

GREAT CHINA HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability) ■ Stock Code : 141

Interim Report 2016 ■

MANAGEMENT DISCUSSION AND ANALYSIS

Market Overview

The world economy remained complicated and fast-changing amid sluggish economic growth in the first half of 2016 (the “**Period**”). The property markets in China gradually returned to a stable level. The Group made adjustments to the business strategies to secure stable revenue sources and maintain sustainable development of the business in long term.

Business Review

Fishmeal Products & Property Investment in Hong Kong

During the Period, the Group disposed of the entire equity interest in Datong Global Holdings Limited (“**Datong**”) and Xingao Limited (“**Xingao**”) (the “**Disposal of Subsidiaries**”) which, together with their respective subsidiaries (collectively, the “**Disposal Group**”), primarily engaged in the business of (i) trading of fishmeal; (ii) property investment in Hong Kong; (iii) provision for agency services; and (iv) investment in financial assets. During the Period, the Disposal Group generated a revenue of approximately HK\$493.90 million and recorded a valuation loss on investment properties of approximately HK\$2.40 million.

Property Investment in the PRC

Rental income from continuing operations for investment properties in the PRC was approximately HK\$11.43 million during the Period (2015: approximately HK\$11.16 million), which maintained at a similar level compared to the corresponding period in 2015. The investment properties in the PRC were valued by an independent professional valuer and a fair value gain of approximately HK\$2.96 million was recorded for the Period. The fair value gain and net rental income together have made a contribution of approximately HK\$12.87 million to the Group’s profit for the Period.

Prospects

Most of the Group’s current PRC investment properties are mainly located in Shanghai, the PRC. The property prices in Shanghai was generally stable in the first half of 2016 and are expected to be firm for the remainder of 2016. In addition to the operation of its existing property investment business, the Group will also focus on the investment, operation and management of commercial properties in cities in the PRC and invest in quality property projects in these cities when opportunities arise. The Board will also carefully review the Group’s financial position and business so as to formulate long-term business plans and strategies for the future development of the Group. Based on the result of such review, the Group may seize other business opportunities, such as expanding towards integrated operation and management of commercial properties as well as innovative financial services in order to boost the scale and future development of the Group.

Major Disposal

On 21 January 2016, the Company entered into a disposal agreement with Fulcrest Limited to dispose of the entire equity interest in the Disposal of Subsidiaries and the loan owed by the Disposal Group for a total consideration of approximately HK\$797.97 million (the “**Disposal Transaction**”). The Disposal Transaction was completed on 15 June 2016 and the gain on disposal was approximately HK\$53.18 million. Further details of the Disposal Transaction are set out in the circular of the Company dated 13 May 2016 and the announcement of the Company dated 15 June 2016.

Revenue and Results by Operating Segments

The revenue of the Group for the Period from continuing operations increased by approximately HK\$0.27 million to approximately HK\$11.43 million and net profit for the Period decreased by 75.87% to approximately HK\$5.12 million as compared with the corresponding period in 2015, primarily due to the reduction of valuation gains on investment properties by approximately HK\$14.71 million to approximately HK\$2.96 million. After the completion of the Disposal Transaction, the Group has one reportable operating segment and is principally engaged in property investment in the People’s Republic of China (the “**PRC**”) during the Period. As the Group does not have material operations outside the PRC, no geographic segment information is presented.

Financial Review

As at 30 June 2016, the Group’s gearing ratio was nil (31 December 2015: 5%), due to nil long term bank borrowings of the Group (31 December 2015: approximately HK\$96 million) and total assets of the Group of HK\$538 million (31 December 2015: approximately HK\$1,810 million). As at 30 June 2016, the Group’s current ratio was 2.03 (31 December 2015: 6.62), calculated on the basis of current assets of approximately HK\$60.37 million (31 December 2015: approximately HK\$707.04 million) over current liabilities of approximately HK\$29.81 million (31 December 2015: approximately HK\$106.81 million).

As at 30 June 2016, total restricted bank deposit, bank balances and cash on hand, which were denominated in HK\$ and RMB, were approximately HK\$36.12 million (31 December 2015: approximately HK\$256.07 million).

