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EGIC 中國恒嘉融資租賃集團有限公司
CHINA EVER GRAND FINANCIAL LEASING GROUP CO., LTD.

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 379)

2016 ANNUAL RESULTS ANNOUNCEMENT

The board of directors (the "Board") of China Ever Grand Financial Leasing Group Co., Ltd. (the "Company") announces the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2016 and the comparative figures for last year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	**2016** **HK$'000**	2015 *HK$'000* (Restated)
Continuing operations			
Revenue	*3*	**221,212**	–
Cost of services		**(148,720)**	–
Gross profit		**72,492**	–
Other income	*5*	**23,833**	3,726
Other gains and losses	*5*	**(1,459)**	27,570
Administrative expenses		**(87,262)**	(63,225)
Impairment loss on available-for-sale investment		**–**	(500)
Change in fair value of convertible bonds designated as financial assets at fair value through profit or loss		**43,257**	(8,778)
Gain on disposal of subsidiaries		**20,547**	–
Share of results of joint ventures		**27,545**	47,590
Other expenses		**(2,109)**	–
Profit before taxation from continuing operations		**96,844**	6,383
Income tax (expense) credit	*6*	**(17,651)**	3,568
Profit for the year from continuing operations		**79,193**	9,951
Discontinued operation			
Loss for the year from discontinued operation	*7*	**(27,365)**	(6,503)
Profit for the year	*8*	**51,828**	3,448

	Notes	**2016**	2015
		HK$'000	*HK$'000*
			(Restated)
Attributable to:			
Owners of the Company		**29,813**	3,448
Non-controlling interests		**22,015**	–
		51,828	3,448
Earnings per share *(HK cent)*	*10*		
From continuing and discontinued operations			
Basic		**0.25**	0.03
Diluted		**0.25**	N/A
From continuing operations			
Basic		**0.48**	0.08
Diluted		**0.48**	N/A

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	2016	2015
	HK$'000	*HK$'000*
		(Restated)
Profit for the year	**51,828**	3,448
Other comprehensive expense		
Items that will not be reclassified to profit or loss:		
Exchange difference arising on translation to presentation currency	**(59,166)**	–
Items that may be subsequently reclassified to profit or loss:		
Exchange difference arising on translation of foreign operations	**–**	(49,075)
Reclassification adjustments relating to disposal of foreign operation during the year	**(818)**	–
Reclassification adjustments relating to investment revaluation reserve upon disposal of subsidiaries	**285**	–
	(533)	(49,075)
Other comprehensive expense for the year, net of income tax	**(59,699)**	(49,075)
Total comprehensive expense for the year	**(7,871)**	(45,627)
Total comprehensive expense attributable to:		
Owners of the Company	**(22,323)**	(45,627)
Non-controlling interests	**14,452**	–
	(7,871)	(45,627)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2016

	Notes	2016 HK$'000	2015 HK$'000
Non-current assets			
Plant and equipment		**1,656**	1,347
Investment properties		**26,200**	–
Goodwill		**103,373**	–
Interests in joint ventures		**738,675**	763,852
Available-for-sale investments		**22,334**	2,000
Finance lease receivables	*11*	**142,523**	–
Loan receivables		**33,501**	–
Restricted bank deposit		**53,393**	–
Service income receivables	*12*	**10,782**	–
Club debentures		**–**	350
		1,132,437	767,549
Current assets			
Inventories		**–**	8,746
Finance lease receivables	*11*	**359,736**	–
Loan receivables		**35,584**	–
Trade receivables, service income receivables, other receivables, deposits and prepayments	*12*	**21,466**	29,598
Convertible bonds designated as financial assets at fair value through profit or loss		**–**	36,450
Held for trading investments		**112,964**	44,117
Deposits placed with non-bank financial institutions		**17,763**	54,720
Restricted bank deposits		**52,219**	–
Bank balances and cash		**81,236**	394,867
		680,968	568,498
Assets classified as held for sale	*7*	**20,470**	–
		701,438	568,498

	Notes	**2016** *HK$'000*	2015 *HK$'000*
Current liabilities			
Trade payables, service cost payables, other payables and accruals	*13*	**58,168**	72,754
Deposits received from customers	*11*	**62,221**	–
Tax payable		**27,747**	36,982
Borrowings		**135,346**	2,293
Obligations under finance leases		**–**	302
		283,482	112,331
Liabilities associated with assets classified as held for sale	*7*	**10,820**	–
		294,302	112,331
Net current assets		**407,136**	456,167
Total assets less current liabilities		**1,539,573**	1,223,716
Capital and reserves			
Share capital	*14*	**119,192**	119,192
Reserves		**1,068,010**	1,088,351
Equity attributable to owners of the Company		**1,187,202**	1,207,543
Non-controlling interests		**152,695**	845
Total equity		**1,339,897**	1,208,388
Non-current liabilities			
Obligations under finance leases		**–**	555
Deposit received from customers	*11*	**31,159**	–
Borrowings		**142,523**	–
Service cost payables		**8,800**	–
Deferred tax liabilities		**17,194**	14,773
		199,676	15,328
		1,539,573	1,223,716

Notes:

1. GENERAL INFORMATION

China Ever Grand Financial Leasing Group Co., Ltd (formerly known as PME Group Limited) (the "Company") is a public limited company incorporated in Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The principal activities of the Company and its subsidiaries (collectively referred to as the "Group") are provision of finance lease and related consulting services in the PRC, the trading of equity securities, investment in property, investment in terminal and logistics services business and investment holding. The Group was also engaged in the manufacture and trading of polishing materials and equipment which was discontinued in current year (see note 7).

In prior years, the Company's functional currency was Hong Kong dollars ("HK$"). The directors of the Company had evaluated the underlying investment activities and strategy of the Company after the acquisition of China Ever Grand Capital Group Limited ("Ever Grand Capital") and have determined that the functional currency of the Company changed from HK$ to Renminbi ("RMB"). The effects of the change of the functional currency of the Company had been accounted for prospectively during the year. The consolidated financial statements are presented in HK$ as the directors consider that it is a more appropriate presentation for a company listed on the Stock Exchange and for the convenience of the shareholders.

