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南海控股有限公司*

NAN HAI CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 680)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

RESULTS

The board of directors (the "Board") of Nan Hai Corporation Limited (the "Company") hereby announces the audited 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 ended 31 December 2015 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2016

	Notes	2016 HK$'000	2015 HK$'000
Revenue	4(a)	**8,915,579**	4,200,117
Cost of sales and services provided	7	**(3,551,224)**	(1,593,093)
Gross profit		**5,364,355**	2,607,024
Other operating income	4(b)	**504,584**	410,898
Gain on disposal of an associate classified as non-current assets held for sale		**–**	165,554
Gain on deemed disposal of an associate		**595,270**	–
Gain on disposal of an associate		**–**	1,446
Selling and marketing expenses		**(2,054,090)**	(1,633,534)
Administrative expenses		**(771,054)**	(477,810)
Other operating expenses		**(763,753)**	(479,974)
Finance costs	6	**(516,714)**	(300,698)
Fair value change on financial liability at fair value through profit or loss		**48,374**	(62,166)
Share of results of associates		**(36,426)**	(35,792)
Share of results of a joint venture		**(116)**	(350)
Gain on fair value change on investment properties		**30,127**	153,071
Profit before income tax	7	**2,400,557**	347,669
Income tax expense	8	**(1,122,165)**	(92,239)
Profit for the year		**1,278,392**	255,430

* *For identification purposes only*

CONSOLIDATED INCOME STATEMENT (Continued)
For the year ended 31 December 2016

	Notes	**2016** **HK$'000**	2015 *HK$'000*
Profit for the year attributable to:			
Owners of the Company		**1,359,553**	238,875
Non-controlling interests		**(81,161)**	16,555
		1,278,392	255,430
		HK cent	*HK cent*
Earnings per share for profit attributable to the owners of the Company during the year	*9*		
—Basic		**1.98**	0.35
—Diluted		**1.98**	0.35

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2016

	2016	2015
	HK$'000	*HK$'000*
Profit for the year	**1,278,392**	255,430
Other comprehensive income, including reclassification adjustments		
Items that may be reclassified subsequently to profit or loss:		
Exchange loss on translation of financial statements of foreign operations	**(186,582)**	(146,667)
Exchange loss on translation of financial statements of foreign associates	**(6,618)**	(4,242)
Exchange differences reclassified on disposal of an associate classified as non-current assets held for sale, net of tax	**–**	(10,299)
Exchange differences reclassified on deemed disposal of an associate, net of tax	**(14,808)**	–
Other comprehensive income for the year, including reclassification adjustments	**(208,008)**	(161,208)
Total comprehensive income for the year	**1,070,384**	94,222
Total comprehensive income attributable to:		
Owners of the Company	**1,156,244**	85,190
Non-controlling interests	**(85,860)**	9,032
	1,070,384	94,222

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Notes	**2016**	2015
		HK$'000	*HK$'000*
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**4,076,090**	3,165,728
Investment properties		**230,394**	179,372
Prepaid land lease payments under operating leases		**23,429**	25,521
Interests in associates		**79,963**	534,299
Interest in a joint venture		**–**	2,160
Loan receivable from an associate		**–**	369,848
Amounts due from related parties		**950**	5,026
Available-for-sale financial assets		**324**	324
Held-to-maturity investment		**111,707**	155,205
Long term trade receivables	*10*	**3,303**	–
Deposits, prepayments and other receivables		**438,892**	213,674
Intangible assets		**3,024,760**	223,817
Deferred tax assets		**161,448**	108,258
Pledged and restricted bank deposits		**3,489,355**	195,276
		11,640,615	5,178,508
Current assets			
Inventories		**13,122,375**	7,188,276
Financial assets at fair value through profit or loss		**24,597**	1,433
Trade receivables	*10*	**321,488**	332,110
Deposits, prepayments and other receivables		**2,743,457**	2,208,451
Amounts due from associates		**6,485**	530
Amounts due from related parties		**192,190**	30,707
Pledged and restricted bank deposits		**3,509,457**	1,725,537
Time deposits maturing over three months		**–**	12
Cash and cash equivalents		**1,172,620**	803,694
		21,092,669	12,290,750
Non-current assets held for sale		**13,767**	–
		21,106,436	12,290,750

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
As at 31 December 2016

	Notes	**2016** **HK$'000**	2015 *HK$'000*
Current liabilities			
Trade payables	*11*	**1,454,678**	570,538
Other payables and accruals		**1,212,914**	1,189,056
Receipt in advance and deferred revenue		**6,793,907**	496,089
Provision for tax		**1,410,014**	639,065
Amount due to a director		**30,108**	14,273
Amount due to a shareholder		**–**	1
Amounts due to associates		**5,505**	197,982
Amounts due to related parties		**99,138**	103,988
Bank and other borrowings		**4,784,912**	5,059,078
Finance lease liabilities		**33,330**	13,509
Convertible and exchangeable bonds		**1,010,036**	–
Financial liabilities at fair value through profit or loss		**113,717**	121,589
		16,948,259	8,405,168
Net current assets		**4,158,177**	3,885,582
Total assets less current liabilities		**15,798,792**	9,064,090
Non-current liabilities			
Long term trade payables	*11*	**42,482**	68,087
Bank and other borrowings		**9,596,954**	4,968,005
Finance lease liabilities		**42,171**	29,593
Provision for warranty		**4,296**	5,401
Deferred tax liabilities		**906,890**	76,439
		10,592,793	5,147,525
Net assets		**5,205,999**	3,916,565
EQUITY			
Share capital	*12*	**686,455**	686,455
Reserves		**3,365,311**	2,555,847
Equity attributable to the Company's owners		**4,051,766**	3,242,302
Non-controlling interests		**1,154,233**	674,263
Total equity		**5,205,999**	3,916,565

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

1. GENERAL INFORMATION

The Company is a limited liability company incorporated in Bermuda. The address of the Company's registered office is Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda, and its principal place of business is 12/F., The Octagon, No. 6 Sha Tsui Road, Tsuen Wan, New Territories, Hong Kong. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange").

The Group is principally engaged in culture and media services, property development, corporate IT application services, new media and innovative business.

2. BASIS OF PREPARATION

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

3. ADOPTION OF NEW/AMENDED HKFRSs

3.1 Adoption of new/amended HKFRSs — effective 1 January 2016

In the current year, the Group has applied for the first time the following new/amended HKFRSs issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2016:

HKFRSs (Amendments)	Annual Improvements 2012–2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
HKFRS 14	Regulatory Deferral Accounts

The adoption of these new/amended HKFRSs has no material impact on the Group's financial statements.

3. ADOPTION OF NEW/AMENDED HKFRSs (Continued)

3.2 New/amended HKFRSs that have been issued but not yet effective

The following new/amended HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKAS 7	Disclosure Initiative[1]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]
Amendments to HKFRS 2	Classification and Measurement of Share-Based Payment Transactions[2]
HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)[2]
HKFRS 16	Leases[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

1 Effective for annual periods beginning on or after 1 January 2017
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019
4 The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments continues to be permitted.

Amendments to HKAS 7 — Disclosure Initiative

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

Amendments to HKAS 12 — Recognition of Deferred Tax Assets for Unrealised Losses

The amendments relate to the recognition of deferred tax assets and clarify some of the necessary considerations, including how to account for deferred tax assets related to debt instruments measured of fair value.

Amendments to HKFRS 2 — Classification and Measurement of Share-Based Payment Transactions

The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

3. ADOPTION OF NEW/AMENDED HKFRSs (Continued)

3.2 New/amended HKFRSs that have been issued but not yet effective (Continued)

HKFRS 9 — Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("FVTPL").

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

HKFRS 15 — Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework 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 and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5 steps 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 each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRSs. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

3. ADOPTION OF NEW/AMENDED HKFRSs (Continued)

3.2 New/amended HKFRSs that have been issued but not yet effective (Continued)

Amendments to HKFRS 15 — Revenue from Contracts with Customers (Clarifications to HKFRS 15)

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

HKFRS 16 — Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 "Leases" and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

Amendments to HKFRS 10 and HKAS 28 — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies and financial statements.

