Annual Report 2015

研祥智能科技股份有限公司

EVOC Intelligent Technology Company Limited*

(a joint stock limited company incorporated in the People's Republic of China)

Stock Code : 2308

* for identification purpose only

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Chen Zhi Lie *(Chairman)*
Tso Cheng Shun
Zhu Jun

Independent non-executive directors

Ling Chun Kwok
Wen Bing
Dong Li Xin
Zhang Da Ming

SUPERVISORS

Pu Jing *(Chairperson)*
Zhan Guo Nian
Zhang Zheng An
Ng Mun Hong
Kwok Ka Man

COMPLIANCE OFFICER

Zhu Jun

COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

Tsui Chun Kuen *CPA, FAIA*

AUTHORIZED REPRESENTATIVES

Chen Zhi Lie
Tsui Chun Kuen *CPA, FAIA*

MEMBERS OF THE AUDIT COMMITTEE

Ling Chun Kwok *(Chairperson)*
Dong Li Xin
Zhang Da Ming

MEMBERS OF THE REMUNERATION AND REVIEW COMMITTEE

Dong Li Xin *(Chairperson)*
Zhang Da Ming
Zhu Jun

MEMBERS OF THE NOMINATION COMMITTEE

Chen Zhi Lie *(Chairperson)*
Dong Li Xin
Wen Bing

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

EVOC Technology Building
No. 31, Gaoxinzhongsi Avenue
Nanshan District, Shenzhen
PRC

LIAISON OFFICE IN HONG KONG

Unit No. 1619
16th Floor, Star House
3 Salisbury Road
Tsimshatsui
Kowloon
Hong Kong

H SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Abacus Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

AUDITOR

BDO Limited Certified Public Accountants
25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

PRINCIPAL BANKER

Industrial and Commercial Bank of China
Shenzhen Branch
F4–8, 1st Floor
Tianji Building
Tian An Industrial Area
Shenzhen
PRC

LEGAL ADVISER TO THE COMPANY

Commerce & Finance Law Offices
1405, Tower B, Shen Fang Plaza
3005 Ren Min Nan Road
Shenzhen 518001
PRC

COMPANY HOMEPAGE/WEBSITE

http://www.evoc.com

STOCK CODE

2308

Corporate Background

EVOC Intelligent Technology Company Limited was established in the People's Republic of China (the "PRC") on 18 December 2000 as a joint stock limited company under the PRC's Company Law. The Company's H shares were listed on the GEM (the "GEM") of the Stock Exchange of Hong Kong on 10 October 2003. The Company transferred from the GEM to the Main Board (the "Main Board") of the Stock Exchange on 12 July 2010. The Company and its subsidiaries ("Group") are principally engaged in the research, development, manufacture and distribution of Special Computer products, trading of electronic products and accessories, and development of properties in the PRC. As at 31 December 2015, the registered capital of the company amounted to approximately RMB123.3 million with the Group's total assets to approximately RMB4.2 billion.

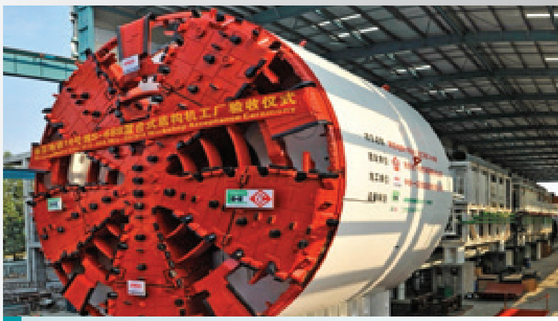
The Group is one of the leading domestic manufacturers of Special Computer products in the PRC. Special Computer is a computer system allowing users to adapt hardware and software applications to perform a dedicated function or a range of dedicated functions such as data processing, generating, interpreting and executing control signals, etc. and is embedded into a product, device or a larger system. Special Computer products manufactured and distributed by the Group are widely applied in, among other, telecommunication, industrial, military, electricity generation, video frequency control, transportation, Internet, commerce and finance industries. The Group offers over 400 Special Computer products, which can be broadly classified by their distinctive functions and features into three categories, chassis-type Special Computer products, board-type Special Computer products and remote data modules.

The Group has established an extensive distribution network through its subsidiaries, branches, offices, representative offices and about sales agents spread out across various provinces and autonomous regions in the PRC. Over 5,000 customers of the Group include authorized distribution agents, system integrators, construction and building surveillance agents, software developers and IT manufacturers in the PRC.

Research and Development Building in Guangming District

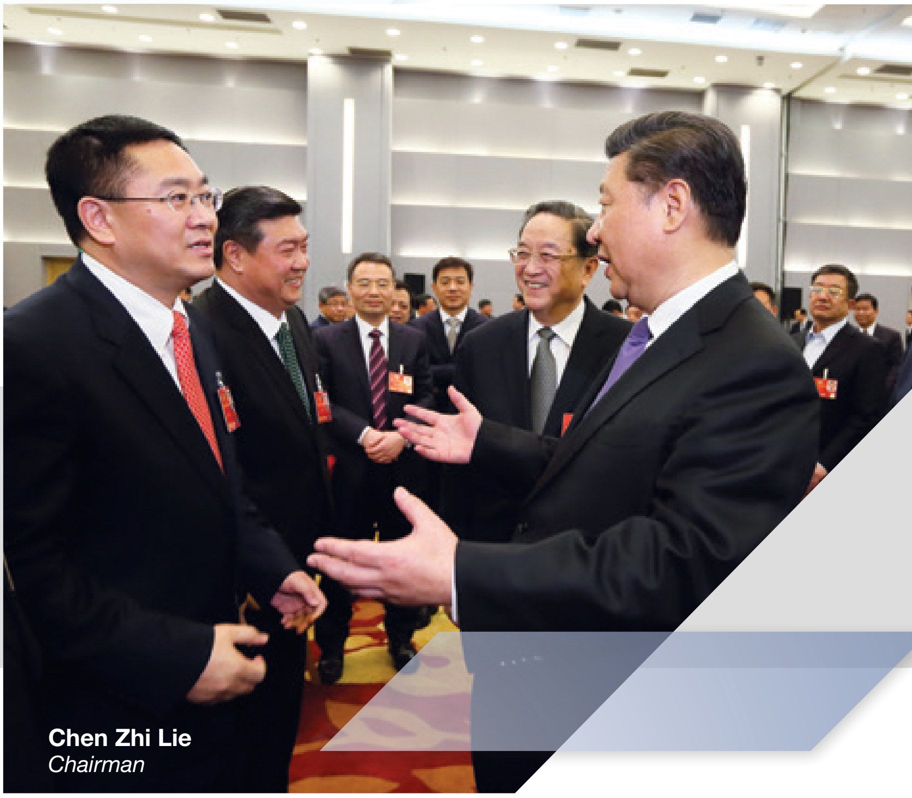
Rail Transit Solution

Integrated Display and Control Systems Solution



Tunnel Shield Solution

Chairman's Statement



Xi Jinping and Chen Zhilie met at the NPC and CPPCC in March 2016

TO OUR SHAREHOLDERS,

On behalf of the Board of directors, I am pleased to present the annual report of EVOC Intelligent Technology Company Limited and its subsidiaries ("our Company" or the "Company") for the year ended 31 December 2015 (the "Year") to our shareholders.

The Company engages in research, development, manufacture and sale of Special Computer products since 1993 with a 22-year history of continuous operation. The Company's shares were listed on the Grow Enterprise Market of the Stock Exchange of Hong Kong on 10 October 2003. The Company transferred to the Main Board of the Stock Exchange of Hong Kong on 12 July 2010 with the stock code 02308.HK, and is the only listed company of the industry in the PRC.

BUSINESS REVIEW

During the period under review, the Company continued to engage in the research, development, manufacture and sale of special computer products in the PRC. We dedicated our efforts to enhance and transform the traditional industries in the PRC, to promote the development of these industries towards the direction of information, intelligence, digitalization and automation at a faster pace, and to improve and enhance the quality of human life. The Company was also engaged in the trading of electronic products and accessories and property development business.

The Company became the world's first premium partner with Microsoft in the embedded technology field since the end of 2011, and possesses the qualification of simultaneous research and development and production of chip products, and thus manages to rapidly provide innovative solutions to foster market development. With the establishment of a strategic cooperative relationship with the Institute of Computing Technology of the Chinese Academy of Sciences on the application of embedded technology, the Company has the dominance in deciding the formulation of national standards for the Chinese Special Computer industry. The Company has been approved to establish "National Research and Develop Center of Special Computer Engineering Technology" (國家特種計算機工程技術研究中心) which is featured with uniqueness and exclusiveness in the industry, meaning that the Company becomes the sole support organization for the National Research and Develop Center of Special Computer Engineering Technology. The "EVOC" trademark of the Company was recognized as "Famous Trademark of China" by the State Administration for Industry and Commerce, which is also the first famous trademark obtained by Special Computer enterprise in China. The trademark enhanced the international influence for the "EVOC" brand of the Company, and the effective protection of its proprietary intellectual property rights and trademark brands, thereby significantly enhanced its overall competitive edges.

In 2015, China's macro-economy is running at a reasonable range. Major indicators gradually improved and showed the sign of stabilization and further improvement. The Chinese government launched a series of development policies during the period under review, such as "Great Ocean Power", "One Belt and One Road", "Made in China 2025", "Foundation Consolidation Project", with a view to enhancing the comprehensive national power. These measures have brought extensive opportunities for the Chinese Special Computer industry.

In response to these golden historical opportunities, the Company has been carrying out in-depth research and development in various areas, such as intelligent manufacturing, safe, autonomous and controllable systems, marine electronic information and aerospace fields, as well as promoting the structural adjustment and achieving industry transform and upgrade. During the period under review, the Company continued to promote its strategy of prioritizing efficiency and set the development goal of "reaching the new height of profit".

Airport Flight Display Solution

Automatic Production Line Solution

New Energy Solution

The Company intends to enhance profits per capita and corporate profitability through the optimization of internal operation procedures, reduction in internal costs, revolutionizing technologies of product processing and manufacturing and reducing intermediate loss. At the same time, the Company adhered to the diversified sales models including direct sales, agents, online sales and telephone sales, and increased investment in research and development and technological innovation, as well as focus on detailed quality management and control to enhance our core competitiveness.

During the period under review, the construction of Wuxi Service Outsourcing Base Project and Jiangsu Kunshan EVOC Dianshan Lake Property Base Project invested by the Company progressed well. Aiming at the market environment, the Company increased marketing efforts for the property and accelerated the speed of capital turnover. The above property development projects were in line with the Company's long-term development strategy and would bring the Company a stable cash flow and increase the Company's overall revenue.

REAL ESTATE DEVELOPMENT

In 2015, sales of the real estate projects of the Company created another record high. The total area sold reached about 11,000 sq.m. and the gross sales revenue amounted to around RMB175,000,000 for the year, including about RMB90,000,000 arising from sales of section A1 of Wuxi SHIOC International Outsourcing Base (無錫深港國際) and about RMB85,000,000 as the sales proceeds from phase 1 of Dianshan Lake Property Base project in Kunshan city, Jiangsu. Wuxi SHIOC International Outsourcing Base section A1 now covers a building area of around 200,000 sq.m.. The first phase of Dianshan Lake Property Base project in Kunshan city, Jiangsu has fully completed in 2015 in a total building area of around 44,000 sq.m..

PROPERTY INVESTMENT

In 2015, gross rentable area of the Group was approximately 150,000 sq.m., and the revenue from property rent amounted to about RMB87 million for the year. As a grade A office building under construction, EVOC City Plaza in Hangzhou has completed construction of the main structure at end of 2015 and will be in service at end of 2016 as planned, which then will increase approximately 67,000 sq.m. to the rentable area of the Group. EVOC High Profile Office Park in Guangming Hi-tech Park of Shenzhen was completed in 2014, and the total building area is around 245,000 sq.m.. It includes a 22-floor research and development office building, two buildings of research and development plants and one apartment block in a gross building area of approximately 58,000 sq.m., 92,000 sq.m. and 55,000 sq.m., respectively. Besides, it owns an underground parking lot occupying approximately 40,000 sq.m..

RESULT OF THE YEAR

In 2015, the Group recorded a turnover of approximately RMB1,444.1 million, representing approximately 37.6% decrease as compare with last year. Of which sales of Special Computer was approximately RMB337.7 million, representing a decrease of approximately 3.7%, trading of electronic products and accessories was approximately RMB931.0 million, representing a decrease of approximately 53.7%, while sales of properties was approximately RMB175.4 million, representing an increase of approximately 7.5 times as compared to previous year. Profit attributable to owners of the Company was approximately RMB229.7 million. Excluding fair value gains approximately RMB139.6 million, core profit attributable to owner was approximately RMB90.1 million. Core profit margin attributable to owners was approximately 6.2%.

RESEARCH & DEVELOPMENT

During the period under review, with a focus on hot issues of the industry and key technological breakthroughs, we launched related investigation on the industry and issued reports thereon. The reports served to provide the personnel of our R&D and product departments better understanding of the industry and form a basis and reference from which the Company's future product lines can be framed. During the period, the Company carried out research and analysis on major issues such as intelligent manufacturing, industry 4.0 and homemade hardware and software. In addition, the Company also established specific group for certain technological issues at the R&D center, with the aim of conducting research on the common issues and technologies in relation to product application and industrial application. The Company had applied for a number of patents and copyright of software. During the period under review, the Company drafted and formulated the standard of Part One of the Automation System Embedded Calculator Controller: General Information, Universal Standard of Emergency Vehicle Mounted Calculator, the drafting of which had a prominent role in enhancing the technical level of the industry and leading the advance of industry.

During the period, the semi-annual meeting of 2015 convened by the National Research and Develop Center of Special Computer Engineering Technology (國家特種計算機工程技術研究中心) was held at the Company. A number of well-known academicians and experts were invited to give advice on the roadmap of development of the National Research and Develop Center of Special Computer Engineering Technology. Based on these expert advice, the National Research and Develop Center of Special Computer Engineering Technology and in collaboration with the support company — EVOC Intelligent Technology Company Limited, will seize the historical opportunities arising from the national strategies of "Great Ocean Power", "One Belt and One Road", "Made in China 2025" and "Foundation Consolidation Project", and carry out in-depth research and development in various fields such as intelligent manufacturing, home-made, safe, autonomous and controllable systems, marine electronic information and aerospace. The National Research and Develop Center of Special Computer Engineering Technology is a national innovation platform established by the Company in April 2013 under the approval of the Ministry of Science and Technology (MOST). The center has made a number of scientific and technological achievements in the fields of marine and aerospace research, some of which have been industrialized, such as ship-bone high-performance computer platform, ship-bone display control platform, ship monitoring platform, rugged computer, automated vessel, machine-bone server and aerospace ground monitoring equipment.

During the period, the Company led the foundation of the Shenzhen Ocean Emerging Hightech Industries Promotion Association with the approval of relevant authorities. The operation of the association covers a number of fields, such as marine equipment, marine electronics, marine life, cruise and yacht. In collaboration with marine institutes which have set up offices in Shenzhen, the association aims to build a high-end platform for research and incubation, fostering industrial clusters as well as talent training for Shenzhen marine industry by attracting the marine science and technologies, industries, capital and management capabilities nationwide. As a leading marine industry in Shenzhen and by playing its leading role, the Company has attracted more than 100 corporate members, organized 2 marine and aerospace special reports, organized more than 50 consulting activities, and promoted 3 cooperation projects.

New key products of the Company under research and development during 2015 include:

1. **Home-made human interface device**

   The product is a human interface device applicable to industrial application based on domestic core (main CPU). Equipped with a home-made CPU, it is mainly used in smart devices and intelligent manufacturing under industry 4.0 circumstances.

2. **Home-made Loongson server**

   The product is a server system based on the high-performance quad-core general purpose processor equipped with home-made Loongson. Key hardware and operation system of the system are provided by domestic manufacturers. The product is capable of achieving various demands for information security technology certification based on practical application. With unique expansion capabilities and high security, fully controllable capabilities, the product will be widely used in different areas including e-government, communications, finance, big data and cloud computing.

3. **Rugged portable computer**

   The product is a high-performance, low energy consumption platform with 10.1 display module. As an information terminal, the device is capable of a variety of applications, such as telecommunication, survey and mapping, data collection and processing, and can be applied to cruel environments and high-end equipment of military and vehicle-bone devices. It can also be applied in the outdoor environments including highlands, deserts, wetlands and snowfields.

4. **High-performance and low energy consumption main control board**

   Featured by high performance, low energy consumption and industrial application capabilities, the product with EVOC patented technology has obvious advantages in terms of function and performance, as well as energy consumption. The product can be widely used in automation detection and test, automation control, digital control, environmental protection, medical care and rail transportation, etc.

5. **High-end intelligent devices**

   The product is defined as an innovative high-end intelligent device with industrial control system. It can meet the needs of overall expansion in terms of high-performance GPU, fully HD voice, fully HD video and other fully HD business card, which make it an ideal solution for critical business applications in small-to-medium enterprises, government authorities, scientific research institutes and higher education institutes, such as big data, voice and video services, machine vision, security monitoring industry, industrial automation, rail transportation, comprehensive intelligent transportation, automation detection and test industry and IT telecommunication industry.

6. **Miniature compact industrial machine**

   The product met the technical requirements of compact structure and strong environmental adaptability for industrial control unit. The product broke through the minimum size of the IPC machine in the industry, using compact design, single board structure, and was suitable for installation in a narrow space, and it still has good scalability in the small volume; the product can withstand the application environment of strong shock and vibration in the industrial site, and can be used in automatic control, automatic detection, highway, intelligent transportation, medical equipment and other fields.

During the period, the Company took an active approach to promote the development of the industry by establishing industry alliances and associations. Based on the national engineering technology center platform and in collaboration with the up-stream and down-stream enterprises and governmental authorities, higher education institutes and research institutes, the Company played an active role in founding the alliance of special computer industry. Aiming to promote the development of safe, autonomous and controllable system industry, the alliance has made various efforts in facilitating the solution of industry challenges, cooperation among manufacturing, academics and research, application of technological achievements and industry training. The alliance has facilitated the involvement of leading domestic enterprises engaging in the business of home-made processor, home-made operation system, engineering control machine, engineering control system applications, and professors and experts in embedded, computer and engineering control system from the Peking University, Tsinghua University, Sun Yat-sen University, South China University of Technology, Shenyang Institute of Automation of Chinese Academy of Sciences in providing advices on the national nuclear, high-tech and fundamental major projects 13th five-year plan and the manned space flight 13th five-year project of the State Administration of Science, Technology and Industry for National Defense. Through these efforts, the Company has achieved the R&D collaboration in industrial big data and secure engineering control machine with the combination of industrial, academic and research parties.

