



大中華集團有限公司

GREAT CHINA HOLDINGS LIMITED

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

Annual Report 2016

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Corporate Information

Board of Directors

Executive Directors

Mr. ZHOU Zheren (*Chairman*)
Ms. GU Ming (*Chief Executive Officer*)
Ms. HOU Yingxuan (*Vice-President*)
Mr. LAI Han
Mr. GONG Biao

Non-executive Director

Mr. CHAI Yuet

Independent Non-executive Directors

Ms. LI Ping
Mr. HU Jianxing
Mrs. Patricia Bee Kuen THOMAS

Company Secretary

Ms. HO Wing Yan

Auditor

KPMG
Certified Public Accountants

Share Registrar

Union Registrars Limited
Suites 3301-04, 33/F
Two Chinachem Exchange Square
338 King's Road
North Point
Hong Kong

Registered Office

Room 1512, 15/F.
New World Tower 1
16-18 Queen's Road Central
Hong Kong

Audit Committee

Ms. LI Ping (*Chairman*)
Mr. HU Jianxing
Mrs. Patricia Bee Kuen THOMAS

Remuneration Committee

Mr. HU Jianxing (*Chairman*)
Mr. LAI Han
Ms. LI Ping

Nomination Committee

Mr. ZHOU Zheren (*Chairman*)
Ms. LI Ping
Mr. HU Jianxing

Stock Code

141 (Main Board of The Stock Exchange of Hong Kong Limited)

Website

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Chairman's Statement

Chairman's Statement

I am pleased to present, on behalf of the board (the "Board") of directors (the "Directors"), the annual report of Great China Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") for the year ended 31 December 2016 (the "Year").

Group Review

On 21 January 2016, the Company entered into a disposal agreement with Fulcrest Limited (the "Disposal Purchaser") to dispose of the entire equity interest in Datong Global Holdings Limited and Xingao Limited and their subsidiaries (the "Disposal Group") and the loan owed by the Disposal Group. On 15 June 2016, the Group completed the disposal of its trading of fishmeal and property investment in Hong Kong to the Disposal Purchaser (the "Disposal"). Total consideration for the Disposal was HK\$797.97 million, in which HK\$592.97 million was settled in cash and the remaining HK\$205.00 million was settled by offsetting against the dividend payable to the Disposal Purchaser. A first special dividend of HK\$1.223 per share (amounting to approximately HK\$320.04 million) (the "First Special Dividend") and a second special dividend of HK\$3.085 per share (amounting to approximately HK\$807.30 million) (the "Second Special Dividend") were approved on the extraordinary general meeting of the Company held on 31 May 2016 (the "EGM"). HK\$205.00 million was offset against the Second Special Dividend as agreed between the Company and the Disposal Purchaser. Upon the completion of the Disposal, the Group recorded a gain on Disposal of HK\$52.68 million, which has been included in the results of the discontinued operations in the consolidated financial statements of the Group for the year ended 31 December 2016.

In view of the operational performance for the year ended 31 December 2016, the Group recorded consolidated revenue of approximately HK\$515.24 million (2015: HK\$1,191.82 million). The continuing operations from leasing properties in the People's Republic of China (the "PRC") generated revenue and profit attributable to the Company's equity shareholders of HK\$21.34 million and HK\$14.21 million, respectively. The revenue and the profit attributable to the Company's equity shareholders of the discontinued operations (trading of fishmeal and property investment in Hong Kong) were approximately HK\$493.90 million and approximately HK\$45.48 million, respectively.

Dividend

The Board resolved not to recommend the payment of a final dividend for the year ended 31 December 2016 (2015: HK\$nil).

During the year ended 31 December 2016, the First Special Dividend and the Second Special Dividend had been paid to the shareholders of the Company (the "Shareholders") upon the approval granted at the EGM. Based on 261,684,910 shares in issue at that time, the aggregate value of the First Special Dividend and Second Special Dividend was approximately HK\$1,127.34 million. Further details of the special dividends are set out in the circular of the Company dated 13 May 2016 and the announcements of the Company dated 31 May 2016 and 15 June 2016 respectively.

Business Review

Continuing Operation

Property Investment in the PRC and Trading of Properties

For the year ended 31 December 2016, the Group generated revenue of HK\$21.34 million (2015: HK\$20.28 million) from properties located in the PRC.

The investment properties were valued by an independent professional valuer. A valuation gain of HK\$12.02 million was recorded in 2016 (2015: HK\$28.27 million) and represented one of the most significant contributions to the Group's profit for the year ended 31 December 2016.

Chairman's Statement

Discontinued Operations

General Trading in Fishmeal

The Group discontinued the fishmeal trading operation on 15 June 2016, thus resulting in the significant decrease in revenue from HK\$1,153.60 million in 2015 to HK\$487.21 million in 2016.

Property investment in Hong Kong

The Group resumed a profit-making position of HK\$1.10 million for the year ended 31 December 2016, after recording a loss of HK\$29.00 million in 2015. The turnaround of results was primarily attributed to the stabilising of the Hong Kong property market, resulting in reduction of valuation loss from HK\$44.27 million in 2015 to HK\$2.40 million in 2016. The Group disposed all the investment properties in Hong Kong upon the completion of the Disposal.

Prospects

The Group is mainly engaged in property investment in Shanghai. In 2016, property prices and rental levels have remained stable in Shanghai and we expect such trend to prevail in 2017. The Group would dedicate its efforts to the development of its existing business, strengthening the management of commercial investment properties and enhance operational efficiency. The Group would also regularly review and expand its property portfolio when opportunities arise.

The Board would review the financial status and business of the Group on a regular basis and formulate long-term business development plans and strategies based on the results of such review. The Group may explore other business opportunities such as expanding into integrated operations and management of commercial properties as well as innovative financial related business. The Group is confident that it could further enhance its growth and profitability and thus increase Shareholders' value in the coming years.

Appreciation

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

ZHOU Zheren

Chairman of the Board

Hong Kong, 28 March 2017

Management Discussion and Analysis

The world economy remained complicated and fast-changing amid sluggish economic growth in the Year. The property markets in China gradually returned to a stable level. The Group made adjustments to the business strategies to secure stable revenue sources and maintain sustainable development of the business in long term.

Review and Prospects

The details of group review, business review and prospects are set out in the Chairman's Statement.

Financial Review

Liquidity and Financial Resources

As at 31 December 2016, the Group's gearing ratio was nil (2015: 5%), based on the Group's long-term bank borrowings of HK\$nil (2015: HK\$95.64 million) and total assets of HK\$520.61 million (2015: HK\$1,810.21 million). The Group's current ratio was 2.14 (2015: 6.62), calculated on the basis of current assets of HK\$52.32 million (2015: HK\$707.04 million) over current liabilities of HK\$24.40 million (2015: HK\$106.81 million).

As at 31 December 2016, total restricted bank deposits, bank balances and cash on hand were HK\$25.26 million (2015: HK\$256.07 million). Total bank borrowings of the Group amounted to HK\$nil (2015: HK\$114.29 million), and there were no bank borrowings secured by bank deposit (2015: HK\$nil). The Group's borrowings have been settled or disposed of through the Disposal.

Capital Expenditure

Capital expenditure incurred by the Group for the year ended 31 December 2016 was HK\$3.11 million (2015: HK\$3.47 million), which was mainly for the acquisition of equipment. At the moment, the Group anticipates that the funding required for future capital expenditure will be principally financed by internal resources and bank borrowings.

Capital Commitment

As at 31 December 2016, the Group had a total capital commitment of approximately HK\$nil (2015: HK\$462,000) for the acquisition of equipment.

Charges on Assets

As at 31 December 2015, the Group had available but not yet utilised banking facilities amounting to around HK\$1,209.61 million. The Group pledged the investment properties of HK\$798.85 million and leasehold land and buildings of HK\$40.80 million and assigned rental income from letting of properties in favour of banks to secure the aforesaid facilities. The aforesaid pledge was released through the Disposal.

Future Plans for Material Investments or Capital Assets

The Directors currently do not have any future plans for material investments or capital assets. The Directors will continue to monitor the industry and review its business expansion plans regularly, so as to take necessary measures in the Group's best interests.

Management Discussion and Analysis

Key Risks and Uncertainties

The Group's financial condition, results of operations and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to the Group's businesses. The following are the key risks and uncertainties identified by the Group. There may be other risks and uncertainties in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future.

Foreign Exchange Risk

During the year ended 31 December 2016, most of the Group's business transactions were conducted in Hong Kong dollars and Renminbi. Review of the Group's exposure to foreign exchange risks is conducted periodically. The Group expected that the exposure to exchange rate fluctuation was not significant and therefore did not engage in any hedging activity during the year ended 31 December 2016.

Liquidity Risk

Liquidity risk is the potential that the Group will be unable to meet its obligations when they fall due because of an inability to obtain adequate funding or liquidate assets. In managing liquidity risks, the Group monitors cash flows and maintain an adequate level of cash and cash equivalent to ensure the ability to finance the Group's operations and reduce the effects of fluctuation in cash flows.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Responsibility for managing operational risks rests with every function at departmental levels. The Group's management will identify and assess key operational exposures regularly so that appropriate risk response can be taken.

Impact of Government Policies and Regulations

The business operation of the Group is also subject to government policy, relevant regulations and guidelines established by the regulatory authorities. Failure to comply with the rules and requirements may lead to penalties, amendments or suspension of the business operation by the authorities. The Group closely monitors changes in government policies, regulations and markets as well as conducting studies to assess the impact of such changes.

Manpower and Retention Risk

The Group may face the risk of not being able to attract and retain key personnel and talents with appropriate and required skills, experience and competence which would meet the business objectives of the Group. The Group will provide attractive remuneration package to suitable candidates and personnel.

Third-Party Risk

The Group may rely on third-party service providers in certain parts of its business to improve performance and efficiency of the Group. While gaining the benefits from external service providers, the management realises that such operational dependency may pose a threat of vulnerability to unexpected poor or lapses in service including reputation damage, business disruption and monetary losses. To address such uncertainties, the Group engages only reputable third-party providers and closely monitors their performance.

Management Discussion and Analysis

Business Risk

Performance of the Group's core business will be affected by various factors, including but not limited to economic conditions and the performance of property markets in regions where the investments are located, which would not be mitigated even with careful and prudent investment strategy and strict control procedures.

Significant Investments

During the year ended 31 December 2016, the Group did not have any significant investments (2015: HK\$nil).

Material Acquisitions or Disposals of Subsidiaries and Associated Companies

Save as the Disposal detailed in the section of Group Review of the Chairman's Statement, there were no material acquisitions or disposals of subsidiaries and associated companies during the year ended 31 December 2016.

Compliance with Laws and Regulations

During the Year, insofar as the Board was aware, there was no material breach of or non-compliance with applicable laws and regulations by the Group that had a significant impact on the business and operations of the Group.

Relationships with Stakeholders

The Company recognises that employees are its valuable assets. Thus, the Group recognises the accomplishment of its employees by providing comprehensive benefit package, career development opportunities and internal training appropriate to individual needs. The Group regularly reviews the remuneration package of employees and makes necessary adjustments to conform to the market level. Further, the Group provides a healthy and safe workplace for all employees and no strikes and cases of fatality due to workplace accidents occurred during the Year.

The Group also understands that it is important to maintain good relationship with business partners and bank enterprises to achieve its long-term goals. During the Year, there was no material or significant dispute between the Group and its business partners or bank enterprises.

Employee and Remuneration Policies

As at 31 December 2016, the total number of employees of the Group was 15 with staff costs, excluding Directors' remuneration, amounting to HK\$2.68 million. Remuneration policies are reviewed annually by the management. Remuneration packages are structured to take into account comparable levels in the market and the prevailing business scale of the Group. The Company also operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The Scheme was adopted and approved by the Shareholders on 14 May 2010 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

Contingent Liability

As at 31 December 2016, the Group had no material contingent liabilities (2015: HK\$nil).

Management Discussion and Analysis

Environmental Policies

The Group recognises its responsibility to protect the environment in its business operations. The Group continually seeks to identify and management environmental impacts attributable to its operational activities in order to minimise these impacts if possible. The Group aims to maximise energy conservation in its offices by promoting efficient use of resources and adopting green technologies.

Treasury Policies

The Group adopts conservative treasury policies in cash and financial management. Cash is generally placed in short-term deposits mostly denominated in Renminbi and Hong Kong Dollars. The Group does not use any financial instruments for hedging purposes.

Biographical Details of Directors

Mr. ZHOU Zheren, aged 39, is the chairman of the Board (the “Chairman”) and an executive Director. He is also the chairman of the nomination committee of the Company (the “Nomination Committee”). Mr. Zhou received a bachelor’s degree in international economic laws from East China University of Politics and Law (華東政法大學, formerly known as East China College of Political Science and Law (華東政法學院)) (Shanghai, the PRC) in July 1999 and a master’s degree in laws from the University of Technology (Sydney, Australia) in September 2004. He has been a qualified PRC lawyer upon the approval from the Review Committee of Lawyer Qualification under the PRC Ministry of Justice (中華人民共和國司法部律師資格審查委員會) since February 2000. He is also qualified to act as an independent director in PRC-listed companies as recognised by the Shanghai Stock Exchange in November 2010.

Mr. Zhou has been appointed as an external supervisor of Shengjing Bank Co., Ltd. (whose shares are listed on the Main Board of the Stock Exchange, stock code: 2066) in May 2014. He served as an independent director of Kangxin (China) Design and Engineering Co., Ltd. from June 2010 to November 2014. From January 2009 to June 2009, he served as a director and general manager of Shenyang Hejin Holding Co., Ltd. (whose shares are listed on the Shenzhen Stock Exchange, stock code: 000633).

Ms. GU Ming, aged 53, is a chief executive officer and an executive Director. Ms. Gu obtained a French Literature degree in Shanghai Fudan University in July 1985 and obtained a Master of Librarianship in The University of Washington in June 1994. Ms. Gu has been a general manager of Shanghai Chongsheng Investment Management Co. Ltd (上海翀盛投資管理有限公司, a holding company of Hopevision Group Ltd., a controlling shareholder of the Company (the “Controlling Shareholder”)) since May 2015 and a director of Shanghai Sky Fortune Boutique Hotel Co., Ltd 上海天禧嘉福璞緹客酒店有限公司, an affiliated company of the Controlling Shareholder.

Ms. HOU Yingxuan, aged 31, is an executive Director and the vice-president of the Company. Ms. Hou graduated from Lancaster University in the United Kingdom with a Bachelor of Finance (Honours) degree in 2009. Ms. Hou worked for CCB International Capital Limited, a wholly-owned subsidiary of China Construction Bank Corporation, from November 2009 to December 2016. She has many years of experience in corporate finance and specialises in the origination of buy-side and sell-side projects for Hong Kong initial public offerings and offshore business corporate finance activities.

Mr. LAI Han, aged 39, is an executive Director and a member of the remuneration committee of the Company (the “Remuneration Committee”). Mr. Lai obtained an Economics degree in Sichuan Agricultural University in July 2000. He also obtained Certificate of Company Secretary in the Shanghai Stock Exchange and the Shenzhen Stock Exchange in April 2004 and November 2012 respectively. Mr. Lai has over 15 years of experience in accounting, investment, mergers and acquisitions and company secretarial fields. He is currently a secretary to the board of directors of Shanghai Chongsheng Investment Management Co. Ltd (上海翀盛投資管理有限公司, a holding company of the Controlling Shareholder).

Biographical Details of Directors

Mr. GONG Biao, aged 46, is an executive Director. Mr. Gong graduated from Shanghai Polytechnic University with a major in Mechanical Engineering and Design. Mr. Gong is currently a director to Shanghai Sky Fortune Boutique Hotel Co., Ltd. (上海天禧嘉福璞緹客酒店有限公司, an affiliated company of the Controlling Shareholder), and a supervisor to Shanghai Chong Sheng Investment Management Co. Ltd (上海翀盛投資管理有限公司, a holding company of the Controlling Shareholder). Mr. Gong was a vice general manager of Shenyang Hejin Holding Co. Ltd. (whose shares are listed on the Shenzhen Stock Exchange, stock code: 000633) from January 2009 to June 2009.

Mr. CHAI Yuet, aged 43, is a non-executive Director. Mr. Chai is currently the chairman of the board of China Horae Capital Management (Group) Co., Limited.

Ms. LI Ping, aged 44, is an independent non-executive Director, the chairman of the audit committee of the Company (the "Audit Committee"), a member of the Nomination Committee and the Remuneration Committee. Ms. Li obtained a Management and Professional Accounting degree in Shanghai Jiao Tong University and obtained a master's degree in Business Administration in China Europe International Business School. Ms. Li has been a qualified accountant upon approval from Shanghai Institution of Certified Public Accountants since 1999. Ms. Li is responsible for giving independent judgement on the Group's strategic plan, performance, resources and standard of integrity. Ms. Li has been an independent director of Zhongshan Public Utilities Group Co Ltd (whose shares are listed on the Shenzhen Stock Exchange, stock code: 000685) since 2015. She was an independent director of Kyland Technology Co Ltd (whose shares are listed on the Shenzhen Stock Exchange, stock code: 300353) from July 2009 to January 2013.

Mr. HU Jianxing, aged 40, is an independent non-executive Director, the chairman of the Remuneration Committee, a member of the Audit Committee and the Nomination Committee. Mr. Hu obtained a bachelor's degree in International Economics Law from East China University of Politics and Law (華東政法大學, formerly known as East China College of Political Science and Law (華東政法學院)) (Shanghai, the PRC) in July 1999. Mr. Hu is responsible for giving independent judgement on the Group's strategic plan, performance, resources and standard of integrity. Mr. Hu is currently a lawyer of Shanghai Deheng Law Offices. He has been a qualified PRC lawyer for over 15 years.

Mrs. Patricia Bee Kuen THOMAS, aged 64, is an independent non-executive Director and a member of the Audit Committee. Mrs. Thomas is a Fellowship of The Institute of Chartered Accountants in England and Wales. Mrs. Thomas is responsible for giving independent judgement on the Group's strategic plan, performance, resources and standard of integrity.

Corporate Governance Report

The Board and the management are committed to upholding a high standard of corporate governance with an aim to safeguard the interest of the Shareholders and the Company as a whole.

Save as disclosed herein, the Company has applied the principles and complied with all applicable code provisions and, where applicable, the recommended best practices of the Corporate Governance Code as set out in Appendix 14 (the "CG Code") to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Key corporate governance principles and practices of the Company are summarised below.

Directors' and Employees' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Confirmation has been sought from all Directors that they have complied with required standards set out in the Model Code throughout the year ended 31 December 2016. The Board has also adopted the Model Code as guidelines for relevant employees in respect of their dealings in the securities of the Company. No incidents of non-compliance of such guidelines by relevant employees was noted by the Company during the Year under review.

Directors

The Board

The Board is accountable to the Shareholders for leading the Group in a responsible and effective manner. Every Director is charged with the duties of acting in the best interest of the Group and the duties of contributing to the Group with their expertise and knowledge. The Board decides on overall Group strategies and monitors the Group's performance on behalf of the Shareholders. During the year ended 31 December 2016, the Board held five meetings. Besides, the Company held three Shareholders' meetings in 2016 (i.e. one annual general meeting held on 25 May 2016 and two extraordinary general meetings held on 31 May 2016 and 31 August 2016 respectively). The Company has deviated from code provision A.6.7 of the CG Code as some of the independent non-executive Directors were absent from the Shareholders' meetings. Ms. LI Ping, Mr. HU Jianxing and Mrs. Patricia Bee Kuen THOMAS were absent from the extraordinary general meeting of the Company held on 31 August 2016. Mr. Lawrence Kam Kee YU was absent from the extraordinary general meeting of the Company held on 31 May 2016. Mr. Hsu Chou WU was absent from the

Corporate Governance Report

annual general meeting held on 25 May 2016. The Directors who were not able to attend the Shareholders' meetings were due to their other engagements. The attendance records of each Director at the aforesaid Board meetings and Shareholders' meetings are set out as follows:

Name of director	Attendance/Number of meetings	
	Board meeting	Shareholders' meeting
Mr. ZHOU Zheren**	3/3	1/1
Ms. GU Ming**	3/3	0/1
Mr. LAI Han**	3/3	1/1
Ms. SHEN Li**	3/3	0/1
Mr. GONG Biao**	3/3	0/1
Mr. CHAI Yuet**	2/3	0/1
Ms. LI Ping**	3/3	0/1
Mr. HU Jianxing**	3/3	0/1
Mrs. Patricia Bee Kuen THOMAS**	3/3	0/1
Mr. Rustom Ming Yu HO*	1/1	N/A
Mr. John Ming Tak HO*	2/2	2/2
Mr. Patrick Kwok Wai POON*	1/2	0/2
Mr. Maung Tun MYINT*	1/2	1/2
Mr. Lawrence Kam Kee YU <i>BBS MBE JP</i> *	2/2	1/2
Mr. David Hon To YU*	2/2	2/2
Mr. Hsu Chou WU*	1/2	1/2
Ms. Yu Gia HO*	1/2	1/2

* Mr. Rustom Ming Yu HO passed away on 5 May 2016; and Mr. John Ming Tak HO, Mr. Patrick Kwok Wai POON, Mr. Maung Tun MYINT, Ms. Yu Gia HO, Mr. Lawrence Kam Kee YU *BBS MBE JP*, Mr. David Hon To YU and Mr. Hsu Chou WU resigned as Directors on 13 July 2016 due to the change in control of the Company upon the sale and purchase completion (the "Sale and Purchase Completion").

