SINO HAIJING HOLDINGS LIMITED
中國海景控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01106)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

FINAL RESULTS

The board of Directors (the "Board") of Sino Haijing Holdings Limited (the "Company") herein present the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2016 together with the comparative audited figures for the corresponding year in 2015.

HIGHLIGHTS

- Revenue for the year was approximately HK$606.7 million, representing an increase of approximately 21.4% as compared to approximately HK$499.9 million for the last year.

- Gross profit for the year was approximately HK$137.1 million, representing an increase of approximately 49.5% as compared to approximately HK$91.7 million for the last year. The overall gross profit margin for the year increased from 18.3% to 22.6%.

- Profit from operations for the year was approximately HK$22.2 million as compared to approximately HK$ 38.6 million loss from operation for the last year.

- Loss attributable to equity holders of the Company for the year was approximately HK$31.1 million, representing a decrease of approximately 54.3% as compared to approximately HK$68.0 million for the last year.

- As at 31 December 2016, the total asset amounted to approximately HK$2,069.5 million, representing an increase of 138.9% as compared with that of approximately HK$866.1 million as at 31 December 2015.

- As at 31 December 2016, the total shareholders' equity amounted to approximately HK$1,073.1 million representing an increase of 208.7% as compared with that of approximately HK$347.6 million as at 31 December 2015.

- The Board does not recommend the payment of any dividend for the year ended 31 December 2016.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2016

	Notes	2016 HK$'000	2015 HK$'000
REVENUE	3	**606,669**	499,936
Cost of sales		**(469,560)**	(408,286)
Gross profit		**137,109**	91,650
Other revenue and other income	5	**7,555**	5,143
Gain on bargain purchase on acquisition of an associate	11	**84,673**	–
Impairment loss on goodwill	14	**(43,049)**	–
Administrative and other operating expenses		**(140,117)**	(78,670)
Fair value change of financial assets at fair value through profit or loss		**–**	(50,379)
Net realised loss on financial assets at fair value through profit or loss	15	**(25,711)**	(6,376)
Share of results of an associate		**1,760**	–
Profit (Loss) from operations		**22,220**	(38,632)
Finance costs	6	**(39,561)**	(23,483)
Loss before tax	6	**(17,341)**	(62,115)
Income tax expense	7	**(12,691)**	(5,866)
Loss for the year		**(30,032)**	(67,981)
Other comprehensive income (loss):			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(40,333)**	(15,804)
Changes in fair value of available-for-sale financial assets	12	**45,467**	–
Total comprehensive loss for the year		**(24,898)**	(83,785)

	Note	2016 HK$'000	2015 HK$'000
(Loss) Profit attributable to:			
Equity holders of the Company		**(31,076)**	(67,981)
Non-controlling interests		**1,044**	–
		(30,032)	(67,981)
Total comprehensive loss attributable to:			
Equity holders of the Company		**(24,313)**	(83,785)
Non-controlling interests		**(585)**	–
		(24,898)	(83,785)
Loss per share	*9*		
– Basic		**(HK0.64 cents)**	(HK2.24 cents)
– Diluted		**(HK0.64 cents)**	(HK2.24 cents)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2016

	Notes	2016 HK$'000	2015 HK$'000
Non-current assets			
Investment properties		**10,925**	8,776
Property, plant and equipment		**348,289**	165,137
Intangible asset	*10*	**142,000**	–
Interest in an associate	*11*	**293,588**	–
Lease premiums for land		**28,443**	28,541
Available-for-sale financial assets	*12*	**346,702**	–
Deposits for potential acquisition of subsidiaries	*13*	**11,408**	50,000
Deposits for acquisition of land and property, plant and equipment		**3,339**	4,176
Goodwill	*14*	**96,094**	–
		1,280,788	256,630
Current assets			
Financial assets at fair value through profit or loss	*15*	**360**	162,615
Inventories		**24,704**	23,381
Lease premiums for land		**704**	687
Trade and other receivables	*16*	**379,413**	329,970
Loans receivable	*17*	**354,437**	–
Pledged bank deposits		**6,608**	2,658
Cash and cash equivalents		**22,496**	90,143
		788,722	609,454
Current liabilities			
Trade and other payables	*18*	**165,956**	99,985
Notes payable	*19*	**360,000**	–
Bank and other borrowings	*20*	**374,406**	134,395
Income tax payable		**58,344**	1,659
		958,706	236,039
Net current (liabilities) assets		**(169,984)**	373,415
Total assets less current liabilities		**1,110,804**	630,045

	Note	2016 HK$'000	2015 HK$'000
Non-current liabilities			
Deferred tax liabilities		**37,703**	2,396
Notes payable	*19*	**–**	280,000
		37,703	282,396
NET ASSETS		**1,073,101**	347,649
Capital and reserves			
Share capital		**129,410**	44,874
Reserves		**897,331**	302,775
Equity attributable to equity holders of the Company		**1,026,741**	347,649
Non-controlling interests		**46,360**	–
TOTAL EQUITY		**1,073,101**	347,649

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's annual financial statements for the year ended 31 December 2016:

OPINION

We have audited the consolidated financial statements of Sino Haijing Holdings Limited (the "Company") and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2016, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2 to the consolidated financial statements concerning the adoption of the going concern basis on which the consolidated financial statements have been prepared. At the end of the reporting period, the Group had net current liabilities of HK$169,984,000. The validity of the basis depends on the Group's future profitable operation or the ability to renew or refinance the borrowings and banking facilities upon maturity. As detailed in note 2 to the consolidated financial statements, the Group had available banking facilities of HK$29,722,000 as at the end of the reporting period and issued a note with principal amount of HK$120,000,000 on 4 January 2017. Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis. The consolidated financial statements do not include any adjustments that would result from a failure to obtain the necessary finance. We consider that appropriate disclosures have been made in this respect.

1. GENERAL INFORMATION

Sino Haijing Holdings Limited (the "Company") is a limited liability company incorporated in the Cayman Islands on 8 July 2002 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

2. PRINCIPAL ACCOUNTING POLICIES

a) Basis of preparation

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable HKFRS, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

During the year ended 31 December 2016, the Group incurred a net loss of HK$30,032,000 and, as of that day, the Group had net current liabilities of HK$169,984,000. Nevertheless, the directors of the Company are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due for the next twelve months from the end of the reporting period given that: i) the Group's ability to renew or refinance the borrowings and banking facilities upon maturity; ii) continuous development and improvement of the Group's new businesses in tourism, entertainment and cultural industries; iii) issuance of the second tranche Note with principal amount of HK$120,000,000 on 4 January 2017 as detailed in note 21(a); and iv) the directors of the Company will consider to utilise the available banking facilities of HK$29,722,000 as at 31 December 2016 so as to meet any financial obligations as and when they fall due. Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis.

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2015 consolidated financial statements. The adoption of the new/revised HKFRSs that are relevant to the Group and effective from the current year had no significant effects on the results and financial position of the Group for the current and prior years.

3. REVENUE

	2016	2015
	HK$'000	*HK$'000*
Sale of packaging products	**565,633**	499,936
Ticket sales from scenic spot business	**3,073**	–
Loan interest income from money lending business	**11,351**	–
Service fees from ticketing agency business	**24,794**	–
Entrustment and management fees from healthcare business	**1,818**	–
	606,669	499,936

4. SEGMENT INFORMATION

The chief operating decision maker has evaluated the performance of operating segments and allocated resources to those segments based on the Group's internal reporting in respect of these segments. The Group's operating segments are structured and managed separately according to the nature of their businesses. The Group's reportable segments are as follows:

(a) Manufacturing and sale of packaging products ("Packaging Business");

(b) Securities trading and other investing activities ("Securities Investments");

(c) Ticketing agency business ("Ticketing Agency");

(d) Scenic spot business ("Scenic Spot");

(e) Money lending business ("Money Lending"); and

(f) Healthcare business ("Healthcare Business").

Segment results represent the result from each reportable segment. The following analysis is the measure reported to the chief operating decision maker for the purposes of resources allocation and assessment of segment performance.

