

CENERIC (HOLDINGS) LIMITED

新嶺域（集團）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 542)

2016

INTERIM REPORT



CONTENTS

CORPORATE INFORMATION	2
UNAUDITED INTERIM RESULTS:	
Condensed Consolidated Statement of Profit or Loss	3
Condensed Consolidated Statement of Comprehensive Income	4
Condensed Consolidated Statement of Financial Position	5
Condensed Consolidated Statement of Changes In Equity	7
Condensed Consolidated Statement of Cash Flows	8
Notes to Condensed Consolidated Financial Statements	9
MANAGEMENT DISCUSSION AND ANALYSIS	22
ADOPTION OF NEW SHARE OPTION SCHEME	25
DIRECTORS' INTERESTS	26
SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS	26
CORPORATE GOVERNANCE AND OTHER INFORMATION	27
PURCHASE, SALE OR REDEMPTION OF SHARES	28
REVIEW OF INTERIM RESULTS	28

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

CHENG Wai Lam, James
(*Chief Executive Officer*)
CHI Chi Hung, Kenneth
MA Erqiang
WONG Kui Shing, Danny

NON-EXECUTIVE DIRECTORS

HUANG Zhenda
(*resigned on 9 August 2016*)
YEUNG Kwok Leung
(*resigned on 4 June 2016*)

INDEPENDENT NON-EXECUTIVE DIRECTORS

CHAN Hoi Ling
SO Wai Lam
SUNG Yat Chun

COMPANY SECRETARY

LEUNG Lai Seung, Candy *F.C.I.S.*

PRINCIPAL BANKERS

Bank of Communications Co., Ltd.
Hang Seng Bank Limited
The Hongkong and Shanghai Banking
Corporation Limited

AUDITOR

McMillan Woods SG CPA Limited
Unit C5, 15/F., TML Power
3 Hoi Shing Road
Tsuen Wan, New Territories, Hong Kong

HONG KONG SHARE REGISTRAR

Tricor Tengis Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

REGISTERED OFFICE

The Offices of Sterling Trust (Cayman) Limited
Whitehall House, 238 North Church Street
George Town, Grand Cayman
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

7/F., Guangdong Finance Building
88 Connaught Road West
Sheung Wan, Hong Kong

UNAUDITED INTERIM RESULTS

The Board of Directors (the “Board”) of Ceneric (Holdings) Limited (the “Company”) hereby present the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2016 together with the comparative figures for the corresponding period in 2015 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the six months ended 30 June	
	<i>Note</i>	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
REVENUE	6	45,043	46,728
Cost of sales	8	(4,541)	(4,168)
		<hr/>	
Gross profit		40,502	42,560
Other income	7	6,373	18,337
Selling expenses		(211)	(221)
Administrative expenses		(59,468)	(53,692)
Finance costs	8	(57,928)	(20,896)
		<hr/>	
LOSS BEFORE TAX	8	(70,732)	(13,912)
Income tax credit/(expense)	9	4,018	(4,437)
		<hr/>	
LOSS FOR THE YEAR		(66,714)	(18,349)
		<hr/>	
Attributable to:			
Owners of the Company		(65,779)	(16,992)
Non-controlling interests		(935)	(1,357)
		<hr/>	
		(66,714)	(18,349)
		<hr/>	
LOSS PER SHARE			
— Basic	10	HK\$(1.16 cents)	HK\$(0.88 cents)
		<hr/>	
— Diluted		HK\$(1.24 cents)	HK\$(0.88 cents)
		<hr/>	

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended	
	30 June	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(Loss)/profit for the year	(66,714)	(18,349)
OTHER COMPREHENSIVE INCOME:		
Items that may be subsequently reclassified to profit or loss:		
Changes in fair value of available-for-sale financial assets	–	(11,532)
Exchange differences arising on translation of foreign operations	4,065	(64)
Other comprehensive loss for the year, net of tax	4,065	(11,596)
Total comprehensive (loss)/income for the year	(62,649)	(29,945)
Attributable to:		
Owners of the Company	(61,714)	(28,588)
Non-controlling interests	(935)	(1,357)
	(62,649)	(29,945)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 June 2016	At 31 December 2015
	<i>Note</i>	HK\$'000 (Unaudited)	HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		730,201	770,175
Prepaid land lease payments		60,064	61,315
Licensing rights		75,510	79,531
Available-for-sale financial assets		–	–
Pledged bank balances		1,363	1,377
Deferred tax assets	<i>11</i>	10,811	11,456
TOTAL NON-CURRENT ASSETS		877,949	923,854
CURRENT ASSETS			
Properties held for sale under development		66,411	67,687
Properties held for sale		7,664	8,156
Inventories		180	309
Trade receivables	<i>12</i>	40,263	22,892
Prepayments, deposits and other receivables		7,639	6,976
Loans receivable		19,000	–
Cash and cash equivalents		63,579	53,955
TOTAL CURRENT ASSETS		204,736	159,975
TOTAL ASSETS		1,082,685	1,083,829
CURRENT LIABILITIES			
Trade payables, other payables and accruals	<i>13</i>	15,012	33,352
Finance lease payables		39	45
Loan and borrowings — due within one year	<i>14</i>	93,512	3,582
Other borrowing	<i>15</i>	–	4,000
TOTAL CURRENT LIABILITIES		108,563	40,979
NET CURRENT ASSETS		96,173	118,996

