大同機械企業有限公司
COSMOS MACHINERY ENTERPRISES LIMITED

(Incorporated in Hong Kong with limited liability)
(Stock Code: 118)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	**2015** *HK$'000*	2014 *HK$'000*
Revenue	*3*	**2,395,166**	2,492,729
Cost of sales		**(2,016,147)**	(2,059,154)
Gross profit		**379,019**	433,575
Other income and gains, net		**37,477**	21,640
Distribution costs		**(145,462)**	(152,479)
Administrative expenses		**(293,675)**	(289,184)
Allowance for impairment of bad and doubtful debts, net		**(2,040)**	(6,429)
(Loss) Profit from operations		**(24,681)**	7,123
Finance costs		**(20,808)**	(21,267)
Investment income		**15,570**	11,804
Share of profits (losses) of associates		**680**	(48)
Gain on disposal of associates		**2,577**	2,037
Loss before taxation	*4*	**(26,662)**	(351)
Taxation	*5*	**(12,156)**	(7,583)
Loss for the year		**(38,818)**	(7,934)

	Note	**2015** **HK$'000**	2014 HK$'000
Attributable to:			
– Equity shareholders of the Company		**(49,601)**	(33,301)
– Non-controlling interests		**10,783**	25,367
		(38,818)	(7,934)
Loss per share for loss attributable to the equity shareholders of the Company during the year	*6*		
– Basic		**(6.92 cents)**	(4.65 cents)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	2015	2014
	HK$000	*HK$000*
Loss for the year	**(38,818)**	(7,934)
Other comprehensive income (expense) for the year, net of tax:		
Items that have been reclassified or may be reclassified subsequently to profit or loss:		
Exchange differences arising from translation of financial statements of foreign operations	**(78,732)**	(5,272)
Changes in fair value of available-for-sale financial assets	**127**	112
Share of other comprehensive expense of associates	**(1,757)**	(103)
Release of translation reserve upon disposal of associates	**1,143**	(1,589)
	(79,219)	(6,852)
Items that will not be reclassified to profit or loss:		
Surplus on revaluation of properties held for own use	**14,392**	7,996
	(64,827)	1,144
Total comprehensive expense for the year	**(103,645)**	(6,790)
Attributable to:		
– Equity shareholders of the Company	**(107,487)**	(31,554)
– Non-controlling interests	**3,842**	24,764
Total comprehensive expense for the year	**(103,645)**	(6,790)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current Assets			
Property, plant and equipment		**691,750**	788,844
Leasehold land and land use rights		**47,667**	54,501
Goodwill	*8*	**53,483**	53,483
Intangible assets	*9*	**10,604**	11,987
Interests in associates		**36,693**	41,174
Available-for-sale financial assets		**734**	606
Finance lease receivables		**46,923**	14,103
Deferred tax assets		**41,413**	39,608
		929,267	1,004,306
Current Assets			
Inventories		**562,523**	656,310
Finance lease receivables		**61,934**	22,396
Trade and other receivables	*10*	**774,467**	743,337
Other financial assets		**9,012**	174,810
Current tax recoverable		**1,451**	2,120
Cash and bank balances		**607,567**	510,270
		2,016,954	2,109,243
Current Liabilities			
Trade and other payables	*11*	**749,829**	843,882
Amounts due to associates		**–**	481
Bank borrowings – due within one year		**526,575**	478,112
Obligations under finance leases		**8,286**	8,752
Deferred consideration payable		**8,123**	4,811
Current tax payable		**6,307**	6,738
		1,299,120	1,342,776
Net Current Assets		**717,834**	766,467
Total Assets less Current Liabilities		**1,647,101**	1,770,773

	2015	2014
	HK$000	*HK$000*
Non-current Liabilities		
Bank borrowings – due after one year	**45,225**	55,275
Obligations under finance leases	**8,134**	8,180
Deferred tax liabilities	**25,922**	26,630
Deferred consideration payable	**–**	3,066
	79,281	93,151
Net Assets	**1,567,820**	1,677,622
Equity		
Capital and reserves attributable to equity shareholders of the Company:		
Share capital	**532,903**	532,903
Reserves	**802,409**	909,897
	1,335,312	1,442,800
Non-controlling Interests	**232,508**	234,822
Total Equity	**1,567,820**	1,677,622

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

1. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"), which also include Hong Kong Accounting Standards ("HKAS") and Interpretations ("Int") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of properties held for own use and certain financial assets, which are carried at fair value.

The preparation of consolidated financial statements in conformity with HKFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The provisions of the new Hong Kong Companies Ordinance (Cap. 622) regarding preparation of financial statements and directors' report and audit became effective for the Company for the financial year ended 31 December 2015. Further, the disclosure requirements set out in the Listing Rules regarding annual financial statements have been amended with reference to the new Hong Kong Companies Ordinance and to streamline with HKFRSs. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015, have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor Hong Kong Companies Ordinance or Listing Rules but not under the new Hong Kong Companies Ordinance or amended Listing Rules are not disclosed in these consolidated financial statements.

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following amendments to HKFRS that are first effective for the current accounting period of the Group:

– Amendments to HKFRSs, Annual improvements to HKFRSs 2010 – 2012 cycle
– Amendments to HKFRSs, Annual improvements to HKFRSs 2011 – 2013 cycle
– Amendments to HKAS 19, Defined benefit plans: Employee contributions

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

Annual improvements to HKFRSs 2010-2012 cycle and 2011-2013 cycle

These two cycles of annual improvements contain amendments to nine standards with consequential amendments to other standards. Among them, HKAS 24, Related party disclosures has been amended to expand the definition of a "related party" to include a management entity that provides key management personnel services to the reporting entity, and to require the disclosure of the amounts incurred for obtaining the key management personnel services provided by the management entity. These amendments do not have an impact on the Group's related party disclosures as the Group does not obtain key management personnel services from management entities.

