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大中華集團有限公司

GREAT CHINA HOLDINGS LIMITED

*(Incorporated in Hong Kong with limited liabilities)*

**(Stock code: 141)**

**ANNOUNCEMENT OF FINAL RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

The board (the “Board”) of directors (the “Directors”) of Great China Holdings Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2016 together with the corresponding comparative figures of last year. The Group’s audited consolidated financial statements for the year ended 31 December 2016 have been reviewed by the audit committee of the Company (the “Audit Committee”).

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS***For the year ended 31 December 2016**(Expressed in Hong Kong dollars)*

	<i>Note</i>	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i> (Restated)
<b>Continuing operations</b>			
Revenue	2	<b>21,336</b>	20,279
Cost of sales		<b>(3,053)</b>	(3,374)
<b>Gross profit</b>		<b>18,283</b>	16,905
Other income	4	<b>3,781</b>	15,477
Administrative expenses		<b>(16,504)</b>	(18,537)
Valuation gain on investment properties		<b>12,023</b>	28,274
Other operating income		—	3,410
<b>Profit from operations</b>		<b>17,583</b>	45,529
Finance costs	5(a)	<b>(116)</b>	(505)
<b>Profit before taxation</b>	5	<b>17,467</b>	45,024
Income tax	6	<b>(3,253)</b>	(7,917)
<b>Profit for the year from continuing operations</b>		<b>14,214</b>	37,107
<b>Discontinued operations</b>			
Profit/(loss) for the year from discontinued operations	7	<b>45,476</b>	(35,453)
Profit for the year attributable to equity shareholders of the Company		<b>59,690</b>	1,654
<b>Earnings per share (for continuing and discontinued operations)</b>	8		
— Basic and diluted ( <i>HK cents</i> )		<b>22.81</b>	0.63
<b>Earnings per share (for continuing operations)</b>			
— Basic and diluted ( <i>HK cents</i> )	8	<b>5.43</b>	14.18

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2016

(Expressed in Hong Kong dollars)

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
<b>Profit for the year</b>	<b>59,690</b>	1,654
<b>Other comprehensive income for the year (after tax)</b>		
<i>Items that are or may be reclassified subsequently to profit or loss:</i>		
Exchange difference arising from translation of financial statements of overseas subsidiaries	(27,114)	(29,205)
Available-for-sale securities, net movement in fair value reserve	(80)	30
Reclassification of cumulative exchange reserve to profit or loss upon disposal of subsidiaries	(8,267)	—
Reclassification of cumulative fair value reserve to profit or loss upon disposal of subsidiaries	(990)	—
Other comprehensive income for the year	<b>(36,451)</b>	(29,175)
<b>Total comprehensive income for the year attributable to equity shareholders of the Company</b>	<b>23,239</b>	(27,521)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

(Expressed in Hong Kong dollars)

	<i>Note</i>	<b>2016</b> <b>HK\$'000</b>	2015 HK\$'000
<b>Non-current assets</b>			
Investment properties		<b>465,182</b>	982,658
Property, plant and equipment		<b>2,743</b>	48,278
Prepaid lease payments for land		—	259
Available-for-sale financial assets		—	39,726
Trade and other receivables, prepayments and deposits	<i>10</i>	<b>368</b>	31,793
Deferred tax assets		—	452
		<hr/> <b>468,293</b>	<hr/> 1,103,166
<b>Current assets</b>			
Properties held for sale		<b>19,119</b>	18,094
Inventories		—	70,314
Prepaid lease payments for land		—	4
Trade and other receivables, prepayments and deposits	<i>10</i>	<b>7,666</b>	163,380
Financial assets at fair value through profit or loss		—	198,772
Tax recoverable		<b>269</b>	407
Restricted bank deposits		—	16,041
Bank balances and cash		<b>25,261</b>	240,027
		<hr/> <b>52,315</b>	<hr/> 707,039

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)***As at 31 December 2016**(Expressed in Hong Kong dollars)*

	<i>Note</i>	<b>2016</b> <b><i>HK\$'000</i></b>	<b>2015</b> <b><i>HK\$'000</i></b>
<b>Current liabilities</b>			
Trade and bills payables	<i>11</i>	—	42,764
Other payables and accrued expenses		<b>22,487</b>	39,613
Rental deposits received		<b>1,826</b>	3,226
Borrowings		—	18,652
Tax payable		<b>88</b>	2,559
		<b>24,401</b>	106,814
<b>Net current assets</b>		<b>27,914</b>	600,225
<b>Total assets less current liabilities</b>		<b>496,207</b>	1,703,391
<b>Non-current liabilities</b>			
Rental deposits received		<b>2,289</b>	5,148
Borrowings		—	95,641
Deferred tax liabilities		<b>62,453</b>	67,037
		<b>64,742</b>	167,826
<b>NET ASSETS</b>		<b>431,465</b>	1,535,565
<b>CAPITAL AND RESERVES</b>			
Share capital		<b>71,853</b>	71,853
Reserves		<b>359,612</b>	1,463,712
<b>TOTAL EQUITY</b>		<b>431,465</b>	1,535,565

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

(Expressed in Hong Kong dollars)

	Share capital	Exchange reserve	Properties revaluation reserve	Fair value reserve	Retained profits	Total
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 January 2015	71,853	125,822	495	1,040	1,395,278	1,594,488
Profit for the year	—	—	—	—	1,654	1,654
Other comprehensive income for the year						
— Exchange difference arising from translation of financial statements of overseas subsidiaries	—	(29,205)	—	—	—	(29,205)
— Available-for-sale securities, net movement in fair value reserve	—	—	—	30	—	30
	—	(29,205)	—	30	—	(29,175)
Total comprehensive income for the year	—	(29,205)	—	30	1,654	(27,521)
Dividends approved in respect of the previous year	—	—	—	—	(31,402)	(31,402)
At 31 December 2015	71,853	96,617	495	1,070	1,365,530	1,535,565

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 31 December 2016

(Expressed in Hong Kong dollars)