		At 30 June 2016	At 31 December 2015
	<i>Note</i>	HK\$'000	HK\$'000
		(Unaudited)	(Audited)
NON-CURRENT LIABILITIES			
Loan and borrowings — due after one year	<i>14</i>	—	91,938
Bonds	<i>16</i>	—	270,574
Deferred tax liabilities	<i>11</i>	100,323	104,745
		<hr/>	
TOTAL NON-CURRENT LIABILITIES		100,323	467,257
		<hr/>	
NET ASSETS		873,799	575,593
		<hr/>	
Share capital	<i>17</i>	56,816	19,316
Reserves		754,909	492,141
		<hr/>	
Equity attributable to owners of the Company		811,725	511,457
Non-controlling interests		62,074	64,136
		<hr/>	
TOTAL EQUITY		873,799	575,593
		<hr/>	

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

	Attributable to owners of the Company									
	Share capital HK\$'000 (unaudited)	Share premium account HK\$'000 (unaudited)	Foreign currency translation reserve HK\$'000 (unaudited)	Capital reduction reserve HK\$'000 (unaudited)	Other reserve HK\$'000 (unaudited)	Available for sales financial assets valuation reserve HK\$'000 (unaudited)	Retained Profits HK\$'000 (unaudited)	Total HK\$'000 (unaudited)	Non- controlling interests HK\$'000 (unaudited)	Total Equity HK\$'000 (unaudited)
At 1 January 2016	19,316	223,215	(2,875)	191,925	22,783	-	57,093	511,457	64,136	575,593
Loss for the period	-	-	-	-	-	-	(65,779)	(65,779)	(935)	(66,714)
Other comprehensive income/ (expense) for the period	-	-	4,065	-	-	-	-	4,065	-	4,065
Total comprehensive income/ (expense) for the period	-	-	4,065	-	-	-	(65,779)	(61,714)	(935)	(62,649)
Addition	37,500	328,111	-	-	(3,629)	-	-	361,982	(1,127)	360,855
At 30 June 2016	56,816	551,326	1,190	191,925	19,154	-	(8,686)	811,725	62,074	873,799
At 1 January 2015	19,316	223,215	(208)	191,925	19,053	11,532	106,584	571,417	69,706	641,123
Loss for the period	-	-	-	-	-	-	(16,992)	(16,992)	(1,357)	(18,349)
Other comprehensive income/ (expense) for the period	-	-	(64)	-	-	(11,532)	-	(11,596)	-	(11,596)
Total comprehensive income/ (expense) for the period	-	-	(64)	-	-	(11,532)	(16,992)	(28,588)	(1,357)	(29,945)
Disposal of subsidiaries	-	-	-	-	-	-	-	-	200	200
Addition	-	-	-	-	91	-	-	91	-	91
At 30 June 2015	19,316	223,215	(272)	191,925	19,144	-	89,592	542,920	68,549	611,469

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended	
	30 June	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	(27,246)	14,903
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	(253)	22,806
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	33,725	(29,161)
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,226	8,548
Cash and cash equivalents at the beginning of period	53,955	67,454
Effect of foreign exchange rate changes, net	3,398	768
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	<u>63,579</u>	<u>76,770</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<u>63,579</u>	<u>76,770</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Ceneric (Holdings) Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The registered office and principal place of business of the Company are Whitehall House, 238 North Church Street, George Town, Grand Cayman, Cayman Islands and 7/F., Guangdong Finance Building, 88 Connaught Road West, Sheung Wan, Hong Kong respectively. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

During the period, the Group’s activities mainly comprised properties development and hotel business in the People’s Republic of China.

2. BASIS OF PREPARATION

These condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the condensed consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange. They have been prepared under the historical cost convention except for certain financial assets which have been measured at fair value. These condensed consolidated financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

3. APPLICATION OF NEW AND REVISED HKFRSs

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s audited consolidated financial statements for the year ended 31 December 2015, except for the adoption of new standards and interpretations effective as of 1 January 2016.