4. REVENUE AND OTHER OPERATING INCOME

(a) The Group's revenue represents revenue from its principal activities as set out below:

	2016	2015
	HK$'000	*HK$'000*
Sales of properties and car parks	**4,524,877**	192,051
Corporate IT application services	**818,098**	808,287
Property management services	**45,901**	44,585
Film distribution services	**9,838**	76,581
Cinema ticketing income	**2,519,510**	2,627,591
Confectionery sales	**343,610**	376,611
Publication of magazines and advertising income	**26,107**	2,224
Sales of projection equipment	**33,466**	48,690
Digital media technology services	**183,031**	23,497
Sales of botanic-based personal care and fragrance products	**407,755**	–
Catering services	**3,386**	–
	8,915,579	4,200,117

(b) Other operating income:

	2016	2015
	HK$'000	*HK$'000*
Bank interest income	**82,353**	75,499
Other interest income	**35,557**	41,427
Interest income on financial assets not at fair value through profit or loss	**117,910**	116,926
Gain on fair value change on financial assets at fair value through profit or loss	**781**	–
Exchange gain	**16,675**	13,419
Gain on disposal of property, plant and equipment	**181**	4,245
Government grants*	**135,213**	82,663
Cinema advertising income	**135,291**	66,560
Rental income	**12,344**	12,636
Sundry income	**86,189**	114,449
	504,584	410,898

* Government grants have been received mainly from the People's Republic of China ("PRC") governmental bodies in the form of the subsidies to cinema operations and subsidise software development projects of the Group in the PRC. The purpose of the subsidy is to encourage innovation by granting financial assistance to commercial entities who are operating cinema/having research and development projects that meet certain criteria. There are no unfulfilled conditions or contingencies attaching to these grants.

5. SEGMENT INFORMATION

The executive directors have identified the Group's five (2015: three) product and service lines as operating segments.

These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

	2016						
	Corporate IT application services *HK$'000*	**Property development** *HK$'000*	**Culture and media services** *HK$'000*	**New media** *HK$'000*	**Innovative business** *HK$'000*	**All other segments** *HK$'000*	**Total** *HK$'000*
Revenue							
From external customers	**818,098**	**4,524,877**	**3,089,455**	**26,107**	**411,141**	**45,901**	**8,915,579**
From inter-segments	**–**	**–**	**–**	**146,962**	**7,016**	**7,474**	**161,452**
Reportable and all other segments revenue	**818,098**	**4,524,877**	**3,089,455**	**173,069**	**418,157**	**53,375**	**9,077,031**
Reportable and all other segments (loss)/profit before income tax	**(18,913)**	**2,695,432**	**170,322**	**(253,523)**	**(87,257)**	**(10,431)**	**2,495,630**
Bank interest income	**587**	**28,964**	**16,411**	**8**	**33**	**7,942**	**53,945**
Other interest income	**–**	**31,566**	**–**	**–**	**–**	**–**	**31,566**
Interest income on financial assets not at fair value through profit or loss	**587**	**60,530**	**16,411**	**8**	**33**	**7,942**	**85,511**
Finance costs	**(6,587)**	**(353,036)**	**(141,199)**	**–**	**(1,464)**	**–**	**(502,286)**
Depreciation and amortisation	**(56,294)**	**(4,225)**	**(439,800)**	**(10,800)**	**(14,392)**	**(507)**	**(526,018)**
Gain on deemed disposal of an associate	**–**	**595,270**	**–**	**–**	**–**	**–**	**595,270**
(Loss)/Gain on disposal of property, plant and equipment	**(12)**	**(120)**	**181**	**(55)**	**(1,311)**	**–**	**(1,317)**
Share of results of associates	**(1,192)**	**(48,007)**	**12,773**	**–**	**–**	**–**	**(36,426)**
Fair value change on financial liability at fair value through profit or loss	**–**	**–**	**48,374**	**–**	**–**	**–**	**48,374**
Reportable and all other segments assets	**1,084,933**	**21,644,705**	**4,783,262**	**68,745**	**1,887,109**	**596,472**	**30,065,226**
Interests in associates	**235**	**33,265**	**46,463**	**–**	**–**	**–**	**79,963**
Additions to non-current segment assets during the year	**91,847**	**4,015**	**1,285,061**	**28,607**	**44,963**	**1,141**	**1,455,634**
Reportable and all other segments liabilities	**(511,921)**	**(14,860,935)**	**(4,217,791)**	**(11,568)**	**(741,820)**	**(31,484)**	**(20,375,519)**

5. **SEGMENT INFORMATION (Continued)**

	2015				
	Corporate IT application services *HK$'000*	Property development *HK$'000*	Culture and media services *HK$'000*	All other segments *HK$'000*	Total *HK$'000*
Revenue					
From external customers	808,287	192,051	3,152,970	46,809	4,200,117
From inter-segments	–	–	–	4,412	4,412
Reportable and all other segments revenue	808,287	192,051	3,152,970	51,221	4,204,529
Reportable and all other segments (loss)/profit before income tax	(14,884)	97,408	230,482	(54,056)	258,950
Bank interest income	277	763	37,505	12,049	50,594
Other interest income	45	37,356	12	–	37,413
Interest income on financial assets not at fair value through profit or loss	322	38,119	37,517	12,049	88,007
Finance costs	(1,943)	(11,822)	(262,669)	(193)	(276,627)
Depreciation and amortisation	(55,412)	(3,380)	(211,068)	(1,625)	(271,485)
Gain on disposal of property, plant and equipment	19	–	4,226	–	4,245
Share of results of associates	(368)	(55,108)	22,737	–	(32,739)
Fair value change on financial liability at fair value through profit or loss	–	(62,166)	–	–	(62,166)
Reportable and all other segments assets	1,122,300	9,913,978	4,681,308	664,353	16,381,939
Interests in associates	8,109	468,913	57,277	–	534,299
Additions to non-current segment assets during the year	68,498	5,315	905,598	15,556	994,967
Reportable and all other segments liabilities	(560,869)	(4,170,921)	(3,840,259)	(30,175)	(8,602,224)

5. SEGMENT INFORMATION (Continued)

The totals presented for the Group's operating segments are reconciled to the Group's key financial figures as presented in the financial statements as follows:

	2016	2015
	HK$'000	*HK$'000*
Reportable segments revenue	**9,023,656**	4,153,308
All other segments revenue	**53,375**	51,221
Elimination of inter-segment revenue	**(161,452)**	(4,412)
Group revenue	**8,915,579**	4,200,117
Reportable segment profit before income tax	**2,506,061**	313,006
All other segments loss before income tax	**(10,431)**	(54,056)
Bank interest income	**28,408**	24,905
Other interest income	**3,991**	4,014
Interest income on financial assets not at fair value through profit or loss	**32,399**	28,919
Finance costs	**(14,428)**	(24,071)
Depreciation and amortisation	**(3,831)**	(2,617)
Gain on disposal of an associate	**–**	1,446
Gain on disposal of an associate classified as non-current assets held for sale	**–**	165,554
Share of results of associates	**–**	(3,053)
Unallocated corporate expenses	**(109,213)**	(77,459)
Profit before income tax	**2,400,557**	347,669

5. SEGMENT INFORMATION (Continued)

	2016	2015
	HK$'000	*HK$'000*
Reportable segments assets	**29,468,754**	15,717,586
All other segments assets	**596,472**	664,353
Amount due from an associate	**530**	530
Amounts due from related parties	**167,560**	–
Deferred tax assets	**–**	104,604
Available-for-sale financial assets	**324**	324
Pledged and restricted bank deposits	**1,908,435**	754,680
Other financial and corporate assets	**604,976**	227,181
Group assets	**32,747,051**	17,469,258
Reportable segment liabilities	**20,344,035**	8,572,049
All other segments liabilities	**31,484**	30,175
Amount due to a director	**30,108**	14,273
Amount due to a shareholder	**–**	1
Amounts due to associates	**–**	193,803
Provision for tax	**131,391**	639,065
Bank and other borrowings	**6,715,488**	3,581,662
Other corporate liabilities	**288,546**	521,665
Group liabilities	**27,541,052**	13,552,693

The Group's revenues from external customers and its non-current assets (other than deferred tax assets, loan receivable from an associate, financial instruments and pledged and restricted bank deposits) are divided into the following geographical areas:

Revenue from external customers

	2016	2015
	HK$'000	*HK$'000*
Mainland China (domicile)	**8,493,641**	4,191,583
Hong Kong	**115,678**	8,349
North America	**143,751**	178
Europe	**69,592**	–
Australia	**48,598**	–
Others	**44,319**	7
Total	**8,915,579**	4,200,117

5. SEGMENT INFORMATION (Continued)

Non-current assets

	2016	2015
	HK$'000	*HK$'000*
Mainland China (domicile)	**6,429,380**	4,342,132
Hong Kong	**827,037**	7,465
North America	**491,890**	–
Europe	**11,026**	–
Australia	**26,517**	–
Others	**91,931**	–
Total	**7,877,781**	4,349,597

The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the non-current assets is based on the physical and operating location of the assets. The Company is an investment holding company incorporated in Bermuda where the Group does not have any activities, the Group has the majority of its operations and workforce in Mainland China, and therefore, Mainland China is considered as the Group's country of domicile for the purpose of the disclosures as required by HKFRS 8 "Operating Segments".

