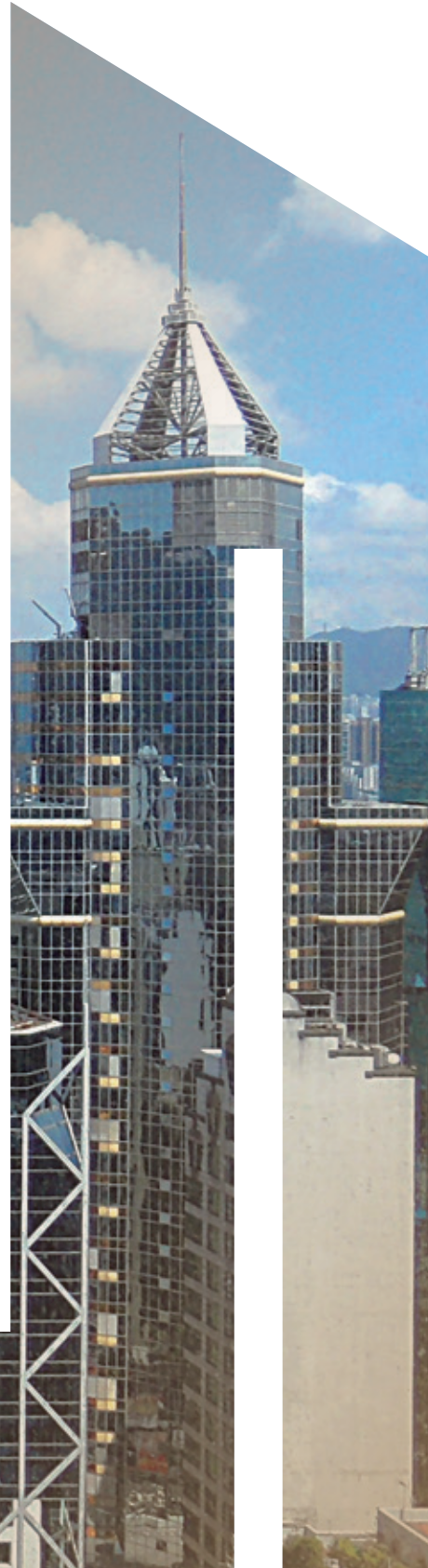
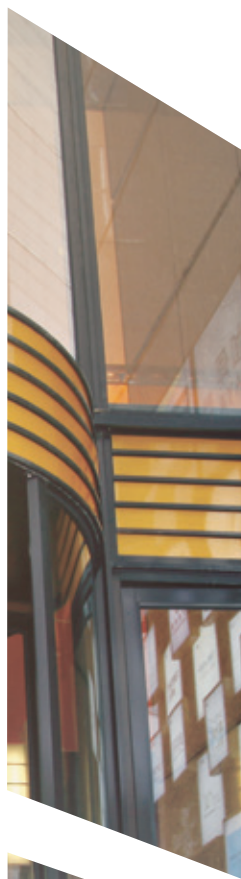




金朝陽集團有限公司*
SOUNDWILL HOLDINGS LIMITED





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CORPORATE INFORMATION

(As of 28 March 2018)

Directors

EXECUTIVE DIRECTORS:

FOO Kam Chu Grace (*Chairman*)

CHAN Wai Ling

KONG Siu Man Kenny

INDEPENDENT NON-EXECUTIVE DIRECTORS:

CHAN Kai Nang

PAO Ping Wing

NG Chi Keung

Company Secretary

TANG So Him

External Auditor

Deloitte Touche Tohmatsu

Certified Public Accountants

Internal Auditor

Crowe Horwath (HK) Corporate Consultancy Limited

Legal Advisors

Lo, Wong & Tsui

Conyers Dill & Pearman

Head Office and Principal Place of Business in Hong Kong

21/F, Soundwill Plaza

No. 38 Russell Street

Causeway Bay, Hong Kong

Registered Office

Clarendon House

2 Church Street

Hamilton HM 11, Bermuda

Principal Banks

The Hongkong and Shanghai Banking Corporation Limited

Bank of China (Hong Kong) Limited

Hang Seng Bank Limited

DBS Bank (Hong Kong) Limited

Industrial and Commercial Bank of China (Asia) Limited

Principal Share Registrar and Transfer Office

MUFG Fund Services (Bermuda) Limited

The Belvedere Building

69 Pitts Bay Road

Pembroke HM08, Bermuda

Branch Share Registrar and Transfer Office in Hong Kong

Tricor Standard Limited

Level 22, Hopewell Centre

183 Queen's Road East

Hong Kong

Share Information

PLACE OF LISTING

The Main Board of The Stock Exchange of

Hong Kong Limited

STOCK CODE

878

BOARD LOT

500 shares

Website

www.soundwill.com.hk

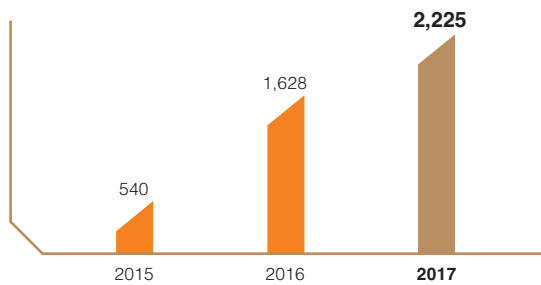
Investor Relations

E-mail: sw.ir@soundwill.com.hk

FINANCIAL HIGHLIGHTS

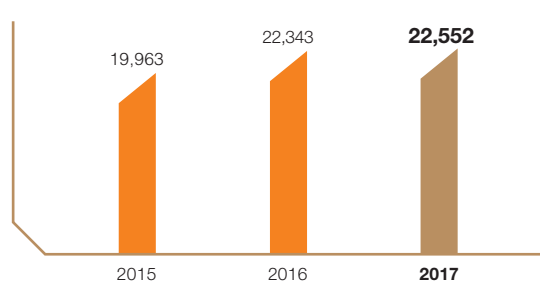
Group's Revenue

HK\$ million



Group's Total Asset

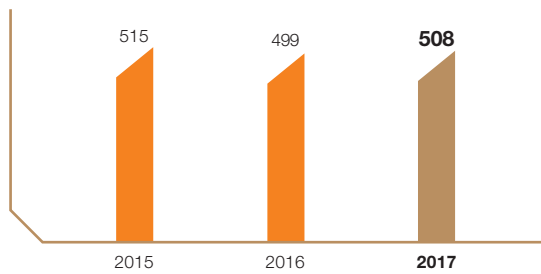
HK\$ million



Group's Revenue by Segments

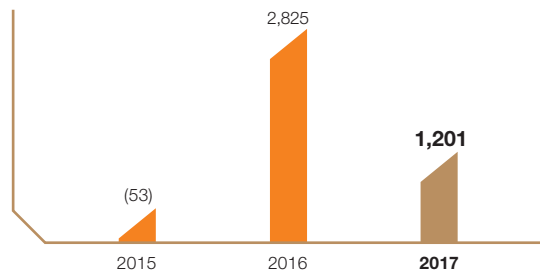
HK\$ million

Property Leasing



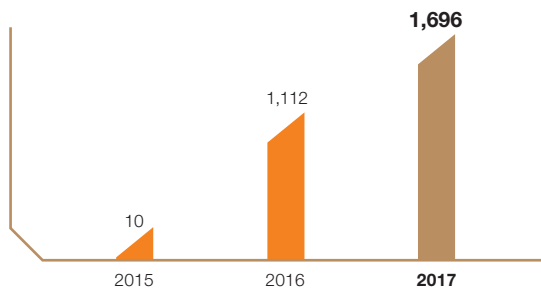
Profit/(Loss) Attributable to Owners of the Company

HK\$ million

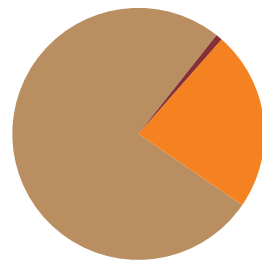


HK\$ million

Property Development



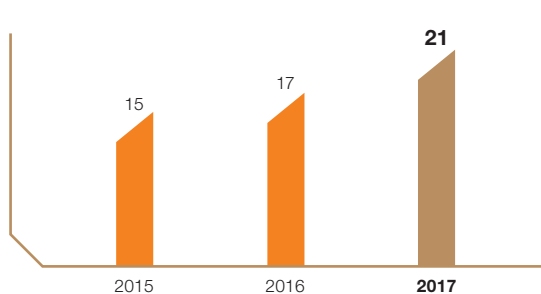
Group's Revenue Mix in Year 2017



- 1% ● Building Management and Other Services
- 23% ● Property Leasing
- 76% ● Property Development

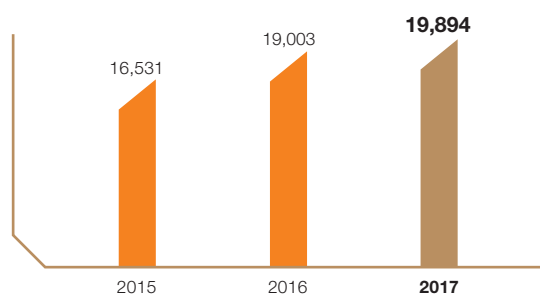
HK\$ million

Building Management and Other Services



Group's Net Asset Value

HK\$ million





CHAIRMAN'S
STATEMENT

38

CHAIRMAN'S STATEMENT

Dear Shareholders,

The year 2017 was a doubly significant one for Soundwill, as it marked two anniversaries that were important to us — the 20th anniversary of Hong Kong's return to the Motherland and the 20th anniversary of our public listing. The year under review was also one of booming stock markets around the world and record heights on the Hang Seng index. As has been the case over the last 20 years, in 2017 the Group remained focused on customers, providing them with products and services of the highest quality. This has undoubtedly contributed to our reputation for reliability and professionalism in the years since our listing. Equally exciting for us, I am delighted to announce that we were invited to join the Hang Seng Composite Index and its related indexes as confirmation of the Group's strong performance over the past two decades.

In the property market, land sale revenues hit new highs time and again, which in turn drove up housing prices. The primary market continued to dominate, while supply in the secondary market remained tight. In view of the keen demand and strong purchasing power of local residents, the property market is expected to continue on its steady growth path despite the interest rate hike cycle. What's more, the market for retail rental space benefited from the rebound in the tourism and retail industries as well as increased spending on consumer goods. Rents in core districts have thus been gradually stabilising since the beginning of 2017.

Transactions of commercial and industrial premises remained robust in the year. With various large-scale infrastructure projects coming onstream, the demand for commercial floor space among Mainland-funded, foreign and local companies was high. Small industrial building units, such as studios, are predicted to become the new trend, which is expected to benefit the industrial and commercial market for retail space. Overall, the Group maintained healthy growth during the year. Our excellent performance was mainly attributable to the flexibility we have in managing our property portfolio. Additionally, our real estate investments and leasing business achieved stable returns from major properties such as Soundwill Plaza, Soundwill Plaza II — Midtown and 10 Knutsford Terrace. We also succeeded in diversifying our tenant mix during the review period.

Throughout the year, we continued to optimise our operations and structure, while maintaining our competitiveness in line with our approach of aiming for sustainable yet prudent growth. We also capitalised on development opportunities with a view to diversifying our operations and creating the best returns for our shareholders. At the same time, the Group continued to focus on its social responsibilities by undertaking programmes and initiatives that aid the underprivileged. We also maintained our commitment to sustainable development and environmental protection as part of our vision to make Hong Kong a better home for all.

For 2018, we believe the global economy will continue to thrive. Even with additional interest rate hikes, we expect that Hong Kong's solid economic fundamentals, strong internal demand, sophisticated financial system and sufficient capital flows, together with the Central Government's support of Guangdong, Hong Kong and Macau, will increase investor confidence. With economic prospects remaining stable, we expect to see a prosperous and flourishing economy in the year ahead.

I would like to take this opportunity to express my sincere thanks to our shareholders, the Board and business partners. The continuing success of our business throughout the year would not have been possible without the efforts of all our directors and staff. I thank them sincerely for their contributions and, in the year ahead, look forward to working closely with them and our management team to tackle the challenges we face and create long-term value for our shareholders.

FOO Kam Chu Grace
Chairman

Hong Kong, 28 March 2018



DIRECTORS' PROFILE



FOO Kam Chu Grace


Aged 74, is the founder of the Group, Chairman and executive director of the Company and a director of certain subsidiaries of the Group. Madam Foo has extensive experience in the property market. She has been engaged in the property business in Hong Kong since early 1970s, particularly specialised in the acquisition of old buildings for redevelopment into commercial or residential buildings. Madam Foo is the mother of Ms. Chan Wai Ling, executive director of the Company. Madam Foo is currently responsible for the Group's overall development direction and strategies. Furthermore, she serves as a standing committee member of the 10th, 11th and 12th Guangzhou Committee of the Chinese People's Political Consultative Conference and has been elected as an honorary citizen of Guangzhou. She is familiar with the political and economic affairs of the People's Republic of China.

CHAN Wai Ling

Aged 47, is an executive director of the Company and a director of certain subsidiaries of the Group. She is in charge of the Hong Kong property department and is responsible for the property development and leasing of Hong Kong properties of the Group. She graduated from the University of Toronto, Canada with a bachelor degree in commerce and also obtained a Master of Business Administration Degree from University of Strathclyde, United Kingdom. Before joining the Group in September 1998, she had worked in an international property consultant firm and had operated her own property investment business. She is the daughter of Madam Foo, Chairman and executive director of the Company.

KONG Siu Man Kenny

Aged 55, is an executive director of the Company and a director of certain subsidiaries of the Group, in charge of the property development of the Group. Mr. Kong graduated from the Hong Kong Polytechnic University. He is a Chartered Surveyor of The Royal Institution of Chartered Surveyors of Hong Kong, a Registered Professional Surveyor and an Authorized Person under Buildings Ordinance of Hong Kong SAR Government. He joined the Group in 2009 and has over 29 years' experience in the PRC and Hong Kong property market.



DIRECTORS' PROFILE

CHAN Kai Nang

Aged 72, was appointed as an independent non-executive director of the Company on 11 March 2009, received a Postgraduate Diploma in Management Studies from The University of Hong Kong and Bachelor of Laws from the University of London. Mr. Chan is an associate member of The Chartered Institute of Management Accountants in the United Kingdom and The Hong Kong Institute of Certified Public Accountants and a fellow member of The Association of Chartered Certified Accountants in the United Kingdom. He is also a member of the Chartered Global Management Accountant. Mr. Chan worked for more than 40 years as senior executive in major multinational and local corporations.

Mr. Chan was the executive director of Galaxy Entertainment Group Limited (formerly known as K. Wah Construction Materials Limited ("K. Wah Construction")) (0027.HK) from January 2003 to May 2008 and managing director of K. Wah Construction from April 2003 to May 2008. He served as an adviser of K. Wah Construction from May 2008 until his retirement in June 2014. The shares of the above-named company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Mr. Chan was also appointed as independent non-executive director of Prosperity International Holdings (H.K.) Limited (0803.HK), the shares of this company are listed on the Main Board of the Stock Exchange. He formerly was an independent non-executive director of Asian Capital Holdings Limited (now known as ZZ Capital International Limited) (8295.HK) and Steed Oriental (Holdings) Company Limited (8277.HK), shares of both companies are listed on the Growth Enterprise Market (the "GEM") of the Stock Exchange. He also resigned as an independent non-executive director of FDB Holdings Limited (1826.HK) on 12 January 2018 and retired as an independent non-executive director of PanAsialum Holdings Company Limited (2078.HK) on 24 January 2018, the shares of both companies are listed on the Main Board of the Stock Exchange.

PAO Ping Wing

Aged 70, was appointed as an independent non-executive director of the Company on 6 November 2009, received a Master of Science degree in Human Settlements Planning and Development from the Asian Institute of Technology in Bangkok, Thailand. Mr. Pao was elected as one of the Ten Outstanding Young Persons of Hong Kong in 1982 and one of the Ten Outstanding Young Persons of the World in 1983. He was also an ex-Urban Councillor. In the past years, he has been actively serving on government policy committees and statutory bodies, especially those of town planning, urban renewal, public housing, culture and arts and environment matters. Mr. Pao is an Honorary Fellow of The Hong Kong Institute of Housing. He is also an independent non-executive director of several other companies listed on the Main Board of the Stock Exchange including Oriental Press Group Limited (0018.HK), Capital Environment Holdings Limited (3989.HK), Zhuzhou CRRC Times Electric Co., Ltd. (formerly known as Zhuzhou CSR Times Electric Co., Ltd.) (3898.HK), Maoye International Holdings Limited (0848.HK) and Sing Lee Software (Group) Limited (8076.HK), its shares are listed on the GEM of the Stock Exchange. He formerly was an independent non-executive director of UDL Holdings Limited (now known as DTXS Silk Road Investment Holdings Company Limited) (0602.HK) and InvesTech Holdings Limited (formerly known as HL Technology Group Limited) (1087.HK), both shares of these companies are listed on the Main Board of the Stock Exchange and resigned as independent non-executive director of Tonking New Energy Group Holdings Limited (formerly known as JC Group Holdings Limited) (8326.HK) on 13 March 2017, which shares are listed on the GEM of the Stock Exchange.

NG Chi Keung

Aged 69, was appointed as an independent non-executive director of the Company on 18 March 2011. Mr. Ng holds a Master Degree in Business Administration and is an associate member of the Hong Kong Institute of Certified Public Accountants and the Chartered Institute of Management Accountants and a fellow of the Institute of Chartered Accountants in England and Wales. He has over 30 years of management experience with renowned multinational corporations. Mr. Ng was the executive director of Fairwood Holdings Limited (0052.HK) which shares are listed on the Main Board of the Stock Exchange for 15 years until his retirement at the end of year 2009, re-designated as non-executive director after his retirement until 6 June 2017 and re-designated as an independent non-executive director from 6 June 2017.

OPERATIONS REVIEW AND PROSPECTS



OPERATIONS REVIEW AND PROSPECTS

Overview

The global economy picked up in 2017, showing better-than-expected growth accompanied by abundant capital flows and adjustments in interest rates that were in alignment with market expectations. In Mainland China, the economy grew at a faster rate than had been anticipated, while in Hong Kong a flourishing property investment market and the gradual recovery of consumer confidence contributed to stable economic growth. Rents in the retail sector gradually stabilised in core districts of Hong Kong, following a stable performance in retail sales figures. In the market for commercial floor space, huge demand from Mainland-funded, foreign and local companies accounted for the development of this market as a whole.

In Hong Kong's complex and ever-changing business environment, the Group managed to maintain sound business growth during the year thanks to the positive impression of our brand and flexible management style. The performance remained stable in our leasing business, largely as a result of our efforts to optimise the tenant mix through the introduction of more widely-recognised retail names, the effectiveness of our marketing and promotional programmes, and excellent customer service.

The Hong Kong property market remained robust in 2017, with the government benefiting from the additional revenue derived from land sales. As property adjustment and control measures continued to take effect, the market gradually found its footing after coming to terms with disruptive factors such as interest rate hikes. A firm economic base together with strong demand helped housing prices maintain their upward trend. Faced with the growing possibility of a housing bubble, the Group focused on driving rental income growth in Hong Kong and diversifying our investment property portfolio. This strategy helped us maintain a steady cash flow and a healthy source of revenue, which will contribute to the long-term development of the Group.

During the year, the Group continued to build up our property portfolio. In the first half of 2017, the Group acquired Kai Kwong Commercial Building situated at 332–334 Lockhart Road, Wan Chai for HK\$410 million. The Group also successfully acquired 42–44 Yiu Wa Street and 28–29 Canal Road East, Causeway Bay, which further strengthened our property leasing income.

Moreover, the Group improved our market competitiveness during the review period with the launch of the Soundwill Club mobile app, which connects the Group's flagship properties and gives us a deeper understanding of the needs of customers and property buyers. Along with other innovations by the marketing team, this tool will open up more business opportunities for us, creating greater long-term value for customers, shareholders, business partners, investors, our staff and society.

OPERATIONS REVIEW AND PROSPECTS

SOUNDWILL PLAZA



10 KNUTSFORD TERRACE



WARRENWOODS

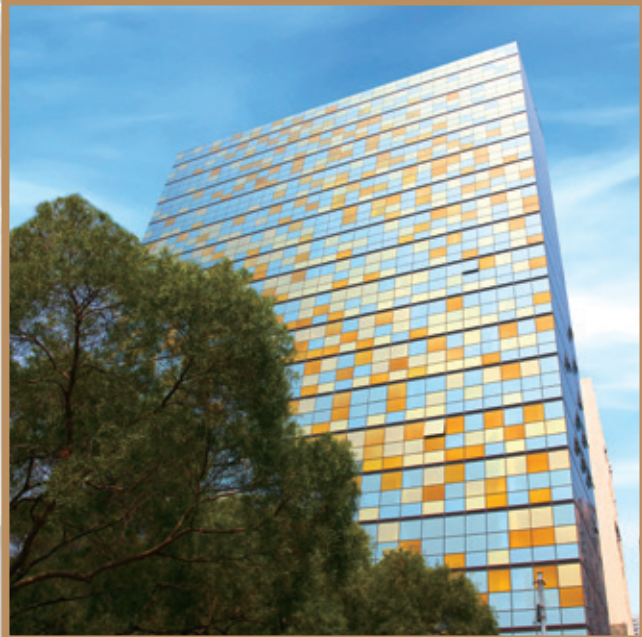


MIDTOWN

PARK HAVEN



THE SHARP



KAI KWONG
COMMERCIAL BUILDING

iPLACE



OPERATIONS REVIEW AND PROSPECTS

Property Portfolio

During the year, the Group actively acquired a number of old properties in various areas of Hong Kong Island, as well as premium properties. The Group also continued to increase our investment in projects with high appreciation potential in order to improve the scope and quality of our property portfolio. In addition to this, the Group has remained committed to revitalising the environment of the areas in which our properties are located, upgrading our current properties, and supporting our new and existing owners.

The Group also continued to look for sites with high potential away from Hong Kong Island in order to replenish our land reserves at a reasonable cost. At the same time, the Group continued to prudently assess our investment property portfolio and retained projects with high appreciation potential for the Group's own construction and development, in order to increase earnings.

105–113 TA CHUEN PING STREET, KWAI CHUNG

This industrial project is located at 105–113 Ta Chuen Ping Street, Kwai Chung, with a gross floor area of approximately 190,000 square feet.

57 KIN WAH STREET AND 66 FORT STREET, NORTH POINT

This project is located at 57 Kin Wah Street and 66 Fort Street, North Point, with a gross floor area of approximately 30,000 square feet.

71–75 CHAI WAN KOK STREET, TSUEN WAN

This industrial project is located at 71–75 Chai Wan Kok Street, Tsuen Wan, with a gross floor area of approximately 114,000 square feet.

42–44 YIU WA STREET AND 28–29 CANAL ROAD EAST, CAUSEWAY BAY

This project is located at 42–44 Yiu Wa Street and 28–29 Canal Road East, Causeway Bay, with a gross floor area of approximately 44,000 square feet.

Property Assembly

The Group has been capturing business opportunities in the local market through property assembly and the acquisition of old buildings. In this business, the Group acquires land reserves with high appreciation potential at a reasonable cost and retains projects with strong potential for development.

As a result of property adjustment and control measures adopted by the government to cool down the property market, the pace of our property assembly slowed down to a certain extent. Nevertheless, the Group will continue to source quality land sites for acquisition for the long term in accordance with our acquisition and development strategy.

OPERATIONS REVIEW AND PROSPECTS

Property Leasing

For the year ended 31 December 2017, this business segment recognised revenue of approximately HK\$508,000,000 (2016: HK\$498,768,000), representing approximately 23% (2016: 31%) of the Group's total revenue for the year.

The Group has relentlessly continued to upgrade the quality of our premises by undertaking regular renovation programmes. The Group constantly reviews our tenant mix in line with the latest trends in consumer spending patterns. With the greater footfall generated from our marketing and promotional campaigns as well as our new mobile app, vendors at our retail premises recorded solid growth in sales performance.

SOUNDWILL PLAZA

Soundwill Plaza is located at 38 Russell Street in the heart of Causeway Bay. Supported by high pedestrian flow and convenient transport connections, this premium Grade A commercial building is a centre for international flagship brands, with luxury retail stores occupying the ground floor and first floor. With its wide range of shopping, leisure and beauty options, Soundwill Plaza generated steady returns during the year, making it one of the most stable contributors of income for the Group.

MIDTOWN

Soundwill Plaza II — Midtown is a 31-storey building located at 1 Tang Lung Street in Causeway Bay. The property reported stable results in both footfall and sales in 2017, which is the third year since its opening. With the introduction of more trend-setting food & beverage outlets and famous vendors, the mall recorded solid rental income and a high occupancy rate during the year. We also began stepping up our advertising and promotional efforts to attract more customers and sales, so that this property — which is now poised to become a popular landmark for food & beverage and leisure activities in Causeway Bay — can continue to generate satisfactory rental income for the Group.

10 KNUTSFORD TERRACE

The 23-storey property, 10 Knutsford Terrace is located at 10–11 Knutsford Terrace, Tsim Sha Tsui, one of the prominent tourist and retail districts in Hong Kong. With the advantages of a convenient central location, it is one of the popular destinations for office workers in the area. The property continued to attract increasing pedestrian flow during the year to maintain stable performance and a high occupancy rate, bringing solid rental income to the Group.

KAI KWONG COMMERCIAL BUILDING

Kai Kwong Commercial Building is a 21-storey integrated commercial project located at 332–334 Lockhart Road, Wan Chai. The Group acquired this leasing project in 2017.

During the year, the Group optimised and expanded our investment property portfolio in Hong Kong. Our investment properties enjoy geographical advantages as they are primarily located in core tourist and retail districts that appeal to a variety of retail tenants. Our versatile mix of tenants will continue to generate impressive returns for the leasing business.

OPERATIONS REVIEW AND PROSPECTS

Property Development

For the year ended 31 December 2017, this business segment recognised revenue of approximately HK\$1,696,130,000 (2016: HK\$1,112,319,000), representing approximately 76% (2016: 68%) of the Group's total revenue for the year.

Residential Project

JONES HIVE

Jones Hive, a residential project located at 8 Jones Street, Tai Hang, jointly developed by the Group and Henderson Land Development Company Limited. This project provides 119 units, which covers a saleable area ranging from 328 to 1,098 square feet, started delivering units on different floors of the project in 2017.

Commercial Project

THE SHARP

Situated at 11–13 Sharp Street East and 1-1A Yiu Wa Street in Causeway Bay, THE SHARP is an integrated commercial property project combining retail and office space. The Group has retained shops from the ground floor to the second floor for leasing, and started delivering units on different floors of the project in 2016.

Industrial Projects

iPLACE

The iPLACE industrial project, located at 301-305 Castle Peak Road, Kwai Chung, went on sale in the first half of 2015. The entire project provides 322 workshops in total and started delivering workshops on different floors of the project commenced in 2017.

105–113 TA CHUEN PING STREET, KWAI CHUNG

This industrial project is located at 105–113 Ta Chuen Ping Street, Kwai Chung, with a gross floor area of approximately 190,000 square feet. Demolition was completed at the end of 2015.

71–75 CHAI WAN KOK STREET, TSUEN WAN

This industrial project is located at 71–75 Chai Wan Kok Street, Tsuen Wan, with a gross floor area of approximately 114,000 square feet.

OPERATIONS REVIEW AND PROSPECTS

Building Management and Other Services

For the year ended 31 December 2017, the building management and other services segment recognised revenue of approximately HK\$20,866,000 (2016: HK\$16,834,000), representing approximately 1% (2016: 1%) of the Group's total revenue for the year.

The Group's building management and maintenance subsidiaries are engaged in the provision of high quality management, customer and maintenance services in large-scale commercial buildings, as well as small and medium sized estates. By constantly providing new and innovative services, these businesses have succeeded in raising overall service standards at our properties. With extensive experience in serving customers, the building management team successfully maintained the quality standards of the indoor environments under their care during the year. They also reduced waste and lowered the carbon footprint of our properties by employing a range of energy-efficient measures.

The Concierge – a new French-style hotel management services

The Group launched The Concierge, a service modelled on hotel management services in France, at the Park Haven luxury residential project. As part of our approach to building management, The Concierge offers a wide range of value-added concierge, dining and catering, household maintenance, laundry and dry-cleaning services as well as home and car cleaning referral services. Through these premium personal services, we are able to provide a high-quality lifestyle for our tenants.

Customer Services

The Group offers a comprehensive range of outstanding after-sales services following the delivery of units to their owners. These are provided by a team dedicated to identifying relevant and appropriate services for newly-completed units as they are being occupied. To increase confidence, we provide first hand homeowners of these residential units with warranties covering repair and maintenance for the first two years.

Our handover team also conducts several thorough inspections to ensure the highest level of quality upon delivery to the owners. Tenants can further enjoy a full range of personal services during the handover period to ensure a smooth transition into their new homes. During this process, we collect opinions of homeowners directly as part of our commitment to provide building management services of the highest standard. The building management subsidiaries of the Group provide excellent building management services through continuous innovation and enhancement of service quality.

Soundwill Club

The Soundwill Club was established by the Group to interact and develop long-term relationships with our customers, retail tenants and visitors to the Group's properties. In addition to providing premium customer services and the latest information on lifestyle trends, the Soundwill Club launched a mobile app and online shopping platform during the year to give customers easy access to the latest offers and promotions of the flagship properties under the Group. The mobile app also allows customers to download e-coupons and sign up as a member of the Club, and earn cash rebates through spending and member referrals. What's more, we collect customer feedback through the Soundwill Club so that we can further enhance the quality of our products and services.