During the six months ended 30 June 2016, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”, which also include HKASs and interpretations) that are relevant to the Group’s operation for the preparation of the Group’s interim condensed consolidated financial statements:

<i>Amendments to HKFRS 11</i>	<i>Joint Arrangements: Accounting for Acquisitions of Interests</i>
<i>Amendments to HKAS 16 and HKAS 38</i>	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
<i>Amendments to HKAS 16 and HKAS 41</i>	<i>Agriculture: Bearer Plants</i>
<i>Amendments to HKAS 27</i>	<i>Equity Method in Separate Financial Statements</i>
<i>Amendments to HKAS 1</i>	<i>Disclosure Initiative</i>
<i>Amendments to HKFRS 10, HKFRS12 and HKAS 28</i>	<i>Investment Entities: Applying the Consolidation Exception</i>
<i>Annual Improvements 2012–2014 Cycle</i>	<i>Amendments to a number of HKFRSs</i>

The directors of the Company do not anticipate that the adoption of the above new and amended HKFRSs will have significant financial effect on these interim condensed consolidated financial statements and that there have been no significant changes to the accounting policies applied in these interim condensed consolidated financial statements.

4. ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

5. OPERATING SEGMENT INFORMATION

For management purposes, the Group identifies reportable segments, on the basis of the products and services, for internal reports about components of the Group that are regularly reviewed by the chief operation decision makers for the purpose of allocating resources to segments and assessing their performances. There are three reportable operating segments identified as follows:

- (a) The property development segment comprises the development and sales of properties;
- (b) The hotel business segment comprises the sub-licensing rights to hotel operators and certain hotel management activities; and
- (c) The corporate and other businesses segment includes general corporate expense items.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment results represent the profit or loss earned before tax before taking into account interest income from bank deposits, unallocated other income, unallocated corporate expenses (including central administration costs and directors' remuneration) and finance costs. This is the measure reported to the chief operation decision makers and the board of directors for the purposes of resource allocation and performance assessment.

The following is an analysis of the Group's revenue and results by reportable segment:

For the six months ended 30 June									
Property Development		Hotel Business		Corporate and other				Total	
				Business		Elimination			
2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
					(Restated)				(Restated)
Segment revenue:									
Sales to external customers	1,242	567	43,801	46,161	-	-	-	45,043	46,728
Other income	566	452	650	642	4,905	2	-	6,121	1,096
Total segment revenue	1,808	1,019	44,451	46,803	4,905	2	-	51,164	47,824
Amortisation of licensing rights	-	-	(3,814)	(3,839)	-	-	-	(3,814)	(3,839)
Depreciation of property, plant and equipment	(224)	(253)	(36,000)	(37,221)	(168)	(233)	-	(36,392)	(37,707)
Amortisation of prepaid land lease payments	(36)	(38)	(957)	(965)	-	-	-	(993)	(1,003)
Segment results	(1,577)	(3,042)	(1,560)	4,382	882	(1,686)	-	(2,255)	(346)
Reconciliation:									
Unallocated expenses								(10,801)	(9,911)
								(13,056)	(10,257)
Bank interest income								252	571
Gain on disposal of available for sale financial assets								-	16,327
Gain on disposal of subsidiaries								-	343
Finance costs (see Note 8)								(57,928)	(20,896)
(Loss)/profit before tax								(70,732)	(13,912)

Geographical information

The Group operates in two main geographical areas — Hong Kong and the People's Republic of China (excluding Hong Kong) (the "PRC").

	<i>For the six months ended</i>	
	<i>30 June</i>	
	<i>2016</i>	<i>2015</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
REVENUE		
— Hong Kong	4,905	—
— PRC	46,259	47,824
	<hr/>	<hr/>
	51,164	47,824
	<hr/>	<hr/>
	<i>At 30 June</i>	<i>At 31 December</i>
	<i>2016</i>	<i>2015</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
NON-CURRENT ASSETS		
— Hong Kong	158	211
— PRC	865,578	910,765
— Other countries	39	45
	<hr/>	<hr/>
	865,775	911,021
	<hr/>	<hr/>

The non-current asset information above is based on the locations of the assets and excludes financial instruments, pledged bank balances and deferred tax assets.

Information about a major customer

Sales to external customers of approximately HK\$32,411,000 (2015: HK\$34,216,000) was derived from hotel business segment from a single customer.

6. REVENUE

Revenue represents income from sub-licensing of operating rights, and proceeds from the sales of properties held for sale and services rendered to external customers during the period.