BY BUSINESS SEGMENTS

An analysis of the Group's revenue and result by reportable segment and other segment information are set out below:

	Packaging Business		Securities Investments		Ticketing Agency		Scenic Spot		Money Lending		Healthcare Business		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Reportable segment revenue														
Revenue from external customers	565,633	499,936	–	–	24,794	–	3,073	–	11,351	–	1,818	–	606,669	499,936
Reportable segment profit (loss)	43,994	21,901	60,037	(57,561)	(2,666)	–	(19,501)	–	6,318	–	(845)	–	87,337	(35,660)
Other income													1,288	722
Finance costs													(34,263)	(16,118)
Corporate expenses													(71,703)	(11,059)
Loss before tax													(17,341)	(62,115)

	Packaging Business		Securities Investments		Ticketing Agency		Scenic Spot		Money Lending		Healthcare Business		Corporate		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Other segment information																
Interest income	99	185	213	–	–	–	–	–	–	–	–	–	1,122	754	1,434	939
Depreciation and amortisation	23,215	20,790	–	–	–	–	2,484	–	15	–	–	–	972	–	26,686	20,790
Impairment loss on goodwill	–	–	–	–	27,000	–	16,049	–	–	–	–	–	–	–	43,049	–
Impairment loss on loans receivable	–	–	–	–	–	–	–	–	5,000	–	–	–	–	–	5,000	–
Gain on bargain purchase of associate	–	–	84,673	–	–	–	–	–	–	–	–	–	–	–	84,673	–
Net realised loss on financial assets at fair value through profit or loss	–	–	25,711	6,376	–	–	–	–	–	–	–	–	–	–	25,711	6,376
Share of results an of associate	–	–	1,760	–	–	–	–	–	–	–	–	–	–	–	1,760	–
Finance costs	5,108	7,365	190	–	–	–	–	–	–	–	–	–	34,263	16,118	39,561	23,483
Income tax expense	4,713	5,866	–	–	6,087	–	24	–	1,867	–	–	–	–	–	12,691	5,866
Additions to property, plant, and equipment	32,256	38,892	–	–	–	–	196,000	–	149	–	–	–	3,276	–	231,681	38,892

5. OTHER REVENUE AND OTHER INCOME

	2016 *HK$'000*	2015 *HK$'000*
Other revenue		
Interest income	**1,434**	939
Rental income	**475**	536
	1,909	1,475
Other income		
Government grants	**2,400**	737
Sale of raw materials and scrap products	**1,168**	1,250
Sale of steam	**567**	946
Compensation income	**666**	188
Gain on disposal of property, plant and equipment	**36**	133
Net exchange gain	**87**	67
Sundry income	**722**	347
	5,646	3,668
	7,555	5,143

6. LOSS BEFORE TAX

This is stated after charging:

		2016	2015
		HK$'000	*HK$'000*
a)	**Finance costs:**		
	Interest on bank and other borrowings	**16,306**	7,834
	Interest on notes payable	**23,255**	15,649
		39,561	23,483
b)	**Staff costs (Directors' emoluments included):**		
	Salaries, wages and other benefits	**75,805**	66,519
	Contribution to defined contribution retirement plans	**4,203**	4,692
	Share-based payment in respect of share options	**20,939**	–
		100,947	71,211
c)	**Other items:**		
	Amortisation of lease premiums for land	**695**	696
	Auditor's remuneration	**900**	630
	Cost of services	**3,690**	–
	Cost of inventories *(Note)*	**465,870**	408,286
	Depreciation of investment properties	**574**	523
	Depreciation of property, plant and equipment	**25,417**	20,094
	Allowance for doubtful debts on loan receivable	**5,579**	–
	Loss on disposal of property, plant and equipment, net	**1,038**	884
	Operating lease charges on rented premises	**7,368**	4,251

7. TAXATION

Hong Kong Profits Tax has been provided at 16.5% on the Group's estimated assessable profits arising from Hong Kong in 2016. The Group had no assessable profits arising from Hong Kong in 2015. The income tax provision in respect of operations in the People's Republic of China (the "PRC") is calculated at the applicable tax rate of 25% on the estimated assessable profits for 2016 and 2015 based on existing legislation, interpretations and practices in respect thereof.

	2016	2015
	HK$'000	*HK$'000*
Current tax		
Hong Kong Profit Tax		
– Current year	**1,868**	–
	1,868	–
PRC enterprise income tax ("PRC EIT")		
– Current year	**10,888**	5,269
– Underprovision in prior year	**–**	665
	10,888	5,934
Deferred tax	**(65)**	(68)
Tax expense for the year	**12,691**	5,866

8. DIVIDEND

The directors do not recommend the payment of any dividend in respect of the years ended 31 December 2016 and 2015.

9. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the equity holders of the Company is based on the following data:

	2016	2015
	HK$'000	*HK$'000*
Loss attributable to equity holders of the Company	**(31,076)**	(67,981)

	2016 Number of shares '000	2015 Number of shares '000
Issued ordinary shares at 1 January	**3,589,901**	249,300
Effect of issue of shares by placements	**1,065,574**	54,012
Effect of issue of new shares for acquisition of subsidiaries	**209,481**	–
Effect of share sub-division	**–**	2,729,809
Effect of issue of remuneration shares	**6,011**	–
Issue of new shares upon exercise of options	**11,093**	–
Weighted average number of ordinary shares for basic and diluted loss per share	**4,882,060**	3,033,121
Loss per share:		
– Basic	**(HK0.64 cents)**	(HK2.24 cents)
– Diluted	**(HK0.64 cents)**	(HK2.24 cents)

The computation of diluted loss per share for the year ended 31 December 2016 did not assume the exercise of outstanding share options of the Company since the assumed exercise would result in a decrease in loss per share. For the year ended 31 December 2015, diluted loss per share is the same as the basic loss per share because there were no potential dilutive shares outstanding.

10. INTANGIBLE ASSET

	Ticketing agency right *HK$'000*
Reconciliation of carrying amount – year ended 31 December 2016	
At beginning of the year	–
Additions – acquisition of subsidiaries	146,346
Exchange realignment	(4,346)
At end of the reporting period	**142,000**

The exclusive ticketing agency right was recognised as a result of an acquisition of subsidiaries. The exclusive ticketing agency right for the cultural show namely, Impression – Liu Sanjie, acquired has been granted for a period of 20 years with pre-emptive right of renewal at the expiry date. Coupled with the fact that the cultural show, Impression – Liu Sanjie, has been operated since 2004 and there are over 500 shows every year, the Group has determined that this asset has an indefinite useful life. The exclusive ticketing agency right is therefore measured at cost less accumulated impairment losses.

The Group has appointed an independent professional valuer, Witz International Consultants Group Limited, to perform an appraisal of the value of the exclusive ticketing agency business as at 31 December 2016. The recoverable amount of intangible asset has been determined on the basis of value in use calculation. The value in use calculation uses cash flow projections based on financial budgets approved by management from 2017 to 2021 by applying average growth rate of 3% in income per ticket and show attendees, growth rate of 2% per annum after 2021 and a discount rate of 20.4%. Cash inflows/outflows have been determined based on past performance and management's expectations for the market development.

Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of the intangible asset to exceed its carrying amount.

11. INTEREST IN AN ASSOCIATE

	2016	2015
	HK$'000	*HK$'000*
Cost of investments in an associate		
– Listed in Malaysia	**377,677**	–
Gain on bargain purchase	**(84,673)**	–
Share of post-acquisition profit, net of dividend received	**1,760**	–
Exchange realignment	**(1,176)**	–
Group's share of net assets of an associate	**293,588**	–
Fair value of listed investments	**326,613**	–

In December 2016, the Group completed the subscription of 150,000,000 new shares of Yong Tai Berhad ("Yong Tai"), which is listed on the Main Market of Bursa Malaysia Securities Berhad. Gain on bargain purchase of HK$84,673,000 has been recognised in the consolidated statement of comprehensive income based on the fair value of the net assets of the associate at completion date.

Set out below are details of the associate of the Group as at 31 December 2016, which in the opinion of the directors is material to the Group. The associate as listed below has share capital consisting solely of ordinary shares, which are held directly by the Group:

Name of associate	Principal place of business and place of incorporation	Nominal value of registered capital	Attributable direct equity interest to the Group		Principal activities
			2016	2015	
			%	%	
Yong Tai Berhad ("Yong Tai") *(note i)*	Malaysia	RM190,172,000	**39.44**	–	Manufacturing and dyeing of all types of fabric and property development

Note:

(i) The above associate is accounted for using the equity method.

12. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2016	2015
	HK$'000	*HK$'000*
Irredeemable convertible preference shares listed outside Hong Kong, at fair value (a)	**343,894**	–
Equity shares listed outside Hong Kong, at fair value (b)	**2,808**	–
	346,702	–

(a) The amount represents 200,000,000 irredeemable convertible preference shares ("ICPS") of Yong Tai, which are listed on the Main Market of Bursa Malaysia Securities Berhad. The ICPS are convertible into ordinary shares of Yong Tai at the option of the holder from time to time after the 3rd anniversary of the date of issue on 28 November 2016 and up to the maturity date, which is the 10th anniversary of the date of issue of the ICPS. All issued ICPS that remain outstanding after the maturity date will be automatically converted into ordinary shares of Yong Tai. Since the ICPS are prohibited from conversion within 3 years from the date of issue and the Group has no intention to convert the ICPS into Yong Tai's ordinary shares until the maturity date, the investment in ICPS in Yong Tai has been accounted for as available-for-sale financial asset and measured at fair value at the end of the reporting period.

(b) The fair value of listed securities is based on quoted market prices in active markets at the end of the reporting period.

(c) As at 31 December 2016, increase in fair value of HK$45,467,000 in respect of these shares held by the Group was recognised in the available-for-sale financial assets revaluation reserve.

13. DEPOSITS FOR POTENTIAL ACQUISITION OF SUBSIDIARIES

(a) On 2 November 2016, the Company and four independent third parties (the "Vendors"), entered into a letter of intent (the "Letter of Intent") in relation to a proposed acquisition for acquiring 100% equity interest of Arch Partners Holdings Limited ("Arch Partners"). Arch Partners is incorporated in the British Virgin Islands with limited liability, the entire issued shares of which are held by the Vendors. Yalu International Limited ("Yalu International") is a wholly owned subsidiary of Arch Partners and is incorporated in Hong Kong with limited liability. Yalu International has entered into a long-term aircraft charter contract and the master contractor contract in respect of outbound tourism and hospitality with Mega International Travel ("Mega International"). In addition, Yalu International will establish a tourism consultancy company in the PRC and sign a long-term consultation agreement with Mega International. Mega International is a company incorporated in the PRC with limited liability and its principal businesses involve domestic traveling, inbound and outbound tourism. A refundable deposit of HK$11,408,000 was paid upon signing the Letter of Intent.

On 26 January 2017, the Company and the Vendors entered into a sale and purchase agreement pursuant to which the Vendors have agreed conditionally to sell, and the Company has conditionally agreed to purchase 100% of the issued share capital of Arch Partners (the "Sale Shares") at a consideration of RMB160,000,000 (equivalent to approximately HK$179,200,000).

In addition to the refundable deposit of HK$11,408,000 which was paid before the end of the reporting period, the remaining balance shall be settled through the allotment and issue of the Company's 280,000,000 ordinary shares to the Vendors on a pro rata basis in proportion to the Vendors' shareholdings in Arch Partners prior to the acquisition and by the issue of zero coupon convertible bonds by the Company with a principal amount of HK$112,000,000.

(b) Deposit for potential acquisition of subsidiaries as at 31 December 2015, amounting to HK$50,000,000, represented refundable deposit for the proposed acquisition of entities engaging in the business of photovoltaic power in the PRC. The proposed acquisition was terminated and the deposit of HK$50,000,000 was refunded to the Group during the year.

14. GOODWILL

	2016	2015
	HK$'000	*HK$'000*
Reconciliation of carrying amount		
At beginning of reporting period	**–**	–
Acquisition of subsidiaries	**139,143**	–
Impairment loss for the year	**(43,049)**	–
At end of reporting period	**96,094**	–

Goodwill is allocated to the cash-generating units ("CGUs") that are expected to benefit from the business combination. The carrying amount of goodwill had been allocated to the Group's CGU's identified as follows:

	2016	2015
	HK$'000	*HK$'000*
Ticketing Agency		
–Master Race Limited ("Master Race")	**41,743**	–
Less: Impairment loss for the year	**(27,000)**	–
	14,743	–
Scenic Spot		
– Golden Truth Enterprises Ltd. ("Golden Truth")	**16,049**	–
Less: Impairment loss for the year	**(16,049)**	–
	–	–
Healthcare Business		
– Xian Tai International Ltd. ("Xian Tai")	**81,351**	–
	96,094	–

The Group tests goodwill annually for impairment, or more frequently, if there are indications that goodwill might be impaired.

The recoverable amount of each CGU has been determined on the basis of value in use calculation which uses cash flow projections based on financial budgets approved by management covering a five-year period by applying average growth rate of 3%, 15% and 10% for Master Race, Golden Truth and Xian Tai from 2017 to 2021. Cash flows beyond the five-year period are extrapolated using the estimated growth rate of 2%, 3% and 3% per annum for Master Race, Golden Truth and Xian Tai. The growth rate used is based on historical growth and past experience and does not exceed the currently estimated long-term growth rate of the industries in which the CGUs operate. The discount rates used, which management estimates to reflect current market assessments of the time value of money and the risks specific to the CGU's cash flows is 20.4%, 20.9% and 18.8% for Master Race, Golden Truth and Xian Tai, respectively.

The recoverable amounts of the CGUs, Master Race and Golden Truth, are less than their carrying amounts. Accordingly, their goodwill was impaired during the year.

Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of goodwill of Xian Tai to exceed its recoverable amount.

At the date of completion of the Master Race Group on 28 March 2016, a gain on bargain purchase of HK$19,655,000 was recognised based on management's preliminary assessment of the fair value of the assets acquired and liabilities assumed, which had been disclosed in the interim financial report of the Group for the six months ended 30 June 2016. However, taking into consideration of the unexpected delay in obtaining local government's approval for the increase in ticket price, management considers that certain key assumptions used in assessing the fair value of the assets acquired, including the growth rate for ticket prices, should be adjusted. This has resulted in the acquisition-date amount of intangible asset being reduced from HK$182,000,000 to HK$146,346,000 and recognition of deferred tax liabilities of HK$36,587,000, leading to goodwill on consolidation of HK$41,743,000.

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2016	2015
	HK$'000	*HK$'000*
Equity securities, held for trading:		
Listed in Hong Kong	**–**	128,563
Listed outside Hong Kong	**360**	381
Non-listed investment funds, held for trading	**–**	33,671
	360	162,615

The fair value of listed equity securities is based on quoted market prices in active markets at the end of the reporting period. During the year ended 31 December 2016, all the equity securities listed in Hong Kong and the non-listed investment funds held for trading were disposed and the net realised loss on financial assets at fair value through profit and loss of HK$25,711,000 was recognised in the consolidated statement of comprehensive income.

16. TRADE AND OTHER RECEIVABLES

	2016	2015
	HK$'000	*HK$'000*
Trade receivables	**205,419**	144,747
Less: Allowance for trade receivables	**(80)**	(482)
	205,339	144,265
Bills receivable	**90,808**	102,988
Other receivables	**19,957**	72,222
Prepayments and deposits	**63,309**	10,495
	379,413	329,970

The normal credit period granted to the customers of the Group is 90 to 120 days (2015: 90 to 120 days). The ageing analysis of the trade receivables by invoice date at the end of the reporting period is as follows:

	2016	2015
	HK$'000	*HK$'000*
Within 3 months	**192,437**	137,717
Over 3 months but within 6 months	**11,943**	5,011
Over 6 months but within 1 year	**357**	15
Over 1 year	**682**	2,004
	205,419	144,747
Less: Allowance for trade receivables	**(80)**	(482)
	205,339	144,265

17. LOANS RECEIVABLE

The credit quality analysis of the loans receivable is as follows:

	2016	2015
	HK$'000	*HK$'000*
Neither past due nor impaired –		
Unsecured loans to third parties		
– Principal	**309,885**	–
– Interest	**6,787**	–
	316,672	–
Guaranteed loans to third parties		
– Principal	**37,143**	–
– Interest	**622**	–
	37,765	–
Total	**354,437**	–

Gross loans and interest receivables	**360,016**	–
Less: Allowance for doubtful debts for the year	**(5,579)**	–
Net carrying amounts	**354,437**	–
Represented by:		
Current portion of loan and interest receivables	**354,437**	–
Non-current portion of loan and interest receivables	**–**	–
	354,437	–

All the loans are unsecured, of which loan principal of HK$37,143,000 being guaranteed by an independent third party.

