SHUANGHUA HOLDINGS LIMITED
雙樺控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1241)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

The board of directors ("the Board") of Shuanghua Holdings Limited ("the Company") is pleased to announce its audited consolidated results of the Company and its subsidiaries (collectively "the Group") for the year ended 31 December 2015.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2015

	Notes	**2015** **RMB'000**	2014 RMB'000
REVENUE	4	**143,076**	197,017
Cost of sales		**(130,497)**	(145,877)
Gross profit		**12,579**	51,140
Other income and gains	4	**10,026**	9,527
Selling and distribution expenses		**(9,846)**	(10,818)
Administrative expenses		**(28,136)**	(36,530)
Other expenses	5	**(28,001)**	(671)
(LOSS)/PROFIT BEFORE TAX	6	**(43,378)**	12,648
Income tax credit/(expense)	7	**4,384**	(3,320)
(LOSS)/PROFIT FOR THE YEAR		**(38,994)**	9,328
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**16**	7
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(38,978)**	9,335
(LOSS)/PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the parent		**(38,994)**	9,327
Non-controlling interests		**–**	1
		(38,994)	9,328
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent		**(38,978)**	9,334
Non-controlling interests		**–**	1
		(38,978)	9,335
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT			
– Basic and diluted	9	**(6.0) cents**	1.4 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2015

	Notes	**2015** **RMB'000**	2014 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**106,121**	142,517
Prepaid land lease payments		**67,056**	68,881
Available-for-sale investment		**262**	262
Deferred tax assets		**7,152**	2,037
Total non-current assets		**180,591**	213,697
CURRENT ASSETS			
Inventories		**55,041**	77,561
Trade and notes receivables	*10*	**84,793**	115,172
Prepayments, deposits and other receivables		**6,529**	7,168
Financial assets at fair value through profit or loss		**70,600**	48,000
Pledged deposits		**5,350**	7,240
Cash and cash equivalents		**76,209**	165,720
Total current assets		**298,522**	420,861
CURRENT LIABILITIES			
Trade and bills payables	*11*	**52,197**	61,157
Other payables and accruals		**12,462**	20,300
Due to a related party		**42**	–
Provision		**803**	666
Government grants		**2,021**	2,021
Tax payable		**851**	1,177
Total current liabilities		**68,376**	85,321
NET CURRENT ASSETS		**230,146**	335,540
TOTAL ASSETS LESS CURRENT LIABILITIES		**410,737**	549,237

	2015	2014
	RMB'000	*RMB'000*
NON-CURRENT LIABILITIES		
Government grants	**5,112**	7,134
Deferred tax liabilities	**561**	561
Total non-current liabilities	**5,673**	7,695
Net assets	**405,064**	541,542
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**5,406**	5,406
Reserves	**224,934**	224,918
Retained earnings	**174,719**	311,213
	405,059	541,537
Non-controlling interests	**5**	5
Total equity	**405,064**	541,542

NOTES TO FINANCIAL STATEMENTS

31 December 2015

1. CORPORATE INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 19 November 2010. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The shares of the Company were listed on the Stock Exchange of Hong Kong Limited on 30 June 2011.

The Company is an investment holding company. The Group is principally engaged in the design, development, manufacture and sale of parts of auto air-conditioners and sales of automotive lubricants and express auto repairs and maintenance services.

2.1 BASIS OF PREPARATION

Statement of compliance

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance which concern the preparation of consolidated financial statement. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which have been measured at fair value.

Functional and presentation currency

The consolidated financial statements are presented in Renminbi ("RMB"), which is the Company's functional and presentation currency. All values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (hereafter referred to as the "Group") for the year ended 31 December 2015. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

2.1 BASIS OF PREPARATION (CONTINUED)

Basis of consolidation (continued)

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 ADOPTION OF NEW/REVISED HKFRSs

The Group has adopted the following new/revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for the current accounting period.

HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle

The Annual Improvements to HKFRSs 2010-2012 Cycle and 2011-2013 Cycle issued in January 2014 set out amendments to a number of HKFRSs. Details of the amendments that are relevant to the Group's operations and effective for the current year are as follows:

Annual Improvements 2010-2012 Cycle

- HKFRS 8 Operating Segments: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments have had no impact on the Group.

- HKAS 24 Related Party Disclosures: Clarifies that a management entity (i.e. an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Group as the Group does not receive any management services from other entities.

Annual Improvements 2011-2013 Cycle

- HKFRS 13 Fair Value Measurement: Clarifies that the portfolio exception in HKFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of HKFRS 9 or HKAS 39 as applicable. The amendment is applied prospectively from the beginning of the annual period in which HKFRS 13 was initially applied. The amendment has had no impact to the Group as the Group does not apply the portfolio exception in HKFRS 13.