During the period, the Company made outstanding achievement in the informatization construction, winning the honorary title as one of top 100 enterprises in information industry in China in 2016; national standards of industrial calculator developed by the Company won 2014 Shenzhen City Science and Technology Award (Standard Award); the product EVOC Intelligent Vision won 2015 Shenzhen Industry Award (Enterprise); EVOC new generation of industrial control computer technology won 2016 Guangdong Province Patent Award for Excellence Award; EVOC domestic industrial computer hardware and software reinforcement technology research and industrialization project won the first prize in 2015 Shenzhen City Science and Technology.

MARKETING AND BRANDS

The Company offers Special Computer products in three series and solutions tailored for a number of industries. The Special Computer products manufactured and sold by us are widely applied in railway transportation, coal mine safety, environmental protection, communications, commerce, industrial sector, finance, energy, military, video frequency control and internet.

During the period under review, the Company remained committed to a multi-facet marketing model based on three main kinds of marketing methods, namely direct marketing, distribution and new channels (Internet sales and telephone sales). During the period under review, the Company has focused its marketing efforts on transferring the "EVOC" brand marketing to product brand marketing as the core strategy, and continuing to improve the brand's penetration rooted in the mind of a new generation. The Company principally promoted micro marketing and integrated marketing. By making full advantage of the fast transmission of the emerging Internet media, the Company stepped up efforts to integrate and promote the We Media resources. Responding to "Internet +" demands under the background of Made in China 2025, the Company revamped the EVOC official website and its online shopping mall, refined the EVOC's micro-blog and improved its operating efficiency, closely followed the integrated marketing plan featured with combination of the internet marketing with the practical circumstance in the industry and online with offline scenarios, and carried out fully micro marketing planning, theme planning and event marketing planning by utilizing its leading strength in the industry. In terms of seminars, the Company focused on thematic seminars regarding specific industries and proposed industries covered by specific production line, network seminars and theme planning with the main content of media feature coverage, and capitalized the third-party media platforms to realize the transformation from traditional seminars to seminars on industry events gradually. In terms of the marketing reform, the Company has emphasized on annual highlighted thematic marketing campaign in conjunction with industrial popularization and education. We also reorganized and planed the existing product system, confirmed four application areas including intelligent manufacturing, high-end equipment, communication security and machine vision, continued to pay attention to the key marketing industry and increased investment in military, rail traffic, network security, new energy, and high-end manufacturing etc.

During the period under review, the key measures and achievements realised by the Company in respect of marketing are as follows:

1. We held "Sailing Forward to Realize Brand Success" (羊帆起航品牌制勝) — 2015 EVOC Annual Conference on Strategic Core Distribution in Shenzhen, PRC to explore successful transformation of "high-end brand" strategy in 2014 with distributors, share the business growth brought by the brand influence in 2014, and discuss how enterprises could maintain sustainable growth in 2015 to create new record of net profits.

2. The Company prepared and implemented the thematic micro marketing proposal in light of big data server, intelligent manufacturing, rugged appliance and machine vision, as a result of which the Company increased exposure and influence of EVOC's brand in related areas effectively.

3. The Company held "Innovation and Reform Creating New Vision" (創新格局變革新視界) — 2015 EVOC Semi-annual Summit with Channel Cooperation Partner in Shenzhen, PRC to explore with the channel cooperation partners how to seize the vast opportunities arising from "Internet+" era under the background of "Mass Innovation, Start-ups by all" (大眾創新，萬眾創業) and the opportunity of emerging industrial application arising from "Made in China 2025" in 2015 when "makers" surge. The Company also helped its channel cooperation partners to solve practical difficulties in the course of development and embrace the new opportunity from the policy-oriented industries by "Teamwork to Bring New Model" (群策群力，革新模式).

4. The Company continued to increase the investment in the micro-marketing field, continued the efforts in promotion and cooperation of search engine with Baidu and Google, adjusted investment direction and budget distribution of Baidu promotion, increased promotion pathway for 360 search engine, cooperated with new media platforms of the third party industry, improved the proportion of SEO investment and continuously improved the exposure rate of EVOC brand.

5. The Company strengthened efforts in promoting "Internet+" platforms. By planning the second anniversary promotion activity of EVOC Commerce Mall to increase the popularity, we increased the coverage of customer demands, improved the operation efficiency of EVOC Commerce Mall and EVOC official micro-blog and increased the investment in micro marketing continually. The Company innovated the sales services by facilitating the customer service to fully cover the mobile portal, as a result of which the operating performance of the online marketing was improved significantly.

6. The Company participated in the First China Intelligent Equipment Industry Expo and the Fourth China Electronic Equipment Industry Expo in 2015. The exhibition was the only one themed with intelligent and electronic equipment industry, sponsored by the Shenzhen Municipal People's Government.

7. The Company hosted the 'symposium on the development of the ocean and space technology of the National Engineering Center' in Shenzhen, China.

8. The Company was invited to attend the third China (Mianyang) Science and Technology City International Science and Technology Fair and settled in the National Independent Innovation Demonstration Zone in Shenzhen, the exhibition was a key science and technology exhibition co-sponsored by the Ministry of Science and Technology and the People's Government of Sichuan Province, regularly held in Mianyang, Sichuan every year.

9. In the background of files moving towards practice of transformation and upgrading of "Made in China 2025" promoted by "combination of informatization and industrialization", it stood in the height of overall industry, held the report themed with the "innovation pattern boosts industrial Internet" in Beijing and Shanghai together with the national special calculator engineering technology research center and Chinese IPC industry, respectively helped Made in China 2025 step into deepwater areas and assisted high-end equipment become the new industrial engine.

10. The Company held "innovation pattern, win-win resonance" — 2015 channel partners year-end summit in Guilin, China, discussed the industry structure, the layout of the market, channel policy and marketing training and other issues with channel partners, studied how to continue the idea of "innovation promoting optimization, reform promoting layout and novelty promoting growth" in 2016, took many initiatives to ensure win-win resonance with channel partners and together greeted the new height of net profit in the "Age of Light".

OUTLOOK & PROSPECTS

Looking forward to the future, the Chinese economy is expected to show a trend of moderate recovery as the policies designed to achieve growth stabilization came into effect. Such measures include the successive reduction in interest rate and reserve requirement ratio, expansion in fiscal spending, elimination of levies and tax cuts, as well as project packages in respect of major investment projects and consumption promotion projects. In recent years, with the proposition of national strategic emerging industries, governments at all levels nationwide introduced a number of policies aiming to encourage intelligent manufacturing and the development of its sub-industry, the intelligent manufacturing industry of China has attracted extensive attention in the society. With the demand for increase in product performance and the rise in labor costs, we will face increasing pressure of industry transform and upgrade. As a manufacturing hub, China is now facing a major revolution of "Industry 4.0". As one of the key fields of the strategic emerging industry, the role of intelligent manufacturing in the industrial transform and upgrade, the construction of intelligent manufacturing industry is expected to enter a fast lane of growth.

The Company will capture the opportunities in the market by leveraging on its leading edge in terms of brand and quality of special computers, as well as thus achieving business growth by taking advantage of the opportunities arising from the demand for localization of manufacture and intelligent manufacture. We will remain focusing on rail transportation, information security, environmental protection equipment, electrical equipment and construction machinery. By offering a full array of high-end network products, we will meet the demand for network information security. With a focus on tactic customers, we will target on high-end market. Meanwhile, boasting on the growth opportunities arising from the automation equipment demand lured by the growth of the cloud computing/big data market and industrial upgrade, we will increase our market share on the industrial server segment.

The Company will also seize the opportunities arising from the growth in demand for automated equipment as a result of industry upgrades, continue to increase its presence in the industry, and take a practical and positive approach in facilitating the industry upgrades and development of the country's intelligent manufacturing, safe, autonomous and controllable systems, marine electronic information and aerospace fields. Meanwhile, leveraging on our competitive advantages and resources, the Company will uphold our strategy of self owned branding and technological innovation, in order to enhance our core competitiveness, thereby confirming and staying in the leading position in the special computer fields in the PRC.

APPRECIATION

I, hereby, on behalf of the Board of Directors, would like to take this opportunity to express heartfelt thanks for the support from all members of the Board of Directors, management, employees, customers and shareholders, thank them for the contribution and efforts they have made to the Company, and also thank for the support for the Company from all walks of life. Looking forward to the future, we will continue to go all out to develop the business; I firmly believe that the Company will continue to create ideal economic benefits for shareholders to get a good return in the future.

Chen Zhi Lie
Chairman

Shenzhen, the PRC, 30 March 2016

Management Discussion and Analysis

TURNOVER

For the year ended 31 December 2015, the Group's reported a total revenue of approximately RMB1,444.1 million (2014: approximately RMB2,312.7 million) representing a decrease of approximately 37.6%, analysed by product category as follows:

	2015 RMB'000	2014 RMB'000	Change percentage
Turnover			
Sales of Special Computer products	**337,713**	350,686	–3.7%
Sales of electronic products and accessories	**930,969**	2,009,011	–53.7%
Sales of properties	**175,417**	20,690	+747.8%
Less: Sales returns of properties sold	**—**	(67,685)	—
	1,444,099	2,312,702	–37.6%

Cost of sales and Gross Profit Margin

Cost of sales for the period decreased to approximately RMB1,225.0 million, represents a decrease of approximately 40.9% as compared to previous year.

Gross profit margin for the period increased to approximately 4.8 percentage points to approximately 15.2%. The increase of gross profit margin was mainly due to decrease in lower profit margin trading business.

Other Income

Other income for the period increased approximately 56.7% from approximately RMB92.2 million in 2014 to approximately RMB144.4 million in 2015. The increase was mainly due to rental income and government subsidies in developing ocean environmental and high-tech business sector.

Selling & Distribution costs

The selling and distribution costs decreased 6.7% from approximately RMB43.1 million in 2014 to approximately RMB40.2 million in 2015 due to decrease in promotional and advertising cost.

Administrative Expenses

The administrative expenses increased 4.2% from approximately RMB44.3 million in 2014 to approximately RMB46.2 million in 2015 due to increase of depreciation.

Research & Development costs

The research and development costs increased 18.4% from approximately RMB58.0 million in 2014 to approximately RMB68.7 million in 2015 due to increase in material parts consumables and staff salary expenses.

Fair value gain

During the period, the Group recorded a fair value gain approximately RMB19.3 million on investment properties and fair value gain approximately RMB120.3 million on transfer of properties held for sale to investment properties.

Finance Costs

Finance costs net of interest capitalized were approximately RMB52.7 million in 2015, compared with approximately RMB76.2 million in 2014, representing a decrease 30.8%.

Income tax expenses

Income tax expenses increased 442% from approximately RMB6.5 million in 2014 to RMB35.2 million in 2015. The increase was mainly due to reversal in response to return of property sold.

Profit Attributable to Owners of the Company

The Group's profit attributable to owners of the Company increased from approximately RMB119.6 million in 2014 to approximately RMB229.7 million in 2015, representing an increase of approximately 92.0%. The net profit margin has been increase from 5.2% to 15.9%.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group generally finances its operation with internally resourced and banking facilities generally by bankers in the PRC. As at 31 December 2015, the Group's gearing ratio had decreased to 58.7% (calculated on the basis of the Group's total liabilities over total assets) from 63.8% as at 31 December 2014. At the year end date the Group's total bank borrowings amounted to approximately RMB1,534 million (2014: approximately RMB1,389 million). The Group's cash and bank balances as at 31 December 2015 has increased to approximately RMB419 million (2014: approximately RMB252 million). The current ratio (calculated on the basis of the Group's current assets over current liabilities) has decrease to 1.19 as at 31 December 2015 (2014: 1.32).

FOREIGN EXCHANGE EXPOSURES

Since most of the transactions of the Group were denominated in Renminbi, the Group did not experience any material difficulties or effects on its operations or liquidity as a result of fluctuations in currency exchange rates during the year under review.

CONTINGENT LIABILITIES

The Group has no contingent liabilities at 31 December 2015.

CAPITAL COMMITMENTS

As at 31 December 2015, the Group had capital commitment authorised but not contracted for and contracted but not provided for were nil (2014: nil) and approximately RMB394.9 million (2014: approximately RMB180.9 million) respectively, mainly in respect of construction of a service outsourcing centre in Wuxi, the PRC, construction of commercial and residential properties in Kunshan, Jiangsu, the PRC and construction of production plants, office and staff quarters in Hangzhou, Zhejiang, the PRC.

PLEDGE OF ASSETS

At 31 December 2015, the Group has pledged certain of its property, plant and equipment, investment properties, lease prepayments and construction in progress with a total carrying amount of approximately RMB1,524.7 million (2014: approximately RMB1,389.0 million) as security for bank borrowings and general banking facilities granted to the Group. Except for the above, there are no other charges on the Group's assets.

EMPLOYEE INFORMATION

As at 31 December 2015, the Group had total workforce of 954 (2014: 949). Employee benefit during the year were approximately RMB76.3 million.

The Group recognizes the importance of high caliber and competent staff and has a strict recruitment policy and performance appraisal scheme. Remuneration policies are mainly in line with industry practices, and are formulated on the basis of performance and experience and will be reviewed regularly. The Group remunerates its employees based on performance, experience and prevailing industry practices. The Group also provides Mandatory Provident Fund benefits for its employees in Hong Kong and the Statutory Retirement Scheme for its employees in the PRC.

RISKS AND UNCERTAINTIES

The Company has identified principal risks and uncertainties that the Group faces with respect to economic risks, operational risks, regulatory risks, financial risks, and specific risks related to the Group's corporate structure. The Group's business, future results of operations and future prospects could be materially and adversely affected by those risks and uncertainties. The following highlights the principal risks and uncertainties of the Group and it is not meant to be exhaustive. There may be other risks and uncertainties which are not known to the Group or which may not be material now but turn out to be material in the future.

Economic Risks

— A severe or prolonged downturn of the or PRC economy.

— Negative effect on our operational, financing or investing activities due to inflation, fluctuations of interest rates and other measures relating to financial policies in PRC.

Operational Risks

— Failure to compete in the competitive environment which the Group operates in or to keep up with technological developments.

Financial Risk

— Details of financial risk are set out in note 35 to the financial statements.

Capital Risk

— Details of capital risk are set out in note 34 to the financial statements.

Directors, Supervisors and Senior Management's Profile

EXECUTIVE DIRECTORS

Chen Zhi Lie (陳志列), aged 52, the Chairman, an executive director and the Chairman of the nomination committee of the Group. He is the founder of the Company and is responsible for the overall strategy and planning for the business of the Company. Mr. Chen graduated with a bachelor degree of engineering in computer application from Liaoning Architectural and Civil Engineering Institute (遼寧建築工程學院) in the PRC in 1984. He also obtained a master degree in computer science and computer engineering from the department of engineering in Northwestern Polytechnical University (西北工業大學) in 1990. Mr. Chen has over 28 years of experience in computer and automation of control systems. In February 2003, Mr. Chen was awarded the prize of Guangdong Province Outstanding Entrepreneur of Domestic-owned Enterprises (廣東省優秀民營企業家) by Guangdong Province Government (廣東省人民政府). Mr. Chen was accredited as "Manager of Edges in Comprehensive Quality Control (全面質量管理優勢管理者)" by Quality Association of Shenzhen and as "Excellent Small Medium Enterprise of Shenzhen (深圳市優秀中小企業家)" by Association for Small Medium Enterprises of Shenzhen in 2004. In 2005, Mr. Chen was elected as a Member of the Executive Committee of the Fourth Chinese People's Political Consultative Conference of Shenzhen (深圳市第四屆政協常委). In 2007, Mr. Chen was elected as a member of Guangdong Political Consultative Conference (廣東省政協委員). In 2008, Mr. Chen was accredited as 2007 CCTV's Man of the Year in Chinese Economics and awarded the prize of Innovation of the Year. In 2010, Mr. Chen was elected as a Nation commissar of the Chinese People's Political Consultative Conference (CPPCC). In 2012, Mr. Chen was elected as the President of the Commerce Association of Technology Equipment Industry under the All-China Federation of Industry & Commerce, the primary legal representative and the vice-chairman (vice-president) of the Guangdong Federation of Industry and Commerce (General Commerce Association).

Tso Cheng Shun (曹成生), aged 87, the vice Chairman and an executive director of the Group. Mr. Tso graduated from Nan Tong Institute (南通學院) in the PRC and obtained a certificate in engineering in textile. He is responsible for corporate planning of the Company. Mr. Tso has been serving the Company since 1995. He is responsible for developing business strategy, preparing annual financial budget and monitoring financial status of the Group.

Zhu Jun (朱軍), aged 54, an executive director, the compliance officer and a member of remuneration and review committee of the Group. He joined the Company in October 1995 and is responsible for monitoring the R&D center of the Company. Mr. Zhu obtained the designation of Senior Programmer from China Computer Application Software Practitioner Examination Committee (中國計算機應用軟件人員水平考試委員會) in 1990. He has extensive research and development experience in computer engineering and integration of control systems. He is responsible for managing overall R&D strategy and operations of the Company. In 2000, Mr. Zhu was awarded Shenzhen Municipal Science and Technological Advancement First Class Prize (深圳市科技進步一等獎) and Guangdong Province Technological Progress Second Runner-up Prize (廣東省科技進步三等獎). In 2003, Mr. Zhu was awarded Shenzhen Province Technological Progress First Class Prize.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ling Chun Kwok (凌鎮國), aged 54, an independent non-executive director and the Chairman of the audit committee of the Group. Mr. Ling graduated from the University of Hong Kong with a bachelor degree of Accounting in 2006. He is an associate member of the Hong Kong Institute of Certified Public Accountants and Wales and a fellow member of the Association of Chartered Certified Accountants. Mr. Ling has over 25 years of experience in auditing, financial management and corporate finance in Hong Kong and in the People's Republic of China. Before joining the Company, he worked as the financial controller and company secretary in China Eco-Farming Ltd. (formerly known as Linefan Technology Holdings Limited) (stock code: 8166) and China Metal Resources Holdings Ltd. (stock code: 8071), which are both listed companies on Stock Exchange. He is currently working as a senior consultant in Wangrise Consultants Limited.

Dong Li Xin (董立新), aged 56, an independent supervisor of the Company. Mr. Dong graduated from Tsinghua University (清華大學) in the PRC with a bachelor degree in automation in 1984 and he currently holds a managerial position in the engineering department in Shenzhen World Miniature Co. Ltd. in the PRC.

Wen Bing (聞冰), aged 54, an independent supervisor of the Company. Mr. Wen obtained a bachelor degree in computer studies from Liaoning Architectural and Civil Engineering Institute (遼寧建築工程學院) in the PRC in 1984. He has over 29 years of experience in computer engineering and had held various senior positions in state-owned enterprises and transnational corporation. He is currently an executive director and the general manager of ETechsoft Co., Ltd. (深圳市欣軼天科技有限公司) as well as the general manager and chief technical officer of Televoice China (Shenzhen) Limited (聲訊亞洲中國公司).