6. FINANCE COSTS

	2016	2015
	HK$'000	*HK$'000*
Interest on bank and other borrowings	**821,562**	677,062
Interest on convertible and exchangeable bonds	**55,468**	–
Finance costs on finance from a third party	**–**	2,141
Interest on finance leases	**6,803**	64
Total finance costs on financial liabilities not at fair value through profit or loss	**883,833**	679,267
Less: Amount capitalised to properties under development and construction in progress*	**(367,119)**	(378,569)
	516,714	300,698

* The finance costs have been capitalised at a rate of 5.14% to 11.35% (2015: 6.65% to 12.00%) per annum.

7. PROFIT BEFORE INCOME TAX

	2016	2015
	HK\$'000	*HK\$'000*
Profit before income tax is arrived at after charging/(crediting):		
Amortisation of intangible assets other than goodwill*	**18,528**	12,866
Auditors' remuneration		
— Audit service	**8,051**	5,200
— Other service	**6,946**	2,629
Other receivables written off*	**319**	59
Cost of sales of properties and car parks	**1,792,880**	61,142
Cost of provision of corporate IT application services	**139,709**	139,242
Cost of provision of property management services	**35,022**	31,133
Cost of provision of film distribution services	**18,306**	76,956
Cost of cinema ticketing	**1,070,795**	1,139,364
Cost of confectionery sales	**103,496**	101,846
Cost of publication of magazine and advertising	**170,999**	4,427
Cost of sales of projection equipment	**30,691**	36,034
Cost of digital media technology services	**21,791**	2,949
Cost of sales of botanic-based personal care and fragrance products	**166,229**	–
Cost of catering services	**1,306**	–
Cost of sales and services provided	**3,551,224**	1,593,093
Gross depreciation of property, plant and equipment — owned assets	**507,240**	260,026
Less: Amounts included in cost of sales and service provided	**–**	(35)
Net depreciation of owned assets*	**507,240**	259,991
Depreciation of leased assets*	**3,564**	664
Write-off of property, plant and equipment*	**11,092**	2,849
Minimum lease payments	**654,467**	511,553
Contingent rentals	**20,478**	19,371
Operating lease charges on land and buildings	**674,945**	530,924
Operating lease charges on prepaid land lease*	**517**	546
Provision for impairment of trade receivables* *(note 10)*	**5,390**	4,202
Provision for impairment of other receivables*	**16,080**	–
Provision for impairment loss of interest in an associate*	**6,373**	–
Provision for impairment of goodwill*	**34,473**	–
Research and development expenses*	**37,332**	62,592

* included in other operating expenses

8. INCOME TAX EXPENSE

	2016	2015
	HK$'000	*HK$'000*
The income tax expense comprises:		
Current tax		
— Hong Kong Profits Tax		
Tax charge for the year	**11,974**	10,999
Under/(Over)-provision in respect of prior years	**77**	(487)
— PRC Enterprise Income Tax ("EIT")		
Tax charge for the year	**336,002**	23,498
Over-provision in respect of prior years	**–**	(1,783)
— Taxation for other jurisdictions		
Tax charge for the year	**502**	–
— PRC Land Appreciation Tax ("LAT")		
Tax charge for the year	**889,189**	16,011
Tax charge for the year	**1,237,744**	48,238
Deferred tax		
— (Credit)/Charge for the year	**(115,579)**	44,001
	1,122,165	92,239

Hong Kong Profits Tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profit for the year.

PRC EIT has been provided on the estimated assessable profits of subsidiaries operating in Mainland China at 25% (2015: 25%), unless preferential rates are applicable in the cities where the subsidiaries are located.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdiction.

PRC LAT is levied at progressive rates from 30% to 60% (2015: 30% to 60%) on the estimated appreciation of land value, being the proceeds of sales of properties less deductible expenditure including cost of land use rights and development and construction expenditure.

9. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to the owners of the Company of HK$1,359,553,000 (2015: HK$238,875,000) and on 68,645,535,794 (2015: 68,645,535,794) ordinary shares in issue during the year.

The calculation of diluted earnings per share is based on the profit for the year attributable to owners of the Company and adjusted to reflect the interests on the convertible and exchangeable bonds and profit attributable to the non-controlling interests. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, which is the same as the basic earnings per share calculation.

Diluted earnings per share for the year ended 31 December 2016 is same as the basic earnings per share as the convertible and exchangeable bonds outstanding during the year had an anti-dilutive effect on the basic earnings per share.

Diluted earnings per share for the year ended 31 December 2015 is same as the basic earnings per share as there was no potential dilutive ordinary shares in issue during the year.

10. TRADE RECEIVABLES

Based on the invoice dates, the aging analysis of the trade receivables is as follows:

	2016	2015
	HK$'000	*HK$'000*
0–90 days	**243,150**	299,137
91–180 days	**31,083**	13,148
181–270 days	**16,019**	10,298
271–360 days	**3,771**	4,854
Over 360 days	**55,443**	26,313
Trade receivables, gross	**349,466**	353,750
Less: Provision for impairment of receivables	**(24,675)**	(21,640)
Trade receivables, net	**324,791**	332,110
Less: Long term trade receivables	**(3,303)**	–
Current portion of trade receivables	**321,488**	332,110

Trade receivables are due on presentation of invoices.

10. TRADE RECEIVABLES (Continued)

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly. The movement in the provision for impairment of trade receivables is as follows:

	2016	2015
	HK$'000	*HK$'000*
At the beginning of the year	**21,640**	18,523
Provision for impairment *(note 7)*	**5,390**	4,202
Exchange differences	**(2,355)**	(1,085)
At the end of the year	**24,675**	21,640

At each of the reporting dates, the Group's trade receivables were individually assessed for impairment. The Group encountered difficulties in collection of certain trade receivables and appropriate provision for impairment has been made against certain trade receivables. The individually impaired receivables are recognised based on the credit history of its customers, their financial positions and record of delinquency in payments, and current market conditions. Consequently, specific impairment provision was recognised. The Group does not hold any collateral over these balances.

The aging analysis of trade receivables that are not considered to be impaired is as follows:

	2016	2015
	HK$'000	*HK$'000*
0–90 days past due	**242,966**	299,137
91–180 days past due	**30,716**	13,136
181–270 days past due	**15,468**	10,276
271–360 days past due	**3,036**	4,822
Overdue for more than 360 days	**32,605**	4,739
	324,791	332,110

Trade receivables that were past due but not impaired related to a number of independent customers that had a good track record with the Group. Based on past experience, the management believe that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

11. TRADE PAYABLES

Based on the invoice dates, the aging analysis of the trade payables is as follows:

	2016	2015
	HK$'000	*HK$'000*
0–90 days	**1,307,214**	363,988
91–180 days	**35,161**	37,549
181–270 days	**25,585**	72,375
271–360 days	**34,458**	40,092
Over 360 days	**94,742**	124,621
Trade payables	**1,497,160**	638,625
Less: Long term trade payables	**(42,482)**	(68,087)
Current portion of trade payables	**1,454,678**	570,538

The long term trade payable represents the outstanding balance payable to a supplier who has granted a settlement schedule of 36 months to the Group. The current portion and non-current portion of this payable were HK$67,024,000 and HK$42,482,000 respectively (2015: HK$66,315,000 and HK$68,087,000). All the remaining amounts are short term and hence the carrying values of the Group's trade payables are considered to be a reasonable approximation of fair value.

12. SHARE CAPITAL

	Number of ordinary shares of HK$0.01 each	***HK$'000***
Authorised:		
At 1 January 2015, 31 December 2015 and **31 December 2016**	**500,000,000,000**	**5,000,000**
Issued and fully paid:		
At 1 January 2015, 31 December 2015 and **31 December 2016**	**68,645,535,794**	**686,455**

13. BUSINESS COMBINATIONS

(a) During the year ended 31 December 2016, the Group acquired equity interest of certain companies owned by independent third parties and a related party.

