Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

ZHONG HUA INTERNATIONAL HOLDINGS LIMITED
中華國際控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1064)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

The board of directors (the "Directors") of Zhong Hua International Holdings Limited (the "Company") would like to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2016 (the "Annual Results"), together with the comparative figures and the relevant explanatory notes, as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2016

	Notes	**2016** **HK$'000**	2015 HK$'000
REVENUE	2	**35,568**	37,392
Other income and gain		**498**	21,321
Changes in fair value of investment properties		**341,482**	169,433
Administrative expenses		**(25,537)**	(32,643)
Finance costs	3	**(7,509)**	(8,660)
PROFIT BEFORE TAX	4	**344,502**	186,843
Income tax expense	5	**(89,672)**	(46,858)
PROFIT FOR THE YEAR		**254,830**	139,985
Attributable to:			
Ordinary equity holders of the Company		**58,628**	28,736
Non-controlling interests		**196,202**	111,249
		254,830	139,985
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	7		
Basic		**HK$0.10**	HK$0.05
Diluted		**HK$0.10**	HK$0.05

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2016

	2016 HK$'000	2015 HK$'000
PROFIT FOR THE YEAR	**254,830**	139,985
OTHER COMPREHENSIVE EXPENSE		
Other comprehensive expense to be reclassified to the income statement in subsequent periods:		
Exchange differences on translation of foreign operations	**(175,877)**	(159,380)
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR	**78,953**	(19,395)
Attributable to:		
Ordinary equity holders of the Company	**6,528**	(19,407)
Non-controlling interests	**72,425**	12
	78,953	(19,395)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2016

	Notes	2016 HK$'000	2015 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**4,912**	5,603
Investment properties		**4,017,248**	3,925,860
Total non-current assets		**4,022,160**	3,931,463
CURRENT ASSETS			
Properties held for sale		**34,515**	36,692
Trade receivables	8	**1,151**	14,211
Prepayments, deposits and other receivables		**12,711**	13,724
Cash and bank balances		**65,169**	18,584
Total current assets		**113,546**	83,211
CURRENT LIABILITIES			
Trade payables	9	**(1,931)**	(2,053)
Other payables and accruals		**(35,130)**	(25,717)
Tax payable		**(41,976)**	(41,101)
Interest-bearing bank borrowings		**(8,630)**	(9,213)
Total current liabilities		**(87,667)**	(78,084)
NET CURRENT ASSETS		**25,879**	5,127
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,048,039**	3,936,590
NON-CURRENT LIABILITIES			
Loan from a director		**(71,018)**	(75,496)
Due to a director		**(160,160)**	(133,334)
Long term other payables		**(128,351)**	(140,163)
Interest-bearing bank borrowings		**(13,143)**	(22,772)
Deferred tax liabilities		**(864,381)**	(832,792)
Total non-current liabilities		**(1,237,053)**	(1,204,557)
Net assets		**2,810,986**	2,732,033
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**15,140**	15,140
Reserves		**807,723**	801,195
		822,863	816,335
Non-controlling interests		**1,988,123**	1,915,698
Total equity		**2,810,986**	2,732,033

Notes:

1.1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*
HKFRS 14	*Regulatory Deferral Accounts*
Amendments to HKAS 1	*Disclosure Initiative*
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*
Annual Improvements 2012 – 2014 Cycle	Amendments to a number of HKFRSs

Other than as explained below regarding the impact of amendments to HKAS 1, amendments to HKAS 16 and HKAS 38 and certain amendments included in *Annual Improvements to 2012–2014 Cycle*, the adoption of the above new and revised standards has had no significant financial effect on these financial statements.

(a) Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

(i) the materiality requirements in HKAS 1;

(ii) that specific line items in the income statement and the statement of financial position may be disaggregated;

(iii) that entities have flexibility as to the order in which they present the notes to financial statements; and

(iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to the income statement.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the income statement. The amendments have had no impact on the Group's financial statements.

(b) Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are applied prospectively. The amendments have had no impact on the financial position or performance of the Group as the Group has not used a revenue-based method for the calculation of depreciation of its non-current asset.

