

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.



大中華金融控股有限公司

GREATER CHINA FINANCIAL HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 431)

website: <http://www.irasia.com/listco/hk/greaterchina/index.htm>

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

SUMMARY OF RESULTS

The board (the “Board”) of directors (the “Directors”) of Greater China Financial Holdings Limited (formerly known as Greater China Holdings Limited) (the “Company”) is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2015, together with the figures for the year ended 31 December 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME For the year ended 31 December 2015

	NOTES	2015 HK\$'000	2014 HK\$'000
Revenue	4	115,956	55,133
Cost of sales		—	(42,090)
Gross profit		115,956	13,043
Other income, gains and losses	5	121,549	4,098
Administrative and other operating expenses		(83,304)	(31,391)
Finance costs	6	(29,398)	(13,365)
Share of profit of associates		9,324	—
Profit (loss) before taxation		134,127	(27,615)
Income tax	7	(17,997)	8,221
Profit (loss) for the year		116,130	(19,394)
Other comprehensive expense, net of tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(11,383)	(904)
Release of translation reserve upon disposal of subsidiaries		(39,980)	(960)
Share of exchange differences of associates		(5,950)	—
Other comprehensive expense for the year		(57,313)	(1,864)
Total comprehensive income (expense) for the year		58,817	(21,258)

	<i>NOTE</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Profit (loss) for the year attributable to:			
Owners of the Company		116,130	(19,575)
Non-controlling interests		<u>–</u>	<u>181</u>
		<u>116,130</u>	<u>(19,394)</u>
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		58,817	(21,438)
Non-controlling interests		<u>–</u>	<u>180</u>
		<u>58,817</u>	<u>(21,258)</u>
		<i>HK cents</i>	<i>HK cents</i> restated
Earnings (loss) per share	<i>8</i>		
– Basic		<u>4.93</u>	<u>(1.12)</u>
– Diluted		<u>4.81</u>	<u>(1.12)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	<i>NOTES</i>	2015 HK\$'000	2014 HK\$'000
Non-current assets			
Property, plant and equipment		131,885	133,775
Prepaid lease payments		25,649	27,952
Interests in associates	<i>9</i>	372,075	–
Goodwill	<i>10</i>	198,326	–
Rental and utility deposits		3,045	–
		<u>730,980</u>	<u>161,727</u>
Current assets			
Repossessed assets		41	–
Pawn loans receivables	<i>11</i>	359,698	–
Trade and other receivables	<i>12</i>	2,367	2,803
Prepaid lease payments		754	799
Prepayments and deposits		8,366	672
Pledged bank deposits		35,811	–
Bank balances and cash		524,661	12,753
		<u>931,698</u>	<u>17,027</u>
Assets classified as held for sale	<i>13</i>	7,588	130,906
		<u>939,286</u>	<u>147,933</u>
Current liabilities			
Other payables and accruals	<i>14</i>	31,339	19,026
Deferred consideration		64,020	–
Borrowings		199,945	30,330
Tax payables		6,192	–
		<u>301,496</u>	<u>49,356</u>
Liabilities directly associated with assets classified as held for sale	<i>13</i>	9,550	109,135
		<u>311,046</u>	<u>158,491</u>
Net current assets (liabilities)		<u>628,240</u>	<u>(10,558)</u>
Total assets less current liabilities		<u>1,359,220</u>	<u>151,169</u>

	<i>NOTE</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Non-current liabilities			
Deferred consideration		63,900	–
Deferred tax liability		1,100	–
Convertible notes		54,885	–
Borrowings		<u>77,590</u>	<u>41,704</u>
		<u>197,475</u>	<u>41,704</u>
Net assets		<u><u>1,161,745</u></u>	<u><u>109,465</u></u>
Capital and reserves			
Share capital	<i>15</i>	3,234	1,499
Reserves		<u>1,158,511</u>	<u>107,966</u>
Total equity		<u><u>1,161,745</u></u>	<u><u>109,465</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

1. GENERAL INFORMATION

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited. The address of the Company's registered office is Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda and its principal place of business in Hong Kong has changed from Rooms 1013 and 15, 10th Floor, Leighton Centre, 77 Leighton Road, Causeway Bay, Hong Kong to Suites 3001-11, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.

The Group is principally engaged in investment holding, pawnshop business, industrial property development and general trading included trading of metal materials and electronic products etc.

The consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is also the functional currency of the Company. In addition, the functional currencies of certain group entities that operate outside Hong Kong are determined based on the currency of the primary economic environment in which the group entities operate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis.

Basis of consolidation

Two indirect wholly-owned subsidiaries of the Company have entered into a series of contractual agreements with two pawnshops and two pawnshops' direct equity holders which enables the Group to:

- exercise effective control over the two pawnshops;
- exercise equity holders' voting rights of two pawnshops' direct equity holders during the general meeting of two pawnshops;
- receive a majority of the economic benefits of two pawnshops through service fees in consideration for the management and consulting services provided by two wholly-owned subsidiaries respectively;
- receive the residual economic benefits of two pawnshops by exercising an exclusive option to purchase the entire equity interest in two pawnshops when and to the extent permitted under PRC laws; and
- obtain a pledge over the entire equity interest of two pawnshops from their respective equity holders.

The contractual agreements include exclusive consulting service agreement, equity pledge agreement, exclusive call option agreement and authorisation agreement. Pursuant to the contractual agreements and undertakings, notwithstanding the fact that the Group does not hold direct equity interest in two pawnshops, management considers that the Group controls two pawnshops and is considered to be the primary beneficiary of the results, assets and liabilities of two pawnshops. Consequently, the Company treats two pawnshops as indirect subsidiaries under HKFRS. The Group has included the financial position and results of two pawnshops in the consolidated financial statements.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

New and revised HKFRSs affecting amounts reported and/or disclosures in the consolidated financial statements

The Group has applied for the first time in the current year the following amendments to HKFRSs and a new interpretation issued by the HKICPA.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions

The application of the above amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised HKFRSs in issue but not yet effective

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle ¹
HKFRS 9	Financial Instruments ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investment Entities: Applying the Consolidation Exception ¹
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ¹
HKFRS 15	Revenue from Contracts with Customers ²
Amendments to HKAS 1	Disclosure Initiative ¹
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ¹
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ¹

¹ Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

² Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

³ Effective date to be determined.

Amendments to HKAS 1 Disclosure Initiative

The amendments to HKAS 1 *Presentation of Financial Statements* give some guidance on how to apply the concept of materiality in practice.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 January 2016. The directors of the Company do not anticipate that the application of these amendments to HKAS 1 will have a material impact on the amounts recognised in the Group's consolidated financial statements.

The directors of the Company anticipate that the application of these other new and revised standards and amendments will have no material impact on the consolidated financial statements.

New Hong Kong Companies Ordinance (Cap. 622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising from sales of goods, warehouse storage income, pawn loan interest income, consultancy service income and gain on disposal of repossessed assets. An analysis of the Group's revenue for the year is as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Sales of goods	–	42,158
Warehouse storage income	13,651	12,975
Pawn loan interest income	97,712	–
Consultancy service income	4,591	–
Gain on disposal of repossessed assets	2	–
	<u>115,956</u>	<u>55,133</u>

Business Segment

The Group's operations are organised into pawn loan financing and consultancy services, industrial property development business and general trading. Information reported to the chief operating decision maker ("CODM") for the purpose of resources allocation and assessment of segment performance is prepared on such basis. The Group's reportable and operating segments comprise pawn loan financing, industrial property development and general trading.

- Pawn loan financing segment represents the operation of pawnshops and consultancy services in Shanghai, the PRC.
- Industrial property development segment represents the operation of warehouse in Taicang City, Jiangsu Province, the PRC.
- General trading segment included trading of metal materials, electronic products etc. Currently, the Group's general trading activities are carried out in the PRC.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments.

