CENERIC (HOLDINGS) LIMITED
新 嶺 域 (集 團) 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 542)

2017 FINAL RESULTS ANNOUNCEMENT

The Board of Directors (the "Board") of Ceneric (Holdings) Limited (the "Company") hereby announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2017 together with the comparative figures for the year 2016 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2017

	Note	**2017** **HK$'000**	2016 HK$'000
CONTINUING OPERATIONS			
REVENUE	*6*	**30,785**	88,535
Cost of sales		**(5,488)**	(9,093)
Gross profit		**25,297**	79,442
Other income	*7*	**9,038**	24,676
Selling expenses		**(200)**	(445)
Administrative expenses		**(47,261)**	(129,039)
Impairment of property, plant and equipment		**–**	(245,062)
Impairment of licensing rights		**–**	(41,699)
Impairment of trade receivables		**(11,772)**	(73,135)
Impairment of loan receivables		**–**	(19,000)
Finance costs		**(15,340)**	(60,655)
Share of profit of a joint venture		**4,472**	–
LOSS BEFORE TAX	*8*	**(35,766)**	(464,917)
Income tax (expense)/credit	*9*	**(331)**	70,294
Loss for the year from continuing operations		**(36,097)**	(394,623)
DISCONTINUED OPERATIONS			
Gain/(loss) for the year from discontinued operations	*10*	**16,340**	(5,782)
LOSS FOR THE YEAR		**(19,757)**	(400,405)
Loss for the year attributable to:			
Owners of the Company			
Loss for the year from continuing operations		**(36,110)**	(393,116)
Gain/(loss) for the year from discontinued operations		**16,340**	(5,782)
		(19,770)	(398,898)
Non-controlling interests			
Profit/(loss) for the year from continuing operations		**13**	(1,507)
		(19,757)	(400,405)
LOSS PER SHARE	*11*		
From continuing and discontinued operations			
— Basic		**HK(0.33) cents**	HK(7.27) cents
— Diluted		**N/A**	N/A
From continuing operations			
— Basic		**HK(0.60) cents**	HK(7.16) cents
— Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2017

	2017	2016
	HK$'000	*HK$'000*
Loss for the year	**(19,757)**	(400,405)
OTHER COMPREHENSIVE INCOME		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences arising on translation of foreign operations	**(3,824)**	5,374
Other comprehensive (loss)/income for the year, net of tax	**(3,824)**	5,374
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(23,581)**	(395,031)
Total comprehensive loss for the year attributable to:		
Owners of the Company		
Comprehensive loss from continuing operations	**(39,934)**	(387,742)
Comprehensive income/(loss) from discontinued operations	**16,340**	(5,782)
	(23,594)	(393,524)
Non-controlling interests		
Comprehensive income/(loss) from continuing operations	**13**	(1,507)
	(23,581)	(395,031)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Note	2017 HK$'000	2016 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**418,360**	446,322
Prepaid land lease payments		**57,405**	58,545
Licensing rights		**26,699**	29,601
Interest in a joint venture		**32,862**	–
Pledged bank balances		**1,064**	1,268
Deferred tax assets	*12*	**10,056**	11,533
TOTAL NON-CURRENT ASSETS		**546,446**	547,269
CURRENT ASSETS			
Properties held for sale under development		**69,046**	63,735
Properties held for sale		**6,539**	7,235
Inventories		**41**	47
Trade receivables	*13*	**77**	69
Prepayments, deposits and other receivables		**11,464**	25,005
Amount due from a joint venture		**160,633**	–
Cash and cash equivalents		**70,418**	60,123
		318,218	156,214
Assets of a disposal group classified as held for sale		**–**	6,218
TOTAL CURRENT ASSETS		**318,218**	162,432
TOTAL ASSETS		**864,664**	709,701
CURRENT LIABILITIES			
Trade payables, other payables and accruals	*14*	**18,125**	31,443
Finance lease payable		**–**	38
Loans and borrowings — due within one year	*15*	**10,807**	85,963
		28,932	117,444
Liabilities directly associated with the assets classified as held for sale		**–**	17,839
TOTAL CURRENT LIABILITIES		**28,932**	135,283
NET CURRENT ASSETS		**289,286**	27,149

