CENERIC (HOLDINGS) LIMITED
新嶺域（集團）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 542)

2016 FINAL RESULTS ANNOUNCEMENT

The Board of Directors (the "Board") of Ceneric (Holdings) Limited (the "Company") hereby announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2016 together with the comparative figures for the year 2015 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2016

	Note	2016 HK$'000	2015 HK$'000 (Restated)
CONTINUING OPERATIONS			
REVENUE	6	**88,535**	92,493
Cost of sales	8	**(9,093)**	(8,316)
Gross profit		**79,442**	84,177
Other income	7	**24,676**	22,101
Selling expenses		**(445)**	(436)
Administrative expenses		**(129,021)**	(117,901)
Impairment of property, plant and equipment	8	**(245,062)**	–
Impairment of licensing rights	8	**(41,699)**	–
Impairment of trade receivables	8	**(73,153)**	–
Impairment of loan receivables	8	**(19,000)**	–
Finance costs	8	**(60,655)**	(41,139)
LOSS BEFORE TAX	8	**(464,917)**	(53,198)
Income tax credit	9	**70,294**	6,264
Loss for the year from continuing operations		**(394,623)**	(46,934)
DISCONTINUED OPERATIONS			
Loss for the year from discontinued operations	10	**(5,782)**	(5,858)
LOSS FOR THE YEAR		**(400,405)**	(52,792)
Attributable to:			
Owners of the Company			
Loss for the year from continuing operations		**(393,116)**	(43,633)
Loss for the year from discontinued operations		**(5,782)**	(5,858)
Non-controlling interests			
Loss for the year from continuing operations		**(1,507)**	(3,301)
		(400,405)	(52,792)
LOSS PER SHARE			
From continuing and discontinued operations			
— Basic	11	**HK(7.02) cents**	HK(2.56) cents
— Diluted		**HK(7.27) cents**	HK(2.56) cents
From continuing operations			
— Basic		**HK(6.92) cents**	HK(2.26) cents
— Diluted		**HK(7.16) cents**	HK(2.26) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2016

	2016 HK$'000	2015 HK$'000
Loss for the year	**(400,405)**	(52,792)
OTHER COMPREHENSIVE INCOME:		
Items that may be subsequently reclassified to profit or loss:		
Changes in fair value of available-for-sale financial assets	**–**	(11,532)
Exchange differences arising on translation of foreign operations	**5,374**	(2,668)
Other comprehensive income/(loss) for the year, net of tax	**5,374**	(14,200)
Total comprehensive loss for the year	**(395,031)**	(66,992)
Attributable to:		
Owners of the Company		
Loss for the year from continuing operations	**(387,742)**	(57,833)
Loss for the year from discontinued operations	**(5,782)**	(5,858)
Non-controlling interests		
Loss for the year from continuing operations	**(1,507)**	(3,301)
	(395,031)	(66,992)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As 31 December 2016

	Note	2016 HK$'000	2015 HK$'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment		**446,322**	770,175
Prepaid land lease payments		**58,545**	61,315
Licensing rights		**29,601**	79,531
Pledged bank balances		**1,268**	1,377
Deferred tax assets	*12*	**11,533**	11,456
TOTAL NON-CURRENT ASSETS		**547,269**	923,854
CURRENT ASSETS			
Properties held for sale under development		**63,735**	67,687
Properties held for sale		**7,235**	8,156
Inventories		**47**	309
Trade receivables	*13*	**69**	22,892
Loan receivable	*14*	**–**	–
Prepayments, deposits and other receivables		**25,005**	13,357
Cash and cash equivalents		**60,123**	51,464
		156,214	163,865
Assets of a disposal group classified as held for sale	*10*	**6,218**	4,880
TOTAL CURRENT ASSETS		**162,432**	168,745
TOTAL ASSETS		**709,701**	1,092,599
CURRENT LIABILITIES			
Trade payables, other payables and accruals	*15*	**31,443**	35,384
Finance lease payables		**38**	45
Loan and borrowings — due within one year	*16*	**85,963**	3,582
Other borrowing		**–**	–
		117,444	39,011
Liabilities directly associated with the assets classified as held for sale	*10*	**17,839**	10,738
TOTAL CURRENT LIABILITIES		**135,283**	49,749
NET CURRENT ASSETS		**27,149**	118,996

