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China Goldjoy Group Limited

中國金洋集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1282)

2015 ANNUAL RESULTS ANNOUNCEMENT

The board of directors (the “Board”) of China Goldjoy Group Limited (the “Company”) would like to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2015 together with the comparative figures for 2014.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Note	2015 HK\$'000	2014 HK\$'000
Revenue	3	711,849	741,056
Cost of sales	4	(446,913)	(991,840)
Gross profit/(loss)		264,936	(250,784)
Other (loss)/gain – net		(8,398)	5,387
Other income – net		81,810	4,958
Distribution costs	4	(22,339)	(27,409)
Administrative expenses	4	(106,098)	(296,243)
Operating profit/(loss)		209,911	(564,091)
Finance income/(costs) – net	5	1,732	(1,470)
Share of loss of associates		(624)	(3,786)
Impairment provision for associates		(4,200)	(6,119)
Profit/(loss) before income tax		206,819	(575,466)
Income tax expense	6	(25,132)	(7,686)
Profit/(loss) for the year		181,687	(583,152)
Other comprehensive income:			
Items that may be reclassified to profit or loss			
Fair value gain/(loss) on available-for-sale financial assets		142,519	(117,293)
Currency translation differences		(14,411)	(409)
Other comprehensive income/(loss) for the year		128,108	(117,702)
Total comprehensive income/(loss) for the year attributable to equity holders of the Company		309,795	(700,854)
Earnings/(loss) per share for profit/(loss) attributable to equity holders of the Company			
– basic (expressed in Hong Kong cents per share)	7	2.36	(19.92)
– diluted (expressed in Hong Kong cents per share)	7	2.36	(19.92)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of 31 December 2015

	Note	2015 HK\$'000	2014 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		1,051	81,547
Land use right		–	4,690
Intangible assets		49,263	75,373
Investments in associates		7,771	12,595
Available-for-sale financial assets		287,129	187,262
Deferred income tax assets		–	5,992
Trade receivables	9	3,946	1,763
Prepayments and other receivables		–	6,017
		<u>349,160</u>	<u>375,239</u>
Current assets			
Inventories		16,030	107,091
Trade receivables	9	109,513	134,073
Prepayments, deposits and other receivables		6,435	17,238
Amount due from a related party		–	2,684
Current income tax recoverables		2,271	–
Financial assets at fair value through profit or loss		343,905	1,162
Cash and cash equivalents		3,251,561	239,792
		<u>3,729,715</u>	<u>502,040</u>
Assets classified as held-for-sale	10	253,125	–
		<u>3,982,840</u>	<u>502,040</u>
Total assets		<u>4,332,000</u>	<u>877,279</u>
EQUITY			
Owner's equity attributable to the Company's equity holders			
Share capital		2,154,860	292,708
Share premium		2,054,151	565,489
Other reserves and accumulated deficits		(59,006)	(367,039)
		<u>4,150,005</u>	<u>491,158</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As of 31 December 2015

	Note	2015 HK\$'000	2014 HK\$'000
LIABILITIES			
Non-current liabilities			
Bank borrowings		12,500	58,333
Deferred income tax liabilities		11,900	1,524
		24,400	59,857
Current liabilities			
Trade and bill payables	11	45,043	69,584
Accruals and other payables		25,513	51,577
Bank borrowings		17,725	197,244
Current income tax liabilities		8,759	7,859
		97,040	326,264
Liabilities classified as held-for-sale	10	60,555	–
		157,595	326,264
Total liabilities		181,995	386,121
Total equity and liabilities		4,332,000	877,279

NOTES

1 GENERAL INFORMATION

China Goldjoy Group Limited previously known as World Wide Touch Technology (Holdings) Limited (the "Company") was incorporated in the Cayman Islands on 17 July 2009 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (collectively, the "Group") are principally engaged in the manufacturing of a range of high-technology products, and the trading of and provision of services with respect to automation-related equipment. Since 11 November 2015, the Group has adopted securities investment as one of its principal business activities.

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 15 December 2010.

The consolidated financial statements are presented in thousands of units of Hong Kong dollars, unless otherwise stated. These financial statements have been approved for issue by the Board of Directors on 11 March 2016.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss and available-for-sale financial assets, which are carried at fair values.

The preparation of the consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

2.2 Changes in accounting policy and disclosures

(a) *Amended standards and interpretation adopted by the Group*

The following amendments to standards are mandatory for accounting periods beginning on or after 1 January 2015:

HKAS 19 (2011) (Amendment)	Defined benefit plans: Employee contributions
HKFRSs (Amendment)	Annual improvements to HKFRSs 2010–2012 cycle
HKFRSs (Amendment)	Annual improvements to HKFRSs 2011–2013 cycle

The adoption of the improvements made in 2010-2012 Cycle has required additional disclosure in the segment area. Other than that, the remaining amendments which are effective for the financial year beginning on 1 January 2015 are not material to the Group.