	<i>For the six months ended</i>	
	<i>30 June</i>	
	<i>2016</i>	<i>2015</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<i>Licensing income</i>	<i>43,801</i>	<i>46,161</i>
<i>Sales of properties held for sale and rendering of services</i>	<i>1,242</i>	<i>567</i>
	<hr/>	<hr/>
	<i>45,043</i>	<i>46,728</i>
	<hr/>	<hr/>

7. OTHER INCOME

	<i>For the six months ended</i>	
	<i>30 June</i>	
	<i>2016</i>	<i>2015</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<i>Bank interest income</i>	<i>252</i>	<i>571</i>
<i>Gain on disposal of available for sale financial assets</i>	<i>–</i>	<i>16,327</i>
<i>Gain on disposal of subsidiaries</i>	<i>–</i>	<i>343</i>
<i>Loan interest</i>	<i>381</i>	<i>–</i>
<i>Rental Income</i>	<i>650</i>	<i>642</i>
<i>Others</i>	<i>5,090</i>	<i>454</i>
	<hr/>	<hr/>
	<i>6,373</i>	<i>18,337</i>
	<hr/>	<hr/>

8. *LOSS BEFORE TAX*

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

	<i>For the six months ended</i>	
	<i>30 June</i>	
	<i>2016</i>	<i>2015</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<i>Cost of sales</i>		
<i>Cost of inventories sold</i>	404	289
<i>Cost of properties sold</i>	323	40
<i>Amortisation of licensing rights</i>	3,814	3,839
	4,541	4,168
<i>Depreciation</i>	36,392	37,707
<i>Amortisation of prepaid land lease payments</i>	993	1,003
<i>Minimum lease payments under operating lease</i>		
<i>in respect of land and building</i>	2,142	1,617
<i>External auditors' remuneration</i>		
<i>— Audit services — for current year</i>	53	—
<i>— Audit services — under provision for previous year</i>	—	—
<i>— Taxation services</i>	—	—
<i>Employee benefit expenses (including directors' remuneration)</i>		
<i>— Wages and salaries</i>	10,436	6,836
<i>— Retirement benefits scheme contributions</i>	443	470
<i>Interest Income</i>		
<i>Bank interest income</i>	(252)	(571)
<i>Other interest income</i>	(381)	—
	(633)	(571)
<i>Finance costs</i>		
<i>Interest on loan and borrowings</i>	2,881	5,707
<i>Interest on other borrowings</i>	—	92
<i>Interest on bonds</i>	621	5,641
<i>Amortisation of bonds, at amortised cost</i>	54,426	9,456
	57,928	20,896
<i>Gain on disposal of available for sale financial assets</i>	—	16,327

9. *INCOME TAX*

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits arising in Hong Kong during the period under review. Subsidiaries in the PRC are subject to PRC Enterprise Income Tax at 25% (2015: 25%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries (or jurisdictions) in which the Group operates.

	<i>For the six months ended</i>	
	<i>30 June</i>	
	<i>2016</i>	<i>2015</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<i>Current tax:</i>		
<i>Hong Kong</i>	<i>–</i>	<i>–</i>
<i>PRC</i>	<i>–</i>	<i>–</i>
	<hr/>	<hr/>
	<i>–</i>	<i>–</i>
<i>Adjustment for prior year over-provision</i>	<i>–</i>	<i>–</i>
<i>Deferred tax</i>	<i>(4,018)</i>	<i>4,437</i>
	<hr/>	<hr/>
<i>Income tax expenses/(credit)</i>	<i>(4,018)</i>	<i>4,437</i>
	<hr/>	<hr/>

10. *LOSS PER SHARE*

The calculation of basic and diluted loss per share amounts is based on the loss for the period attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 5,290,154,524 (2015: 1,931,638,040) in issue during the period.

11. *DEFERRED TAX ASSETS AND LIABILITIES*

As at 30 June 2016 and 31 December 2015, the Group's deferred tax assets and liabilities shown in the consolidated statement of financial position are as follows:

	<i>At 30 June</i>	<i>At 31 December</i>
	<i>2016</i>	<i>2015</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
<i>Deferred tax assets</i>	<i>10,811</i>	<i>11,456</i>
	<hr/>	<hr/>
<i>Deferred tax (liabilities)</i>	<i>(100,323)</i>	<i>(104,745)</i>
	<hr/>	<hr/>

The movements in deferred tax assets/(liabilities) for the six months ended 30 June 2016 were as follows:

Deferred tax assets and liabilities

	<i>Deferred tax assets bad debt provision</i>	<i>Deferred tax assets Tax losses</i>	<i>Deferred tax liabilities Accelerated tax depreciation</i>	<i>Total</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
At 1 January 2016	–	11,456	(104,745)	(93,289)
(Charged)/credited to profit or loss	–	(404)	4,422	4,018
Exchange realignment	–	(241)	–	(241)
At 30 June 2016	–	10,811	(100,323)	(89,512)

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

12. **TRADE RECEIVABLES**

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	<i>At 30 June 2016</i>	<i>At 31 December 2015</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Within 1 month	7,335	6,717
1–3 months	24,048	16,175
4–12 months	8,880	–
Over 1 year	–	–
	40,263	22,892

13. *TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS*

	<i>At 30 June</i> 2016 <i>HK\$'000</i> <i>(Unaudited)</i>	<i>At 31 December</i> 2015 <i>HK\$'000</i> <i>(Audited)</i>
<i>Trade payables</i>	–	–
<i>Amount received in advance for the sales of properties held for sale</i>	–	–
<i>Other payables and accruals</i>	15,012	33,352
	<hr/> 15,012	<hr/> 33,352

14. *LOAN AND BORROWINGS*

	<i>At 30 June</i> 2016 <i>HK\$'000</i> <i>(Unaudited)</i>	<i>At 31 December</i> 2015 <i>HK\$'000</i> <i>(Audited)</i>
<i>Within 1 year</i>	93,512	3,582
<i>After 1 year but within 2 years</i>	–	91,938
<i>After 2 years but within 5 years</i>	–	–
	<hr/> 93,512	<hr/> 95,520

At 30 June 2016, loan and borrowings lent by a financial institution to a subsidiary of the Group were secured by the leasehold land and buildings located in Maoming City, the PRC.

15. *OTHER BORROWING*

The borrowing is an unsecured loan from an independent third party.

	<i>At 30 June</i>	<i>At 31 December</i>
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
<i>Within 1 year</i>	–	4,000
<i>After 1 year but within 2 years</i>	–	–
<i>After 2 years but within 5 years</i>	–	–
<i>After 5 years</i>	–	–
	<hr/>	<hr/>
	–	4,000
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

16. *BONDS*

	<i>At 30 June</i>	<i>At 31 December</i>
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
<i>Unsecured bonds, at amortised cost</i>		
<i>First tranche, issued on 14 April 2014</i>	–	126,099
<i>Second tranche, issued on 21 May 2014</i>	–	144,475
	<hr/>	<hr/>
	–	270,574
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

All the bonds have been retired on 20 January 2016.

17. SHARE CAPITAL

	<i>At 30 June</i>	<i>At 31 December</i>
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	<i>(Audited)</i>
<i>Authorised:</i>		
100,000,000,000 (31 December 2015: 100,000,000,000)		
ordinary shares of HK\$0.01 (31 December 2015:		
HK\$0.01) each	1,000,000	1,000,000
	<hr/>	<hr/>
<i>Issued and fully paid:</i>		
5,681,638,040 (31 December 2015: 1,931,638,040)		
ordinary shares of HK\$0.01 (31 December 2015:		
HK\$0.01) each	56,816	19,316
	<hr/>	<hr/>

The Company has completed a placing of shares on 20 January 2016. Accordingly the number of issued and paid up shares of the Company has been increased to 5,681,638,040.

18. CAPITAL COMMITMENTS

The Group did not have any significant capital commitments as at 30 June 2016 (31 December 2015: Nil).

19. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases part of its property in Maoming City, the PRC under a non-cancellable operating lease agreement, with lease terms for five years. The lease agreement requires the tenant to pay security deposit of the lease.

At 30 June 2016, the Group had total future minimum lease receivables falling due as follows:

	<i>At 30 June</i>	<i>At 31 December</i>
	2016	2015
	HK\$'000	HK\$'000
	<i>(Unaudited)</i>	<i>(Audited)</i>
Within one year	960	1,140
In the second to fifth years, inclusive	—	411
	<hr/>	<hr/>
	960	1,551
	<hr/>	<hr/>

(b) As lessee

The Group leases certain of its office properties under operating lease commitments. Leases for properties are negotiated for terms ranging from one to five years. None of the leases includes contingent rentals.

Minimum lease payments under operating leases during the period:

	<i>For the six months ended</i>	
	30 June	
	2016	2015
	HK\$'000	HK\$'000
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Office premises	2,142	1,617
	<hr/>	<hr/>

At 30 June 2016, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	At 30 June 2016 HK\$'000 (Unaudited)	At 31 December 2015 HK\$'000 (Audited)
Within one year	3,492	3,598
In the second to fifth years, inclusive	655	2,341
	<hr/> 4,147	<hr/> 5,939

20. *CONTINGENT LIABILITIES*

As at 30 June 2016, the Group had contingent liabilities amounting to HK\$1,045,000 (31 December 2015: HK\$761,000) in respect of the buy-back guarantee in favor of banks to secure mortgage loans facilities granted to the purchasers of the Group's properties held for sales.