	Note	2016 *HK$'000*	2015 *HK$'000* (Restated)
NON-CURRENT LIABILITIES			
Loan and borrowings — due after one year	*16*	**–**	91,938
Bonds	*17*	**–**	270,574
Deferred tax liabilities	*12*	**35,253**	104,745
TOTAL NON-CURRENT LIABILITIES		**35,253**	467,257
NET ASSETS		**539,165**	575,593
Share capital	*18*	**56,816**	19,316
Reserves		**423,052**	492,141
Equity attributable to owners of the Company		**479,868**	511,457
Non-controlling interests		**59,297**	64,136
TOTAL EQUITY		**539,165**	575,593

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Ceneric (Holdings) Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The registered office and principal place of business of the Company are Whitehall House, 238 North Church Street, George Town, Grand Cayman, Cayman Islands and 7/F., Guangdong Finance Building, 88 Connaught Road West, Sheung Wan, Hong Kong respectively. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

During the year, the Group's activities mainly comprised properties development and hotel business in the People's Republic of China.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange. They have been prepared under the historical cost convention except for certain financial assets which have been measured at fair value. These consolidated financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following amendments to HKFRSs issued by the HKICPA for the first time in the current year:

Amendments to HKFRS 11	*Accounting for Acquisition 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 HKFRS 10, HKFRS 12 and HKAS 28	*Investment Entities: Applying the Consolidation Exception*
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2012–2014 Cycle*

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.

4. ISSUED BUT NOT YET EFFECTIVE HKFRSs

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

HKFRS 9	*Financial Instruments*[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	*Applying 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 Associate or 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 on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 January 2017.

The directors of the Company do not anticipate that the application of the new and revised HKFRSs will have a material impact on the Group's consolidated financial statements.

5. OPERATING SEGMENT INFORMATION

For management purposes, the Group identifies reportable segments, on the basis of the products and services, for internal reports about components of the Group that are regularly reviewed by the chief operation decision makers for the purpose of allocating resources to segments and assessing their performances. There are three reportable operating segments identified as follows:

(a) The property development segment comprises the development and sales of properties;

(b) The hotel business segment comprises the sub-licensing rights to hotel operators and certain hotel management activities; and

(c) The corporate and other businesses segment includes general corporate expense items.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment results represent the profit or loss earned before tax from continuing operations before taking into account interest income from bank deposits, unallocated other income, unallocated corporate expenses (including central administration costs and directors' remuneration) and finance costs. This is the measure reported to the chief operation decision makers and the board of directors for the purposes of resource allocation and performance assessment.

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment:

