for the year and the Directors do not foresee significant risk in exchange rate fluctuation currently. The Group has not entered into any financial instruments for hedging purposes. However, the Group will closely monitor its overall foreign exchange exposures and interest rate exposures, and consider hedging against the exposures should the need arise.

Liquidity, Capital Structure and Financial Resources

Equity attributable to owners of the Company as at 31 December 2015 amounted to approximately HK$507.4 million (31 December 2014: approximately HK$140.8 million).

As at 31 December 2015, the net current assets of the Group amounted to approximately HK$196.9 million (31 December 2014: HK$17.2 million). The current and quick ratio was 1.79 and 1.76 respectively (31 December 2014: 1.10 and 1.07 respectively).

As at 31 December 2015, the borrowings of the Group totaled HK$46.8 million (31 December 2014: HK$6.0 million), comprising amounts due to former Directors and shareholders of the Company of HK$2.4 million (31 December 2014: Nil); amount due to the spouse of a Director of the Company of HK$1.2 million (31 December 2014: HK$Nil); amount due to the father of a Director of the Company of HK$2.2 million (31 December 2014: HK$ Nil), amount due to a company owned by a former Director and shareholder of the Company of HK$38.0 (the "Loan") (31 December 2014: HK$Nil); an amount due to a non-controlling shareholder of a subsidiary of HK$1.9 million (31 December 2014: HK$2.6 million) and bank borrowing of HK$1.1 million (31 December 2014: HK$1.6 million). As at 31 December 2014, apart from the above, there was also an amount due to a director of HK$1.8 million.

As at 31 December 2015, the gearing ratio of the Group, calculated by dividing total bank borrowings by equity attributable to owners of the Company of Group, was 0.22% (31 December 2014: 1.16%).

The Loan of HK$38.0 million has been fully settled subsequent to the year end. The bank loan, denominated in RMB, carried fixed interest rates of 7.62% (31 December 2014: 7.62%) per annum and is repayable within one year.

During the year, the Company had issued and allotted 250,000,000 placing shares for cash of HK$100,000,000. The placing proceeds together with the issue of 500,000,000 consideration shares had been applied to acquire the On Growth Global Development Limited and its subsidiaries. After the new issuance and allotment of the Shares of the Company during the year, the number of issued shares of the Company had been increased to 3,826,207,031 as at 31 December 2015.

Taking the above figures into account, together with the expected cash inflow arising from the Disposal as well as its strong operational cash flows arising from the Dental Prosthetics Business, the management is confident that the Group will have adequate resources to settle its outstanding debts and to finance its daily operational and capital expenditures.

Acquisition of Subsidiaries

On 16 March 2015, the Company, View Bright Global Investments Limited (the "Vendor", a company which is wholly-owned by Mr. Yan XT Timothy, an independent third party of the Group ("Mr. Yan")), Mr. Yan, Mr. Wu, Ms. Jiang and Royal Dental Laboratory Limited, independent third parties of the Group, entered into an acquisition agreement ("Acquisition Agreement"), pursuant to which (i) the Vendor conditionally agreed to sell and Mr. Yan conditionally agreed to procure the sale of, and the Company conditionally agreed to purchase, the entire 100% issued share capital of On Growth Global Development Limited ("On Growth"), a wholly-owned subsidiary of the Vendor (the "Acquisition"); and (ii) Mr. Yan (being the ultimate beneficial owner of the Vendor and the lender of the shareholder's loan) conditionally agreed to sell and assign, and the Company conditionally agreed to accept the sale and assignment of, a shareholder's loan due to Mr. Yan of RMB2,200,000 (equivalent to HK$2,757,000) at the acquisition completion date for a nominal cash consideration of HK$1. The consideration in respect of the Acquisition, pursuant to the Acquisition Agreement includes (i) HK$100,000,000 cash consideration payable on the acquisition completion date; and (ii) 500,000,000 ordinary shares of the Company (the "Consideration Shares"). Pursuant to the Acquisition Agreement, the Vendor provides the profit guarantees and the number of Consideration Shares to be eventually vested with the Vendor will be variable depending on the actual consolidated net profit after tax of On Growth Group for the years ended and ending 31 December 2015 and 31 December 2016 respectively. Details of the Acquisition are set out in an announcement issued by the Company dated 17 March 2015.

Disposal of Subsidiaries

On 24 July 2015, Common Glory Global Limited ("Common Glory"), a non wholly-owned indirect subsidiary of the Company, entered into an agreement with Hang Sheng International Capital Company Limited, an independent third party, to conditionally acquire for and Common Glory has conditionally agreed to dispose of the entire issue share capital of Decent Choice Limited, a 70% owned indirect subsidiary of the Company, and the shareholder's loan (the "Disposal"). The Disposal mainly involves a disposal of a piece of land held by the Group as investment properties. The consideration for the Disposal is RMB158,000,000. The details of the Disposal are set out in the Company's announcement dated 24 July 2015. The Disposal is subject to shareholder's approval at a special general meeting of the Company. As the date of this announcement, the Disposal has not yet been completed.

In August 2015, the Group disposed of its entire equity interest in Boundless Success Group, principally engaged in money lending business to an entity in which one of the directors in a subsidiary in Boundless Success Group has directorship, for a cash consideration of HK$1,272,000.