Zhang Da Ming (張大鳴), aged 42, an independent non-executive director, a member of audit committee and a member of remuneration and review committee of the Group. Mr. Zhang graduated from the Xiamen University in 2001 with a Master degree in law and graduated from Cheung Kong Graduate School of Business (長江商學院) in 2012 with a Master degree in business administration. Mr. Zhang has provided legal services for the banks in Shenzhen and Hong Kong and for state-owned assets management companies and he has rich experience in internal corporate governance. He is currently a senior partner of Beijing Jincheng Tongda & Neal (Shenzhen) offices (金城同達（深圳）律師事務所).

SUPERVISORS

Pu Jing (濮靜), aged 50, an staff representative supervisor and the Chairman of the supervisory committee of the Company. Ms. Pu graduated from Wuhan Iron and Steel University (武漢鋼鐵學院) in the PRC with a bachelor degree in engineering in electric automation in 1988. She has over 25 years of experience in industrial computer testing.

Zhan Guo Nian (詹國年), aged 45, an staff representative supervisor of the Company. Mr. Zhan graduated from Chengdu Geological College (中國成都地質學院) in the PRC with a bachelor degree in engineering in 1991. He has over 24 years of experience in management and administration. Mr. Zhan joined the Company for management and administration work in March 2001.

Zhang Zheng An (張正安), aged 40, an shareholders representative supervisor of the Company. Mr. Zhang was graduated from high school. He has over 19 years of experience in management and administration.

Ng Mun Hong (吳滿康), aged 50, an independent supervisor of the Company. Mr. Ng obtained an Associateship in Textile Technology from Hong Kong Polytechnic in Hong Kong in 1992. He got Chartered and Associateship member qualification from The Textile Institute in U.K. in 1995. He is currently a director and project manager of Katz Limited in Hong Kong.

Kwok Ka Man (郭家文), aged 46, an independent supervisor of the Company. Ms. Kwok was graduated from high school and has over 27 years of experience in management and administration.

COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

Tsui Chun Kuen (徐振權), aged 65, the chief financial controller, qualified accountant and company secretary of the Company. He obtained a master degree of business administration from University of East Asia in Macau in 1991. He is a fellow member of the Association of International Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. He has more than 27 years experience in finance and accounting. Mr. Tsui had served the Company as the financial controller, qualified accountant, company secretary and authorised representative during the period from July 2002 to August 2004 and from 22 June 2007 till now.

SENIOR MANAGEMENT

Liu Zhi Yong (劉志永), aged 42, is the general manager and is the head of research and development department of the Company. He joined the Company since 1999 and has served as software engineer, BIOS engineers, software manager, departmental head of technology R&D and vice president. He took up the general manager duties in 2014. Mr. Liu is a certificate holder in computer and the application from Nanchang University (南昌大學), and he obtained senior programmer qualifications of China Computer Application Software Practitioner Standard Examinations Board (中國計算機應用軟體人員水平考試委員會) in 1996. Mr. Liu has over 22 years of experience in computer engineering, control systems integration and enterprise management, and he has a number of invention patents and access to the Shenzhen Municipal Technological progress First and Second Class Prize (深圳市科技進步一、二等獎) since he joined the Company

Chen Xiang Yang (陳向陽), aged 49, the assistant general manager of the Company. He obtained a bachelor degree in wireless electronics technology from Chongqing University (重慶大學) in the PRC in 1988. He is in charge of the quality control and production functions of the Company. He has over 21 years of experience in the quality control of electronic products. He joined the Company in July 1999.

Report of the Directors

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the Company comprise the research, development, manufacture and distribution of Special Computer products, trading of electronic products and accessories, and development of properties in the PRC. Details of the principal activities of the subsidiaries are set out in note 30 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

Further discussion and analysis of these activities as required by Schedule 5 to the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) (the "Companies Ordinance"), including a fair review of the business and a discussion of the principal risks and uncertainties facing the Group, particulars of important events affecting the Group that have occurred since the end of the financial year 2015, and an indication of likely future development in the Group's business, can be found in the "Chairman's Statement", "Management Discussion and Analysis", "Report of the Directors", "Environment, Social and Governance Report" and "Corporate Governance Report" sections of this Annual Report respectively. The above sections form part of this report.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2015 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 35 to 97.

The Board of directors recommended the payment of final dividend RMB0.015 per share for the year ended 31 December 2015 (2014: RMB0.015 per share).

The proposed final dividend for the year is subject to the approval by the shareholders of the Company at the forthcoming annual general meeting. Details of the annual general meeting and the arrangement for closure of register of members will be separately announced.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 14 to the financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 27 to the financial statements.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 28 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 December 2015, the Company's reserves available for distribution, calculated in accordance with relevant rules and regulations and the Company's articles of association, amounted to approximately RMB1,112 million.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, 68.1% of the Group's revenue was attributable to the Group's five largest customers and sales to the Group's largest customer accounted for 43.4% of the Group's revenue for the year. 41.9% of the Group's total purchases were attributable to the Group's five largest suppliers and purchases from the Group's largest supplier accounted for 15.4% of the Group's total purchases.

According to the best knowledge of the directors, neither the directors, their associates (as defined under the Listing Rules), nor any shareholders, who owned more than 5% of the Company's issued share capital, had any beneficial interest in any of the Group's five largest customers and five largest suppliers during the year.

DIRECTORS AND SUPERVISORS

The directors and supervisors of the Company during the year were:

Executive directors:

Chen Zhi Lie *(Chairman)*
Tso Cheng Shun
Zhu Jun

Independent non-executive directors:

Ling Chun Kwok	
Wen Bing	
Dong Li Xin	
Zhang Da Ming	Appointed on 29 May 2015
An Jian	Resigned on 29 May 2015

Supervisors:

Pu Jing *(Chairman)*
Zhan Guo Nian
Zhang Zheng An
Ng Mun Hong
Kwok Ka Man

The Company has received an annual confirmation of independence from each of its independent non-executive directors pursuant to Rule 3.13 of the Listing Rules. The Company considers all the independent non-executive directors to be independent.

DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors, supervisors and the senior management of the Group are set out under the section "Directors, Supervisors and Senior Management's Profile" of the annual report.

DIRECTORS AND SUPERVISORS' SERVICE CONTRACTS

Each of the director and supervisor of the Company has entered into a service contract with the Company with effect from the date of appointment of the respective director and supervisor, for a term of three years.

Apart from the foregoing, no director and supervisor of the Company has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 December 2015.

DIRECTORS', SUPERVISORS' AND CONTROLLING SHAREHOLDERS INTERESTS IN CONTRACTS

No contract of significance in relation to the Group's business to which the Company, any of its subsidiaries or its holding company was a party and in which a director, supervisor or controlling shareholder of the Company has a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' AND SUPERVISORS' INTERESTS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2015, the interest and short positions of the Directors, supervisors (the "Supervisors") and chief executives of the Company in the shares, debentures or underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange, were as follows:

(a) Long position — interests in the Company

Director	Type of interests	Number of Shares	Class of Shares	Approximate percentage of holding of the relevant class of shares of the Company	Approximate percentage of holding of the total share capital of the Company
Chen Zhi Lie (陳志列)	Interest of a controlled corporation	878,552,400 (Note 1)	Domestic Shares	95.00%	71.25%
Chen Zhi Lie (陳志列)	Interest of a controlled corporation	46,239,600 (Note 2)	Domestic Shares	5.00%	3.75%

Notes:

1. These Domestic Shares are held by EVOC Hi-Tech. Holding Group Co., Ltd. (formerly known as Shenzhen Yanxiang Wangke Industry Co., Ltd.) which is owned as to 70.5% by Mr. Chen Zhi Lie (陳志列) ("Mr. Chen") and 29.5% by Ms. Wang Rong (王蓉), spouse of Mr. Chen. By virtue of Mr. Chen's holding of more than one-third interest in EVOC Hi-Tech. Holding Group Co., Ltd., Mr. Chen is deemed to be interested in all the Domestic Shares held by EVOC Hi-Tech. Holding Group Co., Ltd. in the Company pursuant to Part XV of the SFO.

2. These Domestic Shares are held by Shenzhen Haoxuntong Industry Co. Ltd. which is owned as to 100% by Mr. Chen. By virtue of Mr. Chen holding the entire interest in Shenzhen Haoxuntong Industry Co. Ltd., Mr. Chen is deemed to be interested in all the Domestic Shares held by Shenzhen Haoxuntong Industry Co. Ltd. in the Company pursuant to Part XV of the SFO.

(b) Long position — interests in associated corporations

Directors	Associated corporation	Type of interests	Approximate percentage of holding of the total share capital of the associated corporation
Chen Zhi Lie (陳志列)	EVOC Hi-Tech. Holding Group Co., Ltd.	Beneficial owner Interest of spouse	70.5% 29.5%
Wang Rong (王蓉)	EVOC Hi-Tech. Holding Group Co., Ltd.	Beneficial owner Interest of spouse	29.5% 70.5%

Note:

Ms. Wang Rong (王蓉) is the spouse of Mr. Chen and therefore Mr. Chen is deemed to be interested in the shares held by Ms. Wang Rong (王蓉) and Ms. Wang Rong (王蓉) is deemed to be interested in the shares held by Mr. Chen by virtue of Part XV of the SFO.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2015, so far as the Directors are aware the persons who have an interest or short position in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances of general meetings of the Company or substantial shareholders as recorded in the register required to be kept by the Company under section 336 of the SFO, are as follows:

Long positions in shares

Name of shareholder of the Company	Nature and capacity in holding shareholding interest	Number of shares	Class of Shares	Percentage of the relevant class of shares	Percentage of total registered share capital
EVOC Hi-Tech. Holding Group Co., Ltd. (Note 1)	Registered and beneficial owner of the Domestic Shares	878,552,400	Domestic Shares	95.00%	71.25%
Chen Zhi Lie (陳志列) (Note 1)	Interest of a controlled corporation	878,552,400	Domestic Shares	95.00%	71.25%
Shenzhen Haoxuntong Industry Co., Ltd. (Note 2)	Registered and beneficial owner of the Domestic Shares	46,239,600	Domestic Shares	5.00%	3.75%
Chen Zhi Lie (陳志列) (Note 2)	Interest of a controlled corporation	46,239,600	Domestic Shares	5.00%	3.75%

Note:

1. Mr. Chen is the beneficial owner of 70.5% interests in EVOC Hi-Tech. Holding Group Co., Ltd. (formerly known as Shenzhen Yanxiang Wangke Industry Co., Ltd.) and is deemed to be interested in the Domestic Shares owned by EVOC Hi-Tech. Holding Group Co., Ltd. pursuant to Part XV of the SFO as he is entitled to exercise or control the exercise of one-third or more of the voting power at the general meetings of EVOC Hi-Tech. Holding Group Co., Ltd..

2. These Domestic Shares are held by Shenzhen Haoxuntong Industry Co. Ltd. which is owned as to 100% by Mr. Chen. By virtue of Mr. Chen holding the entire interest in Shenzhen Haoxuntong Industry Co. Ltd., Mr. Chen is deemed to be interested in all the Domestic Shares held by Shenzhen Haoxuntong Industry Co. Ltd. in the Company pursuant to Part XV of the SFO.

Save as disclosed above:

(i) As at 31 December 2015, none of the directors, supervisors or chief executives or their respective associates has any interest or short position in the shares, underlying shares or debentures of the Company or any associated corporation (if any) (within the meaning of the SFO) which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; (including interest which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or are required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange; and

(ii) As at 31 December 2015, so far as is known to any director or supervisor, there is no person (other than a Director or supervisor or chief executive of the Company) who have an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Enlarged Group or any other substantial shareholders whose interest or short position were recorded in the register required to be kept by the Company under section 336 of the SFO.

DIRECTORS' AND SUPERVISORS' RIGHTS TO PURCHASE SHARES

Other than Mr. Chen, at no time during the year, the directors or supervisors (including their spouse and children under 18 years of age) had any interest in, or had been granted, or exercised, any rights to subscribe for shares of the Company and its associated corporations (within the meanings of the SFO Ordinance).

SHARE OPTION SCHEME

Up to 31 December 2015, the Company has not adopted any share option scheme or granted any option.

REQUIRED STANDARD OF SECURITIES DEALINGS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry with all the directors, the directors of the Company had complied with the required standard of dealing and the code of conduct for directors' securities transactions during the year ended 31 December 2015.

COMPETING INTERESTS

None of the directors, initial management shareholders or their respective associates (as defined in the Listing Rules) had any interests in any business which compete or may compete with the Group or any other conflicts of interest which any such person may have with the Group.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

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

BANK BORROWINGS

As at 31 December 2015, the bank borrowings of the Group are set out in note 25 to the financial statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles and the related laws of the PRC, which oblige the Company to offer new shares on pro-rata basis to existing shareholders.

AUDITOR

A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint BDO Limited as the auditors of the Company.

By Order of the Board

EVOC INTELLIGENT TECHNOLOGY COMPANY LIMITED*
Chen Zhi Lie
Chairman

Shenzhen, the PRC, 30 March 2016

* For identification purpose only.

Environment, Social and Governance Report

Holding the corporate purpose of "honesty and peace, long-lasting operation", EVOC endeavors to combine its development with more extensive social responsibility to realize the harmony and unity of corporate benefit and social objective. The Company cooperates with stakeholders and industrial value chain to jointly create a harmonious ecological environment suitable for growth and development of the Company and all other parties.

I. WORKING ENVIRONMENT QUALITY

Caring about our staff

The competition between enterprises, ultimately, is the competition of "talents". "Talents" in an enterprise are more valuable than any tangible resources. The Company has always been adhering to the talent strategy of "people first". We offer timely and reasonable returns to our employees according to their performance and contribution. We help our employees improve themselves by providing training and clear career development channels. In addition, we established impeccable communication channel for our employees. The Company attaches great importance to employees' amateur life and mental health and encourages them to carry out various forms of corporate culture activities to enrich their amateur life.

1. The Company not only provides competitive salary for employees but also adjusts salary timely by performing regular investigation on external labor market changes and salary standard and combining Company's conditions and individual performance.

2. The Company provides impeccable career development channels, so employees can improve themselves directly or indirectly through career information channels, such as technology, market, profession and management.

3. The Company has established a full-channel and open E-communication platform, including OA cooperative office system, video conference and telephone conference system, real-time communication system, general manager meeting, mail boxes for good suggestions and complaints.

4. The Company carried out the abundant cultural and sports competitions every month to do physical exercises and strengthened the team cohesiveness, such as the mountain-climbing competition to greet the New Year, rope skipping game to celebrate the Women's Day, stair climbing competition to celebrate the National Day, chess game to greet the golden autumn and karaoke game.

5. The Company frequently carried out various forms of corporate culture activities such as corporate culture salon, general family mobilization, Spring Festival Galas, EVOC maker and creativity contest, fraternity for single employees and Europe tours for senior employees.

Through the implementation of talent strategies mentioned above, the Company forms a talent team with strong cohesion and working capacity, ensuring the Company's "eternal operation".

Health and Safety

The Company is committed to providing the safe and healthy working environment for the employees, improving the employees' work satisfaction and regarding the employees' safety and health as the first consideration in various operations of the Company.

The Company has established and improved the safety and occupational health management systems and strictly executed the national labor, safety, occupational health and other laws, regulations and standards. To the managers of different levels in the Company, the employees' safety and health is crucial. The safety responsibility should become a party of the position duties of managers at all levels. The purpose of each safety work in the Company is to consider humanitarianism and the economy. The Company shall take measures to prevent the employees from the occupational injury and property loss as possible and protect the Company, customers and the public from being injured in the accidents.

II. ENVIRONMENT PROTECTION

The Company has established a complete environmental management system, increased investment on research and development of energy-saving and green products and on planning and improvement of the corporate and surrounding environment. The Company also takes measures to constantly reduce the impact on environment brought along by production to build an energy-saving and environment-friendly enterprise, create a green environmental protection industry and offer high-efficiency, energy-saving and environment-friendly solutions for the social development.

The wastewater monitoring system of the large and middle scale hospitals, wastewater monitoring system of urban life, industrial dust, monitoring system of gas pollution source and monitoring products on the water quality of rivers developed independently by the Company can inspect the pollution release more rapidly and accurately and are well applied.

The Company emphasized the social responsibility of eco-friendly production and puts special funds every year into the eco-friendly production. We replaced the nitrogen flushing energy saving and reflow soldering equipment in the electronic workshops to improve the operating efficiency and reduce the energy consumption in a large extent; recycles and transforms the dust of the packing and packaging materials in the mechanical workshop, and recycling treatment of the dust in the mechanical workshop avoids being directly discharged, which makes a certain contribution to the air quality improvement. The paperless office is comprehensively realized by introducing MES system, cooperating with PLM, SAP and OA systems. The Company invested the costs in the industrial park to adopt solar heating, which utilized the new energy effectively and saved the energy consumption. The Company actively advocates environmental protection at internal training and various meetings in order to equip every employee with environmental awareness of energy conservation and emission reduction.

III. OPERATING PRACTICE

The Company values the cooperation and development between our partners and establishes good partnership with suppliers and clients. EVOC has carried out a comprehensive cooperation with INTEL, organizing several kinds of marketing promotion activities and new products seminars with INTEL and assuming the EA project of the INTEL to manufacture sample products for INTEL to release to its peers as references. EVOC is Microsoft's global gold partner, cooperating closely with Microsoft for many years to jointly promote the sales of copyrighted software in China. In addition, EVOC has built long-term strategic cooperative relations with Phoenix, CNPC, Sinopec, CRS and CNR, etc.

Leveraging on our own advantages, we entered into strategic partnership with domestic famous scientific research institutions, such as Institute of Computing Technology Chinese Academy of Sciences, National University of Defense Technology, Jiangnan Institute of Computing Technology, MPRC, Peking University, Beijing University of Aeronautics and Astronautics, Harbin Institute of Technology, Northwestern Polytechnical University, Sun Yat-Sen University and South China University of Technology and so on with a purpose to promote the application and development of domestic chip application engineering, network information security, Internet of Things, aerospace, ocean technology, cloud computing and other technologies. Especially this year, the Company entered into strategic cooperation with South China University of Technology to carry out the win-win co-operation, exert their own advantages and boost the application and development of robots; it visited College of Electronics and

Information Engineering of Beihang University and proposed to co-build the aeronautics and astronautics computer technology joint laboratory, which is under the intensive promotion; it reached the agreement with Sun Yat-Sen University to recommend research and development and application of the intelligent industrial control platform facing the intelligent manufacturing. In addition, the Company is the member of Industrial Control Computer Technical Committee and Severe Environment Computer Technical Committee of China Computer Federation, and it established EVOC Intelligent Science and Technology Association and undertook building of Shenzhen Ocean Industry Association in 2015 to set up the communication and cooperation platforms for more upstream and downstream relevant enterprises.