The Group's business combinations are detailed as follows:

(i) The Group entered into a sale and purchase agreement in respect of the acquisition of 100% equity interest in 重慶嘉裕影視傳媒有限公司 ("嘉裕"), which is a company incorporated in the PRC, on 23 November 2015. 嘉裕 is principally engaged in cinema operation. The Group will expand its presence in Chongqing through this acquisition. The acquisition was completed on 1 January 2016 (the "Acquisition Date").

The fair values of the identifiable assets and liabilities of 嘉裕 as at the Acquisition Date were as follows:

	Fair value
	HK$'000
Property, plant and equipment	**28,790**
Intangible assets	**14,902**
Inventories	**58**
Trade receivables	**1,980**
Amount due from a related party	**839**
Deposits, prepayments and other receivables	**34,937**
Cash and cash equivalents	**7,733**
Trade payables	**(10,946)**
Other payables and accruals	**(18,838)**
Amount due to a related party	**(4,038)**
Receipt in advance and deferred revenue	**(10,080)**
Provision for tax	**(635)**
Deferred tax liabilities	**(3,793)**
Total identifiable net assets at fair value	**40,909**
Goodwill	**41,815**
Fair value of consideration	**82,724**
Purchase consideration	**(82,724)**
Add: cash and cash equivalents in a subsidiary acquired	**7,733**
Net cash outflows in acquisition	**(74,991)**

13. BUSINESS COMBINATIONS (Continued)

(a) (ii) The Group entered into a sale and purchase agreement in respect of the acquisition of 100% equity interest in 重慶雄都影院投資有限公司 ("雄都"), which is a company incorporated in the PRC, on 23 November 2015. 雄都 is principally engaged in cinema operation. The Group will further expand its presence in Chongqing through this acquisition. The acquisition was completed on 29 February 2016 (the "Acquisition Date").

The fair values of the identifiable assets and liabilities of 雄都 as at the Acquisition Date were as follows:

	Fair value
	HK$'000
Property, plant and equipment	**23,382**
Intangible assets	**8,988**
Inventories	**218**
Trade receivables	**1,978**
Deposits, prepayments and other receivables	**5,952**
Cash and cash equivalents	**2,076**
Trade payables	**(5,776)**
Other payables and accruals	**(20,955)**
Receipt in advance and deferred revenue	**(6,026)**
Deferred tax liabilities	**(2,505)**
Total identifiable net assets at fair value	**7,332**
Goodwill	**76,131**
Fair value of consideration	**83,463**
Purchase consideration	**(83,463)**
Add: cash and cash equivalents in a subsidiary acquired	**2,076**
Net cash outflows in acquisition	**(81,387)**

13. BUSINESS COMBINATIONS (Continued)

(a) (iii) The Group entered into a sale and purchase agreement in respect of the acquisition of 70% equity interest in CE Holdings Limited ("Crabtree & Evelyn"), which is a company incorporated in the British Virgin Islands, on 15 December 2015. Crabtree & Evelyn is principally engaged in manufacturing, retail and distribution of botanic-based personal care and fragrance products. The acquisition will expand the Group's retail and entertainment businesses. The acquisition was completed on 30 September 2016 (the "Acquisition Date").

The fair values of the identifiable assets and liabilities of Crabtree & Evelyn as at the Acquisition Date were as follows:

	Fair value
	HK$'000
Property, plant and equipment	**234,270**
Intangible assets	**401,787**
Inventories	**268,367**
Trade receivables	**53,435**
Deposits, prepayments and other receivables	**454,368**
Cash and cash equivalents	**49,851**
Trade payables	**(101,067)**
Other payables and accruals	**(819,211)**
Provision for tax	**(1,032)**
Deferred tax liabilities	**(11,440)**
Finance lease liabilities	**(163)**
Total identifiable net assets at fair value	**529,165**
Non-controlling interests	**(383,947)**
Goodwill	**750,658**
Fair value of consideration	**895,876**
Purchase consideration	**(895,876)**
Add: cash and cash equivalents in subsidiaries acquired	**49,851**
Net cash outflows in acquisition	**(846,025)**

13. BUSINESS COMBINATIONS (Continued)

(a) (iv) On 14 July 2016, the Board announces that the Group received a notice of exercise of the Put Option of 30% equity interest by a non-controlling interest of Listar Properties Limited ("Listar"). The Group acquired such interest accordingly. After the completion of the transfer, Listar became a 73% owned subsidiary of the Group. The acquisition was completed on 15 September 2016 (the "Acquisition Date").

The fair values of the identifiable assets and liabilities of Listar as at the Acquisition Date were as follows:

	Fair value
	HK$'000
Property, plant and equipment	**4,459**
Inventories	**4,547,107**
Trade receivables	**36,397**
Deposits, prepayments and other receivables	**1,153,599**
Pledged and restricted bank deposits	**249,478**
Cash and cash equivalents	**139,722**
Trade payables	**(403,257)**
Other payables and accruals	**(1,528,297)**
Receipt in advance and deferred revenue	**(1,315,495)**
Provision for tax	**(38,790)**
Bank and other borrowings	**(863,315)**
Deferred tax liabilities	**(875,386)**
Total identifiable net assets at fair value	**1,106,222**
Non-controlling interests	**(298,680)**
Fair value of 43% share of Listar held by the Group immediately prior to the Acquisition Date	**(988,778)**
Goodwill	**1,519,329**
Fair value of consideration	**1,338,093**
Purchase consideration	**(1,338,093)**
Add: cash and cash equivalents in subsidiaries acquired	**139,722**
Net cash outflows in acquisition	**(1,198,371)**

(v) On 28 December 2016, the Group acquired the remaining 27% non-controlling interests of Listar. After the completion of the transfer, Listar became a wholly owned subsidiary of the Group.

As the transfer of the equity interests did not change the control of Listar, the transaction was classified as transaction between owners as capacity of owners and any change in equity interests were recognised in equity directly.

During the year ended 31 December 2016, loss attributable to the non-controlling interests of Listar amounted to HK$72,990,000.

13. BUSINESS COMBINATIONS (Continued)

(b) During the year ended 31 December 2015, the Group acquired equity interest of certain companies owned by independent third party.

The Group's material business combinations are detailed as follows:

(i) The Group entered into a sale and purchase agreement in respect of the acquisition of 100% equity interest in 數碼辰星科技發展(北京)有限公司 (Digicine Oristar Technology Development (Beijing) Company Limited) ("Oristar"), which is a company incorporated in the PRC, on 25 May 2015. Oristar is principally engaged in sales of movie projection equipment and provision of digital media technology services. The acquisition was completed on 1 June 2015 (the "Acquisition Date").

The fair values of the identifiable assets and liabilities of Oristar as at the Acquisition Date were as follows:

	Fair value *HK$'000*
Property, plant and equipment	4,395
Intangible assets	51,297
Long term trade receivables	57,891
Inventories	27,885
Trade receivables	23,813
Deposits, prepayments and other receivables	10,590
Cash and cash equivalents	4,595
Trade payables	(66,781)
Other payables and accruals	(62,555)
Long term trade payables	(41,420)
Bank and other borrowings	(5,896)
Deferred tax liabilities	(10,547)
Provision for warranty	(5,208)
Total identifiable net liabilities at fair value	(11,941)
Goodwill	11,941
Fair value of consideration	–
Purchase consideration settled in cash	–
Add: cash and cash equivalents in subsidiaries acquired	4,595
Net cash inflows in acquisition	4,595

13. BUSINESS COMBINATIONS (Continued)

(b) (ii) For the year ended 31 December 2015, the Group completed the acquisition of 100% equity interest in 重慶煥揚影院管理有限公司 ("煥揚") on 21 December 2015 (the "Acquisition Date"). 煥揚 is a company incorporated in the PRC and is principally engaged in cinema operation. The Group will expand its presence in Chongqing through this acquisition.