	For the year ended 31 December									
	Property Development		Hotel Business		Corporate and other Business		Elimination		Total	
	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*
		(Restated)		(Restated)		(Restated)		(Restated)		(Restated)
Segment revenue:										
Sales to external customers	**2,324**	1,232	**86,211**	91,261	**–**	–	**–**	–	**88,535**	92,493
Other income	**1,599**	908	**1,245**	1,880	**4,878**	4	**–**	–	**7,722**	2,792
Total segment revenue	**3,923**	2,140	**87,456**	93,141	**4,878**	4	**–**	–	**96,257**	95,285
Amortisation of licensing rights	**–**	–	**(7,612)**	(7,666)	**–**	–	**–**	–	**(7,612)**	(7,666)
Depreciation of property, plant and equipment	**(442)**	(483)	**(67,034)**	(74,208)	**(239)**	(414)	**–**	–	**(67,715)**	(75,105)
Amortisation of prepaid land lease payments	**(70)**	(74)	**(1,909)**	(1,927)	**–**	–	**–**	–	**(1,979)**	(2,001)
Impairment of property, plant and equipment	**–**	–	**(245,062)**	–	**–**	–	**–**	–	**(245,062)**	–
Impairment of licensing rights	**–**	–	**(41,699)**	–	**–**	–	**–**	–	**(41,699)**	–
Impairment of trade receivables	**–**	–	**(73,153)**	–	**–**	–	**–**	–	**(73,153)**	–
Impairment of loan receivables	**–**	–	**–**	–	**(19,000)**	–	**–**	–	**(19,000)**	–
Segment results	**(3,211)**	(7,072)	**(365,861)**	(475)	**(34,057)**	(6,050)	**–**	–	**(403,129)**	(13,597)
Reconciliation:										
Unallocated expenses									**(18,087)**	(17,771)
									(421,216)	(31,368)
Interest income									**504**	875
Loan interest income									**1,126**	–
Gain on assignment of debts									**8,765**	–
Gain on bargain purchase									**744**	–
Gain on disposal of available for sale, financial assets									**–**	16,327
Gain on disposal of subsidiaries									**5,815**	2,107
Finance costs (see Note 8)									**(60,655)**	(41,139)
Loss before tax from continuing operations									**(464,917)**	(53,198)

Geographical information

The Group operates in two main geographical areas — Hong Kong and the People's Republic of China (excluding Hong Kong) (the "PRC").

	31 December 2016	31 December 2015
	HK$'000	*HK$'000*
Continuing operations		
REVENUE		
— Hong Kong	**–**	–
— PRC	**88,535**	92,493
	88,535	92,493
Continuing operations		
NON-CURRENT ASSETS		
— Hong Kong	**–**	211
— PRC	**534,429**	910,765
— Other countries	**39**	45
	534,468	911,021

The non-current asset information above is based on the locations of the assets and excludes financial instruments, pledged bank balances and deferred tax assets.

Information about a major customer

Sales to external customers of approximately HK$63,873,000 (2015: HK$67,675,000) was derived from hotel business segment from a single customer.

6. REVENUE

Revenue represents income from sub-licensing of operating rights, and proceeds from the sales of properties held for sale and services rendered to external customers during the year.

	2016	2015
	HK$'000	*HK$'000*
Continuing operations		
Licensing income	**86,211**	91,261
Sales of properties held for sale and rendering of services	**2,324**	1,232
	88,535	92,493

7. OTHER INCOME

	2016	2015
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Bank interest income	**504**	875
Loan interest income	**1,126**	–
Gain on assignment of debts	**8,765**	–
Gain on bargain purchase	**744**	–
Gain on disposal of available for sale financial assets	**–**	16,327
Gain on disposal of subsidiaries	**5,815**	2,107
Rental Income	**1,243**	1,311
Others	**6,479**	1,481
	24,676	22,101

8. (LOSS)/PROFIT BEFORE TAX

The Group's loss before tax from continuing operations is arrived at after charging/(crediting):

	2016	2015
	HK$'000	*HK$'000*
		(Restated)
Cost of sales		
Cost of inventories sold	**1,070**	610
Cost of properties sold	**410**	40
Amortisation of licensing rights	**7,613**	7,666
	9,093	8,316
Depreciation	**67,706**	75,105
Amortisation of prepaid land lease payments	**1,979**	2,001
Impairment of property, plant and equipment	**245,062**	–
Impairment of licensing rights	**41,699**	–
Impairment of trade receivables	**73,153**	–
Impairment of loan receivables	**19,000**	–
Minimum lease payments under operating lease in respect of land and building	**2,370**	3,148
External auditors' remuneration		
— Audit services — for current year	**526**	630
— Audit services — under provision for previous year	**–**	200
— Taxation services	**–**	–
Employee benefit expenses (including directors' remuneration)		
— Wages and salaries	**13,759**	13,313
— Retirement benefits scheme contributions	**663**	861
Interest Income		
Bank interest income	**(504)**	(875)
Other interest income	**–**	–
	(504)	(875)
Finance costs		
Interest on loan and borrowings	**5,608**	10,646
Interest on other borrowings	**–**	49
Interest on bonds	**621**	11,375
Amortisation of bonds, at amortised cost	**54,426**	19,069
	60,655	41,139
Gain on assignment of debts	**(8,765)**	–
Gain on bargain purchase	**(744)**	–
Gain on disposal of available for sale financial assets	**–**	(16,327)
Gain on disposal of subsidiaries	**(5,815)**	(2,107)

9. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits arising in Hong Kong during the year under review. Subsidiaries in the PRC are subject to PRC Enterprise Income Tax at 25% (2015: 25%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries (or jurisdictions) in which the Group operates.

	2016	2015
	HK$'000	*HK$'000*
Continuing Operations		
Current tax:		
Hong Kong	**–**	–
PRC	**–**	–
	–	–
Adjustment for prior year over-provision	**–**	(521)
Deferred tax	**(70,294)**	(5,743)
Income tax credit	**(70,294)**	(6,264)

10. DISCONTINUED OPERATIONS

On 27 September 2016, one of the directly wholly-owned subsidiaries of the Company entered into a Sale and Purchase Agreement ("SPA") with an independent third party to dispose (i) 90% of the issued share capital of its indirectly wholly-owned subsidiaries, part of which are companies licensed under the Securities and Futures Ordinance (the "SFO") to carry on certain regulated activities, and (ii) shareholder's loan (the "Disposal").

The profit from discontinued operations for the year ended 31 December 2016 and 2015 are analysed as follows:

	2016	2015
	HK$'000	*HK$'000*
Other income	**18,253**	–
Administrative expenses	**(23,626)**	(5,707)
Finance costs	**(409)**	(151)
Loss before tax	**(5,782)**	(5,858)
Income tax expense	**–**	–
Loss for the year from discontinued operations	**(5,782)**	(5,858)
Attributable to:		
Owners of the Company	**(5,782)**	(5,858)
Non-controlling interests	**–**	–
	(5,782)	(5,858)

The cash flows from discontinued operations for the year ended 31 December 2016 and 2015 are analysed as follows:

	2016	2015
	HK$'000	*HK$'000*
Net cash from operating activities	**7,514**	406
Net cash used in investing activities	**(112)**	(1,764)
Net cash (used in)/generated from financing activities	**(3,980)**	3,849
Net cash inflows	**3,422**	2,491

The statement of financial position of the discontinued operations as at 31 December 2016 and 2015 are as follows:

	2016	2015
	HK$'000	*HK$'000*
NON-CURRENT ASSETS		
Property, plant and equipment	**103**	–
CURRENT ASSETS		
Other receivables	**202**	2,389
Cash and cash equivalents	**5,913**	2,491
TOTAL CURRENT ASSETS	**6,115**	4,880
TOTAL ASSETS	**6,218**	4,880
CURRENT LIABILITIES		
Other payables and accruals	**17,839**	6,738
Other borrowings	**–**	4,000
	17,839	10,738
NET CURRENT LIABILITIES	**(11,724)**	(5,858)
NET LIABILITIES	**(11,621)**	(5,858)
Share capital	**20**	–
Reserves	**(11,641)**	(5,858)
TOTAL EQUITY	**(11,621)**	(5,858)

11. LOSS PER SHARE

The calculation of basic and diluted loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 5,486,965,909 (2015: 1,931,638,040) in issue during the year.