Amendments to HKAS 19, Defined benefit plans: Employee contributions

The amendments introduce a relief to reduce the complexity of accounting for certain contributions from employees or third parties under defined benefit plans. When the contributions are eligible for the practical expedient provided by the amendments, a company is allowed to recognise the contributions as a reduction of the service cost in the period in which the related service is rendered, instead of including them in calculating the defined benefit obligation. The amendments do not have an impact on these financial statements as the Group has no defined benefit plans.

3. SEGMENT REPORTING

The Group manages its business by a mixture of both business lines and geographical location. In a manner consistent with the way in which information is reported internally to the Group's top management for the purposes of assessing segment performance and allocating resources between segments, the Group has identified, on a product basis, the following four reportable segments.

(1) trading of industrial consumables;

(2) manufacturing of plastic processing products;

(3) manufacturing of machinery; and

(4) manufacturing and trading of printed circuit boards.

Segment results, assets and liabilities

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

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segment assets may include inventories, trade receivables and property, plant and equipment. Segment revenue, expenses, assets, and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group entities within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets and corporate expenses.

The segment results for the year ended 31 December 2015, are as follows:

	Industrial consumables	Plastic processing products	Machinery	Printed circuit boards	Other operations	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE							
External sales	**356,085**	**449,469**	**720,835**	**845,766**	**23,011**	**–**	**2,395,166**
Inter-segment sales	**16,801**	**195**	**8,486**	**–**	**4,878**	**(30,360)**	**–**
Total revenue	**372,886**	**449,664**	**729,321**	**845,766**	**27,889**	**(30,360)**	**2,395,166**

Inter-segment sales are charged at prevailing market rates.

	Industrial consumables	Plastic processing products	Machinery	Printed circuit boards	Other operations	Eliminations	Consolidated
RESULTS							
Segment results	**12,201**	**(15,269)**	**(30,503)**	**35,815**	**21,199**	**140**	**23,583**
Unallocated corporate expenses							**(48,264)**
Loss from operations							**(24,681)**
Finance costs							**(20,808)**
Investment income							**15,570**
Share of profits of associates							**680**
Gain on disposal of associates							**2,577**
Loss before taxation							**(26,662)**
Taxation							**(12,156)**
Loss before non-controlling interests							**(38,818)**

The segment assets and liabilities as at 31 December 2015 are as follows:

	Industrial consumables *HK$'000*	Plastic processing products *HK$'000*	Machinery *HK$'000*	Printed circuit boards *HK$'000*	Other operations *HK$'000*	Consolidated *HK$'000*
ASSETS						
Segment assets	**243,266**	**350,004**	**1,034,450**	**563,373**	**378,966**	**2,570,059**
Interests in associates						**36,693**
Available-for-sale financial assets						**734**
Unallocated corporate assets						**338,735**
Consolidated total assets						**2,946,221**
LIABILITIES						
Segment liabilities	**44,453**	**69,843**	**393,157**	**223,197**	**23,986**	**754,636**
Current tax payable						**6,307**
Borrowings						**588,220**
Unallocated corporate liabilities						**29,238**
Consolidated total liabilities						**1,378,401**
OTHER INFORMATION						
Capital additions	**54**	**19,144**	**4,466**	**19,549**	**963**	**44,176**
Depreciation and amortisation	**1,844**	**13,796**	**35,455**	**29,290**	**4,972**	**85,357**
Other non-cash expenses	**506**	**(391)**	**13,341**	**289**	**442**	**14,187**
Share of profits (losses) of associates	**–**	**–**	**788**	**(114)**	**6**	**680**

The segment results for the year ended 31 December 2014 are as follows:

	Industrial consumables *HK$'000*	Plastic processing products *HK$'000*	Machinery *HK$'000*	Printed circuit boards *HK$'000*	Other operations *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
TURNOVER							
External sales	415,602	381,458	826,732	856,609	12,328	–	2,492,729
Inter-segment sales	13,640	273	4,146	–	6,538	(24,597)	–
Total revenue	429,242	381,731	830,878	856,609	18,866	(24,597)	2,492,729

Inter-segment sales are charged at prevailing market rates.

	Industrial consumables *HK$'000*	Plastic processing products *HK$'000*	Machinery *HK$'000*	Printed circuit boards *HK$'000*	Other operations *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
RESULTS							
Segment results	25,683	(23,472)	(22,960)	58,958	(1,949)	363	36,623
Unallocated corporate expenses							(29,500)
Profit from operations							7,123
Finance costs							(21,267)
Investment income							11,804
Share of losses of associates							(48)
Gain on disposal of an associate							2,037
Loss before taxation							(351)
Taxation							(7,583)
Loss before non-controlling interests							(7,934)

The segment assets and liabilities as at 31 December 2014 are as follows:

	Industrial consumables *HK$'000*	Plastic processing products *HK$'000*	Machinery *HK$'000*	Printed circuit boards *HK$'000*	Other operations *HK$'000*	Consolidated *HK$'000*
ASSETS						
Segment assets	261,443	389,015	1,164,251	572,531	198,342	2,585,582
Interests in associates						41,174
Available-for-sale financial assets						606
Unallocated corporate assets						486,187
Consolidated total assets						3,113,549
LIABILITIES						
Segment liabilities	50,780	91,460	466,849	238,820	814	848,723
Current tax payable						6,738
Borrowings						550,319
Unallocated corporate liabilities						30,147
Consolidated total liabilities						1,435,927
OTHER INFORMATION						
Capital additions	481	11,019	22,178	21,275	102,535	157,488
Depreciation and amortisation	1,357	15,094	36,841	29,619	1,962	84,873
Other non-cash expenses	2,005	4,622	2,877	2,360	–	11,864
Share of profits (losses) of associates	–	(406)	490	(126)	(6)	(48)

Geographical information

The Group's operations are located in Hong Kong, other regions in the PRC, other Asia-Pacific countries, North America and Europe. The Group's trading of industrial consumables division is located in Hong Kong and the PRC. The manufacturing of plastic processing products, machinery and printed circuit boards divisions are located in the PRC.