The fair values of the identifiable assets and liabilities of 煥揚 as at the Acquisition Date were as follows:

	Fair value *HK$'000*
Property, plant and equipment	16,094
Inventories	82
Amount due from a related party	1,433
Deposits, prepayment and other receivables	619
Cash and cash equivalents	314
Trade payables	(32)
Other payables and accruals	(6,538)
Amount due to a related party	(5,050)
Total identifiable net assets at fair value	6,922
Goodwill	12,905
Fair value of consideration	19,827
Purchase consideration settled in cash	(19,827)
Add: cash and cash equivalents in a subsidiary acquired	314
Net cash outflows in acquisition	(19,513)

14. DIVIDEND

The Board has recommended a final dividend of 0.2 HK cents per ordinary share for the year ended 31 December 2016 (2015: Nil). The recommendation is subject to the approval of the shareholders at the forthcoming Annual General Meeting.

15. EVENTS AFTER THE REPORTING PERIOD

On 25 January 2017, the Company entered into a sale and purchase agreement to acquire Orange Sky Golden Harvest Cinemas (China) Company Limited through the acquisition of 100% of the total issued share capital of City Entertainment Corporation Limited (the "Acquisition"). Up to the date of this Announcement, the assessment of the fair value of City Entertainment Corporation Limited's assets and liabilities is still under process. Details of the Acquisition are more particularly disclosed in the announcement dated 25 January 2017 issued by the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

The Company continued to engage in three main businesses, namely culture and media services, property development and corporate IT application services, through Dadi Media (HK) Limited together with its subsidiaries, Dadi Cinema Investment Limited together with its subsidiaries, Oristar Technology (HK) Limited and its subsidiaries (collectively as "Dadi Media"), Nan Hai Development Limited together with its subsidiaries (collectively as "Nan Hai Development") and Sino-i Technology Limited together with its subsidiaries (collectively as "Sino-i", stock code: 250). In the meantime, for the purpose of its long term development, the Group continued to sow seeds in new business segments such as "New Media" and "Innovative Business" by means of mergers and acquisitions and new incorporation.

During the year, turnover of the Group increased by approximately 112.3% to HK$8,915.6 million (2015: HK$4,200.1 million). Net profit attributable to owners of the Company was approximately HK$1,359.6 million (2015: HK$238.9 million). The increase in profit was mainly attributable to the increase in revenue driven by the recognition of the sales income of Phase 3 of "The Peninsula" property project of the Group during the year. Net assets attributable to owners of the Company were HK$4,051.8 million (2015: HK$3,242.3 million).

CULTURE AND MEDIA SERVICES

Business Review

During the year, revenue of the culture and media services segment was approximately HK$3,089.5 million (2015: HK$3,153.0 million). Segment profit before income tax was HK$170.3 million (2015: HK$230.5 million). The decrease in profit was mainly due to box office revenue of 廣東大地影院建設有限公司 (Guangdong Dadi Cinema Construction Limited) and its subsidiaries (collectively as "Dadi Cinema") under Dadi Media remained stable as compared with last year while new cinemas were in the period of ramp-up in 2016.

Dadi Cinema

In 2016, the growth of film industry tended to be rational, with an aggregate box office of RMB45.712 billion, representing an increase of approximately 3.73%. Given the booming of film industry in 2015, growth of national box office in 2016 became slow but stable. The annual admission was approximately 1,372 million. The total number of screens in China amounted to over 41,000. As regards the distribution structure of cinemas, the expansion of cinemas in third and fourth tier cities was notable. Given the expanded capacity of equipment, the performance in fourth tier cities was remarkable with the largest growth while the performance of third tier cities became more stable in terms of urban box office in 2016. The percentage of urban box office of first and second tier cities over the national box office decreased slightly as compared with 2015. In recent years, the difference in admission among cities of different tiers became smaller and smaller, resulting in a more balanced distribution structure.

CULTURE AND MEDIA SERVICES (Continued)

Business Review (Continued)

Dadi Cinema (Continued)

Against this backdrop, Dadi Cinema consolidated its market position among cinema investment and management companies in the PRC by its strategy to focus on second, third and fourth tier cities. During the year, Dadi Cinema achieved box-office revenue (before taxation) of RMB2,237 million, representing a growth of 1.1% as compared with corresponding period last year, which accounted for approximately 4.9% of the national box office, ranking second among cinema investment and management companies throughout China. Its admission of 73.25 million marked another record high. As at 31 December 2016, Dadi Cinema had an aggregate of 350 cinemas with 1,911 screens operating in 28 provinces and 164 cities. In addition, the number of contracted backlog was over 311 cinemas.

Leveraging the advantages of Dadi Cinema, during the year, Dadi Cinema introduced "environment-oriented" marketing strategies. Capitalized on its own advantages, Dadi Cinema standardized the management of spectacular diorama, created a scene marketing model for online and offline cross-platform film consumption and established an efficient interactive platform for brand owners and users. In-depth transformation from brand level to marketing level was achieved. With customer base accumulated over the years, Dadi Cinema has conducted cooperation with more than 80 advertising agencies and over 200 direct advertising customers, achieving a certain advertising business scale and an increase in sales results.

Diversified financing channels became the support for development and expansion of cinemas and implementation of "environment-oriented" marketing strategies. On 1 February 2016, the asset-backed securities of Dadi Cinema Group with a principal amount of RMB1.13 billion pledged by part of the future box office revenue from 80 cinemas were listed and the proceeds shall be used for their cinema construction operation. On 9 May 2016, Dadi Cinema issued convertible bonds with an aggregate principal amount of RMB1 billion to Alibaba Pictures Group Limited ("Alibaba Pictures"). The proceeds shall be used for operation, investment and acquisition of cinemas, and repayment of bank loans. As China's movie business continues to achieve breakthrough in terms of innovation, the introduction of a strategic investor will further enhance cooperation between both parties with respect to film distribution, film marketing, membership operation and the establishment of big data, promoting development of the industry in joint efforts. Thereafter, both parties will seek cooperation for further expansion into such areas as online product sales, big data application and financial services.

CULTURE AND MEDIA SERVICES (Continued)

Business Review (Continued)

Dadi Film

During the year, on top of development of agency distribution business, Dadi Media (HK) Limited and its subsidiaries ("Dadi Film") under Dadi Media commenced investment in and production of contents including films, television series, network television series and animation at full force. Dadi Film distributed "Days of Our Own" (《我們的十年》) and "Adventures of Weibaobao" (《冒牌臥底》). During the year, 五洲電影發行有限公司 (Wuzhou Film Distribution Co., Limited), a 22.5% associated company, distributed "Chongqing Hotpot" (《火鍋英雄》) and "Crouching Tiger, Hidden Dragon: Sword of Destiny" (《臥虎藏龍青冥寶劍》) as the lead distributor and achieved good performance. With respect to content, on the one hand, Dadi Film expanded the scope of content derived from the original content in the film and television. Content sources were also obtained by various strategic bundling channels, including self-development, copyright procurement, cooperation with external established creative teams and renowned producers. Dadi Film is entitled to receive income for investment in or the control of content according to the content sources. On the other hand, Dadi Film commenced the layout for animation industry. With "Magical Kingdom Anime" （驚奇大地） as the business brand, Dadi Film focused on the content cultivation and copyright operation of the two-dimensional intellectual property ("IP"), which mainly refers to the copyright of literary and artistic works. Dadi Film developed and integrated potential animation projects and other quality projects with IP-derived value.

During the year, 北京東方大地影視投資管理有限公司, an associate formed by Dadi Film and 東方邦信創業投資有限公司, has basically completed the first tranche of fund raising and made an investment of approximately RMB120 million. Meanwhile, Dadi Film commenced the formation of a cinema fund investment management company, with a view to leverage on the quality resources and excellence experience of Dadi Cinema and Dadi Film in terms of film and television terminals, distribution channels and management for capital leverage and to promote the development of content industry chain business with solid financial support.

Oristar

In 2016, 辰星科技(香港)有限公司 (Oristar Technology (HK) Limited) and its subsidiaries (collectively as "Oristar") underwent transformation from traditional technical company to comprehensive technical services company. For providing better services to cope with the rapid development of the Chinese film market, Oristar put efforts in recruiting talents, optimizing the company structure and improving the communication of internal information, thus enhancing the service efficiency and user satisfaction.

During the year, as the first technology company providing commercial solutions on gigantic laser screening in the PRC, Oristar put its focus on in-depth research and development and external cooperation in relation to the tri-colour laser screening solutions for the small to median-sized cinema halls, which accounted for the largest market share. The research results lay a solid foundation for the business breakthrough in 2017.