OPERATIONS REVIEW AND PROSPECTS

Real Estate Business in the PRC

For the year ended 31 December 2017, the PRC real estate business segment recognised revenue of approximately HK\$237,603,000 (2016: HK\$8,347,000), representing approximately 11% (2016: nil) of the Group's total revenue for the year.

During the year under review, economic growth in mainland China met market expectations, with "adjustment and control" featured as the main theme in the real estate market. Despite new property curbs and fierce market competition, the transactions in property market reached an all-time high in terms of sales and area sold. Third-tier and fourth-tier cities became the new focus of market growth in 2017, as the Group managed to keep pace with the market and maintain its competitiveness.

The Group currently owns a number of real estate projects in the PRC. Shang Hui Hai An (The Lakeview Bay) is an integrated project wholly owned by the Group with villas and high-rise residences located in Gaoyao City, Zhaoqing. The villas in Phase 1 were gradually occupied during the year, while the high-rise residences offered in the first-batch of Phase 2 were nearly sold out and successively delivered.

In addition, the residential units in Phase I of Yu Ming Du (Shan Shui Xiang Ri), a project located in Doumen District, Zhuhai, were nearly sold out and successively delivered.

Corporate Citizenship

The Group sets ever-higher quality benchmarks in order to create significant returns for stakeholders. At the same time, the Group is mindful of our social responsibilities and supports fund-raising activities, reading programmes, educational events and care for the underprivileged, all of which have a positive impact on society.

In recognition of our contributions to the community, the Group has been honoured as a Caring Company by The Hong Kong Council of Social Service for the fifth consecutive year. The Group, in conjunction with its member companies and property projects, has also received numerous commendations. In particular, the Group was recognised as a Happy Company, Heart-to-Heart Company and Corporate Citizen for the first time in 2017, acknowledging our commitment to social responsibility over the years.

The Group operated as a socially-responsible company across all of its businesses and disclosed its Environmental, Social and Governance Report and key performance indicators during the year.

OPERATIONS REVIEW AND PROSPECTS

Prospects

2018 is expected to be another challenging year. While a number of institutions remain optimistic about the global economy, there are still uncertainties in the international political arena with expectations of reductions in the balance sheet, tax reform and interest rate hikes in the United States as well as the tightening of national monetary policies. Given these uncertainties in the global economy, we will remain alert to market developments in mainland China and Hong Kong.

Restrictions associated with the property adjustment and control measures in the Hong Kong property market are likely to continue. However, we believe there are a number of favourable factors that support Hong Kong's property market. These include the ongoing robust demand for commercial floor space from Mainland-funded enterprises and financial services companies, demand for housing by young people, and the overall demand for residential, commercial and industrial properties. We are confident that these factors will contribute to healthy growth in the year ahead. Moreover, the recent rebound in the number of inbound visitors and stable local consumption and economic indexes will likely result in a more stable leasing market.

Further increases in asset prices in an overheated market together with various uncertainties in an ever-changing market have created a challenging business environment for the Group. Nevertheless, the Group will continue to champion the long-term interests of our shareholders and maintain a cautious approach regarding the overall business outlook, while monitoring the situation closely and making necessary adjustments.

The Group remains committed to refining our operations and structure as well as promoting our business development in a prudent manner in order to maintain our competitiveness. The Group will embrace challenges with creative and innovative solutions and look for additional development opportunities with a view to diversifying our operations.

In light of the growing concern for sustainability in the community at large, the Group will continue our efforts in environmental protection, technological development and community care for the betterment of society.

In the 20 years since our listing, the Group has established an outstanding brand and a solid investment portfolio in Hong Kong, which has been built on a strong foundation by a seasoned professional team. In the year ahead, the Group will continue to seize opportunities and rise to different challenges, with the aim of enhancing the value of the Soundwill brand, achieving solid and sustainable growth, and maximising returns for our stakeholders.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Highlights

	Year ended 31 December	
	2017	2016
	HK\$ million	HK\$ million
Revenue	2,225	1,628
Profit before income tax expense excluding net fair value gain on investment properties/properties transfer	774	481
Net fair value gain on investment properties/properties transfer	529	2,622
Profit before income tax expense	1,303	3,103
Profit attributable to owners of the Company	1,201	2,825
Basic earnings per share (dollars)	HK\$4.24	HK\$9.97
Dividend per share (dollars)		
– proposed final dividend	HK\$0.20	HK\$0.20
– proposed special dividend	–	HK\$1.00
	At	At
	31 December	31 December
	2017	2016
	HK\$ million	HK\$ million
Total assets	22,552	22,343
Net assets	19,894	19,003
Total borrowings	1,528	1,694
Gearing ratio	8%	9%
Net asset value per share (dollars)	HK\$70.2	HK\$67.1

Financial Review

RESULTS OF OPERATIONS

During the year, the Group recorded a revenue of approximately HK\$2,224,996,000 (2016: HK\$1,627,921,000), representing an increase as compared with last year. The increase in revenue was mainly due to the increase in income recorded from the property development projects.

MANAGEMENT DISCUSSION AND ANALYSIS

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

During the year, the Group has recorded a profit attributable to owners of the Company of approximately HK\$1,200,781,000 (2016: HK\$2,824,747,000), a decrease of 57% as compared with last year. This decrease was mainly due to decrease in the net fair value gain on investment properties/properties transfer during the year.

NET ASSETS

The net assets of the Group as at 31 December 2017 amounted to HK\$19,893,948,000 (2016: HK\$19,002,701,000). Net asset value per share as at 31 December 2017 is HK\$70.2 (2016: HK\$67.1).

Financial Resources and Liquidity

As at 31 December 2017, the Group's cash and bank balances (including structured bank deposits, short-term bank deposits and cash and cash equivalents) amounted to HK\$1,253,509,000 (2016: HK\$1,524,428,000). Total borrowings of the Group amounted to HK\$1,528,120,000 (2016: HK\$1,694,220,000) as at 31 December 2017.

As at 31 December 2017, the Group's gearing ratio (which was expressed as a percentage of total borrowings over total equity) was 8% (2016: 9%).

The Group mainly operates and invests in Hong Kong and the PRC with most of the transactions denominated and settled in Hong Kong Dollars and Renminbi respectively. Therefore, it is expected that any fluctuation of the foreign currency exchange rate would not have material effect on the operations of the Group. However, as the Group's consolidated financial statements are presented in Hong Kong dollar, the Group's financial position is subject to exchange exposure to the foreign currency. The Group would closely monitor this risk exposure from time to time. During the year, the Group did not engage in any derivative activities or use any financial instruments to hedge its balance sheet exposures.

Acquisition and development of properties are financed partly by internal resources and partly by bank borrowings. Repayment of bank loans are scheduled to match asset lives and project completion dates. Borrowings are denominated in Hong Kong Dollars and bear interest at floating rates.

Contingent Liabilities

During the course of business, certain bank accounts were opened and held in the name of certain subsidiaries on behalf of third parties to whom these subsidiaries provided building management services. As at the reporting date, those bank balances which were held on behalf of third parties and were not accounted for in the consolidated financial statements of the Group amounted to HK\$44,715,000 (2016: HK\$37,271,000).

Employees Remuneration

The Group had 285 and 88 employees in Hong Kong and PRC respectively as at 31 December 2017 (2016: 344 and 81 employees). Employees were remunerated on the basis of their performance, experience and market practice. Remuneration packages comprise salary, medical insurance, mandatory provident fund and year end discretionary bonus. Total salaries and wages incurred in 2017 were approximately HK\$158,206,000 (2016: HK\$132,379,000) and no share option expenses (2016: HK\$10,000) during the year.

CORPORATE GOVERNANCE REPORT

The board (the “Board”) of directors (the “Directors”) of Soundwill Holdings Limited (the “Company”) and its subsidiaries (the “Group”) is pleased to present this Corporate Governance Report for the year ended 31 December 2017 of the Company.

Corporate Governance Practices

The Company has adopted the code provisions set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Rules Governing the Listing of Securities (the “Listing Rules”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The CG Code sets out two levels of recommendations, namely, (a) code provisions that a listed company must either comply with or explain its non-compliance, and (b) recommended best practices that listed companies are encouraged to comply with but need not disclose in the case of non-compliance.

The Company has complied with the applicable code provisions set out in the CG Code during the year ended 31 December 2017 in all other respects except for the following deviations:

(1) CODE PROVISION A.2.1

Code provision A.2.1 provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

The roles of the chairman and chief executive officer are neither separated nor performed by two different individuals. Madam Foo Kam Chu Grace is the founder and the Chairman of the Group. She is responsible for the Group’s overall development direction and strategies. The Chairman ensures the Board functions effectively and discharges its responsibilities. There is no chief executive officer appointed and the daily operations of the Group are delegated to other executive directors and various department heads with clearly defined authority policy. The Board is of the view that the current management structure can effectively facilitate the Group’s operation and business development.

(2) CODE PROVISION A.4.1

Code provision A.4.1 provides that non-executive directors should be appointed for a specific term.

The independent non-executive directors are not appointed for a specific term as they are subject to retirement by rotation at least once every three years and re-election at annual general meetings in accordance with the bye-laws of the Company (the “Bye-Laws”).

CORPORATE GOVERNANCE REPORT

Board of Directors

RESPONSIBILITIES, ACCOUNTABILITIES AND CONTRIBUTIONS OF THE BOARD AND MANAGEMENT

The Board is responsible for overseeing the Group's businesses, strategic decisions and performance. The management has been delegated the authority and responsibility by the Board for the operations of the Group. In addition, the Board has also delegated various responsibilities to the Board committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee. Further details of these committees are set out in this report. The Board is responsible for performing the corporate governance functions set out in code provision D.3.1 of the CG Code.

All Directors shall ensure that they carry out duties in good faith, in compliance with the standards of applicable laws and regulations, and act in the interests of the Company and its shareholders at all times.

BOARD COMPOSITION

The Board is composed of the following six Directors who, have served throughout the year under review and up to the date of this report:

EXECUTIVE DIRECTORS:

Madam Foo Kam Chu Grace (*Chairman*)
 Ms. Chan Wai Ling
 Mr. Kong Siu Man Kenny

INDEPENDENT NON-EXECUTIVE DIRECTORS:

Mr. Chan Kai Nang
 Mr. Pao Ping Wing
 Mr. Ng Chi Keung

BOARD MEETINGS AND ATTENDANCE

During the year, the attendance records of each Director at the Board meetings and general meeting of the Company are as follows:

Directors	Attendance/ Number of Board meetings	Attendance/ Number of general meeting
<i>Executive Directors:</i>		
Madam Foo Kam Chu Grace (<i>Chairman</i>)	5/5	1/1
Ms. Chan Wai Ling	4/5	1/1
Mr. Kong Siu Man Kenny	5/5	1/1
<i>Independent Non-Executive Directors:</i>		
Mr. Chan Kai Nang	5/5	1/1
Mr. Pao Ping Wing	5/5	1/1
Mr. Ng Chi Keung	5/5	1/1

The biographical information of the Directors and relevant relationships among the Directors are set out under "Directors' Profile" on pages 6 to 7.

CORPORATE GOVERNANCE REPORT

INDEPENDENT NON-EXECUTIVE DIRECTORS

During the year, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors, representing one-third of the Board, with at least one of them possessing appropriate professional qualifications or accounting or related financial management expertise as required under rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules.

The Company has received written annual confirmation of independence from each independent non-executive director in accordance with rule 3.13 of the Listing Rules. The Board has assessed their independence and concluded that all the independent non-executive directors are independent within the definition of the Listing Rules.

Appointment, Re-election and Removal of Directors

Code provision A.4.1 of the CG Code stipulates that non-executive directors shall be appointed for a specific term and subject to re-election. The Company has deviated from this provision in that the Company's independent non-executive directors are not appointed for a specific term.

In accordance with the Bye-Laws, not less than one-third of the Directors for the time being will retire from office by rotation at each annual general meeting, provided that every director shall be subject to retirement by rotation at least once every three years. Any director appointed to fill a casual vacancy on the Board or as an addition to the existing Board shall hold office only until the following general meeting of the Company and shall then be eligible for re-election at such meeting.

Access to Information by Directors

In respect of regular Board meetings, and so far as practicable in all other cases, an agenda and accompanying Board papers are sent to all Directors in a timely manner. Notice of at least 14 days is given for a regular Board meeting to give all Directors an opportunity to attend. For all other Board meetings and Board committee meetings, reasonable notice is given.

All Directors are entitled to have access to Board papers, minutes and related materials at all times. During the year, all Directors have been provided with the Group's management information updates to keep them informed of the Group's affairs and facilitate them to discharge their duties under the Listing Rules.

Chairman and Chief Executive Officer

Currently, Madam Foo Kam Chu Grace is the Chairman of the Group and her responsibilities are clearly defined and set out in writing. No chief executive officer was appointed during the year.

Board Committees

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors, namely Mr. Chan Kai Nang, Mr. Pao Ping Wing and Mr. Ng Chi Keung. Mr. Chan Kai Nang, who possesses professional accountancy qualifications.

The Audit Committee has specific written terms of reference which are of no less exacting terms than those stipulated in the code provisions. It is responsible for reviewing with management, the accounting principles and practices adopted by the Group and discuss auditing, internal controls, risk management, internal audit and financial reporting including the interim and final results of the Company. It also acts as an important link between the Board and the Company's external and internal auditors in matters within the scope of the external and internal audit of the Group respectively.

CORPORATE GOVERNANCE REPORT

During the year, the Audit Committee met four times with attendance shown below. The final results for the year ended 31 December 2016, the interim results for the six months ended 30 June 2017, the internal audit plan and the report from the management on the Company's internal control and risk management have been reviewed by the Audit Committee during the year.

Audit Committee members	Attendance/ Number of meetings
Mr. Chan Kai Nang (<i>Chairman</i>)	4/4
Mr. Pao Ping Wing	4/4
Mr. Ng Chi Keung	4/4

REMUNERATION COMMITTEE

The Remuneration Committee comprises three independent non-executive directors, namely Mr. Chan Kai Nang, Mr. Pao Ping Wing and Mr. Ng Chi Keung and Ms. Chan Wai Ling, an executive director.

Its functions are to make recommendations to the Board on the Company's policy and structure for all Directors' remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy. The Remuneration Committee reviews and approves the Directors' remuneration proposals with reference to the Board's corporate goals and objectives, and also determines with delegated responsibility, the remuneration packages of individual executive directors and senior management.

In determining the remuneration levels and packages of the Directors and senior management, the Company took into account of the market practices and trends to reflect on the commitments, duties and responsibilities and performance of the Directors and senior management and their contributions to the Group. Long-term inducements in the form of share options and performance bonuses were also employed.

During the year, the Remuneration Committee held two meetings (attendance as shown below) to review and determine (with the relevant Directors where applicable abstained from voting as far as his/her own remuneration is concerned so that no Director would decide on his/her own remuneration) the remuneration package of Directors.

Remuneration Committee members	Attendance/ Number of meetings
Mr. Chan Kai Nang (<i>Chairman</i>)	2/2
Mr. Pao Ping Wing	2/2
Mr. Ng Chi Keung	2/2
Ms. Chan Wai Ling	2/2

NOMINATION COMMITTEE

The Nomination Committee comprises two independent non-executive directors, namely Mr. Chan Kai Nang and Mr. Pao Ping Wing and Madam Foo Kam Chu Grace, the Chairman and executive director.

CORPORATE GOVERNANCE REPORT

The responsibilities of the Nomination Committee include reviewing the structure, size and composition of the Board; identifying individuals suitably qualified to become members of the Board and selecting or making recommendations to the Board on selection of individuals nominated for directorship; making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman; and determining the policy for nomination of Directors.

A board diversity policy (the “Board Diversity Policy”) was adopted in October 2013. Diversity of Board members can be achieved through consideration of a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. In informing its perspective on diversity, the Company will also take into account aspects based on its own business model and specific needs from time to time.

The Nomination Committee has reviewed the Board Diversity Policy on an annual basis to ensure its continued effectiveness; reviewed the structure, size and composition of the Board including the skills, knowledge and experience of Directors as well as role and function of each Director; assessed the independence of independent non-executive directors pursuant to rule 3.13 of the Listing Rules; assessed sufficiency of time spent by Directors on the matters of the Company and in discharging their duties and on the affairs of the Group; reviewed the training and support to Directors and considered re-election of retiring Directors. The Nomination Committee has provided its assessments, findings and recommendations to the Board for it to make the relevant resolutions.

During the year, the Nomination Committee held one meeting with attendance shown below:

Nomination Committee members	Attendance/ Number of meeting
Madam Foo Kam Chu Grace (<i>Chairman</i>)	1/1
Mr. Chan Kai Nang	1/1
Mr. Pao Ping Wing	1/1

Training and Continuous Professional Development of Directors

Every newly appointed Director is ensured to have a proper understanding of the operations and business of the Group and that he/she is fully aware of his/her responsibilities under statute and common law, the Listing Rules, applicable legal requirements and other regulatory requirements and the business and governance policies of the Company. The Directors are continually updated with legal and regulatory developments, business and market changes and the strategic development of the Group to facilitate the discharge of their responsibilities.

As part of the ongoing process of Directors’ training, the Company Secretary continuously updates all Directors on latest developments regarding the Listing Rules and other applicable regulatory requirements to ensure compliance of the same by all Directors. All Directors are encouraged to attend external forum or training courses on relevant topics which may count towards continuous professional development training.

All Directors confirmed that they have complied with the code provision A.6.5 of the CG Code on Directors’ training. This is to ensure that their contribution to the Board remains informed and relevant. During the year, all Directors have participated in appropriate continuous professional development activities either by attending training courses or by reading materials relevant to the Company’s business and to the Directors’ duties and responsibilities.

CORPORATE GOVERNANCE REPORT

Directors	Directors' continuous professional development	
	Attending training course(s)	Reading of relevant material(s)
Madam Foo Kam Chu Grace (<i>Chairman</i>)	N/A	✓
Ms. Chan Wai Ling	N/A	✓
Mr. Kong Siu Man Kenny	N/A	✓
Mr. Chan Kai Nang	✓	✓
Mr. Pao Ping Wing	✓	✓
Mr. Ng Chi Keung	✓	✓

Company Secretary

Company Secretary advises the Board on all corporate governance matters and facilitates professional development of Directors.

Mr. Tam Chong Cheong Aaron was appointed as Company Secretary of the Company on 10 July 2015 and served as Company Secretary throughout the year until his resignation on 26 January 2017.

The Company engage external service provider to provide company secretarial services and has appointed Ms. Tang So Him ("Ms. Tang") as the Company Secretary on 26 January 2017. Ms. Tang is a chartered company secretary and fulfilled the requirements under rules 3.28 and 3.29 of the Listing Rules. She undertook over 15 hours of relevant professional training to update her skills and knowledge during 2017. Dr. Ng Chun Pang, the Chief Financial Officer of the Company, is the primary corporate contact person of the Company.

Code for Securities Transactions of Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Having made specific enquiries with all Directors, the Company confirms that all of them have complied with the Model Code throughout the year.

Auditor's Remuneration

During the year, the fee incurred for audit and non-audit services for the Group are approximately HK\$3,059,000 (2016: HK\$3,054,000) and HK\$600,000 (2016: HK\$600,000) respectively.

Directors' Responsibility for Financial Statements

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Group and presenting a balanced, clear and comprehensive assessment of the Group's performance and prospects. The Directors are not aware of any material events or conditions that may cast doubt upon the Company's ability to continue as a going concern.

▲ CORPORATE GOVERNANCE REPORT

Risk Management and Internal Control

In order to comply with the applicable code provisions set out in the CG Code, the Board reviewed the effectiveness of risk management and the internal control systems of the Group covering material controls, including financial, operational and compliance controls and risk management functions.

The Board has retained Crowe Horwath (HK) Corporate Consultancy Limited, an independent professional firm, to carry out the Group's internal audit function (the "Internal Auditor") as required by the Stock Exchange and to perform an annual review with a view to making a report to the Board about the evaluation on the effectiveness of the Group's risk management and internal control mechanism for the year ended 31 December 2017.

During the year, the Group has reviewed an internal audit charter which defined the scope and the duties and responsibilities of the internal audit function and its reporting protocol. A Risk Management Working Group (the "RMWG") has coordinated risk management activities and reported to the Board. The Group has evaluated the annual risk assessment which identified respective strategic risks, operational risks, financial risks and compliance risks of the Group. Based on the risk assessment results, an internal audit plan was devised which prioritized the risks identified into annual audit projects. The Group has reviewed by means of formally updating the internal control policies and procedures with the view to ensuring an appropriate internal control system in the Group. An internal audit review for financial year 2017 has been conducted by Internal Auditor. After their review as stipulated in the Internal Auditor's report, the Group has taken further steps to enhance its risk management and internal control systems in response to Internal Auditor's recommendations and to strengthen the implementation of the risk management and internal control systems. No significant or material finding/internal control weakness of the Group was identified for the year ended 31 December 2017.

The Company has established policy on handling and dissemination of inside information in an accurate and secure manner that can avoid possible mishandling of inside information within the Group.

Based on the results of the risk assessments of the RMWG and the Internal Auditor's report, the Board is of the view that the Company has maintained adequate and effective risk management and internal control to safeguard shareholders' investments and assets during the year.

Communication with Shareholders and Investor Relations

The Group believes that effective communication with shareholders is key for improving investor relations and will ultimately assist the investment community in understanding the Group's business performance and strategies. Through regular, comprehensive, and interactive communication, we strive to enhance communication with investors through various communication channels. These include in-person meetings, telephone conferences, overseas roadshows, and project-site visits organised for the community. The Group seeks to establish a trusting and productive relationship with its shareholders and investors. The annual general meeting of the Company was held in May 2017. The Group organised briefings and media interviews for results announcements and maintained regular contact with the media through press releases, announcements, and other promotional materials. The Group is committed to enhancing corporate transparency and providing timely disclosure of information on the Group's developments to help shareholders and investors make informed investment decisions. The Group is dedicated to enhancing corporate governance practices on business growth and strives to attain a balance between corporate governance requirements and performance. The Board believes that sound corporate governance is essential to the success of the Group and will enhance shareholders values. During the year, there was no change in the Company's constitutional documents.

▲ CORPORATE GOVERNANCE REPORT

Shareholders' Rights

(I) PROCEDURES FOR SHAREHOLDERS TO CONVENE A SPECIAL GENERAL MEETING

A special general meeting shall be convened on the requisition of one or more shareholders of the Company holding, at the date of deposit of the requisition, not less than one-tenth of the paid-up capital of the Company. Such requisition shall be made in writing to the Board or the Company Secretary of the Company at the Company's head office and principal place of business in Hong Kong.

Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) may convene such meeting, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed by the Company.

(II) PROCEDURES FOR WHICH ENQUIRIES MAY BE PUT TO THE BOARD

Shareholders may at any time send their enquiries to the Board in writing at the Company's head office and principal place of business in Hong Kong.

(III) PROCEDURES FOR PUTTING FORWARD PROPOSALS BY SHAREHOLDERS AT SHAREHOLDERS' MEETING

The number of members necessary for a requisition for putting forward a proposal at a general meeting shall be:

- (a) any number of members representing not less than one-twentieth of the total voting rights of all the members having at the date of the requisition; or
- (b) not less than one hundred members.

A copy or copies of requisition signed by all requisitionists shall be deposited, with a sum reasonably sufficient to meet the Company's expenses in giving notice of the proposed resolution or circulating any necessary statement, at the Company's head office and principal place of business in Hong Kong in case of:

- (a) a requisition requiring notice of a resolution, not less than six weeks before the meeting; and
- (b) any other requisition, not less than one week before the meeting.

The Company will verify the requisition and upon confirming that the requisition is proper and in order, the Board will proceed with the necessary procedures.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Corporate Social Responsibility Projects organised with participation by the Group:

January

Food Angel volunteer activities

The Soundwill Volunteer Team helped underprivileged communities by assisting Food Angel to prepare vegetables and food packs, and pre-process donated foods.

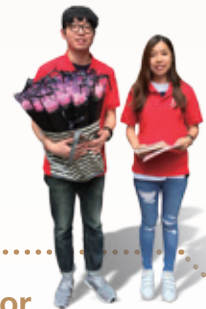


February and May

Flower giving activities for Valentine's Day and Mother's Day



The Group selected the Flower Workshop, a social enterprise set up to provide skills training and employment opportunities for people with disabilities. Flower Workshop was the supplier of roses used for the special events held on Valentine's Day and Mother's Day, which distributed to pedestrians to express our care.



April

Visit to a Home for the Aged

The Soundwill Volunteer Team visited the Hong Lok Yuen Aged Sanatorium in Tokwawan to sing and play together with the elderly and distribute fruit to them.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

June

Father's Day activity

The Group rented an instant photo printing booth provided by Image Pro, a social enterprise under the Tung Wah Group of Hospitals, to allow family members to take photos with their fathers for free.



Celebrations for All — Gift Packs for the Elderly

The Soundwill Volunteer Team, together with primary school students in Tung Chung district, visited the elderly in Tung Chung and distributed Celebration for All gift packs to them.



August

Computer Recycle Project

The Group donated 30 computers, 7 printers and 43 LCD monitors to the Caritas Computer Workshop as a way of reducing electronic waste; the reusable electronic products were donated to people in need.



September

Family Storytelling

The Soundwill Volunteer Team joined the Little Bean Sprout Storytelling Sessions for the Family Storytelling — Neighbourhood Development Project hosted by the Hong Kong Outlying Islands Women's Association. The team shared stories with children in the Tung Chung community and assisted in holding play workshops.



November and December

Hong Kong's Together Sunday Jazz Band

To promote the development of local music culture, the Group assisted Hong Kong's Together Sunday Jazz Band to stage a performance at Tang Lung Street, Causeway Bay. In support of the musical development of local youth, the Group provides the open space in front of the front door of Soundwill Plaza II – Midtown for musicians and music groups to stage performances and thereby raise artistic and cultural awareness in the community.






ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Reporting Scope

Soundwill Holdings Limited and its subsidiaries (the “Group”) has compiled an Environmental, Social and Governance Report for a second consecutive year, making reference to the Environmental, Social and Governance Reporting Guide set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Report highlights the environmental, social and governance performance of the Group from 1 January 2017 to 31 December 2017. The scope of the Report covers the property development operation, building management operation and operation of the headquarter of the Group. The Group believes that this Report will provide stakeholders with a multi-dimensional view of the operational model and sustainability objectives of the Group.

Overview

“Operating with heart” is the Group’s philosophy of sustaining its business development and maintaining steady growth through its contributions to employee, customers, the community and environment. Committed to creating value for stakeholders, the Group provides customers with products and services of impeccable quality as well as better returns to shareholders. It also undertakes various corporate social responsibility programmes and initiatives for the betterment of society.






Environment 	<ul style="list-style-type: none"> We strive to improve our operational methods to reduce the impact of our business on the environment We encourage employees to participate in training programmes and activities related to environmental protection We strictly comply with relevant environmental legislation During the reporting period, there were no cases of prosecution for violating environmental legislation
Social 	<p>Employment</p> <ul style="list-style-type: none"> We aspire to be an employer of choice and place high importance on human resources management We strictly comply with relevant employment legislation During the reporting period, there were no cases of prosecution for violating related legislation <p>Health and Safety</p> <ul style="list-style-type: none"> We aim for zero injuries in all of our workplaces We strictly comply with relevant safety legislation During the reporting period, there were no cases of prosecution for violating related legislation <p>Development and Training</p> <ul style="list-style-type: none"> We encourage employees to participate in training sessions and seminars We devise training objectives together with employees and provide suitable training to them <p>Supply Chain Management</p> <ul style="list-style-type: none"> We encourage suppliers to continuously improve and perform their social responsibilities <p>Product Responsibility</p> <ul style="list-style-type: none"> Our professional teams strive to provide customers with high-quality products and services We strictly comply with relevant product liability and personal data (privacy) ordinance During the reporting period, there were no cases of prosecution for violating related legislation <p>Anti-corruption</p> <ul style="list-style-type: none"> We maintain a robust and transparent corporate governance structure We strictly comply with relevant anti-corruption and bribery legislation We have a reporting mechanism and an independent internal audit team in place During the reporting period, there were no cases of prosecution for violating related legislation
Community 	<ul style="list-style-type: none"> We consistently endeavour to fulfil our social responsibilities, enthusiastically participating in a variety of charitable activities to show our care for vulnerable groups The Group has been honoured as a Caring Company for many years The Group, together with its members and property portfolio, has received numerous awards and recognition The Group’s volunteer team actively participates in various community activities We support artistic activities and promote culture in the community

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Communication with Stakeholders

The Group values every opportunity to communicate with its stakeholders as this is essential for improving relationships and helping them understand the Group's performance and strategies. Accordingly, the Group has established a variety of effective communication channels to exchange and share information with stakeholders, in order to achieve continuous improvement and service excellence.