	<i>Note</i>	Share capital <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Properties revaluation reserve <i>HK\$'000</i>	Fair value reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2016		71,853	96,617	495	1,070	1,365,530	1,535,565
Profit for the year		—	—	—	—	59,690	59,690
Other comprehensive income for the year							
— Exchange difference arising from translation of financial statements of overseas subsidiaries		—	(27,114)	—	—	—	(27,114)
— Available-for-sale securities, net movement in fair value reserve		—	—	—	(80)	—	(80)
— Reclassification of cumulative exchange reserve to profit or loss upon disposal of subsidiaries		—	(8,267)	—	—	—	(8,267)
— Reclassification of cumulative fair value reserve to profit or loss upon disposal of subsidiaries		—	—	—	(990)	—	(990)
		—	(35,381)	—	(1,070)	—	(36,451)
Total comprehensive income for the year		—	(35,381)	—	(1,070)	59,690	23,239
Transfer of cumulative properties revaluation reserve upon disposal of subsidiaries		—	—	(495)	—	495	—
Special dividends approved in respect of the current year	9	—	—	—	—	(1,127,339)	(1,127,339)
At 31 December 2016		71,853	61,236	—	—	298,376	431,465

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

## 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The financial information relating to the years ended 31 December 2016 and 2015 included in this preliminary announcement of annual results for the year ended 31 December 2016 does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance. The financial statements for the year ended 31 December 2016 have not been but will be delivered to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance in due course.

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

### 1.1 Changes in accounting policies

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of amendments and new standards to HKFRSs which are not yet effective for the current accounting period of the Group and which have not been adopted in these consolidated financial statements.

These included the following which may be relevant to the Group.

	<b>Effective for accounting periods beginning on or after</b>
Amendments to HKAS 7, <i>Statement of cash flows: Disclosure initiative</i>	1 January 2017
Amendments to HKAS 12, <i>Income taxes: Recognition of deferred tax assets for unrealised losses</i>	1 January 2017
HKFRS 9, <i>Financial instruments</i>	1 January 2018
HKFRS 15, <i>Revenue from contracts with customers</i>	1 January 2018
Amendments to HKFRS 2, <i>Share-based payment: Classification and measurement of share-based payment transactions</i>	1 January 2018
HKFRS 16, <i>Leases</i>	1 January 2019

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. As the Group has not completed its assessment, further impacts may be identified in due course and will be taken into consideration when determining whether to adopt any of these new requirements before their effective date and which transitional approach to take, where there are alternative approaches allowed under the new standards. The Group does not intend to early adopt any of these amendments or new standards.



## 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

### 1.1 Changes in accounting policies (Continued)

#### **HKFRS 9, *Financial instruments***

HKFRS 9 will replace the current standard on accounting for financial instruments, HKAS 39, *Financial instruments: Recognition and measurement*. HKFRS 9 introduces new requirements for classification and measurement of financial assets, calculation of impairment of financial assets and hedge accounting. On the other hand, HKFRS 9 incorporates without substantive changes the requirements of HKAS 39 for recognition and derecognition of financial instruments and the classification of financial liabilities.

Expected impacts of the new requirements on the Group's consolidated financial statements are as follows:

#### *(i) Classification and measurement*

HKFRS 9 contains three principal classification categories for financial assets: measured at (1) amortised cost, (2) fair value through profit or loss (FVTPL) and (3) fair value through other comprehensive income (FVTOCI). The classification is determined based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Based on a preliminary assessment, the Group expects that the new classification and measurement requirements will not have a material impact on its accounting for financial assets.

#### *(ii) Impairment*

The new impairment model in HKFRS 9 replaces the "incurred loss" model in HKAS 39 with an "expected credit loss" model. Under the expected credit loss model, it will no longer be necessary for a loss event to occur before an impairment loss is recognised. Instead, an entity is required to recognise and measure expected credit losses as either 12-month expected credit losses or lifetime expected credit losses, depending on the asset and the facts and circumstances. This new impairment model may result in an earlier recognition of credit losses on the Group's trade receivables and other financial assets. However, a more detailed analysis is required to determine the extent of the impact.

#### **HKFRS 16, *Leases***

Currently the Group classifies leases into finance leases and operating leases and accounts for the lease arrangements differently, depending on the classification of the lease. The Group enters into some leases as the lessor and others as the lessee.

HKFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease. However, once HKFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease the lessee will recognise and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee will recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

## 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

### 1.1 Changes in accounting policies (Continued)

#### **HKFRS 16, Leases (Continued)**

HKFRS 16 will primarily affect the Group's accounting as a lessee of leases for properties, plant and equipment which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss over the period of the lease. As at 31 December 2016 the Group's future minimum lease payments under non-cancellable operating leases for certain land and buildings is payable either within 1 year or between 1 and 5 years after the reporting date. Some of these amounts may therefore need to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16 and the effects of discounting.

The Group is considering whether to adopt HKFRS 16 before its effective date of 1 January 2019. However, early adoption of HKFRS 16 is only permitted if this is no earlier than the adoption of HKFRS 15. It is therefore unlikely that HKFRS 16 will be adopted before the effective date of HKFRS 15, being 1 January 2018.

## 2. REVENUE

Revenue from continuing operations represents rental income earned during the year.

For the year ended 31 December 2016, revenue from two (2015: one) customers of the Group's property investment in the People's Republic of China (the "PRC") segment amounted to HK\$13,439,000 and HK\$3,881,000 (2015: HK\$14,539,000), which each exceeded 10% of the Group's revenue from continuing operations.

## 3. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision-maker, for the purpose of resource allocation and assessment of segment performance focuses on the operating divisions of the Group.

The executive directors have identified the following reportable segments for the Group's operating segments. These segments are managed separately as each business offers different products and services and requires different business strategies.