CULTURE AND MEDIA SERVICES (Continued)

Prospects

In the past five years, the robust growth in the construction of cinemas in the PRC accelerated the rapid growth of box office of Chinese film. In 2015, the growth rate was nearly 50%. In 2016, this rapid growth trend came to an end. Growth of box office slowed down and the market tended to be more rational, urging for a consumption upgrade of the Chinese film market. Against this backdrop, Dadi Media will capture market opportunities in relation to movie showing, distribution and content products. It will devote efforts in distribution and content products and plan the layout for certain key aspects of the content industry by consolidating its market position among the cinema investment and management companies and enhancing its diversified profitability.

On 25 January 2017, the Company announced that it entered a sale and purchase agreement in relation to the purchase of Orange Sky Golden Harvest Cinemas (China) Company Limited (橙天嘉禾影城(中國)有限公司) ("OSGH (China)") through Dadi Media. OSGH (China) mainly operates cinemas in the first and second tier cities, which makes a complement to the cinema layout of Dadi Cinema which focuses on second to fourth tier cities. Upon completion of the transaction, the number of cinemas and screens operated and owned by Dadi Cinema would increase to 426 and 2,442 respectively, further consolidating its market position as the second leading cinema investment and management company in the PRC. In addition, the acquisition would create synergies and consolidate benefits with the core capacity and quality resources of Dadi Cinema, which would be beneficial to the long-term customer-oriented development strategies, thus laying a solid foundation for the implementation of "Film+" strategy of Dadi Cinema. Dadi Cinema's "Film+"strategy will put more focus on materializing the correlation between cinema-related businesses and sharing of customer resources, establishing membership system and consolidating the online and offline membership data, with a view to provide precise marketing and guidance for diversified cinema-related businesses. With cinemas as a starting point, Dadi Cinema will establish a new ecosystem focusing on movie-going crowd's entertainment consumption. Meanwhile, Dadi Cinema's advertising business will further implement the "environment-oriented" marketing strategy and introduce various innovative media platforms to the entire film industry with the support from Dadi Cinema, bringing revolutionary changes to the film and media industry.

A new ecosystem on entertainment consumption created by "Film+" strategy as well as millions of audience and members gained from diversified film culture laid a solid foundation for Dadi Film to tap into content industry. In the future, Dadi Film will actively pursue cooperation with outside parties. It aims at optimizing the coverage of its distribution network on one hand, and enhancing exploration and cultivation of content industry. As for distribution business, Dadi Film conducted cooperation on Chinese movies projects. Dadi Film will direct and participate in releasing "The Legend of The Mengol King" (《鐵木真傳奇》), a historical blockbuster with visual effects produced by Jean Jacques Annaud, and "Tea Pets" (《阿唐小來的奇幻之旅》), a movie marking the new benchmark for PRC animation technology. Dadi Film actively pursued the expansion of overseas market and has obtained the rights to distribute the following movies in the PRC: "American Made", a criminal drama-thriller film directed by Doug Liman and starring Tom Cruise and Domhnall Gleeson, "The Expendables 4"and "Rambo 5",which were directed by and starring Sylvester Stallone. These movies will be shown in theaters in the coming three years. As for content industry, Dadi Film introduced "brand strategy" to create quality film and television programs and animation works. By consolidating content platform, Dadi Film will strengthen the development of core films and make attempts on film and television works of various art forms. On the other hand, with creating quality IP for animation-lovers as the core driving force, Dadi Film will create a pan-entertainment complex with comprehensive product lines and integrated industrial chain consisting of animation, films and television works, derivative products and performance, thus expanding the cultural market.

CULTURE AND MEDIA SERVICES (Continued)

Prospects (Continued)

In addition, development of cinema construction remains on fast track amid the golden era for the Chinese film industry. Suppliers enhanced the quality of their film screening equipment in response to the increasing demand for high quality viewing experience. In future, Oristar will shift its focus to technology services and put more efforts in the comprehensive integration of automatic operation system, ticketing system, TMS system, screening servers, servers and laser IMAX, with a view to providing more appropriate cinemas construction and operation solutions.

PROPERTY DEVELOPMENT

Business Review

During the year, turnover of this business segment was approximately HK$4,524.9 million (2015: HK$192.1 million). Segment profit before income tax was approximately HK$2,695.4 million (2015: HK$97.4 million). Profit for the year was mainly attributable to the substantial increase in revenue driven by the recognition of the sales income of Phase 3 of "The Peninsula" during the year.

"The Peninsula" Project in Shenzhen

During the year, Nan Hai Development continued the rolling development of "The Peninsula" in Shenzhen. Nan Hai Development adhered to quality as its core values, excelling at raising the bar for its products with exquisite decorations. Phase 3 of "The Peninsula" obtained the presale permit on 28 March 2016. Sales launched on 9 April 2016 in Shekou, Shenzhen, attracting nearly 2,000 visitors. 409 units were sold within two days, generating aggregate proceeds of approximately RMB5.2 billion. As at 31 December 2016, a total of 768 units in the Phase 3 of the project were sold, generating an accumulated pre-sales amount of RMB11.277 billion. Phase 4 of the project commenced construction in July 2015 and is under development at full speed, and is expected to meet pre-sales conditions in 2017.

"Free Man Garden" project in Guangzhou

Given the further increase in housing price in Guangzhou, Nan Hai Development adjusted and increased the ownership percentage of the "Free Man Garden"project. As at 28 December 2016, the Company which own the "Free Man Garden" in Guangzhou became a wholly-owned subsidiary of Nan Hai Development. The development of various phases went smoothly. Pre-sales for Phase 4 commenced on 16 July 2016. As at 31 December 2016, pre-sales amounted to approximately RMB2.042 billion with a total sales area of approximately 155,000 square meters ("sq.m."), accounting for approximately 85% of the total area of Phase 4. Residential project of Phase 2 and commercial project of Phase 3 were completed with occupancy conditions fulfilled in 2016, and residential project of Phase 2 was delivered. Development of residential projects of Phase 5, 6 and 7 gradually rolled out. Certain blocks of Phase 7 obtained the pre-sales permit during the year and are expected to launch for sales in 2017.

PROPERTY DEVELOPMENT (Continued)

Prospects

The real estate market of the PRC was extremely robust and volatile in 2016. With surging property prices frequently hit record high during the first half of 2016, policies on curbing the rapidly climbing housing price were implemented in first-tier cities. These policies were relatively scientific, and it is expected that such policies will achieve stable development in the market instead of resulting in excessive volatility in the market. Certain second-tier and most of the third-tier cities were still under intense pressure on inventory. Destocking and promotion of consumption would still be the main focus in the property market.

"The Peninsula", Nan Hai Development's flagship project, has become one of the largest high-end residential and commercial complex in Shenzhen. Given the urban development strategy of optimizing northern Guangzhou, and great opportunities arising from urban development and its stimulating effects, "Free Man Garden" project in Guangzhou will continue to enhance its brand value effect, and thus possess tremendous room for appreciation and development prospect.

In 2017, Nan Hai Development will uphold its philosophy of "user-friendly designs, high quality and building humanity community". While making huge effort in promoting the existing projects, Nan Hai Development will focus on first tier cities and take initiative in developing new property projects, aiming at laying a solid foundation for its sustainable development in the long run. Meanwhile, Nan Hai Development will explore innovative commercial property investment and development models which combine culture and innovation, arts and humanity, catering and travel as well as fashion and leisure.

CORPORATE IT APPLICATION SERVICES

Business Review

Year 2016 was the first year of the implementation of the Thirteenth Five-Year-Plan of China and the eleventh year after implementing small and medium enterprises ("SMEs") informatization project. With the development of new technologies and emerging industries like cloud computing and mobile internet, SMEs is provided with more flexible and diversified informatization products.

Since calling for the action plan of "Internet +" in the 12th National People's Congress, SMEs were driven to catch the wave of transformation of internet. Under keen competition, the concept of "Internet +" has made certain founders and SMEs stand out in the competition. However, lots of SMEs are still struggling in the confusing transformation. To deal with the internet transformation issue for 40 million SMEs in the PRC, a three-part solution is required: technology, marketing and services, posing a challenge to the enterprises provided information services to SMEs. Solving technological problem is the base of informationization for SMEs; solving marketing problem is the key for vising awareness on the internet; while services provided afterwards are the core factor for SMEs earning profits via internet in long term.