** Mr. ZHOU Zheren, Ms. GU Ming, Mr. LAI Han, Ms. SHEN Li, Mr. GONG Biao, Mr. CHAI Yuet, Mr. HU Jianxing, Ms. LI Ping and Mrs. Patricia Bee Kuen THOMAS were appointed as Directors on 23 June 2016.

To provide an opportunity to Directors to include matters for discussion in the agenda, at least 14 days' notice of a regular Board meeting is given to all Directors. Every Director is entitled to have access to the advice and services of the company secretary of the Company (the "Company Secretary") with a view to ensuring that the Board procedures, and all applicable rules and regulations, are followed. All minutes are kept by the Company Secretary and are open for inspection by Directors. Minutes of Board meetings and meetings of Board Committees record in sufficient detail of the matters considered by the Board/Board Committees and decisions reached. Draft and final versions of minutes of Board/Board Committee meetings are sent to Directors/Board Committee members for their comment and record respectively within a reasonable time after the meetings are held.

Directors have been advised that the Company Secretary can arrange independent professional advice at the expense of the Company should such advice be considered necessary by any Director.

The Company has received from each independent non-executive Director an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company still considers such Directors to be independent. The independent non-executive Directors are explicitly identified in all corporate communications of the Company.

Corporate Governance Report

According to the current Board practice, if a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter will be dealt with by the Board at a duly convened Board meeting. The articles of association of the Company (the "Articles of Association") also stipulate that save for the exceptions as provided therein, a Director shall abstain from voting and not be counted in the quorum at meetings for approving any contract or arrangement in which such Director or any of his/her close associates have a material interest.

The senior management of the Company are the Directors. Details of their remuneration for the year ended 31 December 2016 are set out in note 9 to the financial statements.

Chairman and Chief Executive Officer

The positions of the Chairman and the Managing Director of the Company were held by separate individuals, with Mr. Rustom Ming Yu HO being the Chairman and Mr. John Ming Tak HO being the Managing Director. Mr. Rustom Ming Yu HO passed away on 5 May 2016 and Mr. John Ming Tak HO resigned as Director on 13 July 2016 due to the change in control of the Company upon the Sale and Purchase Completion. With the appointment of Mr. ZHOU Zheren as the Chairman and Ms. GU Ming as the Chief Executive Officer of the Company (the "Chief Executive Officer") on 13 July 2016, the positions of the Chairman and the Chief Executive Officer of the Company (the "Chief Executive Officer") are currently held by separate individuals, with Mr. ZHOU Zheren being the Chairman and Ms. GU Ming being the Chief Executive Officer. The Chairman is responsible for ensuring that the Board is functioning properly with good corporate governance practices and procedures. He also steers the Board and the Company towards corporate goals. The Chief Executive Officer is responsible for effective implementation of the overall strategies and initiatives adopted by the Board. With the support of the Chief Executive Officer and the Company Secretary, the Chairman seeks to ensure that all Directors are properly briefed on issues arising at Board meetings and receive adequate and reliable information on a timely basis.

Board Composition

During the Year and up to the date of this report, the Board consists of the following Directors:

Executive Directors:

Mr. ZHOU Zheren (*Chairman*)**
Ms. GU Ming (*Chief Executive Director*)**
Ms. HOU Yingxuan (*Vice-President*)*** (appointed on 27 February 2017)
Mr. LAI Han**
Ms. SHEN Li** (resigned on 27 February 2017)
Mr. GONG Biao**
Mr. Rustom Ming Yu HO*
Mr. John Ming Tak HO*
Mr. Patrick Kwok Wai POON*
Mr. Maung Tun MYINT*

Non-executive Directors:

Mr. CHAI Yuet**
Ms. Yu Gia HO*

Independent Non-executive Directors:

Ms. LI Ping**
Mr. HU Jianxing**
Mrs. Patricia Bee Kuen THOMAS**
Mr. Lawrence Kam Kee YU *BBS MBE JP**
Mr. David Hon To YU*
Mr. Hsu Chou WU*

Corporate Governance Report

- * *Mr. Rustom Ming Yu HO passed away on 5 May 2016; and Mr. John Ming Tak HO, Mr. Patrick Kwok Wai POON, Mr. Maung Tun MYINT, Ms. Yu Gia HO, Mr. Lawrence Kam Kee YU BBS MBE JP, Mr. David Hon To YU and Mr. Hsu Chou WU resigned as Directors on 13 July 2016 due to the change in control of the Company upon the Sale and Purchase Completion.*
- ** *Mr. ZHOU Zheren, Ms. GU Ming, Mr. LAI Han, Ms. SHEN Li, Mr. GONG Biao, Mr. CHAI Yuet, Ms. LI Ping, Mr. HU Jianxing and Mrs. Patricia Bee Kuen THOMAS were appointed as Directors on 23 June 2016. Ms. SHEN Li resigned as Director on 27 February 2017.*
- *** *Ms. HOU Yingxuan was appointed as Director on 27 February 2017.*

The Board has met the requirements of Listing Rules 3.10 and 3.10A of having three independent non-executive directors (representing at least one-third of the Board) with one of them possessing appropriate accounting and related financial management expertise. The relationship among members of the Board, if any, is disclosed in “Biographical Details of Directors” of this annual report.

Appointment and Re-election

Directors, including Mr. ZHOU Zheren, Ms. GU Ming, Mr. LAI Han, Mr. GONG Biao, Mr. CHAI Yuet, Mr. HU Jian Xing, Ms. LI Ping and Mrs. Patricia Bee Kuen THOMAS, are appointed for a specific term of 3 years, commencing from 23 June 2016. Ms. HOU Yingxuan is appointed for a term from 27 February 2017 to 22 June 2019.

In accordance with the Articles of Association, at each annual general meeting of the Company (the “AGM”), one-third of the directors for the time being (or, if their number is not three or a multiple of three, then the number nearest but not less than one-third) shall retire from office. The directors to retire in every year shall be those who have been longest in office since their last election but as between persons who became directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. The retiring directors, including Ms. GU Ming, Ms. HOU Yingxuan, Mr. LAI Han, Mr. GONG Biao, Mr. CHAI Yuet, Ms. LI Ping, Mr. HU Jianxing and Mrs. Patricia Bee Kuen THOMAS, shall be eligible for re-election by the Shareholders at the forthcoming AGM. Mr. ZHOU Zheren will retire and not offer himself for re-election at the forthcoming AGM due to his intention to concentrate on other business commitments.

The composition of the Board is reviewed regularly to ensure that it covers a balance of expertise, skills and experience appropriate for the requirements of the business of the Company. The Directors’ profile is set out on pages 9 to 10.

Responsibilities of Directors

The Directors are continually updated with the regulatory requirements, business activities and development of the Company to facilitate the discharge of their responsibilities. Through regular Board meetings, all Directors are kept abreast of the conduct, business activities and development of the Company. Each independent non-executive Director attended all regularly scheduled meetings of the Board and Committees on which such independent non-executive Director sat in, and reviewed the meeting materials distributed in advance for such meetings. The Directors attended the AGM and answered questions raised by the Shareholders.

Supply of and Access to Information

In respect of regular Board meetings, an agenda and accompanying board papers of the meeting are sent in full to all Directors at least 3 days before the intended date of a meeting. The management has the obligation to supply the Board and the various Committees with adequate information in a timely manner to enable the members to make informed decisions. Each Director has separate and independent access to the Company’s management to acquire more information than is volunteered by management and to make further enquiries if necessary.

Directors' Induction and Continuous Professional Development

On appointment to the Board, each Director receives a comprehensive induction package covering business operations, policy and procedures of the Company as well as the general, statutory and regulatory obligations of being a Director to ensure that he/she is sufficiently aware of his/her responsibilities under the Listing Rules and other relevant regulatory requirements.

The Directors are regularly briefed on the amendments to or updates on the relevant laws, rules and regulations. In addition, the Company has been encouraging the Directors and senior executives to enroll in professional development courses and seminars relating to the Listing Rules, Companies Ordinance and corporate governance practices organised by professional bodies, independent auditors and/or chambers in Hong Kong so that they can continuously update and further improve their relevant knowledge and skills. From time to time, Directors are provided with written training materials to develop and refresh their professional skills.

In compliance with the code provision A.6.5 of the CG Code, training, briefings and updates on the latest development of the Listing Rules in connection with the environmental, social and governance reporting, risk management and internal control and other applicable regulatory requirements are provided to each of the Directors during the year ended 31 December 2016 to ensure compliance and enhance their awareness of good corporate governance practices.

The table below summarises the participation of the Directors in training during the Year and up to the date of this report.

Names of Directors	Attending training organised by professional organisations
<i>Executive Directors:</i>	
Mr. ZHOU Zheren (<i>Chairman</i>)**	✓
Ms. GU Ming (<i>Chief Executive Officer</i>)**	✓
Ms. HOU Yingxuan (<i>Vice-President</i>)*** (appointed on 27 February 2017)	✓
Mr. LAI Han**	✓
Ms. SHEN Li** (resigned on 27 February 2017)	✓
Mr. GONG Biao**	✓
Mr. Rustom Ming Yu HO*	✓
Mr. John Ming Tak HO*	✓
Mr. Patrick Kwok Wai POON*	✓
Mr. Maung Tun MYINT*	✓
<i>Non-executive Directors:</i>	
Mr. CHAI Yuet**	✓
Ms. Yu Gia HO*	✓
<i>Independent non-executive Directors:</i>	
Ms. LI Ping**	✓
Mr. HU Jianxing**	✓
Mrs. Patricia Bee Kuen THOMAS**	✓
Mr. Lawrence Kam Kee YU <i>BBS MBE JP*</i>	✓
Mr. David Hon To YU*	✓
Mr. Hsu Chou WU*	✓

Corporate Governance Report

* Mr. Rustom Ming Yu HO passed away on 5 May 2016; and Mr. John Ming Tak HO, Mr. Patrick Kwok Wai POON, Mr. Maung Tun MYINT, Ms. Yu Gia HO, Mr. Lawrence Kam Kee YU BBS MBE JP, Mr. David Hon To YU and Mr. Hsu Chou WU resigned as Directors on 13 July 2016 due to the change in control of the Company upon the Sale and Purchase Completion.

** Mr. ZHOU Zheren, Ms. GU Ming, Mr. LAI Han, Ms. SHEN Li, Mr. GONG Biao, Mr. CHAI Yuet, Ms. LI Ping, Mr. HU Jianxing and Mrs. Patricia Bee Kuen THOMAS were appointed as Directors on 23 June 2016. Ms. SHEN Li resigned as Director on 27 February 2017.

*** Ms. HOU Yingxuan was appointed as Director on 27 February 2017.

Corporate Governance Functions

During the Year under review, the Board as a whole has performed the following corporate governance duties including:

- (a) developed and reviewed the Company's policies and practices on corporate governance;
- (b) reviewed and monitored the training and continuous professional development of directors and senior executives;
- (c) reviewed and monitored the Company's policies and practices in compliance with legal and regulatory requirements;
- (d) developed, reviewed and monitored the code of conduct and compliance manual (if any) applicable to employees and directors;
- (e) reviewed the Company's compliance with the code and disclosure in the Corporate Governance Report; and
- (f) performed such other corporate governance duties and functions set out in Appendix 14 to the Listing Rules (as amended from time to time) for which the Board is responsible.

Audit Committee

The audit committee of the Company (the "Audit Committee") comprises three independent non-executive Directors. The Audit Committee is chaired by Ms. LI Ping who possesses recognised professional qualifications in accounting and extensive experience in audit and accounting. The Audit Committee is to oversee the Group's financial reporting system, risk management and internal control systems, to review and monitor the external auditor's independence and objectivity, and to review the adequacy of resources, qualification and experience of staff of the accounting, internal audit and financial reporting functions and their training programmes, and the effectiveness of the audit process in accordance with applicable standards. During the year ended 31 December 2016, the Audit Committee held three meetings (which were held in March 2016, in August 2016 and in December 2016 respectively) with attendance records as follows:

Name of member	Number of attendance
Ms. LI Ping (Chairman)**	2/2
Mr. HU Jianxing**	2/2
Mrs. Patricia Bee Kuen THOMAS**	2/2
Mr. David Hon To YU*	1/1
Mr. Lawrence Kam Kee YU BBS MBE JP*	1/1
Mr. Hsu Chou WU*	1/1

* Mr. David Hon To YU resigned as the chairman of the Audit Committee on 13 July 2016; and Mr. Lawrence Kam Kee YU BBS MBE JP and Mr. Hsu Chou WU resigned as members of the Audit Committee on 13 July 2016 due to the change in control of the Company upon the Sale and Purchase Completion.

** Ms. LI Ping, Mr. HU Jian Xing and Mrs. Patricia Bee Kuen THOMAS were appointed as the chairman and members of the Audit Committee respectively on 23 June 2016.

Corporate Governance Report

At the meetings, the Audit Committee has reviewed the audited consolidated financial statements for the year ended 31 December 2016 and the interim accounts for the six months ended 30 June 2016, respectively with senior executives and the Company's external auditor. The Audit Committee has also reviewed the Group's accounting principles and practices, Listing Rules and statutory compliance, the Risk Management and Internal Control Review report and financial reporting matters including the adequacy of resources, staff qualifications and experience, training programme and budget of the Company's accounting and financial reporting function.

Remuneration to the External Auditors of the Company

An analysis of the remuneration of the Company's auditors, KPMG and BDO Limited, for the year ended 31 December 2016 is set out as follows:

Services rendered	Fee paid/payable HK\$
Audit services (KPMG)	1,308
Non-audit services (BDO Limited) (Note)	1,080
	2,388

Note: Other reporting services in respect of the Group's very substantial Disposal.

Remuneration Committee

A remuneration committee was established by the Company in 2005 (the "Remuneration Committee"). The Remuneration Committee is chaired by Mr. HU Jianxing and Mr. LAI Han and Ms. LI Ping are other members of the committee. The majority members of Committee are independent non-executive Directors. The primary function of the Remuneration Committee is to make recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior executives (i.e. the model described in the code provision B.1.2(c)(ii) is adopted). The remuneration of the Directors have been determined by the Board with reference to their duties and responsibilities, experience, qualification and prevailing market conditions and will be subject to annual review. During the year ended 31 December 2016, the Remuneration Committee held one meeting, with all members presented in the meeting and reviewed the remuneration of Directors.

Name of member	Number of attendance
Mr. Hu Jianxing (<i>Chairman</i>)**	1/1
Mr. LAI Han**	1/1
Ms. Li Ping**	1/1
Mr. Lawrence Kam Kee YU <i>BBS MBE JP*</i>	1/1
Mr. John Ming Tak HO*	1/1
Mr. David Hon To YU*	1/1

* Mr. Lawrence Kam Kee YU *BBS MBE JP* resigned as the chairman of the Remuneration Committee on 13 July 2016; and Mr. John Ming Tak HO and Mr. David Hon To YU resigned as members of the Remuneration Committee on 13 July 2016 due to the change in control of the Company upon the Sale and Purchase Completion.

** Mr. HU Jianxing, Mr. LAI Han and Ms. LI Ping were appointed as the chairman and members of the Remuneration Committee respectively on 23 June 2016.

Corporate Governance Report

Nomination Committee

A nomination committee was established by the Company in 2005 (the "Nomination Committee"). The Nomination Committee is chaired by Mr. ZHOU Zheren and Ms. LI Ping and Mr. HU Jianxing are other members of the committee. The major responsibilities of the Nomination Committee include reviewing and approving all new appointments of directors and senior executives of the Group, and monitoring the overall adequacy of the Board's composition. The terms of reference setting out in the Nomination Committee's authority, duties and responsibilities are available on both the websites of the Company and the Stock Exchange.

In selecting candidates for directorship of the Company, the Nomination Committee may make reference to certain criteria such as the Company's needs, integrity, experience, skills, professional knowledge and the amount of time and effort that a candidate will devote to carry his/her duties and responsibilities. External recruitment professionals might be engaged to carry out selection process when necessary.

The Nomination Committee adopted the board diversity policy on 26 August 2013. The Company recognises and embraces the benefits of having a diverse Board. Differences in the talents, skills, regional and industrial experience, background, gender and other qualities will be considered in determining the optimum composition of the Board. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Nomination Committee holds at least one meeting annually to review the current directors' and senior executives' structure, and to monitor the overall adequacy of the Board's composition. During the year ended 31 December 2016, the Nomination Committee held two meetings with attendance records as follows:

Name of member	Number of attendance
Mr. ZHOU Zheren (Chairman)**	N/A
Ms. LI Ping**	N/A
Mr. HU Jianxing**	N/A
Mr. Lawrence Kam Kee YU <i>BBS MBE JP*</i>	2/2
Mr. Rustom Ming Yu HO*	0/0
Mr. John Ming Tak HO*	2/2
Mr. David Hon To YU*	2/2
Mr. Hsu Chou WU*	2/2

* Mr. Rustom Ming Yu HO passed away on 5 May 2016; Mr. Lawrence Kam Kee YU *BBS MBE JP* resigned as the chairman of the Nomination Committee on 13 July 2016; and Mr. John Ming Tak HO, Mr. David Hon To YU and Mr. Hsu Chou WU resigned as members of the Nomination Committee on 13 July 2016 due to the change in control of the Company upon the Sale and Purchase Completion.

** Mr. ZHOU Zheren, Ms. LI Ping and Mr. HU Jianxing were appointed as the chairman and members of the Nomination Committee respectively on 23 June 2016.

Accountability and Audit

Financial Reporting

The management provides such explanation and information to the Board to facilitate an informed assessment of the financial and other information put before the Board for approval. The Directors acknowledge their responsibilities to prepare the consolidated financial statements that give a true and fair view of the state of affairs of the Group. Meanwhile, the Directors are responsible for ensuring that appropriate accounting policies are selected and applied consistently; and that judgments and estimates made are prudent and reasonable. In preparing the consolidated financial statements for the year ended 31 December 2016, the accounting

Corporate Governance Report

principles generally accepted in Hong Kong have been adopted and the requirements of the Hong Kong Financial Reporting Standards (which also include applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants and the applicable laws were complied with. The Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Group's ability to continue as a going concern. The Board has prepared the consolidated financial statements on a going concern basis. The reporting responsibilities of external auditor of the Company are disclosed in "Independent Auditor's Report" of this annual report.

Delegation by the Board

Management Functions

Executive Directors are in charge of different business and functional divisions in accordance with their respective areas of expertise. The Board, led by the Chairman, is responsible for setting overall corporate strategies; evaluation of the performance of the Group and the management; and approval of matters that are of a material or substantial nature. Supported by senior executives, the Chief Executive Officer is responsible for effective implementation of the Board's decisions and the day-to-day operations of the Group.

Board Committees

Audit Committee, Remuneration Committee and Nomination Committee have been established to oversee specific aspects of the Company's affairs. Each of these committees has specific written terms of reference which deals clearly with their authorities and duties.

Company Secretary

The Company has engaged under a service contract with an external service provider, Ms. HO Wing Yan ("Ms. HO"), who was appointed as the Company Secretary. Mr. LAI Han, executive Director of the Company, is the primary corporate contact person of the Company with Ms. HO.

Being the Company Secretary, Ms. HO plays an important role in supporting the Board by ensuring good information flow within the Board and that Board policy and procedures are followed. Ms. HO is responsible for advising the Board on corporate governance matters and should also facilitate induction and professional development of Directors.

Ms. HO is an associate member of The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries. Ms. HO continues to study professional courses of corporate governance and has extensive experience in the company secretarial field for listed companies. Ms. HO is also a holder of the Practitioner's Endorsement issued by The Hong Kong Institute of Chartered Secretaries. In accordance with Rule 3.29 of the Listing Rules, Ms. HO took more than 15 hours of relevant professional training for the year ended 31 December 2016.

Corporate Social Responsibility

The Group is conscious of its role as a socially responsible group of companies. It has made donations for community well-being from time to time and encourages its employees to participate in charitable events.

Corporate Governance Report

Communication with Shareholders

Shareholders' Communication Policy

The Board adopted a Shareholders' Communication Policy reflecting mostly the current practices of the Company for communication with the Shareholders. Such policy aims at providing the Shareholders and potential investors with ready and timely access to balanced and understandable information of the Company. However, it will be reviewed regularly to ensure its effectiveness and compliance with the prevailing regulatory and other requirements.

The Company discloses relevant information to Shareholders through the Company's annual report and consolidated financial statements, the interim report, as well as the AGM. The sections under "Chairman's Statement" and "Management Discussion and Analysis" of this annual report facilitate Shareholders' understanding of the Company's activities. The AGM provides a sound channel for Shareholders to meet and communicate with the Directors. The poll results of the AGM are published on the websites of the Stock Exchange and the Company. The Company's consolidated financial statements and each of the required disclosure of information are despatched within the prescribed period imposed by laws and regulations. To further promote effective communication, the Company's website is maintained to disseminate the Company's announcements and other relevant financial and non-financial information electronically on a timely basis.

Shareholders' Rights

Procedures for Shareholders to Convene an Extraordinary General Meeting

Pursuant to the Articles of Association and the Companies Ordinance, the Board shall, on the requisition of the members of the Company holding at the date of the deposit of the requisition not less than one-twentieth of the paid-up capital of the Company as at the date of the deposit carrying the right of voting at general meetings of the Company, forthwith proceed duly to convene an extraordinary general meeting of the Company.

The requisition must state the objects of the meeting, and must be signed by the requisitionists and deposited at the Company's registered office, and may consist of several documents in like form, each signed by one or more requisitionists.

If the Board does not, within 21 days from the date of the deposit of the requisition, proceed duly to convene a meeting for a day not more than 28 days after the date on which the notice convening the meeting is given, the requisitionists, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of 3 months from the said date.