For the year ended 31 December 2015

	Pawn loan financing <i>HK\$'000</i>	Industrial property development <i>HK\$'000</i>	General trading <i>HK\$'000</i>	Total <i>HK\$'000</i>
SEGMENT REVENUE	<u>102,305</u>	<u>13,651</u>	<u>–</u>	<u>115,956</u>
SEGMENT RESULTS	<u>64,197</u>	<u>(10,547)</u>	<u>(1,813)</u>	<u>51,837</u>
Unallocated corporate income				178
Unallocated corporate expenses				(44,384)
Unallocated finance costs				(4,260)
Gain on disposal of subsidiaries				127,263
Share-based payment expenses				(5,831)
Share of profit of associates				<u>9,324</u>
				134,127
Income tax				<u>(17,997)</u>
Profit for the year				<u><u>116,130</u></u>

For the year ended 31 December 2014

	Pawn loan financing <i>HK\$'000</i>	Industrial property development <i>HK\$'000</i>	General trading <i>HK\$'000</i>	Total <i>HK\$'000</i>
SEGMENT REVENUE	<u>–</u>	<u>12,975</u>	<u>42,158</u>	<u>55,133</u>
SEGMENT RESULTS	<u>–</u>	<u>(17,766)</u>	<u>(3,679)</u>	<u>(21,445)</u>
Unallocated corporate income				4,187
Unallocated corporate expenses				<u>(10,357)</u>
				(27,615)
Income tax				<u>8,221</u>
Loss for the year				<u><u>(19,394)</u></u>

All of the segment revenue reported above is from external customers.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments.

At 31 December 2015

	Pawn loan financing HK\$'000	Industrial property development HK\$'000	General trading HK\$'000	Total HK\$'000
ASSETS				
Segment assets	401,443	185,475	2,041	588,959
Unallocated bank balances and cash				481,128
Unallocated property, plant and equipment				12,911
Unallocated other receivables, prepayments and deposits				10,659
Interests in associates				372,075
Unallocated goodwill				196,946
Non-current assets classified as held for sale				7,588
Consolidated total assets				<u>1,670,266</u>
LIABILITIES				
Segment liabilities	184,911	126,126	2,387	313,424
Unallocated other payables				1,642
Unallocated convertible notes				54,885
Unallocated deferred considerations				127,920
Unallocated deferred tax liabilities				1,100
Liabilities directly associated with assets classified as held for sale				9,550
Consolidated total liabilities				<u>508,521</u>

At 31 December 2014

	Pawn loan financing <i>HK\$'000</i>	Industrial property development <i>HK\$'000</i>	General trading <i>HK\$'000</i>	Total <i>HK\$'000</i>
ASSETS				
Segment assets	–	176,227	933	177,160
Unallocated bank balances and cash				985
Unallocated property, plant and equipment				172
Unallocated other receivables, prepayments and deposits				437
Assets classified as held for sale				130,906
Consolidated total assets				<u>309,660</u>
LIABILITIES				
Segment liabilities	–	66,507	17,692	84,199
Unallocated other payables				6,861
Liabilities directly associated with assets classified as held for sale				109,135
Consolidated total liabilities				<u>200,195</u>

Other information

For the year ended 31 December 2015

	Pawn loan financing <i>HK\$'000</i>	Industrial property development <i>HK\$'000</i>	General trading <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Information included in segment results/segment assets:					
Amortisation and depreciation	528	9,193	–	459	10,180
Finance costs	16,996	8,080	62	4,260	29,398
Gain on disposal of subsidiaries	–	–	–	127,263	127,263
Written off of other receivables	–	65	–	–	65
Impairment loss on pawn loans receivables	3,633	–	–	–	3,633
Interest income	(159)	(118)	(34)	(84)	(395)
Reversal of impairment of other receivables	–	–	(1,988)	–	(1,988)
	<u>–</u>	<u>–</u>	<u>(1,988)</u>	<u>–</u>	<u>(1,988)</u>

For the year ended 31 December 2014

	Pawn loan financing <i>HK\$'000</i>	Industrial property development <i>HK\$'000</i>	General trading <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Information included in segment results/segment assets:					
Amortisation and depreciation	–	10,942	–	75	11,017
Finance costs	–	12,312	1,053	–	13,365
Impairment loss on other receivables	–	–	2,670	–	2,670
Gain on disposal of a subsidiary	–	(3,932)	–	–	(3,932)
Interest income	–	(2,195)	(7)	–	(2,202)
Written back of other payables	–	–	(59)	–	(59)

Geographical information

The Group's operations are located in Hong Kong and the People's Republic of China (the "PRC").

The Group's revenue from external customers based on the locations of operations and information about its non-current assets by geographical location of the assets are detailed below:

	Revenue from external customers		Non-current assets	
	31.12.2015 <i>HK\$'000</i>	31.12.2014 <i>HK\$'000</i>	31.12.2015 <i>HK\$'000</i>	31.12.2014 <i>HK\$'000</i>
Hong Kong	–	–	558,650	172
PRC	115,956	55,133	172,330	161,555
	115,956	55,133	730,980	161,727

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	31.12.2015 <i>HK\$'000</i>	31.12.2014 <i>HK\$'000</i>
Customer A ¹	N/A ³	42,158
Customer B ²	N/A ³	10,562

¹ Revenue from sale of goods.

² Revenue from warehouse storage income.

³ The corresponding revenue did not contribute over 10% of total revenue of the Group.

For the year ended 31 December 2015, no single customer contributed 10% or more to the Group's revenue.

5. OTHER INCOME, GAINS AND LOSSES

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Gain on disposal of subsidiaries	127,263	3,932
Impairment loss on pawn loans receivables	(3,633)	–
Impairment loss on other receivables	–	(2,670)
Written off of other receivables	(65)	–
Interest income	395	2,202
Loss on disposal of property, plant and equipment	(22)	–
Net exchange gain	624	195
Reversal of impairment of other receivables	1,988	–
Share-based payment expenses	(5,831)	–
Sundry income	830	380
Written back of other payables	–	59
	<u>121,549</u>	<u>4,098</u>

6. FINANCE COSTS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Effective interest on convertible notes	4,260	–
Interest on bank loans	11,680	13,365
Interest on other loans	13,458	–
	<u>29,398</u>	<u>13,365</u>

7. INCOME TAX

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Current tax:		
PRC Enterprise Income Tax	17,304	–
Over provision in prior years:		
PRC Enterprise Income Tax	(433)	(8,221)
Deferred tax:		
Current year	1,126	–
	<u>17,997</u>	<u>(8,221)</u>

Hong Kong Profits Tax is calculated at 16.5% (2014: 16.5%) of the estimated assessable profits for the years ended 31 December 2015 and 2014. No provision for taxation in Hong Kong has been made as the Group's income neither arises in, nor is derived from Hong Kong.

PRC Enterprise Income Tax ("EIT") is calculated at the applicable rates based on estimated taxable income earned by the PRC subsidiary of the Group with certain tax concession, based on existing legislation, interpretation and practice in respect thereof.

Under the Law of the People's Republic of China on Enterprises Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the applicable PRC EIT rate of the Group's PRC subsidiary is 25% for both years.

No provision for PRC EIT has been made for the year ended 31 December 2014 as the Company and its subsidiaries either has not generated any assessable profits for the year or have available tax losses brought from prior years to offset against assessable profits generated during the year.