Pursuant to a special resolution passed at the extraordinary general meeting of the Company held on 20 January 2016 and approved by the Registrars of Companies in the Cayman Islands and Hong Kong, the name of the Company was changed from PME Group Limited to China Ever Grand Financial Leasing Group Co., Ltd.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the first time in the current year:

Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations
Amendments to HKAS 1	Disclosure initiative
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception
Amendments to HKFRSs	Annual improvements to HKFRSs 2012-2014 cycle

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 1 Disclosure initiative

The Group has applied the amendments to HKAS 1 Disclosure Initiative for the first time in the current year. The amendments to HKAS 1 clarify that an entity need not provide a specific disclosure required by an HKFRS if the information resulting from that disclosure is not material, and give guidance on the bases of aggregating and disaggregating information. However, the amendments reiterate that an entity should consider providing additional disclosures when compliance with the specific requirements in HKFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, events and conditions on the entity's financial position and financial performance.

As regards the structure of the financial statements, the amendments provide examples of systematic ordering or grouping of the notes.

The Group has applied these amendments retrospectively. Upon application of these amendments, the grouping and ordering of certain notes have been revised to give prominence to the areas of the Group's activities that management considers to be most relevant to an understanding of the Group's financial performance and financial position. Specifically, information to segment was reordered to note 4. Other than the change in presentation and disclosure set out above, the application of the amendments to HKAS 1 has not resulted in any impact on the financial performance or financial position of the Group in these consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial instrument[1]
HKFRS 15	Revenue from contracts with customers and the related amendments[1]
HKFRS 16	Leases[2]
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions[1]
Amendments to HKFRS 4	Apply HKFRS 9 "Financial instruments" with HKFRS 4 "Insurance contracts"[1]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its joint venture[3]
Amendments to HKAS 7	Disclosure initiative[4]
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses[4]

1 *Effective for annual periods beginning on or after 1 January 2018.*

2 *Effective for annual periods beginning on or after 1 January 2019.*

3 *Effective for annual periods beginning on or after a date to be determined.*

4 *Effective for annual periods beginning on or after 1 January 2017.*

HKFRS 9 Financial instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are:

- all recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income ("FVTOCI"). All other financial assets are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39 Financial instruments: Recognition and measurement. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group's financial instruments and risk management policies as at 31 December 2016, application of HKFRS 9 in the future may have a material impact on the classification and measurement of the Group's financial assets. The Group's available-for-sale investments, including those currently stated at cost less impairment, will either be measured as fair value through profit or loss or be designated as FVTOCI (subject to fulfillment of the designation criteria). In addition, the expected credit loss model may result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 9 until the Group performs a detailed review.

HKFRS 15 Revenue from contracts with customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction contracts and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, the directors of the Company do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, cash flows in relation to operating lease payments are currently presented as operating cash flows. Under the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

Under HKAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 December 2016, the Group has non-cancellable operating lease commitments of HK$7,580,000 as disclosed in note 15. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors of the Company complete a detailed review.

Amendments to HKAS 7 Disclosure initiative

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities including both changes arising from cash flows and non-cash changes. Specially, the amendments require the following changes in liabilities arising from financing activities to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

The amendments apply prospectively for annual periods beginning on or after 1 January 2017 with earlier application permitted. The application of the amendments will result in additional disclosures on the Group's financing activities, specifically reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities will be provided on application.

The Group considers that the other new and amendments to HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

3. REVENUE

Revenue represents finance lease interest income generated from financial leasing and service fee income provided to outsiders.

	2016	2015
	HK$'000	*HK$'000*
Continuing operations		
Service fee income	**192,479**	–
Finance lease interest income	**28,733**	–
	221,212	–

4. SEGMENT INFORMATION

Information reported to the chief executive officer, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on the nature of the operations of the Group.

Specifically, the Group's reportable and operating segments under HKFRS 8 Operating segements are as follows:

Financial leasing	–	provision of finance lease and related consulting services in the PRC
Terminal and logistics services	–	loading and discharging services, storage services, and leasing of terminal facilities and equipment through interest in a joint venture
Investment	–	investments in held for trading investments, convertible bonds, available-for-sale investments, investment property and money lending business

During the year, the Group acquired subsidiaries which engaged in provision of finance lease and related consulting services in the PRC (the "Financial Leasing Segment"), which has been regarded as a reportable segment of the Group since then. There was no aggregation of reporting segments to derive the reportable segments of the Group.

During the year, the Group has committed to dispose of its sale of polishing materials and equipment segment (the "Polishing Segment"). The Polishing Segment was classified as discontinued operation.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segment.

For the year ended 31 December 2016

	Continuing operations			
	Financial leasing	**Terminal and logistics services**	**Investment**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Revenue				
External sales	**221,212**	**–**	**–**	**221,212**
Segment profit	**61,045**	**27,545**	**44,833**	**133,423**
Other income and gains				**2,617**
Gain on disposal of subsidiaries				**20,547**
Corporate expenses				**(57,634)**
Other expenses				**(2,109)**
Profit before taxation				**96,844**

For the year ended 31 December 2015

	Continuing operations		
	Terminal and logistics services	Investment	Total
	HK$'000	*HK$'000*	*HK$'000*
Revenue			
External sales	–	–	–
Segment profit	47,590	9,125	56,715
Other income and gains			2,101
Corporate expenses			(52,433)
Profit before taxation			6,383

The accounting policies of the reportable and operating segments are the same as the Group's accounting policies. Segment result represents the profit earned or loss incurred by each segment without allocation of certain other income, certain other gains and losses, gain on disposal of subsidiaries and corporate expenses. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