First and Second Special Dividend

During the Period, the Company approved the first special dividend (the “**First Special Dividend**”) of HK\$1.223 per share and the second special dividend (the “**Second Special Dividend**”) of HK\$3.085 per share at its special general meeting. Both the First Special Dividend and the Second Special Dividend have been paid to the shareholders of the Company (the “**Shareholders**”). Based on 261,684,910 shares in issue, the aggregate value of the First Special Dividend and Second Special Dividend is approximately HK\$1,127.34 million. Further details of the special dividends are set out in the circular of the Company dated 13 May 2016 and the announcements of the Company dated 31 May 2016 and 15 June 2016 respectively.

Foreign Exchange Exposure

During the Period, most of the Group’s business transactions were conducted in Hong Kong dollars and Renminbi. Review of the Group’s exposure to foreign exchange risks is conducted periodically. The Group expected that the exposure to exchange rate fluctuation was not significant and therefore did not engage in any hedging activity during the Period.

Capital Commitment

As at 30 June 2016, the Group had no material capital commitments and no future plans for material investments or capital assets (31 December 2015: Nil).

Contingent Liability

The Group had no material contingent liability as at 30 June 2016 (31 December 2015: Nil).

Employees and Remuneration Policies

As at 30 June 2016, the Group employed 10 employees (2015: 80) with staff costs for the Period amounting to approximately HK\$7.76 million (2015: approximately HK\$3.62 million). Remuneration policies are reviewed annually by the management of the Company. Remuneration packages are structured to take into account comparable levels in market and the prevailing business scale of the Group. The Company also operates a share option scheme (the “**Scheme**”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. The Scheme was adopted and approved by the Shareholders on 14 May 2010 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

As at the date of this report, no share options have been granted under the Scheme since its adoption.

INTERIM DIVIDEND

The Board does not recommend any interim dividend for the Period (2015: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Period.

UPDATE ON THE STATUS OF THE PUBLIC FLOAT OF THE COMPANY

As disclosed in the announcement dated 13 July 2016, immediately after close of the share offer made on behalf of Hopevision Group Ltd. (the "**Offeror**"), 20,252,333 shares, representing approximately 7.74% of the total issued shares of the Company, were held by the public shareholders and accordingly, the Company could not satisfy the minimum public float requirement under the Rules Governing Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") granted a temporary waiver to the Company for a period of three months from 14 July 2016 to 13 October 2016.

The Offeror and the Company intend to take steps to restore the minimum public float which steps may include, among other things, (i) the Company issuing new shares (the "**Proposed New Issue(s)**") and/or (ii) the Offeror disposing of its shareholding in the Company (the "**Proposed Disposal(s)**"), to parties independent of and not connected with the Company or its connected persons. Upon completion of the Proposed New Issue(s) and/or the Proposed Disposal(s), the Offeror and parties acting in concert with it are expected to hold not more than 75% of the total issued shares of the Company and the public float of the Company will be no less than 25% of the total issued shares of the Company. As at the date of this report, no definitive agreement has been entered into by the Company or the Offeror in respect of the above steps to restore the minimum public float.

Further announcement(s) will be made by the Company regarding the restoration of minimum public float as and when appropriate in compliance with the Listing Rules.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2016, the following directors or the chief executives of the Company had interests or short positions in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which (a) were required to be notified to the Company and Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), to be notified to the Company and the Stock Exchange:

Long position in the shares of the Company and associated corporations

Name of director	Name of associated corporation	Capacity	Amount of registered capital interested	Percentage of total registered capital of the associated corporation
Gong Biao	Shanghai Chongsheng Investment Management Co., Ltd.	Beneficial owner	RMB500,000	1%

Save as disclosed above, as at 30 June 2016, none of the directors or the chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

None of the directors nor chief executives (including their spouse and children under 18 years of age) of the Company had any interest in, or had been granted, or had exercised, any rights to subscribe for the shares and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the SFO) during the six months ended 30 June 2016.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

The register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO showed that, as at 30 June 2016, the following companies had interests in more than 5% of the Company's issued share capital:

Long position in the shares of the Company

Name of substantial shareholder	Number of shares interested			Percentage* of issued share capital of the Company
	Direct interests	Deemed interests	Total interests	
Hopevision Group Ltd	216,080,696	—	216,080,696	82.57%
Shanghai Chongsheng Investment Management Co., Ltd.	—	216,080,696 (Note)	216,080,696	82.57%
Jiang Tian	—	216,080,696 (Note)	216,080,696	82.57%

Note: The share capital of Hopevision Group Limited was wholly owned by Hong Kong Hopevision International Limited, which was wholly owned by Shanghai Chongsheng Investment Management Company Limited, which was owned as to 99% by Mr. Jiang Tian. Accordingly, Mr. Jiang Tian and Shanghai Chongsheng Investment Management Co., Ltd were deemed to be interested in the 216,080,696 shares of the Company held by Hopevision Group Limited.

* *The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at 30 June 2016.*

Save as disclosed above, the directors of the Company are not aware of any person (other than the directors of the Company whose interests are set out in the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares of the Company and its Associated Corporations" above) who, as at 30 June 2016, had an interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register kept by the Company pursuant to Section 336 of the SFO.

CORPORATE GOVERNANCE

The Company recognises the importance of good corporate governance in enhancing the management of the Company as well as preserving the interests of the shareholders as a whole. The Company complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules during the Period.

UPDATE ON DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of the Directors are set out below:

- Mr. ZHOU Zheren was appointed as the chairman of the Board and the chairman of the nomination committee of the Company on 13 July 2016.
- Ms. GU Ming was appointed as the chief executive officer of the Company on 13 July 2016.
- Mr. LAI Han was appointed as a member of the remuneration committee of the Company on 13 July 2016.
- Mr. HU Jian Xing was appointed as the chairman of the remuneration committee of the Company and a member of each of the audit committee and nomination committee of the Company on 13 July 2016.
- Ms. LI Ping was appointed as the chairman of the audit committee and a member of each of the remuneration committee and the nomination committee of the Company on 13 July 2016.
- Mrs. Patricia Bee Kuen THOMAS was appointed as a member of the audit committee of the Company on 13 July 2016.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its own code of conduct regarding Directors' dealings in the securities of the Company. Having made specific enquiry of all Directors, each of the Directors confirmed that he/she complied with the required standards set out in the Model Code throughout the Period.

The Board has also adopted the Model Code as guidelines for relevant employees in respect of their dealings in the securities of the Company. No incident of non-compliance was noted by the Company during the Period.

AUDIT COMMITTEE

The audit committee of the Company, comprising all the three independent non-executive Directors, has reviewed the Group's unaudited condensed consolidated financial statements for the Period and discussed with the management of the Company the accounting principles and accounting standards adopted by the Group and matters relating to risk management and internal control and financial reporting of the Group.

PUBLICATION OF INTERIM REPORT ON WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This interim report is published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.greatchinaholdingsltd.com.hk and will be despatched to the Shareholders in due course.

APPRECIATION

On behalf of the Board, I would like to thank all our colleagues for their diligence, dedication, loyalty and integrity. I would also like to thank all our Shareholders, customers, bankers and other business associates for their trust and support.

BOARD OF DIRECTORS

As at the date of this report, the Board comprises five executive Directors, namely, Mr. ZHOU Zheren, Ms. GU Ming, Mr. LAI Han, Ms. SHEN Li and Mr. GONG Biao; one non-executive Director, namely, Mr. CHAI Yuet; and three independent non-executive Directors, namely, Ms. LI Ping, Mr. HU Jian Xing and Mrs. Patricia Bee Kuen THOMAS.