The income tax expense/(credit) for the year can be reconciled to the profit/(loss) before tax in the consolidated statement of profit or loss and other comprehensive income as follows:

	2015 HK\$'000	2014 <i>HK\$'000</i>
Profit (loss) before tax	<u>134,127</u>	<u>(27,615)</u>
Tax at the domestic income tax rate of 25% (2014: 25%)	33,532	(6,904)
Tax effect of share of profit of associates	(1,538)	–
Tax effect of expenses not deductible for tax purpose	8,556	1,614
Tax effect of income not taxable for tax purpose	(21,541)	(7,910)
Over provision in prior years	(433)	(8,221)
Tax effect of tax losses not recognised as deferred tax asset	5,339	10,144
Utilisation of tax losses previously not recognised	–	(11)
Deferred tax liabilities arising on undistributed profits of associates in the PRC	1,126	–
Effect of different tax rates of subsidiaries operating in other jurisdictions	<u>(7,044)</u>	<u>3,067</u>
Income tax expenses/(credit) for the year	<u>17,997</u>	<u>(8,221)</u>

8. EARNINGS (LOSS) PER SHARE

The calculation of basic and diluted earnings (loss) per share attributable to the ordinary equity holders of the Company is based on the following data:

	2015 HK\$'000	2014 <i>HK\$'000</i>
Earnings (loss)		
Earnings (loss) for the year attributable to owners of the Company for the purpose of basic earnings (loss) per share	116,130	(19,575)
Effect of dilutive potential ordinary shares:		
Interest on convertible notes (net of tax)	<u>4,260</u>	<u>–</u>
Earnings (loss) for the purpose of diluted earnings (loss) per share	<u>120,390</u>	<u>(19,575)</u>

2015
'000
2014
'000
(Restated)

Number of shares

Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	2,354,846	1,742,976
Effect of dilutive potential ordinary shares:		
– Share option	2,679	–
– Convertible notes	<u>146,434</u>	<u>–</u>
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	<u>2,503,959</u>	<u>1,742,976</u>

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company, and the weighted average number of shares 2,354,846,000 ordinary shares (2014: 1,742,976,000) in issue.

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company, adjusted to reflect the interest on the convertible notes for the year ended 31 December 2015. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary share into ordinary shares for the year ended 31 December 2015.

The amounts of diluted loss per share was the same as basic loss per share because the Company had no potential ordinary shares outstanding for the year ended 31 December 2014.

The weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings (loss) per share for the last year has been adjusted for the effect of the rights issue completed on 18 November 2015 and share subdivision on 28 December 2015.

9. INTERESTS IN ASSOCIATES

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Cost of investment in associates – unlisted	368,701	–
Share of post-acquisition profit and other comprehensive income	3,374	–
	<u>372,075</u>	<u>–</u>

The following list contains only the particulars of associates, all of which are unlisted corporate entities whose quoted market price is not available:

Name	Place of incorporation and operation	Issued and fully paid ordinary share capital/ registered capital	Proportion of ownership interest attributable to the Company				Principal activities
			2015		2014		
			Directly	Indirectly	Directly	Indirectly	
Intraday Financial Information Service Limited (“Intraday Financial”) (Note a)	British Virgin Islands (“BVI”)	Ordinary US\$100	45%	–	–	–	Investment holding
aBCD Enterprise Limited (Note a)	Hong Kong	Ordinary HK\$3	–	45%	–	–	Investment holding
鼎泰潤和投資諮詢(上海)有限公司 Dingtai Runhe Investment Consulting (Shanghai) Co., Ltd [#] (“Dingtai Runhe”) (Note a)	PRC	Registered capital RMB31,000,000	–	45%	–	–	Provision of consultancy service
上海當天金融信息服務有限公司 Shanghai Intraday Financial Information Service Limited [#] (“Shanghai Intraday”) (Note a)	PRC	Registered capital RMB200,000,000	–	45%	–	–	Operation of internet finance platform
上海融鈺融資租賃有限公司 Shanghai Rongyu Finance Lease Limited [#] (“Shanghai Rongyu”) (Note b)	PRC	Registered capital RMB210,000,000	–	25%	–	–	Provision of finance leasing service

[#] *The English transliteration of Chinese name is for reference only and should not be regarded as its official English name.*

Notes:

- (a) On 15 April 2015, the Company entered into a conditional sale and purchase agreement for the acquisition of 45% issued share capital of Intraday Financial at the consideration of HK\$272,840,000. The consideration would be satisfied by the issue of 71,800,000 shares of the Company at the price of HK\$3.8. The acquisition was completed on 8 July 2015.

Intraday Financial is the legal and beneficial owner of the entire registered capital of Dingtai Runhe, which has entered into a series of contractual agreements with Shanghai Intraday and its registered shareholders on 15 April 2015. Through these contractual agreements, Dingtai Runhe has effective control over the financial and business operations of Shanghai Intraday, and is entitled to the economic interest and benefits of Shanghai Intraday which is engaged in operation of an internet finance platform in Shanghai, the PRC.

The contractual agreements currently in effect comprise the following agreements, namely (a) the Exclusive Consulting Service Agreement, (b) the Equity Pledge Agreement, (c) the Exclusive Call Option Agreement, and (d) the Authorisation Agreement.

- (b) On 3 July 2015, an indirect wholly-owned subsidiary of the Company completed acquisition of 25% equity interest in Shanghai Rongyu at a consideration of RMB100,000. Pursuant to the amendment deed, the indirect wholly-owned subsidiary contributed RMB52,500,000 as capital contribution in respect of its 25% equity interest into Shanghai Rongyu on 29 July 2015. Following the capital contribution, the indirect wholly-owned subsidiary of the Company had 25% equity interests in Shanghai Rongyu. Shanghai Rongyu was established for the provision of finance leasing service in Shanghai, PRC. The acquisition was completed on 3 July 2015.

Summarised financial information of associates

Summarised financial information in respect of the Group's associates is set out below. The summarised financial information below represents amounts shown in associates' finance statements prepared in accordance with HKFRSs.

All of these associates are accounted for using the equity method in these financial statements.

Summarised statement of financial position

	Shanghai Rongyu 2015 HK\$'000	Intraday Group 2015 HK\$'000
Current assets	<u>234,764</u>	<u>156,185</u>
Current liabilities	<u>(7,481)</u>	<u>(76,146)</u>
Non-current assets	<u>35,615</u>	<u>6,608</u>
Non-current liabilities	<u>–</u>	<u>(122)</u>

Summarised statement of profit or loss and other comprehensive income

	Shanghai Rongyu 4 July 2015 to 31 December 2015 HK\$'000	Intraday Group 8 July 2015 to 31 December 2015 HK\$'000
Revenue and other revenue	<u>17,369</u>	<u>56,206</u>
Profit for the year	<u>12,528</u>	<u>13,760</u>
Other comprehensive expenses	<u>(15,305)</u>	<u>(4,719)</u>
Total comprehensive (expense) income	<u>(2,777)</u>	<u>9,041</u>

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associates recognised in the consolidated financial statements:

	Shanghai Rongyu 2015 HK\$'000	Intraday Group 2015 HK\$'000
Net assets	265,692	77,484
Profit for the year	12,528	13,760
Share of translation reserve	<u>(15,305)</u>	<u>(4,719)</u>
Net assets as at 31 December 2015	<u>262,915</u>	<u>86,525</u>
Interests in associates (25%; 45%)	65,729	38,936
Goodwill	<u>–</u>	<u>267,410</u>
Carrying amounts	<u><u>65,729</u></u>	<u><u>306,346</u></u>

10. GOODWILL

**2015
HK\$'000**

Cost

Balance at beginning of the year	–
Arising on acquisition of subsidiaries	<u>198,326</u>

Balance at end of the year	<u>198,326</u>
----------------------------	----------------

Accumulated impairment losses

Balance at beginning of the year	–
Impairment loss for the year	<u>–</u>

Balance at end of the year	<u>–</u>
----------------------------	----------

Carrying amount

Balance at end of the year	<u><u>198,326</u></u>
----------------------------	-----------------------

Goodwill arising in the year related to the acquisition of Oriental Credit Group, Humble Faith Group and the insurance brokerage service company because the consideration paid and payable for the acquisition effectively included amounts in relation to the benefits originated from fast growing pawn loan financing business, the business potential of the consulting business and the assembled workforce of the acquired business. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill recognised is expected to be deductible for income tax purposes.