12. DEFERRED TAX ASSETS AND LIABILITIES

As at 31 December 2016 and 2015, the Group's deferred tax assets and liabilities shown in the consolidated statement of financial position are as follows:

	At 31 December 2016 HK$'000	At 31 December 2015 HK$'000
Deferred tax assets	**11,533**	11,456
Deferred tax (liabilities)	**(32,253)**	(104,745)

The movements in deferred tax assets/(liabilities) for the year ended 31 December 2016 were as follows:

Deferred tax assets and liabilities

	Deferred tax assets Bad debt provision HK$'000	Deferred tax assets Tax losses HK$'000	Deferred tax liabilities Accelerated tax depreciation HK$'000	Total HK$'000
At 1 January 2016	–	11,456	(104,745)	(93,289)
(Charged)/credited to profit or loss	–	802	69,492	70,294
Exchange realignment	–	(725)	–	(725)
At 31 December 2016	–	11,533	(35,253)	(23,720)

Deferred tax assets are recognized for tax losses carry-forward to the extent that the realization of the related benefit through the future taxable profits is probable.

13. TRADE RECEIVABLES

	At 31 December 2016 HK$'000	At 31 December 2015 HK$'000
Trade receivables	**73,204**	22,892
Impairment	**(73,135)**	–
	69	22,892

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	At 31 December 2016 *HK$'000*	At 31 December 2015 *HK$'000*
Within 1 month	**69**	6,717
1–3 months	**–**	16,175
4–12 months	**–**	–
Over 1 year	**–**	–
	69	22,892

The movement in provision for impairment of trade receivables are as follows:

	At 31 December 2016 *HK$'000*	At 31 December 2015 *HK$'000*
Impairment loss recognized *(Note)*	**73,135**	–

Note: During 2016, the hotel operating rights holders defaulted in their payment of fixed monthly fee and royalty fee. The Group repeatedly made requests and demand from the hotel operating rights holders to settle all monies outstanding. On 14 March 2017, the Group instituted legal actions against the hotel operating rights holders to claim damages and other costs suffered by the Group. Accordingly, the Group has made impairment of trade receivables due to uncertainties about recoverability underlying the claims. (also see Note 23)

14. LOAN RECEIVABLES

	At 31 December 2016 *HK$'000*	At 31 December 2015 *HK$'000*
Loan receivables	**19,000**	–
Impairment	**(19,000)**	–
	–	–

15. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	At 31 December 2016 HK$'000	At 31 December 2015 HK$'000
Trade payables	**–**	–
Amount received in advance for the sales of properties held for sale	**1,046**	–
Other payables and accruals	**30,397**	35,384
	31,443	35,384

16. LOAN AND BORROWINGS

	At 31 December 2016 HK$'000	At 31 December 2015 HK$'000
Within 1 year	**85,963**	3,582
After 1 year but within 2 years	**–**	91,938
After 2 years but within 5 years	**–**	–
	85,963	95,520

At 31 December 2016, loan and borrowings lent by a financial institution to a subsidiary of the Group were secured by the leasehold land and buildings located in Maoming City, the PRC.

17. BONDS

	At 31 December 2016 HK$'000	At 31 December 2015 HK$'000
Unsecured bonds, at amortised cost		
First tranche, issued on 14 April 2014	**–**	126,099
Second tranche, issued on 21 May 2014	**–**	144,475
	–	270,574

All the bonds were retired on 20 January 2016.

18. SHARE CAPITAL

	At 31 December 2016 *HK$'000*	At 31 December 2015 *HK$'000*
Authorised:		
100,000,000,000 (31 December 2015: 100,000,000,000) ordinary shares of HK$0.01 (31 December 2015: HK$0.01) each	**1,000,000**	1,000,000
Issued and fully paid:		
5,681,638,040 (31 December 2015: 1,931,638,040) ordinary shares of HK$0.01 (31 December 2015: HK$0.01) each	**56,816**	19,316

The Company has completed a placing of shares on 20 January 2016. Accordingly, the number of issued and paid up shares of the Company has been increased to 5,681,638,040 shares.

19. CAPITAL COMMITMENTS

The Group did not have any significant capital commitments as at 31 December 2016 (31 December 2015: Nil).

20. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases part of its property in Maoming City, the PRC under a non-cancellable operating lease agreement, with lease terms for five years. The lease agreement requires the tenant to pay security deposit of the lease.

