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

Heng Xin China Holdings Limited
恒芯中國控股有限公司 *

(Incorporated in Bermuda with limited liability)
(Stock Code: 8046)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the "Directors") of Heng Xin China Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

* *For identification purpose only*

The board of Directors (the "Board") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2015, together with comparative audited figures for the preceding financial year, as follows:

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

	Notes	**2015** ***HK$'000***	2014 *HK$'000* (Restated)
CONTINUING OPERATIONS			
REVENUE	*4*	**34,679**	47,338
Cost of sales		**(22,502)**	(11,833)
Gross profit		**12,177**	35,505
Other income	*5*	**1,437**	31,243
Selling and distribution costs		**(1,717)**	(626)
Administrative and operating expenses		**(55,875)**	(130,094)
Impairment on various assets		**(260,684)**	(566,684)
LOSS FROM OPERATION		**(304,662)**	(630,656)
Finance costs		**(9,302)**	(9,571)
LOSS BEFORE TAX	*6*	**(313,964)**	(640,227)
Income tax credit/(expenses)		**1,391**	(400)
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		**(312,573)**	(640,627)
DISCONTINUED OPERATIONS			
LOSS FOR THE YEAR FROM DISCONTINUED OPERATIONS		**(148,286)**	(132,348)
LOSS FOR THE YEAR	*8*	**(460,859)**	(772,975)

	Notes	**2015** **HK$'000**	2014 HK$'000 (Restated)
Other comprehensive loss for the year, net of tax:			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		**(12,737)**	(19,427)
Exchange differences reclassified to profit or loss on disposal of subsidiaries		**(11,241)**	—
		(23,978)	(19,427)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(484,837)**	(792,402)
LOSS FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company			
Loss from continuing operations		**(312,573)**	**(640,627)**
Loss from discontinued operations		**(139,521)**	(127,695)
Loss attributable to owners of the Company		**(452,094)**	**(768,322)**
Non-controlling interests			
Loss from discontinued operations		**(8,765)**	(4,653)
		(460,859)	(772,975)

	Notes	2015 *HK$'000*	2014 *HK$'000* (Restated)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		**(476,262)**	(787,749)
Non-controlling interests		**(8,575)**	(4,653)
		(484,837)	(792,402)
LOSS PER SHARE (HK$ cents)	*10*		
From continuing and discontinued operations			
— Basic		**(10.17)**	(22.33)
— Diluted		**(10.17)**	(22.33)
From continuing operations			
— Basic		**(7.03)**	(18.62)
— Diluted		**(7.03)**	(18.62)
From discontinued operations			
— Basic		**(3.14)**	(3.71)
— Diluted		**(3.14)**	(3.71)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**35,566**	47,946
Goodwill		**20,446**	95,618
Intangible assets		**63,738**	46,973
Investment in an associate		**—**	40,325
Derivative financial instrument		**3,896**	—
Deposits for acquisition of non-current assets		**36,000**	12,000
		159,646	242,862
CURRENT ASSETS			
Inventories		**46,733**	177,779
Trade receivables	*11*	**110,923**	257,349
Prepayments, deposits and other receivables	*12*	**62,428**	246,931
Cash and cash equivalents		**88,864**	7,107
		308,948	689,166
Disposal group classified as held for sale	*14*	**254,362**	—
		563,310	689,166
CURRENT LIABILITIES			
Trade payables	*13*	**41,066**	34,730
Other payables and accruals		**240,672**	237,684
Receipts in advance		**47,297**	52,576
Notes payables		**70,000**	100,000
Short term loans		**12,571**	12,797
Tax payable		**56,287**	60,094
		467,893	497,881
Liabilities directly associated with the disposal group	*14*	**64,246**	—
		532,139	497,881
NET CURRENT ASSETS		**31,171**	191,285
TOTAL ASSETS LESS CURRENT LIABILITIES		**190,817**	434,147

	Notes	**2015** **HK$'000**	2014 HK$'000
NON-CURRENT LIABILITIES			
Receipts in advance		**56,637**	69,045
Deferred tax liabilities		**7,111**	7,361
		63,748	76,406
NET ASSETS		**127,069**	357,741
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**52,602**	34,586
Reserves		**14,780**	302,116
		67,382	336,702
Non-controlling interests		**59,687**	21,039
TOTAL EQUITY		**127,069**	357,741

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Attributable to owners of the Company									
	Issued capital	Share premium*	Capital reserve*	Foreign currency translation reserve*	Share option reserve*	Other reserve*	Accumulated losses*	Total	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2014	**34,086**	**1,466,350**	**2,325**	**100,274**	**3,396**	**(79,992)**	**(415,328)**	**1,111,111**	**25,692**	**1,136,803**
Total comprehensive loss for the year	**—**	**—**	**—**	**(19,427)**	**—**	**—**	**(768,322)**	**(787,749)**	**(4,653)**	**(792,402)**
Issue of new shares	**500**	**12,000**	**—**	**—**	**—**	**—**	**—**	**12,500**	**—**	**12,500**
Recognition of share-based payments	**—**	**—**	**—**	**—**	**840**	**—**	**—**	**840**	**—**	**840**
At 31 December 2014	**34,586**	**1,478,350**	**2,325**	**80,847**	**4,236**	**(79,992)**	**(1,183,650)**	**336,702**	**21,039**	**357,741**
At 1 January 2015	**34,586**	**1,478,350**	**2,325**	**80,847**	**4,236**	**(79,992)**	**(1,183,650)**	**336,702**	**21,039**	**357,741**
Total comprehensive loss for the year	**—**	**—**	**—**	**(24,168)**	**—**	**—**	**(452,094)**	**(476,262)**	**(8,575)**	**(484,837)**
Issue of new shares	**18,016**	**188,926**	**—**	**—**	**—**	**—**	**—**	**206,942**	**—**	**206,942**
Acquisition of a subsidiary	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**47,223**	**47,223**
At 31 December 2015	**52,602**	**1,667,276**	**2,325**	**56,679**	**4,236**	**(79,992)**	**(1,635,744)**	**67,382**	**59,687**	**127,069**

* These reserve accounts comprise the consolidated reserves in the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

1. GENERAL INFORMATION

Heng Xin China Holdings Limited (the "Company") was incorporated in Bermuda as an exempted company with limited liability. Its shares are listed on the Growth Enterprise Market ("GEM") of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of its registered office is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The address of its principal place of business is Unit 2, 24/F, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong.

The Company is an investment holding company. The Group is principally engaged in digital cable television business, wireless digital television value-added services, wireless digital terrestrial television network equipment integrated business, wireless digital audio integrated circuits, research, design, development on and manufacturing of electronic message security products, integrated circuits, and integrated circuit solutions and the related services, and in the business of manufacturing and selling of castor seeds and castor beans and selling of castor oil.