	Note	**2017**	2016
		HK$'000	*HK$'000*
NON-CURRENT LIABILITIES			
Loans and borrowings — due after one year	*15*	**85,257**	–
Deferred tax liabilities	*12*	**33,247**	35,253
TOTAL NON-CURRENT LIABILITIES		**118,504**	35,253
NET ASSETS		**717,228**	539,165
Share capital	*16*	**67,816**	56,816
Reserves		**586,579**	423,052
Equity attributable to owners of the Company		**654,395**	479,868
Non-controlling interests		**62,833**	59,297
TOTAL EQUITY		**717,228**	539,165

NOTES

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 KY1-1102, Cayman Islands and Suite 1101, 11/F., Tower A, Cheung Kei Center, 18 Hung Luen Road, Hung Hom, Kowloon, 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 HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014–2016 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 the 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]
HKFRS 17	*Insurance Contracts*[4]
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*[1]
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*[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 9	*Prepayment Features with Negative Compensation*[2]
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 28	*Long-term Interests in Associates and Joint Ventures*[2]
Amendments to HKAS 28	*As part of the Annual Improvements to HKFRSs 2014–2016 Cycle*[1]
Amendments to HKAS 40	*Transfers of Investment Property*[1]
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2015–2017 Cycle*[2]

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 2021.

The directors of the Company anticipate that the application of all other new and amendments to HKFRSs and interpretations will have no material impact on the consolidated financial statements in the foreseeable future.

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**	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:										
Revenue from external customers	**5,404**	2,324	**25,381**	86,211	**–**	–	**–**	–	**30,785**	88,535
Other income	**1,226**	1,599	**1,236**	1,245	**–**	4,878	**–**	–	**2,462**	7,722
Total segment revenue	**6,630**	3,923	**26,617**	87,456	**–**	4,878	**–**	–	**33,247**	96,257
Amortisation of licensing rights	**–**	–	**(3,157)**	(7,612)	**–**	–	**–**	–	**(3,157)**	(7,612)
Depreciation of property, plant and equipment	**(437)**	(442)	**(39,023)**	(67,034)	**(116)**	(230)	**–**	–	**(39,576)**	(67,706)
Amortisation of prepaid land lease payments	**(70)**	(70)	**(1,906)**	(1,909)	**–**	–	**–**	–	**(1,976)**	(1,979)
Impairment of property, plant and equipment	**–**	–	**–**	(245,062)	**–**	–	**–**	–	**–**	(245,062)
Impairment of licensing rights	**–**	–	**–**	(41,699)	**–**	–	**–**	–	**–**	(41,699)
Impairment of trade receivables	**–**	–	**(11,772)**	(73,135)	**–**	–	**–**	–	**(11,772)**	(73,135)
Impairment of loan receivables	**–**	–	**–**	–	**–**	(19,000)	**–**	–	**–**	(19,000)
Segment results	**(3,104)**	(3,211)	**(15,903)**	(365,861)	**3,340**	(34,057)	**–**	–	**(15,667)**	(403,129)
Reconciliation:										
Unallocated expenses									**(15,807)**	(18,087)
Interest income									**451**	504
Loan interest income									**1,710**	1,126
Gain on disposal of available for sale investment									**4,415**	–
Gain on assignment of debts									**–**	8,765
Gain on bargain purchase									**–**	744
Gain on disposal of subsidiaries									**–**	5,815
Finance costs *(see Note 8)*									**(15,340)**	(60,655)
Share of profit of a joint venture									**4,472**	–
Loss before tax from continuing operations									**(35,766)**	(464,917)

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 2017	31 December 2016
	HK$'000	*HK$'000*
Continuing operations		
REVENUE		
— Hong Kong	**–**	–
— PRC	**30,785**	88,535
	30,785	88,535
Continuing operations		
NON-CURRENT ASSETS		
— Hong Kong	**717**	–
— PRC	**534,609**	534,429
— Other countries	**–**	39
	535,326	534,468

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$10,259,000 (2016: HK$63,873,000) was derived from hotel business segment from a single customer.