At 31 December 2016, the Group had total future minimum lease receivables falling due as follows:

	At 31 December 2016 *HK$'000*	At 31 December 2015 *HK$'000*
Continuing operations		
Within one year	**384**	1,140
In the second to fifth years, inclusive	**–**	411
	384	1,551

(b) As lessee

The Group leases certain of its office properties under operating lease commitments. Leases for properties are negotiated for terms ranging from one to five years. None of the leases includes contingent rentals.

Minimum lease payments under operating leases during the period:

	At 31 December 2016 *HK$'000*	At 31 December 2015 *HK$'000*
Continuing operations		
Office premises	**2,370**	3,148

At 31 December 2016, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	At 31 December 2016 *HK$'000*	At 31 December 2015 *HK$'000*
Continuing operations		
Within one year	**678**	3,598
In the second to fifth years, inclusive	**196**	2,341
	874	5,939
Discontinued operations		
Within one year	**377**	–
In the second to fifth years, inclusive	**–**	–
	1,251	5,939

21. CONTINGENT LIABILITIES

As at 31 December 2016, the Group had contingent liabilities amounting to HK$958,000 (31 December 2015: HK$761,000) in respect of the buy-back guarantee in favor of banks to secure mortgage loans facilities granted to the purchasers of the Group's properties held for sales.

The directors consider that in case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore no provision has been made in the accounts for the guarantees.

22. DIVIDEND

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

23. EVENTS AFTER THE REPORTING DATE

On 1 March 2017 and 2 March 2017, the hotel operating rights holders issued two respective notices to terminate the hotel operating rights agreements with the Group and return the operating rights to the Group. On 14 March 2017, the Group issued two respective writ of summons with endorsement of claims against the hotel operating rights holders in relation to claiming an aggregate sum of approximately RMB75.9 million as damages suffered by the Group as a result of the breach of the hotel operating rights agreements by the hotel operating rights holders. The Group in the writ of summons claimed against hotel operating rights holders for: (i) damages for the breach of the hotel operating rights agreements, (ii) interest on any sums or damages payable, (iii) costs, and (iv) further or other relief. Outcomes of the claims are pending for the development of the aforementioned proceedings. The Group has made impairment of trade receivables due to uncertainties about recoverability underlying the claims. The Group has selected new hotel operating rights holders and granted the same the rights to operate and manage the Hotel under new hotel operating rights agreements, whereby the Group will be entitled to an aggregated fixed monthly fee of RMB 1 million plus a royalty fee calculated on the basis of 10% of the net profit generated by the Hotel each month. The new operating rights agreements were effective from 15 March 2017, the terms of which were arrived at after arm's length negotiations amongst the Group and the new hotel operating rights holders taking into consideration the recent changes in the present business and economic environment, and market condition in which the Hotel operates.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the year ended 31 December 2016, the Group's revenue amounted to HK$88.5 million, compared to HK$92.5 million for 2015. The Group recorded a loss before tax of HK$470.7 million, compared to the loss of HK$59.1 million for 2015. Such loss is, among other things, mainly attributable to (i) the one-off amortisation of the two trenches of bonds upon redemption in January 2016, (ii) the amortisation and depreciation of leasehold land and property, plant and equipment which collectively shared significant amount of the Group's total expenses, (iii) the impairment of trade receivables owing by hotel operating rights holders, and (iv) impairment of value of the property, plant and equipment and the licensing rights of the Group.

The Group's consolidated loss attributable to the owners of the Company for 2016 amounted to HK$398.9 million, compared to the loss of HK$49.5 million for 2015.

Property Development Segment

In 2016, sales of the property development segment amounted to HK$2.3 million, compared to HK$1.2 million for 2015. Loss of the segment for 2016 was HK$3.2 million, compared to the loss of HK$7.1 million for 2015.

As at 31 December 2016, approximately 99.9% of residential units of Morning Star Villa ("MSV") and approximately 98.1% of all residential and commercial units of Morning Star Plaza ("MSP") were sold.