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods/services:

	Sales revenue by geographical market	
	2015	2014
	HK$'000	*HK$'000*
Hong Kong	**653,492**	761,981
PRC	**1,467,064**	1,488,372
Other Asia-Pacific countries	**201,419**	198,818
North America	**9,259**	5,312
Europe	**63,932**	38,246
	2,395,166	2,492,729

The following is an analysis of the Group's fixed assets, goodwill and intangible assets ("specified non-current assets"), and additions to property, plant and equipment, analysed by the geographical area in which the assets are located:

	Specified non-current assets		**Additions to property, plant and equipment**	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**191,788**	216,013	**117**	101,578
PRC	**611,716**	692,802	**44,059**	55,910
	803,504	908,815	**44,176**	157,488

Information about major customers

No customer of the Group has individually accounted for over 10% of the Group's total revenue during the year (2014: Nil) and no information about major customers is presented accordingly.

4. LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging (crediting) the following:

	2015	2014
	HK$'000	*HK$'000*
Charging:		
Directors' emoluments	**7,195**	13,521
Staff costs (excluding directors' emoluments)		
– Salaries and other benefits	**415,183**	411,409
– Retirement benefits scheme contributions	**24,522**	22,332
Total staff costs	**446,900**	447,262
Auditors' remuneration		
– Current year	**3,031**	2,857
– Underprovision in prior years	**50**	223
Deficit on revaluation of properties held for own use	**–**	201
Depreciation and amortisation on:		
– Owned assets	**77,921**	78,608
– Assets held under finance leases	**1,829**	2,027
– Leasehold land held for own use under finance leases	**2,627**	1,241
– Leasehold land and land use rights	**1,597**	1,614
– Intangible assets	**1,383**	1,383
Exchange loss, net	**22,437**	514
Impairment loss of available-for-sale financial assets	**246**	–
Loss on disposal of property, plant and equipment	**–**	310
Operating lease payments – Land and buildings	**21,239**	26,890
and crediting:		
Gain on disposal of property, plant and equipment	**(23,088)**	–
Rental income net of nil direct outgoings	**(231)**	(595)

5. TAXATION

The provision for Hong Kong Profits Tax is calculated at the rate of 16.5% (2014: 16.5%) of the estimated assessable profits for the year. Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

	2015	2014
	HK$'000	*HK$'000*
Current tax:		
Hong Kong profits tax		
Current year	**1,051**	1,257
Overprovision in prior years	**(40)**	(117)
	1,011	1,140
Overseas tax		
Current year	**13,070**	10,538
(Over) Underprovision in prior years	**(568)**	838
	12,502	11,376
Deferred tax:		
Deferred taxation relating to the origination and reversal of temporary differences	**(1,357)**	(4,933)
Taxation charge	**12,156**	7,583

6. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per ordinary share is based on the Group's loss attributable to equity shareholders of the Company divided by the weighted average number of ordinary shares in issue during the year.

	2015	2014
Weighted average number of ordinary shares in issue during the year	**716,930,692**	716,930,692
Loss attributable to the equity shareholders of the Company	**(HK$49,601,376)**	(HK$33,301,502)
Basic loss per share	**(6.92 cents)**	(4.65 cents)

No diluted earnings per share is presented as the Company did not have any potential ordinary shares outstanding.

7. DIVIDEND

(1) The directors do not recommend the payment of any dividend in respect of the year ended 31 December 2015 (2014: Nil).

(2) Dividend payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2015	2014
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of HK$Nil (2014: HK$0.015) per share	–	10,754

8. GOODWILL

	HK$'000
COST	
At 1 January 2014, 31 December 2014 and 31 December 2015	53,483
ACCUMULATED IMPAIRMENT	
At 1 January 2014, 31 December 2014 and 31 December 2015	–
CARRYING AMOUNT	
At 31 December 2015	53,483
At 31 December 2014	53,483

9. INTANGIBLE ASSETS

	Customer Relationship HK$'000
COST	
At 1 January 2014, 31 December 2014 and 31 December 2015	13,831
ACCUMULATED AMORTISATION	
At 1 January 2014	461
Amortisation for the year	1,383
At 31 December 2014 and 1 January 2015	1,844
Amortisation for the year	1,383
At 31 December 2015	3,227
NET BOOK VALUE	
At 31 December 2015	10,604
At 31 December 2014	11,987

Customer relationship is amortised on a straight-line basis over its useful life of 10 years.

10. TRADE AND OTHER RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Trade and bills receivables	**753,064**	728,430
Less: allowance for impairment of bad and doubtful debts	**87,597**	88,770
	665,467	639,660
Other receivables	**84,465**	73,440
Less: allowance for impairment of bad and doubtful debts	**13,343**	18,884
	71,122	54,556
Prepayments	**37,832**	49,078
Amounts due from related parties	**46**	43
	774,467	743,337

The directors consider that the carrying amounts of trade and other receivables approximate to their fair values. In the opinion of the directors, all trade and other receivables are expected to be recovered or recognised as expense within one year.