6. REVENUE

Revenue from continuing operations 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.

	2017	2016
	HK$'000	*HK$'000*
Continuing operations		
Licensing income	**25,381**	86,211
Sales of properties held for sale and rendering of services	**5,404**	2,324
	30,785	88,535

7. OTHER INCOME

	2017	2016
	HK$'000	*HK$'000*
Continuing operations		
Bank interest income	**451**	504
Loan interest income	**1,710**	1,126
Gain on disposal of available for sale investment	**4,415**	–
Gain on assignment of debts	**–**	8,765
Gain on bargain purchase	**–**	744
Gain on disposal of subsidiaries	**–**	5,815
Rental income	**1,236**	1,243
Others	**1,226**	6,479
	9,038	24,676

8. (LOSS)/PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

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

	2017	2016
	HK$'000	*HK$'000*
Cost of sales		
Cost of inventories sold	**1,151**	1,070
Cost of properties sold	**1,180**	410
Amortisation of licensing rights	**3,157**	7,613
	5,488	9,093
Depreciation	**39,576**	67,706
Amortisation of prepaid land lease payments	**1,976**	1,979
Impairment of property, plant and equipment	**–**	245,062
Impairment of licensing rights	**–**	41,699
Impairment of trade receivables	**11,772**	73,135
Impairment of loan receivables	**–**	19,000
Minimum lease payments under operating lease in respect of land and buildings	**1,428**	2,370
Auditors' remuneration	**583**	526
Employee benefit expenses (including directors' remuneration)		
— Wages and salaries	**7,010**	13,759
— Retirement benefits scheme contributions	**377**	663
Interest Income		
Bank interest income	**(451)**	(504)
Other interest income	**(1,710)**	(1,126)
	(2,161)	(1,630)
Finance costs		
Interest on loans and borrowings	**15,340**	5,608
Interest on bonds	**–**	621
Amortisation of bonds, at amortised cost	**–**	54,426
	15,340	60,655

9. INCOME TAX (EXPENSE)/CREDIT

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 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% (2016: 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.

	2017	2016
	HK$'000	*HK$'000*
Continuing Operations		
Current tax:		
Hong Kong	**–**	–
PRC	**–**	–
	–	–
Deferred tax	**(331)**	70,294
Income tax (expense)/credit	**(331)**	70,294

10. GAIN/(LOSS) FOR THE YEAR FROM DISCONTINUED OPERATIONS

	2017	2016
	HK$000	*HK$000*
Loss for the year from discontinued operations	**(2,191)**	(5,782)
Gain on disposal of subsidiaries including discontinued operation *(Note 17)*	**18,531**	–
	16,340	(5,782)

11. LOSS PER SHARE

(i) From continued and discontinued operations

The calculation of the basic loss per share is based on the loss for the year from continuing and discontinued operations attributable to owners of the Company amounted to HK$19,770,000 (2016: HK$398,898,000), and the weighted average of 6,052,322,972 (2016: 5,486,965,909) ordinary shares in issue during the year.

(ii) From continued operations

The calculation of the basic loss per share is based on the loss for the year from continuing operations attributable to owners of the company amounted to HK$36,110,000 (2016: HK$393,116,000), and the weighted average of 6,052,322,972 (2016: 5,486,965,909) ordinary shares in issue during the year.

Diluted loss per share is not shown as there are no potential ordinary shares exist during both of the year ended 31 December 2017 and 2016.