#### **Continuing operations**

- (1) Property investment in the PRC — leasing of properties situated in the PRC (other than Hong Kong)
- (2) Trading of properties — sale of properties situated in the PRC

#### **Discontinued operations**

- (1) General trading — trading of fishmeal
- (2) Property investment in Hong Kong — leasing of properties situated in Hong Kong

The Group disposed the operations of general trading and property investment in Hong Kong segments on 15 June 2016. The results of the general trading and property investment in Hong Kong segments from 1 January 2016 to 15 June 2016 were classified as discontinued operations accordingly. The discontinued operations have resulted in a change in the Group's structure and therefore its composition of reporting segment. The comparative figures of segment disclosure have been re-presented to conform to current year presentation.

### 3. SEGMENT INFORMATION (CONTINUED)

The accounting policies of the reportable segments are the same as the Group's accounting policies. There were no inter-segment sales between different operating segments for the year ended 31 December 2016 (2015: HK\$nil). Segment revenue represents sales revenue from external customers. Segment profit or loss after tax represents net profit earned or loss incurred by each reportable segment without allocation of income and expenses of the Group's headquarters, corporate income and expenses, unallocated finance costs, unallocated income tax credit or expense and gain on disposal of subsidiaries.

For the purpose of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable segments other than the Group headquarters' corporate assets, available-for-sales financial assets and financial assets at fair value through profit or loss; and
- all liabilities are allocated to reportable segments other than the Group headquarters' corporate liabilities.

Information regarding the above segments is reported below.

#### Segment revenue and results

	Continuing operations			Discontinued operations		
	Property investment in the PRC HK\$'000	Trading of properties HK\$'000	Sub-total HK\$'000	General trading HK\$'000	Property investment in Hong Kong HK\$'000	Sub-total HK\$'000
<b>For the year ended</b>						
<b>31 December 2016</b>						
Reportable segment revenue	<u>20,522</u>	<u>814</u>	<u>21,336</u>	<u>487,212</u>	<u>6,689</u>	<u>493,901</u>
Reportable segment profit/(loss) after tax	26,503	238	26,741	(779)	1,102	323
Net corporate expenses			(12,273)			(7,404)
Unallocated finance costs			(116)			(106)
Unallocated income tax expense			(138)			(20)
Gain on disposal of subsidiaries (note 7(a))			—			52,683
Profit for the year			<u>14,214</u>			<u>45,476</u>
<b>For the year ended</b>						
<b>31 December 2015 (Restated)</b>						
Reportable segment revenue	<u>19,609</u>	<u>670</u>	<u>20,279</u>	<u>1,153,604</u>	<u>17,936</u>	<u>1,171,540</u>
Reportable segment profit/(loss) after tax	37,392	110	37,502	(13,748)	(28,998)	(42,746)
Net corporate income			111			7,601
Unallocated finance costs			(505)			(360)
Unallocated income tax (expense)/credit			(1)			52
Profit/(loss) for the year			<u>37,107</u>			<u>(35,453)</u>

### 3. SEGMENT INFORMATION (CONTINUED)

#### Segment Assets and Liabilities

	Continuing operations		Total <i>HK\$'000</i>
	Property investment in the PRC <i>HK\$'000</i>	Trading of properties <i>HK\$'000</i>	
<b>At 31 December 2016</b>			
Reportable segment assets	494,470	19,337	513,807
Unallocated corporate assets			6,801
Consolidated total assets			<u>520,608</u>
Reportable segment liabilities	71,476	15,556	87,032
Unallocated corporate liabilities			2,111
Consolidated total liabilities			<u>89,143</u>

	Continuing operations			Discontinued operations			Total <i>HK\$'000</i>
	Property investment in the PRC <i>HK\$'000</i>	Trading of properties <i>HK\$'000</i>	Sub-total <i>HK\$'000</i>	General trading <i>HK\$'000</i>	Property investment in Hong Kong <i>HK\$'000</i>	Sub-total <i>HK\$'000</i>	
<b>At 31 December 2015</b> (Restated)							
Reportable segment assets	497,197	18,272	515,469	338,099	558,983	897,082	1,412,551
Available-for sales financial assets			—			39,726	39,726
Financial assets at fair value through profit or loss			—			198,772	198,772
Unallocated corporate assets			322			158,834	159,156
Consolidated total assets			<u>515,791</u>			<u>1,294,414</u>	<u>1,810,205</u>
Reportable segment liabilities	73,418	15,483	88,901	91,651	72,366	164,017	252,918
Unallocated corporate liabilities			6,072			15,650	21,722
Consolidated total liabilities			<u>94,973</u>			<u>179,667</u>	<u>274,640</u>

Unallocated corporate assets mainly comprised of property, plant and equipment which are used by the Group's headquarters, bank balances and cash which are held as the general working capital of the Group as a whole and other corporate assets of the Group's headquarters which are not directly attributable to the business activities of any operating segment.

Unallocated corporate liabilities mainly comprised of borrowings for the financing of the general working capital of the Group as a whole and other corporate liabilities of the Group's headquarters which are not directly attributable to the business activities of any operating segment.

### 3. SEGMENT INFORMATION (CONTINUED)

#### Other segment information

	Continuing operations				Discontinued operations			
	Property investment in the PRC	Trading of properties	Corporate/ Unallocated	Sub-total	General trading	Property investment in Hong Kong	Corporate/ Unallocated	Sub-total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>For the year ended</b>								
<b>31 December 2016</b>								
Additions to property, plant and equipment	886	—	2,222	3,108	—	—	—	—
Amortisation of land lease premium	4	—	—	4	—	—	—	—
Depreciation of property, plant and equipment	233	—	199	432	131	197	623	951
Valuation (gain)/loss on investment properties	(12,023)	—	—	(12,023)	—	2,400	—	2,400
Allowance for inventories	—	—	—	—	5,839	—	—	5,839
Allowance for doubtful debts	103	—	—	103	233	—	199	432
Bad debt written off	8	—	—	8	323	—	—	323
Net exchange (gain)/loss	(1,512)	—	591	(921)	(1,755)	4	(1,018)	(2,769)
Interest income	(56)	—	(187)	(243)	(2,500)	—	(4,135)	(6,635)
Finance costs	—	—	116	116	142	491	106	739
Income tax expense	3,115	—	138	3,253	1,009	12	20	1,041

