

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



CHINA MERCHANTS CHINA DIRECT INVESTMENTS LIMITED

招商局中國基金有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 133)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

The Board of Directors (the “**Board**”) of China Merchants China Direct Investments Limited (the “**Company**”) announces that the consolidated results for the year ended 31 December 2015 of the Company and its subsidiaries (the “**Group**”) together with the 2014 comparative figures, extracted from the audited consolidated financial statements, are as follows:-

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	2015	2014
	<u>US\$</u>	<u>US\$</u>
Change in fair value of financial assets designated at fair value through profit or loss	31,492,599	194,828,928
Investment income (Note 3)	40,939,324	17,053,071
Other gains	296,373	220,978
Administrative expenses	(14,477,030)	(22,714,646)
Share of results of associates	-	(1,461,117)
Gain on disposal of a subsidiary	-	9,723,213
Gain on disposal of an associate	-	1,432,126
Profit before taxation	58,251,266	199,082,553
Taxation (Note 5)	(12,012,654)	(50,454,183)
Profit for the year	46,238,612	148,628,370
Other comprehensive expense		
Items that will not be reclassified subsequently to profit or loss		
Exchange difference arising on translation	(37,329,326)	(721,515)
Share of change in translation reserve of associates	-	(173,457)
Other comprehensive expense for the year, net of tax	(37,329,326)	(894,972)
Total comprehensive income for the year	<u>8,909,286</u>	<u>147,733,398</u>
Profit for the year attributable to owners of the Company	<u>46,238,612</u>	<u>148,628,370</u>
Total comprehensive income for the year attributable to owners of the Company	<u>8,909,286</u>	<u>147,733,398</u>
Basic earnings per share (Note 6)	<u>0.304</u>	<u>0.976</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	2015 US\$	2014 <i>US\$</i>
Non-current asset		
Financial assets designated at fair value through profit or loss	<u>368,023,740</u>	<u>315,765,560</u>
Current assets		
Financial assets designated at fair value through profit or loss	345,611,290	334,409,697
Other receivables	12,714,768	593,899
Bank balances and cash	<u>53,916,743</u>	<u>148,781,544</u>
	<u>412,242,801</u>	<u>483,785,140</u>
Current liabilities		
Other payables	29,601,603	38,637,251
Taxation payable	<u>3,894,363</u>	<u>11,129,705</u>
	<u>33,495,966</u>	<u>49,766,956</u>
Net current assets	<u>378,746,835</u>	<u>434,018,184</u>
Total assets less current liabilities	<u>746,770,575</u>	<u>749,783,744</u>
Non-current liabilities		
Financial liabilities designated at fair value through profit or loss	1,376,377	1,048,696
Deferred taxation	<u>110,066,700</u>	<u>108,606,865</u>
	<u>111,443,077</u>	<u>109,655,561</u>
Net assets	<u>635,327,498</u>	<u>640,128,183</u>
Capital and reserves		
Share capital	139,348,785	139,348,785
Reserves	97,622,992	132,818,989
Retained profits	<u>398,355,721</u>	<u>367,960,409</u>
Equity attributable to owners of the Company	<u>635,327,498</u>	<u>640,128,183</u>
Net asset value per share (Note 7)	<u>4.171</u>	<u>4.202</u>

Notes:

1. BASIS OF PRESENTATION

The consolidated financial information has been reviewed by the Company's Audit Committee.

The consolidated financial information has been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial information includes applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial information has been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The financial information relating to the years ended 31 December 2015 and 2014 included in this preliminary announcement of annual results for 2015 does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2014 to the Registrar of Companies of Hong Kong as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the financial statements for the year ended 31 December 2015 in due course.

The Group's auditor has reported on the financial statements of the Group for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

2. APPLICATION OF NEW AND REVISED HKFRSs

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the current year:

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

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

New and revised HKFRSs in issue but not yet effective

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

HKFRS 9	Financial instruments ²
HKFRS 15	Revenue from contracts with customers ²
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations ¹
Amendments to HKAS 1	Disclosure initiative ¹
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation ¹
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants ¹
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture ³
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception ¹
Amendments to HKFRSs	Annual improvements to HKFRSs 2012 – 2014 Cycle ¹

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

² Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

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

The management anticipates that the application of these new and revised HKFRSs will have no material impact on amounts reported in the Group's consolidated financial information.