The directors consider that in case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore no provision has been made in the accounts for the guarantees.

21. *DIVIDEND*

No dividend was paid or proposed for the six months ended 30 June 2016, nor has any dividend been proposed since the end of the reporting period (30 June 2015: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF FINANCIAL RESULTS

BUSINESS REVIEW

For the six months ended 30 June 2016, the Group's revenue amounted to HK\$45.0 million, compared to HK\$46.7 million for the corresponding period of 2015. The Group recorded a loss before tax of HK\$70.7 million, compared to the loss of HK\$13.9 million for the corresponding period of 2015. Such loss is, among other things, mainly attributable to (i) the one-off amortisation of the two tranches of bonds upon redemption in January 2016, and (ii) the amortisation of leasehold land and the depreciation of property, plant and equipment which collectively shared significant amount of the Group's total expenses. The Group's consolidated loss attributable to the owners of the Company for the six months ended 30 June 2016 amounted to HK\$65.8 million, compared to the loss of HK\$17.0 million for the corresponding period of 2015.

PROPERTY DEVELOPMENT SEGMENT

For the six months ended 30 June 2016, sales of the property development segment amounted to HK\$1.2 million, compared to HK\$0.6 million for the corresponding period of 2015. Loss of the segment for the six months ended 30 June 2016 was HK\$1.6 million, compared to the loss of HK\$3.0 million for the corresponding period of 2015.

As at 30 June 2016, approximately 99.9% of residential units of Morning Star Villa ("MSV") and approximately 98.1% of all residential and commercial units of Morning Star Plaza ("MSP") were sold.

The Group continues focusing on the sale of completed unsold properties.

HOTEL BUSINESS SEGMENT

For the six months ended 30 June 2016, the hotel business segment recorded revenue from the sub-licensing of operating right amounting to HK\$43.8 million, compared to HK\$46.2 million for the corresponding period of 2015. Loss of the segment amounted to HK\$1.6 million, compared to a profit of HK\$4.4 million for the corresponding period of 2015.

The Group aims at looking for persistent stream of income from the sub-licensing of operating right to hotel operator.

GEOGRAPHICAL SEGMENT

During the period, revenue of the Group is mainly generated from the hotel business and property development in the PRC.

REVIEW OF FINANCIAL POSITION

OVERVIEW

Non-current assets as at 30 June 2016, consisting mainly of property, plant and equipment, prepaid land lease payment, and licensing rights amounted to HK\$877.9 million, compared to HK\$923.9 million as at 31 December 2015. Current assets as at 30 June 2016 amounted to HK\$204.7 million, compared to HK\$160.0 million as at 31 December 2015. Current liabilities as at 30 June 2016 amounted to HK\$108.6 million, compared to HK\$41.0 million as at 31 December 2015. Non-current liabilities as at 30 June 2016 amounted to HK\$100.3 million, compared to HK\$467.3 million as at 31 December 2015.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2016, the Group's total interest bearing borrowings amounted to HK\$93.5 million (31 December 2015: HK\$370.1 million). The amount was mainly attributable to the borrowings from a financial institution. As at 30 June 2016, the Group's available banking facilities not utilised is nil (31 December 2015: nil).

The Group's total equity as at 30 June 2016 was HK\$873.8 million (31 December 2015: HK\$575.6 million).

The Group's gearing ratio as at 30 June 2016 was 10.7% (31 December 2015: 64.3%). The gearing ratio was calculated on the basis of total interest bearing borrowings over the total equity of the Group. The financial position of the Group improves significantly after the redemption of bonds in January 2016.

As part of treasury management, the Group centralises funding for all of its operations at the Group level. The Group's foreign currency exposure relates mainly to Renminbi, which is derived from its hotel business and the sales of property units in Zhongshan, the PRC.

CAPITAL COMMITMENTS

The Group did not have any capital commitments as at 30 June 2016 (31 December 2015: nil).

CONTINGENT LIABILITIES

As at 30 June 2016, the Group had contingent liabilities amounting to HK\$1.0 million (31 December 2015: HK\$0.8 million). The contingent liabilities were mainly in respect of buy-back guarantees in favour of banks to secure mortgage loans granted to the purchasers of the properties developed by MSV and MSP. The Board considered that the fair value of such guarantees were insignificant.