The Group's communication channels with key stakeholders:

Stakeholders	Communication channels
Customers 	<ul style="list-style-type: none"> • The Group's website • Customer service hotline and email • Satisfaction survey (residents) • Delivery service survey (buyers) • Daily communication with frontline staff • Social media
Tenants 	<ul style="list-style-type: none"> • Customer service hotline and email • Satisfaction survey (tenants) • Meetings • Daily communication with frontline staff
Staff 	<ul style="list-style-type: none"> • Intranet • Staff newsletter • Annual assessments • Annual Group activities
Shareholders/ Investors 	<ul style="list-style-type: none"> • The Group's website • Annual General Meeting • Annual and interim reports • Press releases, announcements and circulars • Investor relations enquiry hotline and email
Media 	<ul style="list-style-type: none"> • Press releases • Press conferences • Media enquiry hotline and email
Suppliers/Vendors 	<ul style="list-style-type: none"> • Continuous, direct communication • Review and assessment
Community/ Non-governmental organisations 	<ul style="list-style-type: none"> • Participation in voluntary and philanthropic activities • Organisation of exhibitions and events • Sponsorship and donation

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environment

A.1 Creating a green environment

The Group is proactive in promoting sustainable development and environmental protection. It promotes environmental protection both inside and outside the Group, including initiatives such as reducing greenhouse gas emissions, making more efficient use of energy, reducing waste and recycling. The Group has adopted measures to improve its operational methods in order to minimise the impact of its business operations on the environment. In doing so, the Group complies with all relevant environmental legislation. During the reporting period, the Group did not violate any laws relating to environmental protection and emissions. The following environmentally-friendly measures were adopted by the Group during the year:

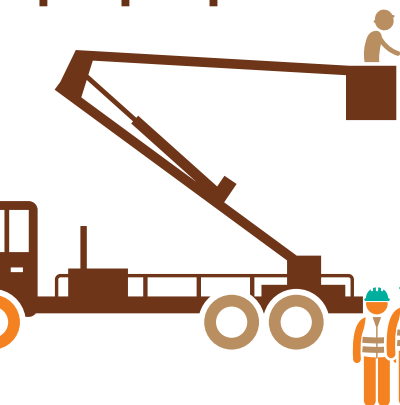
Property Development Operation: Green Construction

- Sprayed water during concrete chiselling for dust prevention
- Ensured grab-mounted trucks were properly covered by canvas for dust control before they left the construction site
- Cleared sawdust regularly for dust prevention on the construction site
- Used environmentally-friendly rooftops, modular green coverage and plantations to build a green site
- Installed sun control window films to block solar radiation and increase energy efficiency



Building Management Operation: Green Management

- Arranged for regular cleaning of the air conditioner filters at its properties to keep the air clean
- Engaged a laboratory to inspect the air quality at its clubhouses to ensure the air is clean
- Managed the operating hours of the lifts, air-conditioning systems and public lighting systems to avoid unnecessary energy consumption
- Monitored the power usage of its buildings and reviewed electricity consumption trends regularly
- Replaced existing lighting with T5 fluorescent tubes, LED tubes and compact fluorescent light-bulbs to save electricity
- Installed a water tank transformer at Soundwill Plaza II — Midtown, one of the Group's key properties under management, in order to reduce the power usage of the water tank



The Group aims to prevent pollution and reduce greenhouse gas emissions by conducting regular assessments and reviews. Through regular monitoring of power usage in its properties and investing in energy-efficient devices, the Group has achieved energy-saving performance in a number of its properties. The biggest source of greenhouse gas emissions of the Group is attributable to the indirect emissions resulting from power usage.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Power usage and greenhouse gas emissions of the Group during the reporting period:

Property	Soundwill Plaza II – Midtown	Park Haven	*iPLACE	Total
Electricity consumption (MWh)	1,192.37	441.46	63.97	1,697.8
Greenhouse gas emissions (tonne CO ₂ e)	941.97	348.75	34.54	1,325.26

* Figures as of May 2017 due to the construction of iPLACE from January 2017 to May 2017.

Total electricity consumption per employee	5.21 MWh
Total greenhouse gas emissions	4.07 tonne CO ₂ e

A.2 Effective Use of Resources

The Group is committed to reducing the negative impact of its operations on the environment by using resources only when necessary and by continuously exploring ways to reduce resource consumption and enhance water efficiency. Although the Group does not use much water in its operations, it carefully manages its water resources as part of its culture of resource conservation.

Management of Water Resources

- Installed desilting tanks at the construction site for the treatment and purification of sewage
- Installed sumps and sandbags at the construction site whenever necessary to avoid improper sewage discharge
- Provided waterless and odourless environmentally-friendly toilets at the construction site for considerable water savings each year
- Obtained a sewage discharge licence to ensure relevant Group projects are in compliance with the Water Pollution Control Ordinance
- Used sensor-activated devices or self-closing water taps in washrooms for saving water
- Monitored and controlled water usage at its properties and periodically reviewed water consumption



Water consumption of the Group during the reporting period:

Property	Soundwill Plaza II – Midtown	Park Haven	*iPLACE	Total
Water consumption (m ³)	10,343.98	1,498.12	259	12,101.1

* Figures as of May 2017 due to the construction of iPLACE from January 2017 to May 2017.

Total water consumption per employee	37.12 m ³
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ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group's properties and construction projects are the major sources of waste. The Group has been working diligently to motivate all stakeholders, including tenants, customers, residents and contractors, to participate in waste management.

Waste Management

- Set up a site waste management programme to avoid over-ordering
- Fully utilised construction materials to avoid wasting resources
- Introduced waste segregation for recycling
- Provided designated recycling containers to collect and segregate solid waste, such as plastic bottles and aluminium cans, to facilitate disposal and recycling
- Returned used wood pallets and metal tools to suppliers to encourage reuse
- Donated reusable waste to charitable organisations



Measures to reduce hazardous and non-hazardous waste and methods of waste handling:

Procedures	Hazardous waste	Non-hazardous waste
Evaluate the operational processes to identify sources of waste and formulate a waste reduction plan	√	√
Reduce waste by adopting non-traditional working models or processes	√	√
Waste segregation and labelling	√	√
Hand over hazardous waste to licensed recyclers	√	—
Hand over non-hazardous waste to designated general cleansing workers or contractors and periodically transport waste to oversized waste storage locations	—	√

As at 31 December 2017, the Group did not produce large amount of hazardous waste.

Volume and intensity of non-hazardous waste produced by the Group during the reporting period:

Property	Soundwill Plaza II – Midtown	Park Haven	Total
Waste volume (tonne)	70.61	0.29	70.9
Waste production intensity (tonne/number of employees)	—	—	0.19

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Paper Management

- Segregated non-recyclable waste paper from recyclable waste paper
- Set up a waste paper collection box to collect waste paper and arrange paper recyclers to collect waste paper regularly
- Introduced a new computer system to automate daily human resource applications to reduce paper usage
- Set up an intranet for enhanced transparency of internal information and reduce the use of paper for communication
- Used paper products certified by the Forest Stewardship Council for printing the annual reports and publications of the Group
- Encouraged double-sided photocopying and printing



A.3 Conservation of Natural Resources

The Group is committed to promoting environmental awareness and supporting environment-related activities. During the year, it arranged to have employees participate in training programmes related to environmental protection, such as a talk on the Scheme of Participation by Property Management Agents in Tackling Dripping Air-conditioners held by the Food and Environmental Hygiene Department. The Group also promoted environmental protection throughout the supply chain and encouraged stakeholders to join environment-related activities.

Environment-related activities or programmes held by environmental or governmental organisations joined by the Group during the reporting period:

	Name	Organiser	Event Summary
Environment-related activities	Earth Hour 2017	World Wide Fund for Nature Hong Kong	Switched off lights for an hour from 8:30 pm to 9:30 pm on 25 March 2017
	New Year Old Electrical and Electronic Equipment Recycling Collection Scheme 2017	Environmental Protection Department	Encouraged residents of the properties under the Group to collect old computers, electrical appliances and electronic products and hand them to the contractors under the scheme
	Fluorescent Lamp Recycling Programme 2017	Environmental Protection Department	Set up collection points for fluorescent lamps and tubes in the properties under the Group
Environment-related programmes	Energy Saving Charter 2017 and 4Ts Charter 2017	Environment Bureau	Soundwill Plaza, WarrenWoods and Park Haven all received a certificate by pledging to maintain an average indoor temperature of 24–26°C, switch off electrical appliances and systems when not in use, and procure energy-efficient electrical appliances and systems in the lobby and public areas as required by the charters
	Charter on External Lighting	Environment Bureau	Soundwill Plaza and Soundwill Plaza II — Midtown each received the Platinum Award by pledging to switch off external lighting during preset times, and to minimise light nuisance and energy wastage

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

	Name	Organiser	Event Summary
Environmental awards	Hong Kong Green Organisation Certification – Wastewi\$e Certificate	Environmental Campaign Committee	Soundwill Plaza, WarrenWoods and Park Haven all received a Wastewi\$e Certificate by implementing waste reduction measures
	Hong Kong Green Organisation Certification – Energywi\$e Certificate	Environmental Campaign Committee	WarrenWoods and Park Haven each received an Energywi\$e Certificate by implementing energy efficiency programmes for different installations
	Programme on Source Separation of Domestic Waste Commendation Scheme 2016/17 – Certificate of Merit	Environmental Protection Department	Park Haven received a Certificate of Merit by regularly recycling waste produced by the residents and establishing a database to record the recycling volume

Society

B.1 Maintaining a Fair Employment System

The Group's employment and recruitment processes are highly transparent, and decision-making is rigorous and fact-based. The Group bases salaries on the principle of fairness and ensures that wages are in compliance with the minimum wage requirements. Wages in related markets are also referenced to provide attractive compensation. The Group offers a variety of allowances to qualifying employees and provides staff with retirement plans as stipulated under the law. In recognition of the Group's consistent compliance with the MPF legislation, the Mandatory Provident Fund Administration named the Group a "Good MPF Employer" for 2016–17.

The Group takes pleasure in providing employees with an environment that balances work and family life, and encourages an interactive and comfortable workplace. During the year, the Group received the "Happiness-at-Work" label and the "Happy Company" recognition from the Hong Kong Productivity Council. In response to the needs of its employees, the Group launched the five-day work week in January 2018 so that staff have more time to rest and be with their families; this also has the effect of enhancing work efficiency and the physical and mental health of employees.

The Group is an equal opportunity employer. Regardless of ethnicity, religion, gender or age, all people enjoy equal employment opportunities and are treated in a fair and impartial manner. Employment contracts are terminated via written notice, and all compensation is consistent with legal requirements. The employee retirement age is 65. In cases where the Group believes that employees possess irreplaceable experience and are deeply familiar with the Group's operations, and as long as health conditions permit, arrangements agreeable to both parties can be reached for new employment contracts.

The Group protects the rights of its employees and absolutely does not tolerate any form of discrimination, including discrimination against or harassment on the basis of gender, ethnicity, age, religion or nationality. We provide a comfortable working environment with good career opportunities for all employees. Appropriate channels are also in place for employees to express their opinions.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group purchases medical insurance for its employees to provide access to medical services at a low cost. If injuries or deaths occur at work, the Group offers reasonable compensation to its employees and their families.

Employee performance evaluations allow managers and employees to review their work performance of the previous year together, evaluate job satisfaction and plan for the year ahead. Performance evaluations are a critical management tool for improving cooperation and ensuring that established targets are met. In addition to their daily work, employees also have the opportunity to evaluate and plan their career development and opportunities for promotion.

The Group strictly complies with all relevant employment legislation. During the reporting period, there were no cases of prosecution for violating employment legislation.

B.2 Protecting the Health and Safety of Employees

In line with its occupational health and safety objectives, the Group aims to achieve zero injuries in all of its workplaces. The management provides ongoing support for ensuring safety in the workplace. Through mutual trust and transparent communication, the Group and its employees work together to improve workplace safety standards and develop a proactive and positive safety culture. Employees' rights and responsibilities in terms of safety are made clear, and they are required to adhere to the safety codes of the Group.

The Group regularly assesses potential safety risks and ensures that all applicable safety legislation is strictly complied with. The Group sets aside funds to update safety equipment, conducts safety training and education, promotes and evaluates safety measures and holds emergency rescue drills. As a member of the Green Cross Group under the Occupational Safety & Health Council, the Group endeavours to promote occupational safety and health in the industry, regularly exchanges its experiences and expertise with its peers, and receives updates on the most popular trends in safety and health to enhance the knowledge, behaviour and capabilities of the management, employees, suppliers and contractors in safety and hazard management. Moreover, the Group pursues effective safety performance by establishing quantifiable objectives and clear safety measures and by conducting regular performance reviews.

The Group also provides its employees with introductory safety training courses and special safety training so that they understand potential hazards in their work and have the requisite knowledge for responding to them. Additionally, we require the employees of both the Group and our contractors to complete introductory safety training questionnaires. All on-site workers are required to possess valid Construction Industry Safety Training Certificates (Safety Cards) as well as registration certificates for the relevant processes to confirm that new recruits understand the relevant safety rules. At the same time, the Group provides appropriate personal protective equipment for its employees and mandates that all employees use such equipment.

The Group also requires that contractors perform collective safety inspections weekly and at other periodic intervals. They are also required to submit inspection reports detailing safety risks, follow-ups and subsequent improvements. The Group and the Site Safety Management Committee further arrange and record joint safety inspections, with subcontractors present.

The Group's occupational safety performance during the reporting period:

- No work-related fatality was recorded
- 0% of work-related fatality was recorded

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group complies with all relevant safety legislation. During the reporting period, there were no cases of prosecution for violating occupational safety legislation, and there were no cases of work-related fatalities.

B.3 Talent Development

The Group treats its employees as valuable assets and understands that their commitment can help drive the development of the business. It periodically reviews employees' performance, achievements and development needs, and helps them plan their career development. Employees are encouraged to participate in training and seminars and to take the initiative to develop their potential and abilities so that they can enhance their work performance and pursue personal advancement.

To keep abreast of market changes, the Group equips its employees with the skills and knowledge needed both now and in the future. The Group develops training objectives together with employees and provides appropriate training to help employees improve their existing skills and knowledge in order to respond to new work requirements. Induction safety training programmes are provided for new hires, and regular toolbox talks and special safety training are held for existing employees. The Group has also established a mentor scheme to help new hires quickly adapt to the culture and operations of the Group as they assume their duties. During the reporting period, the Group had 373 employees, each of whom received an average of 1.3 hours of training.

B.4 Respecting Labour Practices

The Group has taken proactive measures to prevent child labour. Prior to hiring any applicant, the Group thoroughly examines all relevant documentation to ensure he or she is of the minimum required age of 18.

The Group prohibits indentured servitude or forced labour, as well as the use of corporal punishment, imprisonment and threats of violence. It does not impose mandatory overtime work. All overtime work is compensated with alternative holidays or back-pay. Recruitment is based on impartiality and free will. The recruitment of employees through coercion or deception is prohibited. In any case of incompliance, an investigation will be initiated and follow-up action taken immediately. All of the Group's employees enjoy medical benefits, paid sick leave, maternity leave and compassionate leave. Employee benefits are periodically reviewed to maintain the Group's competitive edge in talent recruitment.

No instance of child labour or forced labour occurred within the Group during the reporting period.

B.5 Supply Chain Management

The Group encourages continuous improvement and commitment to social responsibilities among its suppliers, and expects all suppliers to comply with the laws of their respective countries. Imported products must also comply with local legislation. The Group further requires its suppliers to provide a safe working environment for their employees. At the same time, suppliers must continue to improve their safety standards and performance with the aim of achieving zero work injuries.

The Group expects suppliers to implement sound employment measures by dealing with their employees fairly and reasonably, respect employees' rights and provide environments free of discrimination, child labour and forced labour. Suppliers must also abide by transparent business processes and high standards of conduct, including avoiding conflicts of interest and giving or accepting of bribes.

The Group's suppliers must also emphasise the efficient use of resources and strive to reduce waste. This includes using fuel and water efficiently, handling and disposing waste properly, monitoring and managing all environmental impacts in a responsible manner, and striving for continuous improvement.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B.6 Customer Care, Dedicated Service

In accordance with customer-centric and service-oriented principles, the Group aims to provide tailor-made, high-quality services that meet the needs of its customers. It has a professional team that collects and listens to the opinions of tenants and users, and provides a proper response and support. Complaints and feedback are recorded systematically and periodically reported to the senior management to improve service quality.

The Group attaches high importance to the quality of its properties. Before a property is formally delivered, numerous rounds of review are performed, including self-inspection by the construction unit, re-examination by supervisors and acceptance inspections by the relevant government departments. Before delivery to the customer, several internal acceptance checks are performed by a professional team to ensure that the units are in optimal condition when delivered to the owners. To ensure the efficiency and professionalism of the property acceptance checks and the resolution of any potential problems, the Group provides continuous training to its employees.

For new property owners, a dedicated team has been set up to help them handle the acceptance procedures and make the hand-over as easy as possible. Jones Hive, which was co-developed by the Group and Henderson Land Development Company Limited, was recognised as a Five-Star Residence for 2017 by the Hong Kong Professional Building Inspection Academy.

The Group's high-quality services extend after the delivery of the unit. Full-time teams are established to identify the services required during the use of the new unit, and will follow up with the purchasers afterwards. In addition to providing comprehensive after-sales service, newly-occupied properties come with maintenance warranties for the first two years, increasing tenants' peace of mind.

The properties managed by the Group received the following awards:

Awardee	Name of Award	Organiser
WarrenWoods	Outstanding Security Services — Residential Property Award	Hong Kong Island Regional Crime Prevention Office
10 Knutsford Terrace	Outstanding Managed Property Award	Kowloon West Regional Crime Prevention Office
Cameron Centre	Best Managed Property Award	Kowloon West Regional Crime Prevention Office
Yiu Fai Mansion	Best Managed Property Award	Kowloon West Regional Crime Prevention Office
Soundwill Plaza (G/F Lobby)	Certificate of the Indoor Air Quality Certification Scheme	Environmental Protection Department
Park Haven	Certificate of the Indoor Air Quality Certification Scheme	Environmental Protection Department

As the Group is committed to total customer satisfaction, disputes that cannot be resolved by after-sales service mechanisms are handled through mediation. The Group is aware that, as compared to court proceedings, mediation is more efficient for resolving a variety of disputes, while saving time and money. In view of this, the Group has signed the Mediate-First Pledge of the Department of Justice. If a dispute occurs between the Group and another person or organisation, the Group is willing to try mediation to resolve the dispute first before attempting other methods of dispute resolution or filing litigation with the court.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group also places great importance on customer privacy and has established a set of procedures to make sure that personal data collected during a property sale will only be used for business development and customer relationship management. Additionally, the Group will inform customers that it will follow all relevant legislation with regard to data privacy. Customer data are kept strictly confidential and will not be leaked to any unauthorised third-party without the consent of the relevant customers. The Group respects intellectual property and observes the relevant legislation. During the procurement process, suppliers are required to provide details of the hardware and software used by the Group to ensure their genuineness. The Group's information technology department also performs regular checks to see if any illegal software has been downloaded. If any illegal software is found, it will be deleted immediately. The Group also complies strictly with relevant product liability legislation. During the reporting period, there were no cases of prosecution for violating product liability or privacy-related legislation.

B.7 Developing a Corruption-free Culture

The Group has established a robust system of corporate governance, with responsibility shared jointly by the members of the Board of Directors. The comprehensive policies prepared by the Board apply to all employees, including the senior management and the Board of Directors. The policies ensure no conflicts of interest, prohibit the giving and accepting of bribes (including soliciting, providing and accepting advantages), include policies relating to part-time work and investment, and ensure compliance with business ethics standards. The Group also has a reporting mechanism in place to ensure that all complaints are kept confidential and handled in a prudent manner. If it is found upon investigation that any misconduct is involved, the matter will be referred to the relevant disciplinary body for follow-up action.

The Group requires that its employees declare conflicts of interest to the human resources department. It provides training for positions at higher risk of conflicts of interest, such as the senior management of each department. These include the property development department, property investment department, construction project department, marketing and sales department and market leasing department. In addition, the Independent Commission Against Corruption is periodically invited by the Group to hold anti-corruption seminars and convey the importance of clean business operations. Additionally, the Group arranged to have its employees attend the Conference on Business Ethics for Listed Companies 2017, organised by the Independent Commission Against Corruption, to align employees' knowledge of corporate governance with the market.

The Group has established an independent internal audit team to perform regular checks, formulate guidelines and conduct reviews. What's more, the Group engages an independent auditor to audit its accounts and ensure they are fair and complete.

The Group strictly complies with the relevant anti-corruption and bribery legislation. During the reporting period, there were no cases of prosecution for violating related legislation.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B.8 Community Investment

In fulfilling its social responsibilities, the Group participates in a variety of charitable activities to show its concern for community development and care for vulnerable groups. The spirit of community care is rooted in the Group's corporate culture and tied closely with its business operations. Employees are also encouraged to take part in a variety of charitable activities to support different sectors and give back to the community.

The Group has been honoured as a Caring Company by the Hong Kong Council of Social Service for five years in a row in recognition of its corporate spirit of caring for society through action. During the reporting period, the corporate social responsibility projects of the Group were honoured with the Industry Cares 2017 Award by the Federation of Hong Kong Industries. The Group was one of the awardees of the Hong Kong Corporate Citizenship Program organised by the Hong Kong Productivity Council and was named as a Heart to Heart Company for 2017–2018 by the Hong Kong Federation of Youth Groups.

In conjunction with its members and property projects, the Group has been honoured with numerous commendations. These provide evidence of the Group's commitment to fulfilling its social responsibility and supporting the development of the community through its services.

Name of Award		Organisation
Caring Company 2017 5 Years Plus Caring Company Logo		Hong Kong Council of Social Service
Happiness at Work Promotional Scheme 2017 Happy Company 2017		Hong Kong Productivity Council
Industry Cares 2017 Caring Certificate (Enterprise Group)		Federation of Hong Kong Industries
2017–2018 Heart to Heart Project — Heart to Heart Company		Hong Kong Federation of Youth Groups

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Name of Award		Organisation
The 8th Hong Kong Corporate Citizenship Program — Enterprise Category recognition		Hong Kong Productivity Council
2016 Social Capital Builder Award (Every two years)		Labour and Welfare Bureau

The Group consistently supports culture in the community. For many years, it has actively and enthusiastically cooperated with arts organisations and corporate brands in holding a variety of art exhibitions and activities. The Group provides a multi-purpose performance venue of more than 7,000 square feet at Soundwill Plaza II — Midtown where local and foreign artists can display their work and where the public can come to understand, appreciate and engage with their artistic creations. The Group has also cooperated with a number of international fashion brands in hosting fashion shows and events, further enhancing Hong Kong's status and visibility in the international community.

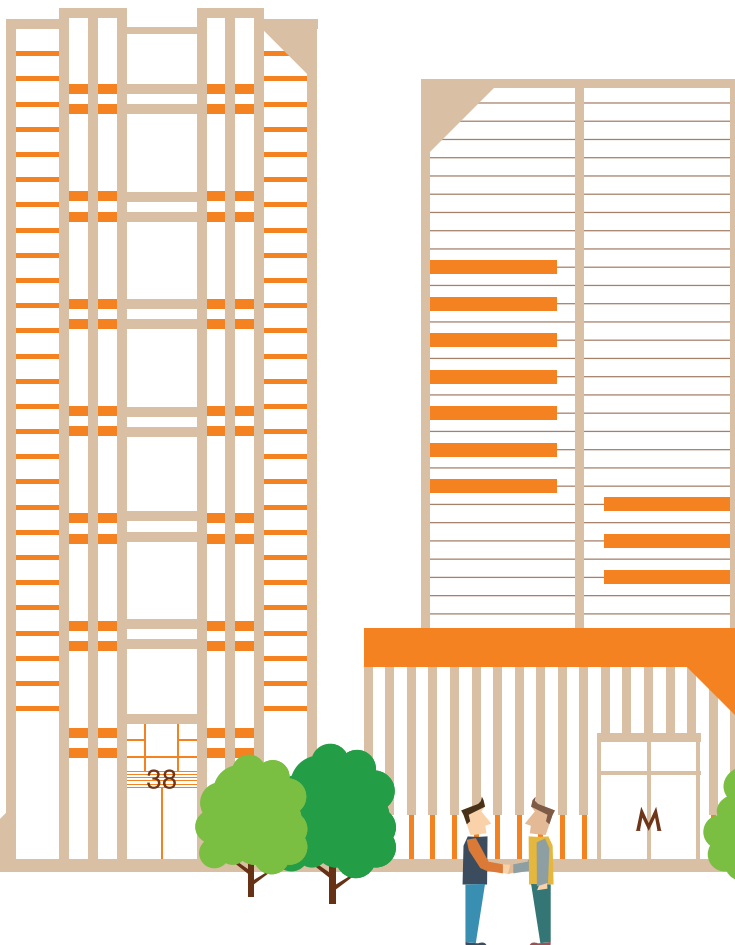
To promote the development of local music culture, the Group assisted Hong Kong's Together Sunday Jazz Band to stage a performance at Tang Lung Street, Causeway Bay. In support of the musical development of local youth, the Group provides the open space in front of the front door of Soundwill Plaza II — Midtown for musicians and music groups to stage performances and thereby raise artistic and cultural awareness in the community.

The Group also set up the Soundwill Family Club for parents to participate in charitable activities, with a view to encouraging more people to serve the community. During the summer holidays, the Group and one of its tenants, Jamie's Italian, organised a special event for children, namely the Midtown Summer Camp. During this activity, children were able to learn table manners, a different language and drama skills through an English role-playing course under the theme, "From the Kitchen to the Table".

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Beneficiaries of donation/sponsorship:

Organisation	Name of activity
St. Christopher's Home	Fundraising activity for St. Christopher's Home
Shatin Women's Association	Flag day for the Sunshine Lady Project in the New Territories
The Boys' Brigade, Hong Kong	Anchorthon
The Community Chest	The Community Chest Green Day and Dress Casual Day
Hong Kong Outlying Islands Women's Association	Sponsorship of overhead costs
Po Leung Kuk	Flag sale activity for Po Leung Kuk
Society for Abandoned Animals Limited	Flag sale activity for Society for Abandoned Animals Limited
Society for the Welfare of the Autistic Persons	Sponsorship of overhead costs



Outlook

For the future, the Group will continue to pursue its mission of becoming a sustainable enterprise as the direction for its development. It has also committed to improving its performance in all aspects of its responsibilities to the environment, society and governance and supporting innovative activities that create greater value for all stakeholders and the betterment of society. At the same time, in accordance with the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Group will continue to share information on its environmental, social and governance performance with the public.

REPORT OF THE DIRECTORS

The board (the “Board”) of directors (the “Directors”) of Soundwill Holdings Limited (the “Company”) are pleased to present their report and the audited consolidated financial statements of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2017 (the “Consolidated Financial Statements”).

Business Review

A business review of the Group during 2017 is set out under:

- (1) the Chairman’s Statement on pages 4 to 5;
- (2) the Operations Review and Prospects on pages 8 to 17; and
- (3) the Management Discussion and Analysis on pages 18 to 19.

Principal Activities

The principal activity of the Company is investment holding. The principal activities of the subsidiaries include property development, property leasing and provision of building management services in Hong Kong and property development in the People’s Republic of China (“PRC”). Other particulars of the subsidiaries are set out in note 35 to the Consolidated Financial Statements.

Results and Dividend

The results of the Group for the year ended 31 December 2017 and the state of the Group’s and the Company’s affairs as at the date are set out in the Consolidated Financial Statements on pages 116 to 248.

The Board recommends a payment of a final dividend of HK\$0.20 (2016: HK\$0.20) per share and no payment of special dividend (2016: HK\$1.00) for the year ended 31 December 2017, subject to the approval of the shareholders at the forthcoming annual general meeting to be held on Friday, 25 May 2018. The final dividend will be payable on or about Friday, 15 June 2018 to shareholders whose names appear on the register of members on Friday, 1 June 2018.

Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Group during the year are set out in note 17 to the Consolidated Financial Statements.

Subsidiaries

Particulars of the Group’s principal subsidiaries are set out in note 35 to the Consolidated Financial Statements.

Borrowings

Particulars of the borrowings of the Group at the reporting date are set out in note 26 to the Consolidated Financial Statements.

Share Capital

Details of the movements in share capital of the Company during the year are set out in note 28 to the Consolidated Financial Statements.

Reserves

Details of the movements in reserves of the Group and the Company during the year are set out in the Consolidated Statement of Changes in Equity on pages 124 to 127 and note 29 to the Consolidated Financial Statements respectively.

REPORT OF THE DIRECTORS

Share Option Scheme

Particulars of the share option scheme, share options granted and movement are set out in note 30 to the Consolidated Financial Statements.

Major Properties Held/Major Properties Under Development

Particulars of the major properties held by the Group and major properties under development of the Group are set out on pages 51 and 52 respectively.

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 53. This summary does not form part of the Consolidated Financial Statements.

Directors

The Directors during the year and up to the date of this report were:

EXECUTIVE DIRECTORS:

Madam Foo Kam Chu Grace (*Chairman*)
 Ms. Chan Wai Ling
 Mr. Kong Siu Man Kenny

INDEPENDENT NON-EXECUTIVE DIRECTORS:

Mr. Chan Kai Nang
 Mr. Pao Ping Wing
 Mr. Ng Chi Keung

Pursuant to the bye-law 87 of the bye-laws of the Company (the “Bye-Laws”), Ms. Chan Wai Ling and Mr. Chan Kai Nang will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

The Company has received from each of the independent non-executive directors an annual confirmation of independence pursuant to rule 3.13 of the Rules Governing the Listing of Securities (the “Listing Rules”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Company considers that all the independent non-executive directors are independent.