- (b) *New standard and amendments to standards have been issued but not effective for the financial year beginning on or after 1 January 2015 and have not been early adopted:*

		Effective for annual periods beginning on or after
HKFRSs (Amendment)	Annual improvements 2012–2014 cycle	1 January 2016
HKFRS 10 and HKAS 28 (Amendment)	Sale or contribution of assets between an investor and its associate or joint venture	1 January 2016
HKFRS 11 (Amendment)	Accounting for acquisitions of interests in joint operations	1 January 2016
HKAS 16 and HKAS 38 (Amendment)	Clarification of acceptable methods of depreciation and amortisation	1 January 2016
HKAS 16 and HKAS 41 (Amendment)	Agriculture: Bearer plants	1 January 2016
HKAS 27 (Amendment)	Equity method in separate financial statements	1 January 2016
HKFRS 10, HKFRS 12 and HKAS 28 (Amendment)	Investment entities: applying the consolidation exception	1 January 2016
HKAS 1	Disclosure initiative	1 January 2016
HKFRS 14	Regulatory deferral accounts	1 January 2016
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRS 9	Financial instruments	1 January 2018

The Group has not early adopted these new standards and amendments to the existing standards in the financial statements for the year ended 31 December 2015. The Group plans to apply the above standards and amendments when they become effective. The Group has already commenced an assessment of the related impact to the Group and it is not yet in a position to state whether any substantial changes to Group's significant accounting policies and presentation of the financial information will result.

- (c) *New Hong Kong Companies Ordinance (Cap. 622)*

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

3 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer of the Company (the "CEO") that are used to make strategic decisions.

The former CEO used to consider the business from a perspective of different product categories. Due to the business transformation of the Group and change of management personnel during the year, management has changed its internal organisation structure to align more closely with the Group's strategic decision and market dynamics to better serve customers, in which the previous operating segments of Life Energy, Life Security, Life Touch and Others were changed to one operating segment, namely Manufacturing. The comparative segment information has been restated to reflect the current organisation structure. The Group will continue to engage in manufacturing business subsequent to the sale of assets and liabilities related to Charming Lion Limited, World Fair International Limited and Heshan World Fair Electronics Technology Limited (collectively known as "Charming Lion Group"), wholly-owned subsidiaries of the Group (Note 10).

In addition, pursuant to an announcement made by the Company on 11 November 2015, the Group has adopted securities investment ("Securities Investment") as a new business segment as a result of a change in the Group's strategy. Revenue in relation to the investment transactions of financial assets at fair value through profit or loss has been recognised in this business segment for the year ended 31 December 2015. The Group has adopted the new organisation structure as the reporting format effective for the year ended 31 December 2015.

The reportable segments were classified as Automation, Manufacturing and Securities Investment.

The revenue from external parties reported to the CEO is measured in a manner consistent with that in the consolidated financial statements.

The CEO assesses the performance of the operating segments based on a measure of operating profit, which is in a manner consistent with that of the consolidated financial statements.

Sales between segments were carried out on an arm's-length basis. The Group's revenue by segment is as follows:

	2015			2014		
	Total segment revenue HK\$'000	Inter segment revenue HK\$'000	Revenue from external customers HK\$'000	Total segment revenue HK\$'000 (Restated)	Inter segment revenue HK\$'000 (Restated)	Revenue from external customers HK\$'000 (Restated)
Automation	344,566	(87)	344,479	409,433	(5,083)	404,350
Manufacturing	161,633	-	161,633	336,706	-	336,706
Securities Investment	205,737	-	205,737	-	-	-
Total	<u>711,936</u>	<u>(87)</u>	<u>711,849</u>	<u>746,139</u>	<u>(5,083)</u>	<u>741,056</u>

Reportable segment information is reconciled to profit/(loss) before income tax as follows:

	2015 HK\$'000	2014 HK\$'000 (Restated)
Operating profit/(loss)		
Automation	(26)	11,084
Manufacturing	40,872	(540,366)
Securities Investment	204,300	—
	<hr/>	<hr/>
Total	245,146	(529,282)
Unallocated:		
Depreciation	(3,629)	(4,642)
Other (loss)/gain — net	(6,498)	5,387
Other income — net	3,576	4,958
Administrative expenses	(28,684)	(40,512)
Finance income/(costs) — net	1,732	(1,470)
Share of loss of associates	(624)	(3,786)
Impairment provision for associates	(4,200)	(6,119)
	<hr/>	<hr/>
Profit/(loss) before income tax	<u>206,819</u>	<u>(575,466)</u>
	2015 HK\$'000	2014 HK\$'000 (Restated)
Other segment items – depreciation and amortisation		
Automation	(3,289)	(3,349)
Manufacturing	(24,702)	(74,422)
Unallocated	(3,629)	(4,642)
	<hr/>	<hr/>
	<u>(31,620)</u>	<u>(82,413)</u>

During the year ended 31 December 2015, the Group recorded a provision for impairment of inventories of HK\$1,000,000 (2014: HK\$11,800,000) in the segment results of Manufacturing segment, and nil for Automation and Securities Investment segments.

During the year ended 31 December 2015, no provision for impairment of property, plant and equipment has been made. During the year ended 31 December 2014, the Group recorded a provision of property, plant and equipment of HK\$434,500,000 in the segment results of Manufacturing segment, and nil for Automation and Securities Investment segments.

During the year ended 31 December 2015, the Group recorded for impairment of intangible assets of HK\$5,579,000 (2014: Nil) in the segment results of Manufacturing segment, and nil for Automation and Securities Investment segments.