3. INVESTMENT INCOME

Investment income represents the income received and receivable on investments during the year as follows:

	2015 <i>US\$</i>	2014 <i>US\$</i>
	<u> </u>	<u> </u>
Interest income on		
Bank deposits	2,151,955	1,244,672
Financial assets designated at fair value through profit or loss (“FVTPL”) - unlisted bond	-	194,780
	<u>2,151,955</u>	<u>1,439,452</u>
Dividend income on financial assets designated at FVTPL		
Listed equity investments	11,956,398	10,552,593
Unlisted equity investments	26,830,971	5,061,026
	<u>38,787,369</u>	<u>15,613,619</u>
Total	<u>40,939,324</u>	<u>17,053,071</u>

The following is an analysis of investment income earned on financial assets, by category of asset:

	2015 <i>US\$</i>	2014 <i>US\$</i>
	<u> </u>	<u> </u>
Interest income for financial assets not designated at FVTPL	2,151,955	1,244,672
Investment income earned on financial assets designated at FVTPL	<u>38,787,369</u>	<u>15,808,399</u>
Total	<u>40,939,324</u>	<u>17,053,071</u>

4. SEGMENTAL INFORMATION

The Group's reportable segments, based on information reported to the executive management for the purposes of resources allocation and performance assessment (since the size of investments in energy and resources, agriculture and education activities is not significant, these investments are aggregated and reported as "Others"), are as follows:

- (a) Financial services: investees engaged in financial services activities.
- (b) Culture and media: investees engaged in culture and media activities.
- (c) Manufacturing: investees engaged in manufacturing of products activities.
- (d) Information technology: investees engaged in information technology activities.
- (e) Medical and pharmaceutical: investees engaged in medical and pharmaceutical activities.
- (f) Others: investees engaged in energy and resources, agriculture and education activities.

Information regarding the above segments is reported below and comparative figures have been restated to conform to the current year's presentation:

The following is an analysis of the Group's reportable and operating segments for the year under review.

For the year ended 31 December 2015

	Financial services <i>US\$</i>	Culture and media <i>US\$</i>	Manufacturing <i>US\$</i>	Information technology <i>US\$</i>	Medical and pharmaceutical <i>US\$</i>	Others <i>US\$</i>	Total <i>US\$</i>
Change in investment value	12,996,768	(2,061,014)	(6,013,590)	794,179	20,154,040	5,622,216	31,492,599
Dividend income on financial assets designated at FVTPL	16,311,931	22,118,983	-	-	356,455	-	38,787,369
Other gains	-	296,373	-	-	-	-	296,373
Segment profit (loss)	<u>29,308,699</u>	<u>20,354,342</u>	<u>(6,013,590)</u>	<u>794,179</u>	<u>20,510,495</u>	<u>5,622,216</u>	<u>70,576,341</u>
Unallocated:							
- Administrative expenses							(14,477,030)
- Interest income on bank deposits							<u>2,151,955</u>
Profit before taxation							<u><u>58,251,266</u></u>

4. SEGMENTAL INFORMATION - continued

For the year ended 31 December 2014 (restated)

	Financial services US\$	Culture and media US\$	Manufacturing US\$	Information technology US\$	Medical and pharmaceutical US\$	Others US\$	Total US\$
Change in investment value	188,035,815	20,362,712	(160,692)	(13,297,299)	3,043,436	(3,155,044)	194,828,928
Dividend income on financial assets designated at FVTPL	15,548,692	-	64,927	-	-	-	15,613,619
Interest income from financial assets designated at FVTPL	-	-	-	194,780	-	-	194,780
Other gains	-	220,978	-	-	-	-	220,978
Segment profit (loss)	<u>203,584,507</u>	<u>20,583,690</u>	<u>(95,765)</u>	<u>(13,102,519)</u>	<u>3,043,436</u>	<u>(3,155,044)</u>	<u>210,858,305</u>
Unallocated:							
- Share of results of associates							(1,461,117)
- Gain on disposal of a subsidiary							9,723,213
- Gain on disposal of an associate							1,432,126
- Administrative expenses							(22,714,646)
- Interest income on bank deposits							<u>1,244,672</u>
Profit before taxation							<u>199,082,553</u>

Segment profit (loss) represents the change in investment value (including change in fair value of financial assets designated at FVTPL) and the corresponding dividend income, interest income and other gains earned by each segment without allocation of share of results of associates, gain on disposal of a subsidiary, gain on disposal of an associate, central administrative expenses, fees to the Investment Manager and interest income on bank deposits. This is the measure reported to the executive management for the purposes of resources allocation and performance assessment. No separate segment revenue (i.e. investment income) is disclosed as it had been presented in the computation of segment profit (loss).