On behalf of the Board

Mr. ZHOU Zheren

Chairman of the Board

Hong Kong, 31 August 2016

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2016 — unaudited

(Expressed in Hong Kong dollars ("HK\$"))

	Note	Six months ended 30 June	
		2016 HK\$'000	2015 HK\$'000
Continuing operations			
Revenue	4	11,426	11,161
Cost of sales		(1,513)	(1,742)
Gross profit		9,913	9,419
Other net income/(expense)		290	(219)
Valuation gains on investment properties	9	2,960	17,670
Administrative expenses		(6,677)	(1,201)
Profit from operations		6,486	25,669
Finance costs	5(a)	(116)	(264)
Profit before taxation	5	6,370	25,405
Income tax	6	(1,249)	(4,186)
Profit for the period from continuing operations		5,121	21,219
Discontinued operations			
Profit for the period from discontinued operations	7(a)	45,971	5,910
Profit for the period attributable to equity shareholders of the Company		51,092	27,129
Earnings per share			
— Basic and diluted (HK cents)	8	19.52	10.37
Earnings per share — for continuing operations			
— Basic and diluted (HK cents)		1.96	8.11

The accompanying notes form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME (Continued)

For the six months ended 30 June 2016 — unaudited

(Expressed in HK\$)

	Six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
Profit for the period	51,092	27,129
Other comprehensive income for the period (after tax):		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
— Exchange differences on translation of financial statements of overseas subsidiaries	(8,838)	(1,324)
— Available-for-sale securities: net movement in fair value reserve	(80)	50
— Reclassification of cumulative exchange reserve to profit or loss upon disposal of subsidiaries	(8,267)	—
— Reclassification of cumulative properties revaluation reserve upon disposal of subsidiaries	(495)	—
— Reclassification of cumulative fair value reserve to profit or loss upon disposal of subsidiaries	(990)	—
Total comprehensive income for the period, attributable to equity shareholders of the Company	32,422	25,855

The accompanying notes form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016 — unaudited

(Expressed in HK\$)

	Note	At 30 June 2016 HK\$'000	At 31 December 2015 HK\$'000
Non-current assets			
Investment properties	9	473,391	982,658
Property, plant and equipment	10	4,074	48,278
Lease prepayments		255	259
Available-for-sale financial assets		—	39,726
Trade and other receivables	11	—	31,793
Deferred tax assets		—	452
		477,720	1,103,166
Current assets			
Properties held for sale		17,595	18,094
Inventories		—	70,314
Lease prepayments		4	4
Trade and other receivables	11	6,597	163,380
Financial assets at fair value through profit or loss		—	198,772
Tax recoverable		54	407
Restricted bank deposits		—	16,041
Cash and cash equivalents		36,122	240,027
		60,372	707,039

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 30 June 2016 — unaudited

(Expressed in HK\$)

	Note	At 30 June 2016 HK\$'000	At 31 December 2015 HK\$'000
Current liabilities			
Trade and other payables	12	29,303	82,377
Rental deposits		132	3,226
Borrowings		—	18,652
Current taxation		371	2,559
		29,806	106,814
Net current assets			
		30,566	600,225
Total assets less current liabilities			
		508,286	1,703,391
Non-current liabilities			
Rental deposits		4,099	5,148
Borrowings		—	95,641
Deferred tax liabilities		63,539	67,037
		67,638	167,826
NET ASSETS			
		440,648	1,535,565
Capital and Reserves			
Share capital	13	71,853	71,853
Reserves		368,795	1,463,712
TOTAL EQUITY			
		440,648	1,535,565

The accompanying notes form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016 — unaudited

(Expressed in HK\$)

	Attributable to equity shareholders of the Company					
	Share capital HK\$'000	Exchange reserve HK\$'000	Properties revaluation reserve HK\$'000	Fair value reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
Balance at 1 January 2015	71,853	125,822	495	1,040	1,395,278	1,594,488
Changes in equity for the six months ended 30 June 2015:						
Profit for the period	—	—	—	—	27,129	27,129
Other comprehensive income	—	(1,324)	—	50	—	(1,274)
Total comprehensive income	—	(1,324)	—	50	27,129	25,855
Dividends approved in respect of the previous years	—	—	—	—	(31,402)	(31,402)
Balance at 30 June 2015 and 1 July 2015	71,853	124,498	495	1,090	1,391,005	1,588,941
Changes in equity for the six months ended 31 December 2015:						
Loss for the period	—	—	—	—	(25,475)	(25,475)
Other comprehensive income	—	(27,881)	—	(20)	—	(27,901)
Total comprehensive income	—	(27,881)	—	(20)	(25,475)	(53,376)
Balance at 31 December 2015	71,853	96,617	495	1,070	1,365,530	1,535,565

