JIANGNAN GROUP LIMITED
江南集團有限公司
(incorporated in the Cayman Islands with limited liability)
(Stock code: 1366)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

FINANCIAL HIGHLIGHTS

- Revenue increased by approximately 12.4% to RMB9,167.3 million (2014: RMB8,154.6 million)
- Gross profit increased by approximately 16.6% to RMB1,481.8 million (2014: RMB1,271.2 million)
- Profit for the year attributable to owners of the Company increased by approximately 12.3% to RMB703.3 million (2014: RMB626.0 million)
- Basic earnings per share decreased by approximately 5.1% to RMB18.76 cents (2014: RMB19.77 cents)
- The Board recommended a final dividend of HK3.1 cents per share (2014: HK3.7 cents)

The board (the "Board") of directors (the "Directors") of Jiangnan Group Limited ("Jiangnan" or the "Company") are pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2015 together with the audited comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2015

	Notes	**2015** *RMB'000*	2014 *RMB'000*
Turnover	*3*	**9,167,273**	8,154,555
Cost of goods sold		**(7,685,477)**	(6,883,326)
Gross profit		**1,481,796**	1,271,229
Other income	*4*	**73,823**	58,442
Selling and distribution costs		**(202,727)**	(134,999)
Administrative expenses		**(179,185)**	(147,993)
Other expenses		**(30,732)**	(23,491)
Other losses	*5*	**(29,000)**	(21,450)
Share of loss of associates		**(1,139)**	(1,544)
Finance costs		**(243,316)**	(242,055)
Profit before taxation	*6*	**869,520**	758,139
Taxation	*7*	**(166,259)**	(132,123)
Profit for the year attributable to owners of the Company		**703,261**	626,016
Other comprehensive expense			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising from translation of a foreign operation		**(6,257)**	(4,546)
Total comprehensive income for the year attributable to owners of the Company		**697,004**	621,470
Earnings per share			
— Basic	*9*	**RMB18.76 cents**	RMB19.77 cents
— Diluted		**RMB18.67 cents**	RMB19.77 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
Non-current assets			
Property, plant and equipment	10	**789,806**	601,990
Land use rights		**258,064**	203,939
Goodwill	16	**109,606**	–
Interests in associates		**14,267**	14,650
Loan to an associate		**19,773**	25,179
Available-for-sale investment		**7,090**	2,500
Deferred tax assets		**4,481**	5,072
Deposits paid for acquisition of property, plant and equipment		**31,088**	16,188
		1,234,175	869,518
Current assets			
Inventories	11	**3,269,050**	2,168,635
Trade and other receivables	12	**3,591,852**	2,708,697
Pledged bank deposits		**1,892,902**	1,304,504
Bank balances and cash		**2,131,286**	1,666,153
		10,885,090	7,847,989
Current liabilities			
Trade and other payables	13	**3,253,568**	2,409,990
Amounts due to directors		**5,593**	4,000
Bank borrowings — due within one year	14	**3,770,161**	2,922,221
Taxation payable		**116,470**	78,364
Obligation under a finance lease		**231**	210
		7,146,023	5,414,785
Net current assets		**3,739,067**	2,433,204
Total assets less current liabilities		**4,973,242**	3,302,722
Non-current liabilities			
Government grants		**6,594**	10,187
Deferred tax liabilities		**70,563**	62,297
Obligation under a finance lease		**160**	372
		77,317	72,856
		4,895,925	3,229,866
Capital and reserves			
Share capital	15	**32,951**	27,364
Reserves		**4,862,974**	3,202,502
		4,895,925	3,229,866

NOTES:

1. GENERAL

The Company is incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The immediate and ultimate holding company of the Company is Power Heritage Group Limited ("Power Heritage"), a company which is incorporated in the British Virgin Islands ("BVI").

The principal activity of the Company is to act as an investment holding company. Its subsidiaries are engaged in the manufacture of and trading in wires and cables.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

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

In the current year, the Group has applied, for the first time, the following amendments to HKFRSs (hereinafter collectively referred to as the "new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

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

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

HKFRS 9	Financial instruments[2]
HKFRS 15	Revenue from contracts with customers[2]
HKFRS 16	Leases[4]
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.
[4] Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.

HKFRS 9 "Financial instruments"

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Directors anticipate that the application of HKFRS 9 in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities (e.g. the Group's equity investment that is currently classified as available-for-sale investment may have to be measured at fair value at the end of subsequent reporting periods, with changes in the fair value being recognised in profit or loss). It is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The Directors anticipate that the application of the other new and revised HKFRSs will have no material impact on the consolidated financial statements of the Group.

3. TURNOVER AND SEGMENT INFORMATION

The information of segment results are as follows:

	2015	2014
	RMB'000	*RMB'000*
Revenue		
— power cables	**6,390,004**	5,415,676
— wires and cables for electrical equipment	**1,705,223**	1,592,510
— bare wires	**502,623**	464,286
— special cables	**569,423**	682,083
	9,167,273	8,154,555
Cost of goods sold		
— power cables	**5,310,637**	4,519,992
— wires and cables for electrical equipment	**1,480,965**	1,412,508
— bare wires	**432,015**	420,389
— special cables	**461,860**	530,437
	7,685,477	6,883,326
Segment results		
— power cables	**1,079,367**	895,684
— wires and cables for electrical equipment	**224,258**	180,002
— bare wires	**70,608**	43,897
— special cables	**107,563**	151,646
	1,481,796	1,271,229

The reportable segment results are reconciled to profit before taxation of the Group as follows:

	2015	2014
	RMB'000	*RMB'000*
Reportable segment results	**1,481,796**	1,271,229
Unallocated income and expenses		
— Other income	**73,823**	58,442
— Selling and distribution costs	**(202,727)**	(134,999)
— Administrative expenses	**(179,185)**	(147,993)
— Other expenses	**(30,732)**	(23,491)
— Other losses	**(29,000)**	(21,450)
— Share of loss of associates	**(1,139)**	(1,544)
— Finance costs	**(243,316)**	(242,055)
Profit before taxation	**869,520**	758,139

As no discrete information in respect of segment assets, segment liabilities and other information is used for the assessment of performance and allocation of resources of different reportable segments, thus, other than reportable segment revenue and segment results as disclosed above, no analysis of segment assets and segment liabilities is presented.

Geographical information

More than 90% of the Group's sales were made to customers in the PRC for both years. More than 90% of the Group's non-current assets were located in the PRC at 31 December 2015 and 2014.

Information about major customers

Revenue from customer of the corresponding years contributing over 10% of the total turnover of the Group are as follows:

	2015	2014
	RMB'000	*RMB'000*
Customer A[1]	**1,328,919**	N/A[2]

[1] Revenue from sales of wires and cables.

[2] The corresponding revenue did not contribute over 10% of the total turnover of the Group.

4. OTHER INCOME

	2015	2014
	RMB'000	*RMB'000*
Interest income	**51,012**	41,000
Government subsidies *(Note)*	**10,493**	13,412
Others	**12,318**	4,030
	73,823	58,442

Note: Included in the amount are RMB927,000 (2014: RMB927,000) and RMB2,666,000 (2014: 1,333,000) representing deferred income on government subsidies recognised during the year in relation to capital expenditure on property, plant and equipment over the useful lives of the related assets and technological research and development projects over the project lives, respectively. The remaining amount represents the incentive subsidies provided by the PRC local authorities to the Group to encourage business development in the Yixing region and research and energy reduction activities conducted by the Group, all of them had no specific conditions imposed.

5. OTHER LOSSES

	2015	2014
	RMB'000	*RMB'000*
Allowance for bad and doubtful debts	**24,834**	21,000
Loss on disposal of property, plant and equipment	**68**	450
Loss on fair value change of contingent consideration payables *(note)*	**4,098**	–
	29,000	21,450

Note:

On 29 April 2015, the Group acquired 100% equity interest in New Sun Investments Limited ("New Sun") from Nexus NS Limited, an independent third party, for a consideration of approximately RMB382,503,000 and also acquired 100% equity interest in Kai Da Investments Limited ("Kai Da") from KDG Investment Limited, an independent third party, for a consideration of approximately RMB369,903,000, respectively.

Based on the sale and purchase agreement, the Group is required to pay a maximum amount of RMB34,979,000 if the audited net operating profit after tax of the wholly-owned subsidiary of New Sun in the PRC ("New Sun China") for the year ended 31 December 2015 in accordance with the applicable PRC accounting principles, is equal to or more than RMB51,719,700. The fair value of this obligation at the date of the acquisition based on valuation report from an independent qualified professional valuer was RMB31,600,000.