The Company has also cooperated closely with local small and medium-sized enterprises that are developing together with us, thus promoting our common development. We delivered our operation philosophy to suppliers through website, seminars, qualified supplier management system and various communications with suppliers, thus to promote the close cooperation between each other.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Company has complied throughout the period under review with the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Listing Rules without any deviation. None of the Directors is aware of any information that would reasonably suggest that the Company is not or was not in compliance with the Code at any time during the period under review.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules. All Directors of the Company have confirmed that they have complied with the required standards set out in the Model Code throughout the period from 1 January 2015 to 31 December 2015.

THE BOARD

In accordance with good corporate governance principles, the Board convened regular and interim meetings in accordance with legal procedures and complied strictly with relevant laws, legal regulations and the Articles of Association of the Company in the exercise of its authority, with an emphasis on protecting the interests of the Company and its shareholders.

The main responsibilities of the Board include:

— To implement resolutions of the general meetings;

— To lay down the Group's management policies business strategies and investment plan;

— To review and approve the annual, interim and quarterly results of the Group;

— To monitor and control operating and financial performance through the determination of the annual budget;

— To review approve the appointment of auditor of the Group;

— To review the amendment to the articles of association of the Company.

In addition, the Board carries the function of reviewing the corporate governance practice and disclosure system as follow:

— Develop and review the Company's policies and practices on corporate governance;

— Review and monitor the training and continuous professional development of directors and senior management;

— Review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

— Develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and

— Review the Company's compliance with the code and disclosure in the Corporate Governance Report.

BOARD COMPOSITION

The Board comprises seven directors, with three executive directors, four independent non-executive directors. The biographical details of all Directors are set out in pages 15 to 16 of this annual Report.

BOARD DIVERSITY POLICY

The Company recognizes and embraces the benefits of diversity of Board members. While all Board appointments will continue to be made on a merit basis, the Company will ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the needs of the Company's business. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

All directors are appointed for a specific term. All the executive directors and independent non-executive directors of the Company are engaged on a service contract/letter of appointment with the Company for a term of three years.

According to the Company's Articles of Association (the "Articles of Association"), all directors of the Company are subject to retirement by rotation at least once every three years and are eligible for re-election at annual general meetings of the Company. Any new director appointed by the Board to fill a casual vacancy shall submit himself/herself for re-election by shareholders at the next general meeting and any new director appointed by the Board as an addition to the Board shall submit himself/herself for re-election by shareholders at the next following annual general meeting.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

In full compliance with Rules 3.10(1) and (2) of the Listing Rules, the Company has appointed four Independent Non-executive Directors, at least one of whom has appropriate professional accounting qualifications. The Company has received from each of its Independent Non-executive Directors the written confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers such directors to be independent in accordance with each and every guideline set out under the Listing Rules.

DIRECTORS' TRAINING

Pursuant to Code Provision A.6.5, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. The Directors have been given relevant guideline materials to ensure that they are apprised of the latest changes in the commercial, legal and regulatory requirements in relation to the Company's businesses, and to refresh their knowledge and skills on the roles, functions and duties of a listed company director.

For the period from 1 January 2015 to 31 December 2015, all Directors provided their records of training to the Company. All Directors, namely Mr. Chen Zhi Lie, Mr. Tso Cheng Shun, Mr. Zhu Jun; Mr. Ling Chun Kwok, Mr. Wen Bing, Mr. Dong Li Xin and Mr. Zhang Da Ming, participated in this continuous professional development mainly by reading various materials regarding directors' responsibilities, prevention of breaching listing rules and disclosure of inside information, etc.

COMPANY SECRETARY'S TRAINING

Pursuant to new Rule 3.29 of the Listing Rules, the Company Secretary must take no less than 15 hours of relevant professional training in each financial year. The Company Secretary provided his training records to the Company indicating more than 15 hours of relevant professional development by means of attending in-house briefings, attending seminars and reading relevant guideline materials.

CHAIRMAN AND GENERAL MANAGER

The Chairman and general manager of the Company are Mr. Chen Zhi Lie and Mr. Liu Zhi Yong respectively. The roles of Chairman and general manager are separate and the division of responsibilities between the Chairman and general manager have been clearly established and set out in writing.

BOARD MEETING

The Board meets regularly and at least four times a year and notice of at least 14 days is given to all directors. All directors have access to the services of the company secretary and secretary of the Board. Minutes of Board meetings are kept by the company secretary and secretary of the Board and sent to all directors for their comment and records.

The Company held four full Board meetings in the financial year ended 31 December 2015. The directors participated in person or through electronic means of communication. The following is an attendance record of the meetings by each director:

	Number of meetings attended/held during the director's term of office			
	Board	**Audit committee**	**Remuneration and review Committee**	**Nomination Committee**
Executive directors:				
Chen Zhi Lie *(Chairman)*	4/4	—	—	2/2
Tso Cheng Shun	4/4	—	—	—
Zhu Jun	4/4	—	2/2	—
Independent non-executive directors:				
Ling Chun Kwok	4/4	2/2	—	—
Wen Bing	4/4	—	—	2/2
Dong Li Xin	4/4	2/2	2/2	2/2
Zhang Da Ming (appointed on 29 May 2015)	1/4	1/2	—	—
An Jian (Resigned on 29 May 2015)	3/4	1/2	2/2	—

BOARD COMMITTEES

The Company has established Audit Committee, Remuneration and Review Committee and Nomination Committee. The function of each specialized committee is to study pertinent issues in its area of expertise and to provide opinions and suggestions for consideration by the Board under defined terms of reference.

REMUNERATION AND REVIEW COMMITTEE

The remuneration and review committee of the Company comprises one executive director, Mr. Zhu Jun. and two independent non-executive directors, Mr. Dong Li Xin and Mr. Zhang Da Ming. Mr. Dong Li Xin is the Chairman of the remuneration and review committee. Written terms of reference of the remuneration and review committee which comply with the code provisions set out in the Code has been adopted by the Board. The remuneration and review committee is principally responsible for formulating the Group's policy and structure for all remunerations of the Directors and senior management and providing advice and recommendations to the Board. The remuneration and review committee held two meeting during the year ended 31 December 2015.

DIRECTORS' REMUNERATION

Details of directors' remuneration are set out in note 10 to the financial statements.

NOMINATION COMMITTEE

The nomination committee of the Company comprises one executive director Mr. Chen Zhi Lie, and two independent non-executive directors, Mr. Dong Li Xin and Mr. Wen Bing. Mr. Chen Zhi Lie is the Chairman of the nomination committee. The nomination committee is primarily responsible for considering and recommending to the Board suitably qualified persons to become the members of the Board and also reviewing the structure, size and composition of the Board on a regular basis and as required. The nomination committee held two meeting during the year ended 31 December 2015.

AUDIT COMMITTEE

The Company has established an audit committee which comprises three independent non-executive Directors, including Mr. Ling Chun Kwok, Mr. Dong Li Xin and Mr. Zhang Da Ming. Mr. Ling Chun Kwok is the Chairman of the audit committee. Written terms of reference of the audit committee which comply with the code provisions set out in the Code has been adopted by the Board. The audit committee is responsible for reviewing and supervising the Group's financial reporting process and internal control system and providing advice and recommendations to the Board of Directors. The committee met on a semi-annual basis and the review covers the findings of internal auditors, internal controls, risk management and financial reporting matters. The audit committee reviewed and monitored the external auditor's independence and effectiveness of the audit process in accordance with applicable standard. The audit committee has discussed with the management and reviewed the annual results of the Group for the year ended 31 December 2015.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

A statement of directors' responsibility for prepare financial statements is set out in "Independent Auditor's Report" of this report.

AUDITOR'S REMUNERATION

The audit committee of the Company is responsible for considering the appointment of the external auditor. During the year under review, auditor's remuneration for audit services is approximately HK$1,476,000 (2014: HK$1,303,000). Other than audit, no services such as due diligence and other advisory services were provided.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is determined on the basis of their merit, qualifications and competence. The Company determines the remuneration of the directors on the basis of their qualifications, experience and contributions.

INTERNAL CONTROL

The Board is responsible for maintaining sound and effective internal control system in order to safeguard the Group's assets and shareholders' interests and reviewing and monitoring the effectiveness of the Company's internal control and risk management systems on a regular basis so as to ensure that internal control and risk management systems in place are adequate.

The Board conducted a review and assessment of the effectiveness of the Company's internal control systems including financial, operational and compliance controls and risk management for the year ended 31 December 2015. The assessment was made by discussions with the management of the Company, its external and internal auditors and the review performed by the audit committee. The Board believes that the existing internal control system is adequate and effective.

SHAREHOLDER'S RIGHTS

Shareholders' Right to Propose Resolutions at General Meeting

Pursuant to Article 8.06 of the Articles of Association of the Company, shareholders holding more than five percent (including 5%) of the total voting shares of the Company are entitled to propose to the Company any new resolutions in writing, provided such resolution shall be submitted to the Company at least ninety days before convening the annual general meeting. The Company shall include, in the agenda of such meeting, those proposed matters which are within the terms of reference of the general meeting.

Shareholders' Right to Convene an Extraordinary General Meeting ("EGM") or Class Meeting of the Shareholders ("Class Meeting")

Pursuant to the Article 8.25 of the Articles of Association of the Company, two or more shareholders holding more than one-tenth (including 10%) of the voting shares at the meeting proposed to be held may, by signing one written request or several counterparts of same stating the subject matter of the meeting, require the Board of Directors to convene an extraordinary general meeting of shareholders or a class meeting of shareholders. Upon receipt of the foregoing written request(s), the Board of Directors shall proceed to do so as soon as possible accordingly. The foregoing number of voting shares referred to shall be calculated as at the date of the delivery of the written request(s);

If the Board of Directors fails to issue a notice of convening such a meeting within thirty days from the date of the receipt of the foregoing written request(s), the shareholders who have made the request may themselves convene such a meeting in a procedure as far as possible same as that of such meetings to be convened by the Board of Directors, within four months from the date of receipt of such request(s) by the board. Any reasonable expenses incurred by the shareholders for convening and holding the meeting by reason of the failure of the Board of Directors to duly convene a meeting according to the foregoing request for holding the meeting shall be borne by the Company and shall be set off against any sums owed to the Directors in default by the Company.

Communication with the Board

Shareholders are encouraged to maintain direct communication with the Board. Shareholders who have any questions for the Board may send their enquiries by letter or fax to the attention of the Company Secretary at Unit No. 1619, 16th Floor, Star House, 3 Salisbury Road, Tsimshatsui, Kowloon, Hong Kong, China. Fax no. 852-23757238.

INVESTORS RELATIONS

The Company disclosed all necessary information to the shareholders in compliance with Listing Rules. Meeting with media and investors were conducted periodically as necessary. The Company also replied the inquiry from shareholders timely. Our corporate website www.evoc.com contains corporate information, interim and annual reports issued by the Group as well as recent developments of the Group which enable shareholders and investors to have timely and updated information of the Group.

Report of the Supervisory Committee

To: All Shareholders

The supervisory committee of the Company has exercised its powers seriously to safeguard the interests of the Company and shareholders, complied with the principle of good faith, discharged its duties conscientiously and undertaken tasks in a diligent and proactive manner in accordance with the Company Law of the PRC, the relevant Hong Kong laws and regulations and the Company's articles of association.

The supervisory committee of the Company has reviewed in detail and approved the audited financial statements and this report which will be presented at the annual general meeting. Supervisors of the Company have reviewed prudently the operation and development plans of the Company, and carried out strict and effective supervision as regards whether major decision-making and exact decisions by the management of the Company are in compliance with the laws and regulations of the PRC and the articles of association and safeguard the interests of shareholders. Supervisors believe that during the year, the operating results of the Company were sufficient to reflect its position, and all expenses and costs incurred were reasonable. The provision for statutory surplus reserve made during the year has complied with the applicable laws and regulations of the PRC and the Company's articles of association.

During the year, supervisory committee had provided reasonable suggestions and opinions to the Board of directors in respect of the operation and development plans of the Company. It also strictly and effectively monitored and supervised the Company's management in making significant policies and decisions to ensure that they are in compliance with the laws and regulations of the PRC and the articles of association of the Company, and in the interests of its shareholders.

The supervisory committee of the Company is full of confidence in the future of the Company and would like to take this opportunity to express its gratitude to all shareholders, directors and staff for their strong support to the supervisory committee.

By order of the Supervisory Committee

Pu Jing
Chairperson

Shenzhen, the PRC, 30 March 2016

Independent Auditor's Report

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TO THE SHAREHOLDERS OF 研祥智能科技股份有限公司
(known as EVOC Intelligent Technology Company Limited for identification purpose only)
(Incorporated in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of EVOC Intelligent Technology Company Limited (the "Company") and its subsidiaries (together "the Group") set out on pages 35 to 97, which comprise the consolidated and company statements of financial position as at 31 December 2015, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015 and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

BDO Limited
Certified Public Accountants
Ng Wai Man
Practising Certificate Number: P05309

Hong Kong, 30 March 2016

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 RMB'000	2014 RMB'000
Turnover	7	1,444,099	2,312,702
Cost of sales		(1,225,048)	(2,072,727)
Gross profit		219,051	239,975
Other income	7	144,400	92,160
Selling and distribution costs		(40,156)	(43,099)
Administrative expenses		(46,200)	(44,337)
Other operating expenses		(99,125)	(68,217)
Fair value gain on investment properties	15	19,345	24,697
Fair value gain on transfer of properties held for sale to investment properties		120,256	1,097
Finance costs	8	(52,678)	(76,169)
Profit before income tax	9	264,893	126,107
Income tax expense	11(a)	(35,172)	(6,511)
Profit for the year and attributable to owners of the Company		229,721	119,596
Other comprehensive income, after tax			
Items that will not be reclassified subsequently to profit or loss			
Surplus on revaluation of land and buildings	14 & 26	87,711	166,799
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		(58)	(10)
Other comprehensive income for the year, net of tax		87,653	166,789
Total comprehensive income for the year attributable to owners of the Company		317,374	286,385
Earnings per share — Basic and diluted (RMB)	13	0.186	0.097

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2015

	Notes	2015 RMB'000	2014 RMB'000
Non-current assets			
Property, plant and equipment	14	**965,334**	915,004
Investment properties	15	**936,138**	530,439
Prepaid land lease payments	16	**45,569**	46,585
Deferred tax assets	26	**26,420**	26,269
Total non-current assets		**1,973,461**	1,518,297
Current assets			
Inventories	17	**26,909**	38,670
Properties under development	18	**653,107**	737,586
Properties held for sale	19	**906,719**	894,223
Prepaid land lease payments	16	**1,016**	1,016
Trade receivables	20	**105,882**	42,965
Bills receivable	20	**26,724**	23,009
Other receivables, deposits and prepayments	21	**107,992**	489,491
Cash and bank balances	22	**418,671**	251,750
Total current assets		**2,247,020**	2,478,710
Current liabilities			
Trade payables	23	**382,637**	278,306
Bills payable	23	**265**	2,341
Other payables, accruals and receipts in advance	24	**278,067**	661,994
Bank borrowings	25	**1,218,400**	919,000
Income tax payable		**13,226**	10,254
Total current liabilities		**1,892,595**	1,871,895
Net current assets		**354,425**	606,815
Total assets less current liabilities		**2,327,886**	2,125,112
Non-current liabilities			
Bank borrowings	25	**315,395**	470,000
Deferred tax liabilities	26	**268,382**	209,880
Total non-current liabilities		**583,777**	679,880
NET ASSETS		**1,744,109**	1,445,232

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2015

	Notes	2015 RMB'000	2014 RMB'000
CAPITAL AND RESERVES			
Share capital	27	**123,314**	123,314
Reserves	28(a)	**1,620,795**	1,321,918
TOTAL EQUITY		**1,744,109**	1,445,232

On behalf of the directors

Chen Zhi Lie	**Tso Cheng Shun**
Chairman	*Director*

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2015

	Share capital	Share premium	Statutory surplus reserve	Properties revaluation reserve	Translation reserve	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(note 27)	(note 28(c)(i))	(note 28(c)(ii))	(note 28(c)(iii))	(note 28(c)(iv))		
Balance at 1 January 2014	123,314	8,586	78,442	151,081	1,289	814,170	1,176,882
Profit for the year	—	—	—	—	—	119,596	119,596
Other comprehensive income for the year	—	—	—	166,799	(10)	—	166,789
Total comprehensive income for the year	—	—	—	166,799	(10)	119,596	286,385
Dividend approved in respect of the previous year	—	—	—	—	—	(18,035)	(18,035)
Transferred between reserves	—	—	1,500	—	—	(1,500)	—
Balance at 31 December 2014	123,314	8,586	79,942	317,880	1,279	914,231	1,445,232
Profit for the year	—	—	—	—	—	229,721	229,721
Other comprehensive income for the year	—	—	—	87,711	(58)	—	87,653
Total comprehensive income for the year	—	—	—	87,711	(58)	229,721	317,374
Dividend approved in respect of the previous year	—	—	—	—	—	(18,497)	(18,497)
Balance at 31 December 2015	123,314	8,586	79,942	405,591	1,221	1,125,455	1,744,109

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 RMB'000	2014 RMB'000
Cash flows from operating activities		
Profit before income tax	**264,893**	126,107
Adjustments for:		
Depreciation and amortisation	**29,637**	26,108
Interest expenses	**52,619**	75,780
Reversal of impairment loss on trade receivables	**(104)**	(8,398)
Loss on disposal of property, plant and equipment	**21**	380
Loss on written off of property, plant and equipment	**1,126**	—
Fair value gain on investment properties	**(19,345)**	(24,697)
Fair value gain on transfer of properties held for sales to investment properties	**(120,256)**	(1,097)
Reversal of impairment loss on inventories	**(2,133)**	(1,808)
Interest income	**(1,382)**	(6,300)
Operating profit before working capital changes	**205,076**	186,075
Decrease in other payables and accruals	**(383,927)**	(21,744)
Decrease/(increase) in inventories	**13,894**	(3,293)
Increase in properties under development and properties held for sale	**(10,290)**	(194,051)
Increase in trade payables	**104,331**	122,318
Decrease in bills payable	**(2,076)**	(2,048)
Decrease/(increase) in other receivables, deposits and prepayments	**381,501**	(171,502)
(Increase)/decrease in trade receivables	**(62,813)**	29,179
(Increase)/decrease in bills receivable	**(3,715)**	11,387
Cash generated from/(used in) operations	**241,981**	(43,679)
Income tax paid	**(2,897)**	(24,331)
Net cash generated from/(used in) operating activities	**239,084**	(68,010)
Cash flows from investing activities		
Decrease in time deposits with original maturity of more than three months when acquired	**—**	360,000
Purchase of property, plant and equipment and investment properties	**(109,934)**	(91,886)
(Increase)/decrease in pledged bank balances	**(20,595)**	18,280
(Increase)/decrease in restricted bank deposit	**(1,592)**	719
Proceeds from disposal of property, plant and equipment	**28**	40
Interest received	**1,382**	6,300
Net cash (used in)/generated from investing activities	**(130,711)**	293,453

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 RMB'000	2014 RMB'000
Cash flows from financing activities			
Repayment of bank borrowings		**(1,125,200)**	(865,000)
Interest paid		**(89,928)**	(105,751)
Proceeds from new bank borrowings		**1,269,995**	590,000
Dividend paid to owners of the company		**(18,497)**	(18,035)
Net cash generated from/(used in) financing activities		**36,370**	(398,786)
Net increase/(decrease) in cash and cash equivalents		**144,743**	(173,343)
Cash and cash equivalents at beginning of year		**250,155**	423,508
Effect of foreign exchange rate changes		**(9)**	(10)
Cash and cash equivalents at end of year	22	**394,889**	250,155

Notes to the Financial Statements

31 DECEMBER 2015

1. GENERAL

EVOC Intelligent Technology Company Limited (the "Company") is a joint stock limited liability company established in the People's Republic of China (the "PRC"). The address of its registered office and principal place of business is located at EVOC Technology Building, No 31 Gaoxinzhongsi Avenue, Nanshan District, Shenzhen, the PRC. At 31 December 2015, the directors of the Company consider the ultimate holding company of the Company to be EVOC Hi-Tech Holding Limited, which was incorporated in the PRC.