	Continuing operations				Discontinued operations			
	Property investment in the PRC	Trading of properties	Corporate/ Unallocated	Sub-total	General trading	Property investment in Hong Kong	Corporate/ Unallocated	Sub-total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>For the year ended</b>								
<b>31 December 2015 (Restated)</b>								
Additions to property, plant and equipment	375	—	—	375	829	2,266	—	3,095
Amortisation of land lease premium	4	—	—	4	—	—	—	—
Depreciation of property, plant and equipment	228	—	—	228	333	248	1,498	2,079
Valuation (gain)/loss on investment properties	(28,274)	—	—	(28,274)	—	44,270	—	44,270
Allowance for inventories	—	—	—	—	4,221	—	—	4,221
Allowance for doubtful debts	—	—	—	—	13,050	—	147	13,197
Bad debt written off	—	—	—	—	705	—	—	705
Net exchange (gain)/loss	(1,153)	—	(64)	(1,217)	9,393	12	(1,866)	7,539
Interest income	(3)	—	—	(3)	(14,450)	—	(14,509)	(28,959)
Finance costs	—	—	505	505	48	1,262	360	1,670
Income tax expense/(credit)	7,916	—	1	7,917	1,920	416	(52)	2,284

#### Geographical information

As the Group does not have material operations outside PRC from continuing operations, no geographic segment information is presented.

#### 4. OTHER INCOME

##### From continuing operations

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i> (Restated)
Interest income	243	3
Management fee income from disposed subsidiaries ( <i>note</i> )	3,366	15,214
Sundry	172	260
	<u>3,781</u>	<u>15,477</u>

*Note:* For the year ended 31 December 2016 and 2015, the Company received management fee income from various subsidiaries of the Disposal Group for management services provided. The management service has been terminated since 1 April 2016.

#### 5. PROFIT BEFORE TAXATION

##### From continuing operations

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i> (Restated)
<b>(a) Finance costs</b>		
Interest on bank loans	<u>116</u>	<u>505</u>
<b>(b) Staff costs</b>		
Salaries, wages and other benefits (including directors' emoluments)	10,244	9,893
Contributions to defined contribution retirement plans ( <i>note</i> )	195	346
	<u>10,439</u>	<u>10,239</u>

*Note:*

The Group participates in the Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Mandatory Provident Fund Ordinance in December 2000. The assets of the scheme are held separately from those of the Group, in funds under the control of trustee.

Employees who were members of a defined contribution scheme which is registered under the Occupational Retirement Schemes Ordinance prior to the establishment of the MPF Scheme were required to switch to the MPF Scheme from 1 December 2000 onwards, whereas all new employees joining the Group on or after 1 December 2000 are required to join the MPF Scheme.

For members of the MPF Scheme, both the Group and the employees contribute 5% of the employee's monthly remunerations or HK\$1,500 (2015: HK\$1,500) per month whichever is the smaller to the scheme. Contributions to the plan vest immediately. No forfeited contribution is available to reduce the contribution payable for the year ended 31 December 2016.

The employees of the subsidiaries of the Group which operate in the PRC are required to participate in a central pension scheme operated by the local municipal governments. These PRC subsidiaries are required to contribute certain percentage of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

The total cost charged to profit or loss of HK\$195,000 (2015: HK\$346,000) represents contributions paid/payable to the above retirement benefit schemes, by the Group during the year.

## 5. PROFIT BEFORE TAXATION (CONTINUED)

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i> (Restated)
<b>(c) Other items</b>		
Auditor's remuneration	1,308	247
Amortisation of land lease premium	4	4
Depreciation	432	228
Loss on write-off of property, plant and equipment	—	303
Net exchange gain	(921)	(1,217)
Impairment losses on trade and other receivables	103	—
Bad debt written off	8	—
<b>Other operating income</b>		
Reversal of provision for taxes and charges	—	(3,410)
Gross rental income	(21,336)	(20,279)
Less: direct operating expenses	3,053	3,374
Net rental income	<u>(18,283)</u>	<u>(16,905)</u>

## 6. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

### From continuing operations

(a) Taxation in the consolidated statement of profit or loss represents:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i> (Restated)
Current tax — PRC Enterprise Income Tax	1,490	1,563
Deferred tax	1,774	6,354
Over-provision in prior year	(11)	—
Income tax expense	<u>3,253</u>	<u>7,917</u>

The provision for Hong Kong Profits Tax is calculated at 16.5% (2015: 16.5%) of the estimated assessable profits. No provision was made for Hong Kong Profits Tax as the Group did not generate any assessable profits arising in Hong Kong during the years ended 31 December 2016 and 2015.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the PRC subsidiaries are subject to Enterprise Income Tax of tax rate of 25%.

Enterprise Income Tax arising from certain Hong Kong subsidiaries' operations in the PRC is calculated at tax rate of 10% (2015: 10%) on the rental income earned by these Hong Kong subsidiaries for the year.

## 6. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i> (Restated)
Profit before taxation	<u>17,467</u>	<u>45,024</u>
Tax on profit before taxation, calculated at tax rate of 16.5%	2,882	7,429
Effect of different tax rates of subsidiaries operating overseas	(1,343)	(76)
Tax effect of non-deductible expenses	205	1,282
Tax effect of non-taxable income	(386)	(652)
Tax effect of tax losses not recognised	2,081	191
Tax effect of utilisation of tax losses previously not recognised	(191)	(502)
Tax effect of other temporary differences not recognised	16	245
Over-provision in prior year	<u>(11)</u>	<u>—</u>
Income tax expense	<u>3,253</u>	<u>7,917</u>

## 7. DISCONTINUED OPERATIONS

Pursuant to the Disposal Agreement and the Disposal Supplemental Agreement entered into between the Company and Fulcrest Limited (the “Disposal Purchaser”) dated 21 January 2016 and 18 April 2016 respectively, the Company disposed of its entire equity interests in Datong Global Holdings Limited (“Datong”) and Xingao Limited (“Xingao”) (the “Disposal of Subsidiaries”), each of which was a wholly owned subsidiary of the Company, together with the subsidiaries of Datong and Xingao (collectively referred to as the “Disposal Group”) and the amount due from the Disposal Group of HK\$205,000,000 to the Disposal Purchaser (the “Disposal of Loan”) during the year ended 31 December 2016. Total consideration for the Disposal of Subsidiaries and the Disposal of Loan is HK\$797,967,000, among which the consideration for the Disposal of Subsidiaries amounting to HK\$592,967,000 was settled in cash and the consideration for the Disposal of Loan amounting to HK\$205,000,000 was settled by offsetting against dividends payable to the Disposal Purchaser (note 9).