At 31 December 2016

	Continuing operations			
	Financial leasing	**Terminal and logistics services**	**Investment**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Segment assets	**810,314**	**738,719**	**160,308**	**1,709,341**
Assets related to Polishing Segment				**20,470**
Unallocated corporate assets				**104,064**
Consolidated assets				**1,833,875**
Segment liabilities	**406,749**	**–**	**31,393**	**438,142**
Liabilities related to Polishing Segment				**10,820**
Unallocated corporate liabilities				**45,016**
Consolidated liabilities				**493,978**

At 31 December 2015

	Continuing operations		
	Terminal and logistics services	Investment	Total
	HK$'000	*HK$'000*	*HK$'000*
Segment assets	940,905	160,009	1,100,914
Assets related to Polishing Segment			51,377
Unallocated corporate assets			183,756
Consolidated assets			1,336,047
Segment liabilities	14,606	67,286	81,892
Liabilities related to Polishing Segment			13,641
Unallocated corporate liabilities			32,126
Consolidated liabilities			127,659

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

– all assets are allocated to reportable and operating segments other than certain other receivables and bank balances and cash; and

– all liabilities are allocated to reportable and operating segments other than certain other payables, tax payables and deferred tax liabilities.

Other segment information

For the year ended 31 December 2016

	Continuing operations			
	Financial leasing	**Terminal and logistics services**	**Investment**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Amounts included in the measure of segment profit or loss or segment assets:				
Additions of plant and equipment	**17**	**–**	**38**	**55**
Depreciation of plant and equipment	**833**	**–**	**228**	**1,061**
Change in fair value of held for trading investments	**2,060**	**–**	**3,203**	**5,263**
Change in fair value of investment properties	**–**	**–**	**(3,250)**	**(3,250)**
Change in fair value of convertible bonds designated as financial assets at FVTPL	**–**	**–**	**(43,257)**	**(43,257)**
Interest income from non-banks financial institutions	**–**	**–**	**(8)**	**(8)**
Interest income from convertible bonds designated as financial assets at FVTPL	**–**	**–**	**(820)**	**(820)**
Interest income from loan receivables	**(3,797)**	**–**	**(747)**	**(4,544)**
Realised gain on disposal of available-for-sale investments	**–**	**–**	**(550)**	**(550)**
Finance lease interest income	**(28,733)**	**–**	**–**	**(28,733)**
Interest expenses (included in cost of services)	**25,937**	**–**	**–**	**25,937**
Interest in joint venture	**–**	**738,675**	**–**	**738,675**
Share of results of joint venture	**–**	**(27,545)**	**–**	**(27,545)**
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:				
Income tax expense	**17,184**	**116**	**351**	**17,651**

For the year ended 31 December 2015

	Continuing operations		
	Terminal and logistics services	Investment	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:			
Depreciation of plant and equipment	–	480	480
Change in fair value of convertible bonds designated as financial assets at FVTPL	–	8,778	8,778
Change in fair value of held for trading investments	–	(27,570)	(27,570)
Interest income from non-banks financial institutions	–	(25)	(25)
Interest income from convertible bonds designated as financial assets at FVTPL	–	(1,600)	(1,600)
Interest in a joint venture	753,983	–	753,983
Share of results of a joint venture	(47,590)	–	(47,590)
Impairment loss on available-for-sale investments	–	500	500
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:			
Income tax credit	(3,568)	–	(3,568)

Information about major customers

Revenue from customers of the financial leasing segment of corresponding years contributing over 10% of total sales of the Group are as follows:

	Continuing operations	
	2016	2015
	HK$'000	*HK$'000*
Customer A[1]	**35,472**	N/A[2]
Customer B[1]	**32,998**	N/A[2]
Customer C[1]	**23,278**	N/A[2]

[1] *The corresponding revenue is from the financial leasing segment.*

[2] *The corresponding revenue did not contribute over 10% of the total revenue of the Group.*

Geographical information

The Group's financial leasing and terminal and logistics services divisions are located in the PRC. Investment division is located in Hong Kong. Locations are determined according to principal place of operating the businesses. Revenue was generated in respective locations.

The following is an analysis of the carrying amount of non-current assets analysed by the geographical location and in which the assets are located:

	2016	2015
	HK$'000	*HK$'000*
PRC	**842,092**	763,852
Hong Kong	**27,812**	1,697
	869,904	765,549

Note: Non-current assets excluded finance lease receivables and other financial instruments.

5. OTHER INCOME, GAINS AND LOSSES

Continuing operations

	2016	2015
	HK$'000	*HK$'000*
		(Restated)
Other income		
Interest income from loan receivables	**4,544**	–
Interest income from banks and non-bank financial institutions	**1,934**	1,982
Interest income from convertible bonds designated as financial assets at FVTPL	**820**	1,600
Rental income	**691**	144
Government grants *(Note)*	**13,080**	–
Sundry income	**2,764**	–
	23,833	3,726

	2016	2015
	HK$'000	*HK$'000*
		(Restated)
Other gains and losses		
Change in fair value of held for trading investments	**(5,263)**	27,570
Net foreign exchange gains	**12**	–
Loss on disposal of plant and equipment	**(8)**	–
Realised gain on disposal of available-for-sale investments	**550**	–
Change in fair value of investment properties	**3,250**	–
	(1,459)	27,570

Note: The amount represents government subsidies from local finance bureau which are calculated by reference to the amount of tax paid and based on fulfillment of certain conditions in accordance with the rules and regulations issued by the local government.

6. TAXATION

	2016	2015
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Current tax:		
Hong Kong	**351**	–
PRC Enterprise Income Tax ("EIT")	**16,172**	135
Withholding tax for dividend from PRC joint ventures	**–**	5,506
Overprovisions of withholding tax in previous years	**–**	(6,124)
	16,523	(483)
Deferred tax expense (credit) for current year	**1,128**	(3,085)
Taxation for the year	**17,651**	(3,568)

7. DISPOSAL GROUP HELD FOR SALE

On 17 November 2016, the Group entered into a disposal agreement to dispose of the entire 100% equity interest in Teamcom Group Limited, which operated the Polishing Segment, at a consideration of HK$10,000,000. The assets and liabilities attributable to the Polishing Segment, which are expected to be disposed within twelve months, have been classified as a disposal group held for sale and are presented separately in the consolidated statement of financial position (see below). The net proceeds of disposal are expected to be lower than the net carrying amount of the relevant assets and liabilities and accordingly, impairment loss has been recognised as follows.