The Group continues focusing on the sale of completed unsold properties.

Hotel Business Segment

In 2016, the hotel business segment recorded revenue from the sub-licensing of operating right amounting to HK$86.2 million, compared to HK$91.3 million for 2015. Loss of the segment amounted to HK$365.9 million for 2016, compared to a loss of HK$0.5 million for 2015. The loss is mainly attributable to the impairment of trade receivables and impairment of property, plant and equipment and licensing rights.

Geographical Segment

During the year, the Group did not have revenue generated from Hong Kong, and the revenue generated from elsewhere in the PRC mainly related to hotel business and property development.

Disposal of subsidiaries

On 27 September 2016, one of the directly wholly-owned subsidiaries of the Company entered into a Sale and Purchase Agreement ("SPA") with an independent third party to dispose (i) 90% of the issued share capital of its indirectly wholly-owned subsidiaries which include certain companies licensed under the Securities and Futures Ordinance (the "SFO") to carry on certain regulated activities, and (ii) shareholder's loan (the "Disposal") subject to the approval of the Securities and Futures Commission (the "SFC"). Consideration of the Disposal is HK$26,100,000. At 31 December 2016, the completion of the Disposal is pending for the approval of the SFC.

REVIEW OF FINANCIAL POSITION

Overview

Non-current assets of the Group as at 31 December 2016, consisting mainly of property, plant and equipment, prepaid land lease payment, and licensing rights amounted to HK$547.3 million, compared to HK$923.9 million as at 31 December 2015. Current assets of as at 31 December 2016 amounted to HK$162.4 million, compared to HK$168.7 million as at 31 December 2015. Current liabilities as at 31 December 2016 amounted to HK$135.3 million, compared to HK$49.7 million as at 31 December 2015. Non-current liabilities as at 31 December 2016 amounted to HK35.3 million, compared to HK$467.3 million as at 31 December 2015.

Capital Structure, Liquidity and Financial Resources

As at 31 December 2016, the Group's total interest bearing borrowings amounted to HK$86.0 million (31 December 2015: HK$366.1 million). The borrowings mainly comprised borrowings from a financial institution of HK$86.0 million. As at 31 December 2016, the Group's available banking facilities not utilised is nil (31 December 2015: nil).

The Group's total equity as at 31 December 2016 was HK$539.2 million (31 December 2015: HK$575.6 million).

The Group's gearing ratio as at 31 December 2016 was 16.0% (31 December 2015: 63.6%). The gearing ratio was calculated on the basis of total interest bearing borrowings over the total equity of the Group.

As part of treasury management, the Group centralises funding for all of its operations at the Group level. The Group's foreign currency exposure relates mainly to Renminbi, which is derived from its hotel business and the sales of property units in Zhongshan, the PRC.

Capital Commitments

The Group did not have any capital commitments as at 31 December 2016 (31 December 2015: nil).

Contingent Liabilities

As at 31 December 2016, the Group had contingent liabilities amounting to HK$1.0 million (31 December 2015: HK$0.8 million). The contingent liabilities were mainly in respect of buy-back guarantees in favour of banks to secure mortgage loans granted to the purchasers of the properties developed by MSV and MSP. The Board considered that the fair value of such guarantees were insignificant.

Charges on Group Assets

As at 31 December 2016, part of the Group's leasehold land and buildings with a carrying value of HK$478.2 million (31 December 2015: HK$772.6 million) had been pledged to a financial institution to secure mortgage loans. In addition, non-current bank balances of HK$1.3 million (31 December 2015: HK$1.4 million) were pledged to banks to secure mortgage loan facilities granted to purchasers of the Group's properties held for sale. They also serve to secure the issuance of a bank guarantee in favour of a landlord under an operating lease.

Fund Raising Activities

On 20 January 2016, the Company completed a placing of shares up to 3,750,000,000 new shares of the Company ("Placing Share") at a placing price of HK$0.10 per Placing Share. The net proceeds from the placing of shares had been applied to repay the Bonds of the Group and the remaining cash was left for the Group's general working capital.