The Group allows an average credit period of 90 days to 120 days for customers. The ageing analysis of the Group's trade and bills receivables, based on the invoiced date and net of allowances, at the end of the reporting period is as follows:

	2015	2014
	HK$'000	*HK$'000*
0 to 3 months	**458,964**	419,857
4 to 6 months	**95,771**	95,064
7 to 9 months	**26,946**	35,325
Over 9 months	**83,786**	89,414
	665,467	639,660

11. TRADE AND OTHER PAYABLES

	2015	2014
	HK$'000	*HK$'000*
Trade and bills payables	**489,310**	559,084
Accruals and other payables	**250,919**	275,198
Amounts due to related parties	**9,600**	9,600
	749,829	843,882

The directors consider that the carrying amount of trade and other payables approximates to their fair values. In the opinion of the directors, all trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

The ageing analysis of the Group's trade and bills payables at the end of the reporting period is as follows:

	2015	2014
	HK$'000	*HK$'000*
0 to 3 months	**357,612**	424,651
4 to 6 months	**69,886**	84,178
7 to 9 months	**41,500**	31,839
Over 9 months	**20,312**	18,416
	489,310	559,084

12. CAPITAL COMMITMENTS

	2015	2014
	HK$'000	*HK$'000*
Capital expenditure:		
Contracted but not provided for	**8,857**	5,933

13. CONTINGENT LIABILITIES

In December, 2015, a dispute claim for outstanding payment of USD1,050,000 (approximately HK$8,123,000) was brought by the vendor of KFE Hong Kong Co., Limited ("KFE") to a subsidiary of the Group in relating to an alleged breach of payment obligations for the consideration as agreed pursuant to the sale and purchase agreement for the acquisition of the entire issued share capital of KFE in 2013. The directors, based on the advice from the legal counsel, believe that the subsidiary has a valid defence against the claim and, accordingly, has not provided for a claim arising from the litigation, other than the related legal and other costs. The Group has assessed the claim and considered that the ultimate outcome of such litigation will not have a material adverse effect on the financial position of the Group.

Except for the above, the Group does not have any litigations or claims of material importance and, so far as the directors are aware, no litigation or claims of material importance are pending or threatened by or against any companies of the Group.

14. PLEDGE OF ASSETS

At the end of the reporting period, assets with the following carrying amounts were pledged by the Group to secure general banking facilities:

	2015	2014
	HK$'000	*HK$'000*
Buildings	**106,000**	110,800
Leasehold land held for own use under finance leases	**68,000**	64,400
Leasehold land and land use rights	**8,016**	8,852
Plant and machinery	**37,647**	30,196
Other financial assets	**–**	67,463
Bank deposits	**253,696**	157,394
	473,359	439,105

FINAL DIVIDEND

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

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The register of members of the Company will be closed from Tuesday, 24 May 2016 to Wednesday, 25 May 2016 (both days inclusive). In order to determine the shareholders who are entitled to attend and vote at the Annual General Meeting, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's share registrar, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by not later than 4:00 p.m. on Monday, 23 May 2016.

RESULTS

The Group's consolidated turnover was about HK$2,395,166,000 in the financial year, down by about 4% from approximately HK$2,492,729,000 of 2014. The consolidated operating loss for the year was about HK$24,681,000, as compared with the consolidated operating profit of approximately HK$7,123,000 of the same period last year. If exchange loss of approximately HK$19,000,000 and provision for inventories of approximately HK$11,700,000 are included, the after tax loss for the year was approximately HK$38,818,000, whereas the after tax loss for the same period last year was approximately HK$7,934,000.

For the year ended 31 December 2015, loss attributable to shareholders was approximately HK$49,601,000, up by 49% loss attributable to shareholders of the corresponding period of the prior year was approximately HK$33,301,000.

CHAIRMAN'S STATEMENT

Over the past year, the global economy has been experiencing stagnant growth. The recovery of the US economy was weak and uncertain. The European market was still sluggish, and Japan is adopting the negative interest rate in face of a re-emergence of recession. In China, the downward pressure on the economy continued to intensify. With a strong exchange rate and sharply increased labour costs, competitiveness of Chinese exports was challenged and negative growths for both import and export were recorded. The difficult situations of the mainland SMEs in financing showed little improvement. As the exchange rate of RMB plunged in last August and the adjustment continued until the end of the year, relatively substantial exchange loss was incurred when the exchange rate at the balance sheet date was used to account for RMB assets and liabilities, therefore further aggravated the loss of the Group on books. Despite a slight devaluation of the RMB exchange rate during the year, the exporting industry was not relieved of its plight. The real economy, especially the traditional industries were most hard-hit. The Group believes that most of the difficulties and the harsh economic environment will not be over during the year. We will continue with our prudent business strategy and maintain a healthy financial base on the one hand, and on the other hand actively we will explore new markets according to new market demands and new trends, and focus on the optimization of production processes and production structures.

With the economic downturn and overcapacity in mainland China, most enterprises are not eager to increase their investments in machineries and equipment. While the RMB exchange rate has remained strong, the government introduced policies that favoured import equipment and disregarded the fair competition by the domestic industries. And as a result, the sales of our high performance plastic injection moulding machine was affected, and the sales of the Group's Machinery Business contracted with loss recorded once again. The current difficulty in the market is not the result of economic cycle but the effect of the country's economic restructuring as well as the pursuit of innovative and cost effective products by the market. As such, the Machinery Business has actively cut its operating costs and maintain prudent credit terms. In addition to the focus on exploring the market for high quality customers, we also have increased investment in research and development in order to enhance the capabilities as well as appearances of different products.

During the year under review, the Group's Machinery Business has submitted six patent rights applications for new inventions, obtained the approval of two patent rights in innovation, and continued patent rights for six innovations. Our in-house designed automatic rubber track moulding machine, which is the first in China, obtained the "Hong Kong Industrial Design Award" for the year. The business for rubber extruder machines and rubber injection moulding machines was also awarded the "Top Ten Enterprise of 2015 Chinese Plastic Extrusion Industry" for the first time. Capitalized on the advanced technology of Japan's UBE Machinery Industries, Ltd.'s large-scale all-electric plastic injection moulding machine, we co-produced the 850 tons all-electric plastic injection machine, successfully launched in the China Plastic Exhibition (Chinaplas), which is an all-electric plastic injection moulding machine of the largest specifications produced in China. The Machinery Business will meet the new challenge of the ever-changing economy and market with more innovative, higher quality and higher performance products, as well as excellent leasing service, and superb pre-sale and post-sale technical support.