Based on the sale and purchase agreement, the Group is required to pay a maximum amount of RMB29,719,000 if the audited net operating profit after tax of the wholly-owned subsidiary of Kai Da in the PRC ("Kai Da China"), for the year ended 31 December 2015 in accordance with the applicable PRC accounting principles, is equal to or more than RMB49,380,000. The fair value of this obligation at the date of the acquisition based on valuation report from an independent qualified professional valuer was RMB29,000,000.

Included in the amount are loss on fair value change of contingent consideration payable of RMB 3,379,000 from New Sun Group and loss on fair value change of contingent consideration payable of RMB 719,000 from Kai Da Group. The contingent consideration payables are classified as liabilities under trade and other payables (Note 13) and the fair value change between the date of the acquisition and 31 December 2015 is recognised in profit or loss.

6. PROFIT BEFORE TAXATION

	2015 ***RMB'000***	2014 *RMB'000*
Profit before taxation has been arrived at after charging:		
Directors' remuneration	**2,998**	3,342
Other staff cost:		
Salaries and other benefits	**198,082**	133,801
Contributions to retirement benefit scheme	**25,364**	18,103
Total staff costs	**226,444**	155,246
Less: Staff costs included in research and development costs	**(16,349)**	(11,689)
	210,095	143,557
Depreciation of property, plant and equipment	**73,087**	56,449
Less: Depreciation included in research and development costs	**(2,848)**	(2,871)
	70,239	53,578
Auditor's remuneration	**3,483**	2,550
Acquisition-related costs (included in other expenses)	**176**	–
Cost of inventories recognised as expenses	**7,685,477**	6,883,326
Minimum lease payment under operating lease in respect of property	**3,098**	3,947
Operating lease rentals in respect of land use rights	**6,284**	5,283
Research and development costs (included in other expenses)	**30,556**	23,491

7. TAXATION

	2015 *RMB'000*	2014 *RMB'000*
The charge (credit) comprises:		
PRC income tax	**180,152**	132,144
Deferred taxation credit	**(13,893)**	(21)
Taxation charge for the year	**166,259**	132,123

The PRC income tax is calculated at the applicable rates in accordance with the relevant laws and regulations in the PRC. Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onward. Pursuant to the approval published on the website of the Yixing Provincial Commission of Science and Technology, Wuxi Jiangnan Cable Co., Ltd. ("Jiangnan Cable") was endorsed as a High and New Technology Enterprise on 4 March 2009 (renewed on 6 July 2015) and was entitled to a reduced PRC income tax rate of 15% till next renewal in 2018. Jiangsu Zhongmei Cable Group Co., Ltd. ("Zhongmei Cable") was also entitled to a reduced PRC income tax rate of 15% till next renewal in 2017.

Taxation arising in South Africa is calculated at the rate prevailing in South Africa. South Africa corporate tax is calculated at 28% of the assessable profit during both years.

Dividend distributed to foreign investors out of the profit generated for 1 January 2008 onwards shall be subject to EIT at 10% and withheld by the PRC entity, pursuant to Articles 3 and 37 of the EIT Law and Article 91 of its Details Implementation Rules in the PRC. According to the Tax Arrangement for Avoidance of Double Taxation between China and Hong Kong (China-HK TA), a Hong Kong resident company should be entitled to preferential tax rate of 5% when receiving dividend from its PRC subsidiary.

No provision for Hong Kong Profits Tax is provided in the consolidated financial statements as the Group did not have assessable profit in Hong Kong during both years.

8. DIVIDENDS

	2015 *RMB'000*	2014 *RMB'000*
Dividends recognised as distribution during the year:		
2015 Interim dividend — HK2.5 cents (2014: 2014 Interim dividend HK2.5 cents) per share	**83,387**	60,739
2014 Final dividend — HK3.7 cents (2014: 2013 Final dividend of HK3.3 cents) per share	**111,285**	80,175
	194,672	140,914

Subsequent to the end of the reporting period, a final dividend of HK3.1 cents per share in respect of the year ended 31 December 2015 (2014: HK3.7 cents) has been proposed by the Directors and is subject to approval by the shareholders of the Company at the forthcoming annual general meeting.

9. EARNINGS PER SHARE

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

	2015	2014
	RMB'000	*RMB'000*
Earnings		
Profit for the year attributable to owners of the Company for the purpose of basic and diluted earnings per share	**703,261**	626,016

	2015	2014
	'000	*'000*
Number of Shares		
Weighted average number of ordinary shares for the purpose of calculation of basic earnings per share	**3,749,256**	3,166,317
Effect of diluted potential ordinary shares:		
Warrants	**17,587**	–
Weighted average number of ordinary shares for the purpose of calculation of diluted earnings per share	**3,766,843**	3,166,317

For the year ended 31 December 2015, the weighted average number of ordinary shares for the purpose of calculation of diluted earnings per share has been adjusted for the issue of warrants that took place on 23 April 2014.

For the year ended 31 December 2014, the computation of diluted earnings per share does not assume the exercise of the Company's warrants because the exercise price of those warrants was higher than the average market price of the shares of the Company.

10. PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 December 2015, the Group incurred the following capital expenditures on property, plant and equipment:

	2015	2014
	RMB'000	*RMB'000*
Buildings	**–**	48
Plant and machinery	**18,976**	7,350
Motor vehicles	**4,875**	9,063
Furniture, fixtures and equipment	**722**	1,789
Construction in progress	**35,776**	10,018
Total	**60,349**	28,268

The Group's buildings are erected on land held under medium-term land used rights in the PRC.

At 31 December 2015, the Group pledged certain of its buildings and machinery with carrying value of RMB209,650,000 and RMB97,442,000, respectively, (2014: RMB108,936,000 and RMB112,052,000, respectively) to certain banks to secure credit facilities granted to the Group.

11. INVENTORIES

	2015 *RMB'000*	2014 *RMB'000*
Raw materials	**42,641**	88,402
Work in progress	**2,294,023**	1,236,943
Finished goods	**932,386**	843,290
	3,269,050	2,168,635

At 31 December 2014, the Group pledged certain of its inventories with an aggregate carrying value of RMB315,000,000 (2015: Nil) to certain banks to secure credit facilities granted to the Group.

12. TRADE AND OTHER RECEIVABLES

	2015 *RMB'000*	2014 *RMB'000*
Trade receivables, net	**3,121,978**	2,395,729
Bills receivables	**282,927**	233,472
	3,404,905	2,629,201
Current portion of land use rights	**6,772**	5,281
Deposits paid to suppliers	**52,054**	7,810
Prepayments	**28,010**	13,298
Staff advances	**4,648**	4,933
Tender deposits	**63,147**	40,737
Value-added tax receivables	**2,478**	150
Other receivables	**29,838**	7,287
	3,591,852	2,708,697

The Group normally allows a credit period ranging from 30 to 180 days to its trade customers.

The following is an aging analysis of trade receivables, net of allowance for bad and doubtful debts, and bills receivables based on the invoice date at the end of the reporting period:

	2015 *RMB'000*	2014 *RMB'000*
Age		
0 to 90 days	**1,982,375**	1,661,286
91 to 180 days	**659,752**	673,807
181 to 365 days	**488,725**	259,001
Over 365 days	**274,053**	35,107
	3,404,905	2,629,201

Included in the Group's trade and bills receivables balance are debtors with aggregate carrying amount of RMB1,310,035,000 (2014: RMB1,076,518,000) at 31 December 2015, which are past due at the end of the reporting period for which the Group has not provided for impairment loss. At the end of each reporting period, the management will individually assess the recoverability of its trade debtors and consider whether any amounts are individually impaired and provided for impairment loss. Except for those trade debts that considered to be individually impaired, the remaining trade and bills receivables that are past due but not impaired, in the opinion of the management, are recoverable as there has been continuing settlement from these customers. The Group does not hold any collateral over these balances.

At 31 December 2015, trade receivables of RMB96,930,000 (2014: RMB158,218,000) have been discounted to the banks with recourse. Accordingly, the Group continues to include these discounted receivables and has recognised the cash received as bank borrowing with the same amount until maturity.