EMPLOYEES AND REMUNERATION POLICY

The Group employed 1,053 employees in total as at 31 December 2015 (31 December 2014: 160) in Hong Kong, Macau and the PRC. Increase in number of employees is due to the On Growth Acquisition during the year. The Group implemented its remuneration policy, bonus and share option schemes based on the performance of the Group and its employees. The Group provided benefits such as social insurance and pensions to ensure competitiveness.

In addition, the Group had also adopted a share option scheme as a long term incentive to the Directors and eligible employees. The emolument policy for the Directors and senior management of the Group is set up by the Company's Remuneration Committee, having regard to the Group's performance, individual performance and comparable market conditions.

FINAL DIVIDEND

The Board does not recommend final dividend for the year ended 31 December 2015 (2014: HK$nil).

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

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

COMPLIANCE WITH MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Following specific enquiry by the Company, all Directors have confirmed that they have complied with the required standard as set out in the Model Code during the year ended 31 December 2015.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the year ended 31 December 2015, the Company has complied with the Corporate Governance Code (the "Code") as contained in Appendix 14 of the Listing Rules, except for the following deviations:

Code Provision A.2.1

There was a deviation from provision A.2.1 of the Code:

Mr. Wen Jialong was both the Chairman and Chief Executive Officer ("CEO") of the Company until 21 May 2015. On 21 May 2015 and 29 June 2015, Mr. Wen Jialong resigned as CEO and Chairman of the Company, respectively. Mr. Wu Tianyu was appointed as the new CEO of the Company on 21 May 2015. The Board considers that vesting the roles of Chairman and CEO in the same person can facilitate the execution of the Company's business strategies and maximize the effectiveness of its operation. As other Board members are keeping abreast of the conduct, business activities and development of the Group and as the day-to-day business operations of the Group are delegated to the management, the Board considers that the structure of vesting the roles of Chairman and CEO in the same person will not impair the balance of power and authority. However, as a result of the On Growth Acquisition, the Board considers it necessary to vest the two roles in different persons in order to enhance the effectiveness of the Group's corporate governance structure.

Code Provision A.6.7

There was a deviation from provision A.6.7 of the Code:

Pursuant to provision A.6.7 of the Code, independent non-executive Directors and non-executive Directors should attend general meetings in order to develop a balanced view of the shareholders. Due to the various business commitments, not all the independent non-executive Directors and non-executive Directors of the Company attended the special general meetings of the Company held on 5 and 21 May and 8 June 2015 and the annual general meeting of the Company held on 26 June 2015. The Company will finalize and inform the dates of the general meetings as earliest as possible to make sure that all the independent non-executive Directors and non-executive Directors can attend the general meetings in future.

Code Provision E.1.2

There was a deviation from provision E.1.2 of the Code:

Pursuant to provision E.1.2 of the Code, the chairman of the Board, and the chairmen (or one of the members in case of the absence of chairmen) of the Audit Committee, Remuneration Committee and Nomination Committee should attend the annual general meeting to answer the questions (if any) raised by shareholders. Due to the various business commitments, the chairman of the Board and the members of the Audit Committee, Remuneration Committee and Nomination Committee have not attended the annual general meetings of the Company held on 26 June 2015. The Company will finalize and inform the date of the annual general meeting as earliest as possible to make sure that the chairman of the Board and the members of the various committees can attend the general meetings in future.

CHANGE OF COMPANY NAME

Pursuant to a special resolution passed on 21 May 2015 and approved by the Registrar of Companies in Bermuda, with effect from 8 June 2015, the Company's name was changed from "Wing Tai Investment Holdings Limited" to "MEGA MEDICAL TECHNOLOGY LIMITED". The Chinese name of the Company was changed from "永泰投資控股有限公司" to "美加醫學科技有限公司".

REVIEW OF ANNUAL RESULTS BY THE AUDIT COMMITTEE

The Audit Committee of the Company was established with written terms of reference in accordance with Appendix 14 to the Listing Rules. The existing Audit Committee comprises of one non-executive Director, namely Mr. Lam Kwok Cheong and three independent non-executive Directors, namely Dr. Loke Yu alias Loke Hoi Lam (chairman), Mr. Wu Jixian (appointed on 27 June 2015) and Mr. Song Qun (appointed on 27 June 2015). Mr. Zeng Zhaolin (retired on 26 June 2015) and Mr. Lung Chee Ming George (retired on 26 June 2015) were the members of the Audit Committee during the year.

The Audit Committee has reviewed and discussed with management and the external auditors on matters regarding internal control, systems of risk management, the accounting standards and practices adopted by the Group and the Group's annual results for the year ended 31 December 2015.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2015 as set out in this announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did 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 Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the Company's website (http://www.megamedicaltech.com) and the Stock Exchange's website (http://www.hkexnews.hk). The 2015 annual report will be dispatched to the shareholders of the Company and will be made available on the websites of the Company and the Stock Exchange in due course in accordance with the Listing Rules.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to thank all our beloved shareholders, respectable customers, dedicated vendors and professional bankers for their support over the year and look forward to a closer cooperation in coming years.

I would also like to personally thank our management and staff for their hard work and commitment to the Group and cheer them as we tackle future challenges successfully.

By order of the Board
Mega Medical Technology Limited
Wu Tianyu
Executive Director

Hong Kong, 31 March 2016

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Wu Xiaolin and Mr. Wu Tianyu (Chief Executive Officer), two non-executive Directors, namely, Mr. Lam Kwok Cheong and Dr. Jiang Feng and three independent non-executive Directors, namely Dr. Loke Yu alias Loke Hoi Lam, Mr. Wu Jixian and Mr. Song Qun.