2. GOING CONCERN BASIS

The Group incurred a loss attributable to owners of the Company of HK$452,094,000 and operating cash outflow of HK$58,311,000 for the year ended 31 December 2015. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Nevertheless, the directors are of the opinion that it is appropriate to prepare the financial statements on a going concern basis as the directors have been taking measures to improve the liquidity of the Group by launching new business and share subscription. Should the Group be unable to continue as a going concern, adjustments would have to be made to the financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") that are relevant to its operations and effective for its accounting year beginning on 1 January 2015. HKFRSs comprise International Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

4. REVENUE

Revenue represents the net amounts received and receivable by the Group from the sale of goods and services rendered to outside customers, net of discounts, returns and sales related taxes are as follows:

	2015	2014
	HK$'000	*HK$'000*
Digital cable television business	**21,120**	39,674
Wireless digital television value-added services	**9,495**	7,651
Wireless digital audio integrated circuits	**4,064**	13
Wireless digital terrestrial television network equipment integrated business	**1,198**	—
Encrypted integrated circuits	**117**	8,394
	35,994	55,732
Representing:		
— Continuing operations	**34,679**	47,338
— Discontinued operations	**1,315**	8,394
	35,994	55,732

5. OTHER INCOME

	2015	2014
	HK$'000	*HK$'000*
Bank interest income	**4**	49
Gain on disposal of property, plant and equipment	**205**	751
Government grant	**—**	38
Written back on provision for trade receivables and prepayments	**—**	14,835
Reversal of impairment on inventories	**—**	8,634
Sundry income	**1,230**	19,281
	1,439	43,588
Representing:		
— Continuing operations	**1,437**	31,243
— Discontinued operations	**2**	12,345
	1,439	43,588

6. INCOME TAX (CREDIT)/EXPENSES

	2015	2014
	HK$'000	*HK$'000*
Current — the PRC		
— Charge for the year	**81**	400
Deferred tax	**(1,472)**	—
	(1,391)	400
Representing:		
— Continuing operations	**(1,391)**	400
	(1,391)	400

No provision for Hong Kong Profits Tax has been made for the years ended 31 December 2015 and 2014 as the Group did not generate any assessable profits arising in Hong Kong during that years.

PRC corporate income tax is calculated at a standard rate of 25% (2014:25%) on the estimated assessable profits arising from its operation in the PRC.

7. SEGMENT INFORMATION

The Group has six reportable segments as follows:

— Digital cable television business
— Wireless digital television value-added services
— Wireless digital audio integrated circuits
— Castor products
— Wireless digital terrestrial television network equipment integrated business (discontinued operation)
— Encrypted integrated circuits (discontinued operation)

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technologies and marketing strategies.

No operating segments have been aggregated in arriving at the reportable segments of the Group.

Information about reportable segment profit or loss, assets and liabilities:

	Continuing operations					Discontinued operations			
	Digital cable television business *HK$'000*	**Wireless digital television value-added services** *HK$'000*	**Wireless digital audio integrated circuits** *HK$'000*	**Castor products** *HK$'000*	**Sub Total** *HK$'000*	**Wireless digital terrestrial television network equipment integrated business** *HK$'000*	**Encrypted integrated circuits** *HK$'000*	**Sub Total** *HK$'000*	**Total** *HK$'000*
Year ended 31 December 2015									
Revenue from external customers	21,120	9,495	4,064	—	34,679	1,198	117	1,315	35,994
Segment (loss)/profit	(174,785)	2,222	(4,009)	—	(176,572)	(37)	(7,287)	(7,324)	(183,896)
Depreciation and amortisation	**4,962**	**1,180**	**727**	**5**	**6,874**	**4**	**7,647**	**7,651**	**14,525**
Capital expenditure	12,444	**293**	**1,563**	**27,350**	**41,650**	**—**	**928**	**928**	**42,578**
As at 31 December 2015									
Reportable segment assets	149,254	4,586	12,710	100,008	266,558	—	—	—	266,558
Reportable segment liabilities	(176,484)	(133,659)	(9,944)	(2,412)	(322,499)	—	—	—	(322,499)
Year ended 31 December 2014									
Revenue from external customers	39,674	7,651	13	—	47,338	—	8,394	8,394	55,732
Segment profit/(loss)	54,925	(73,361)	(3,429)	—	(21,865)	(667)	10,159	9,492	(12,373)
Depreciation and amortisation	(3,746)	(13,363)	(514)	—	(17,623)	(6)	(133)	(139)	(17,762)
Capital expenditure	89,530	—	—	—	89,530	—	—	—	89,530
As at 31 December 2014									
Reportable segment assets	99,323	34,319	256,326	—	389,968	—	310,838	310,838	700,806
Reportable segment liabilities	(142,502)	(158,135)	(18,622)	—	(319,259)	—	(2,287)	(2,287)	(321,546)

Reconciliations of reportable segment revenue, profit or loss, assets and liabilities:

	2015	2014
	HK$'000	*HK$'000*
Revenue		
Total revenue of reportable segments	**35,994**	55,732
Elimination of discontinued operations	**(1,315)**	(8,394)
Consolidated revenue	**34,679**	47,338
Profit or loss		
Total profit or loss of reportable segments	**(183,896)**	(12,373)
Unallocated income	**1**	20,119
Impairment losses on goodwill	**(80,295)**	(263,301)
Impairment losses on intangible assets	**—**	(10,521)
Impairment losses on inventories	**(4,631)**	(76,389)
Impairment losses on trade receivables	**(137,895)**	(125,793)
Impairment losses on prepayments, deposits and other receivables	**(8,000)**	(100,335)
Impairment losses on property, plant and equipment	**(13,823)**	(66,467)
Impairment losses on deposits for acquisition on non-current assets	**(12,000)**	(39,505)
Impairment losses on construction-in-progress	**(4,040)**	(16,715)
Other unallocated expenses	**(8,369)**	(71,724)
Finance costs	**(9,302)**	(9,571)
Income tax credit/(expenses)	**1,391**	(400)
Elimination of discontinued operations	**148,286**	132,348
Consolidated loss for the year from continuing operations	**(312,573)**	(640,627)
Assets		
Total assets of reportable segments	**266,558**	700,806
Unallocated assets	**456,398**	231,222
Consolidated total assets	**722,956**	932,028
Liabilities		
Total liabilities of reportable segments	**322,499**	321,546
Unallocated liabilities	**273,388**	252,741
Consolidated total liabilities	**595,887**	574,287

Geographical information:

	Revenue		Non-current assets	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Continuing operations				
PRC	**30,615**	47,338	**139,121**	230,503
Hong Kong	**4,064**	—	**—**	12,359
Discontinued operations				
PRC	**1,315**	8,394	**20,525**	—
Consolidated total	**35,994**	55,732	**159,646**	242,862

In presenting the geographical information, revenue is based on the locations of the customers.

Revenue from major customers:

Revenue from customers of the corresponding periods individually contributing over 10% of the total revenue of the Group are as follows:

		2015	2014
	Segment	*HK$'000*	*HK$'000*
Customer A	**Digital cable television business**	**—**	**37,975**
Customer B	**Wireless digital television value-added services**	**9,495**	**7,631**
Customer C	**Wireless digital audio integrated circuits**	**4,064**	**—**

8. LOSS FOR THE YEAR

The Group's loss for the year is arrived at after charging/(crediting):

	2015	2014
	HK$'000	*HK$'000*
Staff costs including directors' emoluments:		
— Salaries, bonus and allowances	**15,759**	16,570
— Retirement benefits scheme contributions	**2,164**	2,312
	17,923	18,882
Auditors' remuneration	**700**	650
Cost of inventories sold	**3,964**	5,682
Depreciation of items of property, plant and equipment	**8,433**	19,321
Amortisation of intangible assets	**15,027**	—
Operating lease charges	**3,417**	10,116
(Gain)/loss on disposal of property, plant and equipment	**(205)**	106
Property, plant and equipment written off	**—**	37
Research and development expenditure	**2,956**	7,409

9. DIVIDEND

The directors do not recommend the payment of any dividend for each of the years ended 31 December 2015 and 2014.

10. LOSS PER SHARE (HK$ CENTS)

(a) From continuing and discontinued operations

Basic loss per share (HK$ cents)

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of HK$452,094,000 (2014: HK$768,322,000) and the weighted average number of 4,447,210,000 (2014: 3,440,234,000) ordinary shares in issue during the year.