Directors’ Material Interests in Transactions, Arrangements and Contracts

Saved as disclosed in this report and note 37 “Related Party Transactions” to the Consolidated Financial Statements, no transaction, arrangement or contract of significance to the Group’s business to which a Director of the Company or his/her connected entity had a material interest, whether directly or indirectly were entered into or subsisting during the financial year.

Directors’ Service Contracts

Independent non-executive directors of the Company are not appointed for a specific term but are subject to retirement by rotation in accordance with the Bye-Laws.

As at 31 December 2017, no Directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company, which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

REPORT OF THE DIRECTORS

Change in Director's Information

Change in the Director's information since the disclosures made in the Company's 2017 interim report dated 25 August 2017, which are required to be disclosed pursuant to the requirement of rule 13.51B(1) of the Listing Rules are set out below:

Name of Director	Change
Chan Kai Nang	<ul style="list-style-type: none"> Resigned as an independent non-executive director and ceased to be the chairman of the audit committee, and a member of each of the nomination committee and remuneration committee of FDB Holdings Limited (1826.HK) on 12 January 2018. Retired as an independent non-executive director and ceased to be the chairman of each of the remuneration committee and independent committee and member of each of the audit committee and nomination committee of PanAsialum Holdings Company Limited (2078.HK) on 24 January 2018.

Save as disclosed above, there is no other change in the Director's information required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules subsequent to the publication of the 2017 interim report of the Company.

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

1. DIRECTORS' INTERESTS IN THE COMPANY

As at 31 December 2017, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO")) which are required to be (i) 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 he/she is taken or deemed to have taken under such provisions of the SFO); or (ii) entered in the register kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

Long positions in the shares and underlying shares:

Name of Director	Capacity	Number of ordinary shares interested	Approximate percentage of the Company's total issued shares
Foo Kam Chu Grace	Beneficial owner and interest of controlled corporation	207,364,130 ^(Note)	73.19%

Note: 207,364,130 shares represented the aggregate of (i) 96,602 shares directly held by Madam Foo Kam Chu Grace; (ii) 204,881,528 shares held by Ko Bee Limited, a company wholly-owned by Madam Foo Kam Chu Grace; and (iii) 2,386,000 shares held by Full Match Limited, a company wholly-owned by Ko Bee Limited. Accordingly Ko Bee Limited is deemed to be interested in the 2,386,000 shares in the Company.

REPORT OF THE DIRECTORS

2. DIRECTORS' INTERESTS IN ASSOCIATED CORPORATIONS

Name of Director	Name of associated corporations	Capacity	Number and class of shares	Percentage of shareholding
Foo Kam Chu Grace	Ko Bee Limited	Beneficial owner	1 ordinary share	100%
Foo Kam Chu Grace	Full Match Limited	Beneficial owner	1 ordinary share	100%

Save as disclosed above, as at 31 December 2017, none of the Directors and chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required to be (i) 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 he/she is taken or deemed to have taken under such provisions of the SFO); or (ii) entered in the register kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' Right to Acquire Shares and Debentures

Save as disclosed above and note 30 to the Consolidated Financial Statements, at no time during the year ended 31 December 2017 were rights to subscribe for equity or debt securities of the Company granted to any Director or chief executive of the Company or to their spouse or children under 18 years of age as recorded in the register required to be kept under Part XV of the SFO, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries a party to any arrangement to enable any such persons to acquire any such rights in any other body corporate.

Directors' Interests in Competing Business

During the year, no Director had any interests in any business which competed or were likely to compete, either directly or indirectly, with the Group's business.

Principal Risks and Uncertainties

The Group is exposed to various risks in its businesses and operations. Through internal control systems and procedures, the Company has taken reasonable steps to ensure that significant risks are monitored and do not adversely affect the Group's operations and performances. The relevant risks are managed on an ongoing basis. A non-exhaustive list of principal risks and uncertainties facing the Group is set out below:

1. MARKET RISK

The Group's revenue is principally derived from Hong Kong. The conditions of the economy as a whole and the property market may have significant impact to the Group's financial results and conditions.

2. COMPLIANCE RISK

The Group's operations require compliance with local and overseas laws (including those of PRC, Bermuda, Cayman Islands and British Virgin Islands) and regulations, including but not limited to property sale, management and construction as well as companies and securities laws. The Group has constantly monitored its compliance with relevant laws and regulations that have a significant impact on the Group.

3. CONSTRUCTION RISK

The Group also engages in construction business. The Group has to ensure it can timely complete its construction projects under relevant time limits; within cost control and adherence to quality and specifications. Certain factors may adversely affect this operation including shortages of labour, equipment and/or materials; disputes with contractors and subcontractors; unfavourable or adverse weather conditions; accidents and changes in government policies and practices. Occurrence of one or more of these factors may potentially delay completion; result in cost overrun and/or leading to postponement of profit recognition to a subsequent financial year.

REPORT OF THE DIRECTORS

Permitted Indemnity

In accordance with the Bye-Law 166(1) provides that, among other, every director and other officers of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices and related matters provided that the indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of them.

In this connection, the Company has arranged Directors' and officers' liability insurance coverage for the Directors and officers of the Company during the year.

Connected Transaction

During the year, the Group has not entered into any connected transaction. The Company confirmed that it has complied with the disclosure requirement of a connected transaction in accordance with Chapter 14A of the Listing Rules by publication of an announcement.

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

As at 31 December 2017, the person(s) other than a Director or chief executive of the Company who have interests or short positions of 5% or more in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO, was/were as follows:

1. LONG POSITIONS IN THE SHARES

Name of shareholder	Capacity	Number of shares	Approximate percentage of shareholding
Ko Bee Limited	Beneficial owner and interest of controlled corporation	207,267,528 ^(Note)	73.16%

Note: 207,267,528 shares represented the aggregate of (i) 204,881,528 shares held by Ko Bee Limited, a company wholly-owned by Madam Foo Kam Chu Grace and (ii) 2,386,000 shares held by Full Match Limited, a company wholly-owned by Ko Bee Limited.

Save as disclosed above, as at 31 December 2017, the Company had not been notified by any person(s) (other than the Directors and chief executive of the Company, whose interests are set out in the section "Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares of the Company and its Associated Corporations" above), who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

REPORT OF THE DIRECTORS

Major Customers and Suppliers

During the year, approximately 18% (2016: 9%) of the Group's purchases were attributable to the Group's largest supplier and approximately 51% (2016: 24%) of the Group's purchases were attributable to the Group's five largest suppliers.

During the year, approximately 5% (2016: 8%) of the Group's revenue was attributable to the Group's largest customer and approximately 10% (2016: 28%) of the Group's revenue was attributable to the Group's five largest customers.

None of the Directors, their associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's issued shares) has any interest in the Group's five largest suppliers or customers.

Environmental Policies and Performances

The Group remains firmly committed to operating as a socially-responsible company in all of its business operations. In its property development, the Group aims to efficiently use materials and resources. The Group's building management division promotes environmental awareness and takes steps to save energy and ensure efficient use of resources. The Group has formed a task group comprising of staff members from human resources and administration, corporate communications, finance and legal and is in the process of establishing and enhancing its environmental policies, procedures and performances.

Purchase, Sale or Redemption of the Company's Listed Securities

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

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Bye-Laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, it is confirmed that there is sufficient public float of the Company's shares in the market as at the date of this report.

Auditor

Messrs. Deloitte Touche Tohmatsu, Certified Public Accountants ("Deloitte"), who has been appointed as the auditor of the Company to fill the vacancy following the resignation of BDO Limited with effect from 22 June 2017 and to hold office until the conclusion of the forthcoming annual general meeting of the Company. A resolution will be proposed to the 2018 Annual General Meeting of the Company to re-appoint Deloitte as the auditor of the Company.

Closure of Register of Members for Annual General Meeting

For determining the entitlement to attend and vote at the forthcoming annual general meeting of the Company, the register of members of the Company will be closed from Monday, 21 May 2018 to Friday, 25 May 2018 (both dates inclusive), during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the annual general meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 18 May 2018.

REPORT OF THE DIRECTORS

Closure of Register of Members for Dividend

For determining the entitlement to the proposed final dividend for the year ended 31 December 2017, the register of members of the Company will be closed from Thursday, 31 May 2018 to Friday, 1 June 2018 (both dates inclusive), during which period no transfer of shares will be registered. In order to qualify for the final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 30 May 2018.

On behalf of the Board

Foo Kam Chu Grace

Chairman

Hong Kong, 28 March 2018

MAJOR PROPERTIES HELD AS AT 31 DECEMBER 2017

Location	Approximate gross floor area (sq ft)	Interest attributable to the Group	Land use	Lease term
Soundwill Plaza 38 Russell Street, Causeway Bay, Hong Kong	245,100	100%	Commercial	Long-term lease
Soundwill Plaza II — Midtown 1–29 Tang Lung Street, Causeway Bay, Hong Kong	218,000	100%	Commercial	Long-term lease
10 Knutsford Terrace 10–11 Knutsford Terrace, Tsim Sha Tsui, Hong Kong	114,000	100%	Commercial	Long-term lease
THE SHARP G/F–2/F, 11–13 Sharp Street East and 1–1A Yiu Wa Street, Causeway Bay, Hong Kong	4,500	100%	Commercial	Long-term lease
Kai Kwong Commercial Building 332–334 Lockhart Road, Wan Chai, Hong Kong	33,000	100%	Commercial	Long-term lease

MAJOR PROPERTIES UNDER DEVELOPMENT AS AT 31 DECEMBER 2017

Location	Approximate gross floor area (sq ft)	Interest attributable to the Group	Project status	Expected completion date
iPLACE 301–305 Castle Peak Road, Kwai Chung, Hong Kong	126,400	100%	Obtained occupation permit	—
Jones Hive 8 Jones Street, Tai Hang, Hong Kong	65,300	20.24%	Obtained occupation permit	—
105–113 Ta Chuen Ping Street, Kwai Chung, Hong Kong	190,000	100%	Construction in progress	2H 2020
尚薈海岸(景湖灣)一期(別墅) 高要市金渡鎮世紀大道旁	119,000	100%	已取得建設工程竣工驗收證明文件	—
尚薈海岸(景湖灣)二期(74/75棟) 高要市金渡鎮世紀大道旁	14,400	100%	已取得建設工程竣工驗收證明文件	—
尚薈海岸(景湖灣)二期(76/77/78/79棟) & 三期 高要市金渡鎮世紀大道旁	602,176	100%	Construction in progress	2H 2019
譽名都(山水向日)一期(4/5/6棟) 珠海市斗門區新偉中街68號	6,900	100%	已取得建設工程竣工驗收證明文件	—
譽名都(山水向日)二期(1/2/3/7棟) 珠海市斗門區新偉中街68號	585,653	100%	Construction in progress	2H 2018

FIVE-YEAR FINANCIAL SUMMARY

The following is a summary of the consolidated results and of the consolidated assets and liabilities of Soundwill Holdings Limited and its subsidiaries for the last five financial years, as extracted from the published audited financial statements and restated upon the adoption of the revised/amended Hong Kong Financial Reporting Standards as appropriate. This summary does not form part of the audited consolidated financial statements.

Consolidated Results

	2017 HK\$'000	2016 HK\$'000	2015 HK\$'000	2014 HK\$'000	2013 HK\$'000
Revenue (from continuing and discontinued operations)	2,224,996	1,627,921	540,491	2,937,245	610,385
Profit before income tax expense	1,302,770	3,103,193	23,075	1,801,060	1,387,551
Income tax expense	(101,174)	(242,483)	(67,172)	(156,443)	(49,373)
Profit/(Loss) for the year	1,201,596	2,860,710	(44,097)	1,644,617	1,338,178
Profit/(Loss) for the year attributable to owners of the Company	1,200,781	2,824,747	(52,604)	1,625,160	1,340,112
Non-controlling interests	815	35,963	8,507	19,457	(1,934)
	1,201,596	2,860,710	(44,097)	1,644,617	1,338,178

Consolidated Assets and Liabilities

	2017 HK\$'000	2016 HK\$'000	2015 HK\$'000	2014 HK\$'000	2013 HK\$'000
Non-current assets	19,717,057	17,931,861	15,746,117	16,013,123	16,743,701
Net current assets/(liabilities)	284,777	1,220,208	861,993	744,557	(1,643,889)
Non-current liabilities	(107,886)	(149,368)	(76,953)	(94,953)	(62,820)
Non-controlling interests	(35,861)	(31,685)	(277,674)	(257,890)	(240,019)
Equity attributable to owners of the Company	19,858,087	18,971,016	16,253,483	16,404,837	14,796,973
Gearing ratio*	8%	9%	13%	13%	26%

* expressed as a percentage of total borrowing over total equity

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

Deloitte.

德勤

TO THE SHAREHOLDERS OF SOUNDWILL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

致金朝陽集團有限公司列位股東

(於百慕達註冊成立之有限公司)

OPINION

We have audited the consolidated financial statements of Soundwill Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 116 to 248, which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and 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 2017, 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 (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKASs") 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.

意見

本核數師(以下簡稱我們)已審計金朝陽集團有限公司(統稱「貴公司」)及其附屬公司(「貴集團」)載列於第116至248頁的綜合財務報表，包括於二零一七年十二月三十一日的綜合財務狀況表與截至該日止年度的綜合損益及其他全面收入表、綜合權益變動表及綜合現金流量表以及綜合財務報表附註，包括主要會計政策概要。

我們認為，該等綜合財務報表已根據香港會計師公會(「香港會計師公會」)頒佈的香港財務報告準則(「香港財務報告準則」)真實而公平地反映貴集團於二零一七年十二月三十一日的綜合財務狀況及截至該日止年度的綜合財務表現及綜合現金流量，並已按照香港《公司條例》的披露規定妥為編製。

意見的基礎

我們已根據香港會計師公會頒佈的香港核數準則(「香港核數準則」)進行審計。我們在該等準則下承擔的責任已在本報告「核數師就審計綜合財務報表承擔的責任」部分中作進一步闡述。我們根據香港會計師公會的專業會計師道德守則(「守則」)獨立於貴集團，並根據守則履行我們其他道德責任。我們相信，我們所獲得的審計憑證能充足及適當地為我們的意見提供基礎。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

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.

Key audit matter

關鍵審計事項

Valuation of investment properties

投資物業估值

We identified the valuation of investment properties as a key audit matter due to the inherent level of complex and subjective judgements and estimates required in determining the fair values.

The Group's investment property portfolio comprises retail, office, industrial and residential properties mainly located in Hong Kong and is stated at fair value of HK\$19,497,324,000, accounting for approximately 86% of the Group's total assets as at 31 December 2017 with a net fair value gain on investment properties of HK\$392,004,000 recognised in the consolidated statement of profit or loss for the year then ended.

我們識別投資物業估值作為關鍵審計事項，原因是釐定公平值本身的複雜程度，並需作出主觀判斷及估計。

貴集團的投資物業組合包括主要位於香港的零售、辦公室、工業及住宅物業，乃按公平值港幣19,497,324,000元列賬，佔貴集團於二零一七年十二月三十一日的總資產約86%，投資物業公平值收益淨額港幣392,004,000元已於截至該日止年度的綜合損益表內確認。

關鍵審計事項

關鍵審計事項是根據我們的專業判斷，認為對本期綜合財務報表的審計最為重要的事項。這些事項是在我們審計整體綜合財務報表及就此形成意見時處理。我們不會對這些事項提供單獨的意見。

How our audit addressed the key audit matter

我們在審計中處理關鍵審計事項的方式

Our procedures in relation to the valuation of investment properties included:

- Evaluating the competence, capabilities, and objectivity of the Valuer and obtaining an understanding of the Valuer's scope of work and their terms of engagement;
- Evaluating the appropriateness of the Valuer's valuation approaches to assess if they meet the requirements of the HKFRSs and industry norms;

我們對投資物業估值進行的程序包括：

- 評估估值師的權能、能力及客觀性，並了解估值師的工作範圍及委聘條款；
- 評估估值師之估值方式是否適當，以評估其是否符合香港財務報告準則及行業慣例的規定；

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

KEY AUDIT MATTERS (Continued)

Key audit matter (Continued)

關鍵審計事項(續)

Valuation of investment properties (Continued)

投資物業估值(續)

The Group's investment properties are measured using the fair value model based on a valuation performed by an independent qualified professional valuer (the "Valuer"). As disclosed in notes 5 and 16 to the consolidated financial statements, in determining the fair values of the Group's completed investment properties, the Valuer has applied income capitalisation method, or direct comparison method, as appropriate for respective properties, which involves, inter alia, certain estimates, including appropriate capitalisation rates, reversionary income potential and market transactions of comparable properties, as appropriate; whereas, in determining the fair values of the Group's investment properties under re-development, the Valuer has applied residual method which is dependent on the estimated gross development value, estimated cost of development and allowance of profit that duly reflected developer's risk associated with the development.

貴集團的投資物業乃根據獨立合資格專業估值師(「估值師」)進行的估值，採用公平值模式計量。誠如綜合財務報表附註5及16所披露，於釐定 貴集團已落成投資物業之公平值時，估值師已按各物業適用的情況應用收入資本化法或直接比較法，當中涉及(其中包括)包括適當資本化比率、復歸收入潛力及可比較市場交易(視適用情況而定)之若干估計。於釐定 貴集團之重建投資物業時，估值師已應用剩餘法，該方法取決於估計發展總值、估計發展成本及妥為反映發展商與發展項目相關之風險的溢利撥備。

關鍵審計事項(續)

How our audit addressed the key audit matter (Continued)

我們在審計中處理關鍵審計事項的方式(續)

- Challenging the reasonableness of the key assumptions and appropriateness of valuation models applied based on available market data and our knowledge of the property industry and whether the assumptions and methodologies are consistent with the basis used in prior year;
- Assessing the reasonableness of key inputs used in the valuation, on a sample basis, by checking to the publicly available information on comparable market transactions, comparing rental income, terms of existing leases to the existing lease summary of the Group and evaluating whether capitalisation rates adopted are comparable to market; and
- Evaluating whether the estimated cost of development to completion and the allowance of profit for developer used are comparable to market.
- 根據所得市場數據及我們對物業行業的認識，挑戰主要假設的合理性及所應用估值模型的適當性，以及有關假設及方法是否與過往年度所用的基準相符；
- 透過檢查公開可得的可比較市場交易資料，將租金收入及現有租賃條款與 貴集團現有租賃概要作比較，以及評估所採用的資本化比率是否與市場相若，抽樣評估估值時使用的主要數據輸入是否合理；及
- 評估估計發展至完工成本及發展商所用的溢利撥備是否與市場相若。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

KEY AUDIT MATTERS (Continued)

Key audit matter (Continued)

關鍵審計事項(續)

Assessment of the net realisable values of properties for sale 評估待售物業之可變現淨值

We identified the assessment of the net realisable values of the Group's properties for sale (the "PFS") as a key audit matter due to the management judgements and estimates involved in the determination of the net realisable value (the "NRV") of the PFS.

As disclosed in note 19 to the consolidated financial statements, the Group had PFS of HK\$1,407,876,000 as at 31 December 2017. The Group's assessment of the carrying values of PFS, being the lower of cost and NRV, takes into account the selling price ultimately expected to be realised, the estimated costs to completion of the PFS and costs necessary to make the sale.

The management of the Group determines the estimated selling price of the PFS with reference to prevailing market data on most recent sale transactions of similar properties or market valuation reports available from independent qualified professional valuers, which takes into account the prevailing real estate market conditions.

Based on the management estimation of the NRV of the PFS and after taking into consideration the estimated costs to completion of the PFS and costs necessary to make the sale, no write-down of PFS was considered necessary for the year ended 31 December 2017.

我們識別 貴集團的待售物業(「待售物業」)可變現淨值評估作為關鍵審計事項，原因是釐定待售物業的可變現淨值(「可變現淨值」)時涉及管理層判斷及估計。

誠如綜合財務報表附註19所披露，貴集團於二零一七年十二月三十一日的待售物業為港幣1,407,876,000元。貴集團評估待售物業的賬面值(即成本及可變現淨值兩者中的較低者)時，會考慮最終預期變現的售價、待售物業的估計完工成本及進行銷售所需的成本。

貴集團管理層釐定待售物業的可變現淨值時，會參考類似物業的最近銷售交易或獨立合資格專業估值師提供的市場估值報告內的當前市場數據，當中考慮同一項目內類似物業類型或類似物業的近期價格以及當前房地產市況等多項因素。

根據管理層對待售物業可變現淨值作出的估計，並經考慮待售物業的估計完工成本及進行銷售所需的成本後，我們認為於截至二零一七年十二月三十一日止年度毋需撇減待售物業。

關鍵審計事項(續)

How our audit addressed the key audit matter (Continued)

我們在審計中處理關鍵審計事項的方式(續)

Our procedures in relation to the assessment of the net realisable values of the PFS included:

- Assessing the reasonableness of the NRV of the PFS estimated by the management or independent qualified professional valuers, on a sample basis, by comparing the estimated selling prices to the market prices achieved in the same projects or comparable properties, based on our knowledge of the Group's business and the real estate industry; and
- Assessing the reasonableness of the estimated cost to completion of the PFS estimated by the management, on a sample basis, by comparing it to the Group's development budget and the actual development cost of similar properties recently completed by the Group and by checking the actual cost incurred to date to construction contracts and other relevant documents.

我們評估待售物業的可變現淨值時進行的程序包括：

- 根據我們對 貴集團業務及房地產行業的認識，透過比較估計售價與同一項目或可比較物業所達到的市價，抽樣評估管理層或獨立合資格專業估值師估計的待售物業可變現淨值是否合理；及
- 透過比較管理層估計的待售物業估計完工成本與 貴集團的發展預算及 貴集團近期落成的類似物業的實際發展成本，以及檢查建築合約及其他相關文件迄今產生的實際成本，抽樣評估管理層估計的待售物業估計完工成本是否合理。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2016 were audited by another auditor who expressed an unmodified audit opinion on those statements on 23 March 2017.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include 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.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs and the disclosure requirements of 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.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

其他事宜

貴集團截至二零一六年十二月三十一日止年度之綜合財務報表由另一位核數師審核，該核數師於二零一七年三月二十三日就該等報表出具無保留審計意見。

其他資料

貴公司董事須對其他資料負責。其他資料包括年報內的所有信息，但不包括綜合財務報表及我們的核數師報告。

我們對綜合財務報表的意見並不涵蓋其他資料，我們亦不對該等其他資料發表任何形式的鑒證結論。

結合我們對綜合財務報表的審計，我們的責任是閱讀其他信息，在此過程中，考慮其他信息是否與綜合財務報表或我們在審計過程中所了解的情況存在重大抵觸或者似乎存在重大錯誤陳述的情況。基於我們已執行的工作，如果我們認為其他信息存在重大錯誤陳述，我們須報告該事實。在這方面，我們沒有任何報告。

董事及管治層就綜合財務報表須承擔的責任

貴公司董事須負責根據香港財務報告準則及香港《公司條例》的披露規定擬備真實而公平的綜合財務報表，並對其認為為使綜合財務報表的擬備不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責。

在擬備綜合財務報表時，董事負責評估貴集團持續經營的能力，並在適用情況下披露與持續經營有關的事項，以及使用持續經營為會計基礎，除非董事有意將貴集團清盤或停止經營，或別無其他實際的替代方案。

管治層負責監督貴集團的財務報告過程。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

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 solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, 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 skepticism 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.

核數師就審計綜合財務報表承擔的責任

我們的目標，是對綜合財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並按照百慕達公司法第90條僅向閣下（作為整體）作出包括我們意見的核數師報告，除此之外別無其他目的。我們概不就本報告之內容，向任何其他人士負上或承擔任何責任。合理保證是高水平的保證，但不能保證按照香港核數準則進行的審計，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們單獨或滙總起來可能影響使用者依賴綜合財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

在根據香港核數準則進行審計的過程中，我們運用了專業判斷，保持了專業懷疑態度。我們亦：

- 識別和評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審計程序以應對這些風險，以及獲取充足和適當的審計憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- 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.
- 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.

核數師就審計綜合財務報表承擔的責任(續)

- 了解與審計相關的內部控制，以設計適當的審計程序，但目的並非對 貴集團內部控制的有效性發表意見。
- 評價董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。
- 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對 貴集團的持續經營能力產生重大疑慮。如果我們認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露。假若有關的披露不足，則我們應當發表非保留意見。我們的結論是基於核數師報告日止所取得的審計憑證。然而，未來事項或情況可能導致 貴集團不能持續經營。
- 評價綜合財務報表的整體列報方式、結構和內容，包括披露，以及綜合財務報表是否中肯反映相關交易和事項。
- 就 貴集團內實體或業務活動的財務信息獲取充足、適當的審計憑證，以便對綜合財務報表發表意見。我們負責 貴集團審計的方向、監督與執行。我們為審計意見承擔全部責任。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

We communicate with those charged with governance 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 those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to 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 those charged with governance, we determine those 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 these 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 the independent auditor's report is Chau Chi Ka.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
28 March 2018

核數師就審計綜合財務報表承擔的 責任(續)

除其他事項外，我們與管治層溝通了計劃的審計範圍、時間安排、重大審計發現等，包括我們在審計中識別出內部控制的任何重大缺陷。

我們還向管治層提交聲明，說明我們已符合有關獨立性的相關專業道德要求，並與他們溝通有可能合理地被認為會影響我們獨立性的所有關係和其他事項，以及在適用的情況下，相關的防範措施。

從與管治層溝通的事項中，我們確定哪些事項對本期綜合財務報表的審計最為重要，因而構成關鍵審計事項。我們在核數師報告中描述這些事項，除非法律法規不允許公開披露這些事項，或在極端罕見的情況下，如果合理預期在我們報告中溝通某事項造成的負面後果超過產生的公眾利益，我們決定不應在報告中溝通該事項。

出具本獨立核數師報告之審計項目合夥人為周志嘉。

德勤•關黃陳方會計師行
執業會計師
香港
二零一八年三月二十八日

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 綜合損益及其他全面收入表

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

		Notes 附註	2017 二零一七年 HK\$'000 港幣千元	2016 二零一六年 HK\$'000 港幣千元
Revenue	收益	6	2,224,996	1,627,921
Cost of sales	銷售成本		(1,213,488)	(854,226)
Gross profit	毛利		1,011,508	773,695
Other income	其他收入	6	110,152	32,449
Selling expenses	銷售費用		(63,672)	(30,969)
Administrative expenses	行政費用		(206,149)	(183,914)
Other gains and losses	其他收益及虧損		(2,191)	(39,107)
(Loss)/gain on disposal of subsidiaries	出售附屬公司之(虧損)/ 收益	38	(50,167)	36,870
Write-down of properties for sale	撇減待售物業	19	—	(74,818)
Net fair value gain on investment properties/properties transfer	投資物業/物業轉撥 公平值收益淨額	16	528,792	2,621,740
Finance costs	融資成本	8	(25,503)	(32,753)
Profit before income tax expense	除所得稅開支前溢利	9	1,302,770	3,103,193
Income tax expense	所得稅開支	12	(101,174)	(242,483)
Profit for the year	年內溢利		1,201,596	2,860,710
Other comprehensive (expense)/ income, net of tax	其他全面(開支)/收入， 扣除稅項後	13		
<i>Item that will not be reclassified to profit or loss:</i>	<i>以下項目將不會重新分類到 損益：</i>			
Deficit on revaluation of buildings, net of deferred tax	樓宇重估虧損， 扣除遞延稅項後		(1,458)	(916)
<i>Item that may be reclassified subsequently to profit or loss:</i>	<i>以下項目其後可能重新分類 到損益：</i>			
Exchange gain/(loss) on translation of foreign operations	換算海外業務之 匯兌收益/(虧損)		31,079	(30,765)
Other comprehensive income/(expense) for the year, net of tax	年內其他全面收入/ (開支)，扣除稅項後		29,621	(31,681)
Total comprehensive income for the year	年內總全面收入		1,231,217	2,829,029

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 綜合損益及其他全面收入表

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

		Notes 附註	2017 二零一七年 HK\$'000 港幣千元	2016 二零一六年 HK\$'000 港幣千元
Profit for the year attributable to:	應佔年內溢利：			
Owners of the Company	本公司擁有人		1,200,781	2,824,747
Non-controlling interests	非控股權益		815	35,963
			1,201,596	2,860,710
Total comprehensive income for the year attributable to:	應佔年內總全面收入：			
Owners of the Company	本公司擁有人		1,227,041	2,793,241
Non-controlling interests	非控股權益		4,176	35,788
			1,231,217	2,829,029
Earnings per share	每股溢利	15		
Basic	基本		HK\$港幣4.24元	HK\$港幣9.97元
Diluted	攤薄		HK\$港幣4.24元	HK\$港幣9.97元

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

As at 31 December 2017 於二零一七年十二月三十一日

			2017 二零一七年	2016 二零一六年
		Notes 附註	HK\$'000 港幣千元	HK\$'000 港幣千元
ASSETS AND LIABILITIES				
Non-current assets				
	資產及負債			
	非流動資產			
Investment properties	投資物業	16	19,497,324	17,794,052
Property, plant and equipment	物業、廠房及設備	17	107,460	112,118
Properties held for development	待發展物業	18	18,434	18,026
Deposits paid for acquisition of properties	收購物業之已付訂金		56,945	—
Available-for-sale (“AFS”) financial assets	可供出售財務資產		—	10
Loan receivables	應收貸款	20	36,894	7,655
Total non-current assets	總非流動資產		19,717,057	17,931,861
Current assets				
	流動資產			
Properties for sale	待售物業	19	1,407,876	2,617,495
Trade and other receivables	貿易及其他應收款項	20	113,804	135,119
Deposits paid for acquisition of properties	收購物業之已付訂金		—	15,203
Structured bank deposits	結構性銀行存款	21	106,559	—
Bank deposits at escrow account	於託管賬戶之銀行存款	22	2,231	51,121
Restricted bank deposits	受限制銀行存款	23	57,993	67,947
Short-term bank deposits	短期銀行存款	23	480,055	988,227
Cash and cash equivalents	現金及現金等價物	23	666,895	536,201
Total current assets	總流動資產		2,835,413	4,411,313