In addition, the Company has adopted the amendments to the Rules Governing the Listing Securities of the Hong Kong Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

2.3 NEW/REVISED HKFRSS NOT YET ADOPTED

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

HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle[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 27	Equity Method in Separate Financial Statements[1]
HKFRS 9 (2014)	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]

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

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

Amendments to HKAS 1 – Disclosure Initiative

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

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

Amendments to HKAS 16 and HKAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit the use of a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that amortisation based on revenue is not appropriate for intangible assets. This presumption can be rebutted if either the intangible asset is expressed as a measure of revenue or revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

Amendments to HKAS 27 – Equity Method in Separate Financial Statements

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

HKFRS 9 (2014) – Financial Instruments

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

2.3 NEW/REVISED HKFRSS NOT YET ADOPTED (CONTINUED)

HKFRS 9 (2014) – Financial Instruments (continued)

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

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

HKFRS 15 – Revenue from Contracts with Customers

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

HKFRS 15 requires the application of a 5-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 each performance obligation

Step 5: Recognise revenue when each performance obligation is satisfied

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

The Group is in the process of making an assessment of the impact of these new/revised HKFRSs upon initial application. So far, the Group considers that these new/revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

3. OPERATING SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

The Group has two reportable operating segments in 2015. The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

- Design, development, manufacture and sale of parts of auto air-conditioners
- Sales of automotive lubricants and express auto repairs and maintenance services.

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Segment assets exclude available-for-sale investment, financial assets at fair value through profit or loss and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude unallocated head office and corporate liabilities.

Corresponding items of segment information as at 31 December 2014, of which only one reportable operating segment was previously represented, have been restated for consistent presentation with current year's segment information.

(a) Business Segments

Inter-segment transactions are priced with reference to prices charged to external parties for similar order. Central revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' profit that is used by the chief operating decision-maker for assessment of segment performance.

	Design, development, manufacture and sale of parts of auto air-conditioners		Sales of automotive lubricants and express auto repairs and maintenance services		Total	
	2015	2014	**2015**	2014	**2015**	2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue from external customers	**142,919**	196,854	**157**	163	**143,076**	197,017
Inter-segment revenue	**–**	–	**4**	8	**4**	8
Reportable segment revenue	**142,919**	196,854	**161**	171	**143,080**	197,025
Reportable segment (loss)/profit	**(50,422)**	14,346	**(4,701)**	(2,330)	**(55,123)**	12,016
Bank interest income	**172**	4,304	**15**	–	**187**	4,304
Unallocated bank interest income					**1,620**	–
Total bank interest income					**1,807**	4,304
Foreign exchange loss, net	**(5,312)**	(66)	**–**	–	**(5,312)**	(66)
Unallocated foreign exchange gain, net					**8,381**	409
Total foreign exchange gain, net					**3,069**	343
Depreciation and amortisation	**(14,251)**	(16,800)	**(183)**	–	**(14,434)**	(16,800)
Impairment on property, plant and equipment	**(24,563)**	–	**–**	–	**(24,563)**	–
Impairment on inventories	**(17,667)**	(2)	**–**	–	**(17,667)**	(2)
(Impairment)/reversal of impairment on trade receivables	**(1,689)**	49	**–**	–	**(1,689)**	49
Write-off of inventories	**–**	–	**(936)**	–	**(936)**	–
Impairment on other receivables	**(1,304)**	–	**–**	–	**(1,304)**	–
Income tax credit/(expense)	**4,384**	(3,320)	**–**	–	**4,384**	(3,320)
Reportable segment assets	**362,595**	445,261	**11,671**	12,931	**374,266**	458,192
Additions to non-current assets	**880**	12,139	**41**	4	**921**	12,143
Reportable segment liabilities	**(73,868)**	(93,016)	**(181)**	–	**(74,049)**	(93,016)

3. **OPERATING SEGMENT INFORMATION (CONTINUED)**

(b) **Reconciliation of reportable segment revenues, profit or loss, assets and liabilities**

	2015	2014
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue	**143,080**	197,025
Elimination of inter-segment revenue	**(4)**	(8)
Consolidated revenue	**143,076**	197,017

	2015	2014
	RMB'000	*RMB'000*
(Loss)/profit before tax		
Reportable segment (loss)/profit	**(55,123)**	12,016
Unallocated other income and gains	**12,345**	1,166
Corporate and other unallocated expenses	**(600)**	(534)
Consolidated (loss)/profit before tax	**(43,378)**	12,648

	2015	2014
	RMB'000	*RMB'000*
Assets		
Reportable segment assets	**374,266**	458,192
Available-for-sale investment	**262**	262
Financial assets at fair value through profit or loss	**70,600**	48,000
Unallocated corporate assets	**33,985**	128,104
Consolidated total assets	**479,113**	634,558

	2015	2014
	RMB'000	*RMB'000*
Liabilities		
Reportable segment liabilities and consolidated total liabilities	**(74,049)**	(93,016)

3. **OPERATING SEGMENT INFORMATION (CONTINUED)**

(c) **Geographical information**

Revenue from external customers

	2015	2014
	RMB'000	*RMB'000*
The PRC (place of domicile)	**111,201**	158,018
The United States of America	**7,031**	12,070
Canada	**16,848**	18,688
Asia	**7,088**	7,217
Others	**908**	1,024
	143,076	197,017

The revenue information above is based on the location of the customers.

Non-current assets

All non-current assets of the Group are located in the PRC (place of domicile).

The Company's country of domicile is the PRC where most of the Group's operations are located.

Information about major customers

For the year ended 31 December 2015, revenues from two customers in the design, development, manufacture and sale of parts of auto air-conditioners segment amounted to RMB28,739,000 (2014: RMB43,728,000) and RMB16,848,000 (2014: RMB18,844,000) respectively and contributed to more than 10% of the Group's total revenue.

4. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold, net of value added tax and government surcharges, and after allowances for returns.

An analysis of revenue, other income and gains is as follows:

	2015	2014
	RMB'000	*RMB'000*
Revenue		
Sale of goods	**143,076**	197,017
Other income and gains		
Bank interest income	**1,807**	4,304
Government grants	**2,022**	2,021
Write back of amount due to a related party	**–**	1,931
Others	**416**	171
Interest income on investments at fair value through profit or loss	**2,344**	757
Foreign exchange gain, net	**3,069**	343
Gain on disposal of a subsidiary	**368**	–
	10,026	9,527

5. OTHER EXPENSES

		2015	2014
	Note	***RMB'000***	*RMB'000*
Impairment on property, plant and equipment		**24,563**	–
Impairment on trade receivables	*10*	**1,689**	–
Impairment on prepayments, deposits and other receivables		**1,304**	–
Loss on disposal of property, plant and equipment		**75**	–
Loss on de-registration of a subsidiary *(Note)*		**–**	209
Others		**370**	462
		28,001	671

Note: On 16 December 2014, the Group's non-wholly-owned subsidiary, Guangzhou Shuanghua Automobile Parts Co. Ltd. ("Guangzhou Automobile"), established in the PRC, was de-registered. The loss on de-registration of RMB209,000 was charged to "other expenses" in the consolidated statement of profit or loss and other comprehensive income.

6. (LOSS)/PROFIT BEFORE TAX

The Group's (loss)/profit before tax is arrived at after charging:

	2015	2014
	RMB'000	*RMB'000*
Cost of inventories sold *(Note)*	**130,497**	145,877
Depreciation	**12,609**	14,975
Amortisation of land lease payments	**1,825**	1,825
Research and development costs	**6,090**	6,061
Operating lease expenses	**1,287**	1,979
Product warranty provision	**1,065**	–
Auditors' remuneration	**753**	784
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	**28,116**	29,908
Pension scheme contributions	**6,958**	6,552
Staff welfare expenses	**1,981**	2,952
	37,055	39,412

Note: Cost of inventories sold includes impairment of inventories and write off of inventories of RMB17,677,000 (2014: RMB 2,000) and RMB936,000 (2014: Nil) respectively.

7. INCOME TAX CREDIT/(EXPENSE)

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

The income tax credit/(expense) of the Group during the year are analysed as follows:

	2015	2014
	RMB'000	*RMB'000*
Current		
– Corporate income tax	**(1,021)**	(2,433)
– Over-provision in prior year	**290**	–
	(731)	(2,433)
Deferred	**5,115**	(887)
Total tax credit/(charge) for the year	**4,384**	(3,320)

The Company was incorporated in the Cayman Islands and is not subject to Cayman Islands corporate income tax ("CIT") as it does not have a place of business (other than a registered office) or carry on any business in the Cayman Islands.

The subsidiary incorporated in the British Virgin Islands ("BVI") is not subject to BVI CIT as it does not have a place of business (other than a registered office) or carry on any business in the BVI.

Pursuant to the relevant tax law of the Hong Kong Special Administrative Region, Hong Kong sourced profits are subject to Profits Tax at the rate of 16.5% (2014: 16.5%) in Hong Kong. No provision of Profits Tax has been made for Hong Kong Automart and Shuanghua Hong Kong Limited ("Hong Kong Shuanghua") as they had not derived any taxable income from Hong Kong during the year.

Shanghai Shuanghua Autoparts Co., Ltd. ("Shanghai Shuanghua") was accredited as a "Shanghai High and New Technology Enterprise" for three years starting from December 2008 and such qualification expired on 24 December 2011. In October 2011, Shanghai Shuanghua obtained the renewed "Hi-tech Enterprise" qualification for three years, effective from 2011 to enjoy a preferential CIT rate of 15%. Such qualification expired and was renewed on 23 October 2014 for another three years and Shanghai Shuanghua can continue to enjoy a preferential CIT rate of 15%.

Shanghai Shuanghua Machinery Manufacturing Co., Ltd. ("Shuanghua Machinery"), Shanghai Shuanghua Auto Components Co., Ltd. ("Shuanghua Auto Components"), Shanghai Shuanghua Machinery Sales Co., Ltd. ("Shuanghua Machinery Sales"), Eagle Investment, Shanghai Citgo Petroleum Co., Ltd ("Citgo Petroleum") and Shanghai Youshen Industry Co., Ltd. ("Youshen Industry") were subject to CIT at the rate of 25% during the year (2014: 25%).