The Group, comprising the Company and its subsidiaries, is principally engaged in the research, development, manufacture and distribution of Special Computer products, trading of electronic products and accessories, and development of properties in the PRC. The principal activities of the subsidiaries are set out in note 30 to the consolidated financial statements.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New/revised HKFRSs that have been issued but are not yet effective

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

HKFRS 9 (2014)	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]

[1] Effective for annual periods beginning on or after 1 January 2018

HKFRS 9 (2014) — Financial Instruments

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

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

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

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

New/revised HKFRSs that have been issued but are not yet effective (continued)

HKFRS 15 — Revenue from Contracts with Customers

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

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to each performance obligation
Step 5: Recognise revenue when each performance obligation is satisfied

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

The Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs and the directors are not yet in a position to quantify the effects on the Group's consolidated financial statements.

3. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements included applicable disclosure required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

(b) Basis of measurement

The financial statements have been prepared under the historical cost basis except for certain land and buildings and investment properties, which are measured at revalued amounts or fair values as explained in the accounting policies set out below.

(c) Functional and presentation currency

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

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (the "Group"). Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Business combination and basis of consolidation (continued)

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

(b) Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(c) Property, plant and equipment

The land and buildings component of owner-occupied leasehold properties is stated at valuation less accumulated depreciation. Revaluations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair values at the end of the reporting period. Increases in value arising on revaluation are recognised in other comprehensive income and accumulated in equity under the heading of properties revaluation reserve. Decreases in value arising on revaluation are first offset against increases on earlier valuations in respect of the same property and thereafter recognised in profit or loss. Any subsequent increases are recognised in profit or loss up to the amount previously charged and thereafter to the properties revaluation reserve.

Upon disposal, the relevant portion of the revaluation reserve realised in respect of previous valuations is released from the properties revaluation reserve to retained earnings.

Other property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Property, plant and equipment (continued)

Property, plant and equipment are depreciated so as to write off their costs or valuation net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The principal annual rates are as follows:

Land and buildings	Over the lease terms of related leasehold land
Leasehold improvements	18–20%
Plant and machinery	9–10%
Furniture, fixtures and equipment	18–20%
Motor vehicles	18–20%

Construction in progress is stated at cost less any accumulated impairment losses. Cost comprises direct costs of construction as well as borrowing costs capitalised during the periods of construction and installation. Capitalisation of these costs ceases and the construction in progress is transferred to the appropriate class of property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided for in respect of construction in progress until it is completed and ready for its intended use.

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

(d) Investment property

Investment property is property held either to earn rentals or for capital appreciation or for both, but not held for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

(e) Prepaid land lease payments

Payments for leasehold land under operating leases represent up-front payments to acquire long-term interests in lessee-occupied properties. These payments are stated at cost and are amortised over the period of the lease on a straight-line basis as an expense.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to lessee. All other leases are classified as operating leases.

The Group as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on the straight-line basis over the lease term.

The Group as lessee

The total rentals payable under the operating leases are recognised in profit or loss on a straight-line basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of the lease.

The land and buildings elements of property leases are considered separately for the purposes of lease classification. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of land and buildings as a finance lease of property, plant and equipment.

(g) Research and development costs

Research costs are expensed as incurred. Costs incurred on development projects relating to the design and testing of new or improved products are recognised as intangible assets where the technical feasibility and intention of completing the product under development has been demonstrated and the resources are available to do so, costs are identifiable and there is an ability to sell or use the assets that will generate probable future economic benefits. Development costs that do not meet the above criteria are expensed as incurred. Development costs previously recognised as expenses are not recognised as assets in a subsequent period.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial instruments

(i) Financial assets

The Group classifies its financial assets at initial recognition, depending on the purpose for which the asset was acquired. Financial assets at fair value through profit or loss are initially measured at fair value and all other financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade receivables), and also incorporate other types of contractual monetary asset. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses.

(ii) Impairment loss on financial assets

The Group assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include but not limited to:

— significant financial difficulty of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— granting concession to a debtor because of debtor's financial difficulty; and

— it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

For loans and receivables

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of the financial asset is reduced through the use of an allowance account. When any part of financial asset is determined as uncollectible, it is written off against the allowance for the relevant financial assets.

Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial instruments (continued)

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at fair value through profit or loss are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and bills payables, other payables and accruals and bank borrowings are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contact at the higher of: (i) the amount determined in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 Revenue.

(vi) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(j) Properties under development and held for sale

Properties under development and held for sale are stated at the lower of cost and net realisable value. Net realisable value takes into account the price ultimately expected to be realised, less applicable variable selling expenses and the anticipated costs to completion.

Development cost of properties comprises cost of land use rights, construction costs, borrowing costs and professional fees incurred during the development period. Upon completion, the properties are transferred to completed properties held for sale.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to be completed beyond normal operating cycle.

(k) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of estimated customer returns, rebates and other similar allowances and excludes value added tax.

(i) Revenue from the sale of goods is recognised on the transfer of risks and ownership, which is at the time of delivery and title is passed to customer.

(ii) Interest income is accrued on a time basis on the principal outstanding at the applicable interest rate.

(iii) Rental income from operating leases is recognised on straight-line basis over the terms of relevant lease.

(iv) Revenue from sales of properties is recognised when the risks and rewards of the properties are transferred to the purchasers, which is when the construction of relevant properties has been completed and the properties have been delivered to the purchasers pursuant to the sales agreement and collectibility of related receivables is reasonably assured. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the consolidated statement of financial position under current liabilities.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for profit and loss items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period.

An exception to the general requirement on determining the appropriate tax rate used in measuring deferred tax amount is when an investment property is carried at fair value under HKAS 40 "Investment Property". Unless the presumption is rebutted, the deferred tax amounts on these investment properties are measured using the tax rates that would apply on sale of these investment properties at their carrying amounts at the reporting date. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income.

(m) Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates ("functional currency"). In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of transactions. At the end of each reporting period, foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Foreign currencies (continued)

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on monetary items that forms part of the Company's investment in a foreign operation, in which case, such exchange differences are reclassified to other comprehensive income in preparing the consolidated financial statements. Exchange differences arising on retranslation of non-monetary items carried at fair value are included in the profit and loss except for differences arising on retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as foreign exchange reserve (attributed to minority interests as appropriate). Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as foreign exchange reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are reclassified to profit or loss as part of the profit or loss on disposal.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of reporting period. Exchange differences arising are recognised in the translation reserve.

(n) Employees' benefits

(i) Short term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

(ii) Defined contribution retirement plan

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees.

(iii) Termination benefits

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Impairment of other assets

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

— property, plant and equipment under cost model;

— interests in leasehold land held for own use under operating leases; and

— investments in subsidiaries.

If the recoverable amount (i.e. the greater of the fair value less costs to sell and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

(p) Capitalisation of borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(q) Government grants

Government grants are recognised when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised as liabilities in the statements of financial position and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

(r) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which it is probable will result in an outflow of economic benefits that can be reliably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) Both entities are joint ventures of the same third party;

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group;

(vi) The entity is controlled or jointly controlled by a person identified in (a), or

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Critical judgements in applying accounting policies

Classification between investment properties and owner-occupied buildings

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

(b) Key sources of estimation uncertainty

In addition to information disclosed elsewhere in the financial statements, other key sources of estimation uncertainty that have significant risks of resulting a material adjustment to the carrying amounts of assets and liabilities within next financial year are as follows:

Estimated impairment of lease prepayments and construction in progress

The impairment loss for lease prepayments and construction in progress is recognised when the amount by which the carrying amount exceeds its estimated recoverable amount in accordance with the accounting policies stated in notes 4(c) and 4(e) to the consolidated financial statements. The recoverable amounts have been determined based on the valuation conducted by an independent firm of professional valuers, with reference to the best available information obtained at the end of each reporting period. Any favourable or unfavourable changes to the assumptions of market conditions would result in changes in the carrying amounts of the assets.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

(b) Key sources of estimation uncertainty (continued)

Estimated impairment loss on trade and other receivables

The Group recognises allowance for impairment loss on trade and other receivables when the recoverability of the outstanding debts is uncertain. Such allowance estimated after taking into account various considerations including the age of the debts, creditworthiness of the debtors, past track records for recovery of debts with similar credit risk characteristics and market conditions. Where the expectation is different from the original estimates, such difference will impact the carrying amounts of receivables and allowance for impairment losses in the period in which such estimate had been changed.

Revaluation of investment properties and land and buildings

In determining the fair values of investment properties and land and buildings, the valuer has based on valuation techniques which involve, inter alia, certain estimates including comparable transactions in the relevant market, current market rents for similar properties in the same location and condition, appropriate discount rates and expected future market rents. In relying on the valuation report, directors have exercised judgement and are satisfied that the method of valuation is appropriate with reference to the current market condition.

PRC Enterprise Income tax

The Group is subject to enterprise income taxes in Mainland China. Due to the fact that certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective estimate and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provision in the period in which the differences realise.

PRC land appreciation tax ("LAT")

LAT in Mainland China is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sale of properties less deductible expenditures including land costs, borrowing costs, other property development expenditures.

When calculating the LAT, the Group needs to estimate the deductible expenditures and make judgement on the relevant tax rate on individual property basis under the relevant applicable tax laws and regulations. Given the uncertainties of the calculation basis of LAT to be interpreted by the local tax bureau, the actual outcomes may be higher or lower than that estimated. Where the final tax outcome of these matters is different for the amounts that were initially recorded, such difference will impact the LAT expense and LAT provision in the period in which the differences are realized.

6. SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the chief operating decision-makers (the "CODM") that are used to make strategic decisions.

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

— Research, development, manufacturing and distribution of Special Computer products and trading of electronic accessories

— Sales of development properties

Inter-segment transactions, if any, are priced with reference to prices charged to external parties for similar order. Corporate expenses, corporate assets and corporate liabilities are not allocated to the reportable segments as they are not included in the measure of the segments' profit, segments' assets and segments' liabilities that are used by the CODM for assessment of segment performance.

Certain comparative figures on the measurement of the segment results have been restated to conform to the current year's presentation.

For the year ended 31 December 2015

	Special Computer products and electronic accessories RMB'000	Property development RMB'000	Total RMB'000
External revenue	1,268,682	175,417	1,444,099
Reportable segment profit	54,409	105,857	160,266
Interest income	1,265	117	1,382
Depreciation and amortisation	(27,120)	(2,517)	(29,637)
Reversal of impairment loss on trade receivables	104	—	104
Reversal of impairment loss on inventories	2,133	—	2,133
Reportable segment assets	869,588	2,182,400	3,051,988
Additions to non-current assets	4,044	124,528	128,572
Reportable segment liabilities	(789,142)	(1,225,621)	(2,014,763)

6. SEGMENT INFORMATION (CONTINUED)

For the year ended 31 December 2014

	Special Computer products and electronic accessories RMB'000	Property development RMB'000	Total RMB'000
External revenue	2,359,697	(46,995)	2,312,702
Reportable segment profit/(loss)	160,252	(70,754)	89,498
Interest income	6,247	53	6,300
Depreciation and amortisation	(23,707)	(2,401)	(26,108)
Reversal of impairment loss on trade receivables	8,398	—	8,398
Reversal of impairment loss on inventories	1,808	—	1,808
Reportable segment assets	1,357,640	1,577,568	2,935,208
Additions to non-current assets	25,980	65,906	91,886
Reportable segment liabilities	(1,411,837)	(509,804)	(1,921,641)

Notes:

(a) The following is an analysis of Group's revenue from its major customers which represent 10% or more of the Group's revenues during the year and is attributable to the reportable segment of "research and development, manufacturing and distribution of Special Computer products and trading of electronic accessories":

	2015 RMB'000	2014 RMB'000
Customer A	626,656	1,833,293
Customer B	186,452	N/A

Note: Revenue from Customer B contributed less than 10% of the revenue of Group for the year ended 31 December 2014.

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

	2015 RMB'000	2014 RMB'000
Revenue		
Reportable segment revenue and consolidated revenue	1,444,099	2,312,702

6. SEGMENT INFORMATION (CONTINUED)

Notes: (continued)

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

	2015 RMB'000	2014 RMB'000
Profit before income tax		
Reportable segment profit	160,266	89,498
Other income	144,400	92,160
Fair value gain on investment properties	16,246	24,697
Unallocated corporate expenses	(3,341)	(4,079)
Finance costs	(52,678)	(76,169)
Profit before income tax	264,893	126,107

	2015 RMB'000	2014 RMB'000
Reportable segment assets		
Reportable segment assets	3,051,988	2,935,208
Deferred tax assets	26,420	26,269
Property, plant and equipment	472,296	531,662
Investment properties	665,018	499,322
Unallocated corporate assets	4,759	4,546
Consolidated total assets	4,220,481	3,997,007

	2015 RMB'000	2014 RMB'000
Reportable segment liabilities		
Reportable segment liabilities	2,014,763	1,921,641
Bank borrowings	180,000	410,000
Deferred tax liabilities	268,382	209,880
Tax payables	13,226	10,254
Consolidated total liabilities	2,476,371	2,551,775

(c) Geographic information

All revenue from external and non-current assets other than deferred tax assets are located in the PRC (place of domicile). The geographical location of customers is based on the location at which the goods were delivered and the services were provided. The geographical location of non-current assets other than deferred tax assets is based on the physical location of the assets.

7. TURNOVER AND OTHER INCOME

Turnover represents the invoiced value of goods sold and services provided to customers, net of customer returns, rebates and other similar allowances and excludes value added tax.

	2015 RMB'000	2014 RMB'000
Turnover		
Sales of Special Computer products	**337,713**	350,686
Sales of electronic products and accessories	**930,969**	2,009,011
Sales of properties (note (a))	**175,417**	(46,995)
	1,444,099	2,312,702
Other income		
Gross rentals from investment properties	**86,550**	67,346
Less: direct operating expenses (including repairs and maintenance) arising from leasing of investment properties reimbursed from tenants	**(21,169)**	(26,031)
	65,381	41,315
Bank interest income	**1,382**	6,300
Value-added tax ("VAT") concessions (note (b))	**21,170**	5,398
Reversal of impairment loss on trade receivables	**104**	8,398
Government subsidies (note (c))	**45,274**	17,643
Repairs and maintenance income	**2,859**	9,140
Sub-contracting income	**552**	185
Sundry income	**7,678**	3,781
	144,400	92,160
	1,588,499	2,404,862

(a) In 2014, the Group received a request for return and cancellation of a sale of property ("return") from a property buyer that had been recognised as sales in prior years. As a result of the return, turnover less cost of sales was reduced by RMB45,300,000 and property held for sales was increased by RMB14,710,000. Land appreciation tax in respect of the return was also reversed by RMB20,087,000 in 2014.

(b) VAT refunds were obtained from local tax authority in respect of sales of approved software and integrated circuit products.

(c) Financial incentives were granted by the PRC government for development of high-technology products and purchase of specified property, plant and equipment for development of specified project.

8. FINANCE COSTS

	2015 RMB'000	2014 RMB'000
Interest on bank borrowings	**89,928**	105,751
Less: Interest capitalised	**(37,309)**	(29,971)
	52,619	75,780
Bank charges	**59**	389
	52,678	76,169

The capitalisation rate of borrowings is 5.91% (2014: 6.69%) for the year ended 31 December 2015.

9. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging/(crediting):

	2015 RMB'000	2014 RMB'000
Auditor's remuneration	**1,476**	1,303
Cost of inventories recognised as an expense (note (a))	**1,099,018**	2,080,564
Cost of properties recognised as an expense	**126,030**	(7,837)
Depreciation of property, plant and equipment	**28,621**	25,091
Amortisation of prepaid land lease payments	**1,016**	1,017
Foreign exchange difference, net	**193**	2,094
Loss on disposal of property, plant and equipment	**21**	380
Loss on of property, plant and equipment written off	**1,126**	—
Reversal of impairment loss on trade receivables	**(104)**	(8,398)
Reversal of impairment loss on inventories	**(2,133)**	(1,808)
Minimum lease payments under operating leases	**7,727**	6,404
Research and development costs (note (b))	**68,708**	58,010
Staff costs (including directors' emoluments):		
Wages, salaries, bonus and allowances	**69,581**	67,765
Contributions to retirement benefits schemes	**6,686**	6,267
	76,267	74,032

Notes:

(a) Cost of inventories sold includes staff costs and depreciation of RMB21,497,000 (2014: RMB20,397,000) and RMB5,742,000 (2014: RMB5,880,000) respectively, which are also included in the total amounts disclosed above for each of these types of expenses.

(b) Research and development costs exclude depreciation charge of RMB2,122,000 (2014: RMB2,065,000).