	HK$'000
Impairment loss on:	
Plant and equipment	932
Interest in joint venture	9,281
Club debentures	350
Inventories	8,587
	19,150

The loss for the year from the Polishing Segment is set out below. The comparative figures in the consolidated statement of profit or loss have been restated to re-present the Polishing Segment as a discontinued operation.

	2016	2015
	HK$'000	*HK$'000*
Revenue	**74,347**	82,767
Cost of sales	**(71,533)**	(78,425)
Other income, gains and losses	**931**	674
Selling and distribution expenses	**(4,740)**	(8,873)
Administrative expenses	**(7,955)**	(3,646)
Share of result of a joint venture	**971**	1,108
Finance costs	**(229)**	(94)
Impairment loss	**(19,150)**	–
Loss before tax	**(27,358)**	(6,489)
Income tax expense	**(7)**	(14)
Loss for the year	**(27,365)**	(6,503)

Loss for the year from discontinued operation include the following:

	2016	2015
	HK$'000	*HK$'000*
Auditor's remuneration	**–**	240
Depreciation of plant and equipment	**566**	88
Costs of inventories recognised as an expense (included in cost of sales)	**71,533**	79,264
Reversal of allowance for inventories (included in cost of sales)	**–**	(839)
Minimum lease payment in respect of rental premises	**970**	807
Staff costs:		
Director's emoluments	**1,166**	1,113
Other staff costs		
– Salaries and other benefits	**5,231**	5,154
– Retirement benefits scheme contributions	**245**	245
	6,642	6,512

The major classes of assets and liabilities of the Polishing Segment as at 31 December 2016, which have been presented separately in the consolidated statement of financial position, are as follows:

	HK$'000
Inventories	2,916
Trade and other receivables, deposits and prepayments	13,556
Bank balances and cash	3,998
Total assets classified as held for sale	20,470
Trade and other payables and accruals	4,265
Obligations under finance leases	1,556
Borrowings	2,780
Tax payables	1,915
Deferred tax liabilities	304
Total liabilities classified as held for sale	10,820

8. PROFIT FOR THE YEAR

	2016	2015
	HK$'000	*HK$'000*
		(Restated)
Profit for the year from continuing operations is arrived at after charging:		
Auditor's remuneration	**1,100**	440
Depreciation of plant and equipment	**1,061**	480
Interest expenses (included in cost of services)	**25,937**	–
Minimum lease payment in respect of rental premises	**4,462**	2,150
Staff costs:		
Directors' and chief executive emoluments	**30,819**	21,583
Other staff costs		
– Salaries and other benefits	**23,861**	9,878
– Retirement benefits scheme contributions	**2,342**	547
– Share-based payments	**1,534**	–
	58,556	32,008

9. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2016, nor was any dividend been proposed since the end of the reporting period (2015: Nil).

10. EARNINGS PER SHARE

For continuing operations

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

	2016	2015
	HK$'000	*HK$'000*
Earnings figures are calculated as follows:		
Profit for the year attributable to the owners of the Company	**29,813**	3,448
Add: Loss for the year from discontinued operation	**27,365**	6,503
Earnings for the purpose of basic and diluted earnings per share from continuing operation	**57,178**	9,951

	2016	2015
	'000	*'000*
Number of shares		
Number of ordinary shares for the purpose of basic earnings per share	**11,919,198**	11,919,198
Number of ordinary shares for the purpose of diluted earnings per share	**11,919,198**	N/A

The computation of diluted earnings per share for the year ended 31 December 2016 does not assume the exercise of share options granted by the Company as the exercise price of those options was higher than the average market price for shares.

No diluted earnings per share was presented for the year ended 31 December 2015 as there were no potential ordinary shares in issue during the year ended 31 December 2015.

For continuing and discontinued operations

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

	2016	2015
	HK$'000	*HK$'000*
Earnings		
Earnings for the purpose of basic and diluted earnings per share (profit for the year attributable to owners of the company)	**29,813**	3,448

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

For discontinued operations

Basic and diluted loss per share for the discontinued operations is HK0.23 cents per share (2015: basic loss per share is HK0.05 cent per share), based on the loss for the year from the discontinued operations of HK$27,365,000 (2015: HK$6,503,000) and the denominators detailed above.

11. FINANCE LEASE RECEIVABLES/DEPOSITS RECEIVED FROM CUSTOMERS

	2016	2015
	HK$'000	*HK$'000*
Current finance lease receivables	**359,736**	–
Non-current finance lease receivables	**142,523**	–
	502,259	–

Leasing arrangements

Certain of the Group's storage equipment are leased out under finance leases. All leases are denominated in RMB. The average term of finance leases entered into is 4.5 years.

Amounts receivable under finance leases

	Minimum lease payments		Present value of lease payments	
	2016	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Not later than one year	**369,935**	–	**359,736**	–
Later than one year and not later than two years	**52,035**	–	**46,768**	–
Later than two years and not later than five years	**100,945**	–	**95,755**	–
	522,915	–	**502,259**	–
Less: unearned finance income	**(20,656)**	–	**N/A**	N/A
Present value of minimum lease payments receivable	**502,259**	–	**502,259**	–

The Group's finance leases receivable are denominated in RMB. The effective interest rates of the finance leases as at 31 December 2016 range from 4.28% to 7.05% per annum.

As at 31 December 2016, finance lease receivables amounting to RMB201,725,613 were guaranteed by related parties of customers and secured by leased assets, customers' deposits and pledged assets of a related party of a customer.

There was no unguaranteed residual value in connection with finance lease arrangements or contingent lease arrangements that needed to be recorded as at the end of the reporting period.

As at 31 December 2016, the finance lease receivables with carrying amounts of RMB230,349,530 were pledged as security for the Group's borrowings.