The accompanying notes form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the six months ended 30 June 2016 — unaudited

(Expressed in HK\$)

	Attributable to equity shareholders of the Company					
	Share capital	Exchange reserve	Properties revaluation reserve	Fair value reserve	Retained profits	Total
Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2016	71,853	96,617	495	1,070	1,365,530	1,535,565
Changes in equity for the six months ended 30 June 2016:						
Profit for the period	—	—	—	—	51,092	51,092
Other comprehensive income	—	(17,105)	(495)	(1,070)	—	(18,670)
Total comprehensive income	—	(17,105)	(495)	(1,070)	51,092	32,422
Special dividends, approved and paid during the period	13(a)(ii)	—	—	—	(1,127,339)	(1,127,339)
Balance at 30 June 2016	71,853	79,512	—	—	289,283	440,648

The accompanying notes form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2016 — unaudited

(Expressed in HK\$)

	Note	Six months ended 30 June	
		2016 HK\$'000	2015 HK\$'000
Operating activities			
Net cash generated from/(used in) operating activities		86,519	(83,683)
Investing activities			
Net cash received from disposal of discontinued operations	7(c)	443,646	—
Other cash flows arising from investing activities		153,935	181,479
Net cash generated from investing activities		597,581	181,479
Financing activities			
Dividends paid to equity shareholders of the Company	13	(922,339)	(31,402)
Other cash flows generated from/(used in) financing activities		35,289	(43,225)
Net cash used in financing activities		(887,050)	(74,627)
Net (decrease)/increase in cash and cash equivalents		(202,950)	23,169
Cash and cash equivalents at 1 January		240,027	244,579
Effect of foreign exchange rates changes		(955)	(9)
Cash and cash equivalents at 30 June		36,122	267,739

The accompanying notes form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in HK\$ unless otherwise indicated)

1 General information

Great China Holdings Limited (the “**Company**”) is a limited liability company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The address of the registered office and principal place of business of the Company is Room 1512, 15/F, New World Tower 1, 16–18 Queen’s Road Central, Hong Kong.

The Company is an investment holding company and its subsidiaries are principally engaged in property investment as at 30 June 2016. The Company and its subsidiaries are collectively referred to as “the Group”.

Following the disposal of the subsidiaries during 2016 as disclosed in note 7, majority of the Group’s business are carried out in the People’s Republic of China (the “**PRC**”). The functional currency of the Company is HK\$ and the functional currency of its major subsidiaries in the PRC is Renminbi (“**RMB**”). The consolidated financial statements are presented in HK\$.

2 Basis of preparation

This interim financial report of the Group has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange, including compliance with Hong Kong Accounting Standard (“**HKAS**”) 34, Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). It was authorised for issue on 31 August 2016.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2015 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2016 annual financial statements. Details of any changes in accounting policies are set out in note 3.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2015 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

2 Basis of preparation (continued)

The financial information relating to the financial year ended 31 December 2015 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance.

3 Changes in accounting policies

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following amendments are relevant to the Group:

- Annual Improvements to HKFRSs 2012–2014 Cycle
- Amendments to HKAS 1, Presentation of financial statements: Disclosure initiative

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Annual Improvements to HKFRSs 2012–2014 Cycle

This cycle of annual improvements contains amendments to four standards. Among them, HKAS 34, Interim financial reporting, has been amended to clarify that if an entity discloses the information required by the standard outside the interim financial statements by a cross-reference to the information in another statement of the interim financial report, then users of the interim financial statements should have access to the information incorporated by the cross-reference on the same terms and at the same time. The amendments do not have an impact on the Group's interim financial report as the Group does not present the relevant required disclosures outside the interim financial statements.

Amendments to HKAS 1, Presentation of financial statements: Disclosure initiative

The amendments to HKAS 1 introduce narrow-scope changes to various presentation requirements. The amendments do not have a material impact on the presentation and disclosure of the Group's interim financial report.