Diluted loss per share (HK$ cents)

No diluted loss per share are presented as the Company did not have any dilutive potential ordinary sharing during the two years ended 31 December 2015.

(b) From continuing operations

Basic loss per share (HK$ cents)

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of HK$312,573,000 (2014: HK$640,627,000) and the weighted average number of 4,447,210,000 (2014: 3,440,234,000) ordinary shares in issue during the year.

Diluted loss per share (HK$ cents)

No diluted loss per share are presented as the Company did not have any dilutive potential ordinary sharing during the two years ended 31 December 2015.

(c) From discontinued operation

Basic loss per share (HK$ cents)

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of HK$139,521,000 (2014: HK$127,695,000) and the weighted average number of 4,447,210,000 (2014: 3,440,234,000) ordinary shares in issue during the year.

Diluted loss per share (HK$ cents)

No diluted loss per share are presented as the Company did not have any dilutive potential ordinary sharing during the two years ended 31 December 2015.

11. TRADE RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Trade receivables	**426,247**	459,978
Less: allowance for doubtful debts	**(315,324)**	(202,629)
	110,923	257,349

The Group's trading terms with other customers are mainly on credit. The credit terms generally range from 30 to 180 days.

The aging analysis of trade receivables, based on the invoice date, and net of allowance, is as follows:

	2015	2014
	HK$'000	*HK$'000*
0 to 90 days	**4,978**	37,983
181 days to 365 days	**—**	40,006
Over 1 year	**105,945**	179,360
	110,923	257,349

Reconciliation of allowance for trade receivables:

	2015	2014
	HK$'000	*HK$'000*
At 1 January	**202,629**	101,811
Allowance for the year	**137,895**	111,711
Amounts written off	**(13,220)**	(12,124)
Exchange differences	**(11,980)**	1,231
	315,324	202,629

The aging of trade receivables which are past due but not impaired are as follows:

	2015	2014
	HK$'000	*HK$'000*
91 days to 180 days overdue	**—**	40,006
181 days to 365 days overdue	**71,490**	87,987
Over 1 year overdue	**34,455**	91,373
	105,945	219,366

Receivables that were past due but not impaired related to a number of independent customers that have a good track record maintained with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Advances to suppliers	**129,114**	392,991
Other deposits	**1,166**	2,057
Other receivables	**22,093**	93,361
Prepayments	**57,036**	8,969
Less: provision for impairment losses	**(146,981)**	(250,447)
	62,428	246,931

As at 31 December 2015, the directors determined there are difficulties in recoverability of some prepayments, deposits and other receivables which due over 365 days and considered that some of them may not be recovered in the foreseeable future due to long outstanding period. Therefore impairment of HK$8,000,000 (2014: HK$100,335,000) were made as at 31 December 2015. The directors keep evaluating the existing policy towards the recoverability and aging of the prepayments, deposits and other receivables over one year and will take further actions to follow up the impaired prepayments, deposits and other receivables.

13. TRADE PAYABLES

The aging analysis of trade payables, based on the date of receipt of goods, is as follows:

	2015	2014
	HK$'000	*HK$'000*
0 to 30 days	**5,958**	5,025
31 days to 60 days	**824**	—
61 days to 90 days	**6,348**	1,937
Over 90 days	**27,936**	27,768
	41,066	34,730

14. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

During the year ended 31 December 2015, the directors intended dispose of the Group's mining investment business. Negotiations with several interested parties have subsequently taken place. The assets and liabilities attributable to the mining investment business, which are expected to be sold within twelve months, have been classified as a disposal group classified as held for sale and are presented separately in the statement of financial position.

The proceeds of disposal are expected to exceed the net carrying amount of the relevant assets and liabilities and, accordingly, no impairment loss has been recognised on the classification of these operations as held for sale.

The major classes of assets and liabilities comprising the disposal group classified as held for sale at 31 December 2015 are as follows:

	HK$'000
Property, plant and equipment	20,525
Interest in an associate	40,200
Other receivables, deposits and prepayments	189,794
Cash and cash equivalents	83
Goodwill	3,760
Total assets associated with the disposal group	254,362
Trade and other payables, and total for liabilities associated with the disposal group	(64,246)
Net assets of the disposal group	190,116

At 31 December 2015, cumulative income or expense recognised in other comprehensive income relating to the disposal group classified as held for sale amounted to a credit balance of HK$17,888,000.

SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED

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

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

ZHONGHUI ANDA CPA Limited has expressed qualified opinion on the audited consolidated financial statements of the Group for the financial year ended 31 December 2015, an extract of which is as follows:

Basis for qualified opinion

Opening balances and corresponding figures

The audit opinion on the consolidated financial statements of the Group for the year ended 31 December 2014, which forms the basis for the corresponding figures presented in the current year's consolidated financial statements, was qualified because of the possible effects of the limitations on the scope of the audit, details of which are set out in the audit report dated 27 March 2015.

One of the Group's subsidiaries recorded a revenue of RMB30,000,000 (equivalent to HK$37,975,000) in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2014, and as at 31 December 2014, trade receivable of RMB111,695,000 (equivalent to HK$141,386,000) was presented on the consolidated financial statements relating to the same customer. This trade receivable was fully impaired in the year ended 31 December 2015. Up to the date of this report, we have not yet obtained sufficient appropriate audit evidence to satisfy ourselves as to this 2014 revenue, this trade receivable as at 31 December 2014, and whether this impairment should be recognized in current or prior years.

Disposal group classified as held for sale and associated liabilities

Up to the date of this report, we have not yet obtained sufficient appropriate audit evidence to satisfy ourselves as to the carrying amounts of disposal group classified as held for sale of approximately HK$254,362,000 and liabilities associated with the disposal group of approximately HK$64,246,000. There are no other satisfactory audit procedures that we could adopt to satisfy ourselves as to whether these amounts are fairly stated in the consolidated statement of financial position.

Any adjustments to the figures as described above might have a consequential effect on the Group's financial performance and cash flows for the years ended 31 December 2014 and 2015, the financial positions of the Group as at 31 December 2014 and 2015, and the related presentation and disclosures thereof in the consolidated financial statements.

Qualified Opinion

In our opinion, except for the possible effect of the matters as described in the basis for qualified opinion paragraphs, 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 compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Emphasis of matter — going concern basis

Without further qualifying our opinion, we draw attention to note 2 to the consolidated financial statements which indicates the Group incurred a loss attributable to owners of the Company of HK$452,094,000 and operating cash outflow of HK$58,311,000 for the year ended 31 December 2015. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

MANAGEMENT DISCUSSION AND ANALYSIS

I. THE GROUP

The Group still recorded a loss in its overall results for the financial year ended 31 December 2015 which there was a loss in its overall results for the financial year ended 31 December 2014. In response to the market structure and based on the overall plan of the Group, the Group had been investing its resources in the acquisition of new business and was prepared to enter into new business during the year.

II. BUSINESS REVIEW

Digital cable television business

During the year 2015, the PRC subsidiary 北京亞澳博視技術有限公司 (Beijing Yaao Boshi Technology Limited*) had co-operated with local television stations of Xinji, Dongguang and Qing County in Hebei province to develop the cable television network that covers the three counties. The digital transformation scheme had been implemented for the cable television subscribers in the said three counties. The revenue from this sector form the main and vital source among the other business sectors in the Group.

Wireless digital television value-added services

The Group signed contracts for the operation of wireless digital mobile television in Hebei province, under which value-added business such as advertisement displayed via 60,000 display panels in public areas will be carried out.

Encrypted integrated circuits business

During the year 2015, there was pretty little revenue generated from software sales and technical solutions provision of this segment was adversely affected due to less market demand and development cycles issues. The disposal of Star Hub Investments Limited and its subsidiaries ("Star Hub Group") which was completed on 31 December 2015 confirmed the Group felt pessimistic to this sector of business.