13. TRADE AND OTHER PAYABLES

	2015	2014
	RMB'000	*RMB'000*
Trade payables	**820,216**	480,408
Bills payables	**1,756,141**	1,512,183
	2,576,357	1,992,591
Payroll and welfare accruals	**108,660**	69,149
Receipt in advance from customers	**314,473**	244,493
Cash consideration payables *(note 16)*	**66,000**	–
Contingent consideration payables *(note 16)*	**64,698**	–
Construction work payables	**13,257**	12,300
Other tax payables	**22,312**	21,357
Other deposits	**944**	398
Other payables and accruals	**86,867**	69,702
	3,253,568	2,409,990

The Group normally receives credit terms ranging form 30 to 90 days from its suppliers. The following is an aging analysis of trade and bills payables based on the invoice date at the end of the reporting period:

	2015	2014
	RMB'000	*RMB'000*
Age		
0 to 90 days	**2,295,705**	1,844,527
91 to 180 days	**222,658**	121,705
181 to 365 days	**49,444**	11,220
Over 1 year	**8,550**	15,139
	2,576,357	1,992,591

14. BANK BORROWINGS — DUE WITHIN ONE YEAR

	2015	2014
	RMB'000	*RMB'000*
Secured	**1,000,519**	576,962
Secured and guaranteed by a director of the Company	**–**	32,000
Secured and guaranteed by independent third parties	**400,000**	427,000
Unsecured	**627,403**	460,669
Unsecured and guaranteed by independent third parties	**1,742,239**	1,425,590
	3,770,161	2,922,221

15. SHARE CAPITAL

Movements in the authorised and issued share capital of the Company are as follows:

	Number of shares	**Amount in HK$**	**Shown in financial statements as RMB'000**
Ordinary shares at HK$0.01 each			
Authorised:			
At 1 January 2014, 31 December 2014 and 31 December 2015	10,000,000,000	100,000,000	
Issued and fully paid:			
At 1 January 2014	3,077,200,000	30,772,000	24,964
Issue of shares *(note a)*	317,950,000	3,179,500	2,515
Shares re-purchased and cancelled *(note b)*	(14,570,000)	(145,700)	(115)
At 31 December 2014 and 1 January 2015	3,380,580,000	33,805,800	27,364
Issue of shares upon acquisition of subsidiaries *(note c)*	297,480,000	2,974,800	2,381
Issue of shares upon exercise of warrants *(note d)*	30,000,000	300,000	240
Issue of shares upon subscription *(note e)*	370,806,000	3,708,060	2,966
At 31 December 2015	4,078,866,000	40,788,660	32,951

Notes:

(a) On 11 September 2014, the Company entered into a subscription agreement pursuant to which the Company conditionally agreed to allot and issue 317,950,000 shares of HK$0.01 each ("2014 Subscription Shares") to Power Heritage Group Limited, a controlling shareholder (has the meaning under the Listing Rules) of the Company ("Power Heritage") and Power Heritage conditionally agreed to subscribe for 317,950,000 2014 Subscription Shares in cash at a subscription price of HK$1.95 per 2014 Subscription Share. Completion of the subscription took place on 19 September 2014 and the Company received gross proceeds from issue of such 2014 Subscription Shares of RMB490,546,000 (approximately HK$620,003,000). Expenses directly incurred for the issue of the 2014 Subscription Shares amounting to RMB10,335,000 (approximately HK$13,062,000) were recognised in equity.

(b) During the year ended 31 December 2014, 14,570,000 shares of HK$0.01 each of the Company were re-purchased by the Company at a total consideration of RMB17,757,000 (approximately HK$22,360,000). The re-purchase price was ranging from HK$1.39 to HK$1.62 for each share.

(c) On 29 April 2015, the Company allotted and issued (i) 148,740,000 new shares of HK$0.01 each of the Company to KDG Investment Limited as partial consideration for the acquisition of 100% equity interest in Kai Da; and (ii) 148,740,000 new shares of HK$0.01 each of the Company to Nexus NS Limited as partial consideration for the acquisition of 100% equity interest in New Sun.

(d) On 23 April 2014, the Company issued 150,000,000 warrants at HK$0.01 per warrant to six subscribers. The warrants entitle the holders thereof to subscribe in cash up to an aggregate amount of RMB204,000,000 (approximately HK$255,000,000) for shares of the Company, and each warrant will carry the right to subscribe for one share of the Company at an initial subscription price of RMB1.36 (approximately HK$1.70) per share for a period of two years commencing from 23 April 2014. On 4 June 2015, the Company issued 20,000,000 shares upon the exercise of the subscription rights attached to the warrants entitling the holders thereof to subscribe in cash up to aggregate amount of HK$34,000,000 for shares of the Company. On 16 June 2015, the Company issued 10,000,000 shares upon the exercise of the subscription rights attached to the warrants entitling the holders thereof to subscribe in cash up to aggregate amount of HK$17,000,000 for shares of the Company. As at 31 December 2015, warrants entitling the holders thereof to subscribe in cash up to aggregate amount of HK$204,000,000 for shares of the Company remained outstanding.

(e) On 24 July 2015, the Company entered into a placing and subscription agreement pursuant to which the Company has conditionally agreed to allot and issue 370,806,000 shares of HK$0.01 each ("Subscription Shares") to Power Heritage at a subscription price of HK$1.95 per Subscription Share ("Subscription"). The Subscription is conditional upon, among others, completion of placing of a maximum of 370,806,000 shares of HK$0.01 each ("Placing Shares, each a Placing Share") of the Company by Power Heritage at the price of HK$1.95 per Placing Share, which took place on 29 July 2015. Completion of the Subscription took place on 6 August 2015 and the Company received gross proceeds from issue of such Subscription Shares of RMB578,258,000 (approximately HK$723,072,000). Expenses directly incurred for the issue of the Subscription Shares amounting to RMB20,799,000 (approximately HK$26,008,000) were recognised in equity.

All the ordinary shares issued during the years ended 31 December 2015 and 2014 rank pari passu with the then existing shares in all respects.

16. ACQUISITION OF SUBSIDIARIES

(i) Acquisition of New Sun

On 29 April 2015, the Group acquired 100% equity interest in New Sun from Nexus NS Limited, an independent third party, for a consideration of approximately RMB382,503,000, which was satisfied by (i) allotment and issue, credited as fully paid, of 148,740,000 ordinary shares of the Company, representing consideration of approximately RMB292,903,000; (ii) RMB58,000,000 in cash; and (iii) subject to adjustment, a maximum amount of RMB34,979,000 payable upon fulfillment of the profit guarantee with fair value of RMB31,600,000 at the date of the acquisition. New Sun is principally engaged in manufacture of and trading in wires and cables and related raw materials in the PRC. The acquisition has been accounted for using purchase method. The amount of goodwill arising as a result of the acquisition was approximately RMB54,831,000. Acquisition-related costs incurred were insignificant and were recognised as expenses for the year ended 31 December 2015, within the other expenses.

Consideration transferred

	RMB'000
Consideration shares issued	292,903
Cash consideration at completion date	20,000
Cash consideration payable *(note a)*	38,000
Contingent consideration payable *(note b)*	31,600
	382,503

Notes:

(a) The maximum amount of RMB38,000,000 shall be settled by the Group in cash on the 10th business day after 31 December 2016 or the date on which all the relevant external guarantees provided by New Sun China and all the relevant account receivables of New Sun China as set out in the sale and purchase agreement are fully released and collected (whichever is earlier), or such other date as agreed by Nexus NS Limited and the Group in writing.

(b) Based on the sale and purchase agreement, the Group is required to pay a maximum amount of RMB34,979,000 if the audited net operating profit after tax of New Sun China for the year ending 31 December 2015 in accordance with the applicable PRC accounting principles, is equal to or more than RMB51,719,700. RMB31,600,000 represented the fair value of this obligation at the date of the acquisition based on valuation report from an independent qualified professional valuer.

The contingent consideration payable is classified as a liability under trade and other payables and loss on fair value change of RMB3,379,000 between the date of the acquisition and 31 December 2015 is recognised as profit or loss under other losses.

Assets acquired and liabilities recognised at the date of acquisition

	RMB'000
Property, plant and equipment	102,505
Land use rights	33,200
Inventories	280,626
Trade and other receivables	198,760
Pledged bank deposits	134,082
Bank balances and cash	4,621
Trade and other payables	(296,397)
Bank borrowings — due within one year	(115,700)
Taxation payable	(108)
Deferred tax liabilities	(13,917)
	327,672

The trade and other receivables acquired with a fair value of RMB198,760,000 had gross contractual amounts of RMB198,760,000.

Goodwill arising on acquisition:

	RMB'000
Consideration transferred	382,503
Less: net assets acquired	(327,672)
	54,831

Goodwill arose in the acquisition of New Sun because the acquisition has synergetic effect and increases the overall production capacity to cope with the increase in customers' orders. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on acquisition is expected to be deductible for tax purposes.