(c) *Annual Improvements to HKFRSs 2012–2014 Cycle* issued in October 2014 sets out amendments to a number of HKFRSs. Details of certain amendments are as follows:

- HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*: Clarifies that changes to a plan of sale or a plan of distribution to owners should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. Accordingly, there is no change in the application of the requirements in HKFRS 5. The amendments also clarify that changing the disposal method does not change the date of classification of the non-current assets or disposal group held for sale. The amendments are applied prospectively. The amendments have had no impact on the Group.

2. REVENUE AND OPERATING SEGMENT INFORMATION

Revenue represents gross income from letting investment properties, after elimination of all significant intra-group transactions less any applicable taxes.

For management purposes, the Group is organised into business units based on their services and has two reportable operating segments as follows:

(a) the property investment segment, which invests in properties located in Mainland China for generating potential income from letting; and

(b) the corporate and others segment, which provides management services to group companies.

The management of the Group monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax from operations. The adjusted profit/(loss) before tax from operations is measured consistently with the Group's profit before tax from operations except that other income and gain and finance costs are excluded from such measurement. Segment assets exclude cash and bank balances as it is managed on a group basis. Segment liabilities exclude tax payable, deferred tax liabilities, interest-bearing bank borrowings and a loan from a director as these liabilities are managed on a group basis.

	Property investment		Corporate and others		Total	
	2016	2015	**2016**	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:						
Sales to external customers	**35,568**	37,392	**–**	–	**35,568**	37,392
Segment results	**365,610**	186,994	**(14,097)**	(12,812)	**351,513**	174,182
Other income and gain					**498**	21,321
Finance costs					**(7,509)**	(8,660)
Profit before tax					**344,502**	186,843
Income tax expense					**(89,672)**	(46,858)
Profit for the year					**254,830**	139,985
Segment assets	**4,069,887**	3,995,444	**650**	646	**4,070,537**	3,996,090
Unallocated assets					**65,169**	18,584
Total assets					**4,135,706**	4,014,674
Segment liabilities	**274,241**	251,971	**51,331**	49,296	**325,572**	301,267
Unallocated liabilities					**999,148**	981,374
Total liabilities					**1,324,720**	1,282,641
Other segment information:						
Capital expenditure	**324**	308	**–**	–	**324**	308
Depreciation	**320**	330	**54**	177	**374**	507
Changes in fair value of investment properties	**341,482**	169,433	**–**	–	**341,482**	169,433
Write-off of aged liabilities	**–**	(20,571)	**–**	–	**–**	(20,571)
Interest on a loan from a director					**5,855**	6,155

Geographical information

Revenues are attributed to the segments based on the locations of the customers, and assets are attributed to the segments based on the locations of the assets. No geographical information is presented as over 90% of the Group's revenue is derived from customers based in Mainland China, and over 90% of the Group's assets are located in Mainland China.

Information about major customers

Revenues from four (2015: four) customers, each of whom accounted for revenue exceeding 10% of the Group's total revenues, amounted to HK$35,568,000 (2015: HK$37,392,000).

3. FINANCE COSTS

	2016	2015
	HK$'000	*HK$'000*
Interest on:		
Bank loans	**1,654**	2,501
Finance lease	**–**	4
Loan from a director	**5,855**	6,155
	7,509	8,660

4. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2016	2015
	HK$'000	*HK$'000*
Depreciation	**374**	507
Bank interest income	**(74)**	(94)
Changes in fair value of investment properties	**(341,482)**	(169,433)
Write-off of aged liabilities*	**–**	(20,571)

* This item is included in "Other income and gain" in the consolidated income statement.

5. INCOME TAX EXPENSE

	2016	2015
	HK$'000	*HK$'000*
Group:		
Current – elsewhere		
Charge for the year	**4,301**	4,500
Deferred	**85,371**	42,358
Total tax charge for the year	**89,672**	46,858

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits in Hong Kong during the year (2015: Nil).

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the regions in which the Group operates. The subsidiaries established in Mainland China are subject to income taxes at a tax rate of 25% (2015: 25%).