Deposits of HK$93,380,000 (2015: nil) have been received by the Group to secure certain finance lease receivables and classified into current or non-current liabilities based on the final lease instalment due date stipulated in the finance lease agreements. The deposits are non-interest bearing, carried effective interest rate at 4.75% per annum. In addition, the finance lease receivables are secured over the leased assets, mainly plant and machinery leased, as at 31 December 2016. The Group is not permitted to sell, or repledge the collateral of the finance lease receivables without consent from the lessee in the absence of default by the lessee.

Estimates of fair value of collateral are made during the credit approval process. These estimates of valuations are made at the inception of finance lease, and generally not updated except when the receivable is individually impaired. When a finance lease receivable is identified as impaired, the corresponding fair value of collateral of that receivable is updated by reference to market value such as recent transaction price of the assets. As at 31 December 2016, with the consent from the relevant lessees, certain of these assets have been repledged to secure borrowings of the Group

12. TRADE RECEIVABLES, SERVICE INCOME RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

The normal credit period given on service income is 0 – 5 days. The credit period relating to service income receivables provided to customers can be longer based on a number of factors including the customer's credit profile and relationship with the customers. The normal credit period given on the sale of goods relating to the Polishing Segment is 0 – 90 days.

The following is an aged analysis of trade receivables and service income receivables, net of allowance for bad and doubtful debts, presented based on the date of recognition of revenue for service income relating to service income receivables, or based on invoice dates for the sale of goods relating to the Polishing Segment at the end of the reporting period, which approximated the revenue recognition dates:

	2016	2015
	HK$'000	*HK$'000*
Trade and service income receivables		
0 – 30 days	**–**	9,558
31 – 60 days	**3,853**	4,935
61 – 90 days	**–**	5,394
91 – 180 days	**2,983**	6,636
181 – 365 days	**7,767**	–
Over 365 days	**10,782**	–
Trade and service income receivables	**25,385**	26,523
Less: Amount not receivable within one year shown under non-current asset	**(10,782)**	–
	14,603	26,523
Other receivables, deposits and prepayments	**6,863**	3,075
	21,466	29,598

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed regularly. The Group has policy for allowance of bad and doubtful debts which is based on an evaluation of the collectability and age analysis of accounts on every individual trade debtor basis and on management's judgment including creditworthiness and the past collection history of each customer.

As at 31 December 2016, the Group's trade and service income receivables are neither past due nor impaired. As at 31 December 2015, included in the Group's trade receivable balance were debtors with aggregate carrying amount of HK$6,636,000 which were past due for which the Group had not provided for impairment loss because they were either subsequently settled or there was no historical default of payments by the respective customers. The Group did not hold any collateral over these balances. The average age of these receivables was 150 days.

Ageing of trade receivables which are past due but not impaired

	2016	2015
	HK$'000	*HK$'000*
Within 30 days	**–**	6,636

Movement in the allowance for bad and doubtful debts

	2016	2015
	HK$'000	*HK$'000*
Balance at beginning of the year	**1,133**	1,133
Written off	**(1,133)**	–
Balance at end of the year	**–**	1,133

The following is the breakdown of other receivables, deposits and prepayments:

	2016	2015
	HK$'000	*HK$'000*
Prepayments	**1,549**	815
Deposits	**839**	615
Other receivables	**4,475**	1,645
	6,863	3,075

Other receivables are unsecured, interest-free and will be settled within twelve months after the end of reporting period. Deposits mainly represented trade deposits paid to third parties.

13. TRADE PAYABLES, SERVICE COST PAYABLES, AND OTHER PAYABLES AND ACCRUALS

	2016	2015
	HK$'000	*HK$'000*
Trade payables	**–**	5,254
Services cost payables	**28,383**	–
Accrual	**26,259**	14,482
VAT payables	**45**	–
Other payables	**12,281**	53,018
	66,968	72,754
Less: Amount not payable within one year shown under non-current liability	**(8,800)**	–
	58,168	72,754

Trade and other payables and accruals principally comprise amounts outstanding for trade purposes and ongoing costs.

Trade payables principally comprise amounts outstanding for trade purposes. The normal credit period taken for trade purchases is 0 – 90 days.

An aged analysis of the Group's trade payables and service cost payable, at the end of the reporting period presented based on the invoice dates is as follows:

	2016	2015
	HK$'000	*HK$'000*
0 – 30 days	**4,365**	3,398
31 – 60 days	**11,597**	927
61 – 90 days	**–**	890
91 – 180 days	**2,190**	39
181 – 365 days	**1,431**	–
Over 365 days	**8,800**	–
	28,383	5,254

Included in trade and other payables and accruals are the following amounts denominated in currencies other than the function currency of the relevant group entity to which they relate:

	2016	2015
	HK$'000	*HK$'000*
USD	**–**	66
Japanese Yen	**–**	4,045
Euro	**–**	958
RMB	**–**	98

14. SHARE CAPITAL

	Number of shares	**Share capital**
	'000	*HK$'000*
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 January 2015, 31 December 2015 and 31 December 2016	40,000,000	400,000
Issued and fully paid:		
At 1 January 2015, 31 December 2015 and 31 December 2016	11,919,198	119,192

15. OPERATING LEASE ARRANGEMENT

The Group as lessor

At the end of the reporting period, the Group had contracted with tenants for future minimum lease payments of HK$844,000 (2015: HK$143,000) within one year.

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2016	2015
	HK$'000	*HK$'000*
Within one year	**2,566**	1,686
In the second to fifth year inclusive	**5,014**	519
	7,580	2,205

Leases are negotiated for an average term of two years and rentals are fixed for an average of two years.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Upon completion of the acquisition of the entire issued share capital in China Ever Grand Capital Group Limited ("CEGCG") and completion of capital injection into Beijing Ever Grand International Finance Lease Co., Ltd. ("BEGIFL") on 7 January 2016, the Group owns 51.39% of the equity interest of BEGIFL which is principally engaged in provision of finance lease and related consultancy services in the PRC ("Financial leasing business").