A meeting so convened by the requisitionists shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by the Board.

Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board duly to convene a meeting shall be repaid to the requisitionists by the Company, and any sum so repaid shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration in respect of their services to such of the directors as were in default.

Corporate Governance Report

Procedures for Putting forward Proposals at a General Meeting

Pursuant to the Companies Ordinance, it shall be the duty of the Company, on the requisition in writing of member(s) holding at the date of requisition not less than one-fortieth of the total voting rights or of not less than 50 members holding shares in the Company on which there have been paid up an average sum, per member, of not less than HK\$2,000, and (unless the Company otherwise resolves) at the expense of the requisitionists:

- (a) to give to members of the Company entitled to receive notice of the next AGM notice of any resolution which may properly be moved and is intended to be moved at that meeting; and
- (b) to circulate to members entitled to have notice of any general meeting sent to them any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

The requisition, signed by the requisitionists (or 2 or more copies which between them contain the signatures of all the requisitionists), should be deposited at the Company's registered office (in the case of a requisition requiring notice of a resolution, not less than six weeks before the meeting; and in the case of any other requisition, not less than one week before the meeting). In addition, there should be deposited or tendered with the requisition a sum reasonably sufficient to meet the Company's expenses in giving effect thereto.

Procedures for Proposing a Person for Election as a Director

As regards the procedures for proposing a person for election as a director of the Company, please refer to the procedures made available under the "Corporate Governance" section of the Company's website at www.greatchina-holdings.com.

Procedures for Directing Shareholders' Enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing through the Company Secretary whose contact details are set out in the "Contact" section of the Company's website at www.greatchina-holdings.com.

Shareholders may also make enquiries with the Board at the general meetings of the Company.

Investor Relations

During the Year under review, there was no significant change in the Company's constitutional documents.

Corporate Governance Report

Risk Management and Internal Control

During the Year, the Audit Committee has discussed with the management of the Company the matters relating to risk management and internal control of the Group. The Board complied with the code provisions on risk management and internal control as set out in the CG code. The Board has overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and maintaining appropriate and effective risk management and internal control systems for the Group. The systems are designed to manage the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The management of the Company has established a set of comprehensive policies, standards and procedures in areas of operational, financial and risk controls for safeguarding assets against unauthorised use or disposition; for maintaining proper accounting records; and for ensuring the reliability of financial information to achieve a satisfactory level of assurance against the likelihood of the occurrence of fraud and errors.

The Board has overseen the Company's risk management and internal control systems on an ongoing basis. A year end review of the effectiveness of the Group's risk management and internal control systems has been conducted annually and the systems are considered to be effective and adequate. Self-assessment and comprehensive risk assessment surveys have been conducted during the review. The Company also has an internal audit function to carry out the analysis and independent appraisal of the adequacy and effectiveness of the systems, and has procedures in place to keep information confidential and manage actual or potential conflicts of interest. Stringent internal structures have been designed to prevent the misuse of inside information and avoid conflicts of interest.

All Directors and those employees who could have access to, and monitor, the information of the Group are responsible for making appropriate precautions to prevent abuse or misuse of such information. Employees of the Group are prohibited from using inside information for their own benefit.

The Board is also vested with the responsibility to disseminate to the Shareholders and the public any inside information in the form of announcements and circulars, in accordance with the Listing Rules.

Environmental, Social and Governance Report

The Group is committed to promoting sustainable development, which is extremely important for creating long-term value for the Group's shareholders, clients, employees, other stakeholders, and even the general public. The Company concerns with the impact of its daily operation on the environment and society, and strives to set a good example for the public. While conducting business operation, the Company makes effort to meet the interests of all stakeholders, economy, environment, society and corporate governance and does its best to achieve a fine balance.

A. Environment

A1. Policies relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste

Protecting environment is one of our key concerns. We are committed to protecting environment and focusing on environmental protection in our operation. We hope that through rigorous supervision and control, we can reduce our long-term negative impact on the environment.

1. Energy management

The indirect greenhouse gas emission, which generated from our daily electricity power consumption, is the main source of the Group's carbon footprint. We will keep monitoring and disclosing the daily electricity consumption of the Company to keep track of and monitor the impact of our daily operation on the environment. At the same time, we will implement the following energy-saving and energy-efficient measures at various office locations to reduce greenhouse gas emission:

- a. instruct purchasing department to purchase energy-efficient products;
- b. deploy LED lighting on office floors;
- c. encourage employees to turn off light and unnecessary energy device to reduce energy consumption and avoid unnecessary waste of energy;
- d. deploy natural light as much as possible on office floors;
- e. install an independent meter to monitor electricity consumption; and
- f. other energy-saving and energy efficiency measures.

Our finance department should collect information about usage of electricity annually for the management to disclose in the environmental, social and governance report (the "ESG report") in the financial year starting from January 1, 2017 or later.

Environmental, Social and Governance Report

2. Waste management

In order to lighten the load of landfills, we adopt a responsible waste management policy, including waste avoidance, reducing waste from its source and reuse, recycling and responsible disposal of waste. Our offices should post memos and notices everywhere, encouraging the employees to reduce the production of waste. We have introduced waste separation measures from the start:

- a. waste paper (excluding paper cup, paper plate, etc.);
- b. metal (aluminum can and other metal cans);
- c. plastics (plastic bottle, container and packaging materials); and
- d. other recyclables (such as electrical appliance, computer, magazine, etc.).

A2. Policies on the efficient use of resources, including energy, water and other raw materials

1. Reducing electricity consumption

Comply with the Group's policy on emission of exhaust gas and greenhouse gas, discharging pollution through water and land, producing hazardous and non-hazardous wastes to reduce electricity consumption.

2. Paper reduction

In order to reduce waste paper, we have developed the following measures:

- a. deploy recycling bins to collect used paper products such as waste paper, poster, letter and envelope;
- b. place waste paper recycling bin next to printer and set aside the papers that already printed once so that you can choose whether reuse it or put it into the bin;
- c. save paper by double-sided printing;
- d. write on both sides of papers;
- e. bring your own cup and avoid using paper cup;
- f. reuse stationeries such as file folder and envelope;
- g. reuse packaging box; and
- h. except waste paper that contains confidential information, waste paper should be shipped to paper mill or scrap paper company for recycle.

Each year, our finance department shall collect information about the paper products purchased by the Company and the waste paper shipped to scrap paper company or paper mill for the management to disclose in the ESG report in the financial year starting from January 1, 2017 or later.

Environmental, Social and Governance Report

3. Water conservation

Fresh water is a precious resource, we should economize water, try to protect water resource, and for which we have developed the following measures:

- a. repair dripping faucet or hose in a timely manner;
- b. adopt effective water-saving production methods and instruments;
- c. check water consumption regularly; and
- d. minimize water pressure.

4. Green procurement

Green procurement is based on reducing environmental load. Quality, cost and delivery time are the main focuses when the Company procures goods or chooses supplier, but other than that, we give priority to environmentally friendly and energy-saving products.

- a. give priority to energy-efficient products at the highest level;
- b. give priority to effective water-saving products;
- c. require the suppliers to reduce packaging material; and
- d. send the message to suppliers that we value environmentally-friendly and energy saving processes.

A3. Policies on minimising the issuer's significant impact on the environment and natural resources

The Group manages and minimizes the impact on the environment directly or indirectly through the following methods:

1. ensure its business operation comply with the environmental law in Hong Kong and its operating locations;
2. establish and improve environmental protection mechanism to ensure its operation does not pollute water and land;
3. monitor gas emission and use of resource and establish emission reduction target;
4. ensure that in our daily business operation, with all efforts, we conserve energy, water and other raw materials to reduce direct impact on the environment;
5. order reasonable quantity to reduce waste;
6. urge the employees to reduce paper usage and adopt other energy-saving measures; and
7. cooperate with the government agencies and support activities organized by environmental organizations.

Environmental, Social and Governance Report

B. Society

Employment and Labor convention

Employee is an important asset of the Company. We care about their well-being, respect their personal traits, ensure that all employees are subject to legislative protection and have equal opportunity in their career path, and strive to increase their sense of belonging.

B1. Policies relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare

1. Salary

We offer competitive pay and benefits to the employees according to their job requirement and individual performance. We annually review the overall salary and benefits of our employees with comparison to relevant industries and similar organizations to ensure the Company's competitiveness in the local market. Each year, KPIs will provide direction and guidance to the employees' individual work plan. We also assess the achievements and contributions of each employee to appraise and reward for their efforts.

2. Dismissal

We ensure all employees are protected under the laws of Employment Protection in Hong Kong, including the followings:

- a. Whenever an employee offers to resign or be laid off, human resource should interview him or her before quitting to find out the reason of quitting;
- b. It is required to issue employment verification document to the dismissed employee;
- c. When the employer terminates employment contract, the dismissed employer shall be given due notice or wages in lieu of notice, and the notice should not be given during his or her annual leave and maternity leave;
- d. An employee cannot be dismissed when she has been confirmed pregnant or given notice of pregnancy;
- e. An employee cannot be dismissed when he or she takes a paid sick leave;
- f. An employee cannot be dismissed due to he or she gives evidence or information in any legal proceeding relating to enforcement of labor laws, industrial accident or breach of work safety regulation;
- g. An employee cannot be dismissed due to he or she joins in labor union or participates in labor union activities; and
- h. If an employee is injured on duty, if a compensation agreement has not yet been reached or the relevant evaluation certificate has not yet been issued, the employee cannot be dismissed.

Environmental, Social and Governance Report

3. Recruitment and promotion

In the Company, recruitment and promotion should be fair and open for all employees, and cannot be affected by age, sex, physical or mental health status, marital status, family status, race, skin colour, nationality, religion, political affiliation and sexual orientation and other factors. Employees will be recognized and rewarded for their contribution, work performance and skills. The Company will do its best to provide them with good working environment and development opportunity.

4. Working hours and rest periods

Employees shall enjoy deserved days-off under the laws of Hong Kong and China.

Hong Kong employees are entitled to enjoy the following days-off:

- a. Each employee can take two days-off in every 7 days;
- b. If the day-off falls on a statutory holiday, compensatory time off shall be offered on the following day;
- c. Compensatory leave, meal allowance and transport subsidy should be given as compensation for overtime worked (including work in excess of the prescribed working hours, official business trip or business activities);
- d. Statutory holidays;
- e. Paid annual leave prescribed by employment contract;
- f. Sick leave;
- g. Female employees employed under a continuous contract for 40 weeks or more are entitled to maternity leave by giving advance notice;
- h. Maternity leave cannot be substituted by wage; and
- i. Male employees employed under a continuous contract are entitled to statutory paternity leave by giving advance notice.

5. Policies on equal opportunity, diversity, anti-discrimination and other benefits

Sex Discrimination Ordinance, Disability Discrimination Ordinance, Family Status Discrimination Ordinance must be complied. Equal opportunity must be provided on recruitment, training, promotion, transfer, remuneration, benefits and termination of contract. Such opportunities shall not be affected by factors such as age, gender, physical or mental health status, marital status, family status, race, skin colour, nationality, religion, political affiliation and sexual orientation.

Environmental, Social and Governance Report

B2. Policies relating to providing a safe working environment and protecting employees from occupational hazards

We are committed to protecting the health and safety of the employees and the community. We require all employees to comply with all relevant occupational health and safety regulations, and do our utmost to provide them with safe and healthy working environment by implementing the following methods:

1. develop internal guidelines to ensure that office and work environment is in line with or exceeds the requirements of relevant laws;
2. establish safety procedures for the recognized dangerous work;
3. provide necessary protective equipment and medical insurance to employees;
4. ensure the office and working environment is healthy and safe and conduct regularly checking of machinery and equipment;
5. establish emergency measures such as fire or explosion emergency plan;
6. arrange rescue, fire and evacuation drills regularly;
7. establish mechanism to record industrial injury and analyze the cause;
8. provide and maintain an environmentally-friendly, healthy and safe working condition;
9. unless prior approval, purchasing alcoholic beverage and illegal drugs are prohibited in the workplace;
10. actively promote environmental protection, health and safety awareness of employees, and support development of environmental protection, health and safety in the industry; and
11. provide all employees with needed job information, guidance, training and supervision.

B3. Policies on improving employees' knowledge and skills for discharging duties at work

Talent development is an important part of our human resource strategy. We understand that our employees' knowledge and skills are essential to the Company's operation and business growth. Good development plan lays a good foundation for the employees to face business challenges in the future. It also helps them to grasp promotion opportunities and fulfill their career aspirations. We provide our employees with effective training and develop a clear promotion ladder, ensuring that the employees have the required skills. We also nurture outstanding successors of the Group and breed academic atmosphere. The Group conducts performance evaluation annually. Based on the assessment result, we provide the staff with appropriate training, and offer job, development and promotion opportunities for outstanding employees. Under the Group's Human Resource Management System requirements, Human resources department manager is responsible for carrying out related assessment and training. In order to encourage employees to develop their abilities and skills, the Company will provide paid exam leaves and subsidy for the employees.

Environmental, Social and Governance Report

B4. Policies relating to preventing child and forced labor

The Group firmly adopts a zero-tolerance policy on child labor and forced labor, such conduct is prohibited by international standard and relevant domestic legislation and shall never be tolerated in here. In any part of the business process (including our subcontractors or suppliers), child labor or forced labor is not allowed. We see child labor or forced labor as a serious crime.

The followings are the policies on preventing child labor or forced labor:

1. Child labor refers to employment of people under 16 years of age, if any country or region in which the Company or its subsidiary operates has a more stringent definition of child labor, the definition shall prevail;
2. Forced labor refers to people provide labor or service against their will and under the threat of punishment;
3. The hired employees must be at least 16 years of age. The Group shall never recruit child labor and forced labor, and if it knows child labor or forced labor exists in its suppliers or subcontractors, the Group will not conduct business with them anymore;
4. The employees under 18 may not engage in any possible hazardous work and prohibited to work at night to prevent affecting their education;
5. Before hiring any job applicant, Human resources department should take effective procedures to verify their age. Human resources department should check documents that prove the age of the applicant, including government-issued photo identification and birth certificate, driver's license, household register, academic certificates or any other credentials that prove the date of birth. Also, Human resources department must ensure that the applicant's appearance is consistent with the photograph on the ID card;
6. Human resources department should carry out prevention training about child labor and forced labor, especially those responsible for recruitment;
7. If employment of child labor under the legal minimum age is found in the Group, we will seek the best interests of the child, and take the following measures in line with relevant legislations:
 - a. take the child away from workplace immediately to ensure the safety of the child;
 - b. immediately notify the person in charge of Human resources department to verify all relevant information, confirm whether the child under 16 years of age, sever labor relations with the child, notify the local social welfare institution, and take remedial measures to protect the child's best interest;
 - c. send the child to a special occupational health labor inspection institution to do medical check-up, confirm the child's physical and mental health, and conduct investigation to fully understand the child's situation;
 - d. provide the child with re-employment opportunity when the child reaches legal minimum age for employment; and
 - e. immediately find out the problems in the existing hiring process of the operating location and take improvement measures within 90 working days.

Environmental, Social and Governance Report

8. If forced labor is found in the Group, we will take the following measures in accordance with the requirements of the relevant legislation:
 - a. take the labor away from workplace immediately and ensure the safety of the labor;
 - b. immediately notify the person in charge of Human resources department to verify all relevant information and confirm whether the person is subject to compulsory labor;
 - c. send the labor to a special occupational health labor inspection institution to do medical check-up, confirm the labor's physical and mental health, and conduct investigation to fully understand the labor's situation; and
 - d. immediately find out the problems in the existing hiring process of the operating location and take improvement measures within 90 working days.

Operating Practice

B5. Policies on managing environmental and social risks of the supply chain

We attach importance to developing and maintaining long-term relationships with our suppliers, looking forward to forming long-term partnerships with them. We will take a fair and open principle on procurement of materials and services. We will only cooperate with the suppliers that share common moral values and standards with us. The Company also supports and encourages the suppliers to promote efficient use of resources and environmental protection and fulfill corporate social responsibility:

1. We advocate the principle of fair and open competition. Based on mutual trust, we develop and maintain long-term relationships with the suppliers and contractors;
2. We have strict ethical standards in procurement of materials and services to ensure the quality of the finished products and maintain the confidence of the clients, suppliers and general public;
3. We review our suppliers, assess them based on price, quality, suitability and demands. Only those being rated as qualified are our approved suppliers and we will only purchase from the approved suppliers;
4. We conduct follow-up assessment on the suppliers, and, if necessary, review them through a third party organization. When a supplier is found to be inconsistent with the Company's policy or contractual requirements, the Company will terminate future cooperation until the situation has been improved;
5. In an unprejudiced way, we choose appropriate, responsible and capable suppliers;
6. Support and encourage the suppliers to improve their environmental products and services, and their employees' benefits and protection;
7. Suppliers must comply with the relevant laws, regulations and contractual obligations; and
8. We shall adopt effective monitoring and management system to detect and prevent bribery, fraud or other misconducts in procurement and bidding processes.

Environmental, Social and Governance Report

B6. Policies relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress

Health and safety of products and services

We are committed to providing the customers with high-quality products and services and settling customer complaints effectively, continuously improving service level and ensuring customer satisfaction.

1. ensure that the products and services complied with related laws and guidelines;
2. provide the customers with accurate product information and high-quality products, and develop recovery policy and after-sale service for related products;
3. take the initiative to explain the problem and find a mutually satisfactory solution for the customers when there is a problem with a product; and
4. archive documents properly after handling a customer's complaint, and the relevant department shall review the complaint and develop measures to prevent the recurrence of similar complaints, in order to improve Company's service quality.

Advertising, labeling and protection of customer information

Customer information will only be used for business purpose, not for other unrelated purposes. All employees should handle and use customer information with extreme caution, protect customer information, and comply with statutory requirements in privacy law.

B7. Policies relating to bribery, extortion, fraud and money laundering

Ethics and integrity are the cornerstones of the Company's success. We adopt a Zero Tolerance approach to bribery, extortion, fraud and money laundering, in the daily work of our employees, the directors, management and staff of the Company must comply with related national and local government laws and regulations on prevention of bribery, extortion, fraud and money laundering. All employees not only have responsibility to understand and comply with the above regulations, but also have the obligation to report violation to the fit and appropriate person. Any person, who contravenes the regulations, will be subject to disciplinary sanction. We will make every effort to protect the informer and received information. However, if an informer's intention is to harm others, they may be subject to disciplinary punishment.

1. Soliciting or accepting benefit

Any employee (including the directors, management and all full-time, part-time, hourly, temporary workers) cannot directly, indirectly, or in any form, solicit or accept any form of benefits, or do anything that might be seen as bribe from a third party, including, but not limited to, money, gift, excessive entertainment and hospitality, subsidized travel and accommodation, loan, pledging as guarantor, extending preferential credit terms, fee, reward, position, employment, contract, service, privilege, exemption of all or part of the responsibilities that ought to be fulfilled. The employees should reject any direct or indirect interests and benefits relating to the Group's business, should such benefits being accepted, their objective attitude would hamper, or the interests of the Company would be harmed or invaded, or causing bias or misconduct.

Environmental, Social and Governance Report

In social events such as festivals, activities, entertainments and other daily routine, refusing to accept a modest gift may be considered impolite or lack of social grace, with that in mind, under the following principles, the employees may consider accepting benefits on a voluntary basis:

- a. Receiving related benefits will not affect performance and decision of the employee;
- b. Employees will not feel the need to reciprocate;
- c. Employees can openly discuss the benefits; and
- d. Holiday or banquet gift, prize or souvenir, its value shall not be more than HKD500.

For gift, prize or souvenir worth more than HKD500, the employee shall file a declaration form. If employees have questions about admissibility of the related benefits, he or she could consult Human resources department manager or general manager.

If the Company finds out any employee's inappropriate behavior of soliciting or accepting benefits, it will call the police and terminate labor relations with the employee.

2. Providing benefits

In any case, any employee shall not provide bribe or improper benefits to any person or organization in order to seek personal gain or group interests. If the Company finds out any employee has conducted bribery, it will call the police and terminate labor relations with the employee.

3. Extortion

Any person who seeks for benefit for his own or another person, or with intent to cause loss to another person, and makes any unwarranted demand by extortion, such conduct shall be considered as extortion. All employees shall not participate in assisting and covering up any kind of extortion. If the Company finds out any employee has conducted extortion, it will call the police and terminate labor relations with the employee.

4. Fraud

Any person, who uses any means of deception to benefit himself or another person, or with intent to cause loss to another person, such conduct shall be considered fraud. Common employee fraud includes embezzlement, wage fraud and stealing company assets. All employees shall not participate in assisting and covering up any fraud. If the Company finds out any employee has conducted fraud, it will call the police and terminate labor relations with the employee.

5. Money Laundering

Money laundering refers to an individual or institution attempting to conceal the source of illicit money, or making such money look legitimate in any way. The Company will not tolerate any employee who conducts, supports, and assists any form of money laundering.

Environmental, Social and Governance Report

The Company should be responsible for organizing, implementing anti-money laundering task, investigating reported money laundering, arranging anti-money laundering training, working with regulatory and judiciary authorities to investigate suspicious transactions of funds, as well as paying attention to requirements and updates in anti-money laundering laws and regulations.