The loan and interest receivables that were neither past due nor impaired as at 31 December 2016 relate to a number of borrowers for whom there was no recent history of default.

At the end of the reporting period, loans receivable carry fixed interest rates and have effective interest rates ranging from 10% to 15% per annum.

18. TRADE AND OTHER PAYABLES

	2016	2015
	HK$'000	*HK$'000*
Trade payables	**78,805**	59,996
Bills payable	**14,216**	4,839
Other payables and accruals	**31,454**	19,501
Accrued interest on notes payable	**41,481**	15,649
	165,956	99,985

The ageing analysis of trade payables by invoice date at the end of the reporting period is as follows:

	2016	2015
	HK$'000	*HK$'000*
Within 3 months	**67,078**	47,991
Over 3 months but within 6 months	**8,031**	7,560
Over 6 months but within 1 year	**1,746**	2,611
Over 1 year	**1,950**	1,834
	78,805	59,996

19. NOTES PAYABLE

	2016	2015
	HK$'000	*HK$'000*
8% 2-year notes *(note a)*	**280,000**	280,000
10% 1-year notes *(note b)*	**80,000**	–
	360,000	280,000

(a) The notes are interest-bearing at 8% per annum, maturing on 21 April 2017 and secured by an equitable mortgage over the entire issued shares of Great Prospect Enterprise Limited, a wholly-owned subsidiary of the Company which is incorporated under the laws of the British Virgin Islands. The notes holder is an independent third party.

(b) The notes are interest-bearing at 10% per annum, maturing on 22 November 2017 and pledged by 697,000,000 ordinary shares of the Company provided by a shareholder of the Company. The notes holder is an independent third party.

20. BANK AND OTHER BORROWINGS

	2016	2015
	HK$'000	*HK$'000*
Current		
Bank borrowings – secured	**104,924**	104,648
Other borrowings – secured	**17,882**	29,747
Other borrowings – unsecured	**251,600**	–
	374,406	134,395

At 31 December 2016 and 2015, all of the bank and other borrowings were repayable within one year.

The secured and unsecured bank and other borrowings are interest-bearing at fixed or variable interest rates. The ranges of effective interest rates on the Group's borrowings are as follows:

	2016	2015
Effective interest rates per annum		
Bank borrowings – secured	**4.79% to 6.40%**	4.79% to 6.72%
Other borrowings – secured	**6.40%**	4.79% to 6.16%
Other borrowings – unsecured	**6.00% to 24.00%**	–

21. EVENTS AFTER THE REPORTING PERIOD

(a) Issue of notes

On 4 January 2017, the Company issued the second tranche Note in the principal amount of HK$120,000,000 to Prosper Talent Limited (the "Investor"), an indirectly and wholly-owned subsidiary of CCB International Holdings Limited pursuant to a note purchase agreement (the "Note Purchase Agreement") entered between the Company and the Investor on 22 November 2016. Pursuant to the Note Purchase Agreement, the Company agreed to issue, and the Investor agreed to purchase from the Company, secured notes in two tranches up to an aggregate principal amount of HK$200,000,000 (the "Notes"). On 23 November 2016, the Company issued the first tranche Note in the principal amount of HK$80,000,000, details of which have been disclosed in note 19(b).

The second tranche Note is interest-bearing at 10% per annum and maturing on 12 months ("Initial Maturity Date") from the issue date on 4 January 2017, which can be extended to 24 months ("Extended Maturity Date") with the consent of the holders of the Notes. The interest rate will be 13% per annum from the date immediately after the Initial Maturity Date to and including the Extended Maturity Date. The Notes are secured by the charges of certain ordinary shares of the Company provided by shareholders of the Company.

(b) Proposed acquisition of Jet Asia Airways Co., Ltd

On 17 January 2017, the Group, JAA Capital Limited ("JAA Capital") and Jet Asia Airways Co., Ltd ("Jet Asia") entered into a non-legally binding memorandum of understanding (the "MOU") in relation to the proposed acquisition of Jet Asia. Jet Asia is a limited liability company established in Thailand. Jet Asia commenced operations in 2010 from Bangkok-Suvarnabhumi Airport Thailand, by obtaining an Air Operator Certificate from the Department of Civil Aviation of Thailand to offer air charter services for Africa, China, Japan, Korea, and the Middle East. JAA Capital has the right to acquire 49% shareholding interest or 1,225,000 shares of Jet Asia and transfers the shares to the Group or the third party designated by the Group.

JAA Capital has the right to acquire four Boeing 767 aircrafts, seven aircraft engines (the "Target Equipment") and intends to set up a company with the Target Equipment in either Hong Kong, BVI or Singapore ("Target Company"), and transfers 75% shareholding interest ("Target Share") of the Target Company to the Group or the third party designated by the Group.

The estimated consideration for the acquisition of Jet Asia is US$10,000,000 and the Company shall issue shares to pay for the consideration. The estimated consideration of Target Share is US$24,000,000 and the Company shall pay for the consideration in either cash and/or issuing shares.

The proposed acquisition is expected to complete by the second quarter in year 2017. Details of the proposed acquisition were set out in the announcement of the Company dated 17 January 2017.

(c) Acquisition of shares in Lorenzo International Limited

On 10 February 2017, the Group and BD Corporation Pte Ltd ("BD Corporation") entered into a sale and purchase agreement whereby the Group has agreed to acquire 42,000,000 shares of Lorenzo International Limited ("Lorenzo") from BD Corporation, representing approximately 9.6% of the issued share capital of Lorenzo, for a consideration of SGD$1,260,000 (equivalent to approximately HK$6,935,000). Lorenzo is a company incorporated in Singapore with limited liability, the shares of which are listed on the Singapore Exchange. Lorenzo and its subsidiaries are principally engaged in the design, manufacture, assembly and distribution of lifestyle furniture.

The aggregate consideration was paid by the Group in cash to BD Corporation upon completion on 27 February 2017. The consideration was determined with reference to the historic and recent market price of the Lorenzo shares and financed by the internal resources of the Group.

(d) Acquisition of shares in Incola Travel Limited

On 14 December 2016, the Group and an independent third party, Poon Keng Tat, entered into a sale and purchase agreement pursuant to which Poon Keng Tat has agreed conditionally to sell, and the Group has conditionally agreed to purchase 95% issued share capital of Incola Travel Limited ("Incola Travel") at a consideration of approximately HK$4,403,000. Incola Travel is a company incorporated in Hong Kong with limited liability and is held as to 99.9% by Poon Keng Tat. It is a travel-related investment holding company, which together with its wholly-owned subsidiary in Hong Kong, Incola Air Services, are principally engaged in the business of travel agency. The Company believes that the potential for developing high yield travel services and products, such as special interest tours, are the next profitable step to take in light of greater interest among the population in the PRC for overseas exposure. The acquisition was completed on 28 February 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

In the past, the principal activities of the Group mainly focus on the production and sale of expanded polystyrene ("EPS") packaging products for household electrical appliances in the PRC ("Packaging Business"). Started from the year 2016, in order to diversify the business of the Group and to sustain the momentum in the corporate, the Group has been exploring for appropriate opportunities for different investment projects, including, but not limited to the tourism and travel industry, entertainment and cultural industry and also to establish a money lending business. The Group has been granted for a money lender licence in Hong Kong under the Money Lenders Ordinance and has commenced the money lending business since this year. The Group also engaged in provision of management services on the operation of physical therapy and healthcare shops in the PRC from the year 2016 in view of the prosperity of the healthcare industry in the PRC. Through the continuous effort by management, the Group had an improvement of financial performance for the year 2016 as compared to the corresponding year in 2015.

Packaging Business

For the year under review, the revenue from Packaging Business was approximately HK$565.6 million, representing an increase of 13.1% as compared to approximately HK$499.9 million for the corresponding year in 2015.

Gross profit of the Packaging Business was approximately HK$99.8 million for the year 2016, representing an increase of approximately 8.8% as compared to approximately HK$91.7 million for the corresponding year in 2015. The overall gross profit margin maintained at 18% for both years 2016 and 2015. For the year under review, the Packaging Business recorded segment profit of approximately HK$43.9 million (2015: approximately HK$21.9 million).