On 17 November 2016, the Group entered into a disposal agreement to dispose the entire equity interest of Lucky Ride Investments Limited ("LRI"). The principal activities of LRI and its subsidiaries is manufacturing and trading of polishing materials and equipment ("Polishing segment"). The completion took place on 5 January 2017.

Accordingly, the Group has consolidated the result and financial position of the Financial leasing business for the year under review. Though completion of disposal of the Polishing segment took place after the end of reporting period, the Group has committed the disposal in the current year, and its profit or loss for current and prior years and its assets and liabilities as at the end of 2016 were classified as discontinued operation in accordance with HKFRS 5.

For the year under review, the Group regarded (i) Financial leasing business, (ii) Terminal and logistics services and (iii) Investment division as continuing operations and (iv) Polishing segment as discontinued operation.

As a result of the above changes, the continuing operations of the Group recorded revenue of HK$221.2 million in 2016 as compared with nil in 2015, gross profit of HK$72.5 million in 2016 against nil in 2015 and net profit of HK$79.2 million as compared to HK$10.0 million in 2015. The discontinued operation recorded a net loss of HK$27.4 million in 2016 as compared with HK$6.5 million in 2015.

For the year under review, the Financial leasing business has contributed a segment profit of HK$61.0 million (2015: nil since consolidation of its profit or loss upon the completion of the acquisition in early 2016. The Terminal and logistic service recorded a decrease in segment profit from HK$47.6 million in 2015 to HK$27.5 million in 2016. The decrease is mainly due to the sluggish shipping and import and export markets in the PRC as a result of the weak global macroeconomic environment in current year. The investment division recorded a significant improvement in segment profit from HK$9.1 million in 2015 to HK$44.8 million in 2016. It is primarily due to an overall gain of HK$43.3 million on a fair value gain upon conversion of all convertible bonds into shares and a loss on disposal of half of those shares. The Polishing segment, currently classified as discontinued operations, remained loss-marking at HK$27.4 million in 2016 as compared with HK$6.5 million in 2015. The expansion of loss is mainly due to an impairment loss of HK$19.2 million as a result of lower-than-net asset value consideration of HK$10.0 million in accordance with the disposal agreement on 17 November 2016.

After further considering the corporate expenses and one-off gains on disposal of subsidiaries and certain other income, the Group achieved a remarkable performance recording net profit attributable to owners of the Company of HK$29.8 million in 2016 against that of HK$3.4 million (restated) in 2015.

FINANCIAL REVIEW

Continuing Operations

Revenue and gross profit

During the year, the Group's revenue and gross profit, entirely derived from the Financial leasing business, represented HK$221.2 million and HK$72.5 million (2015: nil and nil (restated)) respectively. The revenue represents (i) service fee income for financing arrangement for the provision of finance lease and related consultation services and (ii) finance lease interest income generated from financial leasing. The cost of services mainly represents (i) service cost to banks and other non-bank financial institutions on various kinds of factoring and consultancy services and (ii) interest expenses on borrowing to banks and other non-bank financial institutions.

During the year, the Group entered into 21 finance lease transactions. The aggregate finance lease volume is approximately RMB6.1 billion or HK$7.1 billion. The main customer base primarily includes large corporations covering industries of energy resources, chemical, manufacturing, medical and urban infrastructure and public utility construction.

Other income, gains or losses

The breakdown of other income and gains or losses are set out as below:

		2016	2015
		HK$'000	*HK$'000*
			(restated)
Other income			
Interest income from loan receivables	*Note 1*	**4,544**	–
Interest income from banks and non-bank financial institutions		**1,934**	1,982
Interest income from convertible bonds designated as financial assets at FVTPL		**820**	1,600
Rental income		**691**	144
Government grants	*Note 2*	**13,080**	–
Sundry income		**2,764**	–
		23,833	3,726

	2016	2015
	HK$'000	*HK$'000*
		(restated)
Other gains and losses		
Change in fair value of held for trading investments	**(5,263)**	27,570
Net foreign exchange gains	**12**	–
Loss on disposal of plant and equipment	**(8)**	–
Realised gain on disposal of available-for-sale investments	**550**	–
Change in fair value of investment properties	**3,250**	–
	(1,459)	27,570

Note 1: the amount represents interest income arising from subscriptions of trust products in the PRC and money lending in Hong Kong.

Note2: the amount represents government subsidies from local finance bureau which are calculated by reference to the amount of tax paid and based on fulfilment of certain conditions in accordance with the rules and regulations issued by the local government.

Administrative expenses

The Group's administrative expenses for the year mainly included staff costs (including directors' and chief executive's emoluments) of HK$58.6 million (2015: HK$32.0 million (restated)), legal and professional and various other administrative expenses. The increase is primarily due to consolidation of staff costs and other administrative expenses of financial leasing business of HK$28.9 million in 2016.

Change in fair value of convertible bonds

A net fair value gain of convertible bonds designated as financial assets at FVTPL of HK$43.3 million in 2016 as compared with a fair value loss of HK$8.8 million (restated) in 2015 is mainly due to dramatic increase in the underlying stock price by more than a double during the period.

Gain on disposal of subsidiaries

A one-off gain on disposal of subsidiaries of HK$20.5 million was resulted from entering in sale and purchase agreement with several independent third parties to dispose of the entire share capital of several subsidiaries at aggregate consideration of approximately HK$2.1 million during the year.

Share of joint venture's result

Decrease in share of joint venture's result from a profit of HK$47.6 million (restated) in 2015 to a profit of HK27.5 million in 2016 was mainly due to the sluggish shipping and import and export markets in the PRC as a result of the weak global macroeconomic environment.

Income taxation

Income tax expense for the year mainly comprised of current tax payable of HK$16.5 primarily from the PRC and deferred tax charge on distributable profits of a PRC subsidiary, whereas income tax credit for the prior year mainly represented the overprovision of withholding tax payable and deferred tax liabilities in previous years.