4 Revenue

After disposing the subsidiaries as disclosed in note 7, the Group has a single reportable operating segment and is principally engaged in property investment in the PRC. As the Group does not have material operations outside the PRC, no geographic segment information is presented. The Group's customer base includes one customer with whom transactions have exceeded 10% of the Group's revenues. During the six months ended 30 June 2016, revenue from rental income received from this customer, amounted to approximately HK\$7,520,000 (six months ended 30 June 2015: HK\$7,450,000).

Revenue represents rental income from investment properties.

5 Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

	Six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
(a) Finance costs		
Interest on borrowings	116	264
(b) Other items		
Depreciation	71	137
Interest income	(207)	(2)
Exchange loss, net	91	314
Staff costs (including directors' emoluments)	7,759	3,623

6 Income tax

	Six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
Current tax — PRC Corporate Income Tax	701	836
Deferred taxation	548	3,350
	1,249	4,186

The provision for Hong Kong Profits Tax is calculated at 16.5% (2015: 16.5%) of the estimated assessable profits. No provision was made for Hong Kong Profits Tax as the Group did not earn any revenue subject to Hong Kong Profits Tax during the six months ended 30 June 2016.

The subsidiaries of the Group established in the PRC are subject to PRC corporate Income Tax rate of 25% (2015: 25%).

Corporate Income Tax arising from certain Hong Kong subsidiaries' operations in the PRC is calculated at tax rate of 10% (2015: 10%) on the estimated assessable income for the six months ended 30 June 2016.

7 Discontinued operations

Pursuant to the Disposal Agreement and the Disposal Supplemental Agreement entered into between the Company and Fulcrest Limited (the “**Disposal Purchaser**”) dated 21 January 2016 and 18 April 2016 respectively, and pursuant to the circular of the Company dated 13 May 2016 (the “**Circular**”), the Company disposed (the “**Disposal of Subsidiaries**”) all its equity interests in Datong Global Holdings Limited (“**Datong**”) and Xingao Limited (“**Xingao**”), each of which was a wholly owned subsidiary of the Company as at the date of the Circular, together with the subsidiaries of Datong and Xingao (collectively referred to as the “**Disposal Group**”). Additionally, the Company disposed the amount due from the Disposal Group of HK\$205,000,000 to the Disposal Purchaser (the “**Disposal of Loan**”). Total consideration for the Disposal of Subsidiaries and the Disposal of Loan is HK\$797,967,000, among which the consideration for the Disposal of Subsidiaries amounting to HK\$592,967,000 was settled in cash and the consideration for the Disposal of Loan amounting to HK\$205,000,000 was settled by offsetting against the dividend payable to the Disposal Purchaser (note 13(a)(ii)).

The Disposal Group is principally engaged in the business of (i) trading of fishmeal; (ii) property investment in Hong Kong; (iii) provision for agency services; and (iv) investment in financial assets. The above disposals were completed on 15 June 2016. Since related segments were not previously classified as held-for-sale or as a discontinued operation, the comparative consolidated income statement and statement of comprehensive income have been represented to show the discontinued operation separately from continuing operations.

(a) Results of discontinued operations:

	Six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
Revenue	493,901	443,332
Cost of sales	(473,728)	(415,902)
Valuation loss on investment properties	(2,400)	(21,770)
Other net (expenses)/income	(23,200)	247
Finance costs	(739)	(914)
(Loss)/profit from operations	(6,166)	4,993
Income tax	(1,041)	917
Net (loss)/profit from operations	(7,207)	5,910
Gain on disposal of subsidiaries (note (c))	53,178	—
Profit for the period from discontinued operations	45,971	5,910
Basic and diluted earnings per share (HK cents)	17.56	2.26

7 **Discontinued operations (continued)**

(a) Results of discontinued operations (continued):

The calculation of basic earnings per share from discontinued operations is HK17.56 cents (six months ended 30 June 2015: HK2.26 cents), based on the profit for the period from discontinued operations attributable to the equity shareholders of the Company of HK\$45,971,000 (six months ended 30 June 2015: HK\$5,910,000) and the weighted average number of ordinary shares for basic earnings per share as disclosed in note 8.

There was no difference between the basic and diluted earnings per share as there were no dilutive potential shares outstanding for the periods presented.