Tourism Business

To explore other business opportunities with greater market potential, the Group is seeking for transit to tourism industry during the year. For the year under review, the revenue from Tourism Business, including ticketing agency and scenic spot, was approximately HK$27.9 million (2015: HK$nil) and the gross profit was approximately HK$24.2 million (2015: HK$nil). During the year, the Tourism Business record segment loss of approximately HK$22.2 million (2015: HK$nil). The loss is mainly due to an impairment loss on goodwill of approximately HK$43 million was recognised in the income statement during the year.

The Tourism Business of the Group is still in development stage and the management will strive its best to develop this new business. It is expected the Tourism Business of the Group will be mature in few years later and the Company is confident that the revenue and profit from Tourism Business will both have a great improvement in the future. The Group will also keep looking for the opportunities to explore different potential investments for tourism and travel industry from time to time.

Securities Investments

In view of the positive investment sentiment in the stock market of Hong Kong, the Group has taken an active and optimistic approach in gaining short term and long term investment profits and developed the Securities Investments segment. The Group has invested in a portfolio of listed securities in Hong Kong, the PRC, Australia and Malaysia. The investments are designated and accounted for as financial assets at fair value through profit or loss, available-for-sale financial assets and investment in an associate in the consolidated financial statements.

For the year under review, the Group recorded a profit in the Securities Investments segment of approximately HK$60.0 million (2015: a loss of approximately HK$57.6 million). This was primarily due to the bargain purchase from the investment in Yong Tai Berhad ("Yong Tai"), a company listed on the Main Market of Bursa Malaysia Securities Berhad. During the year, as the management is optimistic about the prospectus of the property industry in Meleka, the Group has subscribed 150,000,000 new ordinary shares and 200,000,000 irredeemable preference shares of Yong Tai, which are classified as investment in an associate and available-for-sale financial assets, respectively.

The Board will closely monitor the performance of the investment portfolio and will diversify the investment portfolio across various segments of the market.

Money Lending Business

During the year under review, the Group obtained a money lender license in Hong Kong under the Money Lenders Ordinance. The Group has been granting loans since June 2016. As at 31 December 2016, the loan portfolio was approximately HK$354.4 million (2015: HK$nil) with terms of one year at effective interest rates ranging from 10% to 15% per annum. For the year ended 31 December 2016, the Group recorded interest income from the loan portfolio of approximately HK$11.4 million (2015: HK$nil).

Healthcare Business

In view of the prosperity of the healthcare industry in the PRC, the Group engaged in provision of management services on the operation of physical therapy and healthcare massage shops in the PRC during the year. For the year under review, the revenue from Healthcare Business was approximately HK$1.8 million (2015: HK$nil) and the segment loss was approximately HK$0.8 million (2015: HK$nil). The healthcare business is still in development stage and the management intends to recruit a number of massage shops in the PRC for the expansion of its service network in the foreseeable future.

Revenue

Revenue for the year under review was approximately HK$606.7 million, representing an increase of approximately 21.4% as compared to approximately HK$499.9 million for the corresponding year in 2015. The increment was partially contributed by the revenue from Tourism Business and Money Lending Business, amounted to approximately HK$39.2 million. In addition, the revenue from Packaging Business was growth by approximately HK$65.7 million compared to corresponding year in 2015.

Gross Profit

Gross profit for the year under review was approximately HK$137.1 million, representing an increase of approximately 49.5% as compared to approximately HK$91.7 million for the corresponding year in 2015. The overall profit margin for the year increased from 18.3% to 22.6%. The increase in profit margin is mainly due to the relatively high gross profit margins contributed from new business segments, such as Tourism Business and Money Lending Business.

Other Revenue and Other Income

Other operating income was approximately HK$7.6 million for the year under review, representing an increase of approximately 49% as compared to approximately HK$5.1 million for the corresponding year in 2015. The increment was primarily due to an increase of Government grants by approximately HK$1.7 million from Packaging Business.

Gain on Bargain Purchase on Acquisition of an Associate

During the year under review, the Group has recorded a gain on bargain purchase on acquisition of an associate of approximately HK$84.7 million (2015: HK$nil), which is arising from the acquisition of 39.44% shareholding in Yong Tai at a consideration of approximately HK$208.3 million. The acquisition price was determined with relevance to the market price of Yong Tai's shares on the Main Market of Bursa Malaysia Securities Berhad as at the proposed acquisition date. Afterwards, the carrying value and the fair value have both increased as at the completion date of the acquisition, resulting in a gain on bargain purchase. The gain on bargain purchase is mainly attributable to the Group's capability in negotiating the terms of the transaction in favour of the Group. The principal activities of Yong Tai are manufacturing and dyeing of all types of fabric and property development.

Impairment Loss on Goodwill

In view of an increasing keen competition in tourism industry in the PRC, the business environment and market conditions for tourism business is changing adversely. Facing this prevailing unfavorable factor, the directors reviewed the operations of this Cash Generating Unit ("CGU") continuously so as to adapt to the changing environment. As at 31 December 2016, the Group had made a provision for impairment loss on goodwill in respect of scenic spot business and ticketing agency of approximately HK$16.0 million and HK$27.0 million respectively (2015: HK$nil).

Administrative and Other Operating Expenses

Administrative expenses increased by 78.0% to approximately HK$140.1 million during 2016 from approximately HK$78.7 million in 2015. This was primarily due to an increase in expenses in Packaging Business and the inclusion of newly acquired subsidiaries related to tourism and healthcare industries. Moreover, a number of acquisition have been conducted during the year, which leads to an increment of legal and professional fees. In addition, an equity-settled share-based payment of approximately HK$21.5 million (2015: HK$nil) was recognised in the income statement during the year, which partially contributing to an increase of administrative and other operating expenses.

Fair Value Change and Net Realised Loss on Financial Assets at Fair Value Through Profit or Loss

For the year under review, the Group recorded a loss on financial assets at fair value through profit or loss of approximately HK$25.7 million (2015: approximately HK$56.7 million). Most of the securities investments classified as financial assets at fair value through profit or loss were disposed during the year.

Share of Results of an Associate

The share of results of an associate of approximately HK$1.8 million (2015: HK$nil) is contributed by a newly acquired associate, Yong Tai, during the year.

Finance Costs

Finance costs for the year 2016 were approximately HK$39.6 million, representing an increase of approximately 68.5% as compared to approximately HK$23.5 million for the corresponding year in 2015. The increase of finance costs was mainly due to additional loans and borrowings were raised for developing new business and for general working capital of the Group during the year. In addition, the Company has issued of a note in the principal amount of HK$80.0 million which carries 10% interest per annum in November 2016, resulting in an increase of finance costs.

Income Tax Expenses

Income tax expense increased by 115.3% to approximately HK$12.7 million in 2016 from approximately HK$5.9 million in 2015, primarily due to the significant decrease in loss before tax as compared to year 2015.

Loss Attributable to Equity Holders of the Company for the Year

As a result of the factors described above, loss attributable to equity holders of the Company for the year was approximately HK$31.1 million, a decrease of approximately HK$36.9 million as compared to approximately HK$68.0 million for the corresponding period last year. Such improvement is mainly due to the fact that the Group recorded a profit in the Securities Investments segment of approximately HK$60.0 million for the year 2016, compared to a loss of approximately HK$57.6 million in 2015. In addition, the Money Lending Business was contributed profit of approximately HK$11.3 million to the Group and the profit from Packaging Business was increased by approximately HK$22.1 million compared to corresponding period last year. The above effect was partially offset by a segment loss recognised in Tourism Business of approximately HK$22.2 million, and an increase of administrative and other operating expenses of approximately HK$61.4 million and an increase of finance costs of approximately HK$16.1 million.

BUSINESS REVIEW AND OUTLOOK

During the year 2016, notwithstanding the slowdown in economic growth in the PRC, the Group's Packaging Business, representing production and sale of expanded polystyrene packaging products for household electrical appliances in the PRC, continued to provide steady revenue and cash flow to the Group and still recorded increase in revenue of 13.1%. On the other hand, the Group recorded a profit in the Securities Investments segment of approximately HK$60.0 million (2015: a loss of approximately HK$57.6 million), which was mainly contributed from the investment in Yong Tai, a company listed on the Main Market of Bursa Malaysia Securities Berhad. In view of the volatile stock market in recent year, the Group will closely monitor the performance of investment portfolio and adopt relatively conservative investment strategy to minimise the risk exposure and uncertainty of returns from securities investments.