Unallocated other (loss)/gain — net, other income — net, administrative expenses and depreciation are not allocated to segments, as they are inseparable and not attributable to particular reportable segments. Finance costs — net and shares of losses and impairment provision for associates are not allocated to segments, as these items are managed by the central finance and accounting function, which manages the working capital of the Group.

The assets attributable to different reportable segments assets are reconciled to total assets as follows:

	2015	2014
	HK\$'000	HK\$'000
		(Restated)
Segment assets		
Automation	206,313	197,611
Manufacturing	6,514	248,098
Securities Investment	473,326	—
	<hr/>	<hr/>
Segment assets for reportable and other segments	686,153	445,709
Unallocated:		
Property, plant and equipment	634	9,247
Available-for-sale financial assets	287,129	187,262
Investments in associates	7,771	12,595
Prepayments, deposits and other receivables	4,248	15,024
Financial assets at fair value through profit or loss	—	1,162
Cash and cash equivalents	3,092,940	206,280
Assets classified as held-for-sale (<i>Note 10</i>)	253,125	—
	<hr/>	<hr/>
Total assets	4,332,000	877,279
	<hr/> <hr/>	<hr/> <hr/>

The amounts provided to the CEO with respect to total assets are measured in a manner consistent with that of the consolidated financial statements. Segment assets represent property, plant and equipment, intangible assets, trade receivables, prepayments, deposits and other receivables, current income tax recoverables, cash and cash equivalents, goodwill, financial assets at fair value through profit or loss, available-for-sale financial assets and inventories attributable to various reportable segments.

Unallocated segment assets comprise property, plant and equipment, prepayments, deposits and other receivables, cash and cash equivalents, investment in associates, financial assets at fair value through profit or loss, available-for-sale financial assets and assets classified as held-for-sale, which are inseparable and are not attributable to particular reportable segments.

Reportable segments liabilities are reconciled to total liabilities as follows:

	2015	2014
	HK\$'000	HK\$'000 (Restated)
Segment liabilities		
Automation	62,783	133,667
Manufacturing	8,763	164,557
Securities Investment	11,308	–
	<hr/>	<hr/>
Segment liabilities for reportable and other segments	82,854	298,224
Unallocated:		
Accruals and other payables	13,547	25,191
Bank borrowings	25,000	62,500
Current income tax liabilities	39	5
Deferred income tax liabilities	–	201
Liabilities classified as held-for-sale (<i>Note 10</i>)	60,555	–
	<hr/>	<hr/>
Total liabilities	181,995	386,121
	<hr/> <hr/>	<hr/> <hr/>

The amounts provided to the CEO with respect to total liabilities are measured in a manner consistent with that of the consolidated financial statements. Segment liabilities represent trade payables, accruals and other payables, deferred income tax liabilities, current income tax liabilities and bank borrowings attributed to various reportable segments.

Unallocated segment liabilities comprise accruals and other payables, bank borrowings, current income tax liabilities, deferred income tax liabilities and liabilities classified as held for sale, which are inseparable and are not attributable to particular reportable segments.

Revenue from external customers for Manufacturing and Automation segments are derived from the sales of goods net of returns and rebates. Revenue from Securities Investment segment is derived from realised and unrealised gains/(losses) of financial assets at fair value through profit or loss.

Members of the Group are mainly domiciled in Hong Kong and China while their major customers are mainly located in China and United States of America.

The Group's revenue of Automation and Manufacturing segments derived from external customers located in China and the United States of America, is HK\$437,790,000 (2014: HK\$569,908,000) and HK\$4,099,000 (2014: HK\$64,967,000), respectively, while the remaining revenue is derived from customers located in other countries.

The total amount of non-current assets other than deferred income tax assets and financial instruments located in China is HK\$5,932,000 (2014: HK\$91,626,000), and the total amount of these non-current assets located in other countries is HK\$56,099,000 (2014: HK\$90,359,000).

4 EXPENSES BY NATURE

	2015	2014
	HK\$'000	HK\$'000
Employee benefit expenses	70,054	92,293
Director's and chief executive emoluments	3,890	5,345
Cost of inventories	393,527	600,533
Provision for impairment of inventories	1,000	11,800
Provision for impairment of property, plant and equipment	–	434,500
Provision for impairment of intangible assets	3,679	–
Provision for impairment of trade receivables	3,252	131
Provision for impairment of prepayments	637	–
Auditor's remuneration		
– Audit services	1,792	2,437
– Non-audit services	910	1,509
Depreciation of property, plant and equipment	15,152	66,372
Operating lease rentals – office premises, factory and warehouse	6,757	8,453
Amortisation of land use right	115	116
Consumables and factory supplies	622	1,848
Electricity, water and utilities expenses	6,725	11,787
Freight and transportation	4,759	6,135
Bank charges	1,825	1,591
Other tax levies	4,198	3,362
Research and development expenses		
– Employee benefit expenses	4,069	5,197
– Amortisation of intangible assets	16,353	15,925
Commission expenses	12,587	10,269
Advertising and promotion expenses	3,735	4,846
Loss on disposal of property, plant and equipment and intangible assets	444	2,463
Others	19,268	28,580
	<hr/>	<hr/>
Total cost of sales, distribution costs and administrative expenses	575,350	1,315,492
	<hr/> <hr/>	<hr/> <hr/>