4. SEGMENTAL INFORMATION - continued

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

	2015 <i>US\$</i>	2014 <i>US\$</i> (restated)
Segment assets		
Financial services	555,644,315	522,468,825
Culture and media	103,966,125	78,700,679
Manufacturing	5,711,778	12,237,294
Information technology	2,644,250	1,990,521
Medical and pharmaceutical	38,561,045	20,223,893
Others	19,340,083	14,750,156
Total segment assets	725,867,596	650,371,368
Unallocated	54,398,945	149,179,332
Consolidated assets	780,266,541	799,550,700
Segment liabilities		
Financial services	111,083	6,585
Culture and media	657,979	736,329
Manufacturing	72,874	172,945
Information technology	546,002	543,129
Medical and pharmaceutical	211,425	110,885
Others	4,156,234	4,342,968
Total segment liabilities	5,755,597	5,912,841
Unallocated	139,183,446	153,509,676
Consolidated liabilities	144,939,043	159,422,517

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

All assets are allocated to reportable segments other than certain other receivables, bank balances and cash, and all liabilities are allocated to reportable segments other than certain other payables, current and deferred tax liabilities.

During the year, the Group was principally involved in investing in companies with significant business involvement in the People's Republic of China ("PRC"), hence no geographical information in relation to the investing activities is presented.

5. TAXATION

The tax charge for the year comprises:

	2015	2014
	US\$	US\$
	<u> </u>	<u> </u>
The Company and its subsidiaries		
Current tax:		
PRC Enterprise Income Tax	(4,074,378)	(14,742,102)
Underprovision in prior year	(33,217)	-
Deferred taxation		
Current year	<u>(7,905,059)</u>	<u>(35,712,081)</u>
Total	<u>(12,012,654)</u>	<u>(50,454,183)</u>

Hong Kong Profits Tax is calculated at 16.5% (2014: 16.5%) on the estimated assessable profits for the years. PRC Enterprise Income Tax in the PRC is calculated at the rates prevailing in the relevant regions.

No provision for taxation in Hong Kong has been made for the years as the Group's income neither arises in, nor is derived from, Hong Kong.

Under the Law of the PRC on Enterprise Income Tax, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has been provided for in the consolidated financial information in respect of temporary differences attributable to retained profits of the PRC subsidiaries.

6. BASIC EARNINGS PER SHARE

The calculation of basic earnings per share is based on the earnings for the year of US\$46,238,612 (2014: US\$148,628,370) and the number of 152,333,013 ordinary shares (2014: 152,333,013 ordinary shares) with no par value in issue during the year.

7. NET ASSET VALUE PER SHARE

The calculation of the net asset value per share at the end of the reporting period is based on the net assets of US\$635,327,498 (2014: US\$640,128,183) and 152,333,013 ordinary shares (2014: 152,333,013 ordinary shares) with no par value in issue at 31 December 2015.

DIVIDEND

No interim dividend was declared during the year.

The Board has resolved to recommend at the forthcoming annual general meeting (“AGM”) to be held on 19 May 2016 the payment of a final dividend of US\$0.06 (or HK\$0.468) per share (2014: US\$0.06) and a special dividend of US\$0.09 (or HK\$0.702) per share (2014: US\$0.03), totaling US\$0.15 (or HK\$1.17) per share (2014: US\$0.09), for the year ended 31 December 2015 to shareholders whose names appear on the register of members on 25 May 2016. The final and special dividends, if approved, are to be payable in cash on or around 28 July 2016. Total dividends for the year are US\$0.15 (or HK\$1.17) per share (2014: US\$0.09), amounting to US\$22,849,952 (2014: US\$13,709,971).

Shareholders who wish to receive the dividends in Hong Kong Dollars have to complete a Hong Kong Dollar dividend election form and return the same to the Company’s Share Registrar on or before 15 July 2016. Shareholders who have submitted the dividend election form previously do not need to re-submit this form.

BOOK CLOSURE

The register of members of the Company will be closed from 17 May 2016 to 19 May 2016, both days inclusive, during which period no transfer of shares will be effected. In order to determine the identity of members who are entitled to attend, speak and vote at the forthcoming AGM, shareholders must ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s Share Registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on 16 May 2016. Subject to the approval by shareholders at the forthcoming AGM, the final and special dividends will be payable to shareholders whose names appear on the register of members of the Company after the close of business at 4:30 p.m. on 25 May 2016. In order to qualify for the final and special dividends, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company’s Share Registrar, Computershare Hong Kong Investor Services Limited at the above address not later than 4:30 p.m. on 25 May 2016.