Net cash outflow arising on acquisition:

	RMB'000
Cash consideration at completion date	20,000
Less: Bank balances and cash acquired	(4,621)
Net cash outflow arising on acquisition	15,379

During the year ended 31 December 2015, New Sun contributed RMB506,799,000 to the Group's turnover and RMB43,710,000 to the Group's profit for the period between the date of acquisition and the end of the reporting period.

(ii) Acquisition of Kai Da

On 29 April 2015, the Group acquired 100% equity interest in Kai Da from KDG Investment Limited, an independent third party, for a consideration of approximately RMB369,903,000, which was satisfied by (i) allotment and issue, credited as fully paid, of 148,740,000 ordinary shares of the Company, representing consideration of approximately RMB292,903,000; (ii) RMB48,000,000 in cash; and (iii) subject to adjustment, a maximum amount of RMB29,719,000 payable upon fulfillment of the profit guarantee with fair value of RMB29,000,000 at the date of the acquisition. Kai Da is principally engaged in manufacture of and trading in wires and cables in the PRC. The acquisition has been accounted for using purchase method. The amount of goodwill arising as a result of the acquisition was approximately RMB54,775,000. Acquisition-related costs incurred were insignificant and were recognised as expenses for the year ended 31 December 2015, within the other expenses.

Consideration transferred

	RMB'000
Consideration shares issued	292,903
Cash consideration at completion date	20,000
Cash consideration payable *(note a)*	28,000
Contingent consideration payable *(note b)*	29,000
	369,903

Notes:

(a) The maximum amount of RMB28,000,000 shall be settled by the Group in cash on the 10th business day after 31 December 2016 or the date on which all the relevant external guarantees provided by Kai Da China and all the relevant account receivables of Kai Da China as set out in the sale and purchase agreement are fully released and collected (whichever is earlier), or such other date as agreed by KDG Investment Limited and the Group in writing.

(b) Based on the sale and purchase agreement, the Group is required to pay a maximum amount of RMB29,719,000 if the audited net operating profit after tax of Kai Da China, for the year ending 31 December 2015 in accordance with the applicable PRC accounting principles, is equal to or more than RMB49,380,000. RMB29,000,000 represented the fair value of this obligation at the date of the acquisition based on valuation report from an independent qualified professional valuer.

The contingent consideration payable is classified as a liability under trade and other payables and loss on fair value change of RMB719,000 between the date of the acquisition and 31 December 2015 is recognised as profit or loss under other losses.

Assets acquired and liabilities recognised at the date of acquisition

	RMB'000
Property, plant and equipment	104,244
Land use rights	28,700
Available-for-sale investment	4,590
Inventories	294,223
Trade and other receivables	235,687
Pledged bank deposits	74,306
Bank balances and cash	930
Trade and other payables	(239,264)
Bank borrowings — due within one year	(179,250)
Taxation payable	(205)
Deferred tax liabilities	(8,833)
	315,128

The trade and other receivables acquired with a fair value of RMB235,687,000 had gross contractual amounts of RMB235,687,000.

Goodwill arising on acquisition:

	RMB'000
Consideration transferred	369,903
Less: net assets acquired	(315,128)
	54,775

Goodwill arose in the acquisition of Kai Da because the acquisition has synergetic effect and increases the overall production capacity to cope with the increase in customers' orders. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on acquisition is expected to be deductible for tax purposes.

Net cash outflow arising on acquisition:

	RMB'000
Cash consideration at completion date	20,000
Less: Bank balance and cash acquired	(930)
Net cash outflow arising on acquisition	19,070

During the year ended 31 December 2015, Kai Da contributed RMB551,946,000 to the Group's turnover and RMB36,281,000 to the Group's profit for the period between the date of acquisition and the end of the reporting period.

Impact of acquisitions on the results of the Group

Had the acquisitions of New Sun and Kai Da been completed on 1 January 2015, total turnover of the Group for the year ended 31 December 2015 would have been approximately RMB9,454,709,000 and profit for the year end 31 December 2015 would have been approximately RMB723,428,000. The proforma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2015, nor is it intended to be a projection of future results.

17. CAPITAL COMMITMENT

	2015	2014
	RMB'000	*RMB'000*
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of acquisition of property, plant and equipment	**5,504**	16,053

18. CONTINGENT LIABILITIES

As at 31 December 2015, neither the Group nor the Company had any significant contingent liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Performance

For the year ended 31 December 2015, the Group's revenue recorded approximately RMB9,167.3 million, representing an increase of approximately 12.4% as compared with the same period in 2014 and profit for the year attributable to owners of the Group amounted to approximately RMB703.3 million, representing an increase of approximately 12.3% as compared with the same period in 2014. The Group's gross profit margin for the year ended 31 December 2015 enhanced to approximately 16.2% (2014: 15.6%). Basic earnings per share for the year under review was RMB18.76 cents (2014: RMB19.77 cents), representing a decrease of approximately 5.1%.

Market Review and Business Review

In 2015, downward pressure was mounting in the backdrop of decelerating growth of the global economy. According to the statistics from the National Bureau of Statistics, the PRC's growth rate of the gross domestic product ("GDP") was 6.9% in 2015, the lowest in 25 years and the first sub-7% GDP growth since 1990. The industrial and manufacturing sector was severely hit by the economic slump and demands of raw materials were decreasing. Copper, as an important industrial raw material, witnessed the lowest price in six-and-a-half years. Average London Metal Exchange ("LME") copper price decreased by approximately 19.9% from approximately US$6,859.0 per tonne in 2014 to approximately US$5,494.5 per tonne in 2015. Both factors had directly influenced the business performance of power cable manufacturers for the year and in particular the later factor as the Group adopted a cost-plus mechanism for the pricing of the Group's products.

Leveraging the market development to achieve greater results

Despite unfavourable macro-economic environment, the construction of power grids, an infrastructure for industrial, economic and social development, remained a key investment for the PRC. In 2015, investment by State Grid Corporation of China ("SGCC") in terms of grid construction amounted to RMB452.1 billion, representing a year-on-year growth of 17.1%.

Rural power grids in the PRC have been plagued by issues such as deterioration and unstable electric supply. Renovation and upgrade for rural grids and extensive improvement for power cables are essential in the attempt to improve electric supply in rural grids. The electricity supply to Tibetan people at Erdaoqiao village, Dandong township, Ganzi of Sichuan province on 30 June 2015 marked the earlier completion of the mandate by SGCC with regard to the "Three years action plan to supply electricity to population without electricity 《全面解決無電人口用電問題三年行動計劃》(2013–2015)" set out by the National Energy Administration. SGCC had then extended grid to comprehensively cover the range of people without electricity. From 2006 to end of 2015, SGCC had constructed grid to 1.9 million households and 7.5 million people without electricity. In 2015, SGCC had accelerated the upgrading of rural power grids project with an initial investment of RMB90.0 billion followed by supplementary investment of RMB67.4 billion in the later part of the year. The sales volume for power cables, our principal products, received a significant boost and increased by 90.9% to 200,720 km.

The commencement of Ximeng – Jiangsu and Shanghai Temple – Shandong ± 800kV direct current (“DC”) ultra-high voltage (“UHV”) transmission projects in December 2015 marked the construction of all “four alternate current (“AC”), four DC (四交四直)” UHV grids under the National Plan of Action for the Prevention of Air Pollution (《國家大氣污染防治行動計劃》). The construction of UHV transmission lines became more intense and was entered into full speed in 2015. Mengxi – South Tianjin and Yu Wang – Weifang UHV AC grids, Jiuquan – Hunan, Shanxi Province – Jiangsu UHV DC grids have started construction. As at end of 2015, SGCC had in total completed “three AC and four DC (三交四直)” UHV grids, and were in the construction of “four AC five DC (四交五直)” UHV grids. The wider coverage of UHV grid network demonstrated the optimization of resources allocation and provided strong support to the consumption of clean energy. Driven by the demand for UHV wires, the sales volume for bare wires also increased by 17.7% year-on-year to 40,973 tonnes. The hike in sales volume in power cables and bare wires was a testament to the leading position of the Group in the power cable industry. The Group has substantial market advantage to directly benefit from market expansion.