10. DIRECTORS' AND SUPERVISORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

The emoluments paid or payable to directors are as follows:

	2015 RMB'000	2014 RMB'000
Fees	66	66
Other emoluments:		
Salaries, allowances and benefits in kind	516	410
Contributions to retirement benefits schemes	28	17
	544	427
	610	493

(a) Independent non-executive directors

The directors' fees paid or payable to independent non-executive directors during the reporting period are as follows:

	2015 RMB'000	2014 RMB'000
Mr An Jian	5	12
Ms Dai Lin Ying	—	5
Mr Ling Chun Kwok	30	30
Mr Wang Zhao Hui	—	5
Mr Wen Bing	12	7
Mr Dong Li Xin	12	7
Mr Zhang Da Ming	7	—
	66	66

There were no other emoluments payable to the independent non-executive directors during the reporting period (2014: Nil).

Mr An Jian resigned as independent non-executive director with effective from 29 May 2015.

Mr Zhang Da Ming was appointed as independent non-executive director with effective from 29 May 2015.

10. DIRECTORS' AND SUPERVISORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

(b) Executive directors

The emoluments of executive directors during the reporting period are set out below:

	Fees	Salaries, allowances and benefits in kind	Contributions to retirement benefits schemes	Total
	RMB'000	RMB'000	RMB'000	RMB'000
2015				
Mr Chen Zhi Lie	**—**	**330**	**20**	**350**
Mr Tso Cheng Shun	**—**	**30**	**—**	**30**
Mr Zhu Jun	**—**	**156**	**8**	**164**
	—	**516**	**28**	**544**
2014				
Mr Chen Zhi Lie	—	224	9	233
Mr Tso Cheng Shun	—	30	—	30
Mr Zhu Jun	—	156	8	164
	—	410	17	427

10. DIRECTORS' AND SUPERVISORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

(c) Supervisors

The emoluments of supervisors during the reporting period are set out below:

	Salaries, allowances and benefits in kind	Contributions to retirement benefits schemes	Total
	RMB'000	RMB'000	RMB'000
2015			
Ms Pu Jing	**144**	**4**	**148**
Mr Zhan Guo Nian	**74**	**5**	**79**
Mr Zhang Zheng An	**20**	**4**	**24**
Mr Wu Man Kang	**12**	**—**	**12**
Ms Guo Jia Wen	**12**	**—**	**12**
	262	**13**	**275**
2014			
Ms Pu Jing	144	8	152
Mr Zhan Guo Nian	92	5	97
Mr Zhang Zheng An	20	—	20
Mr Dong Lixin	5	—	5
Mr Wen Bing	5	—	5
Mr Wu Man Kang	7	—	7
Ms Guo Jia Wen	7	—	7
	280	13	293

(d) During the reporting period, no emoluments were paid by the Group to the directors or supervisors as an inducement to join or upon joining the Group or as compensation for loss of office (2014: Nil). There were no arrangements under which any director or supervisor waived or agreed to waive any emoluments in respect of each of the reporting period.

10. DIRECTORS' AND SUPERVISORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

(e) Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, one of them was director of the Company in respect of the reporting period (2014: two). The emoluments of the remaining four (2014: three) individuals, during the reporting period were as follows:

	2015 RMB'000	2014 RMB'000
Salaries, allowances and benefits in kind	**1,123**	685
Contributions to retirement benefits schemes	**10**	30
	1,133	715

The emoluments of each of the above highest paid employees were all within the band from HK$nil to HK$1,000,000 (equivalent to RMB837,000 (2014: RMB786,000)) for the years ended 31 December 2015 and 2014.

During the year, no emoluments were paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2014: Nil).

11. INCOME TAX EXPENSE

(a) The amount of income tax in the consolidated statement of comprehensive income represents:

	2015 RMB'000	2014 RMB'000
Current tax — the PRC		
Enterprise income tax ("EIT")		
Current year	**1,065**	11,044
(Over)/under-provision in respect of prior year	**(131)**	351
Land appreciation tax ("LAT")		
Current year	**4,885**	—
Reversal in response to return of property sold (note 7a)	**—**	(20,087)
	5,819	(8,692)
Deferred taxation (note 26)		
Origination and reversal of temporary differences, net	**29,353**	15,203
	29,353	15,203
Income tax expense	**35,172**	6,511

11. INCOME TAX EXPENSE (CONTINUED)

(a) (continued)

In accordance with the PRC Enterprise Income Tax Law, the PRC EIT is calculated at 25% on the estimated assessable profit for the year. Certain of the Company's subsidiaries established in the PRC are exempted from income tax for two years starting from their first profit making year after utilisation of tax losses brought forward and are entitled to 50% relief on the income tax in the following three years. One of these subsidiaries is exempted from income tax while others are subject to income tax rate of 25% (2014: 25%) during the reporting period.

The Company and certain subsidiaries of the Company which have been approved as new and high technology enterprise are entitled to a concessionary tax rate of 15%. These subsidiaries need to re-apply for the preferential tax treatment when the preferential tax period expires.

The PRC LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land use rights and all property development expenditures.

Subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at a rate of 16.5% (2014: 16.5%) on the estimated assessable profits during the reporting period. No Hong Kong profits tax has been provided for the year ended 31 December 2015 as there was no estimated assessable profit. Hong Kong profits tax is calculated at 16.5% on the estimated assessable profits for the year ended 31 December 2014.

(b) The Group's income tax expense for the year can be reconciled to the profit before income tax per the consolidated statement of comprehensive income as follows:

	2015 **RMB'000**	2014 RMB'000
Profit before income tax	**264,893**	126,107
Tax at applicable tax rate at 25% (2014: 25%)	**66,223**	31,527
Effect of tax exemption and reduction	**(34,961)**	(29,702)
Tax effect of LAT and other taxes for deduction	**—**	6,462
Tax effect of non-taxable income	**(3,559)**	(4,695)
Utilisation of tax losses and temporary differences previously not recognised	**(1,671)**	(687)
Tax effect of non-deductible expenses	**554**	8,765
Tax effect of tax losses and temporary differences not recognised	**3,832**	14,577
LAT	**4,885**	—
Reversal of LAT in response to return of property sold	**—**	(20,087)
(Over)/under-provision in respect of prior year	**(131)**	351
Income tax expense	**35,172**	6,511

12. DIVIDENDS

The final dividend for the year ended 31 December 2014 of RMB18,497,000 was approved by shareholders at the annual general meeting on 29 May 2015 and paid on 17 July 2015.

The Board of directors recommended the payment of final dividend RMB0.015 per share for the year ended 31 December 2015 (2014: RMB0.015).

The proposed final dividend for the year is subject to the approval by shareholders of the Company at the forthcoming annual general meeting. Details of the annual general meeting and the arrangement for closure of register of members will be separately announced.

13. EARNINGS PER SHARE

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

	2015	2014
Profit for the year attributable to the owners of the Company for the purpose of earnings per share calculation (RMB'000)	**229,721**	119,596
Weighted average number of domestic and H shares in issue	**1,233,144,000**	1,233,144,000
Basic earnings per share (RMB)	**0.186**	0.097

There was no dilutive potential domestic and H shares in issue during the reporting period, the amount of diluted earnings per share is the same as basic earnings per share for both years.

14. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
Cost or valuation:							
As at 1 January 2014	799,278	33,700	29,297	90,603	14,367	4,582	971,827
Additions	13,366	5,360	1,212	2,430	108	67,733	90,209
Transfer to investment properties (note a)	(237,705)	—	—	—	—	—	(237,705)
Disposals	—	—	(18)	(2,016)	(479)	—	(2,513)
Revaluation surplus	221,352	—	—	—	—	—	221,352
As at 31 December 2014	796,291	39,060	30,491	91,017	13,996	72,315	1,043,170
Additions	—	641	150	2,185	370	109,520	112,866
Transfer from construction in progress	4,135	—	—	—	—	(4,135)	—
Transfer to investment properties (note a)	(148,786)	—	—	—	—	(663)	(149,449)
Disposals	—	—	—	(371)	—	—	(371)
Written off	—	—	(3,319)	(5,391)	(19)	—	(8,729)
Revaluation surplus	97,822	—	—	—	—	—	97,822
As at 31 December 2015	749,462	39,701	27,322	87,440	14,347	177,037	1,095,309
Accumulated depreciation:							
As at 1 January 2014	—	31,455	8,608	69,098	12,499	—	121,660
Charge for the year	16,492	1,149	3,255	3,982	213	—	25,091
Written back on disposal	—	—	(16)	(1,646)	(431)	—	(2,093)
Eliminated on revaluation upon transfer (note a)	(2,743)	—	—	—	—	—	(2,743)
Eliminated on revaluation	(13,749)	—	—	—	—	—	(13,749)
As at 31 December 2014	—	32,604	11,847	71,434	12,281	—	128,166
Charge for the year	18,887	1,625	3,275	4,598	236	—	28,621
Written back on disposal	—	—	—	(322)	—	—	(322)
Written back on written off	—	—	(2,878)	(4,708)	(17)	—	(7,603)
Eliminated on revaluation upon transfer (note a)	(1,608)	—	—	—	—	—	(1,608)
Eliminated on revaluation	(17,279)	—	—	—	—	—	(17,279)
As at 31 December 2015	—	34,229	12,244	71,002	12,500	—	129,975
Carrying values:							
As at 31 December 2015	749,462	5,472	15,078	16,438	1,847	177,037	965,334
As at 31 December 2014	796,291	6,456	18,644	19,583	1,715	72,315	915,004

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Notes:

(a) For the year ended 31 December 2015, self occupation of certain properties by the Group with a total carrying amount of RMB148,786,000 (2014: RMB237,705,000) had ended, and they were transferred to investment properties.

(b) The fair values of the Group's land and buildings in the PRC at 31 December 2015 and 2014 were determined with reference to valuation carried out by qualified valuers from CBRE Limited, an independent firm of chartered surveyors.

The valuations were carried out in accordance with HKIS Valuation Standards issued by the HKIS Hong Kong Institute of Surveyors. The revaluation surplus net of applicable deferred taxes was credited to properties revaluation reserve.

Had the revalued land and buildings been measured at historical cost less accumulated depreciation, the carrying values of the Group as at 31 December 2015 would have been RMB351,787,000 (2014: RMB556,408,000).

(c) The fair value of the Group's land and buildings is a level 3 recurring fair value measurements using significant unobservable inputs. During the years, there were no transfers of fair value measurements between level 1 and level 2, and no transfers into or out of level 3. A reconciliation of the opening and closing fair value balance is provided below.

	2015 **RMB'000**	2014 RMB'000
At beginning of year	**796,291**	799,278
Depreciation charge	**(18,887)**	(16,492)
Transfer from construction in progress	**4,135**	—
Transfer to investment properties	**(148,786)**	(237,705)
Additions	**—**	13,366
Revaluation gains included in other comprehensive income	**116,709**	237,844
At end of year	**749,462**	796,291

Valuation techniques applied to the fair value measurement of certain properties of the Group have changed for the year ended 31 December 2015. It mainly reflects the more active market transactions and improvement in valuation techniques.

For the Group's land and buildings in the PRC as at 31 December 2015, the valuation of the leasehold land and buildings amounted to RMB152,914,000, RMB568,128,000 and RMB28,420,000 was determined using depreciated replacement cost approach, a weighted of income capitalisation approach and income approach — discounted cash flow approach and a weighted of direct comparison approach and income approach — discounted cash flow approach respectively.

For the Group's land and buildings in the PRC as at 31 December 2014, the valuation of the leasehold land and buildings amounted to RMB148,429,000, RMB615,412,000 and RMB32,450,000 was determined using depreciated replacement cost approach, income approach — term and reversion approach and a weighted of direct comparison approach and income approach — discounted cash flow approach respectively.

For the land and buildings used the depreciated replacement cost approach, the fair value is based on estimated new replacement cost of the buildings and other site works from which adjustments are then made to account for age, condition, and functional obsolescence, while taking into account the site formation cost and those public utilities connection charges to the properties. These adjustments are based on unobservable inputs. The key inputs are estimated cost of construction per square meter and age adjustment on the cost of buildings.

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Notes: (continued)

(c) (continued)

For the land and buildings used the income approach — term and reversion approach, the fair value is based on the rental income derived from the existing leases with due allowance for the reversionary income potential of the leases, which are then capitalized into the value at appropriate rates. The key inputs are term yield, reversionary yield and monthly rent using direct market comparables.

For the land and buildings used the income approach — discounted cash flow approach, fair value is based on assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of net cash flows on a property interest. A market-derived discount rate is applied to the projected net cash flow in order to establish the present value of the income stream associated with the asset.

The exit yield is normally separately determined and differs from the discount rate. The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related reletting, redevelopment or refurbishment. The appropriate duration is driven by market behaviour that is a characteristic of the class of property. The periodic cash flow is estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance costs, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted. The key inputs are average market rent per square meter, discount rate and rental gross per annual.

For the land and buildings used the income capitalisation approach, the fair value is based on the rental income derived from the existing leases with due allowance for the reversionary income potential of the leases, which are then capitalised into the value at appropriate rates. The key inputs are capitalisation rate and monthly rent using direct market comparables.

For the land and buildings used a weighted of income capitalisation approach and income approach — the discounted cash flow approach, a suitable weighting have been taken into consideration to the relative subjectivity of each approach, inputs and the degree of comparability between the interest properties and the comparable properties. The key inputs are capitalisation rate, discount rate, average market rent growth rate and market rent.

For the land and buildings used a weighted of direct comparison approach and income approach — discounted cash flow approach, a suitable weighting have been taken into consideration to the relative subjectivity of each approach, inputs and the degree of comparability between the interest properties and the comparable properties. The key input is price per square meter.

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Notes: (continued)

(c) (continued)

Information about fair value measurements using significant unobservable inputs (Level 3) is provided below:

Description	Fair value 2015 (RMB'000)	Fair value 2014 (RMB'000)	Valuation technique(s)	Significant unobservable inputs	Range of Unobservable inputs 2015	Range of Unobservable inputs 2014	Relationship of unobservable inputs to fair value
Leasehold land and buildings in the PRC	**152,914**	148,429	Depreciated replacement cost approach	Estimated cost of construction per square meter ("sq.m"), taking into consideration everything which is necessary to complete the construction from a new green field site to provide buildings as they are, at the valuation date, fit for and capable of being occupied and used for the current use	**RMB6,000/sq.m**	RMB6,000/sq.m	Higher the estimated cost of construction per sq.m will result in correspondingly higher fair value
				Age adjustment on the cost of buildings, taking into account of remaining useful life of buildings	**16%**	14%	Higher the rate of age adjustment on the cost of buildings will result in correspondingly lower fair value
Leasehold land and buildings in the PRC	**N/A**	615,412	Income approach — term and reversion approach	Term yield, taking into account of yield generated from comparable properties and adjustment to reflect the certainty of term income secured and to be received	**N/A**	8%	The higher the term yield, the lower the fair value
				Reversionary yield, taking into account of annual unit market rental income and net market value of comparable properties	**N/A**	7% to 8.5%	The higher the reversionary yield, the lower the fair value
				Monthly rent, using direct market comparables and taking into account of age, location and individual factors, such as road frontage, size of property and design.	**N/A**	RMB25/sq.m to RMB51/sq.m	The higher the monthly rent, the higher the fair value
					N/A	Car parking Space: RMB240 per unit	

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Notes: (continued)

(c) (continued)

Description	Fair value 2015 (RMB'000)	Fair value 2014 (RMB'000)	Valuation technique(s)	Significant unobservable inputs	Range of Unobservable inputs 2015	Range of Unobservable inputs 2014	Relationship of unobservable inputs to fair value
Leasehold land and buildings in the PRC	**568,128**	N/A	Income capitalisation approach	Capitalisation rate, taking into accounting of relevant sales transactions and interpretation of prevailing market expectation	**5.75%**	N/A	The higher the capitalisation rate, the lower the fair value
			Income approach — discounted cash flow approach	Average market rent per square meter ("sq.m"), taking into account of direct market comparables and taking into account of age, location and individual factors, such as road frontage, size of property and design	**RMB27/sq.m to RMB55/sq.m**	N/A	The higher the average market rent, the higher the fair value
				Discount rate, taking into account of market capitalisation of rental income potential, nature of the property, prevailing market condition with average rental growth rate of comparable properties	**9%**	N/A	The higher the discount rate, the lower the fair value
				Average market rental growth rate, taking into account annual market rental income growth rate of comparable properties	**5%**	N/A	The higher the rental growth rate, the higher the fair value

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Notes: (continued)

(c) (continued)

Description	Fair value 2015	Fair value 2014	Valuation technique(s)	Significant unobservable inputs	Range of Unobservable inputs 2015	Range of Unobservable inputs 2014	Relationship of unobservable inputs to fair value
	(RMB'000)						
Leasehold land and buildings in the PRC	**28,420**	32,450	Income approach — discounted cash flow approach	Average market rent per square meter (" sq.m"), taking into account of direct market comparables and taking into account of age, location and individual factors, such as road frontage, size of property and design	**RMB69/sq.m**	RMB73/sq.m.	The higher the average market rent, the higher the fair value
				Discount rate, taking into account of market capitalisation of rental income potential, nature of the property, prevailing market condition with average rental growth rate of comparable properties	**8.75%**	8.75%	The higher the discount rate, the lower the fair value
				Average market rental growth rate, taking into account annual market rental income growth rate of comparable properties	**5%**	5.44%	The higher the rental growth rate, the higher the fair value
			Direct comparison approach	Price per square meter ("sq.m"), using market direct comparables and taking into account of time of transaction, location and other individual factors such as size of property, level of property, age of property, site view and building quality, etc.	**RMB15,800/sq.m**	RMB17,885/sq.m	Higher the price per sq.m will result in correspondingly higher fair value

The fair value measurement is based on the above properties' highest and best use, which does not differ from their actual use.

As at 31 December 2015, the Group had pledged the land and buildings with total carrying values of RMB721,042,000 (2014: RMB763,841,000) to secure banking facilities granted to the Group.

(d) Land and buildings of the Group with carrying amount of RMB721,042,000 (2014: RMB763,841,000) were not freely transferable.

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Notes: (continued)

(e) An analysis of cost and valuation of the Group's property, plant and equipment:

	Land and Buildings RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
Group							
At valuation	**749,462**	**—**	**—**	**—**	**—**	**—**	**749,462**
At cost	**—**	**39,701**	**27,322**	**87,440**	**14,347**	**177,037**	**345,847**
As at 31 December 2015	**749,462**	**39,701**	**27,322**	**87,440**	**14,347**	**177,037**	**1,095,309**
At valuation	796,291	—	—	—	—	—	796,291
At cost	—	39,060	30,491	91,017	13,996	72,315	246,879
As at 31 December 2014	796,291	39,060	30,491	91,017	13,996	72,315	1,043,170

15. INVESTMENT PROPERTIES

	2015 RMB'000	2014 RMB'000
Carrying amount, at fair values		
At beginning of year	**530,439**	263,693
Additions	**—**	1,677
Transfer from property, plant and equipment (note 14(a))	**148,786**	237,705
Transfer from construction in progress	**663**	—
Transfer from property held for sale (note a)	**236,905**	2,667
Increase in fair value	**19,345**	24,697
At end of year	**936,138**	530,439

Notes:

(a) During the year ended 31 December 2015, the Group transferred certain property held for sale with carrying value of RMB116,649,000 (2014: RMB1,570,000) as investment properties and recognised fair value gain of RMB120,256,000 (2014: RMB1,097,000) in profit or loss as the date of transfer.