6. FINAL DIVIDEND

The Directors did not recommend the payment of a final dividend for the year ended 31 December 2016 (2015: Nil).

7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company of HK$58,628,000 (2015: HK$28,736,000), and the weighted average number of ordinary shares of 605,616,520 (2015: 605,616,520) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2016 and 2015.

8. TRADE RECEIVABLES

An aged analysis of the trade receivables at the end of the reporting period is as follows:

	2016		2015	
	HK$'000	***Percentage***	*HK$'000*	*Percentage*
Within 6 months	**1,151**	**100**	7,131	50
6 to 12 months	**–**	**–**	7,080	50
	1,151	**100**	14,211	100

The Group generally grants a credit term of 3 months to 12 months to its customers.

The age of the Group's trade receivables is based on the date of recognition of revenue and the due date of instalments as stipulated in the sale contracts. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

9. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period is as follows:

	2016		2015	
	HK$'000	***Percentage***	*HK$'000*	*Percentage*
More than 1 year	**1,931**	**100**	2,053	100

The age of the Group's trade payables is based on the dates of the goods received or services rendered. The trade payables are non-interest-bearing.

FINANCIAL REVIEW

The Group recorded a turnover of HK$35,568,000 (2015: HK$37,392,000) for the year ended 31 December 2016. Net profit for the year attributable to ordinary equity holders of the Company was HK$58,628,000 (2015: HK$28,736,000).

The Group generally financed its operations with internally generated cash flows and banking facilities during the year.

Cash and bank balances of the Group as at 31 December 2016 amounted to HK$65,169,000 (2015: HK$18,584,000).

At 31 December 2016, the Group had outstanding borrowings of HK$92,791,000 (2015: HK$107,481,000) comprising interest-bearing bank loans amounted to HK$21,773,000 (2015: HK$31,985,000) and a loan from a director amounted to HK$71,018,000 (2015: HK$75,496,000). Of the Group's interest-bearing bank loans, 40%, 29% and 31% respectively were repayable within one year or on demand, in the second year, and in the third to fifth years, inclusive.

At 31 December 2016, the secured bank loans of HK$21,773,000 (2015: HK$31,985,000) of the Group bore interest at floating interest rates. The secured bank loans of HK$19,143,000 (2015: HK$26,340,000) and HK$2,630,000 (2015: HK$5,645,000) of the Group are denominated in Renminbi ("RMB") and Hong Kong dollars, respectively.

The Group's gearing ratio as at 31 December 2016 was 0.02 (2015: 0.03), calculated based on the Group's interest-bearing bank borrowings and loan from a director of HK$92,791,000 (2015: HK$107,481,000) over total assets of HK$4,135,706,000 (2015: HK$4,014,674,000). The Group's gearing was maintained at a relatively low level during the year.

BUSINESS REVIEW

The Company is an investment holding company. Its subsidiaries are principally engaged in property investment and development in Mainland China and have two property interests, one in Chongqing (重慶市) and the other in Guangzhou (廣州市).

Guang Yu Square (港渝廣場), a 15-storey commercial building, is situated at the most prime commercial area at Chaotianmen (朝天門), Yuzhong District (渝中區), Chongqing (重慶市). Chaotianmen is one of the major clothing wholesale points in Chongqing while Guang Yu Square is the most popular men's clothing and footwear wholesale centre in the region.

The property interest in Guangzhou (廣州市) is situated at the most prime commercial area in Yuexiu District (越秀區), Guangzhou. It is planned that the development site will be developed into a versatile grade A commercial building complex with wholesale and exhibition hall facilities and with an objective to be the landmark of the Yuexiu District. The development site is comprised of three contiguous land parcels located at the east of Jiefang Road South (解放南路), to the south of Daxin Road (大新路), to the north of Yede Road (一德路) and to the west of Xieen Road (謝恩里), Yuexiu District and is wholly-owned by Guangzhou Zheng Da Real Estate Development Company Limited (廣州市正大房地產開發有限公司) ("GZ Zheng Da") which in turn Zheng Da Real Estate Development Co. Ltd. ("HK Zheng Da"), a private company incorporated in Hong Kong, has 100% interest.