12. DEFERRED TAX ASSETS AND LIABILITIES

As at 31 December 2017 and 2016, the Group's deferred tax assets and liabilities shown in the consolidated statement of financial position are as follows:

	At 31 December 2017 *HK$'000*	At 31 December 2016 *HK$'000*
Deferred tax assets	**10,056**	11,533
Deferred tax liabilities	**(33,247)**	(35,253)

The movements in deferred tax assets/(liabilities) for the year ended 31 December 2017 were as follows:

Deferred tax assets/(liabilities) attributables to:

	Tax losses *HK$'000*	**Accelerated tax depreciation** *HK$'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 and 1 January 2017	**11,533**	**(35,253)**	**(23,720)**
(Charged)/credited to profit or loss	**(2,337)**	**2,006**	**(331)**
Exchange realignment	**860**	**–**	**860**
At 31 December 2017	**10,056**	**(33,247)**	**(23,191)**

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

13. TRADE RECEIVABLES

	At 31 December 2017 *HK$'000*	At 31 December 2016 *HK$'000*
Trade receivables, gross	**91,293**	73,204
Impairment loss recognised	**(91,216)**	(73,135)
	77	69

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:

	2017	2016
	HK$'000	*HK$'000*
Within 1 month	**77**	69

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

	2017	2016
	HK$'000	*HK$'000*
At 1 January	**73,135**	–
Impairment loss recognised for the year	**11,772**	73,135
Exchange realignment	**6,309**	–
At 31 December	**91,216**	73,135

Note: During 2017, 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. On 24 January 2018, the Group signed and executed a settlement agreement with one of the hotel operating rights holders whereby the Group will receive the repayment of trade receivables amounting to RMB14.6 million by thirty (30) monthly instalments under an agreed repayment schedule (refers to Note 22.1). Write back of the impairment loss has not been recognised as receipt of the trade receivables cannot be ascertained with reasonable certainty.

14. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	2017 *HK$'000*	2016 *HK$'000*
Advanced receipt from the sales of properties	**–**	1,046
Other payables and accruals	**18,125**	30,397
	18,125	31,443

15. LOANS AND BORROWINGS

	2017 *HK$'000*	2016 *HK$'000*
Loans and borrowings repayable:		
Within 1 year	**10,807**	85,963
After 1 year but within 2 years	**14,410**	–
After 2 years but within 5 years	**70,847**	–
	96,064	85,963
Less: Portion repayable within one year included in current liabilities	**(10,807)**	(85,963)
Portion not repayable within one year included in non-current liabilities	**85,257**	–

At 31 December 2017, loans 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.

16. SHARE CAPITAL

	2017 *HK$'000*	2016 *HK$'000*
Authorised:		
100,000,000,000 (31 December 2016: 100,000,000,000) ordinary shares of HK$0.01 (31 December 2016: HK$0.01) each	**1,000,000**	1,000,000
Issued and fully paid:		
6,781,638,040 (31 December 2016: 5,681,638,040) ordinary shares of HK$0.01 (31 December 2016: HK$0.01) each	**67,816**	56,816

The Company has completed a placing of shares on 31 August 2017. Accordingly, the number of issued and paid up shares of the Company has been increased to 6,781,638,040 shares.

17. DISPOSAL OF SUBSIDIARIES

On 27 September 2016, one of the directly wholly-owned subsidiaries (the "Target Company") of the Company entered into a Sale and Purchase Agreement ("SPA") with an independent third party for the disposal of (i) 90% of the issued share capital of its indirectly wholly owned subsidiaries (the "Disposal Group"), 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 made by the Group (collectively, the "Disposal"). According to the SPA, the consideration of the Disposal comprised a cash consideration of HK$26,100,000 and the shareholder's loan disposed of not exceeding HK$20,000,000. The Disposal was completed on 21 April 2017.

Analysis of assets and liabilities over which control was lost:

	HK$'000
Property, plant and equipment	**100**
Trade and other receivables	**202**
Cash and cash equivalents	**6,521**
Trade payables, other payables and accruals	**(545)**
Shareholder's loan	**(20,090)**
Total identifiable net liabilities disposed of	**(13,812)**
Satisfied by:	
Cash consideration for disposal	**26,100**
Investment retained in the Disposal Group	**(1,381)**
Sale of shareholder's loan	**(20,000)**
Net liabilities disposed of	**13,812**
Gain on disposal of subsidiaries	**18,531**
Net cash inflow arising on disposal:	
Cash consideration received	**26,100**
Cash and cash equivalents disposed of	**(6,521)**
	19,579

Immediately after completion of the Disposal, the Group lost control over the Disposal Group and recognised the remaining 10% interest in the issued share capital of the Target Company as available for sale investment.