The Disposal Group is principally engaged in (i) trading of fishmeal; (ii) property investment in Hong Kong; (iii) provision for agency services; and (iv) investment in financial assets. The above disposals were completed on 15 June 2016. The consolidated results of the Disposal Group for the period from 1 January 2016 to 15 June 2016 have been presented as discontinued operations in the consolidated financial statements in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* and the comparative figures of the consolidated statement of profit or loss and corresponding notes have been restated to show the discontinued operations separately from continuing operations.



## 7. DISCONTINUED OPERATIONS (CONTINUED)

### (a) Results of discontinued operations:

	From 1 January to 15 June 2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Revenue	493,901	1,171,540
Cost of sales	(473,728)	(1,117,379)
Valuation loss on investment properties	(2,400)	(44,270)
Other net expenses	(23,200)	(41,390)
Finance costs	(739)	(1,670)
	<hr/>	<hr/>
Loss from operations	(6,166)	(33,169)
Income tax	(1,041)	(2,284)
	<hr/>	<hr/>
Net loss from operations ( <i>note</i> )	(7,207)	(35,453)
Gain on disposal of subsidiaries ( <i>note 7(c)</i> )	52,683	—
	<hr/>	<hr/>
Profit/(loss) for the year from discontinued operations	<u>45,476</u>	<u>(35,453)</u>
	<hr/>	<hr/>
Basic and diluted earnings/(loss) per share ( <i>HK cents</i> )	<u>17.38</u>	<u>(13.55)</u>

*Note:* Net loss from operations included management fee paid by the Disposal Group to the Company.

The calculation of basic earnings per share from discontinued operations of HK17.38 cents (2015: loss per share of HK13.55 cents), is based on the profit for the year from discontinued operations attributable to the equity shareholders of the Company of HK\$45,476,000 (2015: loss of HK\$35,453,000) and the weighted average number of ordinary shares for basic earnings per share as disclosed in note 8.

There was no difference between the basic and diluted earnings per share as there were no dilutive potential shares outstanding for the years presented.

### (b) Cash flows generated from discontinued operations:

	From 1 January to 15 June 2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Net cash used in operating activities	(309,884)	(131,707)
Net cash generated from investing activities	599,384	226,565
Net cash generated from/(used in) financing activities	73,463	(93,975)
	<hr/>	<hr/>
Net cash flows generated from discontinued operations for the year	<u>362,963</u>	<u>883</u>

7. DISCONTINUED OPERATIONS (CONTINUED)

(c) Net assets disposed of as at the disposal date:

	As at the date of the disposal HK\$'000
<b>ASSETS</b>	
<b>Non-current assets</b>	
Investment properties	500,700
Property, plant and equipment	44,939
Available-for-sale financial assets	12,325
Trade and other receivables, prepayments and deposits	28,805
	<u>586,769</u>
<b>Current assets</b>	
Inventories	33,694
Trade and other receivables, prepayments and deposits	101,962
Financial assets at fair value through profit or loss	37,205
Available-for-sale financial assets	27,300
Tax recoverable	406
Restricted bank deposit	15,915
Bank balances and cash	149,321
	<u>365,803</u>
<b>LIABILITIES</b>	
<b>Current liabilities</b>	
Trade and bills payables, other payables and accrued expenses	(42,591)
Rental deposits received	(2,389)
Amount due to the Company	(205,000)
Borrowings	(71,196)
Tax payable	(1,035)
	<u>(322,211)</u>
<b>Non-current liabilities</b>	
Rental deposits received	(2,041)
Borrowings	(82,144)
Deferred tax liabilities	(2,397)
	<u>(86,582)</u>
<b>Net assets disposed of</b>	<u>543,779</u>
Total cash consideration	592,967
Net assets disposed of	(543,779)
Transaction costs incurred for disposal	(5,762)
Reserves attributable to the disposal Group recycled to profit or loss upon disposal	9,257
	<u>52,683</u>
<b>Gain on disposal of subsidiaries (note 7(a))</b>	<u>52,683</u>
<b>Cash flows</b>	
Cash consideration received	592,967
Bank balances and cash disposed of	(149,321)
	<u>443,646</u>
Net cash inflows	<u>443,646</u>

## 8. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the following profit/(loss) attributable to ordinary equity shareholders of the Company and the weighted average number of ordinary shares in issue during the year.

	2016			2015		
	Continuing operations <i>HK\$'000</i>	Discontinued operations <i>HK\$'000</i>	Total <i>HK\$'000</i>	Continuing operations <i>HK\$'000</i>	Discontinued operations <i>HK\$'000</i>	Total <i>HK\$'000</i>
Profit/(loss) for the year attributable to equity shareholders of the Company	<u>14,214</u>	<u>45,476</u>	<u>59,690</u>	<u>37,107</u>	<u>(35,453)</u>	<u>1,654</u>
	<b>Number of shares</b>					
				<b>2016</b>		2015
Weighted average number of ordinary shares in issue during the year				<u>261,684,910</u>		<u>261,684,910</u>

For the years ended 31 December 2016 and 2015, basic and diluted earnings per share for continuing and discontinued operations are equal as there were no potential dilutive ordinary shares in issue.

## 9. DIVIDENDS

The Board does not recommend the payment of a final dividend for the years ended 31 December 2016 and 2015. The 2014 final dividend of HK12.00 cents per ordinary share amounting to HK\$31,402,000 has been approved by the shareholders in the 2015 annual general meeting held on 20 May 2015.