7. INCOME TAX CREDIT/(EXPENSE) (CONTINUED)

A reconciliation of the tax (credit)/expense applicable to (loss)/profit before tax at the statutory rate in PRC to the tax expense at the effective tax rate is as follows:

	2015	2014
	RMB'000	*RMB'000*
(Loss)/profit before tax	**(43,378)**	12,648
Tax (credit)/charge at statutory tax rate 25% in the PRC	**(10,845)**	3,162
Lower tax rates for specific provinces or enacted by local authority	**1,530**	(2,038)
Income not subject to tax	**(2,640)**	(1,026)
Additional deduction on research and effect of tax concession and allowances	**(457)**	(455)
Expenses not deductible for tax	**10,638**	107
Effect of withholding tax at 10% (2014: 10%) on the distributable profits of the Group's PRC subsidiaries	**–**	122
Temporary differences not recognised	**1,983**	1,097
Tax losses not recognised	**812**	1,586
Reversal of tax losses and temporary differences from previous years	**(5,115)**	765
Over-provision in prior year	**(290)**	–
Tax (credit)/charge at the Group's effective rate	**(4,384)**	3,320

8. DIVIDENDS

	2015	2014
	RMB'000	*RMB'000*
Interim dividend declared and paid in current year at RMB15 cents (2014: Nil) per share	**97,500**	–

The Board resolved to declare an interim dividend at RMB15 cents (equivalent to Hong Kong 18 cents per share at the exchange rate of HK$1: RMB0.8248 as published by the People's Bank of China) which was paid on 18 September 2015. The Board does not recommend payment of a final dividend in respect of the year ended 31 December 2015 (2014: Nil).

9. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

The calculation of the basic and diluted (loss)/earnings per share is based on the loss for the year attributable to owners of the parent of RMB38,994,000 (2014: profit of RMB9,327,000), and the weighted average number of ordinary shares of 650,000,000 (2014: 650,000,000) in issue during the year.

Diluted (loss)/earnings per share for the years ended 31 December 2015 and 2014 are the same as the basic (loss)/earnings per share as there were no dilutive potential ordinary shares in issue in both years.

10. TRADE AND NOTES RECEIVABLES

	2015	2014
	RMB'000	*RMB'000*
Trade receivables	**53,375**	73,346
Notes receivable	**34,181**	42,900
	87,556	116,246
Impairment	**(2,763)**	(1,074)
	84,793	115,172

The Group's trading terms with its customers are mainly on credit. The credit period for trade receivables is generally 30 to 90 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. As the Group's trade and notes receivables relate to a large number of diversified customers, it does not have a significant concentration of credit risk. The Group's notes receivable of RMB5,010,000 (2014: RMB6,500,000) and pledged deposits of RMB5,350,000 (2014: RMB7,240,000) are pledged to secure bills payable which amounted to RMB10,260,000 (2014: RMB10,500,000) as at 31 December 2015. Trade and notes receivables are non-interest-bearing.

An aged analysis of the trade and notes receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	2015	2014
	RMB'000	*RMB'000*
Within 1 month	**25,572**	49,178
1 to 3 months	**15,590**	25,579
3 to 12 months	**43,141**	38,801
Over 12 months	**490**	1,614
	84,793	115,172

10. TRADE AND NOTES RECEIVABLES (CONTINUED)

The movements in provision for impairment of trade receivables are as follows:

	2015	2014
	RMB'000	*RMB'000*
At beginning of year	**1,074**	1,123
Impairment/(reversal of impairment) loss recognised	**1,689**	(49)
At end of year	**2,763**	1,074

At 31 December 2015, the Group's trade receivables of RMB2,763,000 (2014: RMB1,074,000) were individually determined to be impaired. These receivables have been long outstanding and management accessed them to be irrecoverable.

The aged analysis of the trade and notes receivables that are not individually nor collectively considered to be impaired is as follows:

	2015	2014
	RMB'000	*RMB'000*
Neither past due nor impaired	**43,797**	105,198
Less than 1 month past due	**6,592**	2,981
1 to 3 months past due	**12,027**	2,711
3 to 12 months past due	**22,279**	2,668
Over 12 months past due	**98**	1,614
	84,793	115,172

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

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors are of the opinion that no provision for 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.

11. TRADE AND BILLS PAYABLES

	2015	2014
	RMB'000	*RMB'000*
Trade payables	**41,937**	50,657
Bills payable	**10,260**	10,500
	52,197	61,157

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

	2015	2014
	RMB'000	*RMB'000*
Within 1 month	**12,738**	34,365
1 to 3 months	**12,601**	14,150
3 to 6 months	**12,679**	9,788
6 to 12 months	**11,652**	1,309
Over 12 months	**2,527**	1,545
	52,197	61,157

Trade and bills payables are non-interest-bearing and have an average credit term of one to six months.

As at 31 December 2015, the Group's bills payable of RMB10,260,000 (2014: RMB10,500,000) were secured by certain of the Group's notes receivable of RMB5,010,000 (2014: RMB6,500,000) and pledged deposits with a carrying amount of RMB5,350,000 (2014: RMB7,240,000).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group remained in a phase of transition during 2015. Adhering to the development strategy to carry on with the enhancement and common development of both new and old businesses, the Group managed to increase the profitability of our automobile heat exchangers and took the initiative to get ready to embark on the sales of automobile lubricants and express auto repairs and maintenance services. Confronted with economic downturn, recession of the industry, increase in labor costs and raw material prices, and many other unfavorable conditions, the Group adjusted the structure of its internal products, reduced or eliminated product and operations which are unprofitability and focused on manufacture of products with higher profitability, actively optimized production flows and curtailed production costs. Despite such efforts, the Group still presented a declining revenue and total profit in 2015. The Group's reported revenue of RMB143.1 million for the year ended 31 December 2015, decreasing by RMB53.9 million compared to the same period of 2014. Due to the provision for asset impairment of RMB45.2 million during the period, together with the investment in new businesses of sales of automobile lubricants and express auto repairs and maintenance services, the Group recorded a loss in 2015 with net loss amounting to RMB39.0 million, while net profit amounted to RMB9.3 million for the same period in 2014.