While maintaining the Packaging Business, the Group has also been exploring other business opportunities to diversify businesses of the Group and enhance the value of shareholders of the Company. In this connection, the Group has commenced Money Lending Business with the money lender licence in Hong Kong under the Money Lenders Ordinance since this year. Interest income of approximately HK$11.1 million from loan receivable was recognised in the income statement during the year. The interest rate charged during the year was ranging from 10% to 15% per annum. It is expected that such business will contribute steady returns to the Group.

To capture the market potential of tourism, entertainment and cultural industries, the Group is engaged in a series of respective projects. Following completion of acquisition of Master Race Group in March 2016, the Group is granted an exclusive ticketing agency right for a popular cultural show namely Impression Liu Sanjie (印象劉三姐) in Guangxi Province, the PRC, for a term of 20 years. Impression Liu Sanjie is an outdoor night show beside the Li River in Yangshuo, the Guangxi Province. Different from other shows in an enclosed space, the show Impression Liu Sanjie stages in the actual Li River. The mist, moonlight, together with peaks and their inverted reflections in the river all creates a spectacular natural backdrop. The large-scaled lights system, special smoke-effect system and the overwhelming sound system in harmony with the natural landscape presents a visual feast to audiences. The show lasts approximately 70 minutes and consists of 7 episodes. Each episode displays different images and sceneries with the ever-changing natural background and lighting. There are 600 actors and actresses involved and most of them are local people from the villages along the river. Zhang Yimou, the chief director of the performance, creatively combines the classical Liu Sanjie's folk songs and ethnic group culture together and presents a large-scale realistic performance in harmony with landscape. During the year, 530 shows were performed and approximately 1,205,000 tickets were sold which contributed revenue of approximately HK$24.8 million to the Group.

In July 2016, the Group completed the acquisition of Golden Truth Enterprises Limited, which owns Dongxing Pingfeng Rainforest Scenic Spot (東興屏峰雨林景區) located at Dongxin County in the southern part of Guangxi Province neighboring Vietnam in the west. Dongxin County covers an area of about 590 sq km and has a total population of about 300,000, renowned for its natural landscape and scenic beauty, and most important of all, longevity of local inhabitants, the National Tourism Scenic Spot Quality Grading Assessment Committee has granted the aforesaid scenic spot the status of "4A-Category" scenic spot.

The management of the Company has kept considering and exploring appropriate opportunities for different investment projects. In view of the prosperity of the health care in the PRC, the Company considered it is an attractive opportunity for the Group to enter healthcare industry in the PRC. In September 2016, the Group acquired the entire issued share capital of Xian Tai International Limited ("Xian Tai") which have been satisfied by allotment and issue of 697,000,000 new shares of the Company at the market price of HK$0.13 per share under general mandate. Currently, Xian Tai provides operation and management entrustment services related to traditional leisure and healthcare massages to eight shops in the PRC and is aiming to upgrade to a professional healthcare management institution, traditional Chinese services including healthcare and massage, professional physical therapy, traditional Chinese mud therapy and featured far infrared ray energy therapy, as well as specializing in providing operation and management entrustment services for various kinds of healthcare clubs which are in operations or planning to operate. The management believes that the acquisition will enable the Group to broaden its income source and strengthen its asset base.

On 7 October 2016, the Group entered into a letter of intent (the "Letter of Intent") with Impression Culture International Holdings Limited ("Impression International"). Pursuant to the Letter of Intent, in order to fully develop tourism resources in Halong City, Vietnam, the Group intends to utilise its local resources and capital to invest in a large performance project tentatively titled "Dream Memory – Halong Bay" in Halong City, Vietnam. The Group as the investor will be responsible for development and operation of the performance project, seeking operating qualifications and government approvals for the performance project as required by local laws, and establishment of the performance group. Impression International will set up the director team and the art team which will be responsible for programme creation, performer rehearsal and training before the formal show, as well as performance, programme maintenance and other related work. Impression International will organise and despatch a management team for post-show operation, training, management and other related work. The construction period will be from 2017 to 2018 and the projected return expect to contribute from year 2018.

Besides acquisition of cultural and tourism business in the PRC, the Group is also seeking for overseas opportunities in Southeast Asia. Given that the Company is optimistic about the prospects of the property industry in Melaka, one of the fastest growing states in Malaysia, the Group successfully subscribed 150,000,000 new ordinary shares of Yong Tai, a company listed on the Main Market of Bursa Malaysia Securities Berhad, and 200,000,000 irredeemable preference shares ("ICPS") in Yong Tai at the issue price of RM0.80 (equivalent to approximately HK$1.48) per subscription share and ICPS respectively on 1 December 2016. The principal activities of the subsidiaries of Yong Tai are manufacturing and dyeing of all types of fabric and property development. The aggregate consideration for the subscription shares and the ICPS are RM280 million (equivalent to approximately HK$518 million) which had been paid by cash from the Company's fund raising exercise of subscription of 6,000,000,000 new shares of the Company. On 28 October 2016, an aggregate of 6,000,000,000 Placing Shares, which represent approximately 58.01% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares, have been successfully placed to not less than six Placees at the Placing Price of HK$0.10 per Placing Share. The raised fund of Yong Tai will be used for project "Impression Melaka" developing in Meleka. Impression Melaka will be the 1st world class international life performance outside China, the performance will feature historic legacies during the colonization era along with the local & modern architecture, it is an Endorsedas Entry Point Project (EPP) under the tourism bureau of Malaysia and Yong Tai will have 100% contribution from the ticket sales.

On 23 November 2016, the Group and an independent third party entered into a letter of intent in relation to a proposed acquisition 49% issued share capital of Siam Air Transport Co., Ltd., ("Siam Air") at a consideration of approximately RMB300 million (approximately HK$339 million). Siam Air is a limited company incorporated under the law of the Kingdom of Thailand owned 2 Boeing 737-300 aircrafts and leased 2 Boeing 737-800 aircrafts. The proposed acquisition will enable (i) the development of the Group's aviation business in Asia region; and (ii) the enhancement of the competitiveness of the Group in the aviation industry in Asia, which the management considers would be beneficial to and in the interests of the Company and the shareholders as a whole. Up to the date of this report, no formal agreement was made. Details of the proposed acquisition were set out in the announcement of the Company dated 23 November 2016 and 1 March 2017.

On 29 December 2016, the Group and an independent third party, Summer Glitter Limited, entered into an agreement in relation to the proposed acquisition of 100% of the issued share capital of Super Concise Limited and its subsidiaries ("Super Concise") at the consideration of HK$900 million. The consideration shall be paid to Summer Glitter Limited by the issue of the Convertible Bonds in the principal amount of HK$900 million by the Company at the completion. The acquisition provides an opportunity for the Group to tap into the tourism and cultural market in the PRC. Currently, the Group has an exclusive ticketing agency right for the cultural show namely "Impression Liu Sanjie" (印象劉三姐). After the above proposed acquisition was completed, the Group will be responsible for operation of the performance of the show, which is expected to generate diversified income and additional cash flow for the Group's continuous development. As such, the directors consider the entering into of the agreement is in the interests of the Company and the shareholders as a whole. The proposed acquisition is expected to complete by the second quarter in year 2017. Details of the proposed acquisition were set out in the announcement of the Company dated 30 December 2016.

On 17 January 2017, the Group, JAA Capital Limited ("JAA Capital") and Jet Asia Airways Co., Ltd ("Jet Asia") entered into a letter of intent in relation to the proposed acquisition of Jet Asia. Jet Asia is a limited liability company established in the Bangkok Metropolis. Jet Asia commenced operations in 2010 from Bangkok-Suvarnabhumi Airport Thailand, by obtaining an Air Operator Certificate from the Department of Civil Aviation of Thailand to offer air charter services for Africa, China, Japan, Korea, and the Middle East. The proposed acquisition will enable (i) the development of the Group's aviation business in Asia region; (ii) the creation of synergies with the ticketing agency business of the Group; and (iii) the enhancement of the competitiveness of the Group in the aviation industry in Asia, in particular the South East Asia region, which the Company considers would be beneficial to and in the interests of the Company and the shareholders as a whole. The proposed acquisition is expected to complete by the second quarter in year 2017, details of the proposed acquisition were set out in the announcement of the Company dated 17 January 2017.