18. CAPITAL COMMITMENTS

As at 31 December 2017, the Group was committed for the acquisition of 50% equity interests in an entity for a consideration of HK$175 million (Note 22.2) (2016: Nil).

19. 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 2017, the Group had total future minimum lease receivables falling due as follows:

	2017	2016
	HK$'000	*HK$'000*
Within one year	**1,175**	384
In the second to fifth years, inclusive	**–**	–
	1,175	384

(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:

	2017	2016
	HK$'000	*HK$'000*
Office premises	**1,428**	2,370

At 31 December 2017, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2017	2016
	HK$'000	*HK$'000*
Continuing operations		
Within one year	**6,059**	678
In the second to fifth years, inclusive	**5,059**	196
	11,118	874
Discontinued operations		
Within one year	**–**	377
In the second to fifth years, inclusive	**–**	–
	11,118	1,251

20. CONTINGENT LIABILITIES

As at 31 December 2017, the Group had contingent liabilities amounting to HK$2,414,000 (2016: HK$958,000) 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.

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 for loss in this respect is required to be made in the consolidated financial statements.

21. DIVIDEND

No dividend was paid or proposed for the year ended 31 December 2017, nor has any dividend been proposed since the end of the reporting period (31 December 2016: Nil).

22. EVENTS AFTER THE REPORTING DATE

22.1 Litigation update

On 14 March 2017, the Group had issued two writs of summons with endorsement of claims against the hotel operating rights holders for (i) an aggregate sum of approximately RMB75.9 million as damages, (ii) interest on any sums or damages payable, (iii) costs, and (iv) further or other relief as a result of the breach of the hotel operating rights agreements.

On 24 January 2018, the Group signed and executed a settlement agreement ("Settlement Agreement") with one of the hotel operating rights holders, Maoming City Zhong Yu Hotel Property Management Limited* 茂名市中譽酒店物業管理有限公司 ("Zhong Yu") whereby Zhong Yu is willing to repay the sum of approximately RMB14.6 million by thirty (30) monthly instalments under an agreed repayment schedule, subject to the payment of interest at the rate of 10% per annum in case of default. First instalment of repayment amounting to RMB0.5 million was made on 25 January 2018.

22.2 Acquisition of a subsidiary

On 11 August 2017, a wholly-owned subsidiary of the Company, New Stage Holdings Limited ("New Stage") entered into a subscription agreement (the "Subscription Agreement") with a company (the "Target Company"), to subscribe for 50% of the enlarged issued share capital of the Target Company (as enlarged by the allotment and issuance of subscription shares) at a consideration of HK$28.39 million. Pursuant to the Subscription Agreement, New Stage has agreed to provide a shareholder's loan of HK$146.61 million (the "Shareholder's Loan") to the Target Company which shall be interest-free and repayable on demand. The Target Company has been classified as a joint venture of the Group since the completion of the transactions on 31 August 2017.

New Stage, as the purchaser, and Mr. Liu Shiyuan ("Mr. Liu"), as the vendor, entered into a sale and purchase agreement on 30 October 2017 and two supplemental agreements on 14 November 2017 and 13 December 2017, respectively, pursuant to which New Stage conditionally agreed to purchase and Mr. Liu conditionally agreed to sell (i) 50,000 shares in the Target Company, which represents 50% of the issued share capital of the Target Company; and (ii) the shareholder's loan in the amount due and owing by the Target Company to Mr. Liu in an aggregate amount of HK$175 million, subject to adjustment ("the Consideration"). The Consideration comprises a cash payment of HK$15 million and non-convertible 3-year 12% coupon notes of HK$160 million to be issued by New Stage. The acquisition was completed on 31 January 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the year ended 31 December 2017, the Group's revenue amounted to HK$30.8 million, compared to HK$88.5 million for 2016. The Group recorded a loss before tax of HK$35.8 million, compared to the loss of HK$464.9 million for 2016. Such loss is, among other things, mainly attributable to (i) the amortisation and depreciation of leasehold land and property, plant and equipment which collectively shared significant amount of the Group's total expenses, and (ii) the impairment of trade receivables owing by hotel operating rights holders.