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

As at 31 December 2017 於二零一七年十二月三十一日

			2017 二零一七年	2016 二零一六年
		Notes 附註	HK\$'000 港幣千元	HK\$'000 港幣千元
Current liabilities	流動負債			
Trade and other payables	貿易及其他應付款項	24	501,631	488,308
Deposits received in advance	預收訂金	25	292,733	864,457
Borrowings	借貸	26	1,528,120	1,694,220
Provision for income tax	所得稅撥備		228,152	144,120
Total current liabilities	總流動負債		2,550,636	3,191,105
Net current assets	淨流動資產		284,777	1,220,208
Total assets less current liabilities	總資產減流動負債		20,001,834	19,152,069
Non-current liabilities	非流動負債			
Deferred tax liabilities	遞延稅項負債	27	107,886	149,368
Net assets	淨資產		19,893,948	19,002,701

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

As at 31 December 2017 於二零一七年十二月三十一日

			2017 二零一七年 HK\$'000 港幣千元	2016 二零一六年 HK\$'000 港幣千元
		Notes 附註		
EQUITY	權益			
Equity attributable to owners of the Company	本公司擁有人應佔權益			
Share capital	股本	28	28,331	28,331
Reserves	儲備	29	19,829,756	18,942,685
			19,858,087	18,971,016
Non-controlling interests	非控股權益	36	35,861	31,685
Total equity	權益總額		19,893,948	19,002,701

The consolidated financial statements on pages 116 to 248 are authorised for issue by the board of directors on 28 March 2018 and are signed on behalf by:

第116至248頁之綜合財務報表於二零一八年三月二十八日獲董事會授權刊發，並由以下董事代為簽署：

Foo Kam Chu Grace
傅金珠
Director
董事

Chan Wai Ling
陳慧苓
Director
董事

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

	Notes 附註	2017 二零一七年 HK\$'000 港幣千元	2016 二零一六年 HK\$'000 港幣千元
Operating activities	經營業務		
Profit before income tax expense	除所得稅開支前溢利	1,302,770	3,103,193
<i>Adjustments for:</i>	<i>就下列各項作出調整：</i>		
Interest income	利息收入	(11,116)	(8,599)
Interest income from loan receivables	應收貸款利息收入	(721)	—
Interest expenses	利息支出	25,503	32,753
Depreciation of property, plant and equipment	物業、廠房及設備折舊	2,250	1,803
Amortisation of properties held for development	待發展物業攤銷	413	479
Equity-settled share-based payment expenses	以股權結算以股份為基礎之 付款開支	—	10
Impairment loss on trade receivables	貿易應收款項減值虧損	2,191	724
Reversal of impairment loss on consideration receivable	應收代價減值虧損撥回	—	(13,195)
Bad debts written off	壞賬撇銷	—	195
Reversal of impairment loss on trade receivable	貿易應收款項減值虧損撥回	—	(1,274)
Impairment loss on other receivables	其他應收款項減值虧損	—	39,462
Write-down of properties for sale	撇減待售物業	—	74,818
Net fair value gain on investment properties/properties transfer	投資物業／物業轉撥 公平值收益淨額	(528,792)	(2,621,740)
Loss/(gain) on disposal of subsidiaries	出售附屬公司之虧損／ (收益)	50,167	(36,870)
Loss on disposal of AFS financial assets	出售可供出售財務資產之 虧損	10	—
Operating profit before working capital changes	營運資金轉變前之經營溢利	842,675	571,759
Decrease/(increase) in trade and other receivables	貿易及其他應收款項減少／ (增加)	19,972	(23,752)
Increase in deposits paid for acquisition of properties	收購物業之已付訂金增加	—	(1,698)
Decrease in properties for sale	待售物業減少	936,235	396,774
Decrease in bank deposits at escrow account	於託管賬戶之銀行存款減少	48,890	294,923
Decrease/(increase) in restricted bank deposits	受限制銀行存款減少／ (增加)	9,954	(64,167)
Increase/(decrease) in trade and other payables	貿易及其他應付款項增加／ (減少)	13,323	(10,287)
(Decrease)/increase in deposits received in advance	預收訂金(減少)／增加	(571,724)	129,820

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

	Notes 附註	2017 二零一七年 HK\$'000 港幣千元	2016 二零一六年 HK\$'000 港幣千元
Net cash generated from operations	業務所得現金淨額	1,299,325	1,293,372
Interest paid	已付利息	—	(36,772)
Income tax paid	已付所得稅	(58,594)	(47,587)
<i>Net cash generated from operating activities</i>	<i>經營業務所得現金淨額</i>	1,240,731	1,209,013
Investing activities	投資活動		
Placement of structured bank deposits	存放結構性銀行存款	(165,934)	—
Withdrawal of structured bank deposits	提取結構性銀行存款	59,375	—
Placement of short-term bank deposits	存放短期銀行存款	(1,273,655)	(3,087,228)
Withdrawal of short-term bank deposits	提取短期銀行存款	1,781,827	2,099,001
Advance to loan receivables	應收貸款墊款	(31,307)	—
Repayment from loan receivables	應收貸款還款	806	—
Additions to property, plant and equipment	增添物業、廠房及設備	(372)	(23)
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備之所得款項	1,067	—
Deposits paid for acquisitions of properties	收購物業之已付訂金	(56,945)	—
Payment to acquire investment properties	收購投資物業之付款	(1,294,904)	(208,402)
Payment to acquire properties held for development	收購待發展物業之付款	—	(11)
Net cash inflows from disposal of subsidiaries	出售附屬公司之現金流入淨額	388,247	964,000
Purchase of net assets, net of cash acquired	收購淨資產，扣除所得現金	—	(17,000)
Loan receivables interest income received	已收應收貸款利息收入	721	—
Interest received	已收利息	11,116	8,599
<i>Net cash used in investing activities</i>	<i>投資活動所用現金淨額</i>	(579,958)	(241,064)

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

	Notes 附註	2017 二零一七年 HK\$'000 港幣千元	2016 二零一六年 HK\$'000 港幣千元
Financing activities	融資活動		
Repayments of bank loans	償還銀行貸款	(366,100)	(1,189,130)
Bank loans raised	籌集銀行貸款	200,000	746,300
Buy-back and cancellation of ordinary shares	回購及註銷普通股	—	(19,056)
Capital injection from non-controlling shareholders of subsidiaries	附屬公司之非控股股東注資	—	1,978
Distributions to non-controlling shareholders of subsidiaries	分派予附屬公司之非控股股東	—	(283,755)
Interest paid	已付利息	(25,503)	—
Final and special dividends paid	已付末期及特別股息	(339,970)	(56,662)
<i>Net cash used in financing activities</i>	<i>融資活動所用現金淨額</i>	(531,573)	(800,325)
Increase in cash and cash equivalents	現金及現金等價物增加	129,200	167,624
Cash and cash equivalents at 1 January	於一月一日之現金及現金等價物	536,201	370,373
Effect of foreign exchange rate changes, net	匯率變動影響，淨額	1,494	(1,796)
Cash and cash equivalents at 31 December	於十二月三十一日之現金及現金等價物	666,895	536,201

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

		Equity attributable to owners of the Company 本公司擁有人應佔權益		
		Share capital 股本 HK\$'000 港幣千元	Share premium 股份溢價 HK\$'000 港幣千元	Capital redemption reserve 資本贖回 儲備 HK\$'000 港幣千元
At 1 January 2017	於二零一七年一月一日	28,331	690,811	295
Profit for the year	年內溢利	—	—	—
Other comprehensive (expense)/income	其他全面(開支)/收入			
Item that will not be reclassified to profit or loss:	以下項目將不會重新分類到損益:			
Deficit on revaluation of buildings, net of deferred tax (note 13)	樓宇重估虧損, 扣除遞延稅項後 (附註13)	—	—	—
Item that may be reclassified subsequently to profit or loss:	以下項目其後可能重新分類到損益:			
Exchange gain on translation of foreign operations	換算海外業務之匯兌收益	—	—	—
Total comprehensive (expense)/income for the year	年內總全面(開支)/收入	—	—	—
Proposed final dividends for 2017 (note 14(a))	建議二零一七年末期股息 (附註14(a))	—	—	—
Lapse of share option (note 30)	購股權失效(附註30)	—	—	—
Final and special dividend paid for 2016 (note 14(b))	已付二零一六年末期及特別股息 (附註14(b))	—	—	—
At 31 December 2017	於二零一七年十二月三十一日	28,331	690,811	295

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

Equity attributable to owners of the Company 本公司擁有人應佔權益								
Asset revaluation reserve 資產重估 儲備 HK\$'000 港幣千元	Employee share- based equity reserve 員工股份 權益儲備 HK\$'000 港幣千元	Retained profits 保留溢利 HK\$'000 港幣千元	Exchange reserve 匯兌儲備 HK\$'000 港幣千元	Special reserve 特別儲備 HK\$'000 港幣千元	Proposed final and special dividends 建議末期及 特別股息 HK\$'000 港幣千元	Total 總計 HK\$'000 港幣千元	Non- controlling interests 非控股 權益 HK\$'000 港幣千元	Total equity 權益總額 HK\$'000 港幣千元
2,546	21,928	17,910,441	(25,154)	1,848	339,970	18,971,016	31,685	19,002,701
—	—	1,200,781	—	—	—	1,200,781	815	1,201,596
(1,458)	—	—	—	—	—	(1,458)	—	(1,458)
—	—	—	27,718	—	—	27,718	3,361	31,079
(1,458)	—	1,200,781	27,718	—	—	1,227,041	4,176	1,231,217
—	—	(56,662)	—	—	56,662	—	—	—
—	(21,928)	21,928	—	—	—	—	—	—
—	—	—	—	—	(339,970)	(339,970)	—	(339,970)
1,088	—	19,076,488	2,564	1,848	56,662	19,858,087	35,861	19,893,948

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

		Equity attributable to owners of the Company 本公司擁有人應佔權益		
		Share capital 股本 HK\$'000 港幣千元	Share premium 股份溢價 HK\$'000 港幣千元	Capital redemption reserve 資本贖回 儲備 HK\$'000 港幣千元
At 1 January 2016	於二零一六年一月一日	28,535	709,663	91
Profit for the year	年內溢利	—	—	—
Other comprehensive (expense)/income	其他全面(開支)/收入			
Item that will not be reclassified to profit or loss:	以下項目將不會重新分類到損益:			
Deficit on revaluation of buildings, net of deferred tax (note 13)	樓宇重估虧損，扣除遞延稅項後 (附註13)	—	—	—
Item that may be reclassified subsequently to profit or loss:	以下項目其後可能重新分類到損益:			
Exchange loss on translation of foreign operations	換算海外業務之匯兌虧損	—	—	—
Total comprehensive (expense)/income for the year	年內總全面(開支)/收入	—	—	—
Proposed final and special dividends for 2016 (note 14(a))	建議二零一六年末期及特別股息 (附註14(a))	—	—	—
Over-provision for final dividend for 2015	二零一五年末期股息超額撥備	—	—	—
Share bought-back and cancelled (note 28)	回購及註銷股份(附註28)	(204)	(18,852)	204
Equity-settled share-based payment (note 30)	以股權結算以股份為基礎之付款 (附註30)	—	—	—
Disposal of a subsidiary (note 38(b))	出售一家附屬公司(附註38(b))	—	—	—
Capital injection from non-controlling shareholders of a subsidiary	附屬公司之非控股股東注資	—	—	—
Distribution to non-controlling shareholders of a subsidiary	分派予附屬公司之非控股股東	—	—	—
Final dividend paid for 2015 (note 14(b))	已付二零一五年末期股息(附註14(b))	—	—	—
At 31 December 2016	於二零一六年十二月三十一日	28,331	690,811	295

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

Equity attributable to owners of the Company 本公司擁有人應佔權益								
Asset revaluation reserve	Employee share- based equity reserve	Retained profits	Exchange reserve	Special reserve	Proposed final and special dividends	Total	Non- controlling interests	Total equity
資產重估 儲備	員工股份 權益儲備	保留溢利	匯兌儲備	特別儲備	建議末期及 特別股息	總計	非控股 權益	權益總額
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
7,908	21,918	15,421,014	5,436	1,848	57,070	16,253,483	277,674	16,531,157
—	—	2,824,747	—	—	—	2,824,747	35,963	2,860,710
(916)	—	—	—	—	—	(916)	—	(916)
—	—	—	(30,590)	—	—	(30,590)	(175)	(30,765)
(916)	—	2,824,747	(30,590)	—	—	2,793,241	35,788	2,829,029
—	—	(339,970)	—	—	339,970	—	—	—
—	—	408	—	—	(408)	—	—	—
—	—	(204)	—	—	—	(19,056)	—	(19,056)
—	10	—	—	—	—	10	—	10
(4,446)	—	4,446	—	—	—	—	—	—
—	—	—	—	—	—	—	1,978	1,978
—	—	—	—	—	—	—	(283,755)	(283,755)
—	—	—	—	—	(56,662)	(56,662)	—	(56,662)
2,546	21,928	17,910,441	(25,154)	1,848	339,970	18,971,016	31,685	19,002,701

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

1. GENERAL INFORMATION

Soundwill Holdings Limited (the “Company”) is a limited liability company incorporated and domiciled in Bermuda. The address of the Company’s registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The Company’s shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in note 35 to the consolidated financial statements.

The directors of the Company (the “Directors”) consider the Company’s immediate and ultimate holding company to be Ko Bee Limited, which is incorporated in the British Virgin Islands with limited liability and ultimately controlled by Madam Foo Kam Chu Grace who is the chairman (“Chairman”) of the board of directors of the Company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

2.1 Amendments to HKFRSs that are mandatorily effective for the current year

The Company and its subsidiaries (the “Group”) has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time in the current year:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle

1. 一般資料

金朝陽集團有限公司(「本公司」)為於百慕達註冊成立與登記之有限公司，本公司註冊辦事處地址為Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda。本公司股份在香港聯合交易所有限公司(「聯交所」)上市。

本公司主要業務為投資控股，其附屬公司之主要業務載於綜合財務報表附註35。

本公司董事(「董事」)認為本公司之直屬及最終控股公司為Ko Bee Limited，該公司為於英屬維爾京群島註冊成立之有限公司，由本公司董事會主席(「主席」)傅金珠女士最終控制。

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)

2.1 於本年度強制生效之香港財務報告準則修訂

本公司及其附屬公司(「本集團」)在本年度首度應用由香港會計師公會(「香港會計師公會」)頒佈的以下香港財務報告準則修訂：

香港會計準則第7號	披露計劃
之修訂	
香港會計準則第12號	就未變現虧損確認
號之修訂	遞延稅項資產
香港財務報告準則	作為香港財務報告
第12號之修訂	準則二零一四年
	至二零一六年週
	期之年度改進之
	一部分

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

2.1 Amendments to HKFRSs that are mandatorily effective for the current year (Continued)

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group’s performance and financial positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to Hong Kong Accounting Standard (“HKAS”) 7 Disclosure Initiative

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of consolidated financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

A reconciliation between the opening and closing balances of these items is provided in note 41. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure in note 41, the application of these amendments has had no impact on the Group’s consolidated financial statements.

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

2.1 於本年度強制生效之香港財務報告準則修訂(續)

除下文所述外，於本年度應用香港財務報告準則修訂對本集團本年度及過往年度的表現及財務狀況及／或本綜合財務報表所載的披露事項並無產生重大影響。

香港會計準則(「香港會計準則」)第7號之修訂 披露計劃

本集團在本年度首度應用該等修訂。有關修訂要求實體提供披露資料，以便綜合財務報表使用者能評估融資活動產生的負債變化，包括現金及非現金的變化。此外，有關修訂亦規定，倘財務資產的過去現金流量或未來現金流量計入融資活動帶來之現金流量，則須披露該等財務資產的變動。

具體而言，有關修訂要求披露以下各項：(i)融資現金流量的變動；(ii)因取得或喪失附屬公司或其他業務的控制權而產生的變動；(iii)外幣匯率變動的影響；(iv)公平值變動；及(v)其他變動。

該等項目的年初與年終結餘之間的對賬載於附註41。本集團並無披露過往年度的比較資料，與有關修訂的過渡條文一致。除附註41的額外披露事項外，應用該等修訂並無對本集團的綜合財務報表構成影響。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

2.2 Early adoption of amendments to HKFRSs

In the current year, the Group has applied the amendments to HKAS 40 in advance of its effective date. The Group applied the amendments to changes in use that occurred on and after 1 January 2017, the date of initial application.

Amendments to HKAS 40 Transfers of Investment Property

The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by evidence that a change in use has occurred. The amendments further clarify that situations other than the ones listed in HKAS 40 may evidence a change in use, and that a change in use is possible for properties under construction (i.e. a change in use is not limited to completed properties).

At the date of initial application, the Group assessed the classification of property held based on conditions existed at that date, there is no impact to the classification at 1 January 2017.

The early application of amendments to HKAS 40 has resulted in the transfer of certain completed properties for sale to investment properties during the current year as a result of the inception of leases instead of the commencement of the leases as disclosed in note 16.

During the year, the relevant properties were being disposed through disposal of a subsidiary as disclosed in note 38(a).

If the Group did not early apply amendments to HKAS 40, there is no impact to the net results for the year ended 31 December 2017, but the disposal of the subsidiary would result in a net gain of HK\$86,621,000 instead of net loss of HK\$50,167,000 and net fair value gain on investment properties/properties transfer would decrease from HK\$528,792,000 to HK\$392,004,000.

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

2.2 提前採納香港財務報告準則修訂

本集團在本年度於其生效日期前應用了香港會計準則第40號之修訂。本集團將有關修訂應用於在首次應用日期二零一七年一月一日及之後發生之用途改變上。

香港會計準則第40號之修訂 轉撥投資物業

該等修訂澄清轉至或轉自投資物業需評估物業是否符合或不再符合投資物業之定義，該定義須以證據支持其用途改變。該等修訂進一步澄清香港會計準則第40號所列情況外之情況或可證明用途改變，而該用途改變可能適用於在建中物業(即用途改變不限於已落成物業)。

於首次應用日期，本集團根據當日存在之情況評估所持物業分類，對二零一七年一月一日之分類並無產生影響。

誠如附註16所披露，基於租賃的訂立而非租賃的開始，提早應用香港會計準則第40號之修訂已導致本年度內若干已落成待售物業轉撥至投資物業。

誠如附註38(a)所披露，年內有關物業已透過出售附屬公司而出售。

倘本集團並無提早應用香港會計準則第40號之修訂，則不會對截至二零一七年十二月三十一日止年度的業績淨額構成影響，惟出售附屬公司將產生收益淨額港幣86,621,000元而非虧損淨額港幣50,167,000元，而投資物業／物業轉撥公平值收益淨額將由港幣528,792,000元減少至港幣392,004,000元。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

2.3 New and revised HKFRSs that in issue but not yet effective

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

HKFRS 9	Financial Instruments ¹	香港財務報告準則第9號	財務工具 ¹
HKFRS 15	Revenue from Contracts with Customers and the related Amendments ¹	香港財務報告準則第15號	來自客戶合約之收益及相關修訂 ¹
HKFRS 16	Leases ²	香港財務報告準則第16號	租賃 ²
HKFRS 17	Insurance Contracts ⁴	香港財務報告準則第17號	保險合約 ⁴
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration ¹	香港(國際財務報告詮釋委員會)詮釋第22號	外幣交易及預付代價 ¹
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments ²	香港(國際財務報告詮釋委員會)詮釋第23號	所得稅處理的不明確因素 ²
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions ¹	香港財務報告準則第2號之修訂	股份支付交易之分類及計量 ¹
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts ¹	香港財務報告準則第4號之修訂	應用香港財務報告準則第9號財務工具與香港財務報告準則第4號保險合約 ¹
Amendments to HKFRS 9	Prepayment Features with Negative Compensation ²	香港財務報告準則第9號之修訂	具有負補償的預付特性 ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³	香港財務報告準則第10號及香港會計準則第28號之修訂	投資者與其聯營公司或合營企業之間的資產出售或注入 ³
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures ²	香港會計準則第28號之修訂	於聯營公司及合營企業的長期權益 ²
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle ¹	香港會計準則第28號之修訂	作為香港財務報告準則二零一四年至二零一六年週期之年度改進之一部分 ¹
Amendments to HKFRSs	Annual improvements to HKFRSs 2015–2017 Cycle ²	香港財務報告準則之修訂	香港財務報告準則二零一五年至二零一七年週期之年度改進 ²

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

2.3 已頒佈惟尚未生效的新訂及經修訂香港財務報告準則

本集團並無提早應用以下已頒佈但尚未生效的新訂及經修訂香港財務報告準則：

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2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

2.3 New and revised HKFRSs that in issue but not yet effective (Continued)

- 1 Effective for annual periods beginning on or after 1 January 2018
- 2 Effective for annual periods beginning on or after 1 January 2019
- 3 Effective for annual periods beginning on or after a date to be determined
- 4 Effective for annual periods beginning on or after 1 January 2021

Except for the new and revised to HKFRSs mentioned below, the Directors anticipate that the application of the other new and revised to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 9 Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

2.3 已頒佈惟尚未生效的新訂及經修訂香港財務報告準則(續)

- 1 於二零一八年一月一日或之後開始的年度期間生效
- 2 於二零一九年一月一日或之後開始的年度期間生效
- 3 於待定日期或之後開始的年度期間生效
- 4 於二零二一年一月一日或之後開始的年度期間生效

除下述新訂及經修訂香港財務報告準則外，董事預期，應用其他新訂及經修訂香港財務報告準則將不會對可見將來的綜合財務報表造成重大影響。

香港財務報告準則第9號 財務工具

香港財務報告準則第9號引入有關財務資產、財務負債、一般對沖會計分類及計量之新規定以及財務資產減值規定。

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2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

2.3 New and revised HKFRSs that in issue but not yet effective (Continued)

HKFRS 9 Financial Instruments (Continued)

Key requirements of HKFRS 9 which are relevant to the Group are:

- all recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income (“FVTOCI”). All other financial assets are measured at their fair value at subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss; and

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

2.3 已頒佈惟尚未生效的新訂及經修訂香港財務報告準則(續)

香港財務報告準則第9號 財務工具(續)

香港財務報告準則第9號中與本集團相關的主要規定如下：

- 在香港財務報告準則第9號範圍內的所有已確認財務資產其後須按攤銷成本或公平值計量。具體而言，債務投資以收回合約現金流為目的之業務模式下持有，且合約現金流完全用作支付本金及未償還本金利息，一般於其後的會計期末按攤銷成本計量。債務工具以達到收回合約現金流及出售財務資產為目的之業務模式下持有，且合約條款於特定日期產生完全用作支付本金及未償還本金利息的現金流，一般按公平值計入其他全面收入(「FVTOCI」)計量。所有其他財務資產於其後的會計期間按其公平值計量。此外，根據香港財務報告準則第9號，實體可不可撤回地選擇於其他全面收入呈列股本投資(並非持作買賣)的公平值的其後變動，而只有股息收入一般於損益內確認；及

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2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

2.3 New and revised HKFRSs that in issue but not yet effective (Continued)

HKFRS 9 Financial Instruments (Continued)

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39 “Financial instruments: recognitions and measurement”. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group’s financial instruments and risk management policies as at 31 December 2017, the Directors anticipate the following potential impact on initial application of HKFRS 9:

Classification and measurement:

- Loan receivables carried at amortised cost are held within a business model whose objective is to collect the contractual cash flows that are solely payments of principal and interest on the principal outstanding. Accordingly, these financial assets will continue to be subsequently measured at amortised cost upon the application of HKFRS 9;
- The designation of structured bank deposits at FVTPL will be revoked upon application of HKFRS 9. However, the Group will continue to measure the structured bank deposits at fair value through profit or loss as the contractual terms of structured bank deposits give rise to cash flows that are not solely payments of principal and interest on the principal amount outstanding; and

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

2.3 已頒佈惟尚未生效的新訂及經修訂香港財務報告準則(續)

香港財務報告準則第9號 財務工具(續)

- 就財務資產減值而言，與香港會計準則第39號「財務工具：確認及計量」項下的已產生信貸虧損模式不同，香港財務報告準則第9號規定按預期信貸虧損模式計算。預期信貸虧損模式規定實體於各報告日期將預期信貸虧損及該等預期信貸虧損的變動入賬，以反映信貸風險自初步確認以來的變動。換言之，毋須再待發生信貸事件後方可確認信貸虧損。

根據本集團於二零一七年十二月三十一日的財務工具及風險管理政策，董事預計首次應用香港財務報告準則第9號的潛在影響如下：

分類及計量：

- 按攤銷成本列賬的應收貸款以收回合約現金流為目的之業務模式下持有，且合約現金流完全用作支付本金及未償還本金利息。因此，在應用香港財務報告準則第9號後，該等財務資產其後將繼續按攤銷成本計量；
- 按FVTPL計量之結構性銀行存款將於應用香港財務報告準則第9號後撤銷。然而，本集團將繼續按公平值計入損益計量結構性銀行存款，原因是結構性銀行存款之合約年期產生並非完全用作支付本金及未償還本金利息之現金流；及

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2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

2.3 New and revised HKFRSs that in issue but not yet effective (Continued)

HKFRS 9 Financial Instruments (Continued)

- Except for financial assets that are subject to expected credit loss model under HKFRS 9, all other financial assets and financial liabilities will continue to be measured on the same bases as are currently measured under HKAS 39.

Impairment

In general, the Directors anticipate that the application of the expected credit loss model of HKFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group’s financial assets measured at amortised costs, contract assets under HKFRS 15 “Revenue from contracts with customers”, lease receivables and financial guarantee contracts, that subject to the impairment provisions upon application of HKFRS 9 by the Group.

Based on the assessment by the Directors, if the expected credit loss model were to be applied by the Group, the accumulated amount of impairment loss to be recognised by Group as at 1 January 2018 would be increased as compared to the accumulated amount recognised under HKAS 39 mainly attributable to expected credit losses provision on trade and other receivables, loan receivables, restricted bank deposits, short-term bank deposits and cash and cash equivalents. Such further impairment recognised under expected credit loss model would reduce the opening retained profits and increase the deferred tax assets at 1 January 2018.

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

2.3 已頒佈惟尚未生效的新訂及經修訂香港財務報告準則(續)

香港財務報告準則第9號 財務工具(續)

- 除受制於香港財務報告準則第9號項下之預期信貸虧損模式之財務資產外，所有其他財務資產及財務負債將繼續按照香港會計準則第39號下目前的相同計量基準計量。

減值

整體而言，在本集團應用香港財務報告準則第9號後，董事預計應用香港財務報告準則第9號的預期信貸虧損模式，將導致本集團按攤銷成本計量的財務資產、香港財務報告準則第15號「來自客戶合約之收益」下之合約資產、應收租賃及財務擔保合約(以上均須作出減值撥備)須就尚未產生的信貸虧損提早計提撥備。

據董事評估，倘本集團須應用預期信貸虧損模式，本集團於二零一八年一月一日確認的累計減值虧損金額，與根據香港會計準則第39號確認的累計金額相比將會增加，當中主要歸因於貿易及其他應收款項、應收貸款、受限制銀行存款、短期銀行存款及現金及現金等價物的預期信貸虧損撥備。根據預期信貸虧損模式確認的該等進一步減值，將導致截至二零一八年一月一日的年初保留溢利減少及遞延稅項資產增加。

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2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

2.3 New and revised HKFRSs that in issue but not yet effective (Continued)

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 “Revenue”, HKAS 11 “Construction Contracts” and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

2.3 已頒佈惟尚未生效的新訂及經修訂香港財務報告準則(續)

香港財務報告準則第15號 來自客戶合約之收益

香港財務報告準則第15號已頒佈，其制定單一全面模式，供實體用以將來自客戶合約的收益入賬。香港財務報告準則第15號生效後，將會取代現有之收益確認指引，包括香港會計準則第18號「收益」、香港會計準則第11號「建築合約」及相關詮釋。

香港財務報告準則第15號的核心原則為實體應將向客戶轉讓承諾貨品或服務的收益確認為可反映該實體預期就交換該等貨品或服務有權獲得的代價。具體而言，該準則引入確認收益之五個步驟：

- 第1步：識別與客戶所訂立之合約
- 第2步：識別合約之履約責任
- 第3步：釐定交易價格
- 第4步：分配交易價格至合約內之履約責任
- 第5步：於(或當)實體履行履約責任時確認收益

根據香港財務報告準則第15號，實體於(或當)履行履約責任時確認收益，即於特定履約責任相關的貨品或服務的「控制權」轉讓予客戶時。香港財務報告準則第15號已就特別情況的處理方法加入更明確的指引。此外，香港財務報告準則第15號要求廣泛的披露資料。

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2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

2.3 New and revised HKFRSs that in issue but not yet effective (Continued)

HKFRS 15 Revenue from Contracts with Customers (Continued)

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The Directors assessed the potential impacts of HKFRS 15 on the Group’s contracts with customers in respect of the sales of properties, in particular, the identification of performance obligations under HKFRS 15, and the allocation of the total consideration to respective performance obligations based on relative fair values and whether these contracts contain significant financing components. Upon application of HKFRS 15, revenue on sales of properties is recognised when customers obtain control over the properties as compared to upon transfer of significant risks and rewards of ownership under HKAS 18. The Directors considered that the impact on the timing of the revenue recognition and applicability of other requirements of HKFRS 15 are not expected to be significant as at date of initial application. The application of HKFRS 15 in the future may also result in more disclosures in the consolidated financial statements.