Wireless digital audio integrated circuits business

During the year 2015, the demand for the circuits was improving and the revenue generated from this business shared a certain important component of the revenue. It is believed that the demand will remain stable in the coming years. The Directors will think ways to better utilize its resources.

Wireless digital terrestrial television network equipment integrated business

The revenue of this segment was mainly arised from the demand of set-top boxes and related products. Though there was business from the segment during the year, the Directors believe the demand for those products from domestic and overseas market was till mediocre. The disposal of Star Hub Group proved that the Directors determined to better utilize the resources into other profitable present or new business sectors.

Castor products

The Group explored new business opportunity during the year. The capital injection of 山西中澤恒遠生物科技有限公司 (Shanxi Zhongze Heng Yuan Biological Technology Company Limited*) ("Shanxi Zhongze"), which became a non-wholly owned subsidiary of the Company, proved that the Group was diversifying the business portfolio. It is believed that the business segment from research and development, manufacturing and selling of castor seeds and castor beans, and its related business will provide a new income stream to the Group in 2016.

III. PROSPECTS

The Group is principally engaged in digital cable television business, wireless digital television value-added services, wireless digital terrestrial television network equipment integrated business, wireless digital audio integrated circuits, research, design, development on and manufacturing of electronic message security products, integrated circuits, and integrated circuit solutions and the related services, and in the business of manufacturing and selling of castor seeds and castor beans and selling of castor oil.

In year 2015, the Group consolidate and serve its contracted broadcasting television subscribers, and build a foundation for achieving the overall objectives of development of the Group. More importantly, the Group seek cooperation opportunities in new provinces while expand its business in the provinces in which cooperation has been established, so as to create more promising profit growth and the long-term value for the Group.

On 26 January 2015, the Group had entered into the capital injection agreement with 中祥恒遠投資管理有限公司 (Zhong Xiang Heng Yuan Investment Management Company Limited*) and Hu Guosheng, the shareholders of Shanxi Zhongze in relation to the Capital Injection (further details as set out in the section headed "Capital Injection") from the Group to Shanxi Zhongze. It principally engaged in research and development, manufacturing and selling of castor seeds, manufacturing and selling of castor beans, research and development of technology of biological products, research and development of technology of new technology of castor industry, promotion of technology, application of technology and selling of castor oil. The completion of the capital injection has occurred on 4 December 2015.

On 1 December 2015, the Group entered into a non-legally binding memorandum of understanding with an independent third party in respect of the possible acquisition of 100% equity interest in 大慶澳瑞生物能源有限公司 (Daqing AORUI Bioenergy Co., Ltd.*) ("Daqing AORUI") which is principally engaged in manufacturing and sale of biodiesel products. Daqing AORUI currently has two biodiesel production lines in the PRC and plans to transform and upgrade one of its two production lines for the manufacturing of biomass-based aviation fuel. As at the date of this announcement, the Company has been carrying out due diligence review on Daqing AORUI, its holding company and its subsidiaries (if any) and their assets, and no formal agreement has been entered into.

Besides, in January 2016, the Group acquired 8.55% effective interest in 青島國金貴金屬交易中心有限公司 (Qingdao Guojin Precious Metal Exchange Centre Company Limited*). Upon such acquisition, the Group will start to involve in the provision of online platform for trading and deferred spot delivery services of precious metal. The Group believe that the exploration of new investment opportunities will be fruitful to the shareholders.

In 2016, the Group will gradually spin-off its traditional cable television and electronic integrated circuits businesses and gain a foothold in advantageous sectors such as patent or property rights services, financial products and services and industry chain resources, expand the industry scale, develop three major business segments of castor industry chain, palm products industry chain and health foods. The Group will also develop the four major service platforms respectively of internet, patented technology application, financial services, industry chain integration services in order to foster maximum benefits for the shareholders through horizontal and vertical integration with the above business segments of whole industry chains of castor, palm and health foods.

FINANCIAL REVIEW

For the year ended 31 December 2015, the Group recorded a consolidated revenue from continuing operations of approximately HK$34.7 million, and consolidated revenue generated from discontinued operations was approximately HK$1.3 million while the revenue for the year ended 31 December 2014 was approximately HK$47.3 million (revenue from discontinued operations was approximately HK$8.4 million in 2014). Loss attributable to owners of the Company was approximately HK$452.1 million, as compared to the loss attributable to the owners of HK$768.3 million for the year ended 31 December 2014. Basic loss per share (including discontinued operations) was approximately HK10.17 cents, as compared to basic loss per share HK22.33 cents (including discontinued operations) for the year ended 31 December 2014.

Revenue

During the year 31 December 2015, the revenue of the Group was principally derived from the following business segments:

(i) Digital cable television business

The revenue for the year ended 31 December 2015 generated from digital cable television business amount to approximately HK$21.1 million (2014: HK$39.7 million) or approximately 59% (2014: 71%) of the total revenue including the discontinued operations for this financial year, including operational revenues from basic subscription and over value-added technology and sales of digital cable television business related products.

(ii) Wireless digital television value-added services business

The revenue for the year ended 31 December 2015 generated from wireless digital television value-added services business amounted to approximately HK$9.5 million (2014: HK$7.7 million) or 26% (2014: 14%) of the total revenue including the discontinued operations.

(iii) Encrypted integrated circuits business

The revenue for the year ended 31 December 2015 generated from the encrypted integrated circuits business and the derived integrated business amounted to approximately HK$117,000 (2014: HK$8.4 million). The disposal of Star Hub Group has been completed during the year and Star Hub Group treated as discontinued operation.

(iv) Wireless digital audio integrated circuits

The revenue for the year ended 31 December 2015 generated from the wireless digital audio products business and the related technical services amounted to approximately HK$4.1 million (2014: HK$13,000) or approximately 11% (2014: 0.02%) of the total revenue including the discontinued operations.

(v) Wireless Digital Terrestrial Television Network Equipment Integration business

The revenue for the year ended 31 December 2015 generated from wireless digital terrestrial television network equipment integration business amounted to approximately HK$1.2 million (2014: Nil). The Group disposed this business segment during the year and it was treated as discontinued operations.

(vi) Castor products business

There was no revenue generated from castor products business during the year ended 31 December 2015 (2014: Nil).

Gross Profit Margin

Gross profit margin of the Group was approximately 35% (2014: 75%).

Other Income

Other income amounted to approximately HK$1.4 million (2014: HK$31.2 million) which included written back on provision of trade receivables and prepayment, reversal of impairment on inventories and business tax and government levies over-provided in previous year.

Administrative and Operating Expenses

Administrative and operating expenses were approximately HK$55.9 million for the year ended 31 December 2015, compared to approximately HK$130 million for the year ended 31 December 2014. During the year 2014, there was penalty incurred by a subsidiary in PRC amounting to approximately HK$66 million.

Impairment loss

Impairment losses on property, plant and equipment

At the end of reporting period, the Group has determined property, plant and equipment of HK$13.8 million (2014: HK$66.5 million) as impaired. The property, plant and equipment was acquired by a subsidiary in PRC which the directors believe that they were probably not applicable and could hardly generate future stream of income.

Impairment losses on Inventories

The write down of inventories amounted to HK$4.6 million (2014: HK$76 million) has been recognized as expenses during the year ended 31 December 2015 as those inventories were slow-moving and obsolete which kept in warehouse for over 1 year. The Directors reviewed the list of inventories and considered that they are probably no longer suitable for use in operation.