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Final dividend in respect of previous financial year, approved and paid during the year: 2015 final dividend of HK\$nil (2015: 2014 final dividend of HK12.00 cents) per ordinary share	<u>—</u>	<u>31,402</u>
Special dividends approved in respect of the current year ( <i>note</i> )	<u>1,127,339</u>	<u>—</u>

*Note:* A first special dividend of HK\$1.223 per share (amounting to approximately HK\$320,041,000) and a second special dividend of HK\$3.085 per share (amounting to approximately HK\$807,298,000) were approved at the extraordinary general meeting of the Company held on 31 May 2016, and paid on 13 June 2016 in cash of HK\$320,041,000 and on 22 June 2016 in cash of HK\$602,298,000, respectively. The amount of HK\$205,000,000 was offset against the consideration for the Disposal of Loan as agreed between the Company and the Disposal Purchaser (*note* 7).

## 10. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade and bills receivables, net ( <i>note (a)</i> )	3,627	117,610
Prepayments, deposits and other receivables, net ( <i>note (d)</i> )	<u>4,407</u>	<u>77,563</u>
Carrying amount at 31 December	8,034	195,173
Less: Current portion	<u>(7,666)</u>	<u>(163,380)</u>
Non-current portion	<u>368</u>	<u>31,793</u>

## 10. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS (CONTINUED)

Apart from the balance of non-current portion expected to be recovered or recognised as expense after more than one year, all other trade and other receivables, prepayments and deposits are expected to be recovered or recognised as expense within one year.

### (a) Trade and bills receivables

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade and bills receivables	3,726	128,816
Less: Allowance for doubtful debts ( <i>note 10 (b)</i> )	<u>(99)</u>	<u>(11,206)</u>
Trade and bills receivables, net	<u><u>3,627</u></u>	<u><u>117,610</u></u>

No bills receivables were outstanding as at 31 December 2016 (31 December 2015: HK\$56,842,000). As at 31 December 2015, the Group's bills receivables are on sight letter of credit, usance letter of credit up to a tenor of 180 days and bank's acceptance bills up to a tenor of 30 to 60 days. For trade and other receivables, rents from leasing of investment properties are normally received in advance without credit terms to tenants. The Group allows a credit period ranging from 30 to 90 days (2015: 30 to 90 days) to customers for the trading of fishmeal. Before accepting any new customer, the Group carries out research on the creditability of the new customer and assesses the potential customer's credit quality and sets credit limits by customer. Credit limits assigned to customers are reviewed once a year.

None of the Group's bills receivables as at 31 December 2015 have been discounted to financial institutions.

The ageing analysis of trade and bills receivables (net of allowance for doubtful debts), based on invoice dates, as of the end of the reporting period is as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
0–30 days	1,750	66,092
31–60 days	1,425	8,296
61–90 days	449	167
91–120 days	3	14,087
Over 120 days	<u>—</u>	<u>28,968</u>
	<u><u>3,627</u></u>	<u><u>117,610</u></u>

### (b) Impairment of trade and other receivables

Impairment losses in respect of trade debtors and bills receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors and bills receivables directly.

The movement in the allowance for doubtful debts is as follows:

	Trade and bills receivables		Other receivables	
	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Balance at 1 January	11,206	2,170	4,171	572
Provision for impairment loss	468	9,446	67	3,751
Disposal of subsidiaries	(11,482)	—	(4,205)	—
Exchange realignment	<u>(93)</u>	<u>(410)</u>	<u>(33)</u>	<u>(152)</u>
Balance at 31 December	<u><u>99</u></u>	<u><u>11,206</u></u>	<u><u>—</u></u>	<u><u>4,171</u></u>

## 10. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS (CONTINUED)

### (b) Impairment of trade and other receivables (Continued)

At 31 December 2016, trade and other receivables of HK\$99,000 (2015: HK\$44,642,000) were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties. Consequently, specific allowance for doubtful debts of trade receivables of HK\$99,000 (2015: HK\$11,206,000) and other receivables of HK\$nil (2015: HK\$4,171,000) were recognised.

Included in trade receivables and other receivables as at 31 December 2015 are gross carrying amounts of HK\$31,194,000 and HK\$12,582,000 respectively, due from a customer of general trading segment, Guangzhou Jinhe Feed Company Limited (“Jinhe”). These receivables are past due as at the reporting date and impairment loss amounting to HK\$14,511,000 in aggregate has been provided for these balances. The Group holds a guarantee from Mr. Huang Xianning (the “Guarantor”) who pledged all his rights and interests in a property investment project (the “Investment Project”) to secure the receivables from Jinhe (the “Collateral Arrangement”). During the year ended 31 December 2016, all trade and other receivables due from customers of fishmeal trading business have been disposed (note 7).

### (c) Trade and bills receivables that are not impaired

The ageing analysis of trade and bills receivables which are not impaired is as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Neither past due nor impaired	—	95,452
Less than 30 days past due	1,750	203
31 to 60 days past due	1,425	932
61 to 90 days past due	449	167
91 to 120 days past due	3	—
Over 120 days past due	—	20,856
	<u>3,627</u>	<u>117,610</u>

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

At 31 December 2016, receivables that were past due but not impaired mainly relate to tenants that have a good track record with the Group. Based on past experience, management believes that no impairment allowance 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. At 31 December 2015, receivables that were past due but not impaired mainly relate to Jinhe as disclosed in note 10(b).

### (d) Prepayments, deposits and other receivables

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Prepayments and deposits	793	1,614
Other receivables	3,614	80,120
	<u>4,407</u>	<u>81,734</u>
Less: Allowance for doubtful debts ( <i>note 10(b)</i> )	—	(4,171)
	<u>4,407</u>	<u>77,563</u>

## 11. TRADE AND BILLS PAYABLES

The ageing analysis of trade and bills payables, based on invoice dates, as at the end of the reporting period is as follows:

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
0–30 days	—	40,160
31–60 days	—	156
Over 120 days	—	2,448
	<hr/>	<hr/>
	—	42,764
	<hr/> <hr/>	<hr/> <hr/>

In respect of trade payables, the average credit period was 30 days before the disposal of subsidiaries (2015: 30 days).