The Chinese labour costs have continued to hike vigorously over the years. Home appliances enterprises are facing significant pressure in loss of competitiveness, and the business of OEM production of injection moulded parts is facing challenges of price and service competition. The business of Plastic Products and Processing is streamlining its structure, adjusting its production scale composition and optimizing production processes, with an aim to reduce costs and respond to the customers' stringent requirements for products. Last year, the Group incorporated the production line of optical products into the injection moulding plant in Dongguan. The original sales team now focuses on market development and product design, and its efficiency will show in time. With its creativity, the Zhuhai Food Packaging and Cutlery Business has become a professional supplier of novel packaging design solutions and products.

The overall market condition of 2015 electronic consumer products was sluggish. The competition among the corresponding printed circuit board contenders was extremely intense. In order to stay out of price competition, the Group's Printed Circuit Board Processing and Trading Business vigorously adjusted its production and reviewed its facilities, established a new team to take care of process management and prepared a complete operation manual. As such, the trackability of production processes was enhanced to a hundred percent and the business focus was redirected to the development of more advanced printed circuit boards market for Japanese electric automobile manufacturers who looked for impeccable specifications. The printed circuit board trading company acquired two years ago was reorganized, and obtained the relevant certification and the recognition of the customers. A new foundation was laid for market development as a new team was established to focus on the development of new customers and new markets.

During the year under review, traditional manufacturing businesses in mainland China faced a very difficult time. This had a significant impact on the Group's Industrial Consumables Trading Business in terms of its sales of industrial components and metal material. Faced with such severe business environment, the performance of Trading Business has somewhat deteriorated as it strived to maintain a prudent financial base and stringently controlled the accounts receivable so as to reduce the risk of bad debts. With the implementation of the government's "Made in China 2025" and the "13th Five Year Plan" policies, the team will seize the opportunity and focus on the promotion of high-end products in environmental protection, energy conservation and automated production facilities, with an aim to strive for desirable results.

2016 is going to be a difficult year in which the global economy is full of uncertainties. The sluggish market in China is not the result of economic cycle. As China's economy is going through a process of structural reform, we should be careful with any unexpected changes in the market. Although China has continuously launched policies to reduce the burden of the enterprises, such as the provision of financing especially for the SMEs in the real economy, the results of such policies are yet to be seen. The Group is determined to meet the challenge, and will actively and pragmatically adjust our structure and scale, optimize the production processes and maintain a stable financial base. With the government's "Made in China 2025" and the "13th Five Year Plan" policies, we will seek for opportunities and explore new businesses.

Despite the severe challenge, I am sure the Board, the Management Team and all the staff will stay put in their positions, make their best efforts to meet various kinds of challenges with perseverance in order to strive for the success of the Group. I hereby express my heartfelt gratitude to all the directors for their supports and contributions, and to the shareholders, customers and business partners for their supports and cooperation.

BUSINESS REVIEW

During the year 2015, the global economy continued to be sluggish. There was moderate recovery in the U.S. economy, but market conditions were still unstable. While economic conditions in Europe were stagnant, Japan once again entered into recession. China's economic growth experienced a notable slowdown, with decelerating GDP growth as compared with economic performances of the past several years. China's PMI continued to linger around the threshold, indicating its manufacturing industry was on its decline. Despite the several measures taken by the Chinese Government during the year to reduce interest rates and cash reserve ratios, Chinese SMEs still experienced difficulties in financing, and the efforts were of little help in improving real economy growth, or in reversing the weakening trend of the manufacturing industry. During the year, the Group's overall performance was affected by internal and external economic downturns, and fell short from satisfactory.

MANUFACTURING OPERATIONS

Machinery

This year's Machinery Business recorded a turnover of approximate HK$720,835,000 (2014: HK$826,732,000), which was approximately 13% down from last year's figures, and contributed 30% to the Group's consolidated turnover. The business recorded an operating loss of approximately HK$30,503,000 (2014: HK$22,960,000), which was approximately 33% up from last year's figures. The operating loss this year included a provision for the slow moving stock of approximately HK$11,177,000.

Regarding the plastic injection moulding machines business, the manufacturing industry continued to be weak due to the sluggish domestic economic growth in China. At the same time, excess production capacities were still not appropriately exploited, and as such, it has been difficult to stimulate the need of the domestic manufacturers to acquire machinery equipment. The continual devaluation of the Japanese Yen led to a significant price reduction of the all-electric plastic injection moulding machines manufactured in Japan, which seriously affected the sales of similar machines produced domestically in China. In face of such adverse conditions, the business segment adopted a prudent sales strategy and focused on selecting quality customer orders so as to effectively control financial exposure. However, such measures led to a decrease in domestic sales orders. During the period, in response to the ferocious price competition among the contenders of the industry, this business segment has made some price adjustments, leading to a decrease in overall gross profit. Exports to Turkey, Korea, and the Americas saw significant growth, effectively compensated for some of the domestic sales decline. In terms of products, through intensified cooperation with Japan's UBE Machinery Industries, Ltd., the first and largest domestic all-electric plastic injection moulding machine, the UGe850, was successfully produced, thus laying our foundation for the long term development of medium to large scale high-end all-electric plastic injection moulding machines. Regarding the third generation medium to large scale two-platen plastic injection moulding machines, the clamping structure design and features were optimized to significantly enhance the precision of clamp structure, hence shortening the customers' production cycles and improving production efficiency. Its stability is highly recognized and accepted by high-end customers. Orders were received from industries such as auto parts, home electrical appliances, construction materials and gift items. Two-platen plastic injection moulding machines will be one of the key products with good market potentials in the future.