REVIEW AND OUTLOOK

Overall Performance

The Group recorded a profit attributable to equity shareholders of US\$46.24 million for the year ended 31 December 2015, compared to a profit attributable to equity shareholders of US\$148.63 million for the same period last year, representing a decrease of US\$102.39 million or 68.89% – with the profit decrease largely attributable to a smaller gain in fair value of the financial assets designated at fair value through profit or loss (the “**Financial Assets**”). As of 31 December 2015, the net assets of the Group were US\$635.33 million (31 December 2014: US\$640.13 million), with a net asset value per share of US\$4.171 (31 December 2014: US\$4.202).

The gain on change in fair value of the Financial Assets for the year was US\$31.49 million, compared to a gain of US\$194.83 million for the same period last year, representing a decrease of 83.84%. The fair value of listed and unlisted investments recorded gains of US\$13.58 million and of US\$17.91 million, respectively.

Total investment income for the year increased by 140.12% compared to the same period last year, to US\$40.94 million (2014: US\$17.05 million), due primarily to an increase in dividend/distribution income from investments, and to an increase in interest income.

Material Acquisitions and Disposals of Investments

In 2015, the Group continued to seek out and rigorously evaluate investment opportunities. The Group made a capital injection into a committed culture and media project and also invested in two new financial services projects during the year.

On 4 May 2015, following review and approval by the China Securities Regulatory Commission of the reorganisation and merger proposal of BesTV New Media Co., Ltd. (“**BesTV**”), the Group completed its subscription for 3.7 million A shares of BesTV in cash for a total of RMB120 million (equivalent to US\$19.62 million) at a subscription price of RMB32.54 (subsequently adjusted to RMB32.43) per A share. BesTV is the sole resource consolidation and listing platform for Shanghai Media Group Ltd., as well as an all-media and whole-industry chain platform company, spanning content production, cloud services and value-added advertising services. Pursuant to the reorganisation and merger proposal, BesTV was formally renamed to Shanghai Oriental Pearl Media Co., Ltd., effective 19 June 2015.

On 14 October 2015, the Group made an investment of US\$38.78 million in cash in JIC Leasing Co., Ltd. (“**JIC Leasing**”) for a 6.46% equity interest in the enlarged capital of JIC Leasing. JIC Leasing is a leading independent finance leasing firm in China, principally engaged in finance leasing for businesses in a wide range of industries, including information technology; high-end equipment manufacturing; and healthcare, environmental protection and new energy.

During November and December 2015, the Group acquired 42.38 million H shares of China Reinsurance (Group) Corporation (“**China Re**”) at an average price of HK\$2.35 per share on the Hong Kong secondary stock market, for an aggregate invested amount of HK\$99.73 million (equivalent to US\$12.87 million). As currently the only local reinsurance group in China, the businesses of China Re cover reinsurance, insurance, asset management, insurance brokerage, and insurance media.

During the year, the Group did not directly dispose of any of its interests in listed or unlisted investment projects.

Liquidity, Financial Resources, Gearing and Capital Commitments

The Group’s cash on hand decreased by 63.76%, from US\$148.78 million at the end of last year to US\$53.92 million (representing 6.91% of the Group’s total assets) as of 31 December 2015, due primarily to the capital injections into BesTV, JIC Leasing and China Re, and payment of the Investment Manager’s performance fee for 2014.

As of 31 December 2015, the Group had no outstanding bank loans (31 December 2014: Nil).

As of 31 December 2015, the Group had capital commitments of US\$15.61 million (31 December 2014: US\$35.98 million) for investments that were approved but not yet provided for in the financial information – specifically, for future payments related to investments in China Media Creative Industry Private Equity (Shanghai) Centre (Limited Partnership) and Guangxi Xinhua Preschool Education Investment Corporation Limited.

Exposure to Fluctuations in Exchange Rates and Related Hedges

Most of the Group's investments are located in China where the official currency is the Renminbi ("RMB"). The conversion rate of RMB against US dollar recorded a decrease of 6.12% in 2015, which had an unfavourable impact on the Group since it holds a considerable amount of assets denominated in RMB. The Group currently does not have any foreign currency hedging policy. However, the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Employees

Other than a qualified accountant whose remuneration package is determined and borne by the Investment Manager, the Group has no employees. The Investment Manager handles the portfolio and day-to-day administration of the Group.

The Portfolio

As of 31 December 2015, the Group's total investments amounted to US\$713.64 million. The sector distribution of investments was US\$555.65 million in financial services (representing 71.22% of the Group's total assets), US\$91.73 million in culture and media (11.75%), US\$5.71 million in manufacturing (0.73%), and US\$60.55 million in other ventures (including energy and resources, information technology, agriculture, medical and pharmaceutical and education) (7.76%). In addition, cash on hand was US\$53.92 million, representing 6.91% of the Group's total assets as of 31 December 2015.