Impairment losses on goodwill

The performance of part of operations in 2015 had not met the expectation of the Board and resulted in net loss. Therefore, for better utilize the limited resources, the Group aimed to diversify the investment risk and expected new business sector will bring new opportunities to the Group.

The Group made a conservative forecast for wireless digital terrestrial television network equipment integration and digital cable television business because of the decline result of wireless digital terrestrial television network equipment integration and digital cable television business during the year 2015.

The recoverable amount of the cash generating unit in the digital cable television business has been determined based on value in use calculation using cash flow projection based on financial budgets approved by senior management covering a fourteen-year period. The discount rate applied to cash flow projection is 22.88% (2014: 23.5%).

Regarding to the digital cable television business, the result was not that satisfactory as expected though 北京亞澳博視技術有限公司 (Beijing Yaao Boshi Technology Limited) had become an indirect wholly-owned subsidiary of the Company and its financial results had been consolidated into the Group's financial results after 20 August 2014. The Directors agreed to make impairment due to the decrease in value of cash generating unit.

Impairment losses on trade receivables

The Directors impaired trade receivables which due over 365 days as at 31 December 2015. The Directors concluded that these trade receivables should be impaired to reflect the fair financial position of the Company as at 31 December 2015. The Directors will take further possible actions to follow up those impaired accounts receivable. The Board will evaluate the existing policy towards the recoverability of those accounts receivable regularly.

Impairment losses on deposits for acquisition of non-current deposits

The Directors impaired parts of non-current deposits which due over one year. Following the same policy as impairment on trade receivables, impairment was provided for balances unless there is evidence of high recoverability. Besides those impaired items, the Directors are optimistic that other deposits will be returned to the Group or will be used in its business in the future.

Impairment losses on construction-in-progress

At the end of reporting period, the Group had determined construction-in-progress of HK$4.0 million as impaired in 2015 (2014: HK$16.7 million). As a result, the Directors decided to impair construction-in-progress in view of they would hardly generate future stream of income.

Impairment loss on prepayments, deposits and other receivables

Refer to the Company's policy, the Directors impaired this category of which the recoverability is remote.

Finance costs

Finance costs amounted to approximately HK$9.3 million (2014: HK$9.6 million), of which approximately HK$7.2 million (2014: HK$9.1 million) represented effective interest expenses on non-convertible bonds issued by the Company before its maturity.

Property, plant and equipment

Property, plant and equipment amounted to approximately HK$35.6 million (2014: HK$47.9 million) , represent a decrease of 26% of property, plant and equipment in 2014. At the end of reporting period, the Group has determined HK$13.8 million (2014: HK$66.5 million) was impaired to reflect the true picture of the operation.

Intangible assets

Intangible assets amounted to approximately HK$63.7 million representing an increase of approximately 36% compared to HK$47.0 million as at 31 December 2014. The increase of the intangible asset was mainly due to the acquisition of Shanxi Zhongze.

Goodwill

Goodwill amounted to approximately HK$20.4 million represent a decrease of approximately 79% compared to approximately HK$95.6 million as at 31 December 2014. Impairment loss on goodwill amounted to approximately HK$80.3 million incurred at the end of reporting period. For details of the same, please refer to the section headed "Impairment losses on goodwill".

Inventories

Inventories amounted to approximately HK$46.7 million, represent a decrease of approximately 74% compared to HK$177.8 million as at 31 December 2014. The inventories comprised set-top boxes, software and equipment for trading. The decrease of inventories was mainly due to the disposal of Star Hub Group which comprise over HK$100 million inventories and impairment loss on inventories amounted to approximately HK$4.6 million was provided during the year.

Trade receivables

Total trade receivables (net of allowance for doubtful debts) amounted to approximately HK$110.9 million, representing a decrease of approximately 57% compared to HK$257.3 million as at 31 December 2014. During the year, the Group determined to make provision for impairment of approximately HK$137.9 million to reflect the recoverability of such receivables. The Directors will take necessarily actions for those receivables.

Prepayments, deposits and other receivables

Prepayments, deposits and other receivables amounted to approximately HK$62.4 million as at 31 December 2015, a decrease of approximately 75% when compared to HK$246.9 million as at 31 December 2014. As at 31 December 2015, prepayments, deposits and other receivables of approximately HK$189.8 million were classified under disposal group held for sale. Therefore, there was quite a big decrease of the balances at the end of the reporting period.

The directors will take further actions to follow up the impaired prepayments, deposits and other receivables.

Trade payables

Trade payable amounted to approximately HK$41.1 million as at 31 December 2015, an increase of approximately 18% when compared to HK$34.7 million as at 31 December 2014.

Other payables and accruals

Other payables and accruals amounted to approximately HK$240.7 million as at 31 December 2015, an increase of approximately 1.2% when compared to HK$237.7 million as at 31 December 2014. The increase was mainly due to temporary receipt of share subscriptions in December 2015 offset by the transfer of other payables of approximately HK$64.2 million classified as liabilities directly associated with disposal group held for sale.

Bonds

On 27 December 2012, the Company and Sandmartin International Holdings Limited ("Sandmartin") entered into a subscription agreement, pursuant to which Sandmartin subscribed for the 6% coupon bond in the principal amount of HK$100,000,000 ("2012 Bond"). The 2012 Bond matured on 29 December 2014.

On 12 January 2015, the Company redeemed part of the 2012 Bond in the principal amount of HK$30,000,000 by setting off against part of the subscription amount of the HX Bond (as defined below) issued by the Company to National United Resources Holdings Limited ("NUR") in the amount of HK$30,000,000 as directed by Sandmartin.

On the same day, the Company and Sandmartin entered into an agreement to extend the maturity date for the outstanding part of the 2012 Bond in the principal amount of HK$70,000,000 until 30 June 2015 with the same coupon rate of 6% per annum and the parties agreed on a repayment schedule for the said outstanding portion of the 2012 Bond in six instalments, with the last payment to be made on or before 30 June 2015.

Details are set out in the announcements of the Company dated 27 December 2012 and 12 January 2015 respectively.

On 12 January 2015, the Company and NUR entered into a conditional subscription agreement (as amended and supplemented by a supplemental agreement dated 3 March 2015), pursuant to which NUR has conditionally agreed to subscribe for and the Company has conditionally agreed to issue to NUR the 11% coupon bond in an aggregate principal amount of up to HK$80 million (the "HX Bond"). The HX Bond will mature for redemption on the date immediately following twelve (12) months after the date of its issuance. Details of the conditions precedent to the subscription of HX Bond are set out in the announcement of the Company dated 12 January 2015. Completion took place on 2 April 2015, pursuant to which the Bond in the principal amount of HK$70 million has been issued to NUR.

The reason of carrying out the issue of HX Bond was to provide flexibility to the Company to manage its liquidity and to alleviate the pressure from the cash flows, as well as not result in any dilution effect on the shareholding of the existing shareholders of the Company.

On 5 February 2016, the Company exercised the early redemption right under the HX Bond to redeem the HX Bond in full.

Relevant disclosure was made in the announcements of the Company dated 12 January 2015, 3 March 2015 and 5 February 2016.

EMPLOYEE INFORMATION

As at 31 December 2015, the Group has 157 full-time employees in Hong Kong and the PRC (31 December 2014: 154). The total employees' remuneration, including that of the Directors, amounted to approximately HK$17.9 million (2014: HK$18.9 million).

The Group continues to provide remuneration packages to employees according to market practices, their experience and performance. Remuneration policy is basically determined with reference to individual performance as well as the final results of the Group. Remuneration to staff will be revised from time to time when warranted considering the performance of staff. Other benefit include medical insurance scheme and contribution of statutory mandatory provident fund for the employees. The Group also has a share option scheme whereby qualified participants may be granted options to acquire Shares. There has been no major changes in staff remuneration policies during year ended 31 December 2015.