5 FINANCE INCOME/(COSTS) – NET

	2015 HK\$'000	2014 HK\$'000
Finance income:		
– Interest income on bank deposits	8,221	4,555
	8,221	4,555
Finance costs:		
– Bank loans	(4,869)	(4,008)
– Finance lease obligations	–	(6)
– Trust receipt loans	(1,281)	(1,137)
– Notional accretion of interest on contingent consideration payable	(339)	(874)
	(6,489)	(6,025)
Finance income/(costs) – net	1,732	(1,470)

6 INCOME TAX EXPENSE

	2015 HK\$'000	2014 HK\$'000
Current income tax		
– Hong Kong profits tax	7,800	3,018
– Overseas and PRC income tax	9,743	3,038
	17,543	6,056
Under/(over)-provision in prior years	57	(5,922)
	17,600	134
Deferred income tax	7,532	7,552
	25,132	7,686

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profit for the year.

The statutory income tax rate applicable to entities operating in the PRC is 25% (2014: 25%).

Overseas income tax has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the country in which the Group operates.

7 EARNINGS/(LOSS) PER SHARE

(a) Basic

The basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue.

	2015	2014
Profit/(loss) attributable to equity holders of the Company (HK\$'000)	<u><u>181,687</u></u>	<u><u>(583,152)</u></u>
Weighted average number of ordinary shares in issue (thousands)	<u><u>7,704,980</u></u>	<u><u>2,927,084</u></u>
Basic earnings/(loss) per share (expressed in HK cents per share)	<u><u>2.36</u></u>	<u><u>(19.92)</u></u>

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: share options. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's share) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2015	2014
Earnings/(loss)		
Profit/(loss) attributable to equity holders of the Company (HK\$'000)	<u><u>181,687</u></u>	<u><u>(583,152)</u></u>
Weighted average number of ordinary shares in issue (thousands)	<u><u>7,704,980</u></u>	<u><u>2,927,084</u></u>
Adjustments for:		
– Share options (thousands)	<u><u>3,774</u></u>	<u><u>–</u></u>
Weighted average number of ordinary shares for diluted earnings per share (thousands)	<u><u>7,708,754</u></u>	<u><u>2,927,084</u></u>
Diluted earnings/(loss) per share (expressed in HK cents per share)	<u><u>2.36</u></u>	<u><u>(19.92)</u></u>

The basic and diluted loss per share for the year ended 31 December 2014 were the same because the effect of the assumed conversion of all dilutive potential ordinary shares during the year were anti-dilutive.

8 DIVIDENDS

	2015 HK\$'000	2014 <i>HK\$'000</i>
2015 proposed final dividend — HK\$0.25 cents (2014: Nil) per share	53,871	—
2014 final dividend paid — Nil (2013 final dividend paid: HK\$0.4 cents) per share	—	11,708
	53,871	11,708

9 TRADE RECEIVABLES

	2015 HK\$'000	2014 <i>HK\$'000</i>
Trade receivables	113,849	136,504
Less: Provision for impairment of receivables	(390)	(668)
Trade receivables — net	113,459	135,836
Less: non-current portion	(3,946)	(1,763)
Current portion	109,513	134,073

The Group generally grants a credit period of 30 to 90 days to its customers. For customers of automation products, a credit period ranging from 30 days to 60 days after acceptance is generally granted. The ageing analysis of trade receivables based on invoice date is as follows:

	2015 HK\$'000	2014 <i>HK\$'000</i>
0 to 30 days	51,906	58,365
31 to 60 days	17,203	29,584
61 to 90 days	13,040	23,758
91 to 120 days	21,560	8,694
Over 120 days	10,140	16,103
	113,849	136,504

10 ASSETS AND LIABILITIES CLASSIFIED AS HELD-FOR-SALE

The assets and liabilities related to Charming Lion Limited, World Fair International Limited and Heshan World Fair Electronics Technology Limited (collectively known as “Charming Lion Group”) wholly-owned subsidiaries of the Group, have been presented as held for sale following the approval of the Group’s management to sell Charming Lion Group. The completion date for the transaction is expected by 30 June 2016. The Group will continue to engage in manufacturing business subsequent to the sale of Charming Lion Group.

(a) Assets of Charming Lion Group classified as held-for-sale

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Property, plant and equipment	66,013	–
Land use right	4,575	–
Deferred income tax assets	8,992	–
Trade receivables	16,834	–
Prepayments, deposits and other receivables	9,112	–
Inventories	53,238	–
Cash and cash equivalents	92,830	–
Available-for-sale financial assets	559	–
Financial assets at fair value through profit or loss	972	–
	<hr/>	<hr/>
Total	253,125	–
	<hr/> <hr/>	<hr/> <hr/>

(b) Liabilities of Charming Lion Group classified as held-for-sale

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Bank borrowings	17,045	–
Trade payables	17,200	–
Accruals and other payables	13,396	–
Deferred income tax liabilities	156	–
Current income tax liabilities	12,758	–
	<hr/>	<hr/>
Total	60,555	–
	<hr/> <hr/>	<hr/> <hr/>

11 TRADE AND BILL PAYABLES

	2015 HK\$'000	2014 HK\$'000
Trade payables	43,074	69,489
Bill payables	1,969	95
	<hr/> 45,043 <hr/>	<hr/> 69,584 <hr/>

The ageing analysis of the trade and bill payables based on invoice date is as follows:

	2015 HK\$'000	2014 HK\$'000
0 to 30 days	24,512	42,022
31 to 60 days	15,704	14,253
61 to 90 days	2,278	2,886
91 to 120 days	–	3,317
Over 120 days	2,549	7,106
	<hr/> 45,043 <hr/>	<hr/> 69,584 <hr/>

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

In 2015, the Group actively pushed ahead with its business transformation in becoming a high value-added and diversified company and continued to eliminate its low-margin and low value-added electronic manufacturing business in an effort to allocate the resources to business segments with greater growth potential. To better reflect the Group's current business operations, in the 2015 financial year, the management decided to change the former Life Energy segment, Life Security segment, Life Touch segment and Other segment to one operating segment, namely Manufacturing segment; while maintaining the existing Automation segment and adding a new Securities Investment segment.

Based on the new business segment classification, for the year ended 31 December 2015, Automation products remained the largest source of revenue for the Group and accounted for approximately 48.4% (2014: 54.6%) of the total revenue. As part of this transformation strategy, the percentage of revenue of Manufacturing business of the Group decreased to approximately 22.7% (2014: 45.4%), whereas the Securities Investment business commenced during the year accounted for approximately 28.9% (2014: N/A).

Business review

Automation

Due to fierce competition in the industry, coupled with the introduction of a new agent by one of the major suppliers in 2015, revenue from the Automation business decreased to approximately HK\$344.5 million (2014: HK\$404.4 million) during the year, accounting for approximately 48.4% (2014: 54.6%) of the Group's total revenue.

Manufacturing Business

Given the weak demand for electronic manufacturing services, the Group endeavoured to transform and strategically eliminated the low-margin and low value-added electronic manufacturing business in 2015. Accordingly, revenue from the manufacturing business decreased substantially to approximately HK\$161.6 million (2014: HK\$336.7 million) during the year, accounting for approximately 22.7% (2014: 45.4%) of the Group's total revenue.

Since the world's first biometric fingerprint privacy protection platform – FingerQ was successfully launched in 2013, the Group has continued to actively cooperate with the leading companies in the industry. During the year under review, the Group subscribed for 30,000 convertible preference shares issued by BIO-Key International, Inc. ("BIO-key") through the conclusion of a securities purchase agreement between an indirect wholly-owned subsidiary of the Group and BIO-key for a total consideration of US\$3,000,000 (or at a price of US\$100.0 per preference share), payable in cash which has been recorded under Securities Investment Segment. Capitalizing on BIO-key's expertise and industry experience, the Group is expected to further explore and develop the FingerQ technology, thereby expanding the level of application and creating a win-win situation. The Group has received US\$12.0 million from BIO-key for the license of certain software, documentation and other intellectual property in relation to FingerQ. Such fee has been recorded under "Other Income – Net" in the Group's statements.

The Group will continue with its transformation strategy, continuing to eliminate the low-margin and low-value-added electronic manufacturing business while focusing on co-operating with the best technology companies in developing the biometric security technologies.

Securities Investment

Aiming at broadening the sources of income and offering a better return to its shareholders, during the year, the Group included securities investment in its main business and achieved satisfactory returns, recording revenue of approximately HK\$205.7 million (2014: Nil). The Group will continue to carefully identify potential investment opportunities in the securities and financial markets to maximize shareholders' return, broaden its sources of income and improve the Group's financial position.

Technology Investment and Partnership

To enhance the level of technology and to develop partnerships with various top-notch technology companies, the Group invests in a number of industry-leading technology companies specializing in biometric security, wireless data transmission and communication technologies which may be divided into two major categories, listed and unlisted companies.

Listed Companies

The Group invests in and holds shares in the following listed companies: 1) BIO-key (a U.S. public company that is listed and traded on the OTCQB, primarily engaging in advanced biometric solutions); 2) IDEX ASA (a Norwegian public company listed on the Oslo Axess market of the Oslo Stock Exchange, primarily engaging in the development of fingerprint imaging, recognition and authentication technology); and 3) Link Mobility Group (a provider of mobile solutions and mobile services in the Nordic and Baltic countries that is listed on the Oslo Axess market of the Oslo Stock Exchange).

Unlisted Companies

The Group invests in and holds shares in the following unlisted companies: 1) Keyssa Inc. (a U.S. privately-held company whose principal business is developing wireless technology for data transfer); 2) Kili Corporation ("Kili", a private technology company primarily engaging in authentication in civilian markets and secure payment software technology); and 3) Powermat Technologies Ltd. ("Powermat", a U.S. privately-held company providing wireless power solutions for consumers, OEM and public venues).

During the year under review, in light of Powermat's poor business performance, the Group decided to make provision for impairment of its equity interests in Powermat.

In March 2015, the majority of Kili's assets was transferred to a handset payment and retail technology company Square, Inc. ("Square") in consideration of Square issuing to Kili, shares in Square. Subsequent to such transfer, Kili has been carrying on as a holding company which largest remaining assets is its interest in Square. Thereafter, Square was listed on the New York Stock Exchange in November 2015 and therefore the Group also indirectly holds shares of Square through Kili.