CORPORATE IT APPLICATION SERVICES (Continued)

Business Review (Continued)

During the year, with key subsidiaries 中企動力科技股份有限公司 (CE Dongli Technology Company Limited) ("CE Dongli") and 北京新網數碼信息技術有限公司 (Beijing Xinnet Cyber Information Company Limited) ("Xinnet") as its main business entities, more effort was continuously put into the corporate IT application services business of this business segment by providing comprehensive internet-based services, e-commerce and information application services, and overall solutions to SMEs and individual clients in the PRC. During the year, turnover of this segment was approximately HK$818.1 million (2015: HK$808.3 million), representing a growth of approximately 1.2% over the corresponding period last year. Segment loss before income tax was approximately HK$18.9 million (2015: HK$14.9 million), which was basically in line with that of last year.

CE Dongli

With 17 years' practical experience, CE Dongli provides comprehensive information service solutions to SMEs and capitalizes on its experience in website construction, marketing and corporate services, which are the three major business fields CE Dongli focuses on today.

In respect of website construction, CE Dongli is in the process of launching an enterprise portal "NEW Z+", an O2O all-net retail platform "ZshopS", and corporate mobile marketing platform "Vone". Through these platforms, the technical problems in internet-oriented transformation of SMEs can be solved by setting up enterprise portal, seamless inter-connection of online to offline (O2O) services, and providing barrier-free visits via mobile terminals.

In respect of marketing, "Dabatui Internet Integrated Marketing Platform (大把推企業互聯網整合營銷平台)" provides marketing services on various commercial websites and search engines at home and abroad for 40 main industries and over 1,000 sub-segment industries via observing basic searching behavior of users.

With respect to corporate services, CE Dongli optimizes its services by providing corporate domain name registration management services, global corporate email and cloud storage services, four major search engines in world. With outstanding technical measures, CE Dongli is able to solve the global commercial problems, for example, brand protection on internet, corporate domain name registration, global information communication, instant data backup, search engines and commercial marketing. During the year, the internet marketing product "Dabatui" launched by CE Dongli, was awarded "The Best Product of the Year 2016" and "The Brand for IT Users in China 2016", making CE Dongli a dual champion for both products and brand in internet marketing platform sector.

CORPORATE IT APPLICATION SERVICES (Continued)

Business Review (Continued)

Xinnet

Adhering to customer-oriented principal, Xinnet paves the way for customers to enter into internet business with product innovation, various marketing channels and efficient operation services.

During the year, Xinnet continued its internet-based services, such as domain name registration, cloud computing and synergistic communication, and actively developed various applications and value-added services for SMEs through online direct sales and distributor channels established across the PRC. In June 2016, Xinnet launched "Global Mail", a strategic email product, which maintained the performance advantage of Xinnet corporate email and focused on optimizing the experience of mobile office, striving to making it the sharpest solution for office operation. In addition, Xinnet launched cloud hosting products with focus on cloud computing, and established platforms for websites construction in the second half of 2016, offering convenient services to SMEs for their own websites setup. In December 2016, Xinnet launched digital asset hosting services designated for group companies and large internet enterprises. Xinnet has entered into contracts with well-known enterprises, reflecting that its services have gained general attention and recognition in the industry.

At the same time, Xinnet entered into agreements with famous cloud computing enterprises to launch Xinnet's products on different platforms, such as Baidu Cloud, Huawei Cloud and Jingdong Cloud and will continue to have further cooperation in the future.

Prospects

The Company's management believes that SMEs in the PRC will continue to increase its investment in informatization in the future. Although it still needs some time for market ramp-up and promotion, enterprise-level IT application services business will enjoy extensive market opportunity. As cloud applications become widely deployed, the enterprise informatization services will rely on "cloud" in the future. As cloud service products are not available on current cloud market, the development of informatization of SMEs encounters great difficulties in terms of costs and technical matters. Based on its 17 years' experience on providing informatization services for SMEs, the Company has acquired the technologies on cloud computing and cloud applications and intends to launch its cloud service products designated for SMEs via platforms to minimize the investment costs for informatization and eliminate technical barriers from "cloud".

Looking forward, apart from providing cloud services and cloud applications via platforms, the Group will continue to improve ground services capability by providing supporting ground services to SMEs under different development stages. Meanwhile, the Group will enhance its product platform and customized service capacity to provide the best and most suitable customized solutions with low costs for SMEs in different industries. The Group will also continue to commit more resources on operation services, which allows it to quickly respond to the needs of SMEs and provide timely solution, thus enhancing its overall operational capability and online services capability.

CORPORATE IT APPLICATION SERVICES (Continued)

Prospects (Continued)

The coming 10 years will be the golden 10 years for corporate IT application industry. To grasp this historic opportunity, the Group is dedicated to establish an internet application industry ecosystem for SMEs in the PRC by leveraging on its advantages established over the years, such as substantial resources, core competencies and extensive operating experience in the enterprise market, thereby becoming a fresh driver of industrial transformation and upgrading with internet information technology in the PRC.

NEW MEDIA

Business Review

Dadi News Media (HK) Limited and its subsidiaries (collectively as "Dadi News Media"), which commenced operation in the second half of 2015, has established two business divisions, namely "HK01" and "Duowei Media". During the year, turnover of Dadi News Media was approximately HK$173.1 million (2015: HK$22 million), of which advertisement income from the other segments of the Group was approximately HK$147.0 million. Segment loss before income tax was approximately HK$253.5 million (2015: HK$52.9 million). Currently, all businesses of Dadi News Media are at a preliminary stage and are in the period of market investment and ramp-up.

Based in Hong Kong, "HK01" has now developed into a new media with over 550 employees. "HK01" strived to establish a media dissemination platform to create new interactive experience for its readers. As a brand new advocacy media and internet application service, "HK01" is dedicated to take shape and provide full services for its readers through multimedia platform, namely its website, weekly magazine and physical premise. "Duowei Media" includes two major media, namely Duowei monthly magazine and Duowei website. Duowei monthly magazine are sold in different places in the Asia-Pacific Region.

Prospects

Looking forward, the Group will continue to devote its resources in the new media business. Dadi News Media is actively developing a membership system to build up a solid foundation for future development of an all-rounded internet application platform and make it a new business growth driver of the Group.

INNOVATIVE BUSINESS

Business Review

Driven by the commencement of "Film+" strategy of Dadi Cinema, network expansion work for the innovation commercial business of the Group in "Film + Innovative Retail", and "Film + Innovative Catering" has been kicked off.

During the year, turnover of Dadi Innovation (HK) Limited and its subsidiaries (collectively as "Dadi Innovation") was approximately HK$418.2 million (2015: Nil). Net loss before tax was approximately HK$87.3 million (2015: Nil). The acquisition of Crabtree & Evelyn was completed in 2016 and Crabtree & Evelyn is currently undergoing the consolidation process, and Dadi Catering (HK) Limited ("Dadi Catering") is at a preliminary stage.

In respect of retailing, the Group completed the acquisition of 70% equity interest in Crabtree & Evelyn, an internationally renowned skincare brand on 30 September 2016. By implementing a series of restructuring initiatives including integration of resources, remodeling of the brand, supply chain optimization, development of new product lines in Crabtree & Evelyn, Nan Hai will use its best endeavor to boost business performance of Crabtree & Evelyn. The acquisition of Crabtree & Evelyn creates synergy with the core competences and quality resources of the existing businesses like Dadi Cinema, in line with the long-term strategy of the Group with focus on users. In respect of catering, Dadi Catering took the lead to introduce a new culinary culture based on the concept of "light, lively and fresh", bringing people in China into a brand new dining culture with the operation incorporated with cinema.

Prospects

Adhering to the principal "demands for movies as driver; cinemas as core; internet as connector", the Group integrated its member information from different fields to conduct precise marketing and cross-selling, in order to enhance the experience of consumers in the entire commercial complex, which becomes the general trend for development. Cinemas are the key to attract and retain customers, thus an essential business in a commercial complex. In recent years, attempts have been made to establish a new market model of cinematically-themed commercial complex. Based on the "Film+" strategy, the Group drives the secondary consumption revenue from customers by entering catering, retailing businesses, with an aim to meet various consumer demands under the same business. In long run, the complementation between the cinemas and different products of the Group will benefit the long-term development of the Group's business.