On 14 December 2016, the Group and an independent third party, Poon Keng Tat, entered into a Sale and Purchase Agreement pursuant to which Poon Keng Tat has agreed conditionally to sell, and the Group has conditionally agreed to purchase 95% issued share capital of Incola Travel Limited ("Incola Travel") at the consideration of approximately HK$4,403,000. Incola Travel is a company incorporated in Hong Kong with limited liability and is held as to 99.9% by Poon Keng Tat. It is a travel related investment holding company, which together with its wholly-owned subsidiary in Hong Kong, Incola Air Services, are principally engaged in the business of travel agency. The Company believes that the potential for developing high yield travel services and products, such as special interest tours, are the next profitable step to take in light of greater interest among the population in the PRC for overseas exposure. The acquisition was completed on 28 February 2017.

On 26 January 2017, the Group and four independent third parties (the "Vendors") entered into a Sale and Purchase Agreement pursuant to which the Company has conditionally agreed to purchase 100% of the issued share capital of Arch Partners Holdings Limited ("Arch Partners") at the consideration of approximately RMB160.0 million (approximately HK$179.2 million). Arch Partners and its subsidiaries are principally engaged in provision of outbound travel, aircraft charter and business travel. The proposed acquisition is expected to complete by the second quarter in year 2017, details of the proposed acquisition were set out in the announcement of the Company dated 27 January 2017 and 22 March 2017.

Facing the fierce competition of the EPS packaging industry in the PRC, the Group continues to take effort to maintain its competitiveness of packaging business including enhancing production technology and cost control, and on the other hand, explore other business opportunities with greater market potential in the PRC and Southeast Asia. As such, the Group has stepped into tourism, entertainment and cultural industries through a series of acquisitions this year. To finance the aforesaid acquisitions, the Company strategically increased the authorised share capital of the Company to HK$375,000,000 divided into 30,000,000,000 shares of the Company which was effective from 3 June 2016 and has completed the placement exercise of 6,000,000,000 ordinary shares of HK$0.0125 each in October 2016 which not only provide sufficient funding to the projects but also broaden shareholders base of the Company.

With strong management team who has solid experience in tourism, entertainment and cultural industries, the Company is optimistic about the prospects of the new projects in the PRC and property industry in Melaka. It is expected that these new projects will generate considerate returns to the Group in the future. The Group will continue to review the performance of business portfolios and seek for other potential acquisition opportunities from time to time.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2016, the Group's current assets amounted to approximately HK$788.7 million (2015: approximately HK$609.5 million) of which approximately HK$0.4 million (2015: approximately HK$162.6 million) were financial assets at fair value through profit or loss and approximately HK$22.5 million (2015: approximately HK$90.1 million) were cash and bank balances. The Group's current liabilities amounted to approximately HK$958.7 million (2015: approximately HK$236.0 million) of which mainly comprised its trade and other payables of approximately HK$165.9 million (2015: approximately HK$99.9 million), notes payable of HK$360.0 million (2015: HK$nil) and interest-bearing bank and other borrowings of approximately HK$374.4 million (2015: approximately HK$134.4 million), while the Group's non-current liabilities amounted to approximately HK$37.7 million which mainly comprised of the deferred tax liabilities (2015: approximately HK$282.4 million which mainly comprised of the notes payable).

As at 31 December 2016, the Group's interest-bearing bank and other borrowings of approximately HK$374.4 million (2015: approximately HK$134.4 million) were repayable within one year, which were secured by the Group's buildings, lease premium for land, trade receivables and pledged bank deposits. As at 31 December 2016, HK$251.6 million and HK$122.8 million were denominated in HK$ and RMB, respectively. (2015: all bank and other borrowings were denominated in RMB). As at 31 December 2016, bank and other borrowings of approximately HK$292.9 million (2015: HK$104.7 million) and HK$81.5 million (2015: HK$29.7 million) were interest-bearing at fixed and variable interest rates of 4.79% to 24.0% and 4.79% to 6.40% (2015: 4.79% to 6.72% and 4.79% to 6.16%) respectively.

As at 31 December 2016, the Group had two outstanding interest-bearing notes. One with principal amount of HK$280.0 million (2015: HK$280.0 million) which was interest-bearing at 8% (2015: 8%) per annum, maturing on 21 April 2017. The note was secured by an equitable mortgage over the entire issued shares of Great Prospect Enterprise Limited, a wholly-owned subsidiary of the Company. Another note was issued on 23 November 2016, the principal amount of the note is HK$80.0 million which was interest-bearing at 10% per annum and maturing on 22 November 2017. The note was pledged by 697,000,000 ordinary shares of the Company provided by a shareholder of the Company.

The directors of the Company have given careful consideration to the future liquidity of the Group in light of the Group's net current liabilities of approximately HK$169.9 million as at 31 December 2016. In the opinion of the directors of the Company, the Group will have sufficient working capital to meet its financial obligations as and when they fall due for the next twelve months from the end of the reporting period given that: i) the Group's ability to renew or refinance the borrowings and banking facilities upon maturity; ii) continuous development and improvement of the Group's new businesses in tourism, entertainment and cultural industries; iii) issuance of the second tranche Note with principal amount of HK$120,000,000 on 4 January 2017 as detailed in note 21(a); and iv) the directors of the Company will consider to utilise the available banking facilities of HK$29,722,000 as at 31 December 2016 so as to meet any financial obligations as and when they fall due. Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Gearing Ratio

As at 31 December 2016, the total tangible assets of the Group were approximately HK$1,831.4 million (2015: approximately HK$866.1 million) whereas the total liabilities were approximately HK$996.4 million (2015: approximately HK$518.4 million). The gearing ratio (total liabilities divided by total tangible assets) was approximately 54.4% (2015: approximately 59.9%).

Most of the Group's assets and liabilities are denominated in Hong Kong dollars, Malaysian Ringgit and Renminbi, which are the functional currencies of respective group companies. The Group has not entered into any instruments on the foreign exchange exposure. The Group will closely monitor exchange rate movement and will take appropriate activities to reduce the exchange risk.

Allotment and Issue of Consideration Shares Under General Mandate in September 2016

On 5 August 2016, the Company entered into a sale and purchase agreement with Majestic Wealth International Limited, which is an independent third party and principally engaged in provision of management services on the operation of physical therapy and healthcare massage shops in the PRC, for acquisition of the entire issued share capital of Xian Tai International Limited ("Xian Tai"). On 13 September 2016, the consideration of HK$90,610,000 has been satisfied by allotment and issue of 697,000,000 new shares of the Company at the market price of HK$0.13 per share under general mandate. The above newly issued shares rank pari passu in all respects with the existing shares.

SETTLEMENT OF PROFESSIONAL FEE BY MEANS OF ISSUE OF REMUNERATION SHARES

Chanceton Capital Partners Limited ("Chanceton Capital") has been the financial advisor to the Company for the provision of continuing financial advisory service to the Company since 18 January 2016, part of the financial advisory fees has been satisfied by the issue of 10,000,000 remuneration shares to Chanceton Capital at the market price of HK$0.13 per remuneration share on 13 September 2016. The above newly issued shares rank pari passu in all respects with the existing shares.

Mr. Han Ning has been the PRC legal advisor to the Company for the provision of the PRC legal advisory service to the Company. For the PRC legal advisory service provided to the Company by Mr. Han Ning, the PRC legal advisory fee has been satisfied by the issue of 10,000,000 remuneration shares to Mr. Han Ning at the market price of HK$0.13 per remuneration share on 13 September 2016. The above newly issued shares rank pari passu in all respects with the existing shares.

Placing of Shares Under Specific Mandate Completed in October 2016 and Use of Proceeds From Placing of Shares

On 28 October 2016, the Company has issued and allotted 6,000,000,000 ordinary shares, which represent approximately 58.01% of the issued share capital of the Company as enlarged by the allotment and issue of the placing shares, at the placing price of HK$0.10 each to not less than six allottees. The closing market price was HK$0.141 per share of the Company on the date on which the terms of the issue were fixed. The net proceeds of approximately HK$582.0 million (approximately HK$0.97 per share) have been used for acquisition of interests in Yong Tai and general working capital of the Group. The newly issued shares by placing rank pari passu in all respects with the existing shares.