## 12. EVENTS AFTER THE REPORTING DATE

On 10 February 2017, the Company entered into a placing agreement, pursuant to which a maximum number of 52,300,000 shares are to be issued at HK\$1.44 per share (the “Placing”). The Company intends that the net proceeds of the Placing to be used for general working capital and/or financing future investment or new business development as and when opportunities arise. Details of the Placing are set out in the Company’s announcement dated 10 February 2017.

The Placing was successfully completed on 24 February 2017 with net proceeds from the Placing amounting to approximately HK\$74,740,000, details of which are set out in the Company’s announcement dated 24 February 2017.

## MANAGEMENT DISCUSSION AND ANALYSIS

### GROUP REVIEW

On 21 January 2016, the Company entered into a disposal agreement with Fulcrest Limited (the “Disposal Purchaser”) to dispose of the entire equity interest in Datong Global Holdings Limited and Xingao Limited and their subsidiaries (the “Disposal Group”) and the loan owed by the Disposal Group. On 15 June 2016, the Group completed the disposal of its trading of fishmeal and property investment in Hong Kong to the Disposal Purchaser (the “Disposal”). Total consideration for the Disposal was HK\$797.97 million, in which HK\$592.97 million was settled in cash and the remaining HK\$205.00 million was settled by offsetting against the dividends payable to the Disposal Purchaser. A first special dividend of HK\$1.223 per share (amounting to approximately HK\$320.04 million) (the “First Special Dividend”) and a second special dividend of HK\$3.085 per share (amounting to approximately HK\$807.30 million) (the “Second Special Dividend”) were approved on the extraordinary general meeting of the Company held on 31 May 2016 (the “EGM”). HK\$205 million was offset against the Second Special Dividend as agreed between the Company and the Disposal Purchaser. Upon the completion of the Disposal, the Group recorded a gain on the Disposal of HK\$52.68 million, which has been included in the results of the discontinued operations in the consolidated financial statements of the Group for the year ended 31 December 2016.

In view of the operational performance for the year ended 31 December 2016, the Group recorded consolidated revenue of approximately HK\$515.24 million (2015: HK\$1,191.82 million). The continuing operations from leasing properties in the PRC generated revenue and profit attributable to the Company’s equity shareholders of HK\$21.34 million and HK\$14.21 million, respectively. The revenue and the profit attributable to the Company’s equity shareholders of the discontinued operations (trading of fishmeal and property investment in Hong Kong) were approximately HK\$493.90 million and approximately HK\$45.48 million, respectively.

### BUSINESS REVIEW

#### Continuing operations

##### *Property investment in the PRC and trading of properties*

For the year ended 31 December 2016, the Group generated revenue of HK\$21.34 million (2015: HK\$20.28 million) from properties located in the PRC.

The investment properties were valued by an independent professional valuer. A valuation gain of HK\$12.02 million was recorded in 2016 (2015: HK\$28.27 million) and represented one of the most significant contributions to the Group’s profit for the year ended 31 December 2016.

#### Discontinued operations

##### *General Trading in Fishmeal*

The Group discontinued the fishmeal trading operation on 15 June 2016, thus resulting in the significant decrease of revenue from HK\$1,153.60 million in 2015 to HK\$487.21 million in 2016.

## *Property investment in Hong Kong*

The Group resumed a profit-making position of HK\$1.10 million for the year ended 31 December 2016, after recording a loss of HK\$29.00 million in 2015. The turnaround of results was primarily attributed to the stabilising of the Hong Kong property market, resulting in reduction of valuation loss from HK\$44.27 million in 2015 to HK\$2.40 million in 2016. The Group disposed all the investment properties in Hong Kong upon the completion of the Disposal.

## **PROSPECTS**

The Group is mainly engaged in property investment in Shanghai. In 2016, property prices and rental levels have remained stable in Shanghai and we expect such trend to prevail in 2017. The Group would dedicate its efforts to the development of its existing business, strengthening the management of commercial investment properties and enhance operational efficiency. The Group would also regularly review and expand its property portfolio when opportunities arise.

The Board of Directors of the Company would review the financial status and business of the Group on a regular basis and formulate long-term business development plans and strategies based on the results of such review. The Group may explore other business opportunities such as expanding into integrated operations and management of commercial properties as well as innovative financial related business. The Group is confident that it could further enhance its growth and profitability and thus increase shareholders' value in the coming years.

## **FINANCIAL REVIEW**

### **Liquidity and Financial Resources**

As at 31 December 2016, the Group's gearing ratio was nil (2015: 5%), based on the Group's long-term bank borrowings of HK\$nil (2015: HK\$95.64 million) and total assets of HK\$520.61 million (2015: HK\$1,810.21 million). The Group's current ratio was 2.14 (2015: 6.62), calculated on the basis of current assets of HK\$52.32 million (2015: HK\$707.04 million) over current liabilities of HK\$24.40 million (2015: HK\$106.81 million).

As at 31 December 2016, total restricted bank deposits, bank balances and cash on hand were HK\$25.26 million (2015: HK\$256.07 million). Total bank borrowings of the Group amounted to HK\$nil (2015: HK\$114.29 million), and there were no bank borrowings secured by bank deposit (2015: HK\$nil). The Group's borrowings have been settled or disposed of through the Disposal.

### **Capital Expenditure**

Capital expenditure incurred by the Group for the year ended 31 December 2016 was HK\$3.11 million (2015: HK\$3.47 million), which was mainly for the acquisition of property, plant and equipment. At the moment, the Group anticipates that the funding required for future capital expenditure will be principally financed by internal resources and bank borrowings.

### **Capital Commitment**

As at 31 December 2016, the Group had a total capital commitment of approximately HK\$nil (2015: HK\$462,000) for the acquisition of property, plant and equipment.