Analyzed by product segment, revenue from sales of evaporators, condensers, heaters and others for the year ended 31 December 2015 amounted to RMB69.1 million, RMB31.8 million, RMB8.5 million and RMB33.7 million respectively. Analyzed by domestic and international market segment, our domestic business for the year ended 31 December 2015 reported sales revenue of RMB112.6 million, while our international business for the year ended 31 December 2015 reported sales revenue of RMB30.5 million.

Automobile heat exchanger business

Both sales in domestic and international market were decreasing for the year ended 31 December 2015. Among which:

Sales in the Domestic Original Equipment Manufacturing ("OEM") Market

Revenue from sales of evaporators and condensers amounted to RMB45.8 million and RMB6.0 million, decreasing by 37.8% and 80.5% respectively, as compared to the same period of last year. The sales volume decreased by 37.4% and 81.0% respectively as compared to the same period in 2014.

Sales in the Domestic After-sales Maintenance ("AM") Market

Revenue from sales of evaporators amounted to RMB14.1 million, increasing by 22.2% as compared to the same period of 2014, while the sales volume increased by 18.8% as compared to the same period of last year. Revenue from sales of condensers amounted to RMB14.2 million, decreasing by 15.2% as compared to the same period of 2014, while the sales volume decreased by 15.6% as compared to the same period of last year. Other revenue from sales to the domestic market comprised primarily the sales of self-manufactured heaters, oil coolers, intercoolers and aluminum waste.

Sales to the International Market

Revenue from sales of evaporators and condensers amounted to RMB9.2 million and RMB11.6 million, decreasing by 31.6% and 2.1% respectively, as compared to the same period of last year. The volume of evaporators and condensers sold decreased by 32.3% and 8.7% respectively as compared to the same period in 2014. Other revenue from sales to the international market comprised primarily the sales of self-manufactured oil coolers, intercoolers, liquid-gas separators, evaporators and condenser cores, pipes and thermostats.

The notable decline in sales in automobile heat exchanger market was mainly attributable to two reasons: (i) the fierce market competition. Our major customers, such as Macs, significantly reduced their purchases from the Company as they enlarged the proportion of their self-manufactured production; and (ii) the adjustment in the Company's sales policies to curtail orders with low or negative profitability.

Sales of automobile lubricants and express auto repairs and maintenance services

In 2015, the Group put in more efforts on the sales of automobile lubricants and express auto repairs and maintenance services and laid a foundation for the development of new businesses in the following ways:

1. to actively reserve resources for the strategy of brand operation and development in relation to new businesses;

2. to re-appoint staff and rationalize the internal structure of the Group, to recruit senior professionals required by new businesses from various channels and to set up a talent pool for the development of new businesses; and

3. to establish a distribution and service network within the country and to build up sophisticated and accessible distribution channels for the development of new businesses.

As at 31 December 2015, the Group has formed a business team of 37 members, partnered with 5 distributors, entered into concession agreements on oil change and automobile maintenance centers with more than five hundred outlets which are located at various provinces, cities and regions in China, such as Shanghai, Zhejiang, Jiangsu, Shandong, Henan, Hebei, Anhui, Hunan, Heilongjiang and Jilin, and has realized a small amount of sales of automobile lubricants.

Outlook and Strategy

According to media report, the volume of motor vehicles in China and the value of after-sales auto service market have reached 279 million units and RMB800 billion respectively, which represent enormous market potential and development opportunities for the Group. In the future, the Group will continue to step up its efforts in developing its businesses in sales of automobile lubricants and express auto maintenance services in order to expedite the implementation of the service network plan comprising thousands of stores and establish a nation-wide distribution and logistics channel, thereby laying a solid foundation for the smooth transformation of the Group's main business into after-sales auto service market and striving for better development as well as higher value for the Group.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2015, revenue was approximately RMB143.1 million, a decline of approximately RMB53.9 million or 27.4% from that of the corresponding period of 2014 of approximately RMB197.0 million.

The following table sets forth the breakdown of our revenue by products during the reporting period:

	For the year end 31 December 2015 *RMB'000*	**% of revenue**	For the year end 31 December 2014 *RMB'000*	% of revenue
Domestic – OEM				
Evaporators	**45,802**	**32.0%**	73,630	37.4%
Condensers	**6,032**	**4.2%**	30,969	15.7%
Heaters	**2,261**	**1.6%**	4,219	2.2%
Others	**22,114**	**15.5%**	10,302	5.2%
Sub-total	**76,209**	**53.3%**	119,120	60.5%
Domestic – AM				
Evaporators	**14,126**	**9.9%**	11,561	5.9%
Condensers	**14,234**	**9.9%**	16,793	8.5%
Heaters	**682**	**0.5%**	860	0.4%
Others	**7,140**	**5.0%**	9,684	4.9%
Sub-total	**36,182**	**25.3%**	38,898	19.7%