11. PAWN LOANS RECEIVABLES

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Personal property backed pawn loans	195,497	–
Real estate backed pawn loans	11,459	–
Equity interest backed pawn loans	<u>156,375</u>	–
	363,331	–
<i>Less: impairment allowances – collective assessed</i>	<u>(3,633)</u>	–
	<u>359,698</u>	<u>–</u>

Pawn loans receivables are arising from the Group's pawn loans business. The loan periods granted to customers are within six months. The pawn loans provided to customers bear fixed interest rates ranging from 0.27% to 0.48% per month and administrative fee rate ranging from 1.56% to 4.20% per month in the year ended 31 December 2015.

Pawn loans receivables are all denominated in RMB. The impairment allowance of pawn loans receivables are recognised based on the Group's best estimate of amounts that are potentially uncollectible.

As at 31 December 2015, renewed loans amounted to HK\$170,071,000, comprising personal property backed pawn loans of HK\$103,105,000, real estate backed pawn loans of HK\$9,669,000 and equity interest backed pawn loans of HK\$57,297,000. No renewed loans had substantially modified their original contractual terms for the year ended 31 December 2015.

The ageing of the pawn loans receivables are calculated starting from the original granting date without considering the subsequent renewal of the loans. The ageing analysis of pawn loans receivables net of provision for impairment of pawn loans receivables is set out below:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
0 – 90 days	140,039	–
91 – 180 days	115,505	–
181 – 365 days	33,716	–
Over 365 days	<u>70,438</u>	–
	<u>359,698</u>	<u>–</u>

12. TRADE AND OTHER RECEIVABLES

	2015 HK\$'000	2014 <i>HK\$'000</i>
Trade receivables	1,215	1,203
<i>Less: impairment loss recognised</i>	<u>—</u>	<u>—</u>
	1,215	1,203
Other receivables	1,766	5,464
<i>Less: impairment loss recognised</i>	<u>(614)</u>	<u>(3,864)</u>
	1,152	1,600
Total trade and other receivables	<u>2,367</u>	<u>2,803</u>

The Group allows an average credit period of 90 days to its trade customers and 30 days to its warehouse tenants. The following is an aged analysis of trade receivables net of impairment loss based on the invoice dates at the end of the reporting period, which approximated the respective revenue recognition dates.

	2015 HK\$'000	2014 <i>HK\$'000</i>
0 – 30 days	1,192	1,203
31 – 60 days	23	—
61 – 90 days	—	—
Over 90 days	<u>—</u>	<u>—</u>
	<u>1,215</u>	<u>1,203</u>

Before accepting any new customer, the Group assesses the credit quality of each potential customer. In addition, the Group reviewed the repayment history of receivables of each customer with reference to the payment terms stated in contracts to determine the recoverability of a trade receivable.

The Group has certain concentration risk on trade receivables as it has two (2014: two) customers with outstanding balances of approximately HK\$1,215,000 (2014: HK\$1,203,000) as at 31 December 2015.

The directors of the Company consider that the fair values of trade receivables which are expected to be recovered within 30 days are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

13. ASSETS CLASSIFIED AS HELD FOR SALE

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Property, plant and equipment (<i>Note a</i>)	1,066	1,128
Prepaid lease payments (<i>Note a</i>)	6,522	6,905
Assets related to industrial properties development business (<i>Note b</i>)	–	122,873
	<u>7,588</u>	<u>130,906</u>
Deposit received (<i>Note a</i>)	9,550	10,110
Liabilities related to industrial properties development business (<i>Note b</i>)	–	99,025
	<u>9,550</u>	<u>109,135</u>

Notes:

- (a) On 29 October 2014, the Group entered into a property sale and purchase agreement with an independent third party to dispose of the office building together with the land portion situated at Unit 508, Level 5, Block 2, Phase 1, Jinguanyuan, No. 16 Xinhua Lane, Xicheng District, Beijing, the PRC. As at 31 December 2015, the disposal has not yet completed. The assets and liability attributable to the office building have been reclassified as held for sale and presented separately in the consolidated statement of financial position.
- (b) On 14 January 2015, (i) a wholly-owned subsidiary of the Company entered into a sale and purchase agreement in relation to the disposal of the 100% share capital of Keycharm Investments Limited (“Keycharm”), an indirectly wholly-owned subsidiary of the Company (the “Keycharm Agreement”); and (ii) the Company entered into a sale and purchase agreement in relation to the disposal of the 100% share capital of Toobright Limited (“Toobright”), a wholly-owned subsidiary of the Company (the “Toobright Agreement”).

Keycharm and Toobright and its subsidiary were engaged in construction of port infrastructure, development of petrochemical industry projects, production of petrochemical products and sale of such products in PRC. On 25 February 2015, the disposal was completed, Keycharm and Toobright and its subsidiary ceased to be the subsidiaries of the Company. (see note 17)

14. OTHER PAYABLES AND ACCRUALS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Accrued expenses	7,474	2,320
Deposits received	907	11,183
Receipts in advance (<i>Note a</i>)	3,150	–
Other payables (<i>Note b</i>)	19,808	5,523
	<u>31,339</u>	<u>19,026</u>

Notes:

- (a) Included in receipts in advance from customers are receipts from warehouse storage customers and from pawnshop customers.
- (b) Included in other payables are consideration payable to the vendor of Humble Group, amounting to HK\$12,139,000.

15. SHARE CAPITAL

	Number of shares '000	Nominal amount <i>HK\$'000</i>
<i>Authorised:</i>		
Ordinary shares of HK\$0.005 each		
At 1 January 2014, 31 December 2014 and 1 January 2015	421,978,000	2,109,890
Share subdivision (<i>Note d</i>)	1,687,912,000	–
	<u>2,109,890,000</u>	<u>2,109,890</u>
Ordinary shares of HK\$0.001 each		
At 31 December 2015	<u>2,109,890,000</u>	<u>2,109,890</u>
Preference shares of HK\$0.005 each		
At 1 January 2014, 31 December 2014 and 1 January 2015	22,000	110
Share subdivision (<i>Note d</i>)	88,000	–
	<u>110,000</u>	<u>110</u>
Preference shares of HK\$0.001 each		
At 31 December 2015	<u>110,000</u>	<u>110</u>
<i>Issued and fully paid:</i>		
Ordinary shares of HK\$0.005 each		
at 1 January 2014, 31 December 2014 and 1 January 2015	299,847	1,499
Placing of shares (<i>Note a</i>)	59,600	298
Issue of shares upon acquisition of associates (<i>Note b</i>)	71,800	359
Issue of shares upon rights issue (<i>Note c</i>)	215,623	1,078
Share subdivision (<i>Note d</i>)	2,587,483	–
	<u>3,234,353</u>	<u>3,234</u>
Ordinary shares of HK\$0.001 each at 31 December 2015	<u>3,234,353</u>	<u>3,234</u>

Notes:

- (a) On 9 January 2015, the Company allotted and issued 59,600,000 new shares of HK\$0.005* each at a price of HK\$2 per share by placing.
- (b) Pursuant to the agreement in respect of the acquisition as disclosed in note 9 to these consolidated financial statements, 71,800,000 shares of HK\$0.005* each in the capital of the Company were issued and allotted to the vendor under the acquisition.
- (c) On 17 November 2015, the Company issued 215,623,557 rights shares of HK\$0.005* each at prices of HK\$2.2 per rights share on the basis of one new share for every two shares held on the 10 November 2015.
- (d) Pursuant to an ordinary resolution passed at a special general meeting held on 23 December 2015, (i) every one existing issued and unissued share of par value of HK\$0.005 each in the share capital of the Company was subdivided into five subdivided shares of par value of HK\$0.001 each and (ii) each of the existing issued and unissued preference shares of the Company of par value of HK\$0.005 each in the share capital of the Company was sub-divided into five subdivided preference shares of par value of HK\$0.001 each. Share subdivision was effective on 28 December 2015.