Financial Review

Revenue

The Group's revenue for the year ended 31 December 2015 amounted to approximately HK\$711.8 million (2014: HK\$741.1 million), analysed by the following segments:

	2015		2014		% change (Restated)
	HK\$ million		HK\$ million (Restated)		
Automation	344.5	48.4%	404.4	54.6%	(14.8)%
Manufacturing	161.6	22.7%	336.7	45.4%	(52.0)%
Securities Investment	205.7	28.9%	–	–	N/A
	<u>711.8</u>	<u>100%</u>	<u>741.1</u>	<u>100.0%</u>	<u>(4.0)%</u>

During the year under review, the Group's revenue dropped by approximately 4% from approximately HK\$741.1 million in 2014 to approximately HK\$711.8 million. Such decline was mainly attributable to the drop in revenue in the Automation and the Manufacturing segments, and offset by the increase in revenue in the Securities Investment segment, a newly adopted segment during the year.

Gross Profit and Margin

Gross profit for the year ended 31 December 2015 amounted to approximately HK\$264.9 million as compared with a gross loss of approximately HK\$250.8 million in 2014. The profit is mainly due to the increase in gain in the Group's investment in listed securities and the absence of any impairment loss on the fixed assets of the Group. For the same reason, the gross profit margin for the year ended 31 December 2015 was approximately 37.2% as compared to a gross loss margin of approximately 33.8% for the corresponding period in 2014.

Other Loss – Net

The net other loss for the year ended 31 December 2015 amounted to approximately HK\$8.4 million as compared with net other gain of approximately HK\$5.4 million in 2014. The net other loss is mainly due to the impairment on available-for-sale financial assets and goodwill of approximately HK\$18.7 million offset by the gain on disposal of available-for-sale financial assets of approximately HK\$10.3 million.

Other Income – Net

The net other income of the Group increased by approximately HK\$76.9 million as compared with the corresponding period in 2014 mainly due to increase in net license fee income by approximately HK\$78.2 million.

Distribution Costs

Distribution costs for the period amounted to approximately HK\$22.3 million, accounting for approximately 3.1% of the total revenue. This represented a decrease of approximately 18.5% when compared to the corresponding period in 2014. The decrease was mainly caused by the reduction in data storage fee for FingerQ and PrivacQ.

Administrative Expenses

During the year under review, administrative expenses decreased to approximately HK\$106.1 million from approximately HK\$296.2 million, mainly due to the absence of any impairment loss on property, plant and equipment, and a decrease in depreciation.

Finance Income – Net

Net finance income was approximately HK\$1.7 million, as compared to net finance cost of approximately HK\$1.5 million during the corresponding period in 2014. The change was primarily resulted from more interest income from deposits.

Income Tax Expense

Income tax expense increased by approximately 227.0% to approximately HK\$25.1 million as compared to an income tax expense of approximately HK\$7.7 million during the corresponding period in 2014. The change was mainly due to the increase in taxable profits.

Profit for the Year

Profit for the year was approximately HK\$181.7 million, as compared to a loss of approximately HK\$583.2 million during the corresponding period in 2014. The profit was mainly due to (i) a gain in the Group's investment in listed securities of approximately HK\$205.7 million; (ii) the absence of any impairment loss on fixed assets of the Group; (iii) a material decrease in depreciation due to the impairment losses made on the carrying amounts of certain assets of the Group such as machinery; (iv) a drop in the share of loss and impairment provision for associated companies; (v) a decrease in administrative expenses of the Group in addition to the decrease in depreciation as mentioned in (iii) above; (vi) income recorded on the license of certain software, documentation and other intellectual property in relation to FingerQ, and (vii) offset by the impairment losses of available-for-sale financial assets and goodwill for not more than HK\$20 million.

Financial Resources Review

Liquidity, Financial Resources and Debt Structure

Adhering to a conservative financial management system, the Group continued to maintain a healthy and solid liquidity position. As of 31 December 2015, the Group's cash and cash equivalents totalled approximately HK\$3,251.6 million (2014: HK\$239.8 million). Working capital represented by net current assets amounted to approximately HK\$3,825.2 million (2014: HK\$175.8 million). The Group's current ratio was approximately 25.3 (2014: 1.5).

Bank borrowings included trust receipt loans amounting to approximately HK\$9.3 million (2014: HK\$97.5 million) and bank loans amounting to approximately HK\$38.0 million (2014: HK\$158.1 million) and were secured by corporate guarantees provided by the Company and certain of its subsidiaries. As of 31 December 2015, the Group was in a net cash position of approximately HK\$3,221.3 million (2014: net cash deficit position of HK\$15.8 million), representing the bank balances and cash exceeded total debts at the end of the reporting period.

Capital Commitments

As of 31 December 2015, the Group did not have any contracted but not provided for capital commitments (2014: Nil).

Currency Exposure and Management

During the year, the Group's receipts were mainly denominated in US dollars and Hong Kong dollars. The Group's payments were mainly made in US dollars, Hong Kong dollars and Renminbi.

In respect of Renminbi, as the Group's production plant is located in China, most of the labor costs and manufacturing overheads are denominated in Renminbi. Therefore, the appreciation of Renminbi will adversely affect the Group's profitability. The Group will closely monitor the development of Renminbi and, if necessary, consider entering into foreign exchange forward contracts with reputable financial institutions to reduce potential exposure to currency fluctuations. During the year under review, the Group has not entered into any foreign exchange forward contracts due to the depreciation of Renminbi.