Discontinued operation

During the year, the Polishing segment was struggling in low product demand and high cost profiles leading to decrease in revenue from HK$82.8 million in 2015 to HK$74.3 million in 2016 and increase in net loss from HK$6.5 million in 2015 to HK$27.4 million in 2016. The increase in net loss is also attributable to an impairment loss of HK$19.2 million as a result of lower-than-net asset value consideration of HK$10 million in accordance with the disposal agreement on 17 November 2016.

FINANCIAL POSITION

Increase in the total asset amount of the Group as at 31 December 2016 of HK$1,833.9 million as compared with HK$1,336.0 million as at 31 December 2015 is mainly due to significant increase in finance lease receivables of HK$502.3 million and goodwill relating to Financial leasing business of HK$103.4 million as a result of acquisition of Financial leasing business. Similarly, in the year of transforming the principal business from low-leveraged manufacturing to high-leveraged financial leasing business, the total liability amount increased from HK$127.7 million as at 31 December 2015 to HK$494.0 million as at 31 December 2016 as a result of increase in borrowings by HK$275.6 million and increase in deposits received from customers by HK$93.4 million. As such, the gearing ratios (measured as total liabilities over total asset) increased from 9.6% as at 31 December 2015 to 26.9% at 31 December 2016 and the current ratios (measured as total current assets over total current liabilities after excluding the assets and liabilities classified as held for sale) decreased from 5.1 as at 31 December 2015 to 2.4 as at 31 December 2016.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2016, the Group had bank balances, restricted bank deposit, deposits from non-bank financial institutions and cash of approximately HK$204.6 million (of which HK$105.6 million was pledged to the banks to secure bank borrowings granted to the Group for Financial leasing business (2015: nil)) as compared to HK$449.6 million as at 31 December 2015. As at 31 December 2016, the Group had bank and other borrowings amounting to HK$135.3 million (2015: HK$2.3million), HK$46.8 million (2015: nil) and HK$95.8 million (2015: nil) which are due within one year, one to two years and two to five years respectively.

For the year under review, the Group has financed its operations with facilities provided by banks and other non-bank financial institutions and internally generated cash flows.

FOREIGN EXCHANGE EXPOSURE

During the year ended 31 December 2016, the Group had no foreign currency sales and purchases.

During the year ended 31 December 2015, several subsidiaries of the Group had foreign currency sales and purchases which exposed the Group to foreign currency risk. Approximately 49% of the Group's sales and approximately 37% of the Group's purchases were denominated in currencies other than the functional currency of the group entities making the sale.

CHARGE OF ASSETS

As at 31 December 2016, the restricted bank deposit of HK$105.6 million (2015: nil) and the finance lease receivables of RMB230.3 million or HK$257.2 million (2015: nil) were pledged to the banks and other non-bank financial institutions for facilities granted to the Group.

As at 31 December 2016, the other loan, included in liabilities associated with assets as held for sale, of approximately HK$2.8 million (2015: HK$2.3 million) was secured by the life insurance policy for key management held by the Group.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 December 2016 and 2015.

CAPITAL COMMITMENTS

The Group had no material capital commitments as at 31 December 2016 and 2015.

PROSPECT

There were two important events occurred in the year 2016. On one side, the Group gained access to the financial leasing business in the PRC through the acquisition in CEGCG and the capital injection into BEGIFL in January 2016. On the other side, the Group entered into a disposal agreement on 17 November 2016 to dispose entire equity interest in persistently loss-making Polishing segment. The disposal was completed in January 2017. The Group turns over a new leaf as an enterprise with principal activities of financial leasing, logistic and terminal and investment.

In the backdrop of the slowdown of China economy and global political and economic uncertainties, the Group will continue facing difficult operating environment. On the other hand, as a result of the various stimulus policies implemented by the Chinese government, the economic growth will tend to be stable.

The finance lease business is a new alternative financing channel for the business in asset intensive industries in the PRC. It experienced a rapid growth over the past decade. The segment performance remained strong during the year and contributed segment profit of HK$61.0 million to the Group. Given relatively low penetration rate of financial leasing in the PRC as compared with developed countries, abundant opportunities for future industry development arising from improved regulation on government support and strong demand for financial leasing driven by industrial upgrade for manufacture of high-quality and innovative products, we believe the future industry will continue to grow. Coupled with leverage on local management team with extensive knowledge and network in the industry and adoption of effective and prudent risk management policies, the segment will bring positive contribution to the Group.

Due to the sluggish China import and export markets as a result of week global macroeconomic conditions, the performance of terminal and logistics services was adversely affected, with a significant decrease in segment profit from HK$47.6 million in 2015 to HK$27.5 million in 2016. The Group believes the favorable effect of recent depreciation of RMB will possibly stimulate the export activities in the PRC, the segment performance will slowly improve. Meantime, disposal of terminal and logistics services experiences delay since an additional time is required by the both contracting parties to fulfil the conditions (other than the approval from the shareholders as required under the Listing Rules for the disposal agreements and the transactions contemplated thereunder having been obtained by the Vendor) for the disposal agreements taking effect. Reference is made to the announcement of the Company dated 22 January 2015 in relation to the disposal, the announcements of the Company dated 29 April 2015, 30 October 2015 , 28 April 2016 and 28 October 2016 relating to the delay in despatch of the circular for the disposal.

The investment business segment continued to improve. Due to the unstable and complicated market conditions, the Group will continue to adopt a proven investment strategy towards the investment portfolio in a prudent manner.

The Group will face number of challenges in times of adversity. The management of the Group will embrace those challenges and will continue to optimise the business models in all Group's business segments, in particular emphasizing the development of the finance lease business newly acquired in this year. Meanwhile, the Group will look for new potential growth opportunities in a very diligent manner in order to sustain the growth and profitability and thus bringing higher value for our shareholders, business partners, all employees and the public over the long term.

SIGNIFICANT INVESTMENTS

At 31 December 2016, the Group held loan receivables of HK$69.1 million (2015: nil), available-for-sale investments of HK$22.3 million (2015: HK$2.0 million) and held for trading investments of approximately HK$113.0 (2015: HK$44.1 million).