Anti-money laundering procedures include identifying clients, keeping transaction record, reporting and follow-up investigating of suspicious transaction, and anti-money laundering training.

a. Identifying clients

Firstly, sales person must establish a high degree of awareness of anti-money laundering and understand the potential client through communication. Being our valuable client, we should update their information regularly. If an abnormal situation occurs, the sales person needs to timely communicate with the relevant departments.

b. Keeping transaction record

Salesperson and accounting staff should keep customer identification information, including registering customer identification and related information, all sorts of records and information reflecting payment authority's customer identification process, and keep transaction records such as each transaction's information, business voucher, ledger and documents reflecting real situation of each transaction and other relevant information to ensure that each transaction is traceable.

c. Reporting and follow-up investigating of suspicious transaction

Salesperson and accounting staff should find out a suspicious transaction and report to the Company immediately. The Company analyzes and investigates all suspicious transaction reported. If there are reasonable grounds to believe that the transaction or the customer has ties with money-laundering, terrorism and other criminal activities, the HKSAR Government JFIU should be notified.

d. Anti-money laundering training

All employees should join anti-money laundering training at least once a year. The training includes learning the danger of money laundering, anti-money laundering regulations, the role of the employees in anti-money laundering, how to identify suspicious transactions, ways to report suspicious transaction and the consequences if one fails to comply with anti-money laundering regulations.

Environmental, Social and Governance Report

Community

B8. Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests

Community participation is important for the Company's long-term development. We are committed to promoting development and construction activities of the community, at which we operate. We benefit the community through various actions, such as investment, contributing money, time, products, services, influence, management knowledge and other resources.

We participate in community building through three main ways:

1. We organize, facilitate and support the staff to take part in volunteer services;
2. Apart from donating money, goods or services to directly support or subsidize projects of various social service agencies, we also appeal to the Company's stakeholders (including the employees and customers) to donate; and
3. The Company endeavors to provide employment opportunities for the disadvantaged to create a win-win situation. The Company is willing to hire the disabled people who have completed retraining courses, and gives priority to purchasing from the suppliers who hire the said disabled people, or participate in a variety of mentorship programs.

Directors' Report

The Directors have pleasure in presenting to the Shareholders their annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2016.

Principal Activities

The Company is an investment holding company and its subsidiaries are principally engaged in property investment in the PRC. The principal activities of its subsidiaries are set out in note 28 to the financial statements.

Business Review

Detailed business review of the Group for the year ended 31 December 2016 as required by Schedule 5 to the Hong Kong Companies Ordinance, including a discussion of the principal risks and uncertainties facing the Group, an indication of likely future developments in the Group's business and an analysis of the Group's performance using financial key performance indicators, is set out in the Chairman's Statement and the Management Discussion and Analysis and the Five-year Financial Summary. Important event affecting the Group is provided under "Events after the Reporting Date".

Environmental Policies and Performance

The Group is committed to promoting sustainable development and focusing on environmental protection in the business operation. Environmental policies have been adopted by the Group to ensure the business is conducted in the environmentally-friendly manner.

The Group has also reviewed its environmental policies and performance from time to time to minimise the environmental impacts of its business operation. During the Year, the Company did not aware of any incidents of significant non-compliance to relevant environmental policies, laws and regulations. Details regarding the Group's environmental policies and performance are set out in the Environmental, Social and Governance Report.

Compliance with the Relevant Laws and Regulations

The Group complies with the requirements under the Companies Ordinance, the Listing Rules and the Securities and Futures Ordinance (the "SFO") for the disclosure of information and corporate governance. The Group also complies with the requirements of Employment Ordinance and ordinances relating to occupational safety for the interest of employees of the Group.

Key Risks and Uncertainties

Details of the key risks and uncertainties are set out in the section of Management and Discussion and Analysis of this report.

Relationships with Stakeholders

Details of the relationships with stakeholders are set out in the section of Management and Discussion and Analysis of this report.

Financial Statements and Appropriations

The financial performance of the Group for the year ended 31 December 2016 are set out in the consolidated statement of profit or loss on page 50.

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

Directors' Report

Reserves

Movements in the reserves of the Group during the Year are set out in the consolidated statement of changes in equity on pages 54 to 55.

Movements in the reserves of the Company during the Year are set out in note 24(d) to the financial statements.

Investment Properties

Details of movements in the investment properties of the Group during the Year are set out in note 12 to the financial statements.

Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Group and the Company during the Year are set out in note 13 to the financial statements.

Principal Properties

Details of the principal properties of the Group at 31 December 2016 are set out on pages 120 and 121.

Subsidiaries

Details of the Company's subsidiaries at 31 December 2016 are set out in note 28 to the financial statements.

Share Capital

Details of the share capital of the Company during the Year are set out in note 24(a) to the financial statements.

Five-year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 122.

Distributable Reserves of the Company

At 31 December 2016, the Company's reserves available for distribution, calculated under Sections 291, 297 and 299 of the Hong Kong Companies Ordinance, consisted of retained profits of approximately HK\$197 million (2015: HK\$746 million).

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2016.

Equity-linked Agreement

Share Option Scheme

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include any employee (whether full time or part time employee) or executive director of the Company or any of its subsidiaries or invested entity (any entity in which the Group holds any equity interest); any non-executive director (including independent non-executive directors) of the Company, any of its subsidiaries or invested entity; any supplier of goods or services to any member of the Group or any invested entity; any customer of the Group or any invested entity; any person or entity that provides research, development, or other technological support to the Group or any invested entity; and any shareholder of any member of the Group or any invested entity or any holder of securities issued by any member of the Group or any invested entity. The Scheme was adopted and approved by the Shareholders on 14 May 2010 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. The remaining life of the Scheme is 3 years.

The total number of ordinary shares which may be issued upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company (the "Limit") must not in aggregate exceed 26,168,491 shares, representing 10% of the ordinary shares of the Company in issue on 14 May 2010, the date on which the Scheme was adopted. The maximum number of shares issued and to be issued upon exercise of the share options granted to each eligible participant in the Scheme (including exercised, cancelled and outstanding options) within any 12-month period is limited to 1% of the shares of the Company in issue. Any further grant of share options in the 12-month period up to and including the date of such further grant in excess of this Limit is subject to Shareholders' approval in a general meeting of the Company.

Each grant of share options to a director, chief executive or substantial shareholder of the Company, or to any of their respective associates, is subject to approval in advance by the independent non-executive directors, other than an independent non-executive Director who is proposed to be a grantee. In addition, any grant of share options to a substantial shareholder or an independent non-executive director of the Company, or to any of their respective associates, which would result in the shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in a 12-month period up to and including the date of such grant in excess of 0.1% of the shares of the Company in issue and with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK\$5 million, is subject to Shareholders' approval in advance in a general meeting of the Company.

The offer of a grant of share options may be accepted within 28 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determined by the Board, save that such a period shall not be more than 10 years from the date of offer of the share options subject to the provisions for early termination as set out in the Scheme. Unless otherwise determined by the Board at its sole discretion, there is no requirement of minimum period for which an option must be held or a performance target which must be achieved before an option can be exercised.

The exercise price of the share options is determinable by the Board, but shall not be less than the highest of:

- (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of offer of the share options which must be a trading day;
- (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of offer; and
- (iii) the nominal value of the Company's shares.

Directors' Report

No share options have been granted, exercised, lapsed or cancelled under the Scheme since its adoption.

As at the date of this report, the total number of shares available for issue under the Scheme is 26,168,491 representing approximately 8.33% of the issued shares of the Company.

Save as disclosed above, no equity-linked agreement was entered into during the Year or subsisted at the end of the Year.

Directors

The Directors during the Year and up to the date of this report are:

Executive Directors:

Mr. ZHOU Zheren (*Chairman*)**
Ms. GU Ming (*Chief Executive Director*)**
Ms. HOU Yingxuan (*Vice-President**** (appointed on 27 February 2017)
Mr. LAI Han**
Ms. SHEN Li** (resigned on 27 February 2017)
Mr. GONG Biao**
Mr. Rustom Ming Yu HO*
Mr. John Ming Tak HO*
Mr. Patrick Kwok Wai POON*
Mr. Maung Tun MYINT*

Non-executive Directors:

Mr. CHAI Yuet**
Ms. Yu Gia HO*

Independent Non-executive Directors:

Ms. LI Ping**
Mr. HU Jianxing**
Mrs. Patricia Bee Kuen THOMAS**
Mr. Lawrence Kam Kee YU *BBS MBE JP**
Mr. David Hon To YU*
Mr. Hsu Chou WU*

* Mr. Rustom Ming Yu HO passed away on 5 May 2016; and Mr. John Ming Tak HO, Mr. Patrick Kwok Wai POON, Mr. Maung Tun MYINT, Ms. Yu Gia HO, Mr. Lawrence Kam Kee YU *BBS MBE JP*, Mr. David Hon To YU and Mr. Hsu Chou WU resigned as Directors on 13 July 2016 due to the change in control of the Company upon the Sale and Purchase Completion.

** Mr. ZHOU Zheren, Ms. GU Ming, Mr. LAI Han, Ms. SHEN Li, Mr. GONG Biao, Mr. CHAI Yuet, Ms. LI Ping, Mr. HU Jianxing and Mrs. Patricia Bee Kuen THOMAS were appointed as Directors on 23 June 2016. Ms. SHEN Li resigned as Director on 27 February 2017.

*** Ms. HOU Yingxuan was appointed as Director on 27 February 2017.

In accordance with Article 95 of the Articles of Association, all current Directors will retire as Directors by rotation at the forthcoming AGM. The retiring Directors, including Ms. GU Ming, Ms. HOU Yingxuan, Mr. LAI Han, Mr. GONG Biao, Mr. CHAI Yuet, Ms. LI Ping, Mr. HU Jianxing and Mrs. Patricia Bee Kuen THOMAS, shall be eligible for re-election by the Shareholders at the forthcoming AGM. Mr. ZHOU Zheren will retire and not offer himself for re-election at the forthcoming AGM due to his intention to concentrate on other business commitments.

The Company has received annual confirmation of independence from each of the independent non-executive Directors pursuant to the requirement of Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors to be independent.

Biographical Details of Directors

The biographical details of the Directors are set out on pages 9 to 10 of this report.

Directors' Service Contracts

No Director proposed for re-election at the forthcoming AGM has a service agreement with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Directors' Interests in Transactions, Arrangements or Contracts

Save as disclosed in this report, no transaction, arrangement or contract of significance to which the Company, or any of its holding company, subsidiaries or fellow subsidiaries was a party, and in which a Director had a material interest, subsisted at the end of the Year or at any time during the Year.

Indemnity of Directors

The Company has maintained appropriate directors and officers liability insurance and such permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the Year.

Directors' Interest in a Competing Business

As at 31 December 2016, the Directors were not aware of any business or interest of the Directors and their respective close associates that had competed or might compete with the business of the Group and any other conflicts of interests which any such person had or might have within the Group.

Directors of Subsidiaries

Up to the date of this report, the subsidiaries of the Company (the "Subsidiaries") and the particulars of the Subsidiaries are listed out as follows:

Name of Subsidiary	Place/Country of incorporation/operations	Principal activities	List of directors
Capital Head Investment Limited	Hong Kong	Property Investment in Shanghai, China	ZHOU Zheren GONG Biao
Concord Trinity Development Limited	Hong Kong	Property Investment in Shanghai, China	ZHOU Zheren GONG Biao
Glory South Investment Limited	Hong Kong	Property Investment	ZHOU Zheren
Jelson Enterprises Limited	Hong Kong	Property Investment in Shanghai, China	ZHOU Zheren
Poppins Properties Limited	British Virgin Islands	Investment Holding	ZHOU Zheren
Adamgate Limited	British Virgin Islands	Investment Holding	ZHOU Zheren
博平置業(上海)有限公司	PRC	Property Investment in Shanghai, China	LAI Han GONG Biao YAN Min

Directors' Report

Arrangements to Purchase Shares or Debentures

Save as the share option scheme as disclosed in note 24 to the financial statements, at no time during the Year was the Company or any of its holding company or subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares of the Company and its Associated Corporations

As at 31 December 2016, the following Directors or the chief executives of the Company had interests or short positions in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange:

Long position in the shares of the Company and associated corporations

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

Save as disclosed above, as at 31 December 2016, none of the Directors or the chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

None of the Directors nor chief executives (including their spouse and children under 18 years of age) of the Company had any interest in, or had been granted, or exercised, any rights to subscribe for the shares and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the SFO) during the year ended 31 December 2016.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares of the Company

The register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO showed that, as at 31 December 2016, the following companies had interests in more than 5% of the Company's issued share capital:

Long position in the shares of the Company

Name of substantial Shareholder	Capacity/ Nature of Interest	Number of shares interested			Percentage* of the issued share capital of the Company
		Direct interests	Deemed interests	Total interests	
Hopevision Group Ltd.	Beneficial Owner	172,702,577	—	172,702,577	66%
Shanghai Chongsheng Investment Management Co., Ltd.	Interested in a controlled corporation	—	172,702,577 (Note 1)	172,702,577	66%
Jiang Tian	Beneficial Owner	—	172,702,577 (Note 1)	172,702,577	66%
Smart Emperor Global Limited	Interested in a controlled corporation	20,930,000	—	20,930,000	8%
Su Shan	Beneficial Owner	—	20,930,000 (Note 2)	20,930,000	8%
Excellent Wealth Group Limited	Interested in a controlled corporation	18,320,000	—	18,320,000	7%
Gao Mengyu	Beneficial Owner	—	18,320,000 (Note 3)	18,320,000	7%

Notes:

1. The share capital of Hopevision Group Ltd. was wholly-owned by Hong Kong Hopevision International Limited, which was wholly-owned by Shanghai Chongsheng Investment Management Co. Ltd., which was owned as to 99% by Mr. Jiang Tian. Accordingly, Mr. Jiang Tian and Shanghai Chongsheng Investment Management Co., Ltd were deemed to be interested in the 172,702,577 shares of the Company held by Hopevision Group Ltd.
2. The share capital of Smart Emperor Global Limited was wholly-owned by Ms. Su Shan. Accordingly, Ms. Su Shan was deemed to be interested in the 20,930,000 shares of the Company held by Smart Emperor Global Limited.
3. The share capital of Excellent Wealth Group Limited was wholly-owned by Ms. Gao Mengyu. Accordingly, Ms. Gao Mengyu was deemed to be interested in the 18,320,000 shares of the Company held by Excellent Wealth Group Limited.

* The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at 31 December 2016.

Directors' Report

Save as disclosed above, the Directors are not aware of any person (other than the Directors whose interests are set out in the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares of the Company and its Associated Corporations" above) who, as at 31 December 2016, had an interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register kept by the Company under Section 336 of the SFO.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the Year.

Major Customers and Suppliers

The Group's five largest trading operation customers accounted for approximately 30.66% (2015: 35.34%) of the Group's turnover for its trading operation for the Year. Approximately 10.39% (2015: 10.38%) of the Group's turnover for its trading operation was attributable to the largest customer.

Approximately 56.25% (2015: 69.96%) of the Group's purchases for its trading operation were attributable to the five largest trading operation suppliers with the largest supplier accounted for approximately 17.41% (2015: 29.54%) of the purchases. Due to the nature of the Group's other operations, information on the Group's customers and suppliers for other operations are not provided as it is considered to be of limited value.

None of the Directors or their respective close associates or any of the Shareholders who owns more than 5% of the Company's number of the issued shares has any interest in any of the Group's five largest customers or suppliers.

Corporate Governance

The corporate governance practices adopted by the Company are set out in the "Corporate Governance Report" of this annual report.

Continuing Connected Transaction

(i) Sale and procurement of animal feed products

COFCO Feed Co., Ltd. ("COFCO Feed") was an associate of COFCO (Hong Kong) Limited, which was interested in 45,058,000 shares of the Company, representing 17.22% of the issued share capital of the Company and a connected person of the Company prior to the completion of disposal of the entire equity interest in the Disposal Group on 15 June 2016.

On 4 November 2013, the Company (for itself and on behalf of each of its subsidiaries) and COFCO Feed entered into a Master Sales & Procurement Agreement whereby the Group and COFCO Feed agreed to sell to and procure from each other the animal feed products during the term of the Master Sales & Procurement Agreement. Such transactions constituted continuing connected transactions of the Company under the Listing Rules (but ceased to be so after 15 June 2016).

The annual caps for sales under the Master Sales & Procurement Agreement as approved by the Shareholders at the Company's extraordinary general meeting held on 23 December 2013 for the financial years ended 31 December 2014, 2015 and 2016 were HK\$350,000,000, HK\$390,000,000 and HK\$430,000,000 respectively. The annual caps for procurement from COFCO Feed under the Master Sales & Procurement Agreement as approved by the Shareholders at the Company's extraordinary general meeting held on 23 December 2013 for the financial years ended 31 December 2014, 2015 and 2016 were HK\$120,000,000, HK\$130,000,000 and HK\$150,000,000 respectively.

The Company did not conduct any transaction with COFCO Feed during the year ended 31 December 2016.

(ii) Leasing of office premise

Shanghai Zenith Trading Co., Ltd. ("Zenith") was indirectly wholly-owned by the Disposal Purchaser after the completion of disposal of the Disposal Group (the "Disposal Completion"). As the Disposal Purchaser was an associate of a then-Director, hence a connected person of the Company, Zenith was also a connected person of the Company. Therefore, the transaction contemplated under the below-mentioned lease agreement constitutes a continuing connected transaction of the Company under Listing Rules.

On 21 January 2016, Zenith entered into a lease agreement (the "Lease Agreement") with 博平置業(上海)有限公司, a wholly-owned subsidiary of the Company, for the lease of Units 6D and 6E, Merry Tower, No 168 Zhenning Road, Jingan District, Shanghai, the PRC for a period of six months commencing from the date of the Disposal Completion for a monthly rent of RMB27,400.

The annual cap for the Lease Agreement for the year ended 31 December 2016 is HK\$220,000.

The rental expense for the above lease agreement during the year ended 31 December 2016 amounted to HK\$152,000.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing the auditor's findings and conclusions in respect of the continuing connected transactions set out above in accordance with Main Board Listing Rule 14A.56. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

All independent non-executive Directors had reviewed the transactions and confirmed that the transactions for the Year were entered into:

- (i) in the ordinary and usual course of the Group's business;
- (ii) on normal commercial terms of better to the Company; and
- (iii) according to the agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The Board confirmed that the Company had complied with the requirements of the Listing Rules in relation to the disclosure of above continuing connected transactions.

Segment Information

An analysis of the Group's performance for the year ended 31 December 2016 by reportable segment is set out in note 5 to the financial statements.

Directors' Report

Emolument Policy

The emolument policy of the employees of the Group is formulated and approved by the Board based on the employees' merit, qualification and competence.

The emoluments of the Directors are determined by the Board, having regard to the Company's operating results, individual performance and comparable market statistics, based on the recommendation of the Remuneration Committee.

Public Float

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

On 11 October 2016, the Company was informed by the Offeror that the placing of 68,730,000 Shares to not less than six places through its placing agent at the price of HK\$3.96 per placing share was completed (the "Placing"). Immediately upon completion of the Placing, a total of 88,982,333 Shares, representing 34.00% of the total issued Shares, are held by the public Shareholders. As such, the public float of the Company has been restored to not less than 25% of the total issued shares of the Company.

Save as the disclosed above, based on information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this annual report, the Company has maintained the prescribed public float of not less than 25% of the Company's total issued Shares as required under the Listing Rules for the year ended 31 December 2016.

Events after the Reporting Date

On 10 February 2017, the Company and a placing manager entered into a placing agreement, pursuant to which the placing manager has conditionally agreed to procure, on a best effort basis, 52,300,000 new shares to not less than six independent placees, who are professional, institutional and/or other investor(s) who are third parties independent of and are not connected with the Company and its connected persons, at a placing price of HK\$1.44 per placing share (the "Placing"). The net price to the Company of each placing share is approximately HK\$1.43 per placing share. The market price of the new shares on the date when the issuance terms were determined (i.e. 10 February 2017) was HK\$1.75.

The Placing was completed on 24 February 2017 and the gross proceeds and net proceeds from the Placing were approximately HK\$75.31 million and HK\$74.74 million respectively. The Company intends to utilise the net proceeds of the Placing for general working capital and/or financing future investment or new business development as and when opportunities arise.

For details of the Placing, please refer to the Company's announcements dated 10 February 2017 and 24 February 2017 respectively.

Auditor

The consolidated financial statements for the years ended 31 December 2013, 2014 and 2015 were audited by BDO Limited and the consolidated financial statements for the year ended 31 December 2016 were audited by KPMG.

During the year ended 31 December 2016, BDO Limited resigned as auditor of the Company with effect from 10 August 2016 and KPMG was appointed as auditor of the Company with effect from 31 August 2016 to fill the causal vacancy and to hold office until the conclusion of the forthcoming AGM. Save as disclosed above, there were no other changes of auditor of the Company in the preceding three years.

KPMG will retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditor of the Company is to be proposed at the AGM.

On behalf of the Board

ZHOU Zheren

Chairman of the Board

Hong Kong, 28 March 2017

Independent Auditor's Report



**Independent auditor's report
to the shareholders of Great China Holdings Limited**

(incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of Great China Holdings Limited ("the Company") and its subsidiaries ("the Group") set out on pages 50 to 119, which comprise the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report

Valuation of investment properties

Refer to note 12 to the consolidated financial statements and the accounting policies on page 63.

The Key Audit Matter

The Group's investment properties comprise apartments and certain floors of commercial buildings located in Shanghai.

Investment properties are stated in the consolidated statement of financial position at their fair values which totalled HK\$465 million as at 31 December 2016 and represented 89% of the Group's total assets as at that date. A revaluation gain of HK\$12 million was recorded in the consolidated statement of profit or loss which accounted for 69% of the Group's profit before taxation from continuing operations for the year ended 31 December 2016.