## **Charges on Assets**

As at 31 December 2015, the Group had available but not yet utilized banking facilities amounting to around HK\$1,209.61 million. The Group pledged the investment properties of HK\$798.85 million and leasehold land and buildings of HK\$40.80 million and assigned rental income from letting of properties in favour of banks to secure the aforesaid facilities. The aforesaid pledge was released through the Disposal.

## **Future Plans for Material Investments or Capital Assets**

The Directors currently do not have any future plans for material investments or capital assets. The Directors will continue to monitor the industry and review its business expansion plans regularly, so as to take necessary measures in the Group's best interests.

## **Foreign Exchange Risk**

During the year ended 31 December 2016, most of the Group's business transactions were conducted in Hong Kong dollars and Renminbi. Review of the Group's exposure to foreign exchange risks is conducted periodically. The Group expected that the exposure to exchange rate fluctuation was not significant and therefore did not engage in any hedging activity during the year ended 31 December 2016.

## **Significant Investments**

During the year ended 31 December 2016, the Group did not have any significant investments (2015: HK\$nil).

## **Material Acquisitions or Disposals of Subsidiaries and Associated Companies**

Save as the Disposal detailed in the section of Group Review of Management Discussion and Analysis, there were no material acquisitions or disposals of subsidiaries and associated companies during the year ended 31 December 2016.

## **EMPLOYEE AND REMUNERATION POLICIES**

As at 31 December 2016, the total number of employees of the Group was 15 with staff costs, excluding Directors' remuneration, amounting to HK\$2.68 million. Remuneration policies are reviewed annually by the management. Remuneration packages are structured to take into account comparable levels in the market and the prevailing business scale of the Group. The Company also operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The Scheme was adopted and approved by the shareholders of the Company (the "Shareholders") on 14 May 2010 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

## **CONTINGENT LIABILITY**

As at 31 December 2016, the Group had no material contingent liabilities (2015: HK\$nil).

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2016.

## **EVENTS AFTER THE REPORTING DATE**

On 10 February 2017, the Company and a placing manager entered into a placing agreement, pursuant to which the placing manager has conditionally agreed to procure, on a best effort basis, 52,300,000 new shares to not less than six independent placees, who are professional, institutional and/or other investor(s) who are third parties independent of and are not connected with the Company and its connected persons, at a placing price of HK\$1.44 per placing share (the “Placing”). The net price to the Company of each placing share is approximately HK\$1.43 per placing share. The market price of the new shares on the date when the issuance terms were determined (i.e. 10 February 2017) was HK\$1.75.

The Placing was completed on 24 February 2017 and the gross proceeds and net proceeds from the Placing were approximately HK\$75.31 million and HK\$74.74 million respectively. The Company intends to utilize the net proceeds of the Placing will be used for general working capital and/or financing future investment or new business development as and when opportunities arise.

For details of the Placing, please refer to the Company’s announcements dated 10 February 2017 and 24 February 2017 respectively.

## **DIVIDEND**

The Board resolved not to recommend the payment of a final dividend for the year ended 31 December 2016 (2015: HK\$nil).

During the year ended 31 December 2016, the First Special Dividend and the Second Special Dividend had been paid to the Shareholders upon the approval granted at the EGM. Based on 261,684,910 shares in issue at that time, the aggregate value of the First Special Dividend and Second Special Dividend was approximately HK\$1,127.34 million. Further details of the special dividends are set out in the circular of the Company dated 13 May 2016 and the announcements of the Company dated 31 May 2016 and 15 June 2016 respectively.

## **CLOSURE OF REGISTER OF MEMBERS FOR AGM**

For the purpose of determining the rights to attend and vote at the Company’s forthcoming annual general meeting to be held on Tuesday, 6 June 2017 (the “AGM”), the register of members of the Company will be closed from Wednesday, 31 May 2017 to Tuesday, 6 June 2017 (both days inclusive), during which period no transfer of shares of the Company will be effected. The Shareholders whose names appear on the register of members of the Company on 6 June 2017 will be entitled to attend and vote at the AGM. In order to be entitled to attend and vote at the AGM, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the Company’s Share Registrar, Union Registrars Limited, at Suites 3301–04, 33/F, Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong, for registration no later than 4:00 p.m. on Monday, 29 May 2017.

## **SCOPE OF WORK OF KPMG ON THIS FINAL RESULTS ANNOUNCEMENT**

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31 December 2016 as set out in this final results announcement have been compared by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other 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 the auditor.

## **AUDIT COMMITTEE**

The Audit Committee, comprising all the three independent non-executive Directors, has reviewed the Group's audited consolidated financial statements for the year ended 31 December 2016 and discussed with the management of the Company the accounting principles and accounting standards adopted by the Group and matters relating to risk management and internal control systems and financial reporting of the Group.

## **CORPORATE GOVERNANCE**

The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

A full description of the Company's corporate governance will be set out in the Corporate Governance Report contained in the 2016 Annual Report of the Company.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' dealings in the securities of the Company. Having made specific enquiry of all the Directors, each of the Directors confirmed that he/she complied with the required standards set out in the Model Code throughout the year ended 31 December 2016.

## **PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT**

This final results announcement is published on the websites of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company at [www.greatchina-holdings.com](http://www.greatchina-holdings.com). The 2016 Annual Report of the Company will be available at the websites of the Stock Exchange and the Company and be despatched to Shareholders in due course.

## APPRECIATION

We would like to thank all our colleagues for their diligence, dedication, loyalty and integrity. We would also like to thank all our Shareholders, customers, bankers and other business associates for their trust and support.

On behalf of the Board  
**Great China Holdings Limited**  
**Mr. ZHOU Zheren**  
*Chairman of the Board*

Hong Kong, 28 March 2017

*As at the date of this announcement, the Board comprises five executive Directors, namely, Mr. ZHOU Zheren, Ms. GU Ming, Ms. HOU Yingxuan, Mr. LAI Han and Mr. GONG Biao; one non-executive Director, namely, Mr. CHAI Yuet; and three independent non-executive Directors, namely, Ms. LI Ping, Mr. HU Jianxing, and Mrs. Patricia Bee Kuen THOMAS.*