* *Being prices before adjusting for the share subdivision*

16. ACQUISITION OF SUBSIDIARIES

During the year ended 31 December 2015, for the purpose of business expansion, the Group had acquired controlling equity interests of the following entities, using acquisition method:

(a) Acquisition of Pawnshop A

On 20 November 2014, the Company entered into a conditional sale and purchase agreement with Mr. Joseph Shie Jay Lang as vendor guarantee, Rosy Start Investments Limited (“Rosy Start”), Equity Partner Holdings Limited (“Equity Partner”), Century Best Holdings Limited (“Century Best”) and Asiabiz Capital Investment Limited (“Asiabiz”), together, being the vendors (the “Vendors”) collectively holding the entire equity interest in Oriental Credit Holdings Limited (“Oriental Credit”), for the acquisition of the entire issued share capital of Oriental Credit. Among the Vendors, Mr. Joseph Shie Jay Lang is the sole legal and beneficial owner of the entire issued share capital of Rosy Start, Equity Partner and Century Best. The agreement was subsequently amended by a first supplemental agreement dated 3 June 2015 and a second supplemental agreement dated 8 January 2016.

Oriental Credit is the legal and beneficial owner of the entire registered capital of Shanghai Yousheng Investment Consulting Limited (“Shanghai Yousheng”), which has entered into a series of contractual agreements with Shanghai Xinseng Pawnshop Limited (“Pawnshop A”), and its registered shareholders, i.e. Shanghai Zhifeng Holdings Limited (“Shanghai Zhifeng”) and Shanghai Kuailu Investment (Group) Co., Ltd (“Shanghai Kuailu”) in September, November and December 2014. Through these contractual agreements, the Shanghai Yousheng has effective control over the financing and business operations of the Pawnshop A, and is entitled to the economic interest and benefits of the Pawnshop A which is engaged in pawnshop business in Shanghai, the PRC.

The contractual arrangements currently in effect comprise the following agreements, namely (a) the Exclusive Consulting Service Agreement (as supplemented by the supplemental agreement to the Exclusive Consulting Service Agreement and second supplemental agreement to Exclusive Consulting Service Agreement), (b) the Equity Pledge Agreement (as supplemented by the supplemental agreement to Equity Pledge Agreement), (c) the Exclusive Call Option Agreement (as supplemented by the supplemental agreement to Exclusive Call Option Agreement and second supplemental agreement to Exclusive Call Option Agreement), and (d) the Authorisation Agreement.

According to the conditional sale and purchase agreement, the Company has conditionally agreed to acquire the sale shares for a total consideration of HK\$150,000,000 which may be raised to HK\$180,000,000 subject to adjustment on the basis of performance targets achieved for 2014, 2015 and 2016 according to the audited consolidated net profit after taxation of Oriental Credit and its subsidiaries for the respective accounting periods.

Initial consideration

The consideration shall initially be HK\$150,000,000 for the sale shares, subject to adjustments, in accordance with the sale and purchase agreement.

The consideration shall be satisfied by the Company by way of issue of the convertible notes in the following manner:

- (a) after the issue of the audited accounts of Oriental Credit for the financial year ending 31 December 2014, a sum of HK\$80,000,000 (subject to adjustment) will be paid by way of issue of the convertible notes (the “2014 Convertible Note”) to the Vendors;
- (b) after the issue of the audited accounts of Oriental Credit for the financial year ending 31 December 2015, a sum of HK\$35,000,000 (subject to adjustment) will be paid by way of issue of the convertible notes (the “2015 Convertible Note”) to the Vendors; and
- (c) after the issue of the audited accounts of Oriental Credit for the financial year ending 31 December 2016, a sum of HK\$35,000,000 (subject to adjustment) will be paid by way of issue of the convertible notes (the “2016 Convertible Note”) to the Vendors.

The convertible notes shall be issued to each Vendor in accordance with the respective shareholding ratio.

The 2014 Convertible Note, 2015 Convertible Note and 2016 Convertible Note are convertible into ordinary shares of the Company at a conversion price HK\$1.2 (before sub-division) per conversion share in the date upon the expiry of the put option period and ending on the 21st business day before the maturity date (the “Conversion Period”).

Performance targets and consideration adjustments

The initial consideration (and accordingly the initial principal amount of convertible notes) is subject to adjustment of maximum of HK\$30,000,000 on the basis of the following performance targets of Oriental Credit:

- (i) the audited consolidated net profit after tax of Oriental Credit and its subsidiaries with Shanghai Xinsheng Pawnshop (the “Oriental Credit Group”) for the financial year ending 31 December 2014 shall not be less than HK\$15,000,000 (the “2014 Performance Target”);
- (ii) the audited consolidated net profit after tax of the Oriental Credit Group for the financial year ending 31 December 2015 shall not be less than HK\$25,000,000 (the “2015 Performance Target”); and
- (iii) the audited consolidated net profit after tax of the Oriental Credit Group for the financial year ending 31 December 2016 shall not be less than HK\$40,000,000 (the “2016 Performance Target” and, together with the 2014 Performance Target and the 2015 Performance Target, the “Performance Targets”).

Put option

Upon the sole and absolute discretion of the Board, the Company shall be entitled to require each Vendor, severally but not jointly, to repurchase all sale shares held by it (the “Put Option”). The amount payable by the Vendors for the repurchase of the sale shares upon the Company exercising the Put Option shall be equivalent to the Consideration (the “Put Price”). The Put Price shall be set off against the amounts of the Consideration and the 2014 Convertible Note and 2015 Convertible Note (if issued) shall be cancelled.

On 21 January 2015, the acquisition was completed and the fair values of consideration transferrable are as follows:

	<i>HK\$'000</i>
Initial consideration	
– 2014 Convertible Note	129,250
– 2015 Convertible Note	64,020
– 2016 Convertible Note	63,900
	<hr/>
	257,170
Additional consideration by issuing convertible notes	22,567
	<hr/>
Total consideration	<u><u>279,737</u></u>

The Directors have engaged an independent valuer to determine the fair value of the contingent considerations, and contingent consideration to be recognised, in accordance with HKFRS 13 “Fair Value Measurement” issued by the HKICPA. Fair value is defined in HKFRS 13 as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date”. The independent valuer has reviewed the methodologies and the key valuation parameters and business assumptions adopted.

The fair value of the deferred convertible notes included in the initial consideration is valued by Black-Scholes Model. Key valuation parameters include discount rates, volatility and spot share price and conversion price.

Per HKFRS 3, Business Combinations, an acquirer shall retrospectively adjust the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date. During the measurement period, the acquirer shall also recognise additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date. The measurement period ends as soon as the acquirer receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable. However, the measurement period shall not exceed one year from the acquisition date. According to the audited financial statements of the Oriental Credit Group for the year ended 31 December 2014 issued by another auditor on 5 March 2015, the 2014 Net Profit was HK\$19,944,001. Based on the adjustment formula, the adjusted principal amount of the 2014 Convertible Note shall be HK\$85,401,768 (HK\$80,000,000 for 2014 Convertible Notes and HK\$5,401,768 for additional convertible notes issued in accordance with 2014 Performance Target) was issued on 3 June 2015. The 2014 Convertible Note is convertible in to ordinary shares of the Company at conversion price HK\$1.2 per conversion share in the conversion period.

At 31 December 2015, the deferred consideration HK\$127,920,000 includes 2015 Convertible Note HK\$64,020,000 and 2016 Convertible Note HK\$63,900,000.

The principal amount for additional convertible notes will be issued in accordance with 2015 Performance Target and 2016 Performance Target.

Certain terms and conditions of sale and purchase agreement (as amended by the first supplemental agreement dated 3 June 2015) were amended after the year end of 2015. Please refer to note 18(ii).