The fair values of the investment properties were assessed by the management based on valuations prepared by an independent firm of professional surveyors which required the exercise of significant judgement and estimation, particularly in relation to determining monthly rents and market yields.

We identified valuation of investment properties as a key audit matter because of the significance of investment properties to the Group's total assets and the significance of the changes in fair value of investment properties to the Group's profit before taxation and because the valuation of investment properties is inherently subjective and requires the exercise of significant judgement and estimation which increases the risk of error or potential management bias.

How the matter was addressed in our audit

Our audit procedures to assess the valuation of investment properties included the following:

- evaluating the independence, competence, capabilities and objectivity of the surveyors which included assessing the professional surveyors' qualifications and experience and making inquiries regarding interests and relationships that may have created a threat to the surveyors' objectivity;
- obtaining and inspecting the valuation report prepared by the professional surveyors engaged by the Group and on which the management's assessment of the fair values of the investment properties was based;
- discussing with the professional surveyors their approach to the valuations and their findings and assessing whether there were any limitations of scope or restrictions placed upon their work;
- assessing the valuation methodologies adopted by the professional surveyors with reference to applicable and recognised industry standards;
- comparing key inputs to the valuations including monthly rents, market yields and available space by comparison with market available information and/or lease contracts and related underlying documentation on a sample basis.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Independent Auditor's Report

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine the matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe the matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Yu Wai Sum.

KPMG

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

28 March 2017

Consolidated Statement of Profit or Loss

For the year ended 31 December 2016
(Expressed in Hong Kong dollars)

	Note	2016 HK\$'000	2015 HK\$'000 (Restated)
Continuing operations			
Revenue	4	21,336	20,279
Cost of sales		(3,053)	(3,374)
Gross profit			
Other income	6	3,781	15,477
Administrative expenses		(16,504)	(18,537)
Valuation gain on investment properties	12	12,023	28,274
Other operating income	7(c)	—	3,410
Profit from operations			
Finance costs	7(a)	(116)	(505)
Profit before taxation			
Income tax	8	(3,253)	(7,917)
Profit for the year from continuing operations			
Discontinued operations			
Profit/(loss) for the year from discontinued operations	10	45,476	(35,453)
Profit for the year attributable to equity shareholders of the Company			
Earnings per share (for continuing and discontinued operations)			
— Basic and diluted (HK cents)	11	22.81	0.63
Earnings per share (for continuing operations)			
— Basic and diluted (HK cents)	11	5.43	14.18

The notes on pages 58 to 119 form part of these financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2016
(Expressed in Hong Kong dollars)

	2016 HK\$'000	2015 HK\$'000
Profit for the year	59,690	1,654
Other comprehensive income for the year (after tax)		
<i>Items that are or may be reclassified subsequently to profit or loss:</i>		
Exchange difference arising from translation of financial statements of overseas subsidiaries	(27,114)	(29,205)
Available-for-sale securities, net movement in fair value reserve	(80)	30
Reclassification of cumulative exchange reserve to profit or loss upon disposal of subsidiaries	(8,267)	—
Reclassification of cumulative fair value reserve to profit or loss upon disposal of subsidiaries	(990)	—
Other comprehensive income for the year	(36,451)	(29,175)
Total comprehensive income for the year attributable to equity shareholders of the Company	23,239	(27,521)

The notes on pages 58 to 119 form part of these financial statements.

Consolidated Statement of Financial Position

As at 31 December 2016
(Expressed in Hong Kong dollars)

	Note	2016 HK\$'000	2015 HK\$'000
Non-current assets			
Investment properties	12	465,182	982,658
Property, plant and equipment	13	2,743	48,278
Prepaid lease payments for land	14	—	259
Available-for-sale financial assets	15	—	39,726
Trade and other receivables, prepayments and deposits	18	368	31,793
Deferred tax assets	23	—	452
		468,293	1,103,166
Current assets			
Properties held for sale	16	19,119	18,094
Inventories	17	—	70,314
Prepaid lease payments for land	14	—	4
Trade and other receivables, prepayments and deposits	18	7,666	163,380
Financial assets at fair value through profit or loss	19	—	198,772
Tax recoverable		269	407
Restricted bank deposits	20(a)	—	16,041
Bank balances and cash	20(b)	25,261	240,027
		52,315	707,039
Current liabilities			
Trade and bills payables	21	—	42,764
Other payables and accrued expenses		22,487	39,613
Rental deposits received		1,826	3,226
Borrowings	22	—	18,652
Tax payable		88	2,559
		24,401	106,814
Net current assets		27,914	600,225
Total assets less current liabilities		496,207	1,703,391

Consolidated Statement of Financial Position

As at 31 December 2016
(Expressed in Hong Kong dollars)

	Note	2016 HK\$'000	2015 HK\$'000
Non-current liabilities			
Rental deposits received		2,289	5,148
Borrowings	22	—	95,641
Deferred tax liabilities	23	62,453	67,037
		64,742	167,826
NET ASSETS			
		431,465	1,535,565
CAPITAL AND RESERVES			
	24		
Share capital		71,853	71,853
Reserves		359,612	1,463,712
TOTAL EQUITY			
		431,465	1,535,565

Approved and authorised for issue by the board of directors on 28 March 2017 and signed on its behalf by:

ZHOU Zheren
Director

HOU Yingxuan
Director

The notes on pages 58 to 119 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2016
(Expressed in Hong Kong dollars)

	Share capital HK\$'000	Exchange reserve HK\$'000	Properties revaluation reserve HK\$'000	Fair value reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
Note	24(a)	24(c)(i)	24(c)(ii)	24(c)(iii)		
At 1 January 2015	71,853	125,822	495	1,040	1,395,278	1,594,488
Profit for the year	—	—	—	—	1,654	1,654
Other comprehensive income for the year						
— Exchange difference arising from translation of financial statements of overseas subsidiaries	—	(29,205)	—	—	—	(29,205)
— Available-for-sale securities, net movement in fair value reserve	—	—	—	30	—	30
	—	(29,205)	—	30	—	(29,175)
Total comprehensive income for the year	—	(29,205)	—	30	1,654	(27,521)
Dividends approved in respect of the previous year	24(b)	—	—	—	(31,402)	(31,402)
At 31 December 2015	71,853	96,617	495	1,070	1,365,530	1,535,565

Consolidated Statement of Changes in Equity

For the year ended 31 December 2016
(Expressed in Hong Kong dollars)

Note	Share capital HK\$'000 24(a)	Exchange reserve HK\$'000 24(c)(i)	Properties revaluation reserve HK\$'000 24(c)(ii)	Fair value reserve HK\$'000 24(c)(iii)	Retained profits HK\$'000	Total HK\$'000
At 1 January 2016	71,853	96,617	495	1,070	1,365,530	1,535,565
Profit for the year	—	—	—	—	59,690	59,690
Other comprehensive income for the year						
— Exchange difference arising from translation of financial statements of overseas subsidiaries	—	(27,114)	—	—	—	(27,114)
— Available-for-sale securities, net movement in fair value reserve	—	—	—	(80)	—	(80)
— Reclassification of cumulative exchange reserve to profit or loss upon disposal of subsidiaries	—	(8,267)	—	—	—	(8,267)
— Reclassification of cumulative fair value reserve to profit or loss upon disposal of subsidiaries	—	—	—	(990)	—	(990)
	—	(35,381)	—	(1,070)	—	(36,451)
Total comprehensive income for the year	—	(35,381)	—	(1,070)	59,690	23,239
Transfer of cumulative properties revaluation reserve upon disposal of subsidiaries	—	—	(495)	—	495	—
Special dividends approved in respect of the current year	—	—	—	—	(1,127,339)	(1,127,339)
At 31 December 2016	71,853	61,236	—	—	298,376	431,465

The notes on pages 58 to 119 form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2016
(Expressed in Hong Kong dollars)

	Note	2016 HK\$'000	2015 HK\$'000
Operating activities			
Profit/(loss) before taxation for:			
— Continuing operations		17,467	45,024
— Discontinued operations		46,517	(33,169)
Adjustments for:			
Amortisation of land lease premium	7(c), 14	4	4
Depreciation of property, plant and equipment	13	1,383	2,307
Allowance for inventories		5,839	4,221
Allowance for doubtful debts		535	13,197
Bad debt written off		331	705
Impairment loss on available-for-sale financial assets		21	1
Reversal of provision for taxes and charges		—	(3,410)
Net valuation gain on investment properties	12	(9,623)	15,996
Change in fair value of financial assets at fair value through profit or loss		5,829	(7,105)
Gain on disposal of subsidiaries	10(a)	(52,683)	—
Gain on disposal of property, plant and equipment		—	(175)
Loss on write-off of property, plant and equipment		—	303
Interest income		(6,878)	(28,974)
Finance costs		855	2,175
Operating cash flows before movements in working capital			
		9,597	11,100
Decrease/(increase) in inventories		30,781	(11,182)
Decrease/(increase) in trade and other receivables, prepayments and deposits		50,937	(55,181)
Decrease in derivative financial instruments		—	38
Decrease in trade and bills payables		(7,903)	(30,428)
(Decrease)/increase in other payables and accrued expenses		(15,098)	151
Increase/(decrease) in rental deposits received		171	(736)
Net decrease/(increase) in financial assets at fair value through profit or loss		155,738	(28,623)
Cash generated from/(used in) operations			
		224,223	(114,861)
Hong Kong profits tax paid		(269)	(315)
Overseas tax paid		(1,376)	(3,849)
Net cash generated from/(used in) operating activities			
		222,578	(119,025)

Consolidated Statement of Cash Flows

For the year ended 31 December 2016
(Expressed in Hong Kong dollars)

	Note	2016 HK\$'000	2015 HK\$'000
Investing activities			
Placement of structured bank deposits		—	(331,911)
Withdrawal of structured bank deposits		—	565,478
Interest received		11,447	26,462
Proceeds from disposal of property, plant and equipment		—	621
Purchase of property, plant and equipment		(3,108)	(3,470)
Purchase of available-for-sale financial assets		—	(27,300)
Net cash inflows from disposal of subsidiaries	10(c)	443,646	—
Net cash generated from investing activities		451,985	229,880
Financing activities			
New bank loans raised		79,295	42,316
Repayment of bank loans		(40,248)	(120,135)
Interest paid		(916)	(2,470)
Dividends paid	24(b)	(922,339)	(31,402)
Net cash used in financing activities		(884,208)	(111,691)
Net decrease in cash and cash equivalents		(209,645)	(836)
Cash and cash equivalents at 1 January		240,027	244,579
Effect of foreign exchange rate changes		(5,121)	(3,716)
Cash and cash equivalents at 31 December		25,261	240,027

The notes on pages 58 to 119 form part of these financial statements.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

1. GENERAL INFORMATION

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

The principal activity of the Company is investment holding and the principal activity of its subsidiaries are property investment in the People's Republic of China (the "PRC"). The Company and its subsidiaries are collectively referred to as the "Group".

Following the disposal of subsidiaries engaged in overseas trading business and property investment business in Hong Kong during the year ended 31 December 2016 as disclosed in note 10, the majority of the Group's remaining business are carried out in the PRC. The Company has changed its functional currency from United States dollars ("USD") to Hong Kong dollars ("HK\$") and the functional currency of its subsidiaries operating in the PRC is Renminbi ("RMB").

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective terms includes all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance (Cap. 622). These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. The Group does not intend to early adopt any of these amendments or new standards. There are no changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2016 comprise the Company and its subsidiaries.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that the investment properties, financial instruments classified as available-for-sale or as trading securities are stated at their fair value as explained in the accounting policies set out in notes 2(f) and 2(e) respectively.

The preparation of consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of preparation of the financial statements (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the consolidated financial statements and major sources of estimation uncertainty are discussed in note 3.

(c) Changes in accounting policies

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of amendments and new standards to HKFRSs which are not yet effective for the current accounting period of the Group and which have not been adopted in these consolidated financial statements.

These included the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 7, <i>Statement of cash flows: Disclosure initiative</i>	1 January 2017
Amendments to HKAS 12, <i>Income taxes: Recognition of deferred tax assets for unrealised losses</i>	1 January 2017
HKFRS 9, <i>Financial instruments</i>	1 January 2018
HKFRS 15, <i>Revenue from contracts with customers</i>	1 January 2018
Amendments to HKFRS 2, <i>Share-based payment: Classification and measurement of share-based payment transactions</i>	1 January 2018
HKFRS 16, <i>Leases</i>	1 January 2019

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. As the Group has not completed its assessment, further impacts may be identified in due course and will be taken into consideration when determining whether to adopt any of these new requirements before their effective date and which transitional approach to take, where there are alternative approaches allowed under the new standards. The Group does not intend to early adopt any of these amendments or new standards.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Changes in accounting policies (continued)

HKFRS 9, Financial instruments

HKFRS 9 will replace the current standard on accounting for financial instruments, HKAS 39, *Financial instruments: Recognition and measurement*. HKFRS 9 introduces new requirements for classification and measurement of financial assets, calculation of impairment of financial assets and hedge accounting. On the other hand, HKFRS 9 incorporates without substantive changes the requirements of HKAS 39 for recognition and derecognition of financial instruments and the classification of financial liabilities.

Expected impacts of the new requirements on the Group's consolidated financial statements are as follows:

(i) *Classification and measurement*

HKFRS 9 contains three principal classification categories for financial assets: measured at (1) amortised cost, (2) fair value through profit or loss (FVTPL) and (3) fair value through other comprehensive income (FVTOCI). The classification is determined based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Based on a preliminary assessment, the Group expects that the new classification and measurement requirements will not have a material impact on its accounting for financial assets.

(ii) *Impairment*

The new impairment model in HKFRS 9 replaces the "incurred loss" model in HKAS 39 with an "expected credit loss" model. Under the expected credit loss model, it will no longer be necessary for a loss event to occur before an impairment loss is recognised. Instead, an entity is required to recognise and measure expected credit losses as either 12-month expected credit losses or lifetime expected credit losses, depending on the asset and the facts and circumstances. This new impairment model may result in an earlier recognition of credit losses on the Group's trade receivables and other financial assets. However, a more detailed analysis is required to determine the extent of the impact.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Changes in accounting policies (continued)

HKFRS 16, Leases

As disclosed in note 2(h), currently the Group classifies leases into finance leases and operating leases and accounts for the lease arrangements differently, depending on the classification of the lease. The Group enters into some leases as the lessor and others as the lessee.

HKFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease. However, once HKFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease the lessee will recognise and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee will recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

HKFRS 16 will primarily affect the Group's accounting as a lessee of leases for properties, plant and equipment which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss over the period of the lease. As disclosed in note 25, at 31 December 2016 the Group's future minimum lease payments under non-cancellable operating leases amount to HK\$3,439,000 for certain land and buildings, which is payable either within 1 year or between 1 and 5 years after the reporting date. Some of these amounts may therefore need to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16 and the effects of discounting.

The Group is considering whether to adopt HKFRS 16 before its effective date of 1 January 2019. However, early adoption of HKFRS 16 is only permitted if this is no earlier than the adoption of HKFRS 15. It is therefore unlikely that HKFRS 16 will be adopted before the effective date of HKFRS 15, being 1 January 2018.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(e)) or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(i)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale) (see note 2(t)).

(e) Other investments in debt and equity securities

The Group's and the Company's policies for investments in debt and equity securities, other than investments in subsidiaries, are as follows:

Investments in debt and equity securities are initially stated at fair value, which is their transaction price unless it is determined that the fair value at initial recognition differs from the transaction price and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognised in profit or loss as incurred. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss. The net gain or loss recognised in profit or loss does not include any dividends or interest earned on these investments as these are recognised in accordance with the policies set out in notes 2(r)(iii) and (iv), respectively.

Dated debt securities that the Group and/or the Company have the positive ability and intention to hold to maturity are classified as held-to-maturity securities. Held-to-maturity securities are stated at amortised cost less impairment losses (see note 2(i)).

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Other investments in debt and equity securities (continued)

Investments in securities which do not fall into any of the above categories are classified as available-for-sale securities. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve (see note 24(c)(iii)). As an exception to this, investments in equity securities that do not have a quoted price in an active market for an identical instrument and whose fair value cannot otherwise be reliably measured are recognised in the statement of financial position at cost less impairment losses (see note 2(i)). Dividend income from equity securities and interest income from debt securities calculated using the effective interest method are recognised in profit or loss in accordance with the policies set out in notes 2(r)(iii) and 2(r)(iv), respectively. Foreign exchange gains and losses resulting from changes in the amortised cost of debt securities are also recognised in profit or loss.

When the investments are derecognised or impaired (see note 2(i)), the cumulative gain or loss recognised in equity is reclassified to profit or loss. Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire.

(f) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 2(h)) to earn rental income and/or for capital appreciation.

Investment properties are stated at fair value. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 2(r)(i).

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis.

(g) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(i)).

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

— Leasehold land	Over the remaining lease term
— Buildings	Over the shorter of the term of the lease, or 40 years
— Leasehold improvements	5 years
— Motor vehicles	4 years
— Furniture, fixtures and office equipment	5 years

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Property, plant and equipment (continued)

Both the useful life of an asset and its residual value, if any, are reviewed annually.

Gains or losses arising from the retirement or disposal of an item of fixed assets are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

(h) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the following exceptions:

- property held under operating leases that would otherwise meet the definition of an investment property is classified as investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (see note 2(f)); and
- land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

(ii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term except where the property is classified as an investment property (see note 2(f)) or is held for sale (see note 2(j)(ii)).

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Impairment of assets

(i) Impairment of investments in debt and equity securities and trade and other receivables

Investments in debt and equity securities and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale securities are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

- For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities carried at cost are not reversed.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Impairment of assets (continued)

(i) Impairment of investments in debt and equity securities and trade and other receivables (continued)

- For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

- For available-for-sale securities, the cumulative loss that has been recognised in the fair value reserve is reclassified to profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

Impairment losses recognised in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised in other comprehensive income.

Impairment losses in respect of available-for-sale debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversals of impairment losses in such circumstances are recognised in profit or loss.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors and bills receivables included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account.

When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors and bills receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Impairment of assets (continued)

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- pre-paid interests in leasehold land classified as being held under an operating lease; and
- investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

— Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

— Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Inventories

(i) Fishmeal trading

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(ii) Properties held for sale

Properties held for sale, which represent unsold completed properties, are stated at the lower of cost and net realisable value. The cost of properties comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price in the ordinary course of business less costs to be incurred in selling the property.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see note 2(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(l) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(m) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(o) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 2(f), the amount of deferred tax recognised is measured using the tax rates that would apply on the sale of those assets at their carrying value at the end of the reporting period unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Income tax (continued)

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Group intends either to realise the assets and settle the liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or realised, intend to realise the current tax assets and settle the current tax liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously.

(q) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(r) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Revenue recognition (continued)

(i) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned. Revenue from rental income excludes value added tax.

(ii) Trading of fishmeal

Revenue arising from the trading of fishmeal is recognised on transfer of risks and rewards of ownership, which is at the time when the goods are delivered and title are passed to customers. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

(iii) Dividends

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method.

(s) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Items in the statement of financial position are translated into Hong Kong dollars at the closing foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve (see note 24(c)(i)).

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale (see (i) above), if earlier. It also occurs if the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of the statement of profit or loss, which comprises:

- the post-tax profit or loss of the discontinued operation; and
- the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

(u) Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
- (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Related parties (continued)

(b) (continued)

- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(v) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3. ACCOUNTING ESTIMATES AND JUDGEMENTS

The key sources of estimation uncertainty and critical accounting judgements in applying the Group's accounting policies are described below.

(a) Valuation of investment properties

As described in note 12, investment properties are stated at fair value based on the valuation performed by an independent firm of professional surveyors after taking into consideration the comparable market transactions and the net rental income allowing for reversionary income potential.

In determining the fair value of investment properties, the surveyors has based on a method of valuation which involves, inter alia, certain estimates including current monthly rents and current prices in an active market for similar properties in the same location and condition and appropriate discount rates. In relying on the valuation report, management has exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions as at the end of each reporting period.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

3. ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(b) Estimates of current and deferred tax

The Group is subject to taxation in various jurisdictions. Significant judgement is required in determining the amount of the provision for taxation and the timing of payment of the related taxation. The Group recognised income tax and other taxes based on management's best estimates according to the understanding of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the tax expense in the period in which the tax calculations are finalised with the local tax authorities.

4. REVENUE

Revenue from continuing operations represents rental income earned during the year.

For the year ended 31 December 2016, revenue from two (2015: one) customers of the Group's property investment in the PRC segment amounted to HK\$13,439,000 and HK\$3,881,000 (2015: HK\$14,539,000), which each exceeded 10% of the Group's revenue from continuing operations.

5. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision-maker, for the purpose of resource allocation and assessment of segment performance focuses on the operating divisions of the Group.

The executive directors have identified the following reportable segments for the Group's operating segments. These segments are managed separately as each business offers different products and services and requires different business strategies.

Continuing operations

- (1) Property investment in the PRC — leasing of properties situated in the PRC (other than Hong Kong)
- (2) Trading of properties — sale of properties situated in the PRC

Discontinued operations

- (1) General trading — trading of fishmeal
- (2) Property investment in Hong Kong — leasing of properties situated in Hong Kong

The Group disposed the operations of general trading and property investment in Hong Kong segments on 15 June 2016. The results of the general trading and property investment in Hong Kong segments from 1 January 2016 to 15 June 2016 were classified as discontinued operations accordingly. The discontinued operations have resulted in a change in the Group's structure and therefore its composition of reporting segment. The comparative figures of segment disclosure have been re-presented to conform to current year presentation.