GZ Zheng Da was set up as a Sino-foreign joint venture by HK Zheng Da as the foreign partner and a state-owned enterprise, a third party, as the sino partner in Guangzhou in December 1993. Since its formation, the sino partner has not provided any capital or management support to GZ Zheng Da to a material extent. Pursuant to the terms of the Enforcement Rules of the Joint Venture Agreement (合作合同實施細則) (the "Enforcement Rules") executed in 1994, the sino partner agreed to surrender its entire interest in GZ Zheng Da except those benefits specified in the Enforcement Rules and therefore HK Zheng Da assumed 100% interest in GZ Zheng Da.

The Group acquired a 25% indirect interest in HK Zheng Da in December 2007 while the remaining 75% interest to be completed by the Group not later than 30 June 2017 at an aggregate consideration of RMB1,361,100,000 (approximately HK$1,510,821,000). Details of the intended acquisition, including terms and conditions, consideration and settlement mechanism, and their amendments thereafter were disclosed in the Company's circular dated 26 November 2007 and the Company's various announcements issued thereafter, the latest of which was issued on 2 June 2016 (primarily refers to the deferment of the long stop date for completion of the acquisition from 31 March 2009 to 30 June 2017).

Furthermore, as stated in the Company's announcement dated 2 June 2016, the Group and its counter parties executed a supplemental agreement to explore opportunity to arrive any revised terms for the settlement of and the consideration for, and completion timetable in relation to the acquisition of the remaining 75% indirect interest in HK Zheng Da not later than the revised long stop date which was further deferred to 30 June 2017. If a revised agreement is concluded, it is anticipated that the acquisition will be financed by debt financing, equity financing, bank borrowings or a combination of the three kinds. If in case the acquisition lapses on 30 June 2017, no party shall be liable to each other. If this happens, the Group will no longer deem control over HK Zheng Da and GZ Zheng Da (collectively the "Zheng Da Group") and there will be a major accounting adjustment to the consolidated accounts of the Company for the year ending 31 December 2017 to the effect that the Zheng Da Group will be regarded as an associated company with a 25% equity interest but not a 25% owned subsidiary of the Company. Further announcement will be made once a concrete decision is made by the Group.

Pending for re-developing into a commercial complex, the development site is presently comprised of a 2-storey non-permanent commercial podium and a car park for loading and offloading inventory. With a history of over one century for footwear wholesale business in the area surrounding the development site, the commercial podium is the most popular footwear boutique showcase and wholesale centre in Guangzhou.

The development project was initially planned to be completed within a period of 15 years but its progress was interrupted by the modifications of municipal planning in the region from time to time in the past years. Pursuant to the terms of the relevant joint venture agreement, the joint venture period of GZ Zheng Da is from 31 December 1993 to 31 December 2008 and can be further extended at the request of either foreign or sino partner upon maturity. In December 2008, both GZ Zheng Da and its foreign partner, HK Zheng Da, agreed to extend the joint venture period by 15 years with effect from 1 January 2009 in accordance with the provisions of the articles of GZ Zheng Da but 越秀房地產開發經營公司 ("越秀國企"), its sino partner and a state-owned enterprise, had become dormant a couple of years ago and therefore its consent could not be obtained. On the other hand, it appeared that another enterprise named 越秀房地產開發經營有限公司 ("越房私企"), a privately owned enterprise which acquired certain assets (but not included any interest in GZ Zheng Da (if any)) from 越秀國企 some years ago, claimed that it had taken up certain interest in GZ Zheng Da (if any) from 越秀國企, but that was not the case. As such, in late December 2008, GZ Zheng Da served a writ against 越房私企 at the Guangdong Province Guangzhou Municipal Yuexiu District People's Court (廣東省廣州市越秀區人民法院) (the "Yuexiu Court") demanding for the confirmation of disqualification of 越房私企 from the sino partnership (if any) of the subject joint venture. The relevant judgement has been issued in July 2009 with rulings endorsing the forfeiture of the partnership qualification and legal entitlements of 越房私企 in the joint venture. 越房私企 then filed an appeal petition (the "Appeal") at the Guangzhou Province Guangzhou Municipal Intermediate People's Court (廣東省廣州市中級人民法院) (the "Guangzhou Court") in August 2009. An hearing was made in October 2009 and no further hearings had been made since then. Both GZ Zheng Da and HK Zheng Da have not yet received a valid judgement in writing issued by the Guangzhou Court in accordance with the relevant PRC laws and due judicial procedures. Further details about the developments of, and events incidental to the Appeal were disclosed in the Company's announcement dated 25 March 2013. Both GZ Zheng Da and HK Zheng Da are looking forward to receiving a formal and legally valid verdict, notice or directive in relation to the Appeal to be granted by the Guangzhou Court or its higher court in accordance with the relevant PRC laws and due judicial procedures. Taking into account the latest rulings granted by the Yuexiu Court in July 2009, the facts and legal grounds substantiated at the first hearing of the Appeal, and the opinion given by the PRC legal counsels and advisers, the Company remains optimistic in obtaining a favourable judgement in the Appeal.