On 21 January 2015, the net identified assets acquired and liabilities assumed, at fair value of Oriental Credit Group are as follows:

	<i>HK\$'000</i>
Non-current asset	
Property, plant and equipment	1,005
Current assets	
Repossessed assets	44
Pawn loans receivables	213,519
Prepayments, deposits and other receivables	1,690
Bank balances and cash	19,674
Current liabilities	
Other loans	(94,606)
Other payables	(11,987)
Amount due to a director	(9)
Bank loan	(44,209)
	<u>85,121</u>
Net identified assets acquired and liabilities assumed, at fair value	85,121
Goodwill arising from the acquisition	<u>194,616</u>
Total fair value consideration	<u><u>279,737</u></u>
Net cash inflow arising on acquisition:	
Cash and cash equivalent acquired of	<u><u>19,674</u></u>

The Directors have engaged an independent valuer to determine the fair value of the net tangible assets and intangible assets (if any) of Oriental Credit Group, in accordance with HKFRS 13. No identifiable intangible assets are identified.

Goodwill arising from the Acquisition represents the excess of the fair value of the considerations to be payable by the Group over the fair value of net tangible assets of Oriental Credit Group.

(b) Acquisition of Pawnshop B

On 31 July 2015, the Company entered into a conditional sale and purchase agreement with an independent third party, being the vendor holding the entire equity interest in Humble Faith Management Limited (the “Humble Faith”), for the acquisition of the entire issued share capital of Humble Faith.

Humble Faith is the legal and beneficial owner of the entire registered capital of Shanghai Junning Investment Consulting Limited (“Shanghai Junning”), which has entered into a series of contractual agreements with Shanghai Zhongyuan Pawnshop Limited (“Pawnshop B”), and its registered shareholders, i.e. Shanghai Fake Corporate Development Company Limited (“Shanghai Fake”) and Shanghai Baifu Investment Holdings Company Limited (“Shanghai Baifu”) on 8 September 2015. Through these contractual agreements, the Shanghai Junning has effective control over the financial and business operations of the Pawnshop B, and is entitled to the economic interest and benefits of the Pawnshop B which is engaged in pawnshop business in Shanghai, the PRC.

The contractual arrangements currently in effect comprise the following agreements, namely (a) the Exclusive Consulting Service Agreement, (b) the Equity Pledge Agreement, (c) the Exclusive Call Option Agreement, and (d) the Authorisation Agreement.

According to the conditional sale and purchase agreement, the Company has conditionally agreed to acquire the sale shares for a total cash consideration of the sum of Hong Kong Dollars equivalent to RMB51,000,000. On 11 September 2015, a sum of Hong Kong Dollars equivalent to RMB41,000,000 was paid to the vendor; and a sum of Hong Kong Dollars equivalent to RMB10,000,000 will be paid to the vendor on or before 31 March 2016.

On 11 September 2015, the net identified assets acquired and liabilities assumed, at fair value of Humble Group are as follows:

	<i>HK\$'000</i>
Non-current asset	
Property, plant and equipment	16
Current assets	
Reposessed assets	59
Amount due from a former shareholder	390
Pawn loans receivables	51
Prepayments, deposits and other receivables	74
Bank balances and cash	60,672
Current liabilities	
Other payables	(733)
	<u>60,529</u>
Net identified assets acquired and liabilities assumed, at fair value	60,529
Goodwill arising from the acquisition	<u>1,380</u>
Total fair value consideration	<u><u>61,909</u></u>
Net cash inflow arising on acquisition:	
Cash and cash equivalents acquired of	<u><u>60,672</u></u>

The Directors have engaged an independent valuer to determine the fair value of the net tangible assets and intangible assets (if any) of Humble Group, in accordance with HKFRS 13. No identifiable intangible assets are identified.

Goodwill arising from the Acquisition represents the excess of the fair value of the considerations to be paid or payable by the Group over the fair value of net tangible assets of Humble Group.

(c) Acquisition of the insurance brokerage service company

On 26 November 2015, a subsidiary of the Group entered into a conditional sale and purchase agreement, being the vendor holding the entire equity interest in the insurance brokerage service company, for the acquisition of the entire issued share capital.

According to the conditional sale and purchase agreement, the Company has conditionally agreed to acquire the sale shares for a total cash consideration of the sum of HK\$2,999,000.

On 26 November 2015, the net identified assets acquired and liabilities assumed, at fair value are as follows:

	<i>HK\$'000</i>
Current assets	
Amount due from an ultimate holding company	658
Prepayments and deposits	7
Bank balances and cash	<u>4</u>
	<u><u>669</u></u>
Net identified assets acquired and liabilities assumed, at fair value	669
Goodwill arising from the acquisition	<u>2,330</u>
Total fair value consideration	<u><u>2,999</u></u>
Net cash inflow arising on acquisition:	
Cash and cash equivalent acquired of	<u><u>4</u></u>

The Directors have engaged an independent valuer to determine the fair value of the net tangible assets and intangible assets (if any), in accordance with HKFRS 13. No identifiable intangible assets are identified.

Goodwill arising from the acquisition represents the excess of the fair value of the considerations to be paid or payable by the Group over the fair value of net tangible assets.

17. DISPOSAL OF SUBSIDIARIES

On 25 February 2015, the Group disposed of its 100% equity interests in Keycharm and Toobright and its subsidiary which are engaged in construction of port infrastructure, development of petrochemical industry projects, production of petrochemical products and sale of such products in Taicang City, Jiangsu Province, the PRC, to an independent third party at an aggregate cash consideration of HK\$221,821,000 (equivalent to RMB178,228,000), which comprises the initial consideration of HK\$169,966,000 (equivalent to RMB137,000,000) and additional consideration of HK\$51,855,000 (equivalent to RMB41,228,000) . Further details of Disposal are set out in the circular of the Company dated 26 January 2015.

Analysis of assets and liabilities as at the date of disposal are as follows:

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Property, plant and equipment	–	911
Prepaid lease payments	78,114	6,783
Construction in process	1,639	–
Inventory	–	3,632
Other receivables	3,112	2,527
Cash and cash equivalents	38,084	139
Amounts due from the Group assigned to the buyer	60,540	–
Bank loan	(46,646)	–
Other payables and accruals	(305)	(6,479)
	<hr/>	<hr/>
Net assets disposal of	<u>134,538</u>	<u>7,513</u>

Gain on disposal of subsidiaries:

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash consideration received	221,821	10,109
Net assets disposal of	(134,538)	(7,513)
Non-controlling interests	–	376
Cumulative exchange gain in respect of the net assets of subsidiaries	39,980	960
	<hr/>	<hr/>
Gain on disposal	<u>127,263</u>	<u>3,932</u>

Net cash inflow on disposal of subsidiaries:

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash consideration received	221,821	10,109
Less: cash and cash equivalent balances disposed of	(38,084)	(139)
	<hr/>	<hr/>
	<u>183,737</u>	<u>9,970</u>

18. EVENTS AFTER THE REPORTING PERIOD

- (i) On 1 September 2015, an indirect wholly-owned subsidiary of the Company entered into two sale and purchase agreements with vendor, pursuant to which the indirect wholly-owned subsidiary of the Company has conditionally agreed to acquire entire equity interest in target A and target B. Target A is principally engaged in the provision of type 1 (dealing in securities) regulated activities under the Securities and Futures Ordinance (the “SFO”) in Hong Kong. Target B is principally engaged in the provision of type 9 (asset management) regulated activities under the SFO in Hong Kong.

The cash consideration for target A is HK\$14,500,000 which may be raised to HK\$33,500,000, being subject to adjustment on the basis of the amount of net asset value of target A as of the date of completion. The cash consideration for target B is HK\$6,500,000 which may be raised to HK\$7,500,000, being subject to adjustment on the basis of the amount of net asset value of target B as of the date of completion. The aggregate consideration of HK\$5,250,000 for target A and target B was paid to and held by vendor’s solicitor in its client account. It will be paid to vendor upon completion of the acquisition.

All the conditions set out in the sale and purchase agreement were fulfilled and completed on 9 March 2016 (the “Completion”). Following the Completion, the target A and target B became indirect wholly-owned subsidiaries of the Company.