LIQUIDITY AND FINANCIAL RESOURCES

The Group primarily financed its operations with internally generated cash flows. As at 31 December 2015, the cash and bank balances of the Group amounted to approximately HK$88.9 million (2014: HK$7.1 million). The Renminbi denominated balances of approximately HK$1.1 million (2014: HK$2.5 million) were places with licensed bank in the PRC and the conversion of these balances into foreign currencies is subject to the rules and regulation of foreign exchange control promulgated by PRC government.

As at 31 December 2015, the Group had current assets of approximately HK$563.3 million (2014: HK$689.2 million), while its current liabilities were approximately HK$532.1 million (2014: HK$497.9 million). The current ratio (current asset to current liabilities) of the Group was approximately 1.06 (2014: 1.38); and its gearing ratio (total of notes payables and short term loans over total equity) was approximately 0.65 (2014: 0.31). Net asset value per share was approximately HK$0.02 as at 31 December 2015 (2014: HK$0.10).

CAPITAL STRUCTURE

During the year ended 31 December 2015, a total of 1,801,600,000 shares of Company (the "Shares") has been issued to various subscribers (as detailed below). As at 31 December 2015, the authorised share capital of the Company was HK$100,000,000 divided into 10,000,000,000 Shares and the issued share capital of the Company was HK$52,601,901.88 divided into 5,260,190,188 Shares.

January Subscription

On 18 December 2014, the Company entered into two separate conditional subscription agreements with Lincy Global Limited and Mr. Zhu Yan Biao (朱燕標) as subscriber respectively. On the same day, the Company also entered into a conditional subscription agreement (as amended and supplemented by a supplemental letter dated 19 January 2015 and a supplemental agreement dated 28 January 2015) with Elite Fortune Global Limited as subscriber. Pursuant to the aforesaid subscription agreements, the subscribers have conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue an aggregate of 541,600,000 new Shares with an aggregate nominal value of HK$5,416,000 at a price of HK$0.12 per subscription share (the "January Subscription"), representing a discount of approximately 17.24% to the closing price of HK$0.145 per Share as quoted on the Stock Exchange on 18 December 2014.

The reasons for carrying out the January Subscription were to raise additional funding for the Group's business operation and strengthen the financial position (in particular the working capital and cash flow position) of the Group for its future business developments and broaden the shareholder base of the Company.

The subscription of an aggregate of 416,600,000 new Shares by Lincy Global Limited and Mr. Zhu Yan Biao (朱燕標) was completed on 9 January 2015 and the subscription of 125,000,000 new Shares by Elite Fortune Global Limited was completed on 30 January 2015 respectively. The net proceeds amounted to approximately HK$65 million (equivalent to a net price of approximately HK$0.12 per subscription share) was used by the Company (i) as to approximately HK$53 million (81%) for reduction of the Group's level of debt; and (ii) as to approximately HK$12 million for general working capital of the Group as to approximately 7% for operating expenses in China, approximately 1% for staff cost and the remaining 11% was for other operating expenses.

Relevant disclosure was made in the announcements of the Company dated 18 December 2014, 9 January 2015, 19 January 2015 and 28 January 2015.

March Subscription

On 12 March 2015, the Company entered into four separate conditional subscription agreements with China Wish Limited, Ms. Zhang Wan Qiu (張婉秋), Mr. Ma Jia Tao (馬佳濤) and Mr. Chen Wen Cai (陳文財) as subscriber respectively. Pursuant to the subscription agreements, the subscribers have conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue an aggregate of 300,000,000 new Shares with an aggregate nominal value of HK$3,000,000 at the price of HK$0.12 per subscription share (the "March Subscription"), representing a discount of approximately 13.67% to the closing price of HK$0.139 per Share as quoted on the Stock Exchange on 12 March 2015.

The reasons for carrying out the March Subscription were to raise additional funding for the Group's business operation and strengthen the financial position (in particular the working capital and cash flow position) of the Group for its future business developments and broaden the shareholder base of the Company.

The subscription of an aggregate of 300,000,000 Shares by China Wish Limited, Ms. Zhang Wan Qiu (張婉秋), Mr. Ma Jia Tao (馬佳濤) and Mr. Chen Wen Cai (陳文財) was completed on 25 March 2015. The net proceeds amounted to approximately HK$36 million (equivalent to a net price of approximately HK$0.12 per subscription share) was used by the Company (i) as to approximately HK$10 million (28%) for the repayment of trade creditor, and approximately HK$10 million (28%) for the reduction of the Group's level of debt; and (ii) as to approximately HK$16 million for general working capital of the Group as to approximately HK$6 million (17%) for the purchase of trading materials, and HK$2.5 million (7%) for the finance cost, and approximately HK$2 million (6%) for staff cost, and the remaining 14% of net proceeds was for operating expenses.

Relevant disclosure was made in the announcements of the Company dated 12 March 2015 and 25 March 2015.

May Subscription

On 14 May 2015, the Company entered into a conditional subscription agreement with Elite Fortune Global Limited as the subscriber. Pursuant to the subscription agreement, the subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue a total of 100,000,000 new Shares with an aggregate nominal value of HK$1,000,000 at the price of HK$0.17 per subscription share (the "May Subscription"), representing a discount of approximately 9.09% to the closing price of HK$0.187 per Share as quoted on the Stock Exchange on 14 May 2015.

The reasons for carrying out the May Subscription were to raise funding for the Group's business operation and the Capital Injection (as defined below) and strengthen the financial position (in particular the working capital and cash flow position) of the Group for its future business developments and broaden the shareholder base of the Company.

The subscription of a total of 100,000,000 Shares by Elite Fortune Global Limited was completed on 10 June 2015. The net proceeds amounted to approximately HK$17 million (equivalent to a net price of approximately HK$0.17 per subscription share) was used by the Company as to approximately HK$14 million (82%) for the repayment of other payables, and approximately HK$3 million (18%) for general working capital of the Group.

Relevant disclosure was made in the announcements of the Company dated 14 May 2015 and 10 June 2015.

On 14 May 2015, the Company also entered into two separate conditional subscription agreements (as amended and supplemented by a supplemental letter dated 12 June 2015 and a supplemental agreement dated 15 June 2015) with Mr. Wang Jinjun (王晉軍) and Ms. Ma Yue Jiao (馬月皎) as subscriber respectively. As the conditions precedent under each of the subscription agreements have not been fulfilled by the respective long stop date, the subscription agreements were terminated.

August Subscription

On 18 August 2015, the Company entered into three separate conditional subscription agreements with NUR, Mr. Xu Yijia (徐一稼) and Ms. Zhao Wen Jia (趙文佳) as subscriber respectively. Pursuant to the subscription agreements, the subscribers have conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue an aggregate of 270,000,000 new Shares with an aggregate nominal value of HK$2,700,000 at the price of HK$0.10 per subscription share (the "August Subscription"), representing a discount of approximately 13.04% to the closing price of HK$0.115 per Share as quoted on the Stock Exchange on 18 August 2015.

The reasons for carrying out the August Subscription were to raise funding for the Group's business operation and the Capital Injection (as defined below) and strengthen the financial position (in particular the working capital and cash flow position) of the Group for its future business developments and broaden the shareholder base of the Company.