Market conditions for hydraulic press machines were still severe, and production costs were continuously on the rise. To lower costs, reasonably priced and high quality parts were vigorously sought by the procurement team, not only to reduce production cost, but also to improve product quality. This business segment will focus on the development of industries such as gold ornament, auto parts, abrasives and abrasive tools, and emphasis on the promotion to these industries so as to enhance product visibility and improve sales.

The CNC punching machine business focused its business on the sheet-metal processing industry. However, product homogenization was in serious condition, leading to ferocious market competition, and adversely affecting product sales. After three years of production and sales, the ESD series of all-electric servo CNC punching machines adequately demonstrated its advantages of energy saving, precision and environmental protection. Other series of all-electric servo CNC punching machines also went through performance and quality optimization, which have improved product aesthetics and enhanced user-interface. Product stability and reliability were also enhanced. Servo bending machine series went through product performance and structural optimization to enhance production efficiency.

The development of extrusion machine and rubber injection moulding machine businesses were mixed during the year. Extrusion machines' target customers were mainly the infrastructure industry, including fuel gas pipelines, underground heating pipes, absorption trenches, drainage pipelines, and telecommunication pipelines. Under the highly competitive market condition, sales of regular extrusion machines fell short of satisfactory. Regarding rubber injection moulding machines, automated rubber-track moulding machines won the year's Hong Kong Industrial Design Award. The advanced design attracted many sales orders from agricultural machinery rubber-track manufacturers, and sales performance was satisfactory. Furthermore, super-large, as well as medium and small regular, rubber injection moulding machines received many sales orders due to equipment quality and brand image enhancement. Target customers were basically from the power, auto parts, seals and food packaging industries.

Plastic Products and Processing

The turnover of Plastic Products and Processing business for the year was approximately HK$449,469,000 (2014: HK$381,458,000), representing 18% growth year-on-year, and contributing 19% to the Group's consolidated turnover. An operating loss of HK$15,269,000 was recorded during the year (2014: HK$23,472,000), representing a year-on-year decrease of 35%.

The sales volume of Plastic Parts Processing Businesses in Dongguan during the year experienced a significant drop as compare with the previous year, and a loss was recorded. As the A/V product market has contracted significantly, this business segment has vigorously pursued the home appliance assembly, plastic processing and optical products markets. Meanwhile, down-sizing and merging of positions were implemented in an effort to reduce the burden of continuous rise in labour costs.

Sales volume of the Hefei Production Base had a major breakthrough this year as compared with previous years, and reasonable profit was achieved. Four optimization directions were vigorously implemented during the year; namely, management informatization, technology standardization, production automation, and product quality optimization. Through continuous improvement, costs were lowered, product quality was enhanced, delivery was punctual, and overall efficiency was improved during the year. Through measures including reorganization of production line, optimization of robotic arms, refining maintenance and repair molds, improvement of inventory logistics flow systems, establishment of the company test laboratory, development of new materials and seeking new clients, this business segment was able to acquire sustainable and stable development in the highly competitive market. In term of human resources, the management vigorously implemented innovative training modes, requiring all department head level leadership to take up the roles as trainers, and share work essentials and experience with the employees. This improved the work force's technical capabilities and work efficiency. Career steps for staff promotion were optimized to motivate team spirit, allowing talented staff from different positions and specializations to access fair and equal opportunities for development, with the aim to promote this business. In addition, through adoption of flattened management structure and streamlining functional departments, decision executions were expedited. In term of information systems, system platforms were optimized so that production, inventory and quality control departments were able to exchange and share important information to enhance operational efficiency, as well as to achieve the initial target of a paperless office.

The Zhuhai Specialized Food Packaging and Cutlery Business saw a slight improvement in turnover as compared to last year, and a profit was recorded. Injection moulding products such as folding cap seals for powder milk, ice-cream packaging and in-mould labeling provided impetus to overall sales, with the folding cap seals project still remained in the spotlight and recorded satisfactory performance. To further address the public requirements for hygienic food packaging products, injection and extrusion workshops went through optimization works. Robotic arms and automation equipment were added not only to enhance production efficiency and reduce risks of product contamination, but also to reduce the number of workers.

The turnover of the Optic and Lighting Business for the year reported a decrease as compared with last year, and a loss was recorded. This business went through a restructuring this year, with the operating mode transformed to optical product design, development and trading. Production activities were transferred to the Group's plastic parts factory in Dongguan. The transfer of the production department and the re-establishment of production lines have affected production capacity, leading to delay in delivery of some of the sales orders, which in turn also affected the sales performance.

Printed Circuit Board ("PCB") Processing and Trading

The turnover of PCB Processing and Trading Business for the year was approximately HK$845,766,000 (2014: HK$856,609,000), representing a drop of approximately 1% as compared with last year, and 35% of the Group's consolidated turnover. Operating profit was approximately HK$35,815,000 (2014: HK$58,958,000), representing a year-on-year decrease of 39%.

Due to the sluggish global market conditions, competition within the PCB processing industry grew more ferocious. Major customers' production and sales orders fell short of expectation, and adversely and significantly affected sales. For that reason, this business team stayed away from price competition and strived to develop the business for the European automotive market, and at the same time, vigorously extended domestic market sales channels, successfully bringing in new customer orders through providing the customers a full set of professional services from product development to product completion. After adjustments in sales strategy, over-concentration of customer orders for certain products eased, so did the associated business risks. Last year, this business segment added more advanced inspection facilities and automated production lines, and established a department to focus on new technologies in development and optimization of process flow, with an aim to develop high-end products market with excellent qualities and services.