	For the year end 31 December 2015 *RMB'000*	% of revenue	For the year end 31 December 2014 *RMB'000*	% of revenue
International – AM – self-manufactured				
Evaporators	**9,047**	**6.3%**	13,435	6.8%
Condensers	**11,195**	**7.8%**	11,809	6.0%
Heaters	**5,552**	**3.9%**	6,597	3.3%
Intercooler	**1,805**	**1.3%**	–	–
Others	**2,416**	**1.7%**	4,061	2.1%
Sub-total	**30,015**	**21.0%**	35,902	18.2%
International – AM – trading				
Evaporators	**149**	**0.1%**	–	–
Condensers	**364**	**0.2%**	–	–
Compressors	**–**	**–**	95	0.1%
Others	**–**	**–**	3,002	1.5%
Sub-total	**513**	**0.3%**	3,097	1.6%
Automobile lubricants	**157**	**0.1%**	–	–
Sub-total	**157**	**0.1%**	–	–
Total	**143,076**	**100.0%**	197,017	100.0%

Gross profit and gross margin

For the year ended 31 December 2015, overall gross profit (before impairment on inventories) decreased to approximately RMB30.3 million from RMB51.1 million for 2014. Gross profit from sales to domestic market was approximately RMB21.0 million representing a decrease of approximately RMB18.4 million over the same period of last year. Gross profit from sales to international market was approximately RMB9.3 million, representing a decrease of approximately RMB2.4 million over the same period of last year. Confronted with economic downturn, recession in industry, increase in labor costs and raw material prices and many other unfavorable conditions, although the group made adjustment for internal product structure in order to reduce or eliminate unprofitable operations or product and focus on the relatively high profitability products, actively optimised production processes and reduce production costs, overall gross profit (before impairment on inventories) still decreased by approximately RMB20.9 million (Group gross profit excluding impairment of inventories is approximately RMB30.3 million, otherwise is approximately RMB12.6 million).

For the year ended 31 December 2015, overall gross margin (before impairment on inventories) was 21.2%, representing a slight decrease from last year's overall gross margin of 26.0% in the same period of 2014.

The following table sets forth the breakdown of our gross profit by products (before impairment on inventories) during the reporting period:

Gross Profit	**For the year end 31 December 2015** *RMB'000*	For the year end 31 December 2014 *RMB'000*
Domestic – OEM		
Evaporators	**9,240**	25,771
Condensers	**193**	700
Heaters	**(221)**	607
Others	**5,731**	190
Sub-total	**14,943**	27,268
Domestic – AM		
Evaporators	**2,602**	3,999
Condensers	**2,257**	5,928
Heaters	**224**	(764)
Others	**1,778**	2,955
Sub-total	**6,861**	12,118
International – AM – self-manufactured		
Evaporators	**3,698**	5,859
Condensers	**2,493**	2,392
Heaters	**1,123**	2,492
Intercooler	**1,347**	–
Others	**582**	216
Sub-total	**9,243**	10,959
International – AM – trading		
Evaporators	**37**	–
Condensers	**43**	–
Compressors	**–**	10
Others	**–**	785
Sub-total	**80**	795
Automobile lubricants	**(859)**	–
Sub-total	**(859)**	–
Total	**30,268**	51,140

Other income and gains

Other income and gains increased slightly by approximately RMB0.5 million from approximately RMB9.5 million for the year ended 31 December 2014 to approximately RMB10.0 million for the year ended 31 December 2015.

Selling and distribution costs

Selling and distribution costs comprised primarily staff-related costs, sales transportation fees, operating lease rental expenses, entertainment and travelling expenses. Selling and distribution costs decreased for the year ended 31 December 2015 mainly because of the decrease in sales of the Group, causing a decrease in sales-related transportation expenses.

Administrative and other expenses

Administrative and other expenses comprised primarily staff-related costs, various local taxes and education surcharges, depreciation, amortization of land use rights, operating lease rental payments, agency service fees, research and development expenses, impairment on assets and miscellaneous expenses. Administrative expenses decreased for the year ended 31 December 2015 mainly because of: (a) the decrease in depreciation expense after impairment on property, plant and equipment in current year; and (b) our effective streamlining of our staff leading to a decrease in staff-related costs.

Other expenses increase because the Group has recognised an impairment loss of property, plant and equipment of RMB24.5 million in an effort to reduce or eliminate unprofitable operations or product.

Income tax

For the year ended 31 December 2015, the Group's overall income tax credit was approximately RMB4.4 million, while there was an income tax expense of RMB3.3 million in the year ended 31 December 2014. Income tax expenses decrease because the Group recognised an addition on deferred tax assets by our subsidiaries, namely Shanghai Shuanghua Autoparts Co., Ltd. and Shanghai Shuanghua Auto Components Co., Ltd. of RMB4.2 million and RMB0.9 million in current year respectively.

(Loss)/profit for the year

Loss attributable to the owners of the parent was approximately RMB39.0 million for the year ended 31 December 2015, while profit attributable to the owners of the parent over the same period of last year was approximately RMB9.3 million.

LIQUIDITY AND FINANCIAL RESOURCES

Net current assets

Our net current assets decreased from approximately RMB335.5 million as at 31 December 2014 to approximately RMB230.1 million as at 31 December 2015. The decrease in net current assets was primarily attributed to payment of interim dividend and there was a decrease in trade and notes receivables and inventories compared to last year.