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 “Leases” and the related interpretations when it becomes effective.

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

2.3 已頒佈惟尚未生效的新訂及經修訂香港財務報告準則(續)

香港財務報告準則第15號 來自客戶合約之收益(續)

二零一六年，香港會計師公會頒佈對香港財務報告準則第15號的澄清，內容有關識別履約責任、主事人對代理人代價以及許可應用指引。

董事已評估香港財務報告準則第15號對本集團與客戶就物業銷售訂立之合約可能產生之影響，尤其是根據香港財務報告準則第15號識別履約責任，以及按照相對公平值將總代價分配至各自之履約責任及該等合約是否包含重大融資部分。應用香港財務報告準則第15號後，物業銷售收益會在客戶取得物業之控制權時確認，而根據香港會計準則第18號則會在擁有權之重大風險及回報轉移時確認。董事認為，於首次應用日期對收益確認時間及香港財務報告準則第15號其他規定之適用性之影響預期並不重大。日後應用香港財務報告準則第15號亦可能導致須於綜合財務報表披露更多資料。

香港財務報告準則第16號 租賃

香港財務報告準則第16號為識別出租人及承租人的租賃安排及會計處理引入綜合模式。香港財務報告準則第16號生效後，將會取代香港會計準則第17號「租賃」及相關詮釋。

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2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

2.3 New and revised HKFRSs that in issue but not yet effective (Continued)

HKFRS 16 Leases (Continued)

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

2.3 已頒佈惟尚未生效的新訂及經修訂香港財務報告準則(續)

香港財務報告準則第16號 租賃 (續)

香港財務報告準則第16號根據所識別資產是否由客戶控制來區分租賃及服務合約。除短期租賃及低價值資產租賃外，就承租人會計處理移除經營租賃與融資租賃的差異，並以須就承租人的所有租賃確認使用權資產及相應負債的模式替代。

使用權資產初步按成本計量，並隨後以成本(惟若干例外情況除外)減累計折舊及減值虧損計量，並就租賃負債的任何重新計量而作出調整。租賃負債乃按租賃付款(非當日支付)的現值初步計量。隨後，租賃負債就(其中包括)利息及租賃付款以及租賃修訂的影響作出調整。就現金流量分類而言，本集團目前就自用租賃土地及分類為投資物業的租賃土地呈列預付租賃付款為投資現金流量，而其他經營租賃付款則以經營現金流量呈列。應用香港財務報告準則第16號後，有關租賃負債的租賃付款將分配為本金及利息部分，而本集團將以融資現金流量呈列。

與承租人會計處理方法相反，香港財務報告準則第16號大致保留香港會計準則第17號的出租人會計處理規定，並繼續規定出租人將租賃分類為經營租賃或融資租賃。

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2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

2.3 New and revised HKFRSs that in issue but not yet effective (Continued)

HKFRS 16 Leases (Continued)

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 December 2017, the Group has non-cancellable operating lease commitments of HK\$734,000 as disclosed in note 31(a). A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases.

In addition, the Group currently considers refundable rental deposits received of HK\$164,361,000 as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost. Adjustments to refundable rental deposits received would be considered as advance lease payments.

Furthermore, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above.

The application of new requirements may result changes in measurement, presentation and disclosure as indicated above. Upon application of HKFRS 16, the Directors will consider the measurement model to be applied to the Group’s leases under HKFRS 16, specifically, the potential election of revaluation model to certain right-of-use assets that relate to the class of property, plant and equipment in which the Group currently applies revaluation model. A reasonable estimate of the financial effect, if any, will be provided upon completion of a detailed review by the directors of the Company.

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

2.3 已頒佈惟尚未生效的新訂及經修訂香港財務報告準則(續)

香港財務報告準則第16號 租賃(續)

此外，香港財務報告準則第16號亦要求廣泛的披露。

於二零一七年十二月三十一日，誠如附註31(a)所披露，本集團擁有不可撤銷的經營租賃承擔港幣734,000元。初步評估顯示該等安排將符合租賃的定義。應用香港財務報告準則第16號後，本集團將會就所有該等租賃確認使用權資產及對應負債。

此外，本集團目前將已收可退還租金按金港幣164,361,000元，視為香港會計準則第17號所適用的租賃項下的權利及責任。根據香港財務報告準則第16號項下的租賃付款定義，該等按金並非與相關資產使用權有關的付款，因此該等按金的賬面值可調整至攤銷成本。對已收可退還租金按金作出之調整將視作預付租賃付款。

另外，應用新規定或會導致上述之計量、呈列及披露變動。

應用新規定可能導致上述之計量、呈列及披露變動。應用香港財務報告準則第16號後，董事將會考慮根據香港財務報告準則第16號將適用於本集團租賃之計量模型，特別是可能對與本集團目前應用重估模型之物業、廠房及設備類別相關之若干使用權資產選用重估模型。待本公司董事完成詳細檢討後，將會提供財務影響之合理估計(如有)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

3. BASIS OF PREPARATION

3.1 Statement of compliance

The consolidated financial statements on pages 116 to 248 have been prepared in accordance with all applicable HKFRSs, issued by HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

3.2 Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis except for structured bank deposits, investment properties and buildings which are measured at fair values or revalued amounts at the end of each reporting period as set out in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 “Share-based payment”, leasing transactions that are within the scope of HKAS 17 “Leases”, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 “Inventories” or value in use in HKAS 36 “Impairment of assets”.

3. 編製基準

3.1 合規聲明

第116至248頁之綜合財務報表乃根據香港會計師公會頒佈之所有適用之香港財務報告準則及香港公司條例之披露規定而編製。此外，綜合財務報表包括香港聯合交易所有限公司證券上市規則（「上市規則」）所規定之適用披露。

3.2 計量基準

綜合財務報表乃採用歷史成本法編製，惟按下文會計政策所載於各報告期末按公平值或重估金額計量之結構性銀行存款、投資物業及樓宇除外。

歷史成本一般以交換貨品及服務所給予代價之公平值為基準。

公平值為市場參與者於計量日期在有序交易中出售資產可能收取或轉讓負債可能支付之價格，不論該價格是否直接可觀察或使用另一項估值方法估計。估計資產或負債之公平值時，本集團考慮市場參與者在計量日期為該資產或負債進行定價時將會考慮之資產或負債特徵。在該等綜合財務報表中計量及／或披露之公平值均按此基礎上釐定，惟在香港財務報告準則第2號「股份支付」範圍內之以股份為基礎之支付交易、香港會計準則第17號「租賃」範圍內之租賃交易及與公平值部分類似但並非公平值之計量（如香港會計準則第2號「存貨」中的可變現淨值或香港會計準則第36號「資產減值」中的使用價值）除外。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

3. BASIS OF PREPARATION (Continued)

3.2 Basis of measurement (Continued)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3. 編製基準(續)

3.2 計量基準(續)

計量非財務資產之公平值時，會考慮市場參與者透過按其最高及最佳用途使用資產或透過出售予將按其最高及最佳用途使用資產之其他市場參與者而產生經濟利益之能力。

對於按公平值及使用不可觀察數據輸入計量其後期間公平值之估值技術而交易之財務工具及投資物業，估值技術會作校準，以使估值技術結果等同交易價格。

此外，就財務報告而言，公平值計量根據公平值計量之數據輸入可觀察程度及數據輸入對公平值計量之整體重要性分類為第1級、第2級或第3級，載述如下

- 第1級數據輸入是企業於計量日期可為相同資產或負債在活躍市場取得的報價(未作調整)；
- 第2級數據輸入是就資產或負債直接或間接可觀察之數據輸入(不包括第1級內之報價)；及
- 第3級數據輸入是就資產或負債不可觀察之數據輸入。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

3. BASIS OF PREPARATION (Continued)

3.2 Basis of measurement (Continued)

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new and revised HKFRSs and the impact on the Group's consolidated financial statements, if any, are disclosed in note 2.

It should be noted that accounting estimates and assumptions are used in preparation of the consolidated financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 5.

3.3 Functional and presentation currency

The consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is the same as the functional currency of the Company.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries.

Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

3. 編製基準(續)

3.2 計量基準(續)

編製該等綜合財務報表所採用之主要會計政策在下文概述。除另有說明者外，該等政策已於所有呈報年度貫徹應用。採納新訂及經修訂香港財務報告準則及對本集團綜合財務報表之影響(如有)在附註2披露。

謹請留意編製綜合財務報表曾運用會計估計及假設。雖然該等估計基於管理層對現時事件及行動之最佳理解及判斷，但實際結果最終或會與有關估計有重大出入。涉及高度判斷或複雜性之範圍，或假設及估計對綜合財務報表屬重大之範圍在附註5內披露。

3.3 功能及呈列貨幣

綜合財務報表乃以港幣(「港幣」)呈列，而港幣亦為本公司之功能貨幣。

4. 主要會計政策概要

4.1 綜合基準

綜合財務報表包括本公司及由本公司及其附屬公司控制之實體之財務報表。

倘本公司達成以下條件，即取得控制權：

- 有權控制被投資方；
- 對其參與被投資方之浮動回報享有承擔或權利；及
- 能運用對被投資方之權力以影響其所得回報。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.1 Basis of consolidation (Continued)

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

4. 主要會計政策概要(續)

4.1 綜合基準(續)

倘有事實及情況顯示上列三項控制元素中有一項或多項元素有變，本集團則重新評估其是否對被投資方擁有控制權。

當本集團取得附屬公司之控制權時，附屬公司即開始綜合入賬；當本集團失去對附屬公司之控制權時，附屬公司則不再綜合入賬。具體而言，年內所收購或所出售附屬公司之收入及開支，乃自本集團取得控制權當日起至本集團不再控制附屬公司當日止計入綜合損益及其他全面收入表。

損益及各其他全面收入項目乃歸屬於本公司擁有人及非控股權益。附屬公司之總全面收入乃歸屬於本公司擁有人及非控股權益，即使此舉會導致非控股權益出現虧絀結餘亦如是。

必要時會對附屬公司之財務報表作出調整，以使其會計政策符合本集團之會計政策。

與本集團成員公司之間交易有關之所有集團內公司間資產及負債、權益、收入、開支及現金流量會於綜合賬目時全數對銷。

本集團於現有附屬公司之擁有權權益變動(並無導致本集團失去對附屬公司之控制權)列作權益交易入賬。本集團之相關權益部分及非控股權益之賬面值均予以調整，以反映彼等於附屬公司相對權益之變動，包括按照本集團及非控股權益之比例權益在本集團與非控股權益之間重新歸屬相關儲備。

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For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.1 Basis of consolidation (Continued)

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Acquisition of subsidiary not constituting a business

When the Group acquires a subsidiary where the underlying assets are not integrated in forming a business, the transaction is accounted for as a purchase of net assets. The cost of the acquisition is allocated to the identifiable assets and liabilities assumed by allocating the purchase price first to investment properties which are subsequently measured under fair value model and financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

4. 主要會計政策概要(續)

4.1 綜合基準(續)

非控股權益之調整額與已付或已收代價之公平值之間之任何差額，均直接於權益確認，並歸屬於本公司擁有人。

倘本集團失去附屬公司之控制權，則取消確認該附屬公司及非控股權益(如有)之資產及負債。收益或虧損會在損益中確認，並按下列兩者之差額計算：(i)所收取代價之公平值與任何保留權益之公平值之總額，與(ii)本公司擁有人應佔該附屬公司之資產(包括商譽)及負債之賬面值。過往就該附屬公司在其他全面收入確認之所有金額，會以猶如本公司已直接出售附屬公司之相關資產或負債之方式入賬(即重新分類至損益或轉撥至適用香港財務報告準則訂明／允許之其他權益類別)。於失去控制權當日仍保留於前附屬公司之任何投資之公平值，會根據香港會計準則第39號於往後之會計處理中被視為首次確認於聯營公司或合營企業之投資時之公平值，或(如適用)其首次確認時之成本。

收購不構成業務之附屬公司

當本集團收購一家附屬公司(其相關資產並非合併為業務)，則交易入賬列為購買淨資產。收購成本會分配至可識別資產及所承擔負債，方法是將購買價首先分配至其後按公平值模式計量的投資物業及按相關公平值計量的財務資產／財務負債，然後按其於購買日期的相對公平值，將購買價餘額分配至其他個別可識別資產及負債。此等交易不會產生商譽或議價購買收益。

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綜合財務報表附註

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.2 Joint arrangements

Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the HKFRSs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

4. 主要會計政策概要(續)

4.2 合營安排

於合營業務之權益

合營業務屬於合營安排，據此，共同控制有關安排之各方有權享有合營安排之資產，並承擔合營安排之負責任。共同控制為各方在合約規限下同意分享安排之控制權，僅於就相關活動作出決定時必須經分享控制權之各方一致同意下始存在共同控制。

當集團實體以合營業務進行其業務，本集團作為合營營運方就有關其於合營業務之權益確認：

- 其資產，包括其分佔任何共同持有之資產；
- 其負債，包括其分佔任何共同產生之負債；
- 其銷售其分佔合營業務產品之收益；
- 其分佔合營業務銷售產品之收益；及
- 其開支，包括其分佔任何共同產生之開支。

本集團根據適用於個別資產、負債、收益及開支之香港財務報告準則，將其於合營業務之權益相關之資產、負債、收益及開支入賬。

當集團實體與合營業務交易而集團實體為合營營運方(如銷售或貢獻資產)，本集團被視為與合營業務之其他各方交易，則交易產生之盈虧只限於合營業務其他各方權益之部分，方可於本集團綜合財務報表內確認。

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For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.2 Joint arrangements (Continued)

Interests in joint operations (Continued)

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

4.3 Investment properties

Investment properties are properties held either to earn rental income and/or for capital appreciation (including properties under construction or held for future development for such purposes), but not held for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured at cost, including directly attributable expenditure, on initial recognition. Subsequent to initial recognition, investment properties are measured at fair value with any change therein recognised in profit or loss.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

A transfer from properties for sale to investment property should be made when, and only when, there is an evidence (such as inception of the lease) for a change in use. For a transfer to investment property, if the property will be carried at fair value, any difference between the fair value and the carrying amount of the property at the date of transfer is recognised in profit or loss.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the properties) is recognised in profit or loss in the period in which the property is derecognised.

4. 主要會計政策概要(續)

4.2 合營安排(續)

於合營業務之權益(續)

當集團實體與合營業務交易而集團實體為合營營運方(如購買資產),本集團不會確認其分佔之盈虧,直至該等資產轉售予第三方為止。

4.3 投資物業

投資物業是指為賺取租金收入及/或資本增值而持有之物業(包括為該等目的之在建或持作未來發展之物業),而非為於日常業務過程中出售、用作生產或供應商品或服務或作行政用途而持有之物業。

投資物業於首次確認時乃按成本(包括直接應佔開支)計量。經首次確認後,投資物業按公平值計量,其中任何變動則於損益確認。

在建投資物業產生之建設成本予以資本化為在建投資物業之賬面值一部分。

當及僅當有證據顯示用途改變(例如訂立租賃)時,方應將待售物業轉撥至投資物業。就轉撥至投資物業而言,倘物業將按公平值列賬,該物業於轉撥日期之公平值與賬面值兩者之任何差額乃於損益中確認。

投資物業於出售或當投資物業永久棄置或預期不會自出售獲取任何未來經濟利益時取消確認。取消確認物業時產生之任何盈虧(按淨出售所得款項及物業賬面值之差額計算)於取消確認物業期間在損益確認。

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.4 Property, plant and equipment

Buildings held for own use are stated at revalued amount, being their fair value at the date of the revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are performed with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair value at the end of the reporting period.

Any increase arising on revaluation is recognised in other comprehensive income and accumulated in equity under asset revaluation reserve, unless the carrying amount of that asset has previously suffered a decrease in revaluation. To the extent that any decrease has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase dealt with in other comprehensive income. A decrease in net carrying amount of buildings arising on revaluation is recognised in other comprehensive income to the extent of the revaluation surplus in the asset revaluation reserve relating to the same asset and the remaining decrease is recognised in profit or loss.

Other items of property, plant and equipment, are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

4. 主要會計政策概要(續)

4.4 物業、廠房及設備

持作自用之樓宇按重估值列賬，即其於重估日期之公平值減任何其後累計折舊及其後累計減值虧損。

重估乃足夠定期性進行，以確保該等資產之賬面值不會與於報告期末採用公平值釐定之數額出現重大差異。

重估產生之任何增值在其他全面收入中確認，並另行撥入權益之資產重估儲備，除非有關資產之賬面值之前曾出現重估減值。重估增值計入損益，但以之前曾在損益確認任何減值之數額為限，增值之餘額於其他全面收入中處理。樓宇於重估時產生之賬面淨值減值在其他全面收入中確認，惟以資產重估儲備內有關同一資產之重估盈餘為限，而減值餘額則在損益中確認。

其他物業、廠房及設備項目乃按成本減其後累計折舊及任何累計減值虧損列賬。

物業、廠房及設備之成本包括其購買價及收購項目直接應佔成本。其後成本計入資產之賬面值或於適當時確認為獨立資產，惟前提為有關該項目之未來經濟利益很可能流入本集團及該項目之成本能可靠計算。所有其他成本(如維修及保養)在其產生之財政期間內於損益中確認為開支。

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.4 Property, plant and equipment (Continued)

Depreciation is provided to write off the cost/revalued amount of property, plant and equipment less their residual values over their estimated useful lives, using the straight line method, at the following rates per annum:

Leasehold lands	Over the lease period
Buildings	2%
Leasehold improvements	30%
Furniture, fixtures and equipment	10%–20%
Motor vehicles	6%–15%

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date with the effect of any changes in estimates being accounted for on a prospective basis.

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on disposal is determined as the difference between the net sale proceeds and the carrying amount of the asset and is recognised in profit or loss. Any relevant revaluation surplus remaining in equity is transferred directly to retained profits on the disposal of building.

4.5 Properties held for development

Properties held for development represent payments for interest in agricultural lands and are amortised on a straight-line basis over the lease terms.

4. 主要會計政策概要(續)

4.4 物業、廠房及設備(續)

折舊按物業、廠房及設備之估計可用期採用直線法按下列年率計算撥備以撇銷其成本／重估值減剩餘價值：

租賃土地	於租期內
樓宇	2%
租賃物業裝修	30%
傢俬、裝置及設備	10%–20%
汽車	6%–15%

資產之剩餘價值、折舊方法及可用期須於各報告日期進行檢討，並於適當情況下作出調整，而任何估計變動之影響會按未來基準入賬。

倘資產之賬面值高於其估計可收回金額，則資產即時撇減至其可收回金額。

物業、廠房及設備項目會在出售時或預期不會因繼續使用資產而產生未來經濟利益時取消確認。出售之盈虧釐定為出售所得款項淨額與資產賬面值之差額，在損益中確認。出售樓宇時仍在權益中之任何有關重估盈餘直接轉撥往保留溢利。

4.5 待發展物業

待發展物業指就農業用地權益作出之付款，乃於租賃年期內按直線基準攤銷。

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.6 Impairment of other non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of the non-financial assets to determine whether there is any indication that they have suffered an impairment loss or if any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

When it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of 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 (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

4. 主要會計政策概要(續)

4.6 其他非財務資產減值

於各報告期末，本集團審閱非財務資產之賬面值，以釐定有否任何跡象顯示該等資產已出現減值虧損。如有任何該等跡象，則估計有關資產之可收回金額，以釐定減值虧損(如有)之程度。

倘無法估計個別資產之可收回金額，本集團則估計資產所屬現金產生單位之可收回金額。倘可識別分配之合理一致基準，公司資產亦會分配至個別現金產生單位，或以其他方式分配至可識別合理一致基準之最小現金產生單位組別。

可收回金額為公平值減出售成本與使用價值兩者中之較高者。評估使用價值時，會使用可反映市場當前對貨幣時間價值及未調整未來現金流量估計之資產(或現金產生單位)之特有風險所作評估之稅前折現率，將估計未來現金流量折現至其現值。

倘估計資產(或現金產生單位)之可收回金額少於其賬面值，則資產(或現金產生單位)之賬面值將調減至其可收回金額。分配減值虧損時，減值虧損首先分配以調減任何商譽(倘適用)之賬面值，然後按比例根據該單位各資產之賬面值分配至其他資產。資產賬面值不得減少至低於其公平值減出售成本(如可計量)、其使用價值(如可釐定)及零之中的最高者。原應分配至該資產之減值虧損金額會按比例分配至該單位之其他資產。

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.6 Impairment of other non-financial assets (Continued)

An impairment loss is recognised as an expense immediately, unless the relevant asset (or a cash-generating unit) is carried at a revalued amount under the Group's accounting policy, in which case the impairment loss is treated as a revaluation decrease according to that policy.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that standard.

4.7 Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that 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, regardless of whether the arrangement takes the legal form of a lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to lessee. All other leases are classified as operating leases.

4. 主要會計政策概要(續)

4.6 其他非財務資產減值(續)

減值虧損即時確認為開支，除非有關資產(或現金產生單位)根據本集團之會計政策按重估值列賬，則在該情況下，減值虧損乃根據該政策作為重估減值處理。

倘減值虧損其後撥回，該資產之賬面值增加至其可收回金額之修訂估計，惟所增加之賬面值不得超過該資產於過往年度並無確認減值虧損時原應釐定之賬面值。減值虧損撥回即時於損益確認，除非相關資產根據另一項準則按重估值列賬，在此情況下，減值虧損撥回則按該準則視作重估增值處理。

4.7 租賃

倘本集團決定於協定期限內將特定資產使用權出讓以換取一筆或一連串付款之安排，包括一項交易或連串交易之該項安排則屬於或包括一項租賃。該項決定乃基於安排內容之估值而作出，而不論該項安排是否採取租賃之法律形式。

倘租賃之條款轉讓所有權絕大部分風險及回報予承租人，則租賃分類為融資租賃。所有其他租賃分類為經營租賃。

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.7 Leases (Continued)

The Group as lessor under operating lease

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset. Other than investment properties measured under fair value model, such costs are recognised as an expense on a straight-line basis over the lease term. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rental payments are recognised as income in the accounting period in which they are earned.

The Group as lessee under operating lease

Total rentals payable under operating leases are recognised in profit or loss on a straight line basis over the term of the relevant lease. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made.

Leasehold land

When the Group makes payments for a property interest which includes both leasehold land and building elements, the Group assesses the classification of each element separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire property is accounted as an operating lease. Specifically, the entire consideration (including any lump-sum upfront payments) are allocated between the leasehold land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element at initial recognition.

4. 主要會計政策概要(續)

4.7 租賃(續)

本集團作為經營租賃之出租人

經營租賃之租金收入於有關租賃年期內按直線基準於損益確認。於磋商及安排經營租賃時產生之初次直接成本乃加至租賃資產之賬面值。除按公平值模式計量之投資物業外，該等成本乃於租賃年期內按直線基準確認為開支。所授出之租賃優惠乃於損益中確認為淨應收租賃款項總額之組成部分。或然租金付款於所賺取之會計期間確認為收入。

本集團作為經營租賃之承租人

經營租賃項下應付租金總額於有關租賃年期內按直線基準於損益確認。所獲得之租賃優惠在損益中確認為淨租賃付款總額之組成部分。

租賃土地

當本集團就同時包括租賃土地及樓宇元素之物業權益付款時，本集團會根據對各元素所有權附帶之絕大部分風險及回報是否已轉讓予本集團所作出之評估，獨立評估各元素之分類，除非兩項元素均清楚明確屬於經營租賃，在此情況下整項物業則入賬作為經營租賃。具體而言，在初步確認時，整筆代價(包括任何整付預付款項)會按照租賃權益於土地元素及樓宇元素之相對公平值，按比例在租賃土地與樓宇元素之間分配。

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.8 Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(i) Financial assets

The Group's financial assets are classified into the following specified categories: financial assets at fair value through profit or loss ("FVTPL"), AFS financial assets and loans and receivables. The Group classifies financial assets on initial recognition, depending on the nature and purpose of the financial assets. All regular way purchases and sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchase or sale is a purchase or sale of a financial asset that require delivery of the asset within the time frame established by regulation or convention in the marketplace.

4. 主要會計政策概要(續)

4.8 財務工具

當集團實體成為工具合約條文之訂約方時，則確認財務資產及財務負債。

財務資產及財務負債初始按公平值計量。初步確認時，收購或發行財務資產及財務負債(按公平值計入損益之財務資產或財務負債除外)直接應佔之交易成本，會加入財務資產或財務負債之公平值或從財務資產或財務負債之公平值中扣減(視乎適用情況而定)。收購按公平值計入損益之財務資產或財務負債直接應佔之交易成本，乃即時在損益確認。

(i) 財務資產

本集團之財務資產按以下特定類別分類：按公平值計入損益([FVTPL])之財務資產、可供出售財務資產以及貸款及應收款項。本集團於首次確認時視乎財務資產之性質及目的決定其財務資產之分類。所有按一般方式買賣之財務資產乃按交易日基準確認及取消確認。按一般方式買賣指規定於按市場規則或慣例設定之時限內交付資產之財務資產買賣。

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.8 Financial instruments (Continued)

(i) Financial assets (Continued)

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade debtors), and may also incorporate other types of contractual monetary assets. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses.

Financial assets at FVTPL

Financial assets are classified as financial assets at FVTPL when it is a derivative that is not designated and effective as a hedging instrument; or it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract to be designated as at FVTPL upon initial recognition.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in the profit or loss excludes any interest earned on the financial assets and is included in "other gains and losses" line item. Fair value is determined in the manner described in note 21.

AFS financial assets

These assets are non-derivative financial assets that are either designated as available-for-sale or are not included in other categories of financial assets.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses.

4. 主要會計政策概要(續)

4.8 財務工具(續)

(i) 財務資產(續)

貸款及應收款項

該等資產為非衍生財務資產，有固定或既定之還款規定，且並無在活躍市場報價。該等資產主要透過向客戶提供貨品及服務而產生(貿易應收賬)，亦包括其他種類之合約貨幣資產。首次確認後，該等資產使用實際利率法按攤銷成本減任何已識別減值虧損列賬。

按FVTPL計量之財務資產

倘財務資產並非獲指定及生效作為對沖工具，或組成包含一項或多項嵌入式衍生工具之合約之一部分，而香港會計準則第39號允許整份合併後之合約於初步確認後指定為按FVTPL計量，則分類為按FVTPL計量之財務資產。

按FVTPL計量之財務資產乃按公平值列賬，並在損益確認重新計量產生之任何盈虧。於損益確認之盈虧淨額不包括財務資產所賺取之任何利息，並計入「其他收益及虧損」項目。公平值乃按附註21所述之方式釐定。

可供出售財務資產

該等資產包括指定為可供出售或並非包括於財務資產之其他分類之非衍生財務資產。

無活躍市場報價及其公平值不能可靠地計算之可供出售股本投資，乃以成本減任何已識別減值虧損計量。

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For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.8 Financial instruments (Continued)

(ii) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For loans and receivables, objective evidence of impairment could include:

- significant financial difficulty of the debtor;
- a breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

4. 主要會計政策概要(續)

4.8 財務工具(續)

(ii) 財務資產之減值

於各報告期末會評估財務資產(按FVTPL計量者除外)有否任何減值跡象。如有客觀證據證明財務資產之估計未來現金流量因初步確認財務資產後發生之一項或多項事件而受影響，財務資產則被視為出現減值。

就貸款及應收款項而言，客觀減值證據可能包括：

- 債務人出現重大財務困難；
- 違約，例如拖欠或無法如期償還利息或本金；或
- 債務人可能破產或進行其他財務重組。

對於按攤銷成本列賬之財務資產，所確認之減值虧損金額為資產賬面值與按財務資產原來實際利率貼現之估計未來現金流量之現值之間的差額。

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.8 Financial instruments (Continued)

(ii) Impairment of financial assets (Continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account.

Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

For AFS equity investments that is carried at cost, the amount of an impairment loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversed in a subsequent period.

4. 主要會計政策概要(續)

4.8 財務工具(續)

(ii) 財務資產之減值(續)

所有財務資產減值虧損會直接於財務資產賬面值中作出扣減，惟貿易應收款項除外，其賬面值會透過使用撥備賬作出扣減。撥備賬之賬面值變動會於損益內確認。倘貿易應收款項被視為不可收回，則於撥備賬內撇銷。

倘若有關資產可收回金額增加可客觀地與確認減值後發生之事件有關連，則於其後期間撥回減值虧損，惟資產於撥回減值當日之賬面值不得超過如無確認減值之原有攤銷成本。

就以成本列賬之可供出售股本投資而言，減值虧損金額是以資產之賬面值與以同類財務資產之當時市場回報率折現之預計未來現金流量現值之間之差額計量。有關減值虧損於其後期間不會撥回。

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For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.8 Financial instruments (Continued)

(iii) Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value, and form an integral part of the Group's cash management.