The PCB Trading Business was adversely affected by increasing domestic production costs, and some customer's production lines were transferred to South East Asia, or returned to Japan. To alleviate the influence on sales caused by these transfers, this business segment has established a new sales department to focus on development of new customers, with an aim to improve sales turnover by extending sales channels and reinforcing communication with new customers.

Industrial Consumables Trading Business

The turnover for this year's Industrial Consumables Trading Business was approximately HK$356,085,000 (2014: HK$415,602,000), representing a decrease of 14% compared to last year, and contributing 15% to the Group's consolidated turnover. This year's operating profit was approximately HK$12,201,000 (2014: HK$25,683,000), which was a 52% decrease compared to last year.

This year's overall business environment was worse than last year, and domestic machine manufacturers operated under extreme difficulties. With the significant fell of exchange rates in various currencies, part of the market was absorbed by the imports due to the improved pricing advantage. This also led to a visible decrease in the domestic sales of domestically manufactured machinery, and the operating environment of the machinery manufacturing sector fell into a situation where both internal and external pressures were brought to bear. Inevitably, this business was severely affected since it has always focused on the domestic machinery manufacturing industry, providing industrial parts and metallic materials. As the market shrank and competition became ferocious, gross profit rate declined. Fortunately, package sales strategy successfully increased new product sales, helping to minimizing the magnitude of sales decline. And to maintain healthy financial strength, slow moving inventories were gradually cleared out, while account receivables were rigorously kept at a reasonable level.

BUSINESS PROSPECTS

Machinery

It is expected that the overall domestic market remains to be gloomy in 2016, and financing for domestic SMEs will remain difficult. Despite of the difficulties, the injection moulding machines business will consolidate its resources to develop industries with growth potentials, and will continuously promote and optimize industry specific machines by way of customized proposals to customers. Focus for development include industries such as auto parts, food packaging, medical packaging, construction materials, high-end electronic products. Promotion and optimization of two-platen plastic injection moulding machines will continue, and efforts will be expanded and intensified to offer customised proposals to high-end customers. The overall product strategy is "quality over quantity". The all-electric injection moulding machine series will also have its supply chain and product design optimized to lower cost and expand sales. Direction of development for CNC punching machines, hydraulic press machines, extrusion machines and rubber injection moulding machines will be toward automated high-end equipment and industry specific machines. To alleviate impact on this business by the sluggish market, costs will be reduced and operational efficiency will be improved through proper streamlining of manpower structure and stringent cost control of supply chain for the year to come.

Plastic Products and Processing

Dongguan Plastic Parts Processing Business will focus on developing the small appliance assembling and plastic parts processing businesses, and vigorously improve the production lines of optical products to reduce wastes and ensure timely delivery. To reduce production costs, manpower will be continuously reduced. Its organizational structure will be streamlined and process mode will be optimized such that one position will serve multiple tasks so as to reduce labour costs.

Hefei Production Base will continue to strive to improve product quality, optimize management structure and implement lean production. Production efficiency and stability of product quality will be enhanced through investment on automated production facilities and implementation of complete standardized operations in materials, processing, molds and assembling. With the informatization of this business's management, timeliness and accuracy of inventory management were enhanced, and the implementation of a bar code control system is in progress.

Regarding the Zhuhai Specialized Food Packaging and Cutlery Business, as national income in China increases, the domestic food plastic packaging market continues to grow. This business in recent years has been focusing on the development of cap seals for milk powder and related products. The domestic baby milk powder market is at a stage of expansion while the two-child policy has just been announced, which is expected to directly stimulate demand for baby milk powder and have positive effects on the business in respect to the business segment's focus on cap seals for milk powder. In addition, the domestic ice-cream market continues to grow, which will lead to greater demand for in-mold labeling containers and will further benefit the development of this business.

The business of the Optic and Lighting Business mainly involves the promotion and development of reading glass products. This is a unique market for the elderly which will not be easily influenced by external economic factors. This business will also focus on developing creative optical products to satisfy different customer needs. To enhance capability in product development and design, the business will look for high quality design companies with whom cooperation partnership can be established to develop fashionable and creative optical products to meet the requirements of different customers.

Printed Circuit Board ("PCB") Processing and Trading

The PCB Processing Business will concentrate on product diversification, quality stability and flexible production mode to alleviate production pressures arising from small batches of production of diversified products. It will focus on developing customers from the automotive products market, and capitalizing on the advantage of its long term cooperation with Japanese customers to step up its efforts to explore the market in Japanese automotive. In terms of production, it will adjust and optimize production lines and improve management systems according to compositions of sales orders to enhance production efficiency and to reduce production costs in an effort to lay solid foundation for this business's healthy development.

Regarding the PCB Trading Business, we anticipate that customers will conduct global sourcing to reduce production costs. This business will capitalize on its competitive advantage as a high-end PCB supplier to engage in the development and promotion of high-end product's market. At the same time it will select and promote PCBs produced by smaller scale suppliers with high and stable quality. The business will also vigorously implement the development of the newly established sales department, and bring its flexibility. The main target will be the development of new customers in an effort to increase sales volume and compensate for the exposure presented by the decrease in gross profit.

Industrial Consumables Trading Business

This business will act according to the policy directions of the "13th Five Year Plan" and the "Made in China 2025", which are believed to introduce numerous opportunities to the huge China market. China is still a developing country. This business will seize the opportunity to focus on environmental protection and energy saving, on upgrading of operations and on factory automation products. Established business development plans will be implemented. This business anticipates that in the coming year, it will take a further step to develop industry products with competitive advantages. These include as elevators, robotic arms, telecommunications, LED packaging machines and such other products. In the past year, this business has focused on the development of application software and hardware support for robotic arms, and is now equipped with the preliminary capability in assembling automated production systems. In the coming year, the business looks forward to a breakthrough and good performance in the area of system integration business.