In 2015, the scale of infrastructure construction maintained at high level. The National Development and Reform Commission (“NDRC”) approved a total of 28 feasibility reports on urban rail transit project for 19 cities in PRC including Nanning, Nanping, Shanghai, Chengdu, Xi’an …etc. In 2015, 14 cities and 20 lines (including line extension and 2nd phase) with a total mileage of 334.68 km opened and operated. As at the end of 2015, there were 25 cities and 112 urban rail transit lines in operation with a combined total mileage of 3,286.51 km. Total fixed assets investment on the national railway in PRC reached RMB820 billion and more than 9,000 km of new lines were put into operation. 61 new construction projects, including Jinan-Qingdao high-speed railway, Shangqiu-Hefei-Hangzhou railway, Datong to Zhangjiakou railway…etc had commenced. Investment in highway construction also increased from RMB1,546 billion in 2014 to approximately RMB1,600 billion, representing an increase of approximately 3.5% growth. Driven by the growth in infrastructure investment in the PRC, the Group’s sale of power cables and wires and cables for electrical equipment to this segment recorded a stable growth.

However, the Group adopts cost-plus model for the pricing of its wires and cables. The average product selling price was materially affected by the drop of copper price so the increase in product sales volume did not entirely translate into an increase in turnover. Overall turnover for the year amounted to RMB9,167.3 million, representing a year-on-year growth of 12.4%. Profit margin of the Group in 2015 remained stable at 7.7%.

Adapt to market trends to boost competency

The significant drop of copper price posed enormous price pressure on cable manufacturers, especially small and medium ones, and escalated industry consolidation. In anticipation of a wave of industry consolidation, the Group will focus on opportunities for merger and acquisition and broaden its product portfolio and enhance its product technical competency, so as to capture more market share and explore the overseas market. On 29 April 2015, the Group acquired 100% interest in each of New Sun and Kai Da at the considerations of approximately RMB383 million and approximately RMB370 million respectively. Through acquisitions, the Group’s existing production capacities for wires and cables were enhanced. New products were added to the Group's portfolio to further broaden its source of income and its customer base which increased the market share of the Group in the power grid market, thus strengthening the Group's leading position as a manufacturer-cum-supplier of composite wires and cables.

"Internet+" facilitates the integration of the Internet and every industry. In view of such emerging trend, the Company entered into a memorandum of understanding with HC International, Inc. on 17 October 2015 and established a joint venture with HC International, Inc. in December 2015, through which the Group will lead the construction of a reliable "Internet + Cable" online trading platform for wire and cable manufacturers and combine both the advantages of online and offline channels for the promotion of wire and cable industry. The Group is a qualified product examination provider for cable manufacturers, which helps assure product quality in an online transaction. The Group will endeavour to maintain the transparency of the trading platform and boost the inventory turnover rate of every enterprise, which will create new marketing channels and extra sources of service income for the Group.

Other than expanding product portfolio, boosting production capacity and enhancing cooperation with external parties, the management is keen on establishing new roles in the industry chain for the Group. On 8 December 2015, the Group entered into a strategic cooperation agreement with China Gezhouba Group International Engineering Co., Ltd. (中國葛洲壩集團國際工程有限公司) ("Gezhouba Engineering"), pursuant to which, products of the Group will be used in the international projects of Gezhouba Engineering, while Gezhouba Engineering will participate in the international projects of the Group. On a resource sharing basis, both parties will expand their sales volume in foreign markets, such as countries in Southeast Asia and Africa, through comprehensive contracting of cable sales and engineering, procurement and construction ("EPC") projects. Through the strategic cooperation, the Group can enhance its depth in downstream of the industry chain and generate further income from overseas.

Turnover

Sales of power cables, the Group's principal products in 2015, recorded continuous growth with turnover of approximately RMB6,390.0 million, representing an increase of approximately 18.0% (2014: RMB5,415.7 million) and accounting for approximately 69.7% of the Group's total turnover. The sales volume for power cables increased from approximately 105,120 km in 2014 to approximately 200,720 km in 2015 or increased by approximately 90.9%. The increase in sales volume was partly attributable to the sales contribution by New Sun and Kai Da acquired in April 2015 and partly attributable to the increase in sales of overhead insulated cables. However, the average selling price of power cables dropped from approximately RMB51,519 per km in 2014 to approximately RMB31,835 per km in 2015 because of the decrease in copper price and the increase in sales of lower average price overhead insulated cables which boosted the sales volume for power cables during the year ended 31 December 2015.

Sales of wires and cables for electrical equipment in 2015 also recorded growth with turnover of approximately RMB1,705.2 million, representing an increase of approximately 7.1% (2014: RMB1,592.5 million) and accounting for approximately 18.6% of the Group's total turnover. The sales volume for wires and cables for electrical equipment increased from approximately 820,699 km in 2014 to approximately 1,041,035 km in 2015 or increased by approximately 26.8%. The average selling price of wires and cables for electrical equipment dropped from approximately RMB1,940 per km in 2014 to approximately RMB1,638 per km in 2015 due to the decrease of average copper price in 2015.

Sales of bare wires in 2015 also recorded growth with turnover of approximately RMB502.6 million, representing an increase of approximately 8.2% (2014: RMB464.3 million) and accounting for approximately 5.5% of the Group's total turnover. The sales volume for bare wires increased from approximately 34,823 tonnes in 2014 to approximately 40,973 tonnes in 2015 or increased by approximately 17.7%. The increase in sales volume of bare wires was mainly attributable to the increase in sales of bare wires (including UHV wires) to grid corporations in China during the year ended 31 December 2015. The average selling price of bare wires decreased from approximately RMB13,333 per tonne in 2014 to approximately RMB12,267 per tonne in 2015 due to the decrease in average price of aluminum in 2015.

Sales of special cables in 2015 recorded approximately RMB569.4 million, representing a decrease of approximately 16.5% (2014: RMB682.1 million) and accounting for approximately 6.2% of the Group's total turnover. The sales volume of special cables increased from approximately 40,345 km in 2014 to approximately 46,216 km in 2015 while the average selling price of special cables dropped from approximately RMB16,907 per km in 2014 to approximately RMB12,320 per km in 2015. It is because the average copper price kept decreasing and less mining cables which are of higher average selling price were sold during the year ended 31 December 2015.

Revenue by Geographical Markets

The PRC market remains the Group's key market. Sales to the PRC market in 2015 increased by approximately RMB1,063.9 million or 13.6% to approximately RMB8,860.6 million which accounted for approximately 96.7% of the Group's total revenue. Such increase was primarily due to the increase in sales to the grid corporations in the PRC, in particular, after the acquisitions of 100% equity interest in each of New Sun and Kai Da by the Group in April 2015 whose sales were wholly generated from the PRC market.

Turnover from overseas markets decreased by approximately RMB51.1 million or 14.3% in 2015 to approximately RMB306.7 million. The decrease was mainly attributable to decrease in orders as a result of delayed projects carried out by a major South African customer of the Group. During the year ended 31 December 2015, the Group made sales in Vietnam which compensated the sales decrease in other overseas markets, such as Singapore and African countries.

Cost of goods sold

Cost of goods sold composes of cost of raw materials, production costs and direct labour costs. Cost of raw materials accounted for approximately 96.0% (2014: 96.2%) of cost of goods sold in 2015, of which copper and aluminium are the major raw materials accounting for approximately 79.4% (2014: 80.0%) of cost of goods sold in 2015. Direct labour costs remained stable and accounted for approximately 1.1% (2014: 0.9%) of the cost of goods sold in 2014. The remaining balance of approximately 2.9% (2014: 2.9%) of the cost of goods sold in 2015 was attributable to production costs which mainly consist of depreciation of equipment used in the production process, maintenance of production lines and equipment, moulding of parts and components and other miscellaneous production-related costs.

Selling and Distribution Costs

Selling and distribution costs mainly represent salary and welfare expense for employees involved in selling and distribution activities, transportation costs for delivery of products to customers and other selling expenses, including marketing expenses, advertising and promotion expenses and other miscellaneous expenses.

The selling and distribution costs increased by approximately RMB67.7 million or 50.1%, from approximately RMB135.0 million for the year ended 31 December 2014 to approximately RMB202.7 million for the year ended 31 December 2015. The increase in selling and distribution costs was mainly due to the increase in transportation costs, project insurance costs, advertising expenses and sales incentive to salesperson as a result of increase in turnover. The selling and distribution costs as percentage of turnover was approximately 2.2% (2014: 1.7%).