The accounting policies of the reportable segments are the same as the Group's accounting policies. There were no inter-segment sales between different operating segments for the year ended 31 December 2016 (2015: HK\$nil). Segment revenue represents sales revenue from external customers. Segment profit or loss after tax represents net profit earned or loss incurred by each reportable segment without allocation of income and expenses of the Group's headquarters, corporate income and expenses, unallocated finance costs, unallocated income tax credit or expense and gain on disposal of subsidiaries.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

5. SEGMENT INFORMATION (continued)

For the purpose of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable segments other than the Group headquarters' corporate assets, available-for-sale financial assets and financial assets at fair value through profit or loss; and
- all liabilities are allocated to reportable segments other than the Group headquarters' corporate liabilities.

Information regarding the above segments is reported below.

Segment revenue and results

	Continuing operations			Discontinued operations		
	Property investment in the PRC	Trading of properties	Sub-total	General trading	Property investment in Hong Kong	Sub-total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
For the year ended 31 December 2016						
Reportable segment revenue	20,522	814	21,336	487,212	6,689	493,901
Reportable segment profit/(loss) after tax	26,503	238	26,741	(779)	1,102	323
Net corporate expenses			(12,273)			(7,404)
Unallocated finance costs			(116)			(106)
Unallocated income tax expense			(138)			(20)
Gain on disposal of subsidiaries (note 10(a))			—			52,683
Profit for the year			14,214			45,476

	Continuing operations			Discontinued operations		
	Property investment in the PRC	Trading of properties	Sub-total	General trading	Property investment in Hong Kong	Sub-total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
For the year ended 31 December 2015 (Restated)						
Reportable segment revenue	19,609	670	20,279	1,153,604	17,936	1,171,540
Reportable segment profit/(loss) after tax	37,392	110	37,502	(13,748)	(28,998)	(42,746)
Net corporate income			111			7,601
Unallocated finance costs			(505)			(360)
Unallocated income tax (expense)/credit			(1)			52
Profit/(loss) for the year			37,107			(35,453)

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

5. SEGMENT INFORMATION (continued)

Segment assets and liabilities

	Continuing operations		
	Property investment in the PRC HK\$'000	Trading of properties HK\$'000	Total HK\$'000
At 31 December 2016			
Reportable segment assets	494,470	19,337	513,807
Unallocated corporate assets			6,801
Consolidated total assets			520,608
Reportable segment liabilities	71,476	15,556	87,032
Unallocated corporate liabilities			2,111
Consolidated total liabilities			89,143

	Continuing operations			Discontinued operations			
	Property investment in the PRC HK\$'000	Trading of properties HK\$'000	Sub-total HK\$'000	General trading HK\$'000	Property investment in Hong Kong HK\$'000	Sub-total HK\$'000	Total HK\$'000
At 31 December 2015 (Restated)							
Reportable segment assets	497,197	18,272	515,469	338,099	558,983	897,082	1,412,551
Available-for-sale financial assets			—			39,726	39,726
Financial assets at fair value through profit or loss			—			198,772	198,772
Unallocated corporate assets			322			158,834	159,156
Consolidated total assets			515,791			1,294,414	1,810,205
Reportable segment liabilities	73,418	15,483	88,901	91,651	72,366	164,017	252,918
Unallocated corporate liabilities			6,072			15,650	21,722
Consolidated total liabilities			94,973			179,667	274,640

Unallocated corporate assets mainly comprised of property, plant and equipment which are used by the Group's headquarters, bank balances and cash which are held as the general working capital of the Group as a whole and other corporate assets of the Group's headquarters which are not directly attributable to the business activities of any operating segment.

Unallocated corporate liabilities mainly comprised of borrowings for the financing of the general working capital of the Group as a whole and other corporate liabilities of the Group's headquarters which are not directly attributable to the business activities of any operating segment.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

5. SEGMENT INFORMATION (continued)

Other segment information

	Continuing operations				Discontinued operations			
	Property investment in the PRC	Trading of properties	Corporate/Unallocated	Sub-total	General trading	Property investment in Hong Kong	Corporate/Unallocated	Sub-total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
For the year ended 31 December 2016								
Additions to property, plant and equipment	886	—	2,222	3,108	—	—	—	—
Amortisation of land lease premium	4	—	—	4	—	—	—	—
Depreciation of property, plant and equipment	233	—	199	432	131	197	623	951
Valuation (gain)/loss on investment properties	(12,023)	—	—	(12,023)	—	2,400	—	2,400
Change in fair value of financial assets at fair value through profit or loss	—	—	—	—	—	—	5,829	5,829
Allowance for inventories	—	—	—	—	5,839	—	—	5,839
Allowance for doubtful debts	103	—	—	103	233	—	199	432
Bad debt written off	8	—	—	8	323	—	—	323
Net exchange (gain)/loss	(1,512)	—	591	(921)	(1,755)	4	(1,018)	(2,769)
Interest income	(56)	—	(187)	(243)	(2,500)	—	(4,135)	(6,635)
Finance costs	—	—	116	116	142	491	106	739
Income tax expense	3,115	—	138	3,253	1,009	12	20	1,041

	Continuing operations				Discontinued operations			
	Property investment in the PRC	Trading of properties	Corporate/Unallocated	Sub-total	General trading	Property investment in Hong Kong	Corporate/Unallocated	Sub-total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
For the year ended 31 December 2015 (Restated)								
Additions to property, plant and equipment	375	—	—	375	829	2,266	—	3,095
Amortisation of land lease premium	4	—	—	4	—	—	—	—
Depreciation of property, plant and equipment	228	—	—	228	333	248	1,498	2,079
Valuation (gain)/loss on investment properties	(28,274)	—	—	(28,274)	—	44,270	—	44,270
Change in fair value of financial assets at fair value through profit or loss	—	—	—	—	—	—	(7,105)	(7,105)
Allowance for inventories	—	—	—	—	4,221	—	—	4,221
Allowance for doubtful debts	—	—	—	—	13,050	—	147	13,197
Bad debt written off	—	—	—	—	705	—	—	705
Net exchange (gain)/loss	(1,153)	—	(64)	(1,217)	9,393	12	(1,866)	7,539
Interest income	(3)	—	—	(3)	(14,450)	—	(14,509)	(28,959)
Finance costs	—	—	505	505	48	1,262	360	1,670
Income tax expense/(credit)	7,916	—	1	7,917	1,920	416	(52)	2,284

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

5. SEGMENT INFORMATION (continued)

Geographical information

As the Group does not have material operations outside PRC from continuing operations, no geographic segment information is presented.

6. OTHER INCOME

From continuing operations

	2016 HK\$'000	2015 HK\$'000 (Restated)
Interest income	243	3
Management fee income from disposed subsidiaries (note)	3,366	15,214
Sundry	172	260
	3,781	15,477

Note: For the year ended 31 December 2016 and 2015, the Company received management fee income from various subsidiaries of the Disposal Group for management services provided. The management service has been terminated since 1 April 2016.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

7. PROFIT BEFORE TAXATION

From continuing operations

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

	2016 HK\$'000	2015 HK\$'000 (Restated)
(a) Finance costs		
Interest on bank loans	116	505
(b) Staff costs		
Salaries, wages and other benefits (including directors' emoluments)	10,244	9,893
Contributions to defined contribution retirement plans (<i>note</i>)	195	346
	10,439	10,239

Note:

The Group participates in the Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Mandatory Provident Fund Ordinance in December 2000. The assets of the scheme are held separately from those of the Group, in funds under the control of trustee.

Employees who were members of a defined contribution scheme which is registered under the Occupational Retirement Schemes Ordinance prior to the establishment of the MPF Scheme were required to switch to the MPF Scheme from 1 December 2000 onwards, whereas all new employees joining the Group on or after 1 December 2000 are required to join the MPF Scheme.

For members of the MPF Scheme, both the Group and the employees contribute 5% of the employee's monthly remunerations or HK\$1,500 (2015: HK\$1,500) per month whichever is the smaller to the scheme. Contributions to the plan vest immediately. No forfeited contribution is available to reduce the contribution payable for the year ended 31 December 2016.

The employees of the subsidiaries of the Group which operate in the PRC are required to participate in a central pension scheme operated by the local municipal governments. These PRC subsidiaries are required to contribute certain percentage of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

The total cost charged to profit or loss of HK\$195,000 (2015: HK\$346,000) represents contributions paid/payable to the above retirement benefit schemes, by the Group during the year.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

7. PROFIT BEFORE TAXATION (continued)

From continuing operations (continued)

	2016 HK\$'000	2015 HK\$'000 (Restated)
(c) Other items		
Auditor's remuneration	1,308	247
Amortisation of land lease premium (note 14)	4	4
Depreciation	432	228
Loss on write-off of property, plant and equipment	—	303
Net exchange gain	(921)	(1,217)
Impairment losses on trade and other receivables	103	—
Bad debt written off	8	—
Other operating income		
Reversal of provision for taxes and charges	—	(3,410)
Gross rental income	(21,336)	(20,279)
Less: direct operating expenses	3,053	3,374
Net rental income	(18,283)	(16,905)

8. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

From continuing operations

(a) Taxation in the consolidated statement of profit or loss represents:

	2016 HK\$'000	2015 HK\$'000 (Restated)
Current tax — PRC Enterprise Income Tax	1,490	1,563
Deferred tax (note 23)	1,774	6,354
Over-provision in prior year	(11)	—
Income tax expense	3,253	7,917

The provision for Hong Kong Profits Tax is calculated at 16.5% (2015: 16.5%) of the estimated assessable profits. No provision was made for Hong Kong Profits Tax as the Group did not generate any assessable profits arising in Hong Kong during the years ended 31 December 2016 and 2015.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

8. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (continued)

From continuing operations (continued)

(a) Taxation in the consolidated statement of profit or loss represents: (continued)

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the PRC subsidiaries are subject to Enterprise Income Tax of tax rate of 25%.

Enterprise Income Tax arising from certain Hong Kong subsidiaries' operations in the PRC is calculated at tax rate of 10% (2015: 10%) on the rental income earned by these Hong Kong subsidiaries for the year.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2016 HK\$'000	2015 HK\$'000 (Restated)
Profit before taxation	17,467	45,024
Tax on profit before taxation, calculated at tax rate of 16.5%	2,882	7,429
Effect of different tax rates of subsidiaries operating overseas	(1,343)	(76)
Tax effect of non-deductible expenses	205	1,282
Tax effect of non-taxable income	(386)	(652)
Tax effect of tax losses not recognised	2,081	191
Tax effect of utilisation of tax losses previously not recognised	(191)	(502)
Tax effect of other temporary differences not recognised	16	245
Over-provision in prior year	(11)	—
Income tax expense	3,253	7,917

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

9. DIRECTORS' EMOLUMENTS AND INDIVIDUALS WITH HIGHEST EMOLUMENTS

(a) Directors' emoluments

Directors' emoluments disclosed pursuant to Section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

For the year ended 31 December 2016

From both continuing and discontinued operations

	Fees HK\$'000	Salaries and other benefits HK\$'000	Discretionary performance bonus HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
<i>Chairmen</i>					
Mr. ZHOU Zheren (i)	155	—	—	—	155
Mr. Rustom Ming Yu HO (iii)	—	437	60	—	497
<i>Executive directors</i>					
Ms. GU Ming (i)	155	—	—	—	155
Mr. LAI Han (i)	155	—	—	—	155
Mr. GONG Biao (i)	155	—	—	—	155
Ms. SHEN Li (i)	155	—	—	5	160
Mr. John Ming Tak HO (ii)	—	2,831	1,650	11	4,492
Mr. Maung Tun MYINT (ii)	—	1,169	455	11	1,635
Mr. Patrick Kwok Wai POON (ii)	—	830	237	—	1,067
<i>Non-executive directors</i>					
Mr. CHAI Yuet (i)	145	—	—	—	145
Ms. Yu Gia HO (ii)	37	—	—	—	37
<i>Independent non-executive directors</i>					
Mr. HU Jianxing (i)	155	—	—	—	155
Ms. Patricia Bee Kuen THOMAS (i)	155	—	—	—	155
Ms. LI Ping (i)	155	—	—	—	155
Mr. Lawrence Kam Kee YU (ii)	149	—	—	—	149
Mr. David Hon To YU (ii)	160	—	—	—	160
Mr. Hsu Chou WU (ii)	37	—	—	—	37
	1,768	5,267	2,402	27	9,464

Notes:

- (i) These directors were appointed on 23 June 2016.
- (ii) These directors were resigned on 13 July 2016.
- (iii) Mr. Rustom Ming Yu HO was deceased on 5 May 2016.
- (iv) No directors waived any emoluments during the year ended 31 December 2016 (2015: HK\$nil).
- (v) The discretionary performance bonus is determined having regard to the performance of individuals and financial performance of the Group.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

9. DIRECTORS' EMOLUMENTS AND INDIVIDUALS WITH HIGHEST EMOLUMENTS (continued)

(a) Directors' emoluments (continued)

For the year ended 31 December 2015

From both continuing and discontinued operations

	Fees HK\$'000	Salaries and other benefits HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
<i>Chairman</i>				
Mr. Rustom Ming Yu HO	—	1,197	—	1,197
<i>Executive directors</i>				
Mr. John Ming Tak HO	—	4,588	18	4,606
Mr. Patrick Kwok Wai POON	—	1,767	8	1,775
Mr. Maung Tun MYINT	—	2,202	18	2,220
<i>Non-executive director</i>				
Ms. Yu Gia HO	70	—	—	70
<i>Independent non-executive directors</i>				
Mr. Lawrence Kam Kee YU	280	—	—	280
Mr. David Hon To YU	300	—	—	300
Mr. Hsu Chou WU	70	—	—	70
	720	9,754	44	10,518

(b) Individuals with highest emoluments

Of the five individuals with the highest emoluments in the Group, four (2015: four) are directors of the Company whose emoluments are included in the disclosure in note(a) above. The emoluments of the remaining one (2015: one) highest paid individual is as follows:

	2016 HK\$'000	2015 HK\$'000
Salaries and other benefits	380	630
Discretionary bonus	111	390
Retirement benefits costs — defined contribution plans	11	18
	502	1,038

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

9. DIRECTORS' EMOLUMENTS AND INDIVIDUALS WITH HIGHEST EMOLUMENTS (continued)

(b) Individuals with highest emoluments (continued)

The emoluments were within the following bands:

	Number of individual	
	2016	2015
Nil to \$1,000,000	1	—
\$1,000,001 to \$1,500,000	—	1
	1	1

Note: No emolument was paid or payable by the Group to any of the directors or the highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office during the year ended 31 December 2016 (2015: HK\$nil).

10. DISCONTINUED OPERATIONS

Pursuant to the Disposal Agreement and the Disposal Supplemental Agreement entered into between the Company and Fulcrest Limited (the "Disposal Purchaser") dated 21 January 2016 and 18 April 2016 respectively, the Company disposed of its entire equity interests in Datong Global Holdings Limited ("Datong") and Xingao Limited ("Xingao") (the "Disposal of Subsidiaries"), each of which was a wholly owned subsidiary of the Company, together with the subsidiaries of Datong and Xingao (collectively referred to as the "Disposal Group") and the amount due from the Disposal Group of HK\$205,000,000 to the Disposal Purchaser (the "Disposal of Loan") during the year ended 31 December 2016. Total consideration for the Disposal of Subsidiaries and the Disposal of Loan is HK\$797,967,000, among which the consideration for the Disposal of Subsidiaries amounting to HK\$592,967,000 was settled in cash and the consideration for the Disposal of Loan amounting to HK\$205,000,000 was settled by offsetting against dividends payable to the Disposal Purchaser (note 24(b)).

The Disposal Group is principally engaged in (i) trading of fishmeal; (ii) property investment in Hong Kong; (iii) provision for agency services; and (iv) investment in financial assets. The above disposals were completed on 15 June 2016. The consolidated results of the Disposal Group for the period from 1 January 2016 to 15 June 2016 have been presented as discontinued operations in the consolidated financial statements in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* and the comparative figures of the consolidated statement of profit or loss and corresponding notes have been restated to show the discontinued operations separately from continuing operations.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

10. DISCONTINUED OPERATIONS (continued)

(a) Results of discontinued operations:

	From 1 January to 15 June 2016 HK\$'000	2015 HK\$'000
Revenue	493,901	1,171,540
Cost of sales	(473,728)	(1,117,379)
Valuation loss on investment properties	(2,400)	(44,270)
Other net expenses	(23,200)	(41,390)
Finance costs	(739)	(1,670)
Loss from operations	(6,166)	(33,169)
Income tax	(1,041)	(2,284)
Net loss from operations (note)	(7,207)	(35,453)
Gain on disposal of subsidiaries (note 10(c))	52,683	—
Profit/(loss) for the year from discontinued operations	45,476	(35,453)
Basic and diluted earnings/(loss) per share (HK cents)	17.38	(13.55)

Note: Net loss from operations included management fee paid by the Disposal Group to the Company.

The calculation of basic earnings per share from discontinued operations of HK17.38 cents (2015: loss per share of HK13.55 cents), is based on the profit for the year from discontinued operations attributable to the equity shareholders of the Company of HK\$45,476,000 (2015: loss of HK\$35,453,000) and the weighted average number of ordinary shares for basic earnings per share as disclosed in note 11.

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

(b) Cash flows generated from discontinued operations:

	From 1 January to 15 June 2016 HK\$'000	2015 HK\$'000
Net cash used in operating activities	(309,884)	(131,707)
Net cash generated from investing activities	599,384	226,565
Net cash generated from/(used in) financing activities	73,463	(93,975)
Net cash flows generated from discontinued operations for the year	362,963	883

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

10. DISCONTINUED OPERATIONS (continued)

(c) Net assets disposed of as at the disposal date:

	As at the date of the disposal HK\$'000
ASSETS	
Non-current assets	
Investment properties (note 12)	500,700
Property, plant and equipment (note 13)	44,939
Available-for-sale financial assets	12,325
Trade and other receivables, prepayments and deposits	28,805
	586,769
Current assets	
Inventories	33,694
Trade and other receivables, prepayments and deposits	101,962
Financial assets at fair value through profit or loss	37,205
Available-for-sale financial assets	27,300
Tax recoverable	406
Restricted bank deposit	15,915
Bank balances and cash	149,321
	365,803
LIABILITIES	
Current liabilities	
Trade and bills payables, other payables and accrued expenses	(42,591)
Rental deposits received	(2,389)
Amount due to the Company	(205,000)
Borrowings	(71,196)
Tax payable	(1,035)
	(322,211)
Non-current liabilities	
Rental deposits received	(2,041)
Borrowings	(82,144)
Deferred tax liabilities (note 23)	(2,397)
	(86,582)
Net assets disposed of	543,779
Total cash consideration	592,967
Net assets disposed of	(543,779)
Transaction costs incurred for disposal	(5,762)
Reserves attributable to the disposal Group recycled to profit or loss upon disposal	9,257
	52,683
Gain on disposal of subsidiaries (note 10(a))	52,683
Cash flows	
Cash consideration received	592,967
Bank balances and cash disposed of	(149,321)
	443,646
Net cash inflows	443,646

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(Expressed in Hong Kong dollars unless otherwise indicated)

11. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the following profit/(loss) attributable to ordinary equity shareholders of the Company and the weighted average number of ordinary shares in issue during the year.

	2016			2015		
	Continuing operations HK\$'000	Discontinued operations HK\$'000	Total HK\$'000	Continuing operations HK\$'000	Discontinued operations HK\$'000	Total HK\$'000
Profit/(loss) for the year attributable to equity shareholders of the Company	14,214	45,476	59,690	37,107	(35,453)	1,654
				Number of shares		
				2016		2015
Weighted average number of ordinary shares in issue during the year				261,684,910		261,684,910

For the years ended 31 December 2016 and 2015, basic and diluted earnings per share for continuing and discontinued operations are equal as there were no potential dilutive ordinary shares in issue.

12. INVESTMENT PROPERTIES

	2016 HK\$'000	2015 HK\$'000
Fair value		
At 1 January	982,658	1,022,169
Exchange realignment	(26,399)	(23,515)
Changes in fair value of:		
— Investment properties held by the Disposal Group	(2,400)	(44,270)
— Investment properties held by the remaining subsidiaries of the Group	12,023	28,274
Disposal of subsidiaries (note 10(c))	(500,700)	—
At 31 December	465,182	982,658

The Group's investment properties are measured using the fair value model and are leased to third parties under operating leases to earn rental income.

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(Expressed in Hong Kong dollars unless otherwise indicated)

12. INVESTMENT PROPERTIES (continued)

(a) The analysis of carrying amount of Group's investment properties is as follows:

	2016 HK\$'000	2015 HK\$'000
Properties situated in Hong Kong under:		
— Long-term lease	—	445,600
— Medium-term lease	—	57,500
	—	503,100
Properties situated outside Hong Kong under:		
— Long-term lease	291,090	297,050
— Medium-term lease	174,092	182,508
	465,182	479,558
	465,182	982,658

(b) Fair value measurement of investment properties

Fair value hierarchy

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

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

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

12. INVESTMENT PROPERTIES (continued)

(b) Fair value measurement of investment properties (continued)

The following table reconciles the recurring fair value measurement of investment properties using significant unobservable inputs (Level 3):

	Shops in Hong Kong HK\$'000	Apartments in Hong Kong HK\$'000	Car park space in Hong Kong HK\$'000	Properties in Shanghai HK\$'000	Total HK\$'000
At January 2015	480,200	65,900	1,270	474,799	1,022,169
Exchange realignment	—	—	—	(23,515)	(23,515)
Net gain from fair value measurement — Included in "net valuation gain on investment properties"	(35,900)	(8,400)	30	28,274	(15,996)
At 31 December 2015 and 1 January 2016	444,300	57,500	1,300	479,558	982,658
Exchange realignment	—	—	—	(26,399)	(26,399)
Net gain from fair value measurement — Included in "net valuation gain on investment properties"	(2,400)	—	—	12,023	9,623
Disposal of subsidiaries	(441,900)	(57,500)	(1,300)	—	(500,700)
At 31 December 2016	—	—	—	465,182	465,182

At 31 December 2016, none of the Group's investment properties measured at fair value are categorised as Level 1 and Level 2 valuations (2015: nil).