Conclusion

Looking ahead, in 2016 there is little impetus for global economic growth. With the global stock market collapse early in the year, especially the China and Hong Kong markets, the investors are not optimistic about the future economic performance. All business teams of the Group will seize every opportunity to develop new businesses on the one hand, and make effort to reinforce the foundation of the core businesses on the other. We will stringently control costs, execute prudent financial policies and face the challenge with an unrelenting spirit.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 31 December 2015, the Group's shareholders' funds were approximately HK$1,335,312,000 compared with approximately HK$1,442,800,000 as at 31 December 2014.

The Group finances its operations with internally generated cash flow and banking facilities provided by its bankers in Hong Kong and China. The Group's debt ratio as at 31 December 2015 was approximately 0.47 (2014: 0.46), and the liquidity ratio was approximately 1.55 (2014: 1.57), both were maintained at a healthy level. As at 31 December 2015, cash, bank balances and time deposits amounted to approximately HK$353,871,000. All these reflect that the Group is in sound financial position.

Foreign Currencies and Treasury Policy

Most of the Group's business transactions, assets and liabilities are denominated in Hong Kong Dollars, Renminbi or United States Dollars. It is the Group's treasury policy to manage its foreign currency exposure whenever its financial impact is material to the Group. During the year, the Group had no fixed interest rate borrowings. Foreign exchange risks arising from fluctuation of exchange rates of foreign currencies are managed by the Group using foreign exchange forward contracts when necessary.

CONTINGENCIES

No provision in respect of contingencies would need to be made in the consolidated financial statements of the Group for the Reporting Year.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance to which the Company or any of its controlling shareholders, subsidiaries or fellow subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, that subsisted at the end of the year under review or at any time during the year under review.

AUDIT COMMITTEE

The audit committee of the Company comprises the three Independent Non-Executive Directors. It has adopted terms of reference which are in line with the code provisions of the Corporate Governance Code in Appendix 14 of the Listing Rules. The audited financial statements of the Company for the year ended 31 December 2015 have been reviewed by the audit committee who is of the opinion that such statements comply with the applicable accounting standards, legal requirements and the Listing Rules, and that adequate disclosures have been made.

REMUNERATION COMMITTEE

The remuneration committee comprises three Independent Non-Executive Directors and the Chairman of the Board of the Company. It has adopted terms of reference which are in line with the code provisions of the Corporate Governance Code in Appendix 14 of the Listing Rules. The duties of the remuneration committee include reviewing and evaluating the remuneration packages of Executive Directors and senior management and making recommendations to the Board as regards the remuneration packages from time to time.

NOMINATION COMMITTEE

The nomination committee of the Company comprises three Independent Non-Executive Directors and two Executive Directors. It has adopted terms of reference in compliance with the code provisions of the Corporate Governance Code in Appendix 14 of the Listing Rules. The main functions of the nomination committee are to make recommendations to the Board on the appointment or re-appointment of directors based on their skill, knowledge and experiences. Furthermore, the nomination committee will review the structure, size and diversity (including but not limited to gender, age, cultural and educational background) of the Board at least annually to complement the Company's corporate strategy.

COMMITTEE OF EXECUTIVE DIRECTORS

The Company has established the Committee of Executive Directors which includes all the three Executive Directors and meets frequently as when necessary and is responsible for the management and day-to-day operations of the Group.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2015, the Group has approximately 4,611 employees (2014: approximately 4,566), remunerations were formulated in accordance with market trends and performance of employees. Benefits have included schemes of insurance, retirement, share option and so on.

The emoluments of the Directors are decided by the Remuneration Committee, having regard to the Company's operating results and comparable market statistics.

The remuneration policy of the Company for non-executive directors is to ensure that they are sufficiently compensated for their efforts and time dedicated to the Company and that for the employees, including the executive directors and senior management is to ensure that the remuneration offered is appropriate for the duties and in line with market practice. The remuneration policy is to ensure that the pay levels are competitive and effective in attracting, retaining and motivating employees. No director, or any of his associates and executive, is involved in deciding his own remuneration.

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

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

CORPORATE GOVERNANCE

The directors consider that the Company has complied with the Corporate Governance Code as set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2015 except for the deviation from code provision A.6.7 as mentioned below:

Code provision A.6.7 stipulates that independent non-executive directors and other non-executive directors should attend the issuer's general meetings and develop a balanced understanding of the views of shareholders. Some independent non-executive directors and non-executive directors were unable to attend the 2015 annual general meeting of the Company. However, the Board believes that the presence of independent non-executive director at such general meetings allowed the Board to develop a balanced understanding of the views of shareholders.

COMPLIANCE WITH MODEL CODE

Throughout the year ended 31 December 2015, the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules and all Directors have confirmed that they have fully complied with the required standard as set out in the Model Code based on the enquiry of all the directors of the Company.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the Independent Non-executive Directors, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules and the Company still considers all of the Independent Non-executive Directors are independent.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of the Company (www.cosmel.com) and The Stock Exchange of Hong Kong Limited (www.hkexnews.hk). The 2015 annual report containing all the information required by the Listing Rules will be published on the above websites and dispatched to shareholders of the Company in mid April 2016.

On behalf of the Board
TANG To
Chairman

Hong Kong, 30 March 2016

As at the date hereof, the board of directors of the Company is comprised of nine directors, of which three are executive directors, namely Mr. Tang To, Mr. Wong Yiu Ming and Mr. Tang Yu, Freeman, and two are non-executive directors, namely Mr. Kan Wai Wah and Mr. Qu Jinping and four are independent non-executive directors, namely Ms. Yeung Shuk Fan, Mr. Cheng Tak Yin, Mr. Ho Wei Sem and Mr. Huang Zhi Wei.