Future plans for capital investments and expected source of funding

Currently, the Group's operating and capital expenditures are mainly financed by its internal resources such as operating cash flow and shareholders' equity, and, to a certain extent, by bank loans. The Group has sufficient funding resources and unutilised banking facilities to meet its capital expenditure and working capital requirements.

EMPLOYEES

As of 31 December 2015, the Group had approximately 500 (2014: 700) full-time employees mainly in Hong Kong and China. The Group recognises the importance of human resources to its success. Qualified and experienced personnel are recruited with remuneration maintained at competitive levels.

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING

The Company was listed on the main board of the Stock Exchange on 15 December 2010 and the proceeds raised by the placing and public offering, net of listing expenses, were approximately HK\$642.0 million. During the period from the listing date to 31 December 2015, the net proceeds were utilised as follows:

	<i>HK\$' million</i>
1 Purchase of equipment for the production of capacitive touch screen products and upgrading production capacity	175.8
2 Research and development costs on company products	138.1
3 Acquisitions of new technology or cooperation	83.5
4 Acquisitions for vertical integration	57.8
5 Construction of additional production plants	57.8
6 General working capital purpose	64.2
	<hr/>
Total net proceeds utilised	<u>577.2</u>

The balance of the net proceeds was deposited with the banks in the People's Republic of China and Hong Kong and will be used for the intended uses as set out in the prospectus of the Company dated 2 December 2010.

USE OF PROCEEDS FROM SHARE SUBSCRIPTION IN AUGUST 2015

On 9 May 2015, the Company entered into a subscription agreement with, among others, eight investors pursuant to which the investors agreed to subscribe for 18,611,994,100 new shares (“Share Subscription”). The Share Subscription was completed on 3 August 2015. The net proceeds from the Share Subscription were approximately HK\$3,346.2 million and had been utilised as follows:

	<i>HK\$ million</i>
1. Strengthen and expand the existing business of the Group	23.3
2. Exploration of business opportunities in the energy-saving lighting industry in the PRC	–
3. Completion of the potential acquisition of the Optoelectronic Enterprise, including (i) land acquisition, (ii) construction of new plants or acquisition of existing plants, and (iii) purchase of machinery and equipment	–
4. Acquisition of the equity interest of a domestic financial enterprise for diversification, business extension and capture business opportunities	–
5. General working capital of the Company	135.9
	<hr/>
Total net proceed utilised	159.2
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The balance of the net proceeds was deposited with the banks in the People’s Republic of China and Hong Kong and will be used for the intended uses as set out in the Circular of the Company dated 29 June 2015.

BUSINESS OUTLOOK

Looking ahead, developing high-value-added and diversified business will remain the focus of the Group’s strategy. In the past few years, the Group successfully eliminated the low-margin and low-value-added electronic manufacturing business which has greatly improved business performance. Adhering to the strategy for steady development, the Group will actively promote business transformation based on the interests of shareholders.

To put the above strategy into practice, on 26 February 2016, the Group announced its plan to sell the production plant of the electronic manufacturing business to a third party in order to enhance its operational efficiency.

In addition, in January this year, the Group announced the acquisition of a Shenzhen enterprise with the goal of saving effort to develop the new energy industry and the light-emitting diode manufacturing business as well as engaging in R&D relating to such businesses. The enterprise owns approximately 120,000 square meters of land in the core district of Shenzhen's Guangming New Area. Currently, about 100,000 square meters of properties have been built and the remaining undeveloped land is reserved for development and construction purposes until the local government's planning is determined. Management is highly positive toward the prospects of the light-emitting diode manufacturing business and expects these investments will bring significant benefits to the Group's long-term development.

As for automated production equipment, to further meet customer needs and improve business, Gallant Tech plans to expand its product lines to peripheral auxiliary equipment, aside from the existing SMT assembly and testing equipment and semiconductor packaging equipment. Besides, Gallant Tech is expected to strengthen its after-sale and maintenance services to consolidate customer base and broaden sources of income and accordingly reinforce its competitiveness in the industry. The Group is optimistic toward the long-term development of the automation business.

Going forward, the Group will continue to actively develop biometric technology and promote the development of new energy. The Group will also keep abreast of market trends and leverage on its competitive advantages in actively seeking suitable investment opportunities in areas such as integrated financial services, asset management and emerging industries, hence bringing good returns for shareholders.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK\$0.25 cents per ordinary share for the year ended 31 December 2015 (2014: Nil) to shareholders whose names appear on the register of members of the Company on Wednesday, 11 May 2016.

Subject to the approval of the Company's shareholders at the forthcoming annual general meeting to be held on Tuesday, 3 May 2016, the said final dividend will be paid in cash on or around Tuesday, 31 May 2016. Details of dividend for the year ended 31 December 2015 are set out in Note 8.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from Thursday, 28 April 2016 to Tuesday, 3 May 2016 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the forthcoming annual general meeting of the Company, 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 27 April 2016.

For determining entitlement to the proposed final dividend, the register of members of the Company will be closed from Monday, 9 May 2016 to Wednesday, 11 May 2016, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final dividend, all share transfers, accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Friday, 6 May 2016.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

On 9 May 2015, the Company, Mr. Wong Kwok Fong and Ms. Ching Pui Yi entered into a subscription agreement with eight investors pursuant to which the investors agreed to subscribe for 18,611,994,100 new shares at an aggregate consideration of HK\$3,350,158,938. The share subscription was completed on 3 August 2015. Save for such share subscription, neither the Company, nor any of its subsidiaries, purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2015.