Administrative Expenses

Administrative expenses increased by RMB31.2 million or 21.1%, from approximately RMB148.0 million for the year ended 31 December 2014 to approximately RMB179.2 million for the year ended 31 December 2015 mainly due to the increase in depreciation, administrative staff costs and exchange loss as well as the combination of expenses incurred by the New Sun and Kai Da from date of acquisition to 31 December 2015. The administrative expenses as percentage of turnover was approximately 2.0% (2014: 1.8%).

Other expenses

Other expenses, which composed of research and development cost and costs incurred in the acquisitions of 100% equity interest in each of New Sun and Kai Da, increased by approximately 30.6% from approximately RMB23.5 million for the year ended 31 December 2014 to approximately RMB30.7 million for the year ended 31 December 2015. It was primary because the Group has increased spending on research and development of new products and technology in 2015.

Other losses

Other losses composed of bad debt expense, loss on disposal of property, plant and equipment and loss on fair value change of contingent consideration payables. Other losses increased by approximately 34.9% from approximately RMB21.5 million in 2014 to approximately RMB29.0 million in 2015. The increase in other losses was mainly due to the increase in provision of bad debt for long outstanding receivables and the loss on fair value change of contingent consideration payables as a result of New Sun and Kai Da were able to achieve their respective profit guaranteed for 2015.

Finance Costs

Finance costs slightly increased by approximately 0.5% from approximately RMB242.1 million in 2014 to approximately RMB243.3 million in 2015. The insignificant increase in finance cost was due to the increase in bank borrowings for business growth which was alleviated by the decrease of bank borrowing interest rate during the year ended 31 December 2015.

Profit for the Year

Profit for the year attributable to owners of the Company for the year ended 31 December 2015 increased by approximately 12.3% from approximately RMB626.0 million for the year ended 31 December 2014 to approximately RMB703.3 million for the year ended 31 December 2015. The increase was in line with the increase in turnover.

Financial Position and Liquidity

As at 31 December 2015, total assets of the Group amounted to approximately RMB12,119.3 million (31 December 2014: RMB8,717.5 million), representing an increase of approximately 39.0%.

Non-current assets increased by approximately 41.9% from approximately RMB869.5 million as at 31 December 2014 to approximately RMB1,234.2 million as at 31 December 2015. The increase was mainly due to goodwill arose in, and addition of property, plant and machinery and land use rights through the acquisitions of 100% equity interest in each of New Sun and Kai Da by the Group in April 2015.

Current assets increased by approximately 38.7% from approximately RMB7,848.0 million as at 31 December 2014 to approximately RMB10,885.1 million as at 31 December 2015 mainly due to addition of current assets as a result of the acquisitions of 100% equity interest in each of New Sun and Kai Da by the Group in April 2015, and the increase of trade receivables and inventories as a result of business growth.

Total interest-bearing bank borrowings increased by approximately 29.0% from approximately RMB2,922.2 million as at 31 December 2014 to approximately RMB3,770.2 million as at 31 December 2015 for the need of working capital in enlarging business after acquisitions. Of the Group's total bank loan as at 31 December 2015, approximately 92.7% (2014: 95.1%) of short-term borrowings were made by the Group's subsidiaries in China. These loans were not guaranteed by the Company.

Equity attributable to owners of the Company was approximately RMB4,895.9 million as at 31 December 2015, approximately 51.6% higher than the same as at 31 December 2014 of approximately RMB3,229.9 million. Apart from the profit for the year contributed to the increase in equity attributable to owners of the Company, the issue of shares as partial consideration for the acquisitions of 100% equity interest in each of New Sun and Kai Da on 29 April 2015 and the issue of shares by the Company upon completion of subscription for shares by Power Heritage on 6 August 2015 were the main reasons for the increase in equity.

The net-debt-to-equity ratio of the Group, defined as a percentage of net interest-bearing borrowings (bank borrowings less bank balances and cash and pledged bank deposits) of approximately negative RMB254.0 million over total equity of approximately RMB4,895.9 million as at 31 December 2015, decreased from approximately -1.5% as at December 2014 to approximately -5.2% as at 31 December 2015. The decrease was due to increase of net cash generated from operating activities towards the end of the year ended 31 December 2015 and the issue of the shares by the Company upon completion of subscription for shares by Power Heritage on 6 August 2015.

As at 31 December 2015, the Group pledged certain of its buildings and machinery with carrying value of RMB209,650,000 and RMB97,442,000, respectively (2014: RMB108,936,000 and RMB112,052,000, respectively) to certain banks to secure credit facilities granted to the Group.

At 31 December 2015, the Group did not pledge any of its inventories (2014: RMB315,000,000) to certain banks to secure credit facilities granted to the Group.

The Group's borrowings are mainly denominated in Renminbi ("RMB") and carry People's Bank of China plus rates. As its revenue is mainly denominated in RMB and major expenses are made either in RMB or Hong Kong Dollars, the Group faces relatively low currency risk.

Contingent liabilities

As at 31 December 2015, neither the Group nor the Company had any significant contingent liabilities.

Acquisition of Subsidiaries

On 29 April 2015, the Group acquired (i) 100% equity interest in Kai Da (together with its subsidiaries, "Kai Da Group") from KDG Investment Limited ("KDG") at the maximum consideration of RMB369,903,000, subject to adjustments ("Kai Da Consideration") pursuant to the agreement dated 13 April 2015 entered into between, among others, the Group and KDG ("Kai Da SP Agreement"); and (ii) 100% equity interest in New Sun (together with its subsidiaries, "New Sun Group") from Nexus Limited ("Nexus") at the maximum consideration of RMB382,503,000, subject to adjustments ("New Sun Consideration") pursuant to the agreement dated 13 April 2015 entered into between, among others, the Group and Nexus ("New Sun SP Agreement").

New Sun Group and Kai Da Group

New Sun is a company incorporated in Cayman Islands with limited liability and is the holding company of the New Sun Group which is principally engaged in manufacture of and trading in wires and cables and related raw materials. New Sun Group's special products including flexible fireproof cables, 10kV cross-linked polyethylene insulation materials and copper belt for cable shielding.

Kai Da is a company incorporated in Cayman Islands with limited liability and is the holding company of the Kai Da Group which is principally engaged in manufacture of and in wires and cables. Kai Da Group has production capacity for high-rated voltage and extra-high rated voltage power cables.

Kai Da Consideration

The Kai Da Consideration, subject to the adjustments below, shall be settled by three instalments in the following manner:

(1) the first instalment of the Kai Da Consideration is RMB312,903,000, among which, (i) as to RMB20,000,000 shall be settled by the Group in cash; and (ii) the balance shall be settled by way of allotment and issue of 148,740,000 new shares of the Company ("Kai Da Consideration Shares"), credited as fully paid, to KDG (or its nominee), upon completion;

(2) the maximum amount of the second instalment of the Kai Da Consideration is RMB28,000,000, which has not been paid and shall be settled by the Group in cash on the 10th Business Day after 31 December 2016 or the date on which all the relevant external guarantees provided by a wholly-owned subsidiary of Kai Da in the PRC ("Kai Da China") and all the relevant account receivables of Kai Da China as set out in the Kai Da SP Agreement are fully released and collected (whichever is earlier) ("Kai Da Relevant Date"), or such other date as agreed by KDG and the Group in writing ("Kai Da Second Instalment Payment Date"); and

(3) the maximum amount of the third instalment of the Kai Da Consideration is RMB29,719,000, which has not been paid and shall be settled by the Group in cash within a period for 30 days commencing from the issue date of the audited consolidated financial statements of Kai Da China for the year ending 31 December 2015 issued by the qualified auditors ("Kai Da Third Instalment Payment Period").

The Kai Da Consideration shall be subject to following adjustments:

(1) The adjustment to the second instalment of the Kai Da Consideration

In the event that KDG fails to or fails to procure to release all the relevant external guarantees provided by Kai Da China (which amount to RMB76,500,000) or collect all the relevant account receivables of Kai Da China (which amount to approximately RMB30,415,271) on or before the Kai Da Relevant Date, the aggregate amount of such unreleased external guarantees and the uncollected account receivables shall be deducted from the total amount of the second instalment of the Kai Da Consideration, the balance of which shall be the adjusted amount of the second instalment of the Kai Da Consideration.

If the adjusted amount of the second instalment of the Kai Da Consideration:

(i) is a positive figure, the Group shall pay to KDG such amount on the Kai Da Second Instalment Payment Date;

(ii) is zero (0), the Group shall not be obliged to pay any amount to KDG under the second instalment of the Kai Da Consideration;

(iii) is a negative figure, the Group shall not be required to pay to KDG any amount under the second instalment of the Kai Da Consideration and KDG shall pay to the Group such amount equal to such negative figure on the Kai Da Second Instalment Payment Date.