- (ii) On 8 January 2016, in relation to the acquisition of Oriental Credit Group, the Company entered into a second supplemental agreement to the sale and purchase agreement with the vendors and the vendors guarantor to amend certain terms and conditions of the sale and purchase agreement (as amended by the first supplemental agreement dated 3 June 2015) (the “Amendments”). The Amendments include the amendments to the payment terms of the deferred consideration, the amendments to the Put Option Period and the conversion period of the Convertible Notes. Please refer to the circular for the details of the second supplemental agreement dated 5 February 2016.

On 25 February 2016, the Amendments were approved by Shareholders of the Company in the Special General Meeting.

- (iii) On 22 February 2016, an indirectly wholly-owned subsidiary entered into a non-legally binding memorandum of undertaking for subscription of not more than 20% of the enlarged equity interest of a target company.

At the date of issuance of these consolidated financial statements, no binding agreement in relation to the proposed subscription has been executed.

- (iv) On 22 December 2015, Summit Yield Developments Limited (“Summit Yield”), a direct wholly-owned subsidiary of the Company, entered into a subscription agreement with ShiFang Holding Limited (“ShiFang”), pursuant to which ShiFang has conditionally agreed to issue and the Summit Yield has conditionally agreed to subscribe, in cash, for 40,000,000 new shares in ShiFang for an aggregate subscription price of HK\$32,000,000.

ShiFang is a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the main board of the Stock Exchange of Hong Kong Limited (Stock Code: 1831). ShiFang is principally engaged in the business of cultural media and advertising media in the PRC.

The subscription of 40,000,000 new shares in ShiFang was completed on 19 February 2016.

On 24 February 2016, the Company, through its direct wholly-owned subsidiary, acquired additional 17,060,000 shares of ShiFang on the open market at a total consideration of approximately HK\$59,160,000, excluding stamp duty and related expenses, at the price ranging from HK\$3.42 to HK\$3.49 per share. The average price for each acquired share was approximately HK\$3.47. On 7 March 2016, the Company, through its direct wholly-owned subsidiary, acquired additional 13,046,000 shares of ShiFang on the open market at a total consideration of approximately HK\$39,850,000, excluding stamp duty and related expenses, at the price ranging from HK\$2.94 to HK\$3.15 per share. The average price for each acquired share was approximately HK\$3.05.

Immediately after the acquisitions of shares, the Company is interested in an aggregate of 70,106,000 issued shares of ShiFang, representing approximately 5.81% of the total issued shares of ShiFang.

- (v) On 11 March 2016, the Company entered into a placing agreement, with placing agent in relation to placement to not less than six independent placee(s) for up to 485,153,000 shares at a placing price range of HK\$0.70 to HK\$0.90 per share.

The conditions precedent of the placing agreement have not been completed at the date of issuance of these consolidated financial statements.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2015 (2014: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in (i) the pawnshop business in the PRC; (ii) the industrial property development; and (iii) general trading including trading of metal material.

A summary of financial highlights of the Group are shown as below:

	2015	2014
	HK\$'000	HK\$'000
Turnover	115,956	55,133
EBITDA <i>(Note)</i>	66,142	31,623
Profit (loss) for the year	116,130	(19,394)
Earnings (loss) per share:		
Basic	4.93	(1.12)
Diluted	4.81	(1.12)
Total assets	1,670,266	309,660
Net assets	1,161,745	109,465

Note: One-off gain on disposal of subsidiaries and one-off corporate expenses in relation to the acquisition and investments and capital structure transactions are excluded from the calculation of the EBITDA.

Turnover and segment results of the Group are shown as below:

	2015	2014
	HK\$'000	HK\$'000
Revenue from:		
Pawn loan financing	102,305	–
Warehouse operation	13,651	12,975
General trading	–	42,158
	115,956	55,133

	2015 HK\$'000	2014 HK\$'000
Segment profit (loss) from:		
Pawn loan financing	64,197	–
Warehouse operation	(10,547)	(17,766)
General trading	(1,813)	(3,679)
	<u>51,837</u>	<u>(21,445)</u>

For the year of 2015, the increase in turnover by HK\$60,823,000 as compared to last year is mainly due to the addition of the new pawnshop business segment while the positive impact from the pawnshop operation is partially offset by the drop in revenue of the general trading segment. At the same time, segment profit is improved by HK\$73,282,000 which is due to the positive contribution of pawnshop business, and a reduction in loss of the warehouse operation and general trading.

The significant improvement in the Group's profit for the year of HK\$116,130,000 (2014: loss of HK\$19,394,000) is a combined result of the profit contributed by the pawnshop business and the inclusion of a gain on disposal of approximately HK\$127,263,000 being the disposal of the entire equity interests of two subsidiaries which together own a parcel of land with total site area of approximately 200,000 square meters in Taicang, Jiangsu Province, the PRC. The Group also recorded share of profit of associates of HK\$9,324,000, which represented the profits shared from the Group's 25% equity interest in an associate engaged in the provision of finance leasing service and 45% equity interest in other associates engaged in the operation of an internet finance platform in the PRC. Both associates were acquired during the year.

Following the completion of the two acquisitions of the pawnshop business in Shanghai, the PRC in February and September 2015 respectively, the pawnshop business became the core business segment contributing the largest revenue and segment profit to the Group.

The industrial property development operation remained stable and the warehouse facilities of the Group continued to operate at 100% occupancy.

No revenue is generated from the general trading operation as the demand for raw material remains weak in the PRC. The management will regularly review the situation in this business segment and will continue to explore possible solution for improvement.

FINANCIAL REVIEW

Administrative and Other Operating Expenses

Administrative and other operating expenses mainly consist of the operating expenses of each of the business segment and the overall administrative expenses including but not limited to the office administration and utilities, legal and professional fee, operating lease payments, employee benefits expenses, depreciation and amortization, etc. For the year ended 31 December 2015, administrative and other operating expenses was increased by HK\$51,913,000 to HK\$83,304,000 as compared to last year. The increase is contributed by a

number of factors. Firstly, a number of acquisitions of new businesses and disposals, a placing of new shares of the Company and a rights issue took place during the year which led to a sharp increase in the relevant legal and professional expenses. As a result of the expansion of the operations, the Group has expand its team to support the operation and thus both employee salary and benefits expenses, office administration and the office rental will climb in line with the expansion strategy of the Group.

Finance Costs

During the year under review, finance cost of approximately HK\$29,398,000 representing the effective interest expenses on the bank and other borrowings. The increase from HK\$13,365,000 for the year ended 31 December 2014 is mainly due to the inclusion of effective interest on the convertible notes and interest incurred in the pawnshop business in the current year.

Liquidity and Financial Resources

As at 31 December 2015, the shareholders' fund and the net current assets of the Group amounted to approximately HK\$1,161,745,000 (2014: HK\$109,465,000) and HK\$628,240,000 (2014: net current liabilities of HK\$10,558,000) respectively. The bank balances and cash amounted to HK\$524,661,000 (2014: HK\$12,753,000) and the current ratio was 3.02 (2014:0.93).

In January 2015, a placing of 59,600,000 placing shares of the Company at HK\$2.00 per share was completed, bringing in a net proceeds of approximately HK\$116.8 million to the Group.

In November 2015, a rights issue on the basis of every one rights share for every two shares held on the record date at HK\$2.20 per rights share was completed, raising a net proceeds of approximately HK\$464.4 million to the Group.

Both placing and rights issue contributed positively to the overall cash position of the Group.

As at 31 December 2015, the Group's total borrowings amounted to approximately HK\$277,535,000 (2014: HK\$72,034,000). The gearing ratio, measured on the basis of total borrowings over shareholders' fund was 24% (2014: 66%).

There is no capital commitment in respect of the acquisition and construction of property, plant and equipment for the year under review (2014: nil).

The Group does not anticipate any material foreign exchange exposure since its cash, borrowings, revenue and expenses are mainly in Hong Kong dollars and Renminbi.