(iv) Financial liabilities

The Group classifies its financial liabilities depending on the purpose for which the liabilities were incurred. Financial liabilities at amortised cost are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

Financial liabilities at amortised cost, including trade and other payables and borrowings, are measured at amortised cost using the effective interest method.

(v) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and for allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or liability or, where appropriate, a shorter period.

Interest income/expense is recognised on an effective interest basis.

4. 主要會計政策概要(續)

4.8 財務工具(續)

(iii) 現金及現金等價物

現金及現金等價物包括銀行及手頭現金、銀行活期存款以及原定到期日為三個月或以下隨時可轉換為已知數額現金且價值變動風險不大之短期高流通性投資，乃本集團現金管理之組成部分。

(iv) 財務負債

本集團基於產生負債之目的決定其財務負債之分類。按攤銷成本列賬之財務負債初次按公平值扣除直接應佔已產生之成本計量。

按攤銷成本列賬之財務負債

按攤銷成本列賬之財務負債(包括貿易及其他應付款項及借貸)乃採用實際利率法按攤銷成本計量。

(v) 實際利率法

實際利率法為計算財務資產或財務負債攤銷成本及於有關期間內分配利息收入或利息開支之方法。實際利率為於財務資產或負債之預計年期或(如適當)較短期間內準確貼現估計未來現金收入或付款之利率(包括構成實際利率組成部分之所有已付或已收費及點子、交易成本及其他溢價或折讓)。

利息收入/開支乃按實際利率確認。

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For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.8 Financial instruments (Continued)

(vi) Equity instruments

Ordinary shares issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vii) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire. On derecognition of a financial asset, the difference between the asset's carrying amount and the consideration received and receivable is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4.9 Inventories

Inventories are initially recognised at cost, and subsequently carried at the lower of cost and net realisable value.

Properties for sale

The cost of properties for sale comprises the acquisition cost of land, development expenditure, other direct expenses and capitalised borrowing costs (see note 4.12).

Net realisable value represents the estimated selling price less all estimated cost of completion and costs necessary to make the sale.

4. 主要會計政策概要(續)

4.8 財務工具(續)

(vi) 股本工具

本公司發行之普通股乃按已收所得款項減直接發行成本記賬。

(vii) 取消確認

當與財務資產有關之未來現金流量之合約權利屆滿時，本集團將取消確認財務資產。取消確認財務資產時，資產賬面值與已收及應收代價之間的差額乃於損益確認。

當有關合約訂明之責任解除、註銷或屆滿，將取消確認財務負債。已取消確認財務負債之賬面值與已付及應付代價之間的差額乃於損益確認。

4.9 存貨

存貨初次按成本確認，其後以成本及可變現淨值兩者之較低者列賬。

待售物業

待售物業之成本包括土地之收購成本、發展開支、其他直接開支及已資本化借貸成本(見附註4.12)。

可變現淨值指估計售價減所有估計完工成本及進行銷售所需之成本。

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.10 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Revenue is recognised when it is probable that the economic benefits will flow to the Group; when the revenue and costs, if applicable, can be measured reliably and when specific criteria have been met for each of the Group's activities, as described below.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Contingent rentals are recognised as income in the accounting period in which they are earned. Turnover rent is recognised when the underlying lessee's revenue transaction is recognised.

Revenue from sales of properties in the ordinary course of business is recognised when the respective properties have been completed and delivered to the buyers. Deposits and instalments received from purchasers prior to this stage are included in current liabilities and are not recognised as revenue.

Income from management services, property repairs and maintenance services are recognised in the period when the respective services are rendered.

Interest income is recognised on a time basis on the principal outstanding at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

4. 主要會計政策概要(續)

4.10 收益確認

收益按已收或應收代價之公平值計量。

當本集團可能獲得經濟利益、能可靠計算收益及成本(如適用)及符合下述本集團各項活動之特定條件時，則會確認收益。

經營租賃之租金收入於有關租賃年期內按直線基準確認。或然租金在收取之會計期間確認為收入。營業額租金於相關承租人之收益交易確認時進行確認。

在日常業務過程中銷售物業產生之收益，於有關物業竣工並交付予買家時確認。於此階段前向買家收取之訂金及分期付款項列為流動負債，且不會確認為收益。

管理服務、物業維修及保養服務收入於提供有關服務期間確認。

利息收入乃根據未償還本金按適用之實際利率以時間基準確認，實際利率為於財務資產之預計年期將估計未來現金收入準確貼現至該資產初始確認時之賬面淨值之利率。

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.11 Foreign currency

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are translated using exchange rates prevailing at the dates of transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are retranslated at the foreign exchange rates prevailing at that date.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

In the consolidated financial statements, the financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into HK\$. Assets and liabilities have been translated into HK\$ at the closing rate at the reporting date. Income and expenses have been converted into the HK\$ at average rates over the reporting period provided that the exchange rates over that period did not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the exchange reserve in equity. Goodwill and fair value adjustments arising on the acquisition of a foreign operation have been treated as assets and liabilities of the foreign operation and translated into HK\$ at the closing rates (attributed to non-controlling interests as appropriate).

4. 主要會計政策概要(續)

4.11 外幣

編製各個別集團實體之財務報表時，以該實體功能貨幣以外貨幣(外幣)進行之交易採用交易日之當前匯率換算。於報告日期，以外幣計值之貨幣資產及負債乃以該日之當前外幣匯率重新換算。

以公平值列賬且以外幣計值之非貨幣項目，乃按公平值被釐定日期之適用匯率重新換算，並作為公平值收益或虧損之一部分呈報。以外幣計值且以歷史成本計量之非貨幣項目概不重新換算。

因結算貨幣項目及重新換算貨幣項目而產生之匯兌差額，乃於產生期間在損益中確認。

在綜合財務報表中，所呈報貨幣與本集團呈報貨幣不同之海外業務之財務報表已換算為港幣呈列。資產及負債按報告日期結算匯率換算為港幣，而收入及支出則按報告期間之平均匯率換算為港幣，惟前提是該期間的匯率並無重大波動。上述換算所得之任何差額於其他全面收入中確認並另行撥入股本之匯兌儲備。收購海外業務出現之商譽及公平值調整當作海外業務之資產及負債，按收盤匯率換算為港幣(歸屬於非控股權益，視適用情況而定)。

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.12 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4.13 Income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, tax authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of income tax expense in profit or loss.

Deferred tax is recognised on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the consolidated financial statements and their corresponding tax bases used in computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

4. 主要會計政策概要(續)

4.12 借貸成本

收購、建設或生產合資格資產(即需一段長時間方達致其擬定用途或出售之資產)直接應佔之借貸成本加入該等資產成本內，直至資產可大致用作擬定用途或出售為止。

尚未用於合資格資產之特定借貸作暫時投資所賺取之投資收入，於合資格資本化之借貸成本中扣除。

所有其他借貸成本於產生期間內在損益確認。

4.13 所得稅

所得稅包括即期稅項及遞延稅項。

即期所得稅資產及／或負債包括有關即期及上一個報告期間(且於報告日期仍未支付者)應付予或應索回稅務當局稅款。有關數額按適用於財務期間之稅率及稅務法規，基於該年度應課稅溢利計算。所有即期稅項資產或負債之變動在損益中確認，列為所得稅開支之部分。

遞延稅項乃按於報告日期綜合財務報表內資產與負債賬面值與其計算應課稅溢利時使用之相應稅基間之暫時性差額確認。遞延稅項負債一般會就所有應課稅暫時性差額確認。遞延稅項資產乃就所有可扣稅暫時性差額、可結轉稅項虧損以及其他未運用稅項抵免確認，惟以可能有應課稅溢利用作抵銷該等可扣稅暫時性差額、未動用稅項虧損及未動用稅項抵免之情況為限。

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.13 Income taxes (Continued)

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Deferred tax liabilities are recognised for taxable temporary differences arising on investment in subsidiaries, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with the above general principles set out in HKAS 12 (i.e. based on the expected manner as to how the properties will be recovered).

Current and deferred tax are recognised in profit or loss.

4. 主要會計政策概要(續)

4.13 所得稅(續)

倘於一項交易中自資產及負債之商譽或首次確認(業務合併除外)所產生之暫時性差額並不影響應課稅溢利或會計損益，則不會就此確認遞延稅項資產及負債。

投資附屬公司所產生之應課稅暫時差額須確認遞延稅項負債，惟倘本集團可以控制暫時性差額之撥回及暫時性差額不會在可見將來撥回者除外。

倘遞延稅項於報告日期已或大致上被制定，遞延稅項以預期支付負債或變現資產期間時所適用稅率計算及不須貼現。

遞延稅項負債及資產之計量，反映於報告期末按照本集團預期收回或結算其資產及負債賬面值之方式所產生之稅務結果。

為計量使用公平值模式計量之投資物業之遞延稅項，會假定該等物業之賬面值可透過出售全數收回，惟該假定被推翻則另作別論。當投資物業可計提折舊，並按目的為隨時間(而非透過出售)消耗投資物業所體現之絕大部分經濟利益之業務模式持有，有關假定則被推翻。倘該假定被推翻，有關投資物業之遞延稅項負債及遞延稅項資產會根據香港會計準則第12號所載之上述一般原則(即根據預期收回物業之方式)計量。

即期及遞延稅項乃於損益中確認。

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For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.13 Income taxes (Continued)

Current tax assets and current tax liabilities are presented in net if, and only if,

- (a) the Group has the legally enforceable right to set off the recognised amounts; and
- (b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

- (a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - (i) the same taxable entity; or
 - (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

4. 主要會計政策概要(續)

4.13 所得稅(續)

倘(及僅倘)出現以下情況,則即期稅項資產及即期稅項負債乃按淨額呈列:

- (a) 本集團有法定強制性權利抵銷已確認金額;及
- (b) 擬按淨額基準結算,或同時變現資產及結算負債。

倘(及僅倘)出現以下情況,則本集團之遞延稅項資產與遞延稅項負債乃按淨額呈列:

- (a) 實體擁有即期稅項資產抵銷即期稅項負債之法定強制性權利;及
- (b) 遞延稅項資產及遞延稅項負債是與同一稅務部門就以下其中一項徵收之所得稅相關:
 - (i) 同一應課稅實體;或
 - (ii) 不同之應課稅實體,而該等實體計劃在日後預期結算或收回巨額遞延稅項負債或資產之每段期間內,按淨額結算即期稅項負債及資產或同時變現資產及結算負債。

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.14 Employee benefits

(i) **Defined contribution retirement plans**

Retirement benefits to employees are provided through defined contribution plans.

Contributions are recognised as an expense in profit or loss when employees have rendered service entitling them to the contributions. The Group's obligations under these plans are limited to the fixed percentage contributions payable.

(ii) **Short-term and other long-term employee benefits**

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

4. 主要會計政策概要(續)

4.14 僱員福利

(i) **定額供款退休計劃**

退休福利乃透過定額供款計劃向僱員提供。

當僱員已提供服務而享有供款時，供款則在損益中確認為開支。本集團根據此等計劃之責任限於應付之固定百分比供款。

(ii) **短期及其他長期僱員福利**

當僱員已提供服務，短期僱員福利按預期支付之福利之未折現金額確認。除非其他香港財務報告準則規定或允許將福利計入資產成本，否則所有短期僱員福利均確認為開支。

僱員可享有之年假在彼等放假時確認。截至報告日期本公司就僱員提供服務而享有年假之估計負債而計提撥備。

非累積性有薪假期例如病假及產假於放假時方予確認。

就其他長期僱員福利確認之負債，按本集團就僱員截至報告日期所提供服務預期作出之估計未來現金流出之現值計量。任何因服務成本、利息及重新計量而產生之負債賬面值變動乃於損益確認，惟倘其他香港財務報告準則規定或允許計入資產成本則除外。

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.14 Employee benefits (Continued)

(iii) Share-based employee compensation

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the share options awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions.

All share-based compensation is recognised as an expense in profit or loss over the vesting period, if vesting conditions apply, or recognised as an expense in full at the grant date if the equity instruments granted vest immediately, unless the compensation qualifies for recognition as an asset, with a corresponding increase in employee share-based equity reserve in equity. If vesting periods or other vesting conditions apply, the expense is recognised over the vesting period, based on the best available estimate of the number of equity instruments expected to vest. Non-market vesting conditions are included in assumptions about the number of equity instruments that are expected to vest. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates.

At the time when the share options are exercised, the amount previously recognised in employee share-based equity reserve will be transferred to share premium. After vesting date, when the vested share options are later forfeited or are still not exercised at the expiry date, the amount previously recognised in employee share-based equity reserve will be transferred to retained profits.

4. 主要會計政策概要(續)

4.14 僱員福利(續)

(iii) 以股份為基礎之僱員報酬

任何以股份為基礎之報酬獲得之所有僱員服務均按公平值計量，乃參考所授出之購股權間接釐定。而計價以授出日期為準，須扣除與市場無關之歸屬條件之影響。

所有以股份為基礎之報酬於歸屬期在損益確認為開支(若歸屬條件適用)，或於授出之股本工具即時歸屬時在授出日期悉數確認為開支，除非有關報酬符合資格確認為資產，並在權益之員工股份權益儲備相應增加。倘歸屬期或其他歸屬條件適用，則開支會於歸屬期內按照預期歸屬之股本工具數目之最佳可得估計確認。於假設預期將歸屬之股本工具數目時會計入非市場歸屬條件。倘有任何跡象顯示預期歸屬之購股權數目與過往之估計不同，則會於其後修訂估計。

於購股權獲行使時，先前於員工股份權益儲備確認之款額將轉入股份溢價。於歸屬日期後當已歸屬之購股權其後被沒收或於到期日尚未行使，早前於員工股份權益儲備確認之金額將轉入保留溢利。

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5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates 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.

Critical judgements in applying accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

(i) *Deferred tax arising from fair value changes in investment properties*

For the purposes of measuring deferred tax arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in determining the Group's deferred taxation on investment properties, the directors of the Company have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted.

5. 關鍵會計判斷及估計不確定因素之主要來源

在應用附註4所述本集團之會計政策期間，本公司董事須對不可隨時從其他來源取得之資產及負債賬面值作出判斷、估計及假設。該等估計乃基於過往經驗及其他視為相關之因素作出。實際結果可能與該等估計不同。

有關估計會持續予以檢討。倘會計估計之修訂僅影響作出修訂之期間，則於修訂估計期間確認有關修訂；倘修訂同時影響當前及未來期間，則於修訂期間及未來期間確認有關修訂。

應用會計政策時作出之關鍵判斷

以下是本公司董事在應用本集團之會計政策過程中所作出之關鍵判斷(涉及估計者除外(見下文))，此等判斷對綜合財務報表中確認之金額產生的影響最為重大。

(i) *投資物業公平值變動產生的遞延稅項*

為計量使用公平值模式計量之投資物業所產生之遞延稅項，本公司董事已審閱本集團之投資物業組合，並斷定本集團之投資物業並非按目的為隨時間消耗投資物業所體現之絕大部分經濟利益之業務模式持有。因此，在釐定本集團之投資物業遞延稅項時，本公司董事確定全數透過出售收回使用公平值模式計量之投資物業之賬面值這個假定不被推翻。

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5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) *Estimated fair value of investment properties and buildings*

As at the reporting date, the Group's investment properties and buildings are stated at fair value based on the valuation performed by an independent qualified professional valuer. In determining the fair value, the valuer has based its valuation on income capitalisation approach or direct comparison or the residual method, as appropriate for respective investment properties, and valuation on net replacement cost method for buildings, which involves certain estimates, including comparable market transactions, appropriate capitalisation rates and reversionary income potential, estimated gross development value, estimated cost of development and allowance of profit that duly reflected developer's risk associated with the development, as appropriate. In relying on the valuation, management has exercised their judgement and are satisfied that the methods of valuation adopted are appropriate for the relevant property and reflective of current market conditions. As at 31 December 2017, the fair value of Group's investment properties and buildings were HK\$19,497,324,000 and HK\$40,779,000 (2016: HK\$17,794,052,000 and HK\$43,379,000), respectively.

5. 關鍵會計判斷及估計不確定因素之主要來源(續)

估計不確定因素之主要來源

以下是於報告期末有關未來之主要假設及估計不確定因素之主要來源，而具有重大風險導致下一財政年度內之資產及負債賬面值須作出重大調整。

(i) *投資物業及樓宇之估計公平值*

於報告日期，本集團之投資物業及樓宇按獨立合資格專業估值師進行之估值以公平值列賬。於釐定公平值時，估值師已按各投資物業適用的情況應用收入資本化法或直接比較法或剩餘法為估值基準，而樓宇則按淨重置成本法估值，當中涉及包括可比較市場交易、適當資本化比率及復歸收入潛力、估計發展總值、估計發展成本及妥為反映發展商與發展項目相關之風險之溢利撥備(視適用情況而定)之若干估計。於依賴估值時，管理層已運用其判斷，並信納所採用的估值方法適合有關物業並反映現時市況。於二零一七年十二月三十一日，本集團之投資物業及樓宇公平值分別為港幣19,497,324,000元及港幣40,779,000元(二零一六年：港幣17,794,052,000元及港幣43,379,000元)。

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5. CRITICAL ACCOUNTING JUDGEMENTS AND CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

Key sources of estimation uncertainty (Continued)

(ii) *Net realisable value of properties for sale*

Management determines the net realisable value of properties for sale based on the Group's assessment of the selling price ultimately expected to be realised less all estimated cost to completion and cost necessary to make the sale. The estimated selling price of such properties are determined by the management with reference to prevailing market data such as most recent sale transactions of similar properties or market valuation reports available from independent qualified professional valuers. Such valuations are made based on certain assumptions, which are subject to uncertainties and might materially differ from the actual result. In making the judgement, reasonable consideration has been given to the underlying assumptions that are mainly based on market conditions existing at the reporting date. These estimates are regularly compared to actual market data and actual transactions in the market. As at 31 December 2017, the carrying amount of properties for sale was HK\$1,407,876,000 (2016: HK\$2,617,495,000).

5. 關鍵會計判斷及估計不確定因素之主要來源(續)

估計不確定因素之主要來源(續)

(ii) *待售物業之可變現淨值*

管理層根據本集團對最終預期變現售價作出之評估，減去所有估計完工成本及進行銷售所需之成本，釐定待售物業之可變現淨值。管理層釐定該等物業之估計售價時，會參考類似物業之最新銷售交易或獨立合資格專業估值師提供之市場估值報告等現行市場數據。有關估值乃按若干受不確定因素所限之假設而進行，並可能與實際結果有重大差異。於作出判斷時，管理層已合理考慮對主要按於報告日期出現之市況而作出之相關假設。此等假設定期與實際市場數據及市場上之實際交易作比較。於二零一七年十二月三十一日，待售物業之賬面值為港幣1,407,876,000元(二零一六年：港幣2,617,495,000元)。

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6. REVENUE AND OTHER INCOME

An analysis of the Group's revenue from its principal activities and other income is as follows:

6. 收益及其他收入

本集團之主要業務之收益及其他收入分析如下：

		2017 二零一七年 HK\$'000 港幣千元	2016 二零一六年 HK\$'000 港幣千元
Revenue	收益		
Property development	物業發展		
— Sales of completed properties for sale	— 已落成待售物業銷售	1,696,130	1,112,319
Property leasing	物業租賃		
— Rental and signage rental income	— 租金及廣告位租賃收入	508,000	498,768
Building management and other services	樓宇管理及其他服務		
— Property repairs and maintenance service income	— 物業維修及保養服務收入	6,504	6,258
— Building management service income	— 樓宇管理服務收入	14,362	10,576
		2,224,996	1,627,921
Other income	其他收入		
Interest income	利息收入	11,116	8,599
Interest income from loan receivables	應收貸款利息收入	721	—
Reversal of impairment loss on consideration receivables	應收代價減值虧損撥回	—	13,195
Forfeiture of deposits (note)	沒收訂金(附註)	91,214	—
Miscellaneous income	雜項收入	7,101	10,655
		110,152	32,449
Total revenue and other income	收益及其他收入總額	2,335,148	1,660,370

Note: The amount represents forfeiture of deposits of HK\$91,214,000 upon the termination of the sale and purchase agreement on sales of properties during the year ended 31 December 2017.

附註：該金額為於截至二零一七年十二月三十一日止年度終止銷售物業之買賣協議時沒收之訂金港幣91,214,000元。

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7. SEGMENT INFORMATION

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resource allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major business lines.

The Group has identified the following operating and reportable segments:

Property development	:	Development of residential, commercial and industrial properties
Property leasing	:	Property rental including signage rental
Building management and other services	:	Provision of building management, property repairs and maintenance services

Each of these operating and reportable segments is managed separately as each of the business lines requires different resources as well as operating approaches.

In prior year, the results reported under "others" represents managerial and administrative service provided to the group companies at corporate level. The relevant information previously presented as "others" are excluded from segment results, assets and liabilities in the current year. Prior year information has been represented to conform with current year's presentation.

Also, the Group engaged in properties assembly and sales of properties business. There is no project under property assembly business in both years. Thus, this is not constitute a reportable segment during the year.

7. 分類資料

本集團根據向執行董事定期呈報之內部財務資料識別其營運分類及編製分類資料，而執行董事根據該等資料決定本集團各業務組成部分之資源分配並檢討該等組成部分之表現。向執行董事呈報之內部財務資料之業務組成部分乃根據本集團主要業務線釐定。

本集團已識別下列營運及可呈報分類：

物業發展	:	發展住宅、商業及工業物業
物業租賃	:	物業租賃包括廣告位租賃
樓宇管理及其他服務	:	提供樓宇管理、物業維修及保養服務

由於各業務線需要不同資源及經營方針，故各該等營運及可呈報分類分開管理。

於上一年度，「其他」下報告之業績為於公司層面提供予集團公司之管理及行政服務。先前呈列為「其他」之相關資料並無計入本年度之分類業績、資產及負債。上一年度資料已重新呈列，以配合本年度之呈列方式。

此外，本集團從事物業合併及物業銷售業務。於兩個年度內並無任何物業合併業務項目，因此於年內並不構成可呈報分類。

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7. SEGMENT INFORMATION (Continued)

These operating and reportable segments are monitored and strategic decisions are made on the basis of segment operating results.

Segment revenue and results

		Property development		Property leasing		Building management and other services		Segment total	
		物業發展		物業租賃		樓宇管理及其他服務		分類總計	
		2017	2016	2017	2016	2017	2016	2017	2016
		二零一七年	二零一六年	二零一七年	二零一六年	二零一七年	二零一六年	二零一七年	二零一六年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
Revenue	收益								
External customers	外來客戶	1,696,130	1,112,319	508,000	498,768	20,866	16,834	2,224,996	1,627,921
Inter-segments (note)	各分類間(附註)	1,381	98,637	453	469	3,390	5,808	5,224	104,914
Segment revenue	分類收益	1,697,511	1,210,956	508,453	499,237	24,256	22,642	2,230,220	1,732,835
Segment profits	分類溢利	448,844	74,681	462,271	393,541	10,175	10,051	921,290	478,273
Certain other income, other gains and losses	若干其他收入、其他收益及虧損							8,869	20,289
Certain administrative expenses	若干行政費用							(80,511)	(21,226)
(Loss)/gain on disposal of subsidiaries	出售附屬公司之(虧損)/收益							(50,167)	36,870
Net fair value gain on investment properties/properties transfer	投資物業/物業轉撥公平值收益淨額							528,792	2,621,740
Finance costs	融資成本							(25,503)	(32,753)
Profit before income tax expense	除所得稅開支前溢利							1,302,770	3,103,193

Note: Inter-segment sales are charged at mutual agreed terms.

The operating and reportable segment results exclude finance costs, net fair value gain on investment properties/properties transfer, loss/gain on disposal of subsidiaries, unallocated other income, other gains and losses and unallocated administrative expenses and income tax expenses.

7. 分類資料(續)

此等營運及可呈報分類之監控及決策之作出乃基於分類經營業績。

分類收益及業績

附註：各分類間銷售按相互協定之條款扣除。

營運及可呈報分類業績不包括融資成本、投資物業／物業轉撥公平值收益淨額、出售附屬公司之虧損／收益、未分類其他收入、其他收益及虧損、未分類行政費用及所得稅開支。

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7. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

7. 分類資料(續)

分類資產及負債

		Property development		Property leasing		Building management and other services		Segment total	
		物業發展		物業租賃		樓宇管理及其他服務		分類總計	
		2017	2016	2017	2016	2017	2016	2017	2016
		二零一七年	二零一六年	二零一七年	二零一六年	二零一七年	二零一六年	二零一七年	二零一六年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
Segment assets	分類資產	1,829,118	2,952,620	19,701,201	17,988,998	35,708	28,429	21,566,027	20,970,047
Certain property, plant and equipment	若干物業、廠房及設備							2,612	3,172
Short-term bank deposits	短期銀行存款							480,055	988,227
Certain cash and cash equivalents	若干現金及現金等價物							503,776	381,718
AFS financial assets	可供出售財務資產							—	10
Total assets	資產總值							22,552,470	22,343,174
Segment liabilities	分類負債	548,781	1,129,903	162,462	182,590	9,246	10,543	720,489	1,323,036
Certain other payables	若干其他應付款項							73,875	29,729
Borrowings	借貸							1,528,120	1,694,220
Provision for income tax	所得稅撥備							228,152	144,120
Deferred tax liabilities	遞延稅項負債							107,886	149,368
Total liabilities	負債總額							2,658,522	3,340,473

Segment assets include all assets other than certain property, plant and equipment, short-term bank deposits, certain cash and cash equivalents and AFS financial assets.

Segment liabilities comprise all liabilities other than certain other payables, provision for income tax, deferred tax liabilities and borrowings.

分類資產包括所有資產，但不包括若干物業、廠房及設備、短期銀行存款、若干現金及現金等價物以及可供出售財務資產。

分類負債包括所有負債，但不包括若干其他應付款項、所得稅撥備、遞延稅項負債及借貸。

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7. SEGMENT INFORMATION (Continued)

Other segment information

7. 分類資料(續)

其他分類資料

	Property development 物業發展		Property leasing 物業租賃		Building management and other services 樓宇管理及其他服務		Segment total 分類總計		Unallocated 未分類		Total 總計	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	二零一七年 HK\$'000 港幣千元	二零一六年 HK\$'000 港幣千元	二零一七年 HK\$'000 港幣千元	二零一六年 HK\$'000 港幣千元	二零一七年 HK\$'000 港幣千元	二零一六年 HK\$'000 港幣千元	二零一七年 HK\$'000 港幣千元	二零一六年 HK\$'000 港幣千元	二零一七年 HK\$'000 港幣千元	二零一六年 HK\$'000 港幣千元	二零一七年 HK\$'000 港幣千元	二零一六年 HK\$'000 港幣千元
Amounts included in the measure of segment profit:	計入分類溢利計量之款額：											
Interest income	2,135	1,617	46	358	66	5	2,247	1,980	8,869	6,619	11,116	8,599
Interest income from loan receivables	721	—	—	—	—	—	721	—	—	—	721	—
Depreciation	(192)	(284)	(1,123)	(1,515)	(3)	(4)	(1,318)	(1,803)	(932)	—	(2,250)	(1,803)
Amortisation of properties held for development	(413)	(479)	—	—	—	—	(413)	(479)	—	—	(413)	(479)
Bad debts written off	—	—	—	(195)	—	—	—	(195)	—	—	—	(195)
Impairment loss on the consideration receivable	—	—	—	—	—	—	—	—	—	13,195	—	13,195
Impairment loss on trade receivables	—	—	(2,191)	(724)	—	—	(2,191)	(724)	—	—	(2,191)	(724)
Impairment loss on other receivables	—	(34,012)	—	—	—	—	—	(34,012)	—	(5,450)	—	(39,462)
Reversal of impairment loss on trade receivables	—	—	—	1,274	—	—	—	1,274	—	—	—	1,274
Write-down of properties for sale	—	(74,818)	—	—	—	—	—	(74,818)	—	—	—	(74,818)
Forfeiture of deposits	91,214	—	—	—	—	—	91,214	—	—	—	91,214	—
Amounts included in the measure of segment assets:	計入分類資產計量之款額：											
Additions to non-current segment assets during the year	—	11	1,310,107	225,447	—	—	1,310,107	225,458	372	—	1,310,479	225,458

Geographical information

The Group's revenue from external customers and its non-current assets (other than financial instruments) are divided into the following geographical areas:

地區資料

本集團之外來客戶收益及其非流動資產(財務工具除外)分佈以下地區：

	Revenue from external customers 外來客戶收益				Non-current assets 非流動資產			
	2017		2016		2017		2016	
	二零一七年	二零一六年	二零一七年	二零一六年	二零一七年	二零一六年	二零一七年	二零一六年
	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
Principal markets	主要市場							
— Hong Kong (domicile)	— 香港(註冊地)							
— The People's Republic of China ("PRC")*	— 中華人民共和國(「中國」)*							
	1,987,393	1,619,574	19,649,965	17,891,100				
	237,603	8,347	30,198	33,096				
	2,224,996	1,627,921	19,680,163	17,924,196				

* For reporting purpose, the PRC excludes Hong Kong, Taiwan and Macau

* 就呈報而言，中國不包括香港、台灣及澳門。

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7. SEGMENT INFORMATION (Continued)

The geographical location of customers is based on the location at which the goods/services were delivered/rendered. The geographical location of non-current assets is based on the physical location of the assets.

For the years ended 31 December 2017 and 2016, the Group did not derive more than 10% of the Group's total revenue from any single customer.