(2) The adjustment to the third instalment of the Kai Da Consideration

For the purpose of this adjustment, the "Audited NOP" is the Kai Da China's audited net operating profit after tax, as recorded in the audited consolidated financial statements of Kai Da China for the year ending 31 December 2015 prepared in accordance with the applicable PRC accounting principles.

If the Audited NOP is equal to or more than RMB49,380,000, the Group shall pay the full amount of the third instalment of the Kai Da Consideration (i.e. RMB29,719,000) to KDG within the Kai Da Third Instalment Payment Period.

If the Audited NOP is less than RMB49,380,000 (where the Audited NOP is a negative figure, such Audited NOP shall remain as a negative figure), the amount of the third instalment of the Kai Da Consideration shall be determined in accordance with the following formula:

$$A = E - ((B - C) \times D)$$

where:

A: the adjusted amount of the third instalment of the Kai Da Consideration;

B: RMB49,380,000;

C: Audited NOP;

D: 7.5, being the P/E ratio agreed by KDG and the Group; and

E: RMB29,719,000, being original amount of the third instalment of the Kai Da Consideration.

Provided that if the adjusted amount of the third instalment of the Kai Da Consideration:

(i) is a positive figure, the Group shall pay to KDG such amount within the Kai Da Third Instalment Payment Period;

(ii) is zero (0), the Group shall not be obliged to pay any amount to KDG under the third instalment of the Kai Da Consideration;

(iii) is a negative figure, the Group shall not be required to pay to KDG any amount under the third instalment of the Kai Da Consideration and KDG shall pay to the Group such amount equal to such negative figure within the Kai Da Third Instalment Payment Period.

As the Audited NOP is more than RMB49,380,000, the Group will pay the full amount of the third instalment of the Kai Da Consideration (i.e. RMB29,719,000) to KDG within the Kai Da Third Instalment Payment Period.

New Sun Consideration

The New Sun Consideration, subject to the adjustments below, shall be settled by three instalments in the following manner:

(1) the first instalment of New Sun Consideration is RMB312,903,000, among which, (i) as to RMB20,000,000 shall be settled by the Group in cash; and (ii) the balance shall be settled by way of allotment and issue of 148,740,000 new shares of the Company ("New Sun Consideration Shares"), credited as fully paid, to Nexus (or its nominee), upon completion;

(2) the maximum amount of the second instalment of New Sun Consideration is RMB38,000,000, which shall be settled by the Group in cash on the 10th business day after 31 December 2016 or the date on which all the relevant external guarantees provided by a wholly-owned subsidiary of New Sun in the PRC ("New Sun China") and all the relevant account receivables of New Sun China as set out in the New Sun SP Agreement are fully released and collected (whichever is earlier)("New Sun Relevant Date"), or such other date as agreed by Nexus and the Group in writing) ("New Sun Second Instalment Payment Date"); and

(3) the maximum amount of the third instalment of New Sun Consideration is RMB34,979,000, which shall be settled by the Group by cash within a period for 30 days commencing from the issue date of the audited consolidated financial statements of New Sun China for the year ending 31 December 2015 issued by the qualified auditors ("New Sun Third Instalment Payment Period").

The New Sun Consideration shall be subject to following adjustments ("New Sun Adjustments"):

(1) The adjustment to the second instalment of the New Sun Consideration

    In the event that Nexus fails to or fails to procure to release all the relevant external guarantees provided by New Sun China (which amount to RMB207,000,000) or collect all the relevant account receivables of New Sun China (which amount to approximately RMB6,323,792) on or before the New Sun Relevant Date, the aggregate amount of such unreleased external guarantees and the uncollected account receivables shall be deducted from the total amount of the second instalment of the New Sun Consideration, the balance of which shall be the adjusted amount of the second instalment of the New Sun Consideration.

    If the adjusted amount of the second instalment of the New Sun Consideration:

    (i) is a positive figure, the Group shall pay to Nexus such amount on the New Sun Second Instalment Payment Date;

    (ii) is zero (0), the Group shall not be obliged to pay any amount to Nexus under the second instalment of the New Sun Consideration;

    (iii) is a negative figure, the Group shall not be required to pay to Nexus any amount under the second instalment of the New Sun Consideration and Nexus shall pay to the Group such amount equal to such negative figure on the New Sun Second Instalment Payment Date.

(2) The adjustment to the third instalment of the New Sun Consideration

    For the purpose of this adjustment, the "Audited NOP" is the New Sun China's audited net operating profit after tax, as recorded in the audited consolidated financial statements of New Sun China for the year ending 31 December 2015 prepared in accordance with the applicable PRC accounting principles.

If the Audited NOP is equal to or more than RMB51,719,700, the Group shall pay the full amount of the third instalment of the New Sun Consideration (i.e. RMB34,979,000) to Nexus within the New Sun Third Instalment Payment Period.

If the Audited NOP is less than RMB51,719,700 (where the Audited NOP is a negative figure, such Audited NOP shall remain as a negative figure), the amount of the third instalment of the New Sun Consideration shall be determined in accordance with the following formula:

$A = E – ((B – C) x D)$

where:

A: the adjusted amount of the third instalment of the New Sun Consideration;

B: RMB51,719,700;

C: Audited NOP;

D: 7.5, being the P/E ratio agreed by Nexus and the Group; and

E: RMB34,979,000, being original amount of the third instalment of the New Sun Consideration.

Provided that if the adjusted amount of the third instalment of the New Sun Consideration:

(i) is a positive figure, the Group shall pay to Nexus such amount within the New Sun Third Instalment Payment Period;

(ii) is zero (0), the Group shall not be obliged to pay any amount to Nexus under the third instalment of the New Sun Consideration;

(iii) is a negative figure, the Group shall not be required to pay to Nexus any amount under the third instalment of the New Sun Consideration and Nexus shall pay to the Group such amount equal to such negative figure within the New Sun Third Instalment Payment Period.

As the Audited NOP is more than RMB51,719,700, the Group will pay the full amount of the third instalment of the New Sun Consideration (i.e. RMB34,979,000) to Nexus within the New Sun Third Instalment Payment Period.

Use of Net Proceeds received from the Initial Public Offering ("Listing")

The net proceeds from the Listing (after deducting underwriting fees and related expenses) amounted to approximately HK$448.1 million (or equivalent to approximately RMB370.0 million), which is intended to be applied in the manner consistent with that in the prospectus of the Company dated 10 April 2012. As at the date of this announcement, approximately HK$141.0 million in aggregate was used to set up production facilities for aluminium alloy and double capacity conductors of which approximately HK$115.0 million was settled by the net proceeds from the Listing and the balance of approximately HK$26.0 million was settled by the Group's internal resources, approximately HK$97.0 million in aggregate of the net proceeds allocated to set up a manufacturing facility in South Africa had been fully utilized, approximately HK$69.9 million of the net proceeds was used for expansion of the Group's production facilities for high and ultra-high voltage cables, approximately HK$74.0 million of the net proceeds allocated for upgrade and expand existing production facilities and enhance research and development capabilities had been fully utilised, and approximately HK$14.1 million of the net proceeds allocated for acquisitions had been fully utilised for the acquisition of Jiangsu Zengyang in 2013.

Dividend

An interim dividend of HK2.5 cents per share (2014 interim dividend as HK2.5 cents per share) amounting to HK$101,972,000 (approximately RMB83,387,000) in aggregate was paid to the shareholders of the Company during the year under review.

Subsequent to the end of the reporting period, the Board recommended a final dividend ("Final Dividend") of HK3.1 cents per share for the year ended 31 December 2015 (2014: HK3.7 cents) to the shareholders of the Company which is subject to shareholders' approval at the forthcoming annual general meeting to be held on 20 May 2016 ("AGM").

Subject to the approval of the shareholders of the Company at the AGM, it is expected that the Final Dividend will be paid on or around 30 June 2016 to the shareholders of the Company whose name appear in the register of members of the Company on 17 June 2016.

Closure of Register of Members

For the purpose of determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from 18 May 2016 to 20 May 2016, both dates inclusive, during which period no transfer of shares of the Company will be effected. In order to qualify for the entitlement to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 22/F, Hopewell Centre, 183 Queen's Road East, Hong Kong by 4:30 p.m. on 17 May 2016.