The subscription of an aggregate of 240,000,000 Shares by NUR and Mr. Xu Yijia (徐一稼) was completed on 27 August 2015 and the subscription of 30,000,000 Shares by Ms. Zhao Wen Jia (趙文佳) was completed on 14 September 2015. The net proceeds amounted to approximately HK$27 million (equivalent to a net price of approximately HK$0.1 per subscription share) was used by the Company (i) as to approximately HK$20 million (74%) for reduction of Group's level of debt, and (ii) approximately HK$7 million for general working capital of the Group as to approximately HK$3.5 million for supporting the daily operation of the Group's subsidiaries in China and the remaining balance for other operating expenses in Hong Kong.

Relevant disclosure was made in the announcements of the Company dated 18 August 2015, 27 August 2015 and 14 September 2015.

On 18 August 2015, the Company also entered into three separate conditional subscription agreements (as amended and supplemented by a letter of extension dated 17 September 2015) with Mr. Han Jianguo (韓建國), Mr. Lin Yunfeng (林雲峰) and Mr. Xu Bo (徐波) as subscriber respectively. As the conditions precedent under each of the subscription agreements have not been fulfilled by the respective long stop date, the subscription agreements were terminated.

October Subscription

On 28 October 2015, the Company entered into a conditional subscription agreement with Ascent Creations Group Limited as subscriber, pursuant to which the subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 590,000,000 new Shares with an aggregate nominal value of HK$5,900,000 at the price of HK$0.105 per subscription share (the "October Subscription"), representing a discount of approximately 16.00% to the closing price of HK$0.125 per Share as quoted on the Stock Exchange on 28 October 2015.

The reasons for carrying out the October Subscription were to raise funding for the Group's business operation and the Capital Injection (as defined below) and strengthen the financial position (in particular the working capital and cash flow position) of the Group for its future business developments and broaden the shareholder base of the Company.

The subscription of 590,000,000 Shares was completed on 9 November 2015. The net proceeds amounted to approximately HK$61.95 million (equivalent to a net price of approximately HK$0.105 per subscription share) was used by the Company (i) as to approximately HK$5 million (8%) as general working capital of the Company; (ii) HK$20.95 million (34%) for the payment of other payable of the Group; and (iii) HK$36 million (58%) was used to pay as deposit to the vendor for the possible acquisition of Daqing AORUI.

Relevant disclosure was made to the announcements of the Company dated 28 October 2015 and 9 November 2015.

FOREIGN EXCHANGE EXPOSURE

During the year ended 31 December 2015, the majority of the Group's income and expenses were denominated in Renminbi and Hong Kong dollars. Up to 31 December 2015, the management of the Company is of the opinion that the Group has insignificant exposure to foreign exchange risk. As a result, the Group did not use any financial instruments for hedging against fluctuation in foreign exchange for the year ended 31 December 2015. Nevertheless, the management of the Company will closely monitor and from time to time reassess the exchange risk exposures of the Group and enter into non-speculative hedging arrangements if considered necessary.

CHARGES ON GROUP ASSETS

As at 31 December 2015, no assets of the Group have been pledged for loans or borrowings (31 December 2014: Nil).

CONTINGENT LIABILITIES

As at 31 December 2015, the Group had no significant contingent liabilities.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENTS

Capital Injection

On 26 January 2015, 北京凱僑立盛科技有限公司 (Beijing Kaiqiao Lisheng Technology Company Limited*) ("Beijing Kaiqiao"), a wholly-owned subsidiary of the Company, entered into a capital injection agreement (the "Capital Injection Agreement") with the original shareholders of Shanxi Zhongze namely 中祥恒遠投資管理有限公司 (Zhong Xiang Heng Yuan Investment Management Company Limited*) ("Zhong Xiang") and 胡國勝 (Hu Guosheng), whereby Beijing Kaiqiao agreed to inject sums of approximately HK$65 million (RMB52 million) into Shanxi Zhongze, of which approximately HK$39.04 million (RMB31.23 million) and HK$25.96 million (RMB20.77 million) will be recognized as the registered capital and capital reserve of Shanxi Zhongze respectively (the "Capital Injection"). Shanxi Zhongze is a company incorporated in the PRC and is principally engaged research and development, manufacturing and selling of castor seeds, manufacturing and selling of castor beans, research and development of technology of biological products, research and development of technology of new technology of castor industry, promotion of technology, application of technology and selling of castor oil.

As additional time is required for fulfilment of the conditions precedent set out in the Capital Injection Agreement, Beijing Kaiqiao, Zhong Xiang and Hu Guosheng (胡國勝) have agreed in writing on 29 May 2015 to extend the long stop date to 31 July 2015, and agreed in writing on 31 July 2015, 30 September 2015, 29 October 2015 and 30 November 2015 respectively to further extend the long stop date to 31 December 2015.

Following the completion of the Capital Injection on 4 December 2015, the equity holding of Beijing Kaiqiao in Shanxi Zhongze is 51% and Shanxi Zhongze became a non-wholly owned subsidiary of the Group and its financial results and assets and liabilities will be consolidated in the financial statements of the Group.

Further details of the Capital Injection are set out in the Company's announcements dated 26 January 2015, 29 May 2015, 31 July 2015, 30 September 2015, 29 October 2015, 30 November 2015 and 19 February 2016.

Disposal of Star Hub Investments Limited

On 30 November 2015, Rich Summit Enterprises Limited, an indirect wholly-owned subsidiary of the Company, as vendor and Europe Asia Global International Trading Limited as purchaser entered into a sale and purchase agreement for the sale and purchase of 1 ordinary share of US$1.00 in the issued share capital of Star Hub Investments Limited ("Star Hub"), representing 100% of the issued share capital of Star Hub, at a consideration of HK$25,000,000.

The disposal of Star Hub was completed on 31 December 2015 which the Company does not have any interest in Star Hub Group, and Star Hub Group ceased to be subsidiaries of the Company.

Disposal of Assets

深圳中澤明芯集團有限公司 (Shenzhen Champion Maxiumic Group Co., Limited*) ("Shenzhen Champion"), an indirect wholly-owned subsidiary of the Company, as vendor and 河北廣電網絡投資有限公司 (Hebei Guangdian Network Investment Limited*) as purchaser (the "Hebei Guangdian") entered into a conditional termination agreement on 31 December 2013 (the "Termination Agreement") for the sale and purchase of the telecommunication equipment in relation to digital cable television broadcasting network and the termination of the cooperation agreement (the "Cooperation Agreement") (being the business cooperation agreement dated 26 November 2010 made between Shenzhen Champion and 河北廣電信息網絡集團股份有限公司 (Hebei Television Broadcasts and Information Network Group Co., Ltd*) ("Hebei TV") together with the subsequent subsidiary contracts made between Shenzhen Champion and Hebei Guangdian (which performed the Cooperation Agreement for Hebei TV) with detailed terms on the technical cooperation and the construction and operation of the networks between the parties). The Termination Agreement and the transactions contemplated thereunder had been approved by the shareholders of the Company at the special general meeting held on 10 March 2014.

During the year under review, a court order ("Order") was granted by the Shijiazhuang Intermediate People's Court in the Hebei Province, the PRC in relation to a civil action brought by Shenzhen Champion against Hebei Guangdian regarding payment in accordance with the terms of the Termination Agreement, in which Hebei Guangdian was ordered to pay (i) the overdue payment penalty of approximately RMB597,000 (approximately HK$756,000 due to the delay in settlement of the first payment amounting to approximately RMB30 million (approximately HK$38 million); (ii) the second payment amounting to RMB20 million (approximately HK$25.3 million) and the relevant default interest accrued on the second payment; and (iii) the court costs of the above civil action.

As at the date of this announcement, the completion of the Termination Agreement has not yet taken place and the Group has not received payment from Hebei Guangdian pursuant to the Order. The Company will continue liaise with Hebei Guangdian and will take necessary action to enforce the payment after taking legal advice.