During the years ended 31 December 2016, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2015: nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

12. INVESTMENT PROPERTIES (continued)

(b) Fair value measurement of investment properties (continued)

Valuation process

The Group's investment properties were revalued at 31 December 2016 and 2015 by Asset Appraisal Limited, an independent firm of professional surveyors who have among their staff Members of The Hong Kong Institute of Surveyors with experience in HK and the PRC and category of property being valued.

The Group's management has reviewed the valuation results performed by the surveyors for financial reporting purposes by verifying all major inputs and assumptions, and assessing the reasonableness of property valuation.

Valuation methodologies

The valuations of investment properties in Hong Kong and Shanghai were based on income capitalisation approach which capitalised the net income of the properties and taking into account the reversionary income potential of the properties after expiry of the current lease.

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised based on the degree to which the inputs to the fair value measurements is observable.

As at 31 December 2016

Properties	Location	Valuation technique	Fair value hierarchy	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Apartment, shops and car park spaces	Shanghai, the PRC	Income capitalisation approach	Level 3	Monthly rent	For apartments and shops: RMB66.37 to RMB215.61 per square metre ("sq. m.") For car park space: RMB600 per month per unit	The higher the monthly rent, the higher the fair value
				Market yield	3.00% to 5.00%	The higher the market yield, the lower the fair value
				Term yield	1.95% to 5.46%	The higher the term yield, the lower the fair value
				Reversionary yield	3.50% to 5.50%	The higher the reversionary yield, the lower the fair value

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

12. INVESTMENT PROPERTIES (continued)

(b) Fair value measurement of investment properties (continued)

As at 31 December 2015

Properties	Location	Valuation technique	Fair value hierarchy	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Shops, apartments and car park space	Hong Kong	Income capitalisation approach	Level 3	Monthly rent	For shops: HK\$198.26 to HK\$896.86 per square foot ("sq.ft.") For apartments: HK\$52.84 per sq.ft. For car park space: HK\$4,117 per month per unit	The higher the monthly rent, the higher the fair value
				Market yield	2.00% to 2.50%	The higher the market yield, the lower the fair value
				Term yield	2.48% to 5.46%	The higher the term yield, the lower the fair value
				Reversionary yield	2.50% to 3.00%	The higher the reversionary yield, the lower the fair value
Apartment, shops and car park spaces	Shanghai, the PRC	Income capitalisation approach	Level 3	Monthly rent	For apartments and shops: RMB52.51 to RMB226.26 per sq. m. For car park spaces: RMB825 per month per unit	The higher the monthly rent, the higher the fair value
				Market yield	3.00% to 5.00%	The higher the market yield, the lower the fair value
				Term yield	2.00% to 5.40%	The higher the term yield, the lower the fair value
				Reversionary yield	3.50% to 5.50%	The higher the reversionary yield, the lower the fair value

The fair value measurement is based on the highest and best use of the investment properties, which does not differ from their actual use.

As at 31 December 2015, certain investment properties with an aggregate carrying amount of HK\$798,850,000 are pledged to secure banking facilities granted to the Group (note 27).

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land HK\$'000	Buildings HK\$'000	Leasehold improvements HK\$'000	Motor vehicles HK\$'000	Furniture, fixtures and office equipment HK\$'000	Total HK\$'000
Cost						
At 1 January 2015	38,216	9,577	14,974	2,272	7,167	72,206
Exchange realignment	—	(157)	(70)	(46)	(108)	(381)
Additions	—	—	1,960	1,315	195	3,470
Disposals/write-off	—	—	(5,137)	(1,362)	(2,505)	(9,004)
At 31 December 2015	38,216	9,420	11,727	2,179	4,749	66,291
At 1 January 2016	38,216	9,420	11,727	2,179	4,749	66,291
Exchange realignment	—	(170)	(13)	(9)	(47)	(239)
Additions	—	—	1,118	763	1,227	3,108
Transfer to properties held for sale (note 16)	—	(2,978)	—	—	—	(2,978)
Disposal of subsidiaries (note 10(c))	(38,216)	(6,272)	(11,501)	(2,137)	(3,472)	(61,598)
At 31 December 2016	—	—	1,331	796	2,457	4,584
Accumulated depreciation						
At 1 January 2015	2,149	1,870	11,781	1,835	6,560	24,195
Exchange realignment	—	(64)	(67)	(1)	(102)	(234)
Charge for the year	319	222	1,281	187	298	2,307
Write back on disposal/write-off	—	—	(5,059)	(979)	(2,217)	(8,255)
At 31 December 2015	2,468	2,028	7,936	1,042	4,539	18,013
At 1 January 2016	2,468	2,028	7,936	1,042	4,539	18,013
Exchange realignment	—	(92)	(13)	27	(34)	(112)
Charge for the year	133	128	703	193	226	1,383
Transfer to properties held for sale (note 16)	—	(784)	—	—	—	(784)
Disposal of subsidiaries (note 10(c))	(2,601)	(1,280)	(8,320)	(1,150)	(3,308)	(16,659)
At 31 December 2016	—	—	306	112	1,423	1,841
Net book value						
At 31 December 2016	—	—	1,025	684	1,034	2,743
At 31 December 2015	35,748	7,392	3,791	1,137	210	48,278

As at 31 December 2016, certain leasehold land and buildings with an aggregate carrying amount of HK\$nil (2015: HK\$40,804,000) are pledged to secure banking facilities granted to the Group (note 27).

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

14. PREPAID LEASE PAYMENTS FOR LAND

	2016 HK\$'000	2015 HK\$'000
Carrying amount at 1 January	263	267
Amortisation for the year (note 7(c))	(4)	(4)
Transfer to properties held for sales (note 16)	(259)	—
Carrying amount at 31 December	—	263

The Group's prepaid lease payments for land comprise:

	2016 HK\$'000	2015 HK\$'000
Leasehold land in the PRC held under		
— Long-term lease	—	263
Analysed for reporting purposes as:		
— Non-current asset	—	259
— Current asset	—	4
	—	263

15. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2016 HK\$'000	2015 HK\$'000
Club debentures stated at fair value	—	1,896
Unlisted investment stated at cost	—	27,300
Unlisted equity securities stated at cost	—	10,530
	—	39,726

All available-for-sale financial assets held as at 31 December 2015 have been disposed during 2016 (note 10).

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

16. PROPERTIES HELD FOR SALE

	2016 HK\$'000	2015 HK\$'000
Properties held for sale		
— prepaid lease payments for land	5,346	5,655
— buildings	11,320	12,439
Transfer from prepaid lease payments for land (note 14)	259	—
Transfer from property, plant and equipment (note 13)	2,194	—
	19,119	18,094

The carrying amounts of prepaid lease payments for land of HK\$5,605,000 (2015: HK\$5,655,000) included in properties held for sale represent interest in land held by the Group under long-term lease.

During the year ended 31 December 2016, the Group transferred buildings and prepaid lease payments for land with carrying amount of HK\$2,194,000 and HK\$259,000 respectively, from property, plant and equipment to properties held for sale as management confirmed the change in use.

17. INVENTORIES

	2016 HK\$'000	2015 HK\$'000
Fishmeal trading merchandises	—	70,314

18. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2016 HK\$'000	2015 HK\$'000
Trade and bills receivables, net (note (a))	3,627	117,610
Prepayments, deposits and other receivables, net (note (d))	4,407	77,563
Carrying amount at 31 December	8,034	195,173
Less: Current portion	(7,666)	(163,380)
Non-current portion	368	31,793

Apart from the balance of non-current portion expected to be recovered or recognised as expense after more than one year, all other trade and other receivables, prepayments and deposits are expected to be recovered or recognised as expense within one year.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

18. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS (continued)

(a) Trade and bills receivables

	2016 HK\$'000	2015 HK\$'000
Trade and bills receivables	3,726	128,816
Less: Allowance for doubtful debts (note 18(b))	(99)	(11,206)
Trade and bills receivables, net	3,627	117,610

No bills receivables were outstanding as at 31 December 2016 (31 December 2015: HK\$56,842,000). As at 31 December 2015, the Group's bills receivables are on sight letter of credit, usance letter of credit up to a tenor of 180 days and bank's acceptance bills up to a tenor of 30 to 60 days. For trade and other receivables, rents from leasing of investment properties are normally received in advance without credit terms to tenants. The Group allows a credit period ranging from 30 to 90 days (2015: 30 to 90 days) to customers for the trading of fishmeal. Before accepting any new customer, the Group carries out research on the creditability of the new customer and assesses the potential customer's credit quality and sets credit limits by customer. Credit limits assigned to customers are reviewed once a year.

None of the Group's bills receivables as at 31 December 2015 have been discounted to financial institutions.

The ageing analysis of trade and bills receivables (net of allowance for doubtful debts), based on invoice dates, as of the end of the reporting period is as follows:

	2016 HK\$'000	2015 HK\$'000
0–30 days	1,750	66,092
31–60 days	1,425	8,296
61–90 days	449	167
91–120 days	3	14,087
Over 120 days	—	28,968
	3,627	117,610

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

18. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS (continued)

(b) Impairment of trade and other receivables

Impairment losses in respect of trade debtors and bills receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors and bills receivables directly (see note 2(i)(i)).

The movement in the allowance for doubtful debts is as follows:

	Trade and bills receivables		Other receivables	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Balance at 1 January	11,206	2,170	4,171	572
Provision for impairment loss	468	9,446	67	3,751
Disposal of subsidiaries	(11,482)	—	(4,205)	—
Exchange realignment	(93)	(410)	(33)	(152)
Balance at 31 December	99	11,206	—	4,171

At 31 December 2016, trade and other receivables of HK\$99,000 (2015: HK\$44,642,000) were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties. Consequently, specific allowance for doubtful debts of trade receivables of HK\$99,000 (2015: HK\$11,206,000) and other receivables of HK\$nil (2015: HK\$4,171,000) were recognised.

Included in trade receivables and other receivables as at 31 December 2015 are gross carrying amounts of HK\$31,194,000 and HK\$12,582,000 respectively, due from a customer of general trading segment, Guangzhou Jinhe Feed Company Limited ("Jinhe"). These receivables are past due as at the reporting date and impairment loss amounting to HK\$14,511,000 in aggregate has been provided for these balances. The Group holds a guarantee from Mr. Huang Xianning (the "Guarantor") who pledged all his rights and interests in a property investment project (the "Investment Project") to secure the receivables from Jinhe (the "Collateral Arrangement"). During the year ended 31 December 2016, all trade and other receivables due from customers of fishmeal trading business have been disposed (note 10).

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

18. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS (continued)

(c) Trade and bills receivables that are not impaired

The ageing analysis of trade and bills receivables which are not impaired is as follows:

	2016 HK\$'000	2015 HK\$'000
Neither past due nor impaired	—	95,452
Less than 30 days past due	1,750	203
31 to 60 days past due	1,425	932
61 to 90 days past due	449	167
91 to 120 days past due	3	—
Over 120 days past due	—	20,856
	3,627	117,610

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

At 31 December 2016, receivables that were past due but not impaired mainly relate to tenants that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. At 31 December 2015, receivables that were past due but not impaired mainly relate to Jinhe as disclosed in note 18(b).

(d) Prepayments, deposits and other receivables

	2016 HK\$'000	2015 HK\$'000
Prepayments and deposits	793	1,614
Other receivables	3,614	80,120
	4,407	81,734
Less: Allowance for doubtful debts (note 18(b))	—	(4,171)
	4,407	77,563

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2016 HK\$'000	2015 HK\$'000
Debt securities held for trading, at fair value		
— Listed in Hong Kong	—	191,043
— Listed outside Hong Kong	—	7,729
	—	198,772

During the year ended 31 December 2016, all financial assets at fair value through profit or loss have been disposed (note 10).

20. RESTRICTED BANK DEPOSITS/BANK BALANCES AND CASH

(a) Restricted bank deposits

Restricted bank deposits as at 31 December 2015 represented a time deposit with original maturity of one year up to November 2016 and carried fixed interest rate at 2% per annum. Together with the disposal of subsidiaries as disclosed in note 10, all restricted bank deposits have been disposed.

(b) Bank balances and cash

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. Cash at banks earned interest at floating rates based on daily bank deposit rates. Short-term bank deposits earn market interest rates ranging from 0.02% to 0.1% (2015: 0.01% to 0.79%) per annum.

Included in bank deposits, bank balances and cash of the Group, HK\$19,013,000 (2015: HK\$52,581,000) are denominated in RMB and deposited with banks in the PRC. RMB is not freely convertible into other currencies.

21. TRADE AND BILLS PAYABLES

The ageing analysis of trade and bills payables, based on invoice dates, as at the end of the reporting period is as follows:

	2016 HK\$'000	2015 HK\$'000
0–30 days	—	40,160
31–60 days	—	156
Over 120 days	—	2,448
	—	42,764

In respect of trade payables, the average credit period was 30 days before the disposal of subsidiaries (2015: 30 days).

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

22. BORROWINGS

At 31 December 2016, the Group has no outstanding bank loan.

	2016 HK\$'000	2015 HK\$'000
Within one year	—	18,652
More than one year, but not exceeding two years	—	15,525
More than two years, but not exceeding five years	—	44,098
More than five years	—	36,018
		114,293
Less: Current portion	—	(18,652)
Non-current portion	—	95,641

During the year ended 31 December 2016, all bank loans have been settled or disposed of through the disposal of subsidiaries as disclosed in note 10.

As at 31 December 2015, the Group's borrowings were secured by certain investment properties and land and buildings with further details in note 27.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

23. DEFERRED TAXATION

The following are the components of deferred tax liabilities/(assets) recognised by the Group and movements thereon during the two years ended 31 December 2016 and 2015:

	Accelerated tax depreciation HK\$'000	Revaluation of investment properties HK\$'000	Tax losses HK\$'000	Total HK\$'000
At 1 January 2015	11,557	51,606	(93)	63,070
Exchange realignment	(487)	(2,623)	—	(3,110)
Charged/(credited) to profit or loss				
— For continuing operations	1,277	5,077	—	6,354
— For discontinued operations	353	—	(82)	271
At 31 December 2015 and 1 January 2016	12,700	54,060	(175)	66,585
Exchange realignment	(557)	(2,979)	—	(3,536)
Charged/(credited) to profit or loss				
— For continuing operations	344	1,430	—	1,774
— For discontinued operations	41	—	(14)	27
Disposal of subsidiaries (note 10(c))	(2,586)	—	189	(2,397)
At 31 December 2016	9,942	52,511	—	62,453
			2016 HK\$'000	2015 HK\$'000
Represented by:				
Deferred tax liabilities			62,453	67,037
Deferred tax assets			—	(452)
Deferred taxation			62,453	66,585

As at 31 December 2016, the Group has unused tax losses of HK\$14,182,000 (2015: HK\$16,281,000) available for offset against future profits. A deferred tax asset of approximately HK\$nil (2015: HK\$175,000) has been recognised in respect of approximately HK\$nil (2015: HK\$2,739,000) of such losses. No deferred tax asset has been recognised in respect of the remaining tax losses of HK\$14,182,000 (2015: HK\$13,542,000) due to the unpredictability of future profit streams. Losses amounting to HK\$nil (2015: HK\$2,228,000) will expire from 2017 to 2021 (2015: 2016 to 2020) and losses amounting to HK\$14,182,000 (2015: HK\$14,053,000) have no expiry date.

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of certain PRC subsidiaries amounting to HK\$1,754,000 (2015: HK\$1,406,000) as the Group is able to control the timing of the reversal of the temporary differences and it is not probable that these subsidiaries will distribute such profits in foreseeable future.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

24. CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

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

(b) Dividends

The Board does not recommend the payment of a final dividend for the years ended 31 December 2016 and 2015. The 2014 final dividend of HK12.00 cents per ordinary share amounting to HK\$31,402,000 has been approved by the shareholders in the 2015 annual general meeting held on 20 May 2015.

	2016 HK\$'000	2015 HK\$'000
Final dividend in respect of previous financial year, approved and paid during the year: 2015 final dividend of HK\$nil (2015: 2014 final dividend of HK12.00 cents) per ordinary share (note 24(d))	—	31,402
Special dividends approved in respect of the current year (note) & (note 24(d))	1,127,339	—

Note: A first special dividend of HK\$1.223 per share (amounting to approximately HK\$320,041,000) and a second special dividend of HK\$3.085 per share (amounting to approximately HK\$807,298,000) were approved at the extraordinary general meeting of the Company held on 31 May 2016, and paid on 13 June 2016 in cash of HK\$320,041,000 and on 22 June 2016 in cash of HK\$602,298,000, respectively. The amount of HK\$205,000,000 was offset against the consideration for the Disposal of Loan as agreed between the Company and the Disposal Purchaser (note 10).

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

24. CAPITAL, RESERVES AND DIVIDENDS *(continued)*

(c) Nature and purpose of reserves

(i) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 2(s).

(ii) Properties revaluation reserve

The property revaluation reserve relates to land and buildings. Where land and buildings are reclassified to investment properties, the properties are revalued at the date of transfer and any resulting increase in carrying value is included in the properties revaluation reserve. Upon the retirement or disposal of the relevant property, any related revaluation surplus is transferred from properties revaluation reserve to retained profits.

(iii) Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale securities held at the end of the reporting period and is dealt with in accordance with the accounting policies set out in note 2(e).

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

24. CAPITAL, RESERVES AND DIVIDENDS (continued)

(d) Movements in the Company's reserves

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of changes in the Company's reserves between the beginning and the end of the year are set out below:

	Retained profits HK\$'000
At 1 January 2015	484,180
Profit for the year	292,831
Dividends approved in respect of the previous year (note 24(b))	(31,402)
At 31 December 2015 and 1 January 2016	745,609
Profit for the year	578,446
Special dividends approved in respect of the current year (note 24(b))	(1,127,339)
At 31 December 2016	196,716

Share options

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include any employee (whether full time or part time employee) or executive director of the Company or any of its subsidiaries or any invested entity (any entity in which the Group holds any equity interest); any non-executive director (including independent non-executive directors) of the Company, any of its subsidiaries or any invested entity of the Company; any supplier of goods or services to any member of the Group or any invested entity; any customer of the Group or any invested entity; any person or entity that provides research, development, or other technological support to the Group or any invested entity; and any shareholder of any member of the Group or any invested entity or any holder of securities issued by any member of the Group or any invested entity. The Scheme was adopted and approved by the shareholders of the Company on 14 May 2010 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The total number of ordinary shares which may be issued upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company (the "Limit") must not in aggregate exceed 26,168,491 shares, representing 10% of the ordinary shares of the Company in issue as at the date of this annual report. The maximum number of shares issued and to be issued upon exercise of the share options granted to each eligible participant in the Scheme (including exercised, cancelled and outstanding options) within any 12-month period is limited to 1% of the shares of the Company in issue. Any further grant of share options in the 12-month period up to and including the date of such further grant in excess of this Limit is subject to shareholders' approval in a general meeting.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

24. CAPITAL, RESERVES AND DIVIDENDS (continued)

(d) Movements in the Company's reserves (continued)

Share options (continued)

Each grant of share options to a director, chief executive or substantial shareholder of the Company, or to any of their respective associates, is subject to approval in advance by the independent non-executive directors, other than an independent non-executive director who is proposed to be a grantee. In addition, any grant of share options to a substantial shareholder or an independent non-executive director of the Company, or to any of their respective associates, which would result in the shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in a 12-month period up to and including the date of such grant in excess of 0.1% of the shares of the Company in issue and with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK\$5 million, is subject to shareholders' approval in advance in a general meeting of the Company.

The offer of a grant of share options may be accepted within 28 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determined by the board of directors, save that such a period shall not be more than 10 years from the date of offer of the share options subject to the provisions for early termination as set out in the Scheme. Unless otherwise determined by the board of directors at its sole discretion, there is no requirement of minimum period for which an option must be held or a performance target which must be achieved before an option can be exercised.

The exercise price of the share options is determinable by the board of directors, but shall not be less than the highest of:

- (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of offer of the share options which must be a trading day;
- (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of offer; and
- (iii) the nominal value of the Company's shares.

No share options have been granted under the Scheme since its adoption.

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25. OPERATING LEASE ARRANGEMENTS

As lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2016 HK\$'000	2015 HK\$'000
Within one year	1,768	2,570
In the second to fifth year inclusive	1,671	186
	3,439	2,756

Operating lease payments represent rental payable by the Group for certain land and buildings. Leases for these land and buildings are negotiated for terms of one to five (2015: one to two) years with fixed rentals.

As lessor

The Group leases its investment properties and at the end of the reporting period, the Group had contracted with tenants for the following future minimum lease receivable under non-cancellable operating leases in respect of rented premises which fall due as follows:

	2016 HK\$'000	2015 HK\$'000
Within one year	16,820	32,755
In the second to fifth year inclusive	32,240	61,633
Over five years	15,528	22,593
	64,588	116,981

Leases are negotiated for an average term ranging from one to ten (2015: one to ten) years with fixed rentals over the terms of the leases. Certain leases are negotiated with escalating rentals over the terms of the leases.