(b) Cash flows generated from/(used in) discontinued operations:

	Six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
Net cash used in operating activities	(309,884)	(106,663)
Net cash generated from investing activities	599,384	181,873
Net cash generated from/(used in) financing activities	73,463	(77,613)
Net cash flows generated from/(used in) discontinued operations for the period	362,963	(2,403)

7 Discontinued operations (continued)

(c) *Effect of disposal on the financial position of the Group is:*

	As at the date of the disposal HK\$'000
Assets	
Non-current assets	
Investment properties	500,700
Property, plant and equipment	44,939
Available-for-sale financial assets	12,325
Trade and other receivables	28,805
Current assets	
Inventories	33,694
Trade and other receivables	101,962
Financial assets at fair value through profit or loss	37,205
Available-for-sale financial assets	27,300
Tax recoverable	406
Restricted bank deposit	15,915
Cash and cash equivalents	149,321
Liabilities	
Current liabilities	
Trade and other payables	(42,591)
Rental deposits	(2,389)
Amounts due to the Company	(205,000)
Borrowings	(71,196)
Current taxation	(1,035)
Non-current liabilities	
Rental deposits	(2,041)
Borrowings	(82,144)
Deferred tax liabilities	(2,397)
Net assets disposed of	543,779
Total cash consideration	592,967
Net assets disposed of	(543,779)
Transaction costs occurred for disposal	(5,762)
Reversal of reserves upon disposal	9,752
Gain on disposal of subsidiaries	53,178
Cash flow	
Total cash consideration	592,967
Cash and cash equivalents disposed of	(149,321)
Net cash inflows	443,646

8 Earnings per share

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

From continuing and discontinued operations

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK\$51,092,000 (six months ended 30 June 2015: HK\$27,129,000) and the weighted average of 261,684,910 ordinary shares (2015: 261,684,910 shares) in issue during the interim period.

There was no difference between the basic and diluted earnings per share as there were no dilutive potential shares outstanding for the periods presented.

From continuing operations

The calculation of basic and diluted earnings per share from continuing operations is based on profit for the period attributable to the ordinary equity shareholders of the Company from continuing operations of HK\$5,121,000 (six months ended 30 June 2015: HK\$21,219,000), and the denominators used are the same as those detailed above for basic and diluted earnings per share, respectively.

9 Investment properties

The valuations of investment properties carried at fair value were performed by the Group's independent valuer, Asset Appraisal Limited, using the same valuation techniques as were used by this valuer when carrying out the 31 December 2015 valuations. A net gain of HK\$2,960,000 (six months ended 30 June 2015: HK\$17,670,000), and deferred tax thereon of HK\$367,000 (six months ended 30 June 2015: HK\$2,831,000), has been recognised in profit or loss for the period in respect of investment properties.

Certain investment properties with an aggregate carrying amount of HK\$Nil (31 December 2015: HK\$798,850,000) are pledged to secure the Group's banking facilities (see note 15).

10 Property, plant and equipment

During the six months ended 30 June 2016, the Group acquired property, plant and equipment at a cost of approximately HK\$1,805,000 (for the six months ended 30 June 2015: HK\$2,715,000).

The Group disposed of property, plant and equipment at the aggregate carrying amount of approximately HK\$44,939,000 (for the six months ended 30 June 2015: HK Nil) pursuant to the disposal of the discontinued operations (note 7(c)).

11 Trade and other receivables

As of the end of the reporting period, the ageing analysis of trade debtors and bills receivable (which are included in trade and other receivables), based on the invoice date and net of allowance for doubtful debts, is as follows:

	At 30 June 2016 HK\$'000	At 31 December 2015 HK\$'000
0–30 days	274	66,092
31–60 days	26	8,296
61–90 days	36	167
91–120 days	—	14,087
Over 120 days	108	28,968
Trade debtors and bills receivable, net of allowance for doubtful debts	444	117,610
Prepayments, deposits and other receivables, net of allowance for doubtful debts	6,153	77,563
Carrying amount	6,597	195,173
Less: current portion	(6,597)	(163,380)
Non-current portion	—	31,793

Trade debtors and bills receivables are due within 30 to 180 days from the date of billing (2015: 30 to 180 days). At 30 June 2016, trade and bills receivables of HK\$108,000 are past due but not impaired (2015: HK\$22,158,000).