CORPORATE GOVERNANCE

The Company is maintaining a high standard of corporate governance with a view to enhancing the management of the Company as well as preserving the interests of the shareholders as a whole. The Board is of the view that the Company has complied with the code provisions set out in the Corporate Governance Code (the "CG Code") in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), except that there is no separation of the roles of chairman and Chief Executive Officer, as stipulated in the code provision A2.1 of the CG Code. Mr. Yao Jianhui ("Mr. Yao") currently assumes the roles of both the Chairman and the Chief Executive Officer of the Company. Mr. Yao has extensive experience in a wide range of industries, including food, construction materials, real estate, commerce, agricultural and forestry, logistics, technology and finance. The Board believes that by holding both roles, Mr. Yao will be able to provide the Group with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as execution of long-term business strategies of the Group. As such, the structure is beneficial to the business prospects of the Group. Furthermore, the Company's present management structure comprises sufficient number of independent non-executive directors, and thus the Board believes that a balance of power and authority have been and will continue to be maintained.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Board 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 of the Group regarding securities transactions of the directors of the Company. All directors of the Company have confirmed that throughout the year ended 31 December 2015, they have complied with the provisions of the Model Code.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference set out in the CG Code. The principal duties of the audit committee includes the review and supervision of the Group's financial reporting matters, risk management and internal control procedures. The audit committee comprises one non-executive director of the Company, namely Mr. Huang Wei and two independent non-executive directors of the Company, namely Mr. Wong Chun Bong and Professor Lee Kwok On, Matthew. The audit committee has reviewed the audited financial statements and this annual results announcement of the Group for the year ended 31 December 2015.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

- (1) On 12 January 2016, the Group entered into a subscription agreement with Shenzhen B&K New Energy Co. Ltd. (“Shenzhen Enterprise”), pursuant to which, the Group has conditionally agreed to subscribe, and the Shenzhen Enterprise has agreed to allot and issue to the Group, shares at a consideration of RMB360,000,000 (equivalent to approximately HK\$425,844,000). Upon completion, the Group will hold approximately 50% interest in the Shenzhen Enterprise and have control of the Board of the Shenzhen Enterprise, which in turn will become a subsidiary of the Group.
- (2) On 3 February 2016, the Group entered into a subscription agreement with Zhangjiang Jifutong Financial Service Joint Stock Company Limited (“Zhangjiang Enterprise”), pursuant to which, the Group has conditionally agreed to subscribe, and the Zhangjiang Enterprise has conditionally agreed to issue to the Group, shares at a consideration of RMB50,000,000 (equivalent to approximately HK\$59,140,000). Upon completion of the subscription and the subscription made by another current shareholder of the Zhangjiang Enterprise, the Group will hold approximately 33.21% interest in the Zhangjiang Enterprise. Accordingly, the Zhangjiang Enterprise will become an associate of the Company. In addition, the Group, the Existing Shareholder of the Zhangjiang Enterprise and the Zhangjiang Enterprise entered into an option agreement, pursuant to which, among others, the Group has been granted the right to request the Zhangjiang Enterprise or the existing shareholder (as the case may be) to repurchase or purchase the shares under certain circumstances.
- (3) On 29 January 2016, the Group entered into a memorandum of understanding with several existing shareholders of Hang Fat Ginseng Holdings Company Limited (“Target Company”) in relation to the proposed acquisition of a majority stake in the Target Company (“Proposed Transaction”). Nonetheless, after preliminary due diligence conducted by the Group, the Group has decided not to proceed with the Proposed Transaction and terminated the memorandum of understanding.
- (4) On 26 February 2016, the Group entered into a memorandum of understanding, pursuant to which, the Group has agreed to sell, and the purchaser has agreed to purchase, the entire registered capital of a wholly-owned subsidiary of the Group.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group’s results for the year ended 31 December 2015 have been agreed with the Group’s auditor, PricewaterhouseCoopers (“PwC HK”), to the amounts set out in the Group’s audited consolidated financial statements. The work performed by PwC HK 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 PwC HK on the preliminary announcement.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Tuesday, 3 May 2016 at 11:00 a.m. at Taishan Room, Level 5, Island Shangri-La Hong Kong, Pacific Place, Supreme Court Road, Central, Hong Kong. Notice of the annual general meeting will be published and issued to shareholders in due course.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.hk1282.com). The 2015 Annual Report will be dispatched to the shareholders of the Company and available on the same websites in due course.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our appreciation to the management team and staff of the Group for their contribution during the period and also to extend my sincere gratitude to all our shareholders and business partners for their continuous support.

By order of the Board
China Goldjoy Group Limited
Yao Jianhui
Chairman and Chief Executive Officer

Hong Kong, 11 March 2016

As at the date of this announcement, the Board comprises three executive directors, namely Mr. Yao Jianhui, Mr. Feng Huiming and Mr. Li Minbin; one non-executive director, namely Mr. Huang Wei; and three independent non-executive directors, namely Mr. Wong Chun Bong, Professor Lee Kwok On, Matthew, and Mr. Lee Kwan Hung.