CHARGES ON GROUP ASSETS

As at 30 June 2016, part of the Group's leasehold land and buildings with a carrying value of HK\$746.1 million (31 December 2015: HK\$772.6 million) had been pledged to a financial institution to secure mortgage loans. In addition, non-current bank balances of HK\$1.4 million (31 December 2015: HK\$1.4 million) were pledged to banks to secure mortgage loan facilities granted to purchasers of the Group's properties held for sale. They also serve to secure the issuance of a bank guarantee in favour of a landlord under an operating lease.

FUND RAISING ACTIVITIES

On 18 June 2015, the Company had entered into the a placing agreement ("First Placing Agreement") with the placing agents in relation to the placing of 2,500,000,000 new shares at the placing price of HK\$0.15 per placing share for the repayment of the Bonds and working capital of the Group. The maximum number of the 2,500,000,000 placing shares represent (i) approximately 129.42% of the then issued share capital of the Company as at the date of the First Placing Agreement, and (ii) approximately 56.41% of the issued share capital of the Company as enlarged by the issue of the 2,500,000,000 placing Shares. As disclosed in the announcement of the Company dated 31 August 2015, in view of the then market conditions, the placing agents and the Company entered into a termination agreement to terminate the First Placing Agreement. The placing did not proceed.

On 15 September 2015, the Company and the placing agents entered into another placing agreement ("Second Placing Agreement") pursuant to which the Company had conditionally agreed to place, through the placing agents, on a best effort basis, up to 3,750,000,000 new shares to not less than six placees who and whose ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons at the placing price of HK\$0.10 per placing share. The placing was approved by an ordinary resolution by the Shareholders at the EGM on 16 December 2015. A specific mandate to cover the allotment and issue of the placing shares pursuant to the Second Placing Agreement was granted. On 20 January 2016, all the conditions of the placing had been fulfilled and the placing was completed. An aggregate of 3,750,000,000 placing shares had been successfully placed. The net proceeds from the placing had been applied to repay the Bonds of the Group and the remaining cash was left for the Group's general working capital. Details were disclosed in the announcements of the Company dated 15 September 2015, 16 December 2015 and 20 January 2016 and the circular of the Company dated 27 November 2015 respectively.

STAFF ANALYSIS

The total number of staff employed by the Group as at 30 June 2016 was 83, compared to 83 as at 30 June 2015. As part of the Group's human resources policy, employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus scale. Currently, the Group continues to implement its overall human resource training and development programme and to equip its employees with the necessary knowledge, skills and experience to deal with the existing and future requirements and challenges.

OUTLOOK

OUTLOOK AND PLAN

Looking ahead to the second half of 2016, we see the global economy remains uncertain and sluggish. China is transitioning from an industrial and investment-led economy to become more domestic consumption-driven. Facing tremendous challenges, the Group's hotel and property development business would be relatively struggling. The financial services business of the Group is at the initial stage and it will bring new income streams to the Group in the near future.

ADOPTION OF NEW SHARE OPTION SCHEME

A new share option scheme (the "Scheme") was adopted pursuant to an ordinary resolution passed by the shareholders of the Company at a general meeting on 8 June 2011. The purpose of the Scheme is to provide the Company with a flexible and effective means of incentivising, rewarding, remunerating, compensating and/or providing benefits to eligible participants.

The total number of shares which may be issued upon exercise of all options to be granted under the Scheme and any options to be granted under any other scheme must not in aggregate exceed 10% of the aggregate of the Shares in issue as at 10 June 2011 (the "Adoption Date").

With the approval of the Shareholders in general meeting, the total number of shares available for issue upon the exercise of all options to be granted under the Scheme and any other scheme under the limit as "refreshed" shall not exceed 10% of the shares in issue of the Company as at the date on which the shareholders approve the "refreshed" limit.

The total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and all outstanding options granted and yet to be exercised under any other scheme shall not exceed 30% of the shares in issue from time to time. No options may be granted under the Scheme and no options may be granted under any other schemes if this will result in the limit being exceeded.

The Scheme became effective on the Adoption Date, subject to earlier termination at any time decided by the Board of Directors and approved in advance by shareholders of the Company by ordinary resolution in a general meeting. The Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date, after which period no further options under the Scheme will be granted. As of the date of this report, the remaining life of the Scheme is approximately 57 months.

During the six months ended 30 June 2016, no options were granted nor were there any option outstanding under the Scheme.

As of the date of this report, the total number of shares available for issue under the Scheme may not exceed 568,163,804 shares, which represent 10% of the shares in issue of the Company.