For the purpose of determining the entitlement to the proposed Final Dividend for the year ended 31 December 2015, the register of members of the Company will be closed from 15 June 2016 to 17 June 2016, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to qualify for entitlement to the proposed Final Dividend for the year ended 31 December 2015, all transfer of shares accompanied by the relevant shares certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 22/F, Hopewell Centre, 183 Queen's Road East, Hong Kong by 4:30 p.m. on 14 June 2016.

Employees and Remuneration

As at 31 December 2015, the Group had a total of approximately 3,623 employees. Remuneration packages offered to employees are in line with industry standards and reviewed annually. The award of bonuses is discretionary and based on the performance of, firstly, the individual employee, and secondly, the Group.

The Board adopted a share award scheme on 9 September 2015 as an incentive to recognise the contributions by employees, executives, officers or directors and to give incentives in order to retain them for their continuing operation and development of the Group and to attract suitable personal for further development of the Group.

Property, Plant and Equipment

During the year ended 31 December 2015, the Group's Property, Plant and Equipment increased from approximately RMB602.0 million as at 31 December 2014 to approximately RMB789.8 million as at 31 December 2015, representing an increase of approximately 31.2%. The increase was mainly attributed to addition of property, plant and equipment through the acquisitions of 100% equity interest in each of New Sun and Kai Da by the Group in April 2015.

Prospects

Looking forward, the Group expects further reform measures will be introduced to various industries and increased investment will be directed towards infrastructure development by the PRC government in its effort to boost and revive its economic growth. Policies had been promulgated by the PRC authority to expand and expedite the transformation and upgrade of power grids. In short, the Group believes there remains opportunities in power cables market.

The National Energy Administration of China had published the Action Plan of Distribution Network Construction and Upgrade (2015-2020), setting out its blueprint on expedition of national power distribution network upgrade and how this would support the social and economic development. The investment in distribution network construction and upgrade from 2015 to 2020 should be not lower than RMB2 trillion. During the "13th Five-Year-Plan" period accumulated investments should also be not lower than RMB1.7 trillion. It is expected that by 2020, the total wire length in high-voltage distribution network will be 1.01 million km. The executive meeting of the State Council of China has also resolved to embark on a new round of rural power grids upgrade to alleviate the problems of low-rated voltage power and insufficient electrical power generation in rural power grids. Expected investment will be over RMB700 billion in total and it targets to realise basic full coverage of electrical power over the entire rural area by 2020. Such investments will directly add demand to power cables market and the Group's products could be benefited from this development with its excellent quality.

The "13th Five-Year-Plan" period has formally commenced, where substantial capital expenditure shall continue to be allocated to railway construction, providing impetus to the growth in wire and cable market of the PRC. During the "12th Five-Year-Plan" period, a total of RMB3.58 trillion of railway fixed assets investment had been completed, with new routes being put into operation reaching 30,500 km. Market participants generally foresee that railway construction and development will keep pace during the "13th Five-Year-Plan", with newly constructed railways to reach approximately 30,000 km and total investment of no less than RMB3.5 trillion. This has not taking into account construction of rail transits in various cities, which is expected to grow to more than 6,000 km in total. There will be substantial demand in power cables for electrical power transmission and distribution in railway and urban rail construction projects. Hence the Group believes the demand for power cables to be strong.

With the unevenly distributed electrical power network and severe air pollution problem in China, the development and construction of UHV grids is becoming increasingly important and urgent. According to SGCC, it will expedite the process of formulation and pronouncement of the planning for the second group in the "5 AC and 8 DC UHV transmission lines" projects (五交八直) this year, with 3 AC and 3 DC UHV transmission lines to be granted within first half of this year, and another 2 AC and 4 DC UHV transmission lines to be granted in the second half of the year. According to information from SGCC, the National Energy Administration has drawn up a long-term plan on China's power grid development known as "five vertical and five horizontal transmission lines" (五縱五橫). Under the plan, it is expected that SGCC will have planned and constructed a total of 27 UHV lines by 2020. The purpose for this project is to achieve the transmission of power from western and northern part of China to the eastern, central and southern part of China in more efficient and proper manner and to mitigate the air pollution problem. With its application in long distance power transmission along overhead lines, bare wire market should be able to benefit from the extensive construction of UHV grids.

The above national policies emphasise the role of power cables and bare wires in various kinds of construction. China domestic subsidiaries of the Company have established years of cooperation with SGCC and China Southern Power Grid Company Limited ("CSG"), two power grid heavyweights in the PRC. In particular, Jiangnan Cable is one of the few qualified suppliers of extra-high rated voltage ("EHV") power cables and UHV wires to the two power grid corporations. Thanks to the Group's outstanding products, the Group will directly benefit from the construction of power grids. In the coming year, the Group will allocate more resources to EHV power cable. A new vertical production line will be completed and trial installation will be conducted in April 2016 and operation is expected to commence in the second half of 2016. Jiangnan Cable has also started equipping its own plants with photovoltaic power generation systems to replace its existing daytime electricity supply and reduce operation costs. It also serves as experience for the Group's future photovoltaic power generation EPC projects.

The Group captures both domestic opportunities from infrastructure in the PRC and foreign prospects from "One Belt, One Road". Most countries covered by "One Belt, One Road" are still developing and undergoing rapid industrialisation and urbanisation, resulting in greater electric power consumption. Substantial investments and advanced technology are required to develop electric power infrastructure and cross-border electric transmission channels.

Demands for new power grids and their upgrade and renovation form an robust need of cables. New regional institutions, such as the Asian Infrastructure Investment Bank ("AIIB") and New Silk Road Fund ("NSRF"), are also designed in part to complement and support the Belt and Road's development. The Group, being one with the most comprehensive licenses and accreditations to export cables, will certainly benefit from these national strategies. The Group has been adopting a pro-active approach and encouraging salespersons going overseas and setting up offices or shops. The Group leverages on its years of overseas operation experience in the South African market to explore opportunities of African countries. Looking forward, cooperation between domestic and foreign enterprises will be strengthened to reach a win-win situation to aggressively improve our sales contribution from overseas as expected under "One Belt, One Road".

In coming years, the Group will further implement the past strategy of acquiring peers and identifying EPC company downstream in the cable manufacturing supply chain. Earnings boost and overall synergy brought about by acquisitions are the key criteria of the Group when considering a target. Therefore, the Group will also consider acquisitions of domestic peers with potentials in other regions in the PRC.

Event after reporting period

On 28 January 2016, the Board resolved to grant an aggregate of 35,300,000 shares in the capital of the Company to 21 selected officers and employees of the Group pursuant to the shares award scheme adopted on 9 September 2015, of whom (i) Mr. Chu Hui, Ms. Xia Yafang, Mr. Jiang Yongwei and Mr. Hao Minghui are executive directors of the Company, and (ii) the remaining 17 selected employees are senior management of the Group.

PURCHASE, SALE OR REDEMPTION

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

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange. The Company has complied with all the applicable code provisions in the CG Code during the year ended 31 December 2015, save for the derivation from the code provision E.1.2 for the CG Code that the Chairman of the Board was unable to attend the annual general meeting of the Company held on 30 April 2015 due to sickness.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code on securities transaction by Directors on terms not less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Model Code").

Specific enquiry has been made of all the Directors who have confirmed their compliance with the required standards set out in the Model Code and the Company's code of conduct regarding directors' securities transactions during the year ended 31 December 2015.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management team the accounting principles and practices adopted by the Group, discussed auditing, internal control and financial reporting matters and has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2015.

The members of the Audit Committee are Mr. Poon Yick Pang Philip (Chairman), Mr. He Zhisong and Mr. Yang Rongkai, the independent non-executive Directors.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

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

PUBLICATION OF ANNUAL RESULTS ON THE WEBSITE OF THE COMPANY AND OF THE STOCK EXCHANGE

This annual results announcement is published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.jiangnangroup.com). The annual report for the year ended 31 December 2015 containing all the information required by the Listing Rules will be despatched to shareholders of the Company and available on the same websites in due course.

ACKNOWLEDGEMENT

The Chairman would like to take this opportunity to express his sincere gratitude to the shareholders, investors, business partners, customers and suppliers of the Group for their continuing support and to thank the Group's management team and all staff for their dedication and contribution in the past.

By order of the Board
Rui Fubin
Chairman and Executive Director

PRC, 30 March 2016

As at the date of this announcement, the executive Directors are Mr. Rui Fubin, Mr. Chu Hui, Ms. Xia Yafang, Mr. Jiang Yongwei and Mr. Hao Minghui, and the independent non-executive Directors are Mr. He Zhisong, Mr. Yang Rongkai and Mr. Poon Yick Pang Philip.