The Group's consolidated loss attributable to the owners of the Company for 2017 amounted to HK$19.8 million, compared to the loss of HK$398.9 million for 2016.

Property Development Segment

In 2017, sales of the property development segment amounted to HK$5.4 million, compared to HK$2.3 million for 2016. Loss of the segment for 2017 was HK$3.1 million, compared to the loss of HK$3.2 million for 2016.

As at 31 December 2017, 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 2017, the hotel business segment recorded revenue from the sub-licensing of operating right amounting to HK$25.4 million, compared to HK$86.2 million for 2016. Loss of the segment amounted to HK$15.9 million for 2017, compared to a loss of HK$365.9 million for 2016. The loss is mainly attributable to the depreciation of property, plant and equipment and the impairment of trade receivables.

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 (the "Vendor") entered into a Sale and Purchase Agreement ("SPA") with an independent third party (the "Investor") and its connected persons (the "Purchaser") to dispose (i) 90% of the issued share capital of its indirectly wholly-owned subsidiaries (the "Target Company") 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 comprised a cash payment of HK$26,100,000 and the Shareholder's loan disposed of not exceeding HK$20,000,000. The Disposal was completed on 21 April 2017.

On 8 June 2017, the Investor, the Purchaser, the Vendor and the Target Company entered into the Disposal Agreement, pursuant to which the Purchaser has agreed to purchase and the Vendor has agreed to sell the Sale Shares, being 10% of the entire issued share capital, of the Target Company at the consideration of HK$3,190,000.

Investment in a joint venture and acquisition of a subsidiary

On 11 August 2017, a wholly-owned subsidiary of the Company, New Stage Holdings Limited ("New Stage") entered into a subscription agreement (the "Subscription Agreement") with a company (the "Target Company"), to subscribe for 50% of the enlarged issued share capital of the Target Company (as enlarged by the allotment and issuance of subscription shares) at a consideration of HK$28.39 million and to provide a shareholder's loan of HK$146.61 million (the "Shareholder's Loan") to the Target Company. The transactions had been completed on 31 August 2017 and the Target Company was classified as a joint venture company of the Group, accordingly.

On 30 October 2017, New Stage further acquired (i) 50,000 shares of the Target Company; and (ii) the shareholder's loan in the amount due and owing by the Target Company for a total amount of HK$175 million, subject to adjustment ("the Consideration"). The Consideration comprises a cash payment of HK$15 million and non-convertible 3-year 12% coupon notes of HK$160 million issued by New Stage. During the year, the acquisition was not yet completed until 31 January 2018.

Save for the aforesaid investment, acquisition or disposal, the Group did not have any significant investments, acquisitions or disposals.

REVIEW OF FINANCIAL POSITION

Overview

Non-current assets of the Group as at 31 December 2017, consisting mainly of property, plant and equipment, prepaid land lease payment, and licensing rights amounted to HK$546.4 million, compared to HK$547.3 million as at 31 December 2016. Current assets of as at 31 December 2017 amounted to HK$318.2 million, compared to HK$162.4 million as at 31 December 2016. Current liabilities as at 31 December 2017 amounted to HK$28.9 million, compared to HK$135.3 million as at 31 December 2016. Non-current liabilities as at 31 December 2017 amounted to HK$118.5 million, compared to HK$35.3 million as at 31 December 2016.

Capital Structure, Liquidity and Financial Resources

As at 31 December 2017, the Group's total interest bearing borrowings amounted to HK$96.1 million (31 December 2016: HK$86.0 million). The borrowings mainly comprised borrowings from a financial institution of HK$96.1 million. As at 31 December 2017, the Group's available banking facilities not utilised is nil (31 December 2016: nil).

The Group's total equity as at 31 December 2017 was HK$717.2 million (31 December 2016: HK$539.2 million).