(b) The fair values of the Group's investment properties in the PRC at 31 December 2015 and 2014 were determined with reference to valuation carried out by qualified valuers from CBRE Limited, an independent firm of chartered surveyors.

The valuations were carried out in accordance with HKIS Valuation Standards issued by the HKIS Hong Kong Institute of Surveyors.

15. INVESTMENT PROPERTIES (CONTINUED)

Notes: (continued)

(c) The fair value of investments properties is a level 3 recurring fair value measurements using significant unobservable inputs. During the years, there were no transfers of fair value measurements between level 1 and level 2, and no transfers into or out of level 3.

Valuation techniques applied to the fair value measurement of certain properties of the Group have changed for the year ended 31 December 2015. It mainly reflects the more active market transactions and improvement in valuation techniques.

For the Group's investment properties in the PRC as at 31 December 2015, the valuation of RMB133,836,000, RMB30,000,000, RMB501,181,000 and RMB271,121,000 was determined using depreciated replacement cost approach, direct comparison approach, a weighted of income capitalisation approach and income approach — discounted cash flow approach and a weighted of direct comparison approach and income approach — discounted cash flow approach respectively.

For the Group's investment properties in the PRC as at 31 December 2014, the valuation of RMB324,751,000, RMB145,571,100, RMB29,000,000 and RMB31,117,000 was determined using income approach — term and reversion approach, depreciated replacement cost approach, direct comparison approach and a weighted of direct comparison approach and income approach — discounted cash flow approach respectively.

For the investment properties used the direct comparison approach, the fair value is based on prices for recent market transactions in similar properties and adjusted to reflect the conditions and locations of the Group's properties. The most significant input into this valuation approach is price per square feet and taking into account of time of transaction, location and other individual factors such as size of property, level of property, age of property, site view and building quality, etc.

For the investment properties used the depreciated replacement cost approach, the fair value is based on estimated new replacement cost of the buildings and other site works from which adjustments are then made to account for age, condition, and functional obsolescence, while taking into account the site formation cost and those public utilities connection charges to the properties. These adjustments are based on unobservable inputs. The key inputs are estimated cost of construction per square meter and age adjustment on the cost of buildings.

For the investment properties used the income capitalisation approach, the fair value is based on the rental income derived from the existing leases with due allowance for the reversionary income potential of the leases, which are then capitalised into the value at appropriate rates. The key inputs are capitalisation rate and monthly rent using direct market comparables.

For the investment properties used the income approach — term and reversion approach, the fair value is based on the rental income derived from the existing leases with due allowance for the reversionary income potential of the leases, which are then capitalized into the value at appropriate rates. The key inputs are term yield, reversionary yield and monthly rent using direct market comparables.

For the investment properties used the income approach — discounted cash flow approach, fair value is based on assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of net cash flows on a property interest. A market-derived discount rate is applied to the projected net cash flow in order to establish the present value of the income stream associated with the asset. The key inputs are average market rent per square meter and discount rate.

The exit yield is normally separately determined and differs from the discount rate. The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related reletting, redevelopment or refurbishment. The appropriate duration is driven by market behaviour that is a characteristic of the class of property. The periodic cash flow is estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance costs, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

15. INVESTMENT PROPERTIES (CONTINUED)

Notes: (continued)

(c) (continued)

For the investment properties used a weighted of direct comparison approach and income approach — the discounted cash flow approach, a suitable weighting have been taken into consideration to the relative subjectivity of each approach, inputs and the degree of comparability between the interest properties and the comparable properties. The key input is price per square meter using market direct comparables.

For the investment properties used a weighted of income capitalisation approach and income approach — the discounted cash flow approach, a suitable weighting have been taken into consideration to the relative subjectivity of each approach, inputs and the degree of comparability between the interest properties and the comparable properties. The key inputs are capitalisation rate, discount rate, average market rent growth rate and market rent.

Information about fair value measurements using significant unobservable inputs (Level 3) is provided below:

Description	Fair value 2015 (RMB'000)	Fair value 2014 (RMB'000)	Valuation technique(s)	Significant unobservable inputs	Range of Unobservable input 2015	Range of Unobservable input 2014	Relationship of unobservable inputs to fair value
Investment properties in the PRC	**30,000**	29,000	Direct comparison approach	Price per square metre ("sq.m"), using market direct comparables and taking into account of time of transaction, location and other individual factors such as size of property, level of property, age of property, site view and building quality, etc	**RMB26,000/sq.m**	RMB25,000/sq.m	Higher the price per sq.m will result in correspondingly higher fair value
Investment properties in the PRC	**133,836**	145,571	Depreciated replacement cost approach	Estimated cost of construction per square meter ("sq.m"), taking into consideration everything which is necessary to complete the construction from a new green field site to provide buildings as they are, at the valuation date, fit for and capable of being occupied and used for the current use	**RMB6,000/sq.m**	RMB6,000/sq.m	Higher the estimated cost of construction per sq.m will result in correspondingly higher fair value
				Age adjustment on the cost of buildings, taking in to account of remaining useful life of buildings	**16%**	14%	Higher the rate of age adjustment on the cost of buildings will result in correspondingly lower fair value

15. INVESTMENT PROPERTIES (CONTINUED)

Notes: (continued)

(c) (continued)

Description	Fair value 2015	Fair value 2014	Valuation technique(s)	Significant unobservable inputs	Range of Unobservable input 2015	Range of Unobservable input 2014	Relationship of unobservable inputs to fair value
	(RMB'000)						
Investment properties in the PRC	N/A	324,751	Income approach — term and reversion approach	Term yield, taking into account of yield generated from comparable properties and adjustment to reflect the certainty of term income secured and to be received	N/A	8%	The higher the term yield, the lower the fair value
				Reversionary yield, taking into account of annual unit market rental income and net market value of comparable properties	N/A	7% to 8.5%	The higher the reversionary yield, the lower the fair value
				Monthly rent, using direct market comparables and taking into account of age, location and individual factors, such as road frontage, size of property and design.	N/A	RMB25/sq.m to RMB51/sq.m Car parking Space: RMB240 per unit	The higher the monthly rent, the higher the fair value

15. INVESTMENT PROPERTIES (CONTINUED)

Notes: (continued)

(c) (continued)

Description	Fair value 2015 (RMB'000)	Fair value 2014 (RMB'000)	Valuation technique(s)	Significant unobservable inputs	Range of Unobservable input 2015	Range of Unobservable input 2014	Relationship of unobservable inputs to fair value
Investment properties in the PRC	501,181	N/A	Income capitalisation approach	Capitalisation rate, taking into accounting of relevant sales transactions and interpretation of prevailing market expectation	5.75%	N/A	The higher the capitalisation rate, the lower the fair value
			Income approach — discounted cash flow approach	Average market rent per square meter ("sq.m"), taking into account of direct market comparables and taking into account of age, location and individual factors, such as road frontage, size of property and design	RMB27/sq.m to RMB55/sq.m	N/A	The higher the average market rent, the higher the fair value
				Discount rate, taking into account of market capitalisation of rental income potential, nature of the property, prevailing market condition with average rental growth rate of comparable properties	9%	N/A	The higher the discount rate, the lower the fair value
				Average market rent growth rate, taking into account annual market rental income growth rate of comparable properties	5%	N/A	The higher the average market growth rate, the higher the fair value

15. INVESTMENT PROPERTIES (CONTINUED)

Notes: (continued)

(c) (continued)

Description	Fair value 2015	Fair value 2014	Valuation technique(s)	Significant unobservable inputs	Range of Unobservable input 2015	Range of Unobservable input 2014	Relationship of unobservable inputs to fair value
	(RMB'000)						
Investment properties in the PRC	**271,121**	31,117	Income approach — discounted cash flow approach	Average market rent per square meter ("sq.m"), taking into account of direct market comparables and taking into account of age, location and individual factors, such as road frontage, size of property and design	**RMB45/sq.m to RMB69/sq.m**	RMB47/sq.m to RMB73/sq.m	The higher the average market rent, the higher the fair value
				Discount rate, taking into account of market capitalisation of rental income potential, nature of the property, prevailing market condition with average rental growth rate of comparable properties	**8.50% to 8.75%**	8.25% to 8.75%	The higher the discount rate, the lower the fair value
				Average market rent growth rate,taking into account annual market rental income growth rate of comparable properties	**5%**	4% to 5.44%	The higher the average market growth rate, the higher the fair value
			Direct comparison approach	Price per square meter ("sq.m"), using market direct comparables and taking into account of time of transaction, location and other individual factors such as size of property, level of property, age of property, site view and building quality, etc.	**Office premises: RMB7,500/sq.m** **Retail premises: RMB8,700/sq.m to RMB15,800/sq.m.**	Office premises: RMB8,200/sq.m Retail premises: RMB9,800/sq.m to RMB11,617/sq.m.	Higher the price per sq.m will result in correspondingly higher fair value

The fair value measurement is based on the above properties' highest and best use, which does not differ from their actual use.

(d) All investment properties held by the Group were located in the PRC, held under medium term leases, and are pledged to secure general banking facilities granted to the Group. As at 31 December 2015, the Group had pledged the investment properties with total carrying values of RMB635,017,000 (2014: RMB470,322,000) respectively, to secure banking facilities granted to the Group.

(e) The investment properties of the Group with carrying value of RMB635,017,000 (2014: RMB470,322,000) are not freely transferable.

16. PREPAID LAND LEASE PAYMENTS

	2015 RMB'000	2014 RMB'000
Cost:		
At beginning and end of year	**50,813**	50,813
Accumulated amortisation and impairment:		
At beginning of year	**3,212**	2,195
Charge for the year	**1,016**	1,017
At end of year	**4,228**	3,212
Carrying values at end of year	**46,585**	47,601
Less: Current portion included under current assets	**(1,016)**	(1,016)
Non-current portion	**45,569**	46,585

(a) Included in leasehold land is a piece of land in Hangzhou, Zhejiang, the PRC with a carrying amount of RMB7,947,000 at 31 December 2015 (2014: RMB8,116,000) which is being held under a term of 50 years commencing on 20 November 2012. The land was acquired at a concessionary discount on land premium and is not freely transferable unless, among others, additional premium, if any, is paid and government approval is obtained.

(b) Included in leasehold land is a piece of land in Shenzhen, Guangdong, the PRC with a carrying amount of RMB4,760,000 at 31 December 2015 (2014: RMB4,886,000) which is being held under a term of 50 years commencing on 27 November 2003. The land was acquired at a concessionary discount on land premium and is not freely transferable unless, among others, additional premium, if any, is paid and government approval is obtained.

(c) Included in leasehold land is a piece of land in Nantong, Jiangsu, the PRC with a carrying amount of RMB33,878,000 at 31 December 2015 (2014: RMB34,599,000) which is being held under a term of 50 years commencing on 28 May 2014. The land was acquired at a concessionary discount on land premium and is not freely transferable unless, among others, additional premium, if any, is paid and government approval is obtained.

17. INVENTORIES

	2015 RMB'000	2014 RMB'000
Raw materials	**21,409**	29,722
Work-in-progress	**6,184**	8,745
Finished goods	**3,777**	6,797
	31,370	45,264
Less: Allowance for inventories	**(4,461)**	(6,594)
	26,909	38,670

The cost of inventories recognised as an expense during the reporting period was RMB1,099,018,000 (2014: RMB2,080,564,000), of which RMB2,133,000 (2014: RMB1,808,000) was in respect of net reversal of write-off of inventories made in prior years. The reversal arose due to the reprocessing of inventories during the reporting period.

18. PROPERTIES UNDER DEVELOPMENT

	2015 RMB'000	2014 RMB'000
Properties under development comprise:		
Construction costs and capitalised expenditures	**173,108**	191,148
Capitalised interests	**47,080**	51,825
Land use rights	**432,919**	494,613
	653,107	737,586

All properties under development are located in the PRC.

As at 31 December 2015, the properties under development with carrying amount of RMB568,746,000 (2014: RMB552,576,000) was pledged as collateral for the Group's borrowings (note 25).

19. PROPERTIES HELD FOR SALE

All completed properties held for sale are located in the PRC and held under medium lease term.

As at 31 December 2015, completed properties held for sale of approximately RMB635,575,000 (2014: RMB247,699,000) were pledged as collateral for the Group's bank borrowings (note 25).

20. TRADE AND BILLS RECEIVABLES

	2015 RMB'000	2014 RMB'000
Trade receivables (note (a))	**106,055**	43,455
Allowance for impairment losses (note (c))	**(173)**	(490)
Trade receivables, net	**105,882**	42,965
Bills receivable (note (d))	**26,724**	23,009
Total	**132,606**	65,974

Goods sold to customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period generally ranged from 30 days to 90 days, extending up to 180 days for major customers. Each customer has a maximum credit limit.

(a) The ageing analysis of gross trade receivables at the end of reporting period, based on the invoice date, is as follows:

	2015 RMB'000	2014 RMB'000
0 to 90 days	**14,283**	37,099
91 to 180 days	**7,065**	1,265
181 to 365 days	**84,322**	1,957
Over 1 year	**385**	3,134
Gross trade receivables	**106,055**	43,455

(b) The ageing analysis of trade receivables (net of impairment losses) of the Group as the end of reporting period is as follows:

	2015 RMB'000	2014 RMB'000
Neither past due nor impaired	**6,372**	38,530
Within 90 days past due	**2,218**	1,964
91 to 180 days past due	**97,112**	790
181 to 365 days past due	**—**	233
Over 365 days past due	**180**	1,448
Amount past due but not impaired	**99,510**	4,435
	105,882	42,965

20. TRADE AND BILLS RECEIVABLES (CONTINUED)

(b) (continued)

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

Receivables that were past due but not impaired relate to a number of independent customers that have a good track payment record with the Group. Based on past experience, the directors estimated that no impairment is necessary in respect of these balances as there has not been a significant deterioration in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

(c) Movements in the allowance for impairment losses on trade receivables during the reporting period are as follows:

	2015 RMB'000	2014 RMB'000
At beginning of year	**490**	9,155
Impairment loss reversed, net	**(104)**	(8,398)
Bad debts written off	**(213)**	(267)
At end of year	**173**	490

The Group recognised impairment on individual assessment based on the accounting policy stated in note 4(h)(ii) to the financial statements.

(d) Bills receivable are with maturity of less than 6 months. At the end of reporting period, bills receivable of the Group and amounting to approximately RMB9,998,000 (2014: RMB16,800,000) have been endorsed to suppliers. The carrying values of bills endorsed to suppliers continue to be recognised as assets in the financial statements as the Group is still exposed to credit risk on these receivables at the end of the reporting period. Accordingly, the liabilities associated with these bills, mainly payable, have not been derecognised in the financial statements.

21. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2015 RMB'000	2014 RMB'000
Other receivables	**4,705**	4,718
Deposits	**5,309**	4,568
Advance to suppliers	**133**	462,149
Prepayments	**97,845**	18,056
	107,992	489,491

22. CASH AND BANK BALANCES

	2015 RMB'000	2014 RMB'000
Cash and bank balances	**416,535**	251,206
Restricted bank deposit	**2,136**	544
	418,671	251,750
Less:		
Pledged bank balances (note (a))	**(21,646)**	(1,051)
Restricted bank deposit (note (b))	**(2,136)**	(544)
	(23,782)	(1,595)
Cash and cash equivalents	**394,889**	250,155

Notes:

(a) Pledged bank balances represent deposits placed in banks as a reserve for any compensation of the damages during the construction.

(b) Restricted bank deposit represents the guarantee deposit for the benefit of mortgage loan facilities granted by the banks to the purchasers of the Group's properties.

(c) Cash at banks earns interest at floating rates based on daily bank deposit rates.

(d) At the end of reporting period, majority of the bank balances and cash of the Group are denominated in RMB. RMB is not freely convertible into other currencies. Under PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group are permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

23. TRADE AND BILLS PAYABLES

	2015 RMB'000	2014 RMB'000
Trade payables	382,637	278,306
Bills payable	265	2,341
	382,902	280,647

The following is the ageing analysis of trade payables:

	2015 RMB'000	2014 RMB'000
0 to 90 days	366,930	260,873
91 to 180 days	2,019	13,957
181 to 365 days	3,601	506
Over 1 year	10,087	2,970
	382,637	278,306

At the end of reporting period, the Group has endorsed certain bills receivable with recourse to suppliers and the liabilities relating to these bills receivable (note 20(d)) continue to be recognised as trade payables.

24. OTHER PAYABLES, ACCRUALS AND RECEIPTS IN ADVANCE

	2015 RMB'000	2014 RMB'000
Construction and other payables	110,556	370,261
Receipts in advance from pre-sales of properties	62,424	119,569
Receipts in advance	21,085	102,163
Government grants (note)	73,262	58,516
Accruals	10,740	11,485
	278,067	661,994

Note: The balance represents grants obtained from the PRC government in relation to the purchase of specified property, plant and equipment for development of specified project by the Group. At the end of reporting period, not all the conditions related to the above government grants have been fulfilled and the related income has not yet been recognised.

25. BANK BORROWINGS

	2015 RMB'000	2014 RMB'000
Secured bank borrowings	**1,533,795**	1,389,000

At the end of reporting period, total bank borrowings were scheduled to be repaid as follows:

	2015 RMB'000	2014 RMB'000
On demand or within one year	**1,218,400**	919,000
After one year but within two years	**226,400**	230,000
After two years but within five years	**88,995**	240,000
	315,395	470,000
	1,533,795	1,389,000

The Group has bank borrowings with fixed rate and floating rate which carry prevailing market interest rates.

	2015 Effective interest rate %	2015 RMB'000	2014 Effective interest rate %	2014 RMB'000
Fixed rate borrowings				
Bank borrowings	**4.17%–6.44%**	**490,000**	6.16%–6.90%	420,000
Floating rate borrowings				
Bank borrowings	**4.03%–6.75%**	**1,043,795**	6.15%–6.30%	969,000

At 31 December 2015, the secured bank borrowings and general banking facilities with carrying amount of RMB1,533,795,000 (2014: RMB1,389,000,000) are secured by way of charge over certain assets, including land and buildings, investment properties, leasehold land under operating leases and construction in progress, together with the personal guarantees given by an executive director of the Company and related parties, including a spouse of an executive director and ultimate holding company.

The remaining secured bank borrowings are secured by way of personal guarantees given by an executive director of the Company and ultimate holding company.