FINANCIAL RESOURCES AND LIQUIDITY

The Group continued to adopt prudent funding and treasury policies. As at 31 December 2016, net assets attributable to the owners of the Company amounted to approximately HK$4,051.8 million (2015: HK$3,242.3 million), including cash and bank balances of approximately HK$8,171.4 million (2015: HK$2,724.5 million) which were mainly denominated in US dollars, Renminbi and Hong Kong dollars. As at 31 December 2016, the Group's aggregate borrowings were approximately HK$15,467.4 million (2015: HK$10,070.2 million), of which approximately HK$8,781.9 million (2015: HK$6,467.5 million) were bearing interest at fixed rates while approximately HK$6,685.5 million (2015: HK$3,602.7 million) were at floating rates. The Group currently has not taken any interest rate hedge.

As at 31 December 2016, the gearing ratio of the Group, which is calculated as the net debt divided by the adjusted capital plus net debt was approximately 58.36% as at 31 December 2016 (31 December 2015: 65.22%).

As at 31 December 2016, the capital commitment of the Group was approximately HK$3,416.0 million, of which approximately HK$36.7 million would be used for the renovation of the headquarters of corporate IT application services, approximately HK$336.5 million would be used as capital expenditures for the expansion of its cinema business, and approximately HK$3,042.8 million would be used for property development.

As at 31 December 2016, the Group's contingent liabilities were approximately HK$18.6 million in connection with the guarantees given to secure credit facilities and guaranteed returns.

As at 31 December 2016, certain interests in leasehold land, buildings, other property, plant and equipment, properties under development and completed properties held for sale, investment properties and bank deposits with a total net carrying value of approximately HK$10,160.5 million were pledged to secure the credit facilities granted to the Group. In addition, trading securities with a carrying value of approximately HK$0.2 million and certain shares of several subsidiaries were pledged and bank accounts were charged for securing the Group's credit facilities.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

The majority of the Group's borrowings and transactions were primarily denominated in US dollars, Renminbi and Hong Kong dollars. Both the operating expenses and revenue were primarily denominated in Renminbi and Hong Kong dollars. Uncertainties in global economic development are expected to warrant a fluctuation in Renminbi. The Group's reported assets, liabilities and results may be affected by the Renminbi exchange rates. During the year under review, fluctuation in Renminbi exchange rates affected the assets and liabilities translation from Renminbi to Hong Kong dollars in financial reporting of the Group, and the Group will keep on reviewing and monitoring the fluctuation in exchange rate between Renminbi and Hong Kong dollars. For the funding in US dollars, as Hong Kong dollars are adopted as the reporting currency of the Group, the management of the Group considers the exposure to exchange risk is insignificant owing to the linked exchange rate system that pegs Hong Kong dollars to US dollars. The Group proactively seeks management measures to minimize the impact arising from risks and uncertainties as far as practicable, and considers using foreign exchange hedging instruments (if appropriate) from time to time, to minimize the risk exposure arising from changes in Renminbi exchange rates. As at the date of this announcement, the Group has not used any foreign exchange hedging instruments.

EMPLOYEES AND REMUNERATION POLICY

The Company employs and remunerates its employees based on their qualifications, experience and performance. In addition to basic salary payments, other benefits include housing, contributions to mandatory provident fund, group medical insurance, group personal accident insurance and examination leave and etc. Employees are eligible to be granted share options under the Company's share option scheme at the discretion of the Board of the Company. In general, salary review is conducted annually. As at 31 December 2016, the Group had approximately 17,741 employees (2015: 14,218 employees). The total salaries of and allowances for employees for the year ended 31 December 2016 were approximately HK$1,358.9 million (2015: HK$1,129.1 million).The Group focuses on providing skill and quality training for various levels of staff, and provides on-the-job capability training to its staff; in respect of staff quality, corresponding training on personal work attitude and work habits is also provided.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in note 15 to the financial statements and mentioned elsewhere in this announcement, there was no other significant event after the reporting period up to the date of this announcement.

FINAL DIVIDEND

The Board has recommended a final dividend of 0.2 HK cents per ordinary share for the year ended 31 December 2016 (2015: Nil). This recommendation is subject to the approval of the shareholders at the forthcoming annual general meeting.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Thursday, 25 May 2017 in Hong Kong. The Notice of Annual General Meeting will be published and despatched to the shareholders in due course.

CLOSURE OF REGISTER

The register of members of the Company will be closed from 22 May 2017 to 25 May 2017, both days inclusive, during which period no transfer of shares will be effected for the purpose of determining the identity of members who are entitled to attend and vote at the forthcoming annual general meeting. In order to register the transfers, all transfers accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Abacus Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 19 May 2017.

CLOSURE OF REGISTER (Continued)

The register of members of the Company will also be closed from 1 June 2017 to 2 June 2017, both days inclusive during which period no transfer of shares will be effected, for the purpose of determining the Shareholders' entitlement to the final dividend. In order to register the transfers, all transfers accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Abacus Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 31 May 2017. The final dividend is payable on or before 18 July 2017 to the Shareholders whose names appear on the register of members on 2 June 2017.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

In the opinion of the Board, the Company has complied with the Corporate Governance Code (the "CG Code") and Corporate Governance Report as set out in Appendix 14 to the Listing Rules throughout the year ended 31 December 2016 and as of the date of this announcement, except for the deviations mentioned below:

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer (the "CEO") should be separated and should not be performed by the same individual.

The Company has not appointed a CEO. The role of CEO is also performed by Mr. Yu Pun Hoi who is the chairman of the Company. The Board believes that vesting the roles of both chairman and CEO in the same person provides the Company with strong and consistent leadership, and allows for effective and efficient planning and implementation of business decisions and strategies.

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term subject to re-election.

Not all non-executive directors of the Company are appointed for a specific term. However, all non-executive directors are subject to the retirement and rotation requirements in accordance with the Company's bye-laws. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the CG Code.

Pursuant to Rules 3.10(1), 3.10A, 3.21 and 3.25 of the Listing Rules and CG Code Provision A.5.1, (i) the Board is required to have at least three independent non-executive directors; (ii) the Board is required to have independent non-executive directors representing at least one third of the Board; (iii) the audit committee must comprise a minimum of three members, at least one of whom is an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise; (iv) the remuneration committee is required to be chaired by an independent non-executive director and (v) the nomination committee is required to be chaired by the chairman of the board or an independent non-executive director.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE (Continued)

Mr. Hu Bin resigned as an independent non-executive director, the chairman of the remuneration committee, and a member of each of the audit committee and the nomination committee of the Company on 3 February 2016. The Company appointed Mr. Xiao Sui Ning as an independent non-executive director, the chairman of the remuneration committee, and a member of each of the audit committee and the nomination committee of the Company on 27 April 2016. Since the Company was not able to identify suitable candidate to take up the vacancy left by Mr. Hu Bin instantly, the Company was not in compliance with the requirements prescribed under Rules 3.10(1), 3.10A, 3.21 and 3.25 of the Listing Rules and CG Code Provision A.5.1 during the period from 3 February 2016 to 26 April 2016.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

AUDIT COMMITTEE

The Audit Committee comprises all the independent non-executive directors of the Company, namely Mr. Lau Yip Leung, Mr. Ho Yeung Nang and Mr. Xiao Sui Ning. The Audit Committee has reviewed with the auditor of the Company and the management, this results announcement and the audited consolidated financial statements of the Group for the year ended 31 December 2016 and discussed the auditing, financial control, internal control and risk management systems.

SCOPE OF WORK PERFORMED BY AUDITOR

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2016 have been agreed by the Company's auditor, BDO Limited ("BDO"), to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2016. The work performed by BDO in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by BDO on the preliminary results announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Save as disclosed in this announcement, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION OF THE FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the websites of the Hong Kong Stock Exchange and the Company (http://www.nanhaicorp.com). The 2016 annual report of the Company containing all the relevant information required by Appendix 16 to the Listing Rules will be published on the websites of the Hong Kong Stock Exchange and the Company and despatched to shareholders of the Company in due course.

By order of the Board
Nan Hai Corporation Limited
Liu Rong
Executive Director

Hong Kong, 14 March 2017

As at the date of this announcement, the directors of the Company are as follows:

Executive directors:	*Non-executive director:*	*Independent non-executive directors:*
Mr. Yu Pun Hoi	Mr. Lam Bing Kwan	Mr. Ho Yeung Nang
Ms. Chen Dan		Mr. Lau Yip Leung
Ms. Liu Rong		Mr. Xiao Sui Ning
Mr. Lung King Cheong		