Saved as disclosed above, the Group had no material acquisitions or disposals of subsidiaries or significant investment during the year ended 31 December 2015.

SUBSEQUENT EVENTS

Subscription of new Shares

On 8 December 2015, the Company entered into two separate conditional share subscription agreements with Tan Sri Dato' Lim Tong Yong and Sino Perfect Investments Limited as subscriber respectively. Pursuant to the subscription agreements, the subscribers have conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue an aggregate of 1,740,000,000 new Shares with an aggregate nominal value of HK$17,400,000 at the price of HK$0.115 per subscription share (the "December Subscription"), representing a discount of approximately 30.72% to the closing price of HK$0.166 per Share as quoted on the Stock Exchange on 8 December 2015.

The reasons for carrying out the December Subscription was to raise funds to strengthen the Company's overall financial position as well as to provide funding to the Group for its development and investment with an objective to provide attractive returns for the shareholders of the Company.

The subscription of 870,000,000 new Shares by Tan Sri Dato' Lim Tong Yong and the subscription of 870,000,000 new Shares by Sino Perfect Investments Limited were completed on 5 February 2016.

Relevant disclosure was made in the announcements of the Company dated 8 December 2015 and 5 February 2016, and the circular of the Company dated 12 January 2016.

Issue of Convertible Bonds

On 8 December 2015, the Company and NUR entered into a conditional subscription agreement, pursuant to which has conditionally agreed to subscribe for and the Company has conditionally agreed to issue to NUR the 5% coupon convertible bonds in the principal amount of HK$100,000,000 ("First CB"). Details of the conditions precedent to the subscription of the First CB are set out in the announcement of the Company dated 8 December 2015 and the circular of the Company dated 12 January 2016. The First CB have been issued on 5 February 2016.

The reason of carrying out the subscription of the First CB was to raise funds to strengthen its overall financial position as well as to provide funding to the Group for its development and investment with an objective to provide attractive returns for the shareholders of the Company. Meanwhile, exercised the early redemption right under the HX Bond to redeem the HX Bond in full could save the finance cost to the Company by the subscription of the First CB.

As at the date of this announcement, First CB in the principal amount of HK$60,000,120 with an initial conversion price of HK$0.115 per conversion share were outstanding, entitling the holder to subscribe for a total of 521,740,173 new Shares.

On the same day, the Company and Sino King Trading (HK) Co., Limited ("Sino King") entered into a conditional subscription agreement, pursuant to which has conditionally agreed to subscribe for and the Company has conditionally agreed to issue to Sino King the 5% coupon convertible bonds in the principal amount of HK$50,000,000 ("Second CB"). Details of the conditions precedent to the subscription of the Second CB are set out in the announcement of the Company dated 8 December 2015 and the circular of the Company dated 12 January 2016. The Second CB have been issued on 19 February 2016.

The reason of carrying out the subscription of the Second CB was to raise funds to strengthen its overall financial position as well as to provide funding to the Group for its development and investment with an objective to provide attractive returns for the shareholders of the Company.

The Second CB has been converted in full and a total of 434,782,608 Shares have been issued and allotted on 1 March 2016.

Relevant disclosure was made in the announcements of the Company dated 8 December 2015, 5 February 2016 and 19 February 2016, and the circular of the Company dated 12 January 2016.

Acquisition of 9.5% Shareholding Interest in Million Fortune International Investment Limited

On 1 February 2016, Joyous Raise Investments Limited ("Joyous Raise"), a wholly-owned subsidiary of the Company, as purchaser and World Dragon Enterprise Limited ("World Dragon"), an independent third party, as vendor entered into a sale and purchase agreement, pursuant to which, World Dragon has conditionally agreed to sell, and Joyous Raise has conditionally agreed to acquire 9.5% shareholding interest of the entire issued share capital of Million Fortune International Investment Limited ("Million Fortune") at a consideration of HK$61,750,000 ("Acquisition"). Million Fortune indirectly holds 90% equity interest in 青島國金貴金屬交易中心有限公司 (Qingdao Guojin Precious Metal Exchange Centre Company Limited), a company incorporated in the PRC which headquartered in Qingdao, Shandong Province, the PRC and is primarily engaged in the provision of online platform for trading and deferred spot delivery services of precious metals mainly being silver and copper, and other associated services including transaction settlement management, commodity delivery management and related consulting services to customers nationwide in the PRC.

The completion of the Acquisition has been taken place on 19 February 2016. For details of the Acquisition, please refer to the Company's announcement dated 1 February 2016.

DIVIDEND

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

CORPORATE GOVERNANCE PRACTICES

The corporate governance principles of the Company emphasize a quality board, sound internal controls, transparency and accountability to all Shareholders. The Company has applied the code provisions set out in the Corporate Governance Code and Corporate Governance Report ("CG Code") contained in Appendix 15 to the GEM Listing Rules as its own code of corporate governance. Except for the deviations from code provisions A.2.1 and C.1.2 which are explained below, the Company was in compliance with all code provisions set out in the CG Code during the year ended 31 December 2015.

Distinctive Roles of Chairman and Chief Executive Officer

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. The Company has not appointed any individual to take up the post of the chairman of the Board until the appointment of Tan Sri Dato' Lim Tong Yong as the chairman of the Company on 17 February 2016. Mr. Xiao Yan as the chief executive officer of the Company, supported by the senior management, is responsible for managing the Group's businesses and responsibilities, implementing major strategies, executing Board decisions and coordinating the daily operations of the Group. The balance of power and authority was ensured by the operation of the Board during the year under review.

Monthly Updates

Code provision C.1.2 of the CG Code provides that management should provide all members of the board with monthly updates giving a balanced and understandable assessment of the issuer's performance, position and prospects in sufficient detail to enable the board as a whole and each director to discharge their duties under Rule 5.01 and Chapter 17 of the GEM Listing Rules. During the year ended 31 December 2015, the management of the Company did not provide regular monthly update to all members of the Board, but the management keeps providing information and update to the members of the Board irregularly.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as its code of conduct for securities transactions by Directors throughout the year ended 31 December 2015. Having made specific enquiry of all Directors, the Company was not aware of any non-compliance with the required standard of dealings regarding securities transactions by Directors during the year ended 31 December 2015.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Board established the Audit Committee on 30 September 2002 with written terms of reference in accordance with the GEM Listing Rules. The Audit Committee currently consists of three independent non-executive Directors, namely, Mr. Leung Wo Ping *JP* (chairman), Mr. Hu Dingdong and Mr. Lei Yong.

The principal duties of the Audit Committee are to review the quarterly, interim and annual reports and the financial statements of the Group, oversight the financial reporting system, risk management and internal control systems of the Company, and to review the appointment of external auditors on an annual basis as well as to ensure independence of the continuing auditor and review on the corporate governance matters of the Company.

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2015.

By Order of the Board
HENG XIN CHINA HOLDINGS LIMITED
Xiao Yan
Chief Executive Officer

Hong Kong, 22 March 2016

As at the date of this announcement, the Board comprises Tan Sri Dato' Lim Tong Yong (Chairman), Mr. Xiao Yan (Chief Executive Officer), Mr. Qiu Bin, Mr. Li Tao, Mr. Li Nan, Mr. Gao Yang and Mr. Yu Bun as executive Directors; Mr. Wang Kun as non-executive Director; and Mr. Leung Wo Ping JP, Mr. Hu Dingdong, Mr. Lei Yong and Mr. Chiu Chi Kong as independent non-executive Directors.

This announcement will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting and on the website of the Company at www.hengxinchina.com.hk.