PROSPECTS

For the warehouse operation, it is operating at 100% occupancy currently. However, over 50% of the leasing contracts of the warehouse will be expired in 2016 and the management of the warehouse operation is actively negotiating with the existing and potential tenants in order to maintain the income of the operation.

For the pawnshop business, the management is optimistic towards the performance and the growth potential and will continue to identify suitable opportunity to further expand the pawn loan financing operation either through organic growth from the existing operation as well as acquiring similar operation in the market which is in line with our overall business plan.

As mentioned in the prospectus of the rights issue exercise of the Company, the Group planned to develop the money-lending business with mortgage or other secured loan in Hong Kong. The application for the money-lending license in Hong Kong was approved in early 2016 and the money-lending operation commenced business in the first quarter of 2016. The management is confident that positive operating results of the operation will start to contribute to the Group's overall results as early as in the first half of 2016.

The Group also acquired an insurance brokerage license by end of 2015 and our team is actively working on the development the insurance brokerage and wealth management business.

Following the completion of acquisition of the licensed corporations which are engaged in type 1 (dealing in securities) regulated activities under the SFO in Hong Kong and type 9 (asset management) regulated activities under the SFO in Hong Kong respectively, in March 2016, the Group is ready to enter into the securities and asset management market. The Group is planning to set up a private equity fund and develop its fund management business.

From late 2015 onwards, the Group had invested in the listed shares of Shifang Holding Limited ("Shifang"), through a subscription of new shares of Shifang and various on-market purchase. Currently, the Group holds approximately 5.8% of the total issued shares of Shifang. Shifang is principally engaged in the business of cultural media, advertising media and film media in the PRC. The Group intends to build up its own investment portfolio by investing in Shifang for capital gains and investment return in medium to long term. The Group will continue to make investment in targets with investment growth potential and in line with the business strategy in future.

Overall speaking, 2016 will be a year of action as the newly acquired or established operations will start in full range. It is a year full of opportunities and challenges. The Group will continue to optimize its business and capital structure, further strengthen the management, the investment and control system. It will focus its resources to develop the newly acquired or established business in order to build up the stable income stream and diversify the business of the Group. At the same time, the Group will continue to explore suitable investment opportunities with the objective to enhance the return of the shareholders' equity as a whole.

CHARGES ON ASSETS

Assets with the following carrying amounts have been pledged to secure general banking facilities granted to the Group:

	2015	2014
	HK\$'000	HK\$'000
Pawn loans receivables	113,569	–
Property, plant and equipment	118,024	133,469
Prepaid lease payments	26,403	107,052
Bank deposits	35,811	37,912
	293,807	278,433

CONTINGENT LIABILITIES

In connection with the acquisition of Oriental Credit Group on 21 January 2015, the Group may be subject to contingent liabilities including settlement of additional consideration by issuance of convertible notes arising after 21 January 2015 on the basis of 2015 Performance Target and 2016 Performance Target. The maximum principal amount of contingent convertible notes will be HK\$24,598,000.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2015, the Group has approximately 120 employees. Remuneration is determined by reference to their respective qualifications and experience and according to the prevailing industry practice. Besides salary payments, other staff benefits include contribution of mandatory provident fund, a discretionary bonus program and a share option scheme.

PURCHASE, SALE AND REDEMPTION OF THE LISTED SECURITIES

During the year, there were no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries.

CORPORATE GOVERNANCE

The Company is committed to maintain high standards of corporate governance with a view to assuring the conduct of management of the Company as well as protecting the interests of all shareholders of the Company (the "Shareholders"). The Company has always recognised the importance of the transparency and accountability towards the Shareholders. It is the belief of the Board that Shareholders can maximise their benefits from good corporate governance.

During the year, the Board has reviewed the Company's corporate governance practices which are based on the principles and code provisions (the "Code Provision(s)") as set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 14 of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company has complied with the Code Provisions, except for the following deviations:

- Code Provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Ms. Ma Xiaoling served as the chairman and chief executive officer of the Company since 2005. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high calibre individuals and meets regularly to discuss issues affecting the operations of the Company. The Board believes that this structure is conducive to strong and consistent leadership, enabling the Group to make and implement decisions promptly and efficiently. On 25 August, 2015, Mr. Shao Yonghua was elected as the chairman of the Company and Mr. Chen Ningdi was elected as the chief executive officer of the Company. There has been no deviation from Code Provision A.2.1 for the Company since then.

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

During the year, the newly appointed non-executive Directors (including independent non-executive Directors) were appointed for a specific term of three years and subject to retirement by rotation and re-election at the annual general meeting of the Company. There has been no deviation from Code Provision A.4.1 for the Company since then.

- Code Provision A.4.2 stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

According to Bye-law 91, any person appointed to fill a casual vacancy shall hold office until the next following general meeting of the Company and shall then be eligible for re-election.

Mr. Kwan Kei Chor and Dr. Rui Mingjie were appointed to fill a casual vacancy during the year. They will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

- Code Provision A.5 stipulates that a nomination committee should be established to make recommendations to the Board on the appointment and reappointment of directors and succession planning for Director.

The Board as a whole is responsible for the appointment of its own members. The chairman of the Board is responsible for identifying appropriate candidate and proposing qualified candidate to the Board for consideration. The Board will review profiles of the candidate recommended by the chairman and make recommendation of the appointment, re-election and retirement of the Directors. Candidates are appointed to the Board on the basis of their skill, competence and experience that they can contribute to the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules as the code of conduct regarding Directors’ securities transactions. The Company has made specific enquiry of all Directors whether the Directors have complied with the required standard set out in the Model Code regarding Directors’ securities transactions and all Directors confirmed that they have complied with the Model Code.

AUDIT COMMITTEE

The Company has established an audit committee (the “Audit Committee”) with written terms of reference in compliance with the Code Provisions of the CG Code. The duties of the Audit Committee are to review and monitor the financial reporting and risk management and internal control systems of the Company. The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Kwan Kei Chor (Chairman), Mr. Jin Bingrong and Dr. Rui Mingjie.

The Audit Committee has reviewed with the management and the auditors the accounting principles and practices adopted by the Company and discussed the auditing, internal control and financial reporting matters including the review of the audited financial statements of the Group for the year ended 31 December 2015 and the unaudited interim financial statements of the Group for the six months ended 30 June 2015.

REMUNERATION COMMITTEE

The Board has established a remuneration committee (the “Remuneration Committee”) with written terms of reference in compliance with the Code Provisions of the CG Code. The responsibilities of the Remuneration Committee are to advise the Board on the remuneration policy and framework of the Company’s Directors and senior management, as well as review and determine the remuneration of individual executive Directors and senior management with reference to the Company’s objectives from time to time. The Remuneration Committee currently comprises three independent non-executive Directors, namely Mr. Jin Bingrong (Chairman), Mr. Kwan Kei Chor and Dr. Rui Mingjie and one executive Director, Ms. Chan Siu Mun and one non-executive Director, Ms. Ma Xiaoling.

The Remuneration Committee has reviewed the remuneration policy and framework of the Company’s Directors and senior management and determined the remuneration packages of individual executive Directors and senior management with reference to the Company’s objectives.

SCOPE OF WORK OF HLM CPA LIMITED

The figures in respect of the preliminary announcement of the Group’s results for the year ended 31 December 2015 have been agreed by the Group’s auditor, HLM CPA Limited to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by HLM CPA Limited 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 Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLM CPA Limited on the preliminary announcement.

By order of the board of
Greater China Financial Holdings Limited
Shao Yonghua
Chairman

Hong Kong, 14 March 2016

As at the date of this announcement, the Board comprises Mr. Shao Yonghua, Mr. Chen Ningdi and Ms. Chan Siu Mun as executive Directors, Mr. Joseph Shie Jay Lang and Ms. Ma Xiaoling as non-executive Directors; and Mr. Jin Bingrong, Mr. Kwan Kei Chor and Dr. Rui Mingjie as independent non-executive Directors.