During the year, the Group recorded loan interest income from loan receivables amounting to HK$4.5 million (2015: nil).

The available-for-sale investment of HK$22.3 million represents unlisted equity securities issued by private entities established in the PRC newly acquired during the year. As their fair value cannot be measured reliably, it is accounted for at cost.

With fair value loss of HK$5.3 million during the year (2015: a fair value gain of HK$27.6 million (restated)), the increase in held for trading investments of approximately HK$68.8 million was mainly due to remaining additional shares after conversion of all convertible bonds into shares and disposal of half of those shares.

During the year, the Group acquired an office premise, classified as investment property, in Hong Kong through acquisition of a subsidiary, Multi Kingdom Limited, subsequently changed the name to Multi Kingdom Investment Limited, at consideration of approximately HK$22.9 million in March 2016. Other than the investment properties, there are no significant assets and liabilities owned by this subsidiary at the date of completion of acquisition. The office was leased to a third party and generated rental income of approximately HK$0.7 million during the year.

MATERIAL ACQUISITION AND DISPOSALS

Following the acquisition of the entire issued share capital in CEGCG and capital injection into BEGIFL both took place on 7 January 2016, the Group owns 51.39% of the equity interest of BEGIFL which is principally engaged in Financial leasing business in the PRC and has become a non wholly-owned subsidiary of the Company. Further details of the acquisition are set out in the Company's announcements dated 21 July 2015, 26 October 2015 and 7 January 2016.

On 17 November 2016, one of the subsidiaries of the Group, Lucky Ride Investments Limited entered into a disposal agreement with Harmonic Lead Limited, for transferring the entire issued share capital of Teamcom Group Limited, the subsidiary of the Group which holds the polishing business, at a consideration of HK$10,000,000. Further details of the disposal are set out in the Company's announcements dated 17 November 2016 and 9 January 2017.

During the year, the Group entered into sale and purchase agreements with several independent third parties to dispose of the entire share capital of several of its subsidiaries at total cash considerations of approximately HK$2.1 million.

EMPLOYEE AND REMUNERATION

As at 31 December 2016, the Group had approximately 75 (2015: 42) employees (excluding employees of the Company's joint ventures) in Hong Kong and the PRC. The employees are remunerated with basic salary, bonus and other benefits in kind with reference to industry practice and their individual performance.

A new share option scheme was adopted on 29 July 2016. As at 31 December 2016, a total number of 145,500,000 share options were granted to the eligible employees, including directors of the Company. Details of the share options granted are set out in the announcement of the Company dated 8 December 2016.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

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

CLOSURE OF REGISTER OF MEMBERS

For the purposes of ascertaining shareholders' entitlement to attend and vote at the coming annual general meeting, the register of members of the Company will be closed from 26 May 2017 to 1 June 2017 (both days inclusive), during such period no transfer of shares in the Company will be effected. In order to qualify for entitlement to attend and vote at the forthcoming annual general meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Company Hong Kong Branch Share Registrar, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m., 25 May 2017.

CORPORATE GOVERNANCE PRACTICE

The Board considers that good corporate governance of the Company is crucial to safeguarding the interests of the shareholders and enhancing the performance of the Group. The Board is committed to maintain and ensure high standards of corporate governance. The Company has applied the principles and complied with all the applicable code provisions of the Corporate Governance Code ("CG Code") as set out in Appendix 14 of the Listing Rules for the year ended 31 December 2016, except for the following deviations:

Code Provision A.2.7

During 2016, the Chairman did not hold any formal meeting with independent non-executive directors without the presence of executive directors (as provided under code provision A.2.7 of the CG Code) due to the tight schedule of the Chairman and independent non-executive directors. Nevertheless, the Board continues to maintain a culture of openness and constructive relations between executive and non-executive Directors (including independent non-executive directors). In the absence of the Chairman, the CEO is in the position to facilitate the effective contribution of non-executive directors, and ensure their views are communicated and heard by the Board.

Code Provision A.6.7

Under Code Provision A.6.7 of the CG Code, the non-executive directors and independent non– executive directors should attend the annual general meetings of the Company. Ms. Yeung Sau Han Agnes and Mr. Cheng Kwok Woo, both are non-executive directors of the Company were unable to attend the annual general meeting of the Company held on 15 June 2016 due to their other business commitments.

Code Provision B.1.2

The terms of reference of the Remuneration Committee exclude review of and making recommendations to the Board in relation to senior management remuneration as in the Board's opinion, it was more appropriate for the executive directors to perform these duties.

Code Provision E.1.2

Under Code Provision E.1.2 of the CG Code, the Chairman of the Board should attend the annual general meeting. Mr. Wong Lik Ping, Chairman of the Board was unable to attend the annual general meeting of the Company held on 15 June 2016 due to his other important commitment.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules as its code of conduct for dealings in securities of the Company by the directors. On specific enquires made, all directors of the Company confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2016.

AUDIT COMMITTEE REVIEW

The Company has an audit committee which was established in accordance with the requirements of the CG code, for the purposes of reviewing and providing supervision over the financial reporting process and internal controls of the Group. The audit committee comprises 3 independent non-executive directors of the Company. The audit committee has adopted terms of reference which are in line with the CG Code. The Group's consolidated financial statements for the year ended 31 December 2016 have been reviewed and approved by the audit committee.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises (1) Mr. Wong Lik Ping, Mr. Lai Ka Fai, Mr. Tao Ke and Mr. Qiao Weibing as Executive Directors; (2) Mr. Cheng Kwok Woo and Ms. Yeung Sau Han Agnes as Non-Executive Directors; and (3) Mr. Goh Choo Hwee, Mr. Ho Hin Yip and Mr. U Keng Tin as Independent Non-Executive Directors.

On behalf of the Board
China Ever Grand Financial Leasing Group Co., Ltd.
Wong Lik Ping
Chairman

Hong Kong, 21 March 2017