DIRECTORS' INTERESTS

As at 30 June 2016, none of the Directors and the chief executive of the Company had interest in the shares, underlying shares and debentures of the Company and its associated corporations, within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which the Directors or the chief executive were deemed or taken to have under such provisions of the SFO, which are required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO, or which were notified to the Company and the Stock Exchange, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) contained in the Listing Rules

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS

As at 30 June 2016, the following Shareholders had interest in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name of Shareholders	Notes	Number of shares and underlying shares held (Long Position)	Percentage of issued share capital
Star Advance International Limited (“Star Advance”)	1	560,000,000	9.86%
Fong Shing Kwong, Michael (“Mr. Fong”)	2	560,000,000	9.86%
Chu Kwok Kit, Kenny		520,000,000	9.15%
VMS Investment Group Limited (“VMS Investment”)	3	500,000,000	8.80%
VMS Holdings Limited (“VMS Holdings”)	4	500,000,000	8.80%
Mak Siu Hang, Viola (“Ms. Mak”)	5	500,000,000	8.80%

Notes:

- (1) This represents 560,000,000 shares held by Star Advance.
- (2) Mr. Fong is deemed to have interests in the shares through his 100% interest in Star Advance.
- (3) This represents 500,000,000 shares held by VMS Investment.
- (4) VMS Holdings is deemed to have interests in the shares through its 100% interest in VMS Investment.
- (5) Ms. Mak is deemed to have interests in the shares through her 100% interest in VMS Holdings.

CORPORATE GOVERNANCE AND OTHER INFORMATION

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining the high corporate governance standards and upholding accountability and transparency.

During the six months ended 30 June 2016, the Company has applied the principles of and complied with the applicable code provisions of the Corporate Governance Code and Corporate Governance Report (the “CG Code”) as set out in Appendix 14 of the Listing Rules, except for certain deviations which are summarized below:

Code Provisions A.2.1 to A.2.9

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. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

Code Provisions A.2.2 to A.2.9 further stipulate the roles and responsibilities of the chairman.

The Company does not have a Chairman of the Board at present. It is the Board’s intention to appoint the Chairman of the Board as soon as the suitable and appropriate candidate is identified.

Code Provision A.6.7

Code Provision A.6.7 stipulates that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders.

Due to other business engagements, an Executive Director and some Non-Executive Directors could not attend the annual general meeting of the Company held on 27 May 2016. However, at the annual general meeting of the Company, there were some Executive Directors and Independent Non-Executive Directors present to enable the Board to develop a balanced understand of the views of the Shareholders.

Code Provision E.1.2

Code provision E.1.2 stipulates that the chairman of the board should attend the annual general meeting. He should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In their absence, he should invite another member of the committee or failing this his duly appointed delegate to attend. These persons should be available to answer questions at the annual general meeting.

The Company does not have a Chairman of the Board at present. It is the Board’s intention to appoint the Chairman of the Board as soon as the suitable and appropriate candidate is identified. As such, no Chairman of the Board was able to attend the annual general meeting of the Company held on 27 May 2016. However, Mr. Cheng Wai Lam, James, an Executive Director of the Company, took the chair of that meeting and Chairman of the Audit Committee, Remuneration Committee and Nomination Committee was present thereat to be available to answer any question to ensure effective communication with the Shareholders.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the Directors of the Company. Having made specific enquiry to the Directors, all the Directors confirmed that they had complied with the required standards as set out in the Model Code during the period.

CHANGES IN DIRECTORS' INFORMATION

The changes in Directors' information, required to be disclosed pursuant to Rule 13.51B (1) of the Listing Rules, are set out below:

Experience including other directorships held in the last three years and major appointments

Mr. Sung Yat Chun has appointed as director of Cheshunt Limited with effect from 26 July 2016.

Change in Directors' emoluments and basis of determining Directors' emoluments

The monthly salary of the Chief Executive Officer and Executive Director, namely Mr. Cheng Wai Lam, James was increased by approximately 1.5% with effect from 1 January 2016 as compared with that of 2015. The monthly salaries of the Independent Non-Executive Directors, namely Ms. Chan Hoi Ling, Ms. So Wai Lam and Mr. Sung Yat Chun, were increased by 20% with effect from 1 January 2016 as compared with those of 2015.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the six months ended 30 June 2016.

REVIEW OF INTERIM RESULTS

The Group's unaudited interim results for the six months ended 30 June 2016 have been reviewed by the Audit Committee, in conjunction with the Company's management. The Audit Committee comprises three Independent Non-Executive Directors of the Company.

By order of the Board
Ceneric (Holdings) Limited
CHI Chi Hung, Kenneth
Executive Director

Hong Kong, 30 August 2016