STAFF ANALYSIS

The total number of staff employed by the Group as at 31 December 2016 was 68, compared to 79 as at 31 December 2015. As part of the Group's human resources policy, employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus scale. Currently, the Group continues to implement its overall human resource training and development programme and to equip its employees with the necessary knowledge, skills and experience to deal with the existing and future requirements and challenges.

OUTLOOK

Outlook and Plan

The Group will continuously engage in hotel business in spite of the recent default payment of licensing fee by the former hotel operating rights holders. Subsequent to the change of hotel operating rights holders and formation of new hotel operating rights agreements, the licensing income from hotel business will be expected to share a significant portion of revenue income of the Group. The management will exercise more stringent supervision over the operations of the hotel under the new hotel operating rights agreements. In the coming years, the management will continue exploring new investment opportunities to maximise returns to the Company and its shareholders along with the focusing on streamlining operations and cost control.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the year ended 31 December 2016, the Company has applied the principles of, and complied with, the applicable code provisions of the Corporate Governance Code and Corporate Governance Report ("CG Code") as set out in Appendix 14 of the Listing Rules, except for certain deviations which are summarized below:

(1) Code Provisions A.2.1 to A.2.9

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

Code provisions A.2.2 to A.2.9 of the CG Code further stipulate various roles and responsibilities of the chairman.

The Company does not have a Chairman of the Board at present. It is the Board's intention to appoint the Chairman of the Board as soon as a suitable and appropriate candidate is identified.

(2) Code Provisions A.6.7

Code Provision A.6.7 stipulates that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders.

Due to other business engagements, some Non-Executive Directors could not attend the annual general meeting of the Company held on 27 May 2016. However, at this general meeting of the Company, there were Executive Directors and Independent Non-Executive Directors present to enable the Board to develop a balanced understand of the views of the Shareholders.

(3) Code Provision E.1.2

Code Provision E.1.2 of the CG Code stipulates that the chairman of the board should attend the annual general meeting. He should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In their absence, he should invite another member of the committee or failing this his duly appointed delegate to attend. These persons should be available to answer questions at the annual general meeting.

The Company does not have a Chairman of the Board at present. It is the Board's intention to appoint the Chairman of the Board as soon as the suitable and appropriate candidate is identified. As such, no Chairman of the Board was able to attend the annual general meeting of the Company held on 27 May 2016. However, Mr. CHENG Wai Lam, James (resigned on 18 November 2016), an Executive Director of the Company, took the chair of that meeting and Chairman of Audit Committee, Remuneration Committee and Nomination Committee was present thereat to be available to answer any question to ensure effective communication with the Shareholders.

Further information on the Company's corporate governance practices during the year under review will be set out in the Corporate Governance Report to be contained in the Company's 2016 Annual Report which will be sent to the Shareholders at the end of April 2017.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the Directors of the Company. Having made specific enquiry to the Directors, all the Directors confirmed that they had complied with the required standards as set out in the Model Code during year ended 31 December 2016.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31 December 2016, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including a review of the audited financial statements for the year ended 31 December 2016 with the Company's auditors. The Audit Committee constituted three Independent Non-Executive Directors.

DISCLOSURE OF INFORMATION OF THE STOCK EXCHANGE'S WEBSITE

The annual report of the Group for the year ended 31 December 2016 containing the relevant information required by the Listing Rules will subsequently be published on the Stock Exchange's website in due course.

By order of the Board
Ceneric (Holdings) Limited
WONG Kui Shing, Danny
Executive Director

Hong Kong, 29 March 2017

As at the date of this announcement, the Board comprises Mr. WONG Kui Shing, Danny and Mr. CHI Chi Hung, Kenneth being the Executive Directors; and Ms. CHAN Hoi Ling, Ms. SO Wai Lam and Mr. SUNG Yat Chun being the Independent Non-Executive Directors.