The Group's gearing ratio as at 31 December 2017 was 13.4% (31 December 2016: 16.0%). 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's capital commitments as at 31 December 2017 amounted to HK$175 million which represents the consideration payable for the acquisition of a subsidiary. (2016: nil).

Contingent Liabilities

As at 31 December 2017, the Group had contingent liabilities amounting to HK$2.4 million (31 December 2016: HK$1.0 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 2017, part of the Group's leasehold land and buildings with a carrying value of HK$459.4 million (31 December 2016: HK$478.2 million) had been pledged to a financial institution to secure mortgage loans. In addition, non-current bank balances of HK$1.1 million (31 December 2016: HK$1.3 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 31 August 2017, the Company completed a placing of shares up to 1,100,000,000 new shares of the Company ("Placing Share") at a placing price of HK$0.185 per Placing Share. Part of the net proceeds from the placing of shares had been applied to pay up the cost of investment in and provision of a Shareholder's loan to a joint venture company (refers to Note 22.2) 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 2017 was 53, compared to 68 as at 31 December 2016. 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.

CONNECTED TRANSACTION

On 8 June 2017, a wholly-owned subsidiary of the Company, Orient Elite Global Limited entered into a disposal agreement (the "Disposal Agreement") with a purchaser, Excel Ally Ventures Limited (the "Purchaser") to sell its investment in 10% of the entire share capital (the "Disposal") of a company (the "Target Company"). Certain subsidiaries of the Target Company are licensed under the SFO to carry on certain regulated activities (see Note 10). The Purchaser is a company wholly-owned by Mr. CHENG Wai Lam, James ("Mr. CHENG") who was a director of the Company in the last 12 months and a director of certain subsidiaries of the Company. The Purchaser, being an associate of Mr. CHENG, is therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Disposal Agreement constitute a connected transaction of the Company under the Listing Rules. Total consideration of the Disposal was HK$3,190,000 payable within 40 business days after the completion of the Disposal. Completion of the Disposal shall take place on the date when the Group's interest in the shares of the Target Company is transferred to the Purchaser. As the investment in the shares of the Target Company is not a core business of the Group, the Disposal would provide the Group with an opportunity to realise its non-core investment. Directors of the Company believed that terms of the Disposal were fair and reasonable to the best interests of the Company and its shareholders as a whole. The Disposal was completed on 4 July 2017.

CHANGE OF COMPANY NAME

On 29 December 2017, the Company announced to propose to change of the Company Name from "Ceneric (Holdings) Limited" to "TFG International Group Limited" and to change the dual foreign name in Chinese of the Company from "新嶺域(集團)有限公司" to "富元國際集團有限公司". The amendments to the existing Memorandum and Articles of Association and the adoption of the amended and restated Memorandum and Articles of Association to replace the Company's existing Memorandum and Articles of Association is subject to the approval of the Shareholders of the Company by way of a special resolution at an extraordinary general meeting ("EGM") and the approval by the Registrar of Companies in the Cayman Islands. A special resolution to approve the change of the Company Name had been duly passed by the Shareholders of the Company at an EGM held on 5 February 2018 by way of poll and the approval by the Registrar of Companies in the Cayman Islands was obtained on 12 February 2018.

As at the date of this announcement, the Company has been in the course of carrying out the necessary filing procedures with the Companies Registry in Hong Kong. In addition, subject to the confirmation by the Stock Exchange, the English and Chinese stock short names of the Company for trading in the securities on the Stock Exchange will also be changed after the Change of Company Name becomes effective.

The management believes that the proposed new name of the Company will better reflect the Company's current status, future direction and development, and will provide a new corporate image which benefits the future development of the Company.

OUTLOOK

Outlook and Plan

China's economic development continues to improve with steady demand for residential and commercial properties. Yet the global economy continues to be full of challenges. The Group is optimistic about the prospects of property market in China and will continue focusing on Southern China region to seek for other property development projects and investment opportunities in China. Looking forward, the Group will keep on concentrating property development as its core business.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

In the opinion of the Directors, 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 for the year ended 31 December 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 2017.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31 December 2017, 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 2017 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 2017 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
YANG Lijun
Chairman

Hong Kong, 14 March 2018

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