26. CAPITAL COMMITMENTS

	2016 HK\$'000	2015 HK\$'000
Commitments for the acquisition of property, plant and equipment	—	462

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

27. PLEDGE OF ASSETS

At 31 December 2016 and 2015, the Group has pledged the following assets and assigned rental income from letting of properties in favour of banks and financial institutions to secure for borrowings and banking facilities:

	2016 HK\$'000	2015 HK\$'000
Investment properties (note 12)	—	798,850
Leasehold land and buildings (note 13)	—	40,804

28. INTERESTS IN SUBSIDIARIES

	2016 HK\$'000	2015 HK\$'000
Unlisted shares, at cost	80,079	127,423
Less: Impairment losses recognised	—	(18,987)
	80,079	108,436

The Company disposed of certain subsidiaries and the related provisions of impairment during the year ended 31 December 2016 (note 10). As at 31 December 2016, the directors of the Company concluded that the investments are fully recoverable.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

28. INTERESTS IN SUBSIDIARIES (continued)

Particulars of the subsidiaries at 31 December 2016 and 2015 are as follows:

Name of company	Place/country of incorporation/ operations	Issued share capital	Percentage of issued share capital held by the Company		Principal activities
			2016	2015	
<i>Held directly:</i>					
Adamgate Limited	British Virgin Islands	1 ordinary share of US\$1	100%	100%	Investment holding
Dajen Properties Limited (i)	British Virgin Islands	1 ordinary share of US\$1	—	100%	Investment holding
Datong Global Holdings Limited (i)	British Virgin Islands	1 ordinary share of US\$1	—	100%	Investment holding
G.C. Luckmate Trading (China) Limited (i)	Hong Kong	Ordinary shares of HK\$2	—	100%	Animal feed trading
G C Nominees Limited (i)	Hong Kong	Ordinary shares of HK\$100	—	100%	Investment holding
Halesite Limited (i)	Hong Kong	Ordinary shares of HK\$4,000,000	—	100%	Property investment
Poppins Properties Limited	British Virgin Islands	55,603 ordinary shares of US\$1 each	100%	100%	Investment holding
Sunison Development Limited (i)	Hong Kong	Ordinary shares of HK\$100	—	100%	Investment holding
Tai Loy Trading Company Limited (i)	Hong Kong	Ordinary shares of HK\$43,344,000	—	100%	Investment holding
Treasure Jubilee Limited (i)	British Virgin Islands	1 ordinary share of US\$1 each	—	100%	Investment holding
Xingao Limited (i)	British Virgin Islands	1 ordinary share of US\$1 each	—	100%	Investment holding
<i>Held indirectly:</i>					
Capital Head Investment Limited	Hong Kong	Ordinary shares of HK\$2	100%	100%	Property investment in Shanghai, China
Concord Trinity Development Limited	Hong Kong	Ordinary shares of HK\$2 and non-voting deferred shares of HK\$2 (iii)	100%	100%	Property investment in Shanghai, China
G.C. Luckmate Trading Limited (i)	Hong Kong	Ordinary shares of HK\$4,000,000	—	100%	Animal feed trading
G.C. Luckmate Trading (Asia) Limited (i)	Hong Kong	Ordinary shares of HK\$2	—	100%	Animal feed trading
G.C. Luckmate Trading (International) Limited (i)	Hong Kong	Ordinary shares of HK\$2	—	100%	Animal feed trading
Glory South Investment Limited	Hong Kong	Ordinary shares of HK\$2	100%	100%	Property investment

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

28. INTERESTS IN SUBSIDIARIES (continued)

Name of company	Place/country of incorporation/ operations	Issued share capital	Percentage of issued share capital held by the Company		Principal activities
			2016	2015	
<i>Held indirectly: (continued)</i>					
Great China Commodities Limited (i)	British Virgin Islands	10,000 ordinary shares of US\$1 each	—	100%	Investment holding
Haode Property Management (Shanghai) Company Limited (i)(ii) 豪德物業管理（上海）有限公司	PRC	Registered capital of US\$500,000	—	100%	Real estate agent in Shanghai, China
Honour Alliance Development Limited (i)	Hong Kong	Ordinary shares of HK\$100	—	100%	Property investment
Jasmine Ocean Limited (i)	British Virgin Islands	1 ordinary share of US\$1	—	100%	Ship chartering
Jelson Enterprises Limited	Hong Kong	Ordinary shares of HK\$2 and non-voting deferred shares of HK\$2 (iii)	100%	100%	Property investment in Shanghai, China
Morning Sky Holdings Limited (i)	British Virgin Islands	1 ordinary share of US\$1	—	100%	Investment holding
Silver Regent Development Limited (i)	Hong Kong	Ordinary shares of HK\$100	—	100%	Property investment
Shanghai Yujing Trading Co., Ltd (i)(ii) 上海裕景貿易有限公司	PRC	Registered capital of RMB3,000,000	—	100%	Animal feed trading
Poppins Properties (Shanghai) Co., Ltd (ii) 博平置業（上海）有限公司	PRC	Registered capital of US\$8,460,000	100%	100%	Property investment in Shanghai, China
Shanghai Zenith Trading Co., Ltd (i)(ii) 上海澤尼貿易有限公司	PRC	Registered capital of US\$150,000	—	100%	Animal feed trading

Notes:

- (i) As disclosed in note 10, these entities have been disposed in the year ended 31 December 2016.
- (ii) These companies are wholly foreign owned enterprises. The English translation of these companies' names is for reference only. The official names of these companies are in Chinese.
- (iii) The deferred shares, which are not held by the Group, carry practically no rights to dividends nor to receive notice of nor to attend or vote at any general meeting of the relevant companies nor to participate in any distribution on winding up.
- (iv) None of the subsidiaries had any debt security outstanding at the end of the year or at any time during the year (2015: nil).

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

29. RELATED PARTY TRANSACTIONS

(a) Key management personal remuneration

Save as disclosed elsewhere in these consolidated financial statements, the Group had the following material transactions with related parties:

Key management compensation, representing directors' remuneration as disclosed in note 9, is as follows:

	2016 HK\$'000	2015 HK\$'000
Fees	1,768	720
Salaries and other benefits	5,267	9,754
Discretionary performance bonus	2,402	—
Retirement benefit costs — defined contribution plans	27	44
	9,464	10,518

Total remuneration is included in "staff costs" (see note 7(b)).

(b) Other related party transactions

During the year, the Group entered into transactions with the following related party.

Name of party	Relationship
Sky Fortune Boutique Hotel Shanghai	A company controlled by the ultimate controlling party

(i) Significant related party transactions

Particulars of significant transactions between the Group and the above related party during the years are as follows:

	2016 HK\$'000	2015 HK\$'000
Office rental expense	175	—
Staff messing and accommodation expenses	90	—

(ii) Balance with a related party

As at the end of the year, the Group had the following balance with a related party.

	2016 HK\$'000	2015 HK\$'000
Amount due to a related party (note)	30	—

Note: The amount is included in other payables and accrued expenses.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

30. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings as disclosed in note 22 and equity attributable to owners of the Company, comprising issued capital and reserves as disclosed in note 24 and consolidated statement of changes in equity.

The directors of the Company review the capital structure periodically. As a part of this review, the directors of the Company prepare the annual budget taking into account of the available sources of funding. Based on the proposed annual budget, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt, if necessary.

The capital-to-overall financing ratio at reporting date was as follows:

	2016 HK\$'000	2015 HK\$'000
Capital		
Total equity	431,465	1,535,565
Overall financing		
Borrowings	—	114,293
Capital-to-overall financing ratio	N/A	13.44

The Group's overall strategy remains unchanged during year 2015 and 2016.

31. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The following table shows the carrying amounts of financial assets and financial liabilities:

	2016 HK\$'000	2015 HK\$'000
Financial assets		
Financial assets at fair value through profit or loss		
— Held for trading	—	198,772
Loans and receivables (including bank deposits and cash at banks)	32,959	450,334
Available-for-sale financial assets	—	39,726
Financial liabilities		
Financial liabilities at amortised cost	6,503	196,572

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

31. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY (continued)

(a) Financial instruments not measured at fair value

Financial instruments not measured at fair value include trade and other receivables, bank deposits, bank balances and cash, certain available-for-sale financial assets stated at costs, trade and bills payables, other payables and accrued expenses, rental deposits received and borrowings.

Due to their short-term nature, the carrying values of the above financial instruments excluding those borrowings and rental deposits received which are classified as non-current liabilities approximate their fair values.

The fair values of those borrowings and rental deposits received which are classified as non-current liabilities have been determined by using discounted cash flow models and is classified as Level 3 in the fair value hierarchy. Significant inputs include the discount rate used to reflect the credit risks of the Group as well as the borrowers. In the opinion of the directors, the carrying values of the Group's borrowings and rental deposits received which are classified as non-current liabilities approximate their fair values.

(b) Financial instruments measured at fair value

Certain of the Group's financial assets and financial liabilities are measured at fair value at the end of the reporting period. The fair value of these financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets including OTC are determined with reference to quoted market prices;
- the fair value of derivative financial instruments which are not quoted in active market are determined in accordance with generally accepted pricing model based on discounted cash flow analysis using inputs from observable current market transactions and dealer quotes for similar instruments.

The following table provides an analysis of financial instruments that are measured subsequently to initial recognition at fair value by level of hierarchy:

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

31. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY (continued)

(b) Financial instruments measured at fair value (continued)

At 31 December 2016, the Group did not have any financial assets or liabilities measured at fair value.

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

During the year ended 31 December 2016, there were no transfers between Level 1 and Level 2, or transfer into or out of Level 3 (2015: nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

32. FINANCIAL RISK MANAGEMENT

(a) Financial risk management objectives

The management monitors and manages the financial risks arising from financial instruments entered into in the normal course of operations and in its investment activities through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures.

(b) Foreign currency risk

Before the disposal of subsidiaries as disclosed in note 10, several subsidiaries of the Company have foreign currency sales and purchases as well as investments denominated in foreign currencies, which expose the Group to foreign currency risk. After the disposal of subsidiaries, major operation of the Group is carried by the Company's subsidiaries in the PRC which are denominated in respective functional currency, and therefore the Group is not exposed to material foreign currency risk at 31 December 2016.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

32. FINANCIAL RISK MANAGEMENT (continued)

(b) Foreign currency risk (continued)

At 31 December 2015, certain bills receivables, investment in equity and debt securities, bank balances, other payables and borrowings of the Group are denominated in currencies other than the functional currency of the Group entities. The currencies giving rise to this risk mainly include HK\$, USD and RMB. As HK\$ is pegged to USD, exposure in respect of these currencies is considered insignificant. The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities in net position (excluding HK\$ and USD) at the reporting date are as follows:

	2016 HK\$'000	2015 HK\$'000
Net monetary assets		
RMB	(705)	15

The sensitivity analysis is not performed for the reporting period, since the management considers the Group is not exposed to significant currency risk.

RMB is not a freely convertible currency and the PRC government may at its discretion restrict access to foreign currencies for current account transactions in the future. Changes in the foreign exchange control system may prevent the Group from satisfying sufficient foreign currency demands and the Group may not be able to pay dividends in foreign currencies to its shareholders.

(c) Interest rate risk

Non-derivative financial assets and financial liabilities

At 31 December 2015, the Group is exposed to fair value interest rate risk in relation to fixed-rate restricted bank deposit and cash flow interest rate risk in relation to variable-rate borrowings (note 22).

At 31 December 2015 and 2016, the Group is exposed to cash flow interest rate risk in relation to bank balances.

The management considers the exposure to interest rate risk in relation to bank balances is insignificant due to the low level of deposit interest rate.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

32. FINANCIAL RISK MANAGEMENT (continued)

(d) Other price risk

The Group was required to estimate the fair value of those available-for-sale financial assets carried at fair value, representing club debentures as well as the financial assets at fair value through profit or loss, representing listed or traded on OTC equity and debt securities. During the year ended 31 December 2016, all available-for-sale financial assets and financial assets at fair value through profit or loss have been disposed. The Group was only exposed to price risk arising from these financial assets at 31 December 2015.

(e) Credit risk

As at 31 December 2016 and 2015, the Group's credit risk exposure which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties mainly arise from the respective recognised financial assets as stated in the consolidated statement of financial position.

In respect of trade and bills receivables, individual credit evaluations are performed on all customers. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customers as well as pertaining to the economic environment in which the customers operate. The Group asks for rental deposits received from tenants upon entering into leasing contracts and payment for rental in advance. For customers of fishmeal trading business, the Group normally does not obtain collateral from customers.

The Group has adopted a policy of only dealing with creditworthy counterparties, as a mean of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by credit limit allowed to counterparty that are reviewed and approved by the management annually.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

32. FINANCIAL RISK MANAGEMENT (continued)

(e) Credit risk (continued)

The credit risk on bank balances is limited because the counterparties are banks with good reputation. Investment in debt or equity securities are mainly listed or traded on recognised stock exchange. Accordingly, the directors do not expect any investment counterparty to fail to meet its obligations.

The Group's concentration of credit risk by geographical locations is mainly in the PRC, which accounted for approximately 100% (2015: 100%) of the total trade and bills receivables as at 31 December 2016.

As at 31 December 2016, the maximum exposure to credit risk in respect of financial guarantees issued by the Company to secure for the facilities utilised by the subsidiaries at the end of the reporting period was HK\$nil (2015: HK\$75,282,000) which represented the maximum amount the Company could be required to pay if the guarantees were called on.

(f) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows. Before the disposal of subsidiaries, the Group also relies on bank borrowings as a significant source of liquidity. As at 31 December 2016, the Group has available unutilised overdraft and short-term bank and other loan facilities of approximately HK\$nil (2015: HK\$1,209,614,000). Details of borrowings are set out in note 22.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment dates. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks and financial institutions choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

32. FINANCIAL RISK MANAGEMENT (continued)

(f) Liquidity risk (continued)

The following tables also detail the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted contractual net cash (inflows) and outflows on derivative instruments that settle on a net basis, and the undiscounted gross (inflows) and outflows on those derivatives that required gross settlement. When the amount payable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the end of the reporting period. The liquidity analysis for the Group's derivative financial instruments are prepared based on the contractual maturities as the management consider that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

	On demand or less than						Total undiscounted cash flows	Carrying amount
	60 days	61–180 days	181–365 days	1–2 years	2–3 years	Over 3 years		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
At 31 December 2016								
<i>Non-derivative financial liabilities</i>								
Other payables and accrued expense	22,487	—	—	—	—	—	22,487	22,487
Rental deposits received	94	1,586	146	43	1,209	1,037	4,115	4,115
	22,581	1,586	146	43	1,209	1,037	26,602	26,602
	On demand or less than						Total undiscounted cash flows	Carrying amount
	60 days	61–180 days	181–365 days	1–2 years	2–3 years	Over 3 years		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
At 31 December 2015								
<i>Non-derivative financial liabilities</i>								
Trade and bills payables	42,764	—	—	—	—	—	42,764	42,764
Other payables and accrued expense	31,141	—	—	—	—	—	31,141	31,141
Borrowings	3,613	7,211	9,584	17,019	16,885	67,836	122,148	114,293
Rental deposits received	155	1,915	1,155	3,380	—	1,769	8,374	8,374
	77,673	9,126	10,739	20,399	16,885	69,605	204,427	196,572

None of the Group's borrowings as at 31 December 2015 were repayable on demand.

The amounts included above for variable-interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable-interest rates differ to those estimates of interest rates determined at the end of the reporting.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	2016 HK\$'000	2015 HK\$'000
Non-current assets			
Interests in subsidiaries	28	80,079	108,436
Property, plant and equipment		2,024	—
Trade and other receivables, prepayments and deposits		368	—
Deferred tax assets		—	2
		82,471	108,438
Current assets			
Trade and other receivables, prepayments and deposits		409	388
Amounts due from subsidiaries		300,183	834,674
Tax recoverable		269	—
Bank balances and cash		3,732	1,738
		304,593	836,800
Current liabilities			
Other payables and accrued expenses		1,964	6,568
Amounts due to subsidiaries		116,384	86,042
Borrowings		—	9,761
Tax payable		—	11
		118,348	102,382
Net current assets		186,245	734,418
Total assets less current liabilities		268,716	842,856
Non-current liabilities			
Deferred tax liabilities		147	—
Borrowings		—	25,394
		147	25,394
NET ASSETS		268,569	817,462
CAPITAL AND RESERVES			
Share capital	24(a)	71,853	71,853
Reserves	24(d)	196,716	745,609
TOTAL EQUITY		268,569	817,462

Approved and authorised for issue by the board of directors on 28 March 2017 and signed on its behalf by:

ZHOU Zheren
Director

HOU Yingxuan
Director

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

34. IMMEDIATE AND ULTIMATE CONTROLLING PARTY

Pursuant to the Sale and Purchase Agreement dated 21 January 2016, Hopevision Group Ltd., which is incorporated in the Seychelles, has completed the acquisition of all shares of the Company held by Fulcrest Limited on 15 June 2016. At 31 December 2016, the directors of the Company consider the immediate parent of the Group is Hopevision Group Ltd. and the ultimate controlling party of the Group is Mr. Jiang Tian. Hopevision Group Ltd. does not produce financial statements available for public use.

35. EVENTS AFTER THE REPORTING DATE

On 10 February 2017, the Company entered into a placing agreement, pursuant to which a maximum number of 52,300,000 shares are to be issued at HK\$1.44 per share (the "Placing"). The Company intends that the net proceeds of the Placing to be used for general working capital and/or financing future investment or new business development as and when opportunities arise. Details of the Placing are set out in the Company's announcement dated 10 February 2017.

The Placing was completed on 24 February 2017 with net proceeds from the Placing amounting to approximately HK\$74,740,000, details of which are set out in the Company's announcement dated 24 February 2017.

36. COMPARATIVE FIGURES

The comparative consolidated statement of profit or loss has been re-presented as the business of the Disposal Group (note 10) was discontinued during the year. Certain comparative figures have been re-classified to conform to the current year's presentation.

Schedule of Principal Properties

SCHEDULE OF PRINCIPAL PROPERTIES

Details of the principal investment properties and properties held for sale of the Group at 31 December 2016 are as follows:

A Investment properties

Location	Approximate net floor area (sq.ft.)	Use	Group's attributable interest	Lease term
Mainland China				
Apartment Nos. 404, 504, 604, 704 and 804 Block No. 2, Kingswell Garden Lane 3887 Hong Mei Road Changning District, Shanghai, the PRC	10,903	Residential apartments for rental	100%	Long-term lease
Commercial floor on Level 2 and 3 of Block No. 1, Kingswell Garden Lane 3887 Hong Mei Road Changning District, Shanghai, the PRC	40,734	Residential premises for rental	100%	Long-term lease
Club House on Level 4 and Car Parking Space Nos. 38, 39, 40, 41 and 60 on Basement of Block No. 1 Kingswell Garden Lane 3887 Hong Mei Road Changning District, Shanghai, the PRC	10,958 (club house)	Club house and car parking spaces for rental	100%	Long-term lease
Shopping Arcade on 1st Level (ground floor) of Block No. 1, Kingswell Garden Lane 3887 Hong Mei Road Changning District, Shanghai, the PRC	16,685	Shopping arcade for rental	100%	long-term lease
Western Portion of level 1, Western Portion of Level 2, Western Portion of Level 3 and Western Portion of Basement Levels 1–3, Merry tower No. 396 Yanan Road West and No. 168 Zhenning Road Jingan District, Shanghai, the PRC	75,722	Shopping arcade and carparks for rental	100%	Medium-term lease

Schedule of Principal Properties

SCHEDULE OF PRINCIPAL PROPERTIES *(continued)*

B Properties held for sale

Location	Approximate net floor area (sq.ft.)	Use	Group's attributable interest	Lease term
Mainland China				
Apartment G on 12th Floor, Block 5, Silver Valley Garden Haikou, Hainan, the PRC	1,162	Residential apartment for sale	100%	Medium-term lease
Units 6D, 6E, 14C, 17A, 17D, 23D, 23E, 27C, 27D and 27E, Merry Tower No. 396 Yanan Road West and No. 168 Zhenning Road Jingan District, Shanghai, the PRC	17,194	Residential apartments for sale	100%	Long-term lease

Five-year Financial Summary

	Year ended 31 December				
	2016 HK\$'000	2015 HK\$'000 (Restated)	2014 HK\$'000 (Restated)	2013 HK\$'000 (Restated)	2012 HK\$'000 (Restated)
Continuing operations					
Revenue	21,336	20,279	22,284	21,474	21,054
Profit before income tax	17,467	45,024	108,253	16,630	220,529
Income tax expense	(3,253)	(7,917)	(9,980)	(2,495)	(3,691)
Profit for the year from continuing operations	14,214	37,107	98,273	14,135	216,838
Discontinued operations:					
Profit/(loss) from discontinued operations	45,476	(35,453)	75,130	41,566	71,319
Profit for the year attributable to equity shareholders of the Company	59,690	1,654	173,403	55,701	288,157

Assets and liabilities

	As at 31 December				
	2016 HK\$'000	2015 HK\$'000	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000
Total assets	520,608	1,810,205	1,978,856	1,979,660	2,343,280
Total liabilities	(89,143)	(274,640)	(384,368)	(518,546)	(926,247)
Equity attributable to equity shareholders of the Company	431,465	1,535,565	1,594,488	1,461,114	1,417,033

Note: The Group disposed the operations of general trading and property investment in Hong Kong segments on 15 June 2016. The comparative figures for the years from 2012 to 2015 have been restated accordingly.