At the end of reporting period, the Group had available undrawn committed borrowing facilities of RMB1,635,205,000 (2014: RMB1,480,000,000) in respect of which all conditions precedent had been met.

26. DEFERRED TAXATION

The components of deferred tax (assets)/liabilities recognised in the consolidated statement of financial position and the movements during the reporting period are as follows:

	Capitalised Interests on borrowings	Unrealised profit on inter company transactions	Revaluation of properties	Allowance for impairment losses	Temporary difference on recognition of sales and relevant costs	Temporary difference on recognition of expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2014	6,605	(1,217)	119,739	(17,081)	(2,095)	(8,588)	97,363
Charged/(credited) to profit or loss	4,873	(407)	7,618	2,011	965	143	15,203
Charged to other comprehensive income	—	—	71,045	—	—	—	71,045
At 31 December 2014	**11,478**	**(1,624)**	**198,402**	**(15,070)**	**(1,130)**	**(8,445)**	**183,611**
Charged/(credited) to profit or loss	**(6,362)**	**898**	**35,866**	**402**	**(2,601)**	**1,150**	**29,353**
Charged to other comprehensive income	**—**	**—**	**28,998**	**—**	**—**	**—**	**28,998**
At 31 December 2015	**5,116**	**(726)**	**263,266**	**(14,668)**	**(3,731)**	**(7,295)**	**241,962**

(a) Deferred tax balances are presented in the consolidated statement of financial position as follows:

	2015 RMB'000	2014 RMB'000
Deferred tax assets	**(26,420)**	(26,269)
Deferred tax liabilities	**268,382**	209,880
	241,962	183,611

The Group has estimated unused tax losses arising in the PRC of RMB55,503,000 (2014: RMB65,077,000) that can be carried forward for five years and estimated unused tax losses arising in Hong Kong of RMBNil (2014: RMB8,084,000) that can be carried forward indefinitely for offsetting against its future taxable profits.

26. DEFERRED TAXATION (CONTINUED)

(a) (continued)

The unused tax losses arising in the PRC will expire as follows:

	2015 **RMB'000**	2014 RMB'000
Year of expiry		
2015	**—**	8,242
2016	**925**	3,445
2017	**4,222**	3,871
2018	**5,757**	6,968
2019	**37,712**	42,551
2020	**6,887**	—
	55,503	65,077

No deferred tax assets have been recognised for the unused tax losses of as the availability of future taxable profits to utilise the temporary differences is not probable.

27. SHARE CAPITAL

	Number of shares	**RMB'000**
Registered, issued and fully paid		
At 1 January 2014, 31 December 2014 and 2015	1,233,144,000	123,314
Of which:		
Domestic Shares of RMB0.1 each	924,792,000	92,479
Overseas listed H Shares of RMB0.1 each	308,352,000	30,835
	1,233,144,000	123,314

Domestic shares and overseas listed H shares are both ordinary shares of the Company. However, overseas listed H shares may only be subscribed for by, and traded in Hong Kong dollars between legal and natural persons of Hong Kong, Macau, Taiwan or any country other than the PRC whereas domestic shares may only be subscribed for by, and traded between legal or natural persons of the PRC (other than Hong Kong, Macau and Taiwan) and must be subscribed for and traded in Renminbi. All dividends in respect of H shares are to be paid by the Company in Hong Kong dollars whereas all dividends in respect of domestic shares are to be paid by the Company in Renminbi. Other than the above, all domestic shares and H shares rank pari passu with each other in all respects and rank equally for all dividends or distributions declared, paid or made.

28. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 38.

(b) Company

	Share premium RMB'000 (note (c)(i))	Statutory surplus reserve RMB'000 (note (c)(ii))	Properties revaluation reserve RMB'000 (note (c)(iii))	Translation reserve RMB'000 (note (c)(iv))	Retained earnings RMB'000	Total RMB'000
At 1 January 2014	8,586	69,260	137,060	1,337	833,037	1,049,280
Total comprehensive income for the year, net of tax	—	—	162,335	—	143,587	305,922
Dividend approved in respect of the previous year	—	—	—	—	(18,035)	(18,035)
At 31 December 2014	8,586	69,260	299,395	1,337	958,589	1,337,167
Total comprehensive income for the year, net of tax	**—**	**—**	**84,856**	**(222)**	**172,230**	**256,864**
Dividend approved in respect of the previous year	**—**	**—**	**—**	**—**	**(18,497)**	**(18,497)**
At 31 December 2015	**8,586**	**69,260**	**384,251**	**1,115**	**1,112,322**	**1,575,534**

(c) Nature and purpose of reserves

(i) Share premium

Share premium represents premium arising from the issue of shares issued at a price in excess of their par value per share.

(ii) Statutory surplus reserve

In accordance with the PRC Company Law, the Company and its PRC subsidiaries were required to transfer 10% of their profit after tax, as determined in accordance with accounting standards and regulations of the PRC, to the statutory surplus reserve (until such reserve reaches 50% of the registered capital of the respective companies). The statutory surplus reserve is non-distributable and can be used to make up losses or to increase share capital. Except for the reduction of losses incurred, other usage should not result in the statutory surplus reserve falling below 25% of the registered capital.

(iii) Properties revaluation reserve

This has been set up and is dealt with in accordance with the accounting policy in note 4(c).

(iv) Translation reserve

This reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. This reserve is dealt with in accordance with the accounting policy in note 4(m).

29. HOLDING COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	2015 RMB'000	2014 RMB'000
Non-current assets			
Property, plant and equipment		**757,948**	811,565
Investment properties		**665,018**	499,322
Prepaid land lease payments		**4,635**	4,760
Investments in subsidiaries		**1,078,743**	1,080,243
Deferred tax assets		**611**	704
Total non-current assets		**2,506,955**	2,396,594
Current assets			
Inventories		**30,155**	47,679
Prepaid land lease payments		**126**	126
Trade receivables		**100,621**	30,110
Bills receivable		**26,708**	22,889
Other receivables, deposits and prepayments		**45,655**	466,805
Amounts due from subsidiaries		**695,207**	769,504
Cash and bank balances		**299,495**	180,665
Total current assets		**1,197,967**	1,517,778
Current liabilities			
Trade payables		**40,604**	277,620
Bills payable		**265**	2,341
Other payables, accruals and receipts in advance		**147,991**	237,052
Amounts due to subsidiaries		**248,130**	489,102
Bank borrowings		**1,199,000**	884,000
Income tax payable		**15,765**	16,313
Total current liabilities		**1,651,755**	1,906,428
Net current liabilities		**(453,788)**	(388,650)
Total assets less current liabilities		**2,053,167**	2,007,944

29. HOLDING COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Notes	2015 RMB'000	2014 RMB'000
Non-current liabilities			
Bank borrowings		180,000	410,000
Deferred tax liabilities		174,319	137,463
Total non-current liabilities		354,319	547,463
NET ASSETS		1,698,848	1,460,481
CAPITAL AND RESERVES			
Share capital	27	123,314	123,314
Reserves	28(b)	1,575,534	1,337,167
TOTAL EQUITY		1,698,848	1,460,481

On behalf of the directors:

Chen Zhi Lie
Chairman

Tso Cheng Shun
Director

30. INTERESTS IN SUBSIDIARIES

Details of the principal subsidiaries, the business structure of which were corporations, as at 31 December 2015 are as follows:

Name of subsidiary	Place of incorporation/ establishment and operations	Issued and fully paid up registered capital	Attributable equity interests held by the Company		Principal activities
			directly	indirectly	
深圳市研祥軟件技術有限公司 Shenzhen EVOC Software Technology Company Limited*	PRC	RMB6,000,000	100%	—	Investment holding
深圳市研祥新特科技有限公司 Shenzhen EVOC Xinteer Technology Company Limited*	PRC	RMB10,000,000	—	100%	Trading of electronic accessories
上海市研祥智能科技有限公司 Shanghai EVOC Intelligent Technology Company Limited*	PRC	RMB30,000,000	100%	—	Research, development, manufacture and distribution of Special Computer products
北京市研祥興業國際智能科技有限公司 Beijing EVOC Xingye International Technology Company Limited*	PRC	RMB30,000,000	100%	—	Research, development and distribution of Special Computer products
無錫深港國際服務外包產業發展有限公司 Wuxi SHIOC International Outsourcing Industry Development Company Limited*	PRC	RMB306,122,400	100%	—	Property development
昆山研祥智能科技有限公司 Kunshan EVOC Intelligent Technology Company Limited*	PRC	RMB100,000,000	90%	10%	Property development
浙江研祥智能科技有限公司 Zhejiang EVOC Intelligent Technology Company Limited*	PRC	RMB70,000,000	90%	10%	Property development
江蘇研祥智能科技有限公司 Jiangsu EVOC Intelligent Technology Company Limited*	PRC	RMB100,000,000	90%	10%	Property development
廣州市研祥智能科技有限公司 Guangzhou EVOC Intelligent Technology Company Limited*	PRC	RMB5,000,000	100%	—	Research, development and distribution of Special Computer products
深圳市研祥通軟件有限公司 Shenzhen EVOC STONE Software Company Limited*	PRC	RMB10,000,000	100%	—	Research, development, manufacture and distribution of Special Computer software products
深圳市特種計算機軟件有限公司 Shenzhen Special Computer Software Company Limited*	PRC	RMB3,000,000	—	100%	Research, development, manufacture and distribution of Special Computer software products
香港研祥國際科技有限公司 Hong Kong EVOC International Technology Company Limited*	Hong Kong	HK$100,000	100%	—	Trading of electronic accessories

* For identification purpose only.

30. INTERESTS IN SUBSIDIARIES (CONTINUED)

All subsidiaries established in the PRC are companies incorporated with limited liability.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, would have a comparatively significant impact on the results, assets, or liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excess length.

None of the subsidiaries had issued any debt securities at the end of reporting period.

31. OPERATING LEASE COMMITMENTS

As lessee

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to five years (2014: one to six years).

At the end of reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2015 **RMB'000**	2014 RMB'000
Within one year	**4,414**	5,234
Less than one year but no later than five years	**688**	1,525
	5,102	6,759

As lessor

At the end of reporting period, the Group's total future minimum lease receivables under non-cancellable operating leases are as follows:

	2015 **RMB'000**	2014 RMB'000
Within one year	**76,884**	39,312
Less than one year but no later than five years	**100,798**	102,677
Over five years	**1,180**	2,795
	178,862	144,784

32. CAPITAL COMMITMENTS

	2015 RMB'000	2014 RMB'000
Contracted but not provided for:		
— Construction of buildings and properties under development	**394,918**	180,941

33. RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in the financial statements, during the year and in the ordinary course of business, the Group had the following material transactions with related parties:

(a) The Group's bank borrowings are secured by, among others, corporate guarantees given by the ultimate holding company and personal guarantees given by an executive director and his spouse.

(b) Rental income of RMB594,000 (2014: RMB504,000) was received from related companies controlled by an executive director of the Group. The rental was calculated with reference to market rate.

(c) Rental expense of RMB1,702,000 (2014: RMB1,702,000) was paid to a related company controlled by the ultimate holding company. The rental was calculated with reference to market rate.

(d) Compensation of key management personnel

The emoluments of directors and the senior management during the year was as follows:

	2015 RMB'000	2014 RMB'000
Salaries, allowances and benefits in kind	**1,435**	1,410
Contributions to retirement benefits schemes	**63**	63
	1,498	1,473

The emoluments paid or payable to the directors and the senior management were within the following bands:

	2015 No. of Individuals	2014 No. of individuals
Nil to HK$1,000,000	**16**	17

34. CAPITAL RISK MANAGEMENT

The Group's primary objective when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders' returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of a net debt-to-equity ratio. For the purpose the Group defines net debts as total debt (which includes bank borrowings, trade payables, bills payables, other payables, accruals and receipts in advance), less cash and cash equivalents. Equity comprises share capital, reserves and non-controlling interests, less unaccrued proposed dividends.

The gearing ratio at the end of reporting period was as follows:

	2015 **RMB'000**	2014 RMB'000
Debt	**2,194,764**	2,331,641
Cash and cash equivalents	**(418,671)**	(251,750)
Net debt	**1,776,093**	2,079,891
Equity	**1,744,109**	1,445,232
Net debt to equity ratio	**102%**	144%

35. FINANCIAL RISK MANAGEMENT

The main risks arising from the Group's financial instruments in the normal course of the Group's business are credit risk, liquidity risk, interest rate risk and currency risk.

These risks are limited by the Group's financial management policies and practices described below.

(a) Credit risk

The Group's credit risk is primarily attributable to its trade, bills and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The Group trades mainly with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry in which customers operate also has an influence on credit risk but to a lesser extent. At the end of reporting period, the Group has a certain concentration of credit risk as 67% and 67% (2014: 28% and 28%) of the total trade and other receivables was due from the Group's largest and five largest customers respectively.

The Group does not provide any guarantees which would expose the Group to credit risk.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables are set out in note 20.

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at the end of reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the Group can be required to pay:

	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2015					
Bank borrowings	**1,533,795**	**1,610,762**	**1,250,790**	**189,684**	**170,288**
Trade payables	**382,637**	**382,637**	**382,637**	**—**	**—**
Bills payable	**265**	**265**	**265**	**—**	**—**
Other payables and accruals	**278,067**	**278,067**	**278,067**	**—**	**—**
	2,194,764	**2,271,731**	**1,911,759**	**189,684**	**170,288**
2014					
Bank borrowings	1,389,000	1,490,782	974,860	257,786	258,336
Trade payables	278,306	278,306	278,306	—	—
Bills payable	2,341	2,341	2,341	—	—
Other payables and accruals	661,994	661,994	661,994	—	—
	2,331,641	2,433,423	1,917,501	257,786	258,336

(c) Interest rate risk

The Group's interest rate risk arises primarily from bank borrowings. Borrowings issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest risk respectively. The Group's interest rate profile is monitored by management.

It is estimated that as at 31 December 2015, a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's profit for the year, retained profits by RMB5,800,000 (2014: RMB6,100,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of reporting period and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at that date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the end of the next reporting period. The analysis is performed on the same basis for 2014.

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Currency risk

The Group's main operations are in the PRC and have no significant exposure to any specific foreign currency.

(e) Fair values

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2015 and 2014.

36. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The carrying amounts of the Group's financial assets and financial liabilities as recognised at 31 December 2015 and 2014 may be categorised as follows:

	2015 **RMB'000**	2014 RMB'000
Financial assets		
Loans and receivables (including cash and bank balances)	**556,114**	322,442
Financial liabilities		
Financial liabilities measured at amortised cost	**2,032,623**	2,036,986

37. EVENT AFTER THE REPORTING DATE

In December 2015, the Group entered into agreement with a third party to purchase 60 units of government subsidised houses in Guangming, Shenzhen as staff quarters of the Group. The purchase was completed in the first quarter of 2016.

38. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 30 March 2016.

Particulars of Properties

Name and location of property	Location	Purpose	Approximate floor area (square metres)	Contract term	Interest attributable to Group (%)
Major properties completed					
1 EVOC Building No 31, Gaoxinzhong Si Road, Nanshan District, Shenzhen	Shenzhen	R&D house and parking lot	61,306	2053	100
2 Tianxiang Building Unit Nos. 10B1 and 10B2, Level 10, Tianxiang Building, Tianan Cyber Park, Chegongmiao, Futian District, Shenzhen	Shenzhen	Plant	1,152	2038	100
3 Guangming EVOC Intelligence Valley Guangming EVOC Intelligence Valley, Guangming Hitech Park, Boan District, Shenzhen	Shenzhen	R&D house, plant and supporting houses	245,482	2058	100
4 Wuxi SHIOC International Outsourcing Base Section A1 SHIOC International Section A1, Xishan District, Wuxi City, Jiangsu Province	Jiangsu	Commercial, office and apartment	187,770	2044	100

Name and location of property	Location	Purpose	Approximate floor area (square metres)	Contract term	Interest attributable to Group (%)
Major properties in progress					
1 Nantong EVOC Intelligence Valley The development block located at East of Dasheng Road, West of Zilang College, Gangzha District, Nantong City, Jiangsu Province	Nantong	Industrial	230,673	2063	100
2 EVOC City Plaza in Hangzhou A parcel of development land located at the Northwest Corner of Cross of Jianghong Road and Binkang Road, Bin Jiang District, Hangzhou City, Zhejiang Province	Zhejiang	Industrial	66,945	2062	100
3 EVOC International Finance Center EVOC International Finance Center, Huaqiao Town, Kunshan City, Jiangsu Province	Jiangsu	Commercial and office	159,864	2052	100
4 Kunshan Dianshan Lake Project Hemashiwan Community, Dianshanhu Town, Kunshan City, Jiangsu Province	Kunshan	Commercial, business and residential	277,184	Commercial:2053 Residential:2083	100
5 Wuxi SHIOC International Outsourcing Base Section A2 SHIOC International Section A2, Xishan District, Wuxi City, Jiangsu Province	Jiangsu	Commercial	140,011	2044	100

Financial Highlights

COMPARISON OF KEY FINANCIAL FIGURES

Financial year		Year ended 31 December 2015	2014	2013	2012	2011
Revenue	RMB'000	**1,444,099**	2,312,702	1,814,780	1,161,761	1,111,049
Gross Profit	RMB'000	**219,051**	239,975	279,797	190,796	227,858
Gross Margin	%	**15.17**	10.38	15.42	16.42	20.51
Profit for the year	RMB'000	**229,721**	119,596	48,404	94,698	88,393
Net Margin	%	**15.91**	5.17	2.67	8.15	7.96
Basic Earnings Per Share (Note)	RMB	**0.186**	0.097	0.040	0.076	0.076
Net cash generated from/(used in) Operations	RMB'000	**239,084**	(68,010)	(249,730)	(14,590)	89,518
Trade Receivables Turnover	Days	**33**	10	20	79	62
Dividend per share	RMB	**0.015**	0.015	0.015	0.01	—

FINANCIAL POSITION

Financial year		Year ended 31 December 2015	2014	2013	2012	2011
Total Assets	RMB'000	**4,220,481**	3,997,007	3,854,618	3,792,018	2,861,369
Total Liabilities	RMB'000	**2,476,372**	2,551,775	2,677,736	2,364,049	1,557,923
Total Time Deposits and Cash and Cash Balances	RMB'000	**418,671**	251,750	804,102	1,550,317	1,160,462
Shareholders' Funds	RMB'000	**1,744,109**	1,455,232	1,176,882	1,427,969	1,303,446
Net Assets per Share	RMB'	**1.414**	1.172	0.954	1.158	1.057

Note: The calculation of basic earnings per share amounts is based on the profit attributable to owners of the Company for the year of RMB229,721,000 (2014: RMB119,596,000) and the 1,233,144,000 (2014: 1,233,144,000) ordinary shares in issue during the year.