12 Trade and other payables

As of the end of the reporting period, the ageing analysis of trade creditors and bills payables (which are included in trade and other payables), based on the invoice date, is as follows:

	At 30 June 2016 HK\$'000	At 31 December 2015 HK\$'000
0–30 days	—	40,160
31–60 days	—	156
Over 120 days	—	2,448
Trade creditors and bills payable	—	42,764
Other creditors and accrued charges	29,303	39,613
	29,303	82,377

13 Capital, reserves and dividends

(a) Dividends

- (i) **Dividends payable to equity shareholders attributable to the previous financial year, approved and paid during the interim period**

	Six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
Final dividend of HK\$Nil per share in respect of the previous financial year approved and paid during the interim period (six months ended 30 June 2015: HK\$0.12 per share)	—	31,402

- (ii) **Special dividends**

A first special dividend of HK\$1.223 per share (amounting to approximately HK\$320,041,000) and a second special dividend of HK\$3.085 per share (amounting to approximately HK\$807,298,000) have been approved on the extraordinary general meeting of the Company held on 31 May 2016, and paid on 13 June 2016 in cash of HK\$320,041,000 and on 22 June 2016 in cash of HK\$602,298,000, respectively. The amount of HK\$205,000,000 was offset against the consideration for the Disposal of Loan as agreed between the Company and Disposal Purchaser (note 7).

(b) Share capital

	At 30 June 2016		At 31 December 2015	
	Number of shares	Amounts HK\$'000	Number of shares	Amounts HK\$'000
Ordinary shares, issued and fully paid	261,684,910	71,853	261,684,910	71,853
	261,684,910	71,853	261,684,910	71,853

14 Fair value measurement of financial instruments

*(a) Financial assets and liabilities measured at fair value***Fair value hierarchy**

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available;
- Level 3 valuations: Fair value measured using significant unobservable inputs.

At 30 June 2016, the Group did not have any financial assets or liabilities measured at fair value.

	Fair value at 31 December 2015	Fair value measurements as at 31 December 2015 categorised into		
	HK\$'000	Level 1 HK\$'000	Level 2 HK\$'000	Total HK\$'000
Recurring fair value measurements				
Financial assets:				
Available-for-sale				
financial assets				
— Club debentures	1,896	—	1,896	1,896
Financial assets at fair value through profit or loss:				
— Listed debt securities	198,772	198,772	—	198,772

During the six months ended 30 June 2016, there were no transfers between Level 1 and Level 2, or transfer into or out of Level 3 (six months ended 30 June 2015: HK Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Valuation techniques and inputs used in Level 2 fair value measurements

The fair values of club debentures are determined using inputs from observable current market transactions and dealer quotes for similar instruments at the reporting date.

(b) Fair values of financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortized cost are not materially different from their fair value as at 31 December 2015 and 30 June 2016.

15 Pledge of assets

At 30 June 2016, the Group has pledged the following assets and assigned rental income from letting of properties in favour of banks and financial institutions to secure for borrowings and banking facilities.

	At 30 June 2016 HK\$'000	At 31 December 2015 HK\$'000
Investment properties (note 9)	—	798,850
Leasehold land and buildings	—	40,804
	—	839,654

16 Related party transactions — key management personnel remuneration

Remuneration for key management personnel of the Group was as follows:

	Six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
Fees, salaries, other benefits and retirement benefit costs	6,237	2,327

Total remuneration was included in “staff costs” (see note 5(b)).

17 Immediate and ultimate controlling party

Pursuant to the Sale and Purchase Agreement dated 21 January 2016, Hopevision Group Ltd., which is incorporated in the Seychelles, has completed the acquisition of all shares of the Company held by Fulcrest Limited on 15 June 2016. At 30 June 2016, the directors of the Company consider the immediate parent of the Group is Hopevision Group Ltd. and the ultimate controlling party of the Group is Mr. Jiang Tian.