Financial position and bank borrowings

As at 31 December 2015, the Group's cash and cash equivalents, most of which were denominated in RMB, amounted to approximately RMB76.2 million. As at 31 December 2014, the Group's cash and cash equivalents, most of which were denominated in RMB, amounted to approximately RMB165.7 million. The decrease in cash and cash equivalents is primarily attributed to payment of interim dividend. As at 31 December 2015, the Group had no interest- bearing bank borrowings (31 December 2014: nil). As at 31 December 2014 and 2015, our gearing ratio, presented as a percentage of total interest-bearing liabilities divided by captial of the Group, was 0.0%.

Save as aforesaid or otherwise disclosed in the notes to the financial statements, and apart from intra-group liabilities, as at the close of business on 31 December 2015, we did not have any outstanding mortgages, charges, debentures, debt securities or other loan capital or bank overdrafts or loans or other similar indebtedness or finance lease commitments, liabilities under acceptances or acceptance credits or hire purchase commitments, guarantees or other material contingent liabilities.

Our Directors have confirmed that there has not been any material change in the indebtedness and contingent liabilities of our Group since 31 December 2014.

Working capital

As at 31 December 2015, our inventories, mainly comprising raw materials, work-in progress and finished products, amounted to approximately RMB55.0 million net of provision, and approximately RMB77.6 million as at 31 December 2014. Our marketing team reviews and monitors our inventory level on a regular basis. For the year ended 31 December 2015, the average inventory turnover days was 185.5 days (for the year ended 31 December 2014: 201.2 days). Inventory turnover days are arrived at by dividing the arithmetic means of the opening and ending balances of inventory for the relevant period by cost of sales of the same period and multiplying the quotient by 365 days. The decrease in inventory turnover was mainly attributable to depression of current market, the Group's management adjusted their production and sales strategy, reduced the production capacity, recognised impairment losses where necessary and utilised the inventories on hands.

For the year ended 31 December 2015, average turnover days of trade and notes receivables was 255.1 days (for the year ended 31 December 2014: 204.3 days). Trade and notes receivables turnover days are arrived at by dividing the arithmetic means of the opening and ending balances of trade and notes receivables for the relevant period by revenue of the same period and multiplying the quotient by 365 days. Increase in turnover days of trade and notes receivables was primarily attributable to depression on market condition, customers generally requested for longer credit periods for settlement.

For the year ended 31 December 2015, average turnover days of trade and bills payables was 158.5 days (for the year ended 31 December 2014: 159.4 days). No significant variance noted.

CAPITAL EXPENDITURES, CAPITAL COMMITMENTS AND HUMAN RESOURCES

For the year ended 31 December 2015, capital expenditures were approximately RMB0.9 million, and approximately RMB12.7 million were paid for capital expenditures incurred for the year ended 31 December 2014. Payment of capital expenditures decreased by approximately RMB11.8 million as compared to the same period of 2014, mainly attributable to the decrease in capital expenditures on property, plant and equipment during the year ended 31 December 2015.

As at 31 December 2015, the Group had approximately 459 full-time employees including the management, sales, logistics supports and other ancillary personnel. The Group's total wages and salaries amounted to approximately RMB28.1 million for the year ended 31 December 2015. Our remuneration policy is primarily based on the job responsibilities, work performance and number of years of service of each employee and the current market conditions.

Pursuant to the relevant PRC labour laws and regulations, the Group has to pay contributions to a number of staff social insurance schemes (including medical, maternity, work injury, unemployment and pension insurances) and staff housing reserve funds. We provide social insurances and pay contributions to housing reserve funds for our employees in accordance with the interpretations to the relevant PRC labour laws and regulations given, and policies and measures executed by local government departments. We have established various welfare plans including the provision of pension funds, medical insurance, unemployment insurance and other relevant insurance for employees who are employed by our Group pursuant to the PRC rules and regulations and the existing policy requirements of the local government. Welfare benefits expenses for the year ended 31 December 2015 amounted to approximately RMB8.9 million. We have complied, in all material respects, with all statutory requirements on retirement contribution in the jurisdictions where our Group operates. The basic salary of each of our executive and non-executive Directors will be reviewed by the Audit Committee of the Board at the end of each financial year.

The determination of the remuneration to our Directors is based on remuneration of directors of comparable companies in the industry, time commitment, duties and responsibilities of our Directors in our Group and our operational and financial performance.

The Group had capital commitments of RMB120 million on investment in the sales of automobile lubricants and express auto repairs and maintenance services business through the newly set up subsidiaries as at 31 December 2015.

Material acquisitions and disposals

Shanghai Eagle Investment Limited, a non-wholly owned subsidiary of the Company, acquire 43.75% share of Shanghai Eagle Auto Service Co.,Ltd. (previously named Shanghai Eagle Auto Technology Co., Ltd) with RMB437,500 in 21 September 2015, it then sold 100% share of Shanghai Eagle Auto Service Co.,Ltd. for RMB1.0 million on 1 December 2015. Save for the Group's contribution of RMB14 million to Shanghai Citgo Petroleum Co., Ltd, (上海希戈石油有限公司) on 9 and 10 June 2015, the Group had no other material acquisitions and disposals.

Foreign exchange risk

The Group's operations are located in the PRC with RMB as the functional and presentation currency. The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the unit's functional currency. The currency exposure of the Group mainly comes from the depreciation of RMB against USD for overseas sales transactions denominated in USD. For the year ended 31 December 2015, approximately 23.8% and 0.0% of the Group's sales and cost of sales respectively were denominated in currencies other than the functional currency of the operating units making the sales and purchases. At present, the Group does not intend to hedge its exposure to foreign exchange fluctuations. However, the management constantly monitors the economic situation and the Group's foreign exchange risk profile and will consider appropriate hedging measures in the future should the need arise.