Prospects

In 2016, it is expected that the global economy will sustain a mild recovery, with critical challenges of conflicting issues superimposing and risks increasing. As a result of anticipated interest rate hikes in the United States and declining demand in China, the emerging economies will face pressure in terms of slower economic growth, stagflation and capital outflows. While China is in an important transformational period for structural adjustments and promoting reforms, economic growth should slow. However, the fundamentals for the stable growth in China's economy remain intact. The market anticipates that its adjustments in terms of economic growth will still be mild. In 2016, Chinese economic growth may be lower than 2015. China is now in a stage of "Three-period Superimposition", with gradually increasing structural problems accumulated over time, with increasingly tight resources constraints, rising labour costs, and with problems of balance, coordination and sustainability remaining acute. It is highly probable that Chinese economic growth will continue to slow. In 2016, investment will play a key role in maintaining stable growth in China's economy, but its pulling effect on economic growth is weakening. Meanwhile, China's economy will benefit from an acceleration in the pace of investment in infrastructure in 2015, as the Central Government has already approved a series of new investment projects, covering the renovation of shanty towns, railways, rail transits, highways, and water conservation, as well as the construction projects under the "One Belt and One Road" Initiatives. Their effects will become prominent during and after 2016. The mild recovery in the international economic environment and higher expectations of RMB depreciation will stimulate China's exports to a certain extent. Driven by the rigid consumption demand, the higher growth in household income compared with the GDP growth, and the government's efforts to expand people's consumption and promote the upgrading of consumption structure, consumption should continue to see stable growth. Specifically, new style of urban development promises the most potential in expanding domestic demand and will become the biggest structural adjustment. In addition, in order to achieve "double medium to high growth", the Central Government has proposed the implementation of innovation-driven development strategies to strongly encourage entrepreneurship and innovation, and to build new engines for growth. It will also accelerate the modernisation of agriculture, facilitate the development of advanced manufacturing industries, foster the development of productive, high-end and emerging service industries, and promote the transformation and upgrading of traditional industries and the development of new industries, business types and development models. Within this environment, the Group will take the initiative to grapple with these uncertainties and to seek out the best opportunities for investment.

In the environment where challenges and opportunities co-exist, the Group will continue to make every effort to identify new investment projects, while maintaining an emphasis on investment opportunities in financial services, culture and media, health care, consumer goods (with particular focus on consumer-oriented projects in second and third tier cities), advanced manufacturing, non-traditional financial services, new energy, education, "Internet plus" and China's strategic industries under the "One Belt and One Road" Initiatives, among others, and to seek to optimise its mix of investments in order to create greater shareholder value.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance. The Board believes that good corporate governance practices are important to protect shareholders' interests and to promote investor confidence. The Company has complied with all the code provisions set out in Appendix 14 to the Listing Rules (Corporate Governance Code) throughout the year under review, except for the deviations as stated below:

According to the Investment Management Agreement, the portfolio and day-to-day administration of the Company are handled by the Investment Manager. Meanwhile, except the qualified accountant whose remuneration package is determined and borne by the Investment Manager, the Company has no salaried employees. The Stock Exchange of Hong Kong Limited has granted a waiver to the Company for establishment of remuneration committee on condition that the Executive Directors and senior management of the Company will not receive any Directors' fee or emolument from the Company. Thus, no remuneration committee has been established by the Company. In addition, it is suitable for the Company to hold regular Board meeting twice a year at a minimum.

The Board continues to monitor and review the Company's corporate governance practices to ensure compliance.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors and relevant employees of the Company. Having made specific enquiry to all Directors, the Company confirms that all Directors have complied with the Model Code throughout the year under review.

PURCHASE, SALE OR REDEMPTION OF SHARES OF THE COMPANY

During the year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2015 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

By Order of the Board
HONG Xiaoyuan
Chairman

Hong Kong, 31 March 2016

As at the date hereof, the Executive Directors of the Company are Mr. HONG Xiaoyuan, Mr. LI Yinquan, Mr. CHU Lap Lik, Victor, Mr. WANG Xiaoding and Mr. TSE Yue Kit; the Non-executive Director is Mr. KE Shifeng; and the Independent Non-executive Directors are Mr. LIU Baojie, Mr. ZHU Li, Mr. TSANG Wah Kwong and Dr. LI Fang. In addition, Ms. KAN Ka Yee, Elizabeth is the Alternate Director to Mr. CHU Lap Lik, Victor.