Issue of Notes in the Principal Amount of HK$200 Million

On 22 November 2016, the Company and Prosper Talent Limited, an indirectly and wholly-owned subsidiary of CCB International Holdings Limited entered into a Note Purchase Agreement, pursuant to which the Company has issued secured notes in two tranches up to an aggregate principal amount of HK$200 million (the "Notes").

On 23 November 2016, the Company issued the first tranche Note in the principal amount of HK$80 million to the Investor which carries 10% interest per annum and due on 22 November 2017. The note was secured by the charges of 697,000,000 ordinary shares of the Company provided by a shareholder. The Group intends to use the net proceeds of the issuance for developing potential new business should such opportunities arise and for the working capital of the Group.

Subsequent to the year end, on 4 January 2017, the Company issued the second tranche Note in the principal amount of HK$120 million to the Investor. The second tranche Note carries 10% interest per annum and due on 4 January 2018. The note was secured by the charges of 700,000,000 ordinary shares of the Company provided by two shareholders. Same as the first tranche Note, the Group intends to use the net proceeds of the issuance for developing potential new business should such opportunities arise and for the working capital of the Group.

The Notes can be extended to 24 months with the consent of the holders of the Notes. The interest rate would be 13% per annum from the date immediately after the Initial Maturity Date to and including the Extended Maturity Date.

Share Option Scheme

Pursuant to an ordinary resolution passed at the extraordinary general meeting of the Company held on 5 June 2015, a share option scheme (the "Scheme") was adopted by the Company. The purpose of the Scheme is to enable the Company to provide incentive to participants in recognition of their contribution to the Group. The directors of the Company may offer to grant any employees or directors of the Company or any advisers, consultants, agents, contractors, customers and suppliers of any members of the Group or whom the board of directors in its sole discretion considers eligible for the scheme on the basis of his or her contribution to the Group.

The total number of the shares of the Company available for issue under the share option scheme as at 31 December 2016 was 1,348,371,137 shares (including options for 313,091,112 shares that have been granted on 27 July 2016 but not yet lapsed or exercised) which represented 13.02% of the issued share capital of the Company as at 31 December 2016. During the year, 358,990,124 share options were granted and the Group recognized a share option expense of approximately HK$21,539,000. Among the share options granted, a total of 145,096,048 share options were granted to the directors. No options were exercised by the directors during the year and up to the date of this report. Subsequent to the end of the year, no additional share options were granted to the employees and directors of the Group.

During the year, 45,899,012 share options were exercised at the subscription price HK$0.145 per share, resulting in the issue of 45,899,012 ordinary shares of the Company for a total cash consideration of approximately HK$6,655,000. As a result of the exercise of these share options, their fair value of approximately HK$2,754,000 previously recognized in the share option reserve was transferred to the share premium account. The above newly issued shares rank pari passu in all respects with the existing shares.

Loans From Independent Third Parties

On 18 August 2016, the Company borrowed a loan in the principal amount of HK$80 million from an independent third party which carries 12% interest per annum and the maturity date is 16 December 2016. The proceed of the loan has been used for developing potential new business and for general working capital of the Group. The loan was extended to 16 May 2017 under mutual agreement between the Company and the independent third party.

On 6 October 2016, the Company borrowed a loan in the principal amount of HK$105.6 million from an independent third party which carries 13% interest per annum and the maturity date is 14 February 2017. The proceed of the loan has been used for developing potential new business and for general working capital of the Group. The loan was fully settled subsequent to the year end.

On 4 November 2016, the Company borrowed a loan in the principal amount of HK$80 million from an independent third party which carries 18% interest per annum and the maturity date is 3 April 2017. The proceed of the loan has been used for developing potential new business and for general working capital of the Group. The loan was partially settled in the amount of HK$20 million during the year.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2016, the Group had a total of around 440 (2015: 340) staff. The Group remunerates its employees based on their performance, experience and industry practices.

The employees' remuneration policy was determined by reference to factors such as remuneration information in respect of the local market, the overall remuneration standard in the industry, inflation level, corporate operating efficiency and performance of the employees. Pursuant to a share option scheme adopted on 5 June 2015 (the "Share Option Scheme"), the Board may offer to grant any employee or director of the Company for the Share Option Scheme on the basis of his or her contribution to the Group, to subscribe for shares of the Company. During the year, 358,990,124 share options were granted and the Group recognized a share option expense of approximately HK$21,539,000. As at 31 December 2016, 313,091,112 shares that have been granted but not yet lapsed or exercised. Subsequent to the end of the year, no additional share options were granted to the employee or director of the Group.

CAPITAL STRUCTURE

As at 31 December 2016, the Group's net assets were financed by internal resources, bank and other borrowings and notes payable. The Company's authorised share capital was HK$375,000,000 divided into 30,000,000,000 shares of HK$0.0125 each, of which 10,352,800,252 ordinary shares were in issued and fully paid.

CAPITAL COMMITMENT

As at 31 December 2016, the group's outstanding capital commitment contracted but not provided for in the consolidated financial statements was approximately HK$3.2 million (2015: approximately HK$5.3 million).

PLEDGE OF ASSETS OF THE GROUP

As at 31 December 2016, the Group pledged assets with aggregate carrying value of approximately HK$79.2 million (2015: approximately HK$87.5 million) to secure banking and other facilities and other borrowings and the Group has also placed an equitable mortgage over the entire issued shares of Great Prospect Enterprise Limited, a wholly-owned subsidiary of the Company, to secure the notes payable of HK$280 million (2015: HK$280 million).

CONTINGENT LIABILITIES

As at 31 December 2016, the Group did not have any significant contingent liabilities.

HEDGING

The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

CORPORATE GOVERNANCE

The Company has complied with all code provisions of the Code on Corporate Governance Practices (the "Code") set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") during the year.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code") as the code for Directors' securities transactions. Specific enquiry has been made by the Company and all Directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2016.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company will be held on Tuesday, 6 June 2017 (the "2017 AGM"). A notice convening the 2017 AGM will be published and despatched to the shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

In order to establish entitlements to attend and vote at the 2017 AGM, the register of members of the Company will be closed from Thursday, 1 June 2017 to Tuesday, 6 June 2017, both days inclusive, during which period no transfer of the shares of the Company can be registered. Shareholders are reminded to ensure that all completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 31 May 2017.

NON-COMPLIANCE WITH LISTING RULE 3.10A

The number of independent non-executive Directors falls below the minimum number required under Rule 3.10A of the Listing Rules upon change of directors on 5 April 2016 and appointment of Mr. Li Fengrui as executive director on 4 August 2016. Following resignation of Ms. Szeto Wai Ling Virginia and Mr. Li Fengrui as executive directors on 4 July 2016 and 27 September 2016 respectively, the Company has fulfilled the requirement under Rule 3.10A of the Listing Rules.

AUDIT COMMITTEE

The Audit Committee, comprising three independent non-executive directors of the Company namely, Mr. Pang Hong, Mr. Lam Hoi Lun and Mr. Lee Tao Wai, has reviewed the results of the Group for the year ended 31 December 2016 and has discussed with the management the accounting principles and practices adopted by the Group, and its internal controls, risk management and financial reporting matters.

REVIEW OF PRELIMINARY RESULTS ANNOUNCEMENT BY INDEPENDENT AUDITOR

The figures in respect of the Group's results for the year ended 31 December 2016 as set out in the preliminary results announcement have been agreed by the Company's independent auditor, Mazars CPA Limited ("Mazars") to the amounts set out in the Group's consolidated financial statements. The work performed by Mazars 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 Mazars on this preliminary results announcement.

By Order of the Board
Sino Haijing Holdings Limited
Li Zhenzhen
Executive Director

Hong Kong, 28 March 2017

As at the date of this announcement, the Board comprises of Ms. Li Zhenzhen, Mr. Lam Wai Hung, Mr. Wang Xin, Mr. Wei Liyi and Mr. Cheng Chi Kin as executive Directors; Ms. Hu Jianping as the non-executive Director; Mr. Pang Hong, Mr. Lee Tao Wai, Mr. Lam Hoi Lun and Mr. Li Yang as the independent non-executive Directors.

This announcement is published on the HKEx news website at http://www.hkexnews.hk and on the website of the Company at http://www.sinohaijing.com.