Contingent liabilities

There were no significant contingent liabilities at the end of the reporting periods.

Pledge of assets

As at 31 December 2015 and 31 December 2014, the Group had not pledged any land or buildings to secure our banking facilities granted.

As at 31 December 2015, the Group's cash and cash equivalent of RMB5,350,000 and notes receivable of RMB5,010,000 were pledged to secure bills payable of RMB10,260,000. As at 31 December 2014, the Group's cash and cash equivalent of RMB7,240,000 and notes receivable of RMB6,500,000 were pledged to secure bills payable of RMB10,500,000.

SHARE OPTION SCHEME

As at 31 December 2015, no share options were granted or exercised pursuant to the share option scheme adopted.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2015 have been agreed by the Company's auditors, BDO Limited, to the amounts set out in the Company's audited consolidated financial statements for the year. The work performed by BDO Limited 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 BDO Limited on the preliminary announcement.

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

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

USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFER

As at 31 December 2015, a balance of approximately RMB10.0 million of the proceeds from the Initial Public Offer of the Company remained unutilised.

FINAL DIVIDEND

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

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICE

The Company has adopted all the requirements of the code provisions of the Corporate Governance Code and Corporate Governance Report (the "Corporate Governance Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

None of the Directors is aware of any information which would reasonably indicate that the Company was not in compliance with the Corporate Governance Code during the year ended 31 December 2015, except the deviation from provision A.2.1 as explained below.

Under provision A.2.1 of the Corporate Governance Code, the roles of the chairman and the chief executive officer ("CEO") of the Group should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and CEO of the Group should be clearly established and set out in writing.

The roles of the chairman and the CEO of the Group are not separated and are performed by the same individual. Mr. Zheng Ping acted as both the chairman and CEO throughout the period under review. The Directors met regularly to consider major matters affecting the operations of the Group. The Directors consider that this structure will not impair the balance of power and authority between the Directors and the management of the Group and believes that this structure will enable the Group to make and implement decisions promptly and efficiently.

AUDIT COMMITTEE

Pursuant to the Listing Rules, an audit committee was established on 8 June 2011, comprising three Independent Non-executive Directors, namely Mr. Zhao Fenggao (resigned on 4 August 2015), Mr. Chen Ke (appointed on 13 November 2015), Mr. He Binhui and Mr. Chen Lifan, and is chaired by Mr. He Binhui.

The written terms of reference which describe the authorities and duties of the audit committee were prepared and adopted with reference to "A Guide for the Formation of an Audit Committee" published by the Hong Kong Institute of Certified Public Accountants. The audit committee provides an important link between the board of directors and the Company's auditors in matters coming within the scope of the Group audit. It also reviews the financial reporting process and the adequacy and effectiveness of the Group's internal control system.

To comply with the requirement under the Corporate Governance Code in respect of the responsibilities for performing the corporate governance duties, the Board has delegated its responsibilities to the Audit Committee to develop and review the policies and practices of the Company on corporate governance and make recommendations to the Board; to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; to develop, review and monitor the code of conduct applicable to the directors and employees; to review and monitor the training and continuous professional development of directors and senior management and to review the Company's compliance with the code provisions set out in the Corporate Governance Code contained in the Listing Rules and disclosures in the corporate governance report.

During the financial year ended 31 December 2015, the audit committee held four meetings for the purpose of reviewing the Company's reports and accounts, and providing advice and recommendations to the Board of Directors. The Audit Committee also reviewed the internal control procedures of the Group. The minutes of the audit committee meeting are kept by the Company Secretary.

The Audit Committee also reviewed the Company's progress in implementing the corporate governance requirements as set out in the Corporate Governance Code.

	Attendance
Mr. Zhao Fenggao (Resigned on 4 August 2015)	2/2
Mr. Chen Ke (Appointed on 13 November 2015)	1/1
Mr. He Binhui	4/4
Mr. Chen Lifan	4/4

The Group's results for the year ended 31 December 2015 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules has been adopted by the Company as the code of conduct for securities transactions by its Directors. The Directors have also been reminded of their responsibilities under the Model Code regularly by the Company. Having made specific enquiries with them, all Directors confirmed that they have complied with the required standards of the Model Code during the year ended 31 December 2015.

COMPETITION AND CONFLICT OF INTERESTS

None of the Directors or any of their respective associates (as defined under the Listing Rules) has interest in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, or has any other conflict of interests with the Group as at the date of this announcement.

ANNUAL GENERAL MEETING

The date of annual general meeting of the Company will be announced shortly, notice of which will be published and despatched to the shareholders as soon as practicable in accordance with the Company's articles of association and the Listing Rules.

By order of the Board
Shuanghua Holdings Limited
Zheng Ping
Chairman

Hong Kong, 31 March 2016

As at the date of this announcement, the Board comprises Mr. Zheng Ping and Ms. Tang Lo Nar, executive Directors; Ms. Kong Xiaoling, non-executive Directors; and Mr. Chen Ke, Mr. He Binhui and Mr. Chen Lifan, independent non-executive Directors.