OUTLOOK

Looking ahead to 2017, all eyes are on the new Trump administration of the United States for his "US First" policy and the Federal rate hikes that may impact on global markets. The "US First" policy may change the rules of international trades, particularly trades with China. The Federal rates may rise at a faster pace than forecast given that the US economy looks robust. Nevertheless, US dollar will remain strong for the coming year.

In Asia Pacific region, uncertainties rest on Sino-US relations under the new US president and the political tension in the region due to North Korean nuclear weapon crisis and deployment of Terminal High Altitude Area Defense system in South Korea. All these factors will foreshadow the investment sentiment in the region.

The economy of China will show signs of further improvement in 2017. The Ministry of Finance has set the growth target of GDP at 6.5-6.8% for the year, which is still an encouraging growth rate for such a large and complex economy. The State Council will continue its efforts on supply-side structural reforms as well as curbs on capital outflows and overleveraging. Renminbi will continue to be soft in coming year. However, the property market in Tier-1 cities remains strong, and the e-commerce continues to play the lead role in the consumer market.

Having considered these matters, the Directors will keep on a cautious approach in its property development projects on hand and re-mapping its business directions for the coming three years and are of the view that the Group should diversify its business. It is anticipated that the engagement in renewable energy and related industries will be a new business model all over the world in the forthcoming years.

With strong asset backing and low gearing ratio for the Group's financial position, the Group may take these advantages to explore new business opportunities in 2017 and 2018. The Directors will also strengthen its management expertise and redeploy the Group's resources for meeting these new challenges.

Looking ahead, the Directors are confident and optimistic about the Group's future prospects.

CODE ON CORPORATE GOVERNANCE PRACTICE

In the opinion of the Directors, the Company complied with the Code on Corporate Governance Practice (the "Code") as set out in Appendix 14 of the Listing Rules throughout the year, except for the following deviation:

Code Provision A.4.2

The second part of Code A.4.2 stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Pursuant to the bye-laws of the Company, the Managing Director of the Company shall not be subject to retirement by rotation. However, the Managing Director of the Company had voluntarily retired by rotation every three years and offered himself for re-election at the Company's general meetings in the past years. The Directors consider that this practice is in line with the spirit of the relevant practice of the Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company had adopted the Model Code set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by its directors. Having made specific enquiry to the Directors, the Company confirmed that the Directors had complied with required standard set out in the Model Code throughout the accounting period covered by the annual report.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

AUDIT COMMITTEE

The Annual Results had been reviewed by the Audit Committee of the Company.

DISCLOSURE OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE

The annual report of the Group for the year ended 31 December 2016 containing all information required by Appendix 16 of the Listing Rules will be sent to the shareholders of the Company as well as released on the web site of the Stock Exchange as soon as practicable.

By Order of the Board
Ho Kam Hung
Executive Director

Hong Kong, 21 March 2017

As at the date of this announcement, the board of directors of the Company comprises: (i) Ho Kam Hung as executive director; (ii) Young Kwok Sui as non-executive director; and (iii) Tam Kong, Lawrence, Wong Miu Ting, Ivy and Wong Kui Fai as independent non-executive directors.