7. 分類資料(續)

客戶之所屬地區乃基於提供貨物及服務之地點釐定。非流動資產之地區分類乃基於資產之實際所在地。

截至二零一七年及二零一六年十二月三十一日止年度，本集團並未從任何單一客戶獲取超過本集團收益總額之10%。

8. FINANCE COSTS

8. 融資成本

		2017 二零一七年 HK\$'000 港幣千元	2016 二零一六年 HK\$'000 港幣千元
Interest charges on:	以下各項之利息開支：		
Bank loans	銀行貸款	25,503	34,183
Other borrowings	其他借貸	—	2,589
Total borrowing costs	總借貸成本	25,503	36,772
Less: Interest capitalised on investment properties (note 16)	減：投資物業資本化之利息 (附註16)	—	(4,019)
		25,503	32,753

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9. PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense is arrived at after charging/(crediting):

9. 除所得稅開支前溢利

除所得稅開支前溢利已扣除/(計入)下列各項:

		2017 二零一七年 HK\$'000 港幣千元	2016 二零一六年 HK\$'000 港幣千元
Amortisation of properties held for development (note 18)	待發展物業攤銷(附註18)	413	479
Auditor's remuneration	核數師酬金	3,059	3,054
Bad debts written off*	壞賬撇銷*	—	195
Cost of completed properties held for sale recognised as expenses	確認為開支之已落成待售物業成本	1,206,499	839,912
Depreciation of property, plant and equipment (note 17)	物業、廠房及設備折舊(附註17)	2,250	1,803
Employee compensation expense (including Directors' remuneration and defined contribution cost) (note 11)	僱員報酬開支(包括董事酬金及定額供款成本)(附註11)	158,206	132,389
Impairment loss on trade receivables* (note 20)	貿易應收款項減值虧損*(附註20)	2,191	724
Impairment loss on other receivables*	其他應收款項減值虧損*	—	39,462
Minimum operating lease charges in respect of office premises	辦公室物業之最低經營租賃支出	1,115	1,312
Reversal of impairment loss on trade receivables* (note 20)	貿易應收款項減值虧損撥回*(附註20)	—	(1,274)
Write-down of properties for sale#	撇減待售物業#	—	74,818
Gross rental income from investment properties	投資物業租金收入總額	(508,000)	(498,768)
Less: Direct operating expense arising from investment properties that generated rental income	減: 產生租金收入之投資物業所產生之直接經營支出	38,009	33,025
Less: Direct operating expense arising from investment properties that did not generate rental income	減: 未產生租金收入之投資物業所產生之直接經營支出	319	1,290
		(469,672)	(464,453)

* Included in other gains and losses

Write-down of properties for sale amounting to HK\$74,818,000 represents write-down of the unsold units of a property development project to their net realisable value. The net realisable value is determined with reference to the fair value of these unsold units as at 31 December 2016 as estimated by Cushman & Wakefield Limited ("C&W"), an independent professional valuer.

* 已包括在其他收益及虧損內

撇減待售物業為港幣74,818,000元，相當於撇減一項物業發展項目之未售出單位至可變現淨值。釐定可變現淨值乃參照獨立專業估值師戴德梁行有限公司(「戴德梁行」)對截至二零一六年十二月三十一日該等未售出單位之公平值所作之評估。

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10. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

The emoluments paid or payable to the Directors were as follows:

10. 董事及高級管理層之酬金

(a) 董事酬金

已付或應付董事酬金如下：

		Fee	Salaries and allowances	Performance related bonuses	Retirement		Total
					benefits contributions	Equity-settled share-based payment	
		袍金	薪金及津貼	表現相關花紅	退休福利計劃供款	以股權結算以股份為基礎之付款	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
Year ended 31 December 2017	截至二零一七年十二月三十一日止年度						
Executive directors	執行董事						
Madam Foo Kam Chu Grace	傅金珠女士	50	5,520	15,710	18	—	21,298
Ms. Chan Wai Ling	陳慧苓小姐	50	4,176	14,910	18	—	19,154
Mr. Kong Siu Man Kenny	鄭紹民先生	50	3,246	300	18	—	3,614
Independent non-executive directors	獨立非執行董事						
Mr. Chan Kai Nang	陳啟能先生	158	—	—	—	—	158
Mr. Pao Ping Wing	浦炳榮先生	137	—	—	—	—	137
Mr. Ng Chi Keung	吳志強先生	137	—	—	—	—	137
		582	12,942	30,920	54	—	44,498
Year ended 31 December 2016	截至二零一六年十二月三十一日止年度						
Executive directors	執行董事						
Madam Foo Kam Chu Grace	傅金珠女士	50	3,744	7,403	18	1	11,216
Ms. Chan Wai Ling	陳慧苓小姐	50	4,043	4,947	18	4	9,062
Mr. Kong Siu Man Kenny	鄭紹民先生	50	3,138	893	18	1	4,100
Independent non-executive directors	獨立非執行董事						
Mr. Chan Kai Nang	陳啟能先生	158	—	—	—	—	158
Mr. Pao Ping Wing	浦炳榮先生	137	—	—	—	—	137
Mr. Ng Chi Keung	吳志強先生	137	—	—	—	—	137
		582	10,925	13,243	54	6	24,810

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10. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)

(a) Directors' emoluments (Continued)

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

Certain executive directors of the Company are entitled to bonus payments which are determined in accordance with the performance of the Group.

There is no chief executive appointed for both years.

There were no arrangements under which a Director waived or agreed to waive any remuneration during the year (2016: nil).

The value of share options granted to Directors is measured according to the Group's accounting policy for share-based compensation set out in note 4.14(iii). The details of these benefits in kind including the principal terms and number of options granted are disclosed in note 30.

10. 董事及高級管理層之酬金(續)

(a) 董事酬金(續)

上列執行董事酬金乃就彼等管理本公司及本集團事務之服務而支付。上列獨立非執行董事酬金乃就彼等擔任本公司董事而支付。

本公司若干執行董事有權獲支付按照本集團表現釐定之花紅。

兩個年度內均無委任行政總裁。

年內概無任何安排令董事可據此豁免或同意豁免任何薪酬(二零一六年：無)。

授予董事之購股權價值乃根據附註4.14(iii)所載本集團有關以股份為基礎之報酬之會計政策計量。該等實物利益之詳情(包括主要條款及已授出購股權數目)於附註30中披露。

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10. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included three (2016: three) Directors of the Company, whose emoluments are reflected in the analysis presented above. The emoluments paid to the remaining two (2016: two) individuals during the year are as follows:

10. 董事及高級管理層之酬金(續)

(b) 五位最高薪人士

本年度，本集團五位最高薪人士包括本公司三名(二零一六年：三名)董事，彼等之酬金反映於上述之分析。年內其餘兩名(二零一六年：兩名)人士之酬金如下：

		2017 二零一七年 HK\$'000 港幣千元	2016 二零一六年 HK\$'000 港幣千元
Basic salaries, bonuses and other benefits	基本薪金、花紅及其他福利	4,035	4,626
Performance-related bonuses	表現相關花紅	16,934	5,087
Pension costs — defined contribution plan	退休金成本—定額供款計劃	36	36
Equity-settled share-based payments (note 30)	以股權結算以股份為基礎之付款(附註30)	—	4
		21,005	9,753

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10. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)

(b) Five highest paid individuals (Continued)

The emoluments of the remaining two (2016: two) individuals fell within the following bands:

		Number of individuals 人數	
		2017 二零一七年	2016 二零一六年
HK\$1,500,001 – HK\$2,000,000	港幣1,500,001元 – 港幣2,000,000元	—	1
HK\$2,500,001 – HK\$3,000,000	港幣2,500,001元 – 港幣3,000,000元	1	—
HK\$7,500,001 – HK\$8,000,000	港幣7,500,001元 – 港幣8,000,000元	—	1
HK\$18,000,001 – HK\$18,500,000	港幣18,000,001元 – 港幣18,500,000元	1	—

No emoluments were paid by the Group to the Directors or any of five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office and no Director waived or agreed to waive any emoluments during each of the two years ended 31 December 2017 and 2016.

10. 董事及高級管理層之酬金(續)

(b) 五位最高薪人士(續)

其餘兩名(二零一六年: 兩名)人士之酬金分佈組別如下:

截至二零一七年及二零一六年十二月三十一日止兩個年度各年，本集團概無向董事或五位最高薪人士任何一位支付酬金，作為促使其加入本集團及於加入本集團時之獎金或離職之補償，且概無董事豁免或同意豁免任何酬金。

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11. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS)

11. 僱員福利開支(包括董事酬金)

		2017 二零一七年 HK\$'000 港幣千元	2016 二零一六年 HK\$'000 港幣千元
Salaries and wages (including Directors' remuneration) and bonus	薪金及工資(包括董事酬金)及花紅	152,961	128,270
Equity-settled share-based payments (note 30)	以股權結算以股份為基礎之付款(附註30)	—	10
Pension costs — defined contribution plans (note)	退休金成本一定額供款計劃(附註)	2,742	1,959
Staff welfare	員工福利	2,503	2,150
		158,206	132,389

Note:

The Group operates a defined contribution retirement benefit plan under the Mandatory Provident Fund ("MPF") Schemes Ordinance, for all of its employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries.

The employees of the Group's subsidiaries which operate in the PRC, except Hong Kong, are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of its payroll costs to the central pension scheme.

附註：

本集團根據強制性公積金(「強積金」)計劃條例，為其所有合資格參加強積金計劃之僱員設有定額供款退休福利計劃。供款乃按僱員基本薪金之百分比計算。

本集團於中國(除香港外)經營之附屬公司之僱員須參與當地市政府運作之中央退休金計劃。該等附屬公司須按僱員薪金之若干百分比向中央退休金計劃供款。

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12. INCOME TAX EXPENSE

12. 所得稅開支

		2017 二零一七年 HK\$'000 港幣千元	2016 二零一六年 HK\$'000 港幣千元
Hong Kong Profits Tax:	香港利得稅：		
Tax for the year (note (a))	本年度稅項(附註(a))	106,299	165,285
Under-provision in prior years	過往年度撥備不足	25,066	3,706
		131,365	168,991
PRC Enterprise Income Tax:	中國企業所得稅：		
Tax for the year (note (b))	本年度稅項(附註(b))	1,901	—
PRC Land Appreciation Tax ("LAT") (note (c))	中國土地增值稅 (「土地增值稅」)(附註(c))	9,360	—
Deferred tax (credit)/charge (note 27)	遞延稅項(抵免)/支出(附註 27)	(41,452)	73,492
		101,174	242,483

Notes:

- (a) Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profit for the year.
- (b) For the year ended 31 December 2017, all of the Group's PRC subsidiaries were subject to PRC EIT rate of 25% (2016: 25%).
- (c) Under the Provisional Regulations of LAT (《中華人民共和國土地增值稅暫行條例》) effective on 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (《中華人民共和國土地增值稅暫行條例實施細則》) effective from 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, being the proceeds of sales of properties less deductible expenditures including borrowing costs and property development expenditures in relation to the gains arising from sales of properties in the PRC effective from 1 January 2004, with an exemption provided for property sales of ordinary residential properties (普通標準住宅) if their appreciation values do not exceed 20% of the sum of the total deductible items.

附註：

- (a) 香港利得稅乃按本年度估計之應課稅溢利按稅率16.5% (二零一六年：16.5%)計算。
- (b) 於截至二零一七年十二月三十一日止年度，本集團在中國所有附屬公司按25% (二零一六年：25%)之稅率繳納中國企業所得稅。
- (c) 根據於一九九四年一月一日生效之《中華人民共和國土地增值稅暫行條例》及於一九九五年一月二十七日生效之《中華人民共和國土地增值稅暫行條例實施細則》，自二零零四年一月一日起，在中國出售或轉讓國有土地使用權、建築物及其附著物之所有收入，均須按增值額30%至60%之累進稅率繳納土地增值稅。增值額即出售物業所得款項減去可扣稅支出，包括有關在中國出售物業所得收益之借貸成本及物業發展支出。倘普通標準住宅之增值額未超過可扣稅項目總額20%，普通標準住宅之物業銷售則免徵土地增值稅。

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12. INCOME TAX EXPENSE (Continued)

Reconciliation between income tax expense and accounting profit at applicable tax rates is as follows:

12. 所得稅開支(續)

所得稅開支及會計溢利按合適稅率計算之對賬如下：

		2017 二零一七年 HK\$'000 港幣千元	2016 二零一六年 HK\$'000 港幣千元
Profit before income tax expense	除所得稅開支前溢利	1,302,770	3,103,193
Tax at domestic income tax rate (note)	按國內所得稅稅率計算之稅項 (附註)	214,957	507,526
Tax effect of non-deductible expenses	不獲扣減之費用之稅務影響	4,998	83,497
Tax effect of non-taxable income	毋須課稅之收入之稅務影響	(100,676)	(411,391)
Tax effect of temporary differences not recognised	未確認暫時性差額之稅務影響	—	61,101
Tax effect of tax losses not recognised	未確認稅項虧損之稅務影響	5,079	6,570
Utilisation of previously unrecognised tax losses	動用過往未確認之稅項虧損	(16,477)	(8,526)
Recognition of tax losses previously not recognised	確認過往未確認之稅項虧損	(33,322)	—
Under-provision in prior years	過往年度撥備不足	25,066	3,706
Provision for LAT for the year	年內土地增值稅撥備	9,360	—
Tax effect of LAT deductible for PRC EIT	中國企業所得稅之可扣減土地增值稅之稅務影響	(1,544)	—
Effect of different tax rates of subsidiaries operating in other jurisdictions	在其他司法權區營運之附屬公司之不同稅率之影響	1,425	—
Others	其他	(7,692)	—
Income tax expense	所得稅開支	101,174	242,483

Note: Domestic income tax rate during the year ended 31 December 2017 is 16.5%.

附註：截至二零一七年十二月三十一日止年度之國內所得稅稅率為16.5%。

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13. OTHER COMPREHENSIVE (EXPENSE)/ INCOME, NET OF TAX

The amount of tax relating to each component of other comprehensive income can be summarised as follows:

13. 其他全面(開支)／收入，扣除稅項後

有關其他全面收入各部分之稅項金額概列如下：

	2017			2016		
	二零一七年			二零一六年		
	Before tax	Tax	Net of tax	Before tax	Tax	Net of tax
	除稅前	稅項	除稅後	除稅前	稅項	除稅後
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	
<i>Item that will not be reclassified to profit or loss:</i>	<i>以下項目將不會重新分類到損益：</i>					
Deficit on revaluation of buildings (notes 17 and 27)	樓宇重估虧損 (附註17及27)					
	(1,746)	288	(1,458)	(1,097)	181	(916)
<i>Item that may be reclassified subsequently to profit or loss:</i>	<i>以下項目其後可能重新分類到損益：</i>					
Exchange gain/(loss) on translation of foreign operations	換算海外業務之匯兌收益／(虧損)					
	31,079	—	31,079	(30,765)	—	(30,765)
Other comprehensive income/ (expense)	其他全面收入／(開支)					
	29,333	288	29,621	(31,862)	181	(31,681)

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14. DIVIDEND

(a) Dividend attributable to the year

		2017 二零一七年 HK\$'000 港幣千元	2016 二零一六年 HK\$'000 港幣千元
Proposed final dividend of HK\$0.20 (2016: HK\$0.20) per share	建議末期股息每股港幣0.20元 (二零一六年：港幣0.20元)	56,662	56,662
Proposed special dividend of nil (2016: HK\$1.00) per share	建議每股特別股息：無 (二零一六年：港幣1.00元)	—	283,308
		56,662	339,970

Final dividend of HK\$0.20 (2016: HK\$0.20) per share and no special dividend (2016: HK\$1.00) per share for the year to shareholders whose names appear on the register of members on 1 June 2018 was proposed by the Directors on 28 March 2018.

The final dividend proposed after the reporting date have not been recognised as a liability at the reporting date.

董事於二零一八年三月二十八日建議向於二零一八年六月一日名列於股東名冊之股東派付本年度末期股息每股港幣0.20元(二零一六年：港幣0.20元)及不派發特別股息(二零一六年：港幣1.00元)。

於報告日期後建議之末期股息並無於報告日期確認為負債。

(b) Dividend attributable to the previous financial year, approved and paid during the year

		2017 二零一七年 HK\$'000 港幣千元	2016 二零一六年 HK\$'000 港幣千元
Final and special dividend in respect of the previous financial year of HK\$0.20 per share and HK\$1.00 per share respectively (2016: final dividend of HK\$0.20 per share)	過往財政年度之末期股息 每股港幣0.20元及特別股息 每股港幣1.00元(二零一六 年：末期股息每股港幣0.20 元)	339,970	56,662

(b) 過往財政年度之股息，於年內獲批准及支付

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15. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share of the Company is based on the profit for the year attributable to owners of the Company of HK\$1,200,781,000 (2016: HK\$2,824,747,000) and the weighted average number of ordinary shares of 283,308,635 (2016: 283,396,360) in issue during the year.

No adjustment has been made to basic earnings per share amount presented for the years ended 31 December 2017 and 2016 in respect of the diluted earnings per share as the exercise price of those share options were higher than the average market price for shares for both years.

15. 每股溢利

本公司每股基本及攤薄溢利的計算基於年內本公司擁有人應佔年內溢利港幣1,200,781,000元(二零一六年：港幣2,824,747,000元)及已發行普通股加權平均數283,308,635股(二零一六年：283,396,360股)。

概無就每股攤薄溢利對截至二零一七年及二零一六年十二月三十一日止年度呈列的每股基本溢利金額進行調整，此乃由於在兩個年度內，該等購股權之行使價均高於股份平均市價。

16. INVESTMENT PROPERTIES

16. 投資物業

		2017 二零一七年 HK\$'000 港幣千元	2016 二零一六年 HK\$'000 港幣千元
Fair Value	公平值		
At 1 January	於一月一日	17,794,052	15,610,480
Additions	增添	1,310,107	208,402
Transfer from properties for sale (note 19)	轉撥自待售物業(附註19)	301,212	148,447
Transfer from property, plant and equipment (note 17)	轉撥自物業、廠房及設備(附註17)	—	1,433
Disposal of subsidiaries (note 38)	出售附屬公司(附註38)	(438,000)	(816,000)
Purchase through acquisition of subsidiaries	透過收購附屬公司購買	—	16,918
Net fair value gain on investment properties	投資物業公平值收益淨額	392,004	2,583,792
Net fair value gain on properties transfer	物業轉撥公平值收益淨額	136,788	37,948
Interest capitalised in investment properties under construction (note 8)	在建投資物業資本化之利息(附註8)	—	4,019
Exchange realignment	匯兌調整	1,161	(1,387)
At 31 December	於十二月三十一日	19,497,324	17,794,052

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16. INVESTMENT PROPERTIES (Continued)

During the year ended 31 December 2017, the Group disposed of investment properties with carrying amount of HK\$438,000,000 through a subsidiary, of which the properties are being transferred from properties for sale with carrying amount of HK\$301,212,000 to investment properties and resulted with a fair value gain of HK\$136,788,000 upon the transfer. Details are set out in note 38.

All of the Group's investment properties are measured using the fair value model and are classified and accounted for as investment properties.

The Group's investment properties were revalued at 31 December 2017 and 2016 by an independent qualified professional valuer, C&W, on market value basis which conforms with The Hong Kong Institute of Surveyors Valuation Standard:

- The completed investment properties (whole block of commercial building) are revalued by adopting income capitalisation method, which involves certain estimates, including capitalisation rates and reversionary income potential;
- The completed investment properties (individual units or ground floor shops) are revalued based on direct comparison method, by reference to market transactions of comparable properties; and
- Investment properties under re-development were revalued on the re-development basis by adopting the residual method. The value is based on the re-development potential of the properties as if these properties will be developed and completed in accordance with the existing redevelopment proposal at the date of valuation and is determined by deducting the estimated total cost of the development, including costs of construction, professional fee, finance cost, associated costs and an allowance of profit that duly reflected developer's risk associated with the development from the gross development value.

16. 投資物業(續)

截至二零一七年十二月三十一日止年度，本集團透過一間附屬公司出售賬面值港幣438,000,000元之投資物業，該附屬公司賬面值港幣301,212,000元之物業由待售物業轉撥至投資物業，因此於轉撥後產生公平值收益港幣136,788,000元。詳情載於附註38。

本集團所有投資物業皆以公平值模式計量，並分類以及計入投資物業。

本集團之投資物業由獨立合資格專業估值師戴德梁行於二零一七年及二零一六年十二月三十一日按與香港測量師學會評估準則相符之市值基準進行重估：

- 已落成投資物業(整幢商業樓宇)採用收入資本化法重估，當中涉及包括資本化比率及復歸收入潛力之若干估計；
- 已落成投資物業(個別單位或地舖)按照直接比較法重估，當中參考可比較物業之市場交易；及
- 重建投資物業採用剩餘法按重建基準重估。價值以物業重建潛力為基準，猶如該等物業於估值日期按照現有重建方案發展及落成一樣，並經自發展總值扣除估計發展總成本(包括建築成本、專業費用、融資成本、相關成本及妥為反映發展商與發展項目相關之風險的溢利撥備)而釐定。

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16. INVESTMENT PROPERTIES (Continued)

In determining the fair values of the investment properties, the Group engages an independent qualified professional valuer to perform the valuation. The management works with the independent qualified professional valuer to establish the appropriate valuation techniques and inputs for level 3 fair value measurement. Where there is a material change in the fair value of the investment properties, the causes of the fluctuations will be reported to the Directors.

In relying on these valuations, the management has exercised judgement and are satisfied that the methods of valuation adopted are appropriate and reflective of the current market conditions.

The carrying amount of the Group's investment properties is a level 3 fair value measurement. There were no investment property transfers into or out of level 3 fair value measurement during both years.

16. 投資物業(續)

在釐定投資物業之公平值時，本集團委聘獨立合資格專業估值師進行估值。管理層與獨立合資格專業估值師合作，就第3級公平值計量確立適當的估值技術及數據。倘投資物業公平值出現重大變動，則向董事報告波動原因。

於依賴此等估值時，管理層已運用其判斷，並信納所採納之估值方法屬適當並反映現時市況。

本集團投資物業之賬面值為第3級公平值計量。於兩個年度內，並無投資物業轉入或轉出第3級公平值計量。

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16. INVESTMENT PROPERTIES (Continued)

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used).

16. 投資物業(續)

下表載列有關如何釐定該等投資物業之公平值(特別是所使用的估值技術及數據)之資料。

Investment properties held by the Group in the consolidated statement of financial position	Fair value as at 31 December 2017	Valuation technique(s)	Significant unobservable input(s)	Range of significant unobservable inputs	Interrelationship between significant unobservable input(s) and fair value measurement
本集團於綜合財務狀況表所持有之投資物業	於二零一七年十二月三十一日之公平值 HK\$'000 港幣千元	估值技術	主要不可觀察數據	主要不可觀察數據之範圍	主要不可觀察數據與公平值計量之互相關係

Completed investment properties

已落成投資物業

Completed investment properties (whole block of commercial building)	16,460,500 (2016: 15,632,000)	Income capitalisation method	Reversionary rental value	HK\$21 – HK\$59 (2016: HK\$19.5 – HK\$54) per month per square foot for upper-level office/ restaurants premises; HK\$80 – HK\$1,370 (2016: HK\$85 – HK\$1,370) per month per square foot for ground floor shops	The higher the reversionary rental value, the higher the fair value
已落成投資物業 (整幢商業樓宇)	16,460,500 (二零一六年: 15,632,000)	收入資本化法	復歸租值	高層辦公室/餐廳場所 每平方呎每月港幣21元至港幣59元(二零一六年: 港幣19.5元至港幣54元); 地舖每平方呎每月港幣80元至港幣1,370元(二零一六年: 港幣85元至港幣1,370元)	復歸租值越高, 公平值越高
			Capitalisation rate	2.625% – 3.50% (2016: 2.625% – 3.50%)	The higher the capitalisation rate, the lower the fair value
			資本化比率	2.625%至3.50%(二零一六年: 2.625%至3.50%)	資本化比率越高, 公平值越低
Completed investment properties (individual units or ground floor shops)	2,347,824 (2016: 1,932,052)	Direct comparison method	Adjustment to price per square foot in relation to quality of properties (e.g. location, size, level and condition with reference to comparables of the properties)	+/-20% (2016: +/-20%)	The higher the quality of properties with reference to comparables, the higher the fair value
已落成投資物業 (個別單位或地舖)	2,347,824 (二零一六年: 1,932,052)	直接比較法	就物業質量(如參照可比較物業之位置、大小、層數及狀況)調整每平方呎價格	+/-20%(二零一六年: +/-20%)	參照可比較物業之質量越高, 公平值越高

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16. INVESTMENT PROPERTIES (Continued)

16. 投資物業(續)

Investment properties held by the Group in the consolidated statement of financial position	Fair value as at 31 December 2017 於二零一七年十二月三十一日之公平值 HK\$'000 港幣千元	Valuation technique(s)	Significant unobservable input(s)	Range of significant unobservable inputs	Interrelationship between significant unobservable input(s) and fair value measurement
本集團於綜合財務狀況表所持有之投資物業		估值技術	主要不可觀察數據	主要不可觀察數據之範圍	主要不可觀察數據與公平值計量之互相關係

Investment properties under re-development

重建投資物業

Other investment properties under re-development	455,000 (2016: nil)	Residual method	Price per square foot	HK\$26,000 (2016: nil) per square foot for office premises; HK\$27,000–HK\$65,000 (2016: nil) per square foot for shops	The higher the price per square foot, the higher the fair value
其他重建投資物業	455,000 (二零一六年：無)	剩餘法	每平方米呎價格	辦公室物業每平方米呎港幣26,000元(二零一六年：無)； 商舖每平方米呎港幣27,000元至港幣65,000元(二零一六年：無)	每平方米呎價格越高，公平值越高
			Estimated construction and other professional costs to completion	HK\$4,700 (2016: nil) per square foot	The higher the estimated construction and other professional costs, the lower the fair value
			估計完成所需建築及其他專業成本	每平方米呎港幣4,700元(二零一六年：無)	估計建築及其他專業成本越高，公平值越低
			Estimated profit margin required to hold and develop the investment properties to completion	15% (2016: nil)	The higher the estimated profit margin, the lower the fair value
			持有及發展投資物業至完成所需估計利潤率	15% (二零一六年：無)	估計利潤率越高，公平值越低

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16. INVESTMENT PROPERTIES (Continued)

16. 投資物業(續)

Investment properties held by the Group in the consolidated statement of financial position 本集團於綜合財務狀況表所持有之投資物業	Fair value as at 31 December 2017 於二零一七年十二月三十一日之公平值 HK\$'000 港幣千元	Valuation technique(s) 估值技術	Significant unobservable input(s) 主要不可觀察數據	Range of significant unobservable inputs 主要不可觀察數據之範圍	Interrelationship between significant unobservable input(s) and fair value measurement 主要不可觀察數據與公平值計量之互相關係
Investment properties under re-development	234,000 (2016: 230,000)	Residual method	Price per square foot	HK\$26,000 (2016: HK\$25,800) per square foot for residential premises; HK\$28,000–HK\$35,000 (2016: HK\$28,000 – HK\$35,000) per square foot for shops	The higher the price per square foot, the higher the fair value
重建投資物業	234,000 (二零一六年: 230,000)	剩餘法	每平方米價格	住宅物業每平方米港幣26,000元(二零一六年: 港幣25,800元); 商舖每平方米港幣28,000元至港幣35,000元(二零一六年: 港幣28,000元至港幣35,000元)	每平方米價格越高, 公平值越高
			Estimated construction and other professional costs to completion 估計完成所需建築及其他專業成本	HK\$3,300 (2016: HK\$3,300) per square foot 每平方米港幣3,300元(二零一六年: 港幣3,300元)	The higher the estimated construction and other professional costs, the lower the fair value 估計建築及其他專業成本越高, 公平值越低
			Estimated profit margin required to hold and develop the investment properties to completion 持有及發展投資物業至完成所需估計利潤率	10% (2016: 10%) 10% (二零一六年: 10%)	The higher estimated profit margin, the lower the fair value 估計利潤率越高, 公平值越低

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16. INVESTMENT PROPERTIES (Continued)

For certain completed investment properties (individual units or ground floor shops), direct comparison method was adopted in determining their fair values as at 31 December 2016. Upon continuous acquisition of premises in the same building, the Group decided to redesignate the strategy of the building to re-development. Thus, the valuation technique for these properties has been changed to residual method during the year ended 31 December 2017. There were no changes to the valuation techniques for other investment properties during the year.

The fair value measurement is based on the above investment properties' highest and best use.

As at 31 December 2017, certain investment properties of the Group with total carrying amount of HK\$13,521,870,000 (2016: HK\$13,193,980,000) were pledged to secure bank loans of HK\$1,528,120,000 (2016: HK\$1,694,220,000) (note 26).

16. 投資物業(續)

於二零一六年十二月三十一日，若干已落成投資物業(個別單位或地舖)乃採用直接比較法釐定公平值。本集團在陸續收購同一樓宇內的處所後，決定將建築策略重新指定為重建，因此於截至二零一七年十二月三十一日止年度內，該等物業之估值技術已更改為剩餘法。年內其他投資物業之估值技術並無變動。

公平值計量乃按照上述投資物業之最高及最佳用途。

於二零一七年十二月三十一日，本集團已將賬面總值為港幣13,521,870,000元(二零一六年：港幣13,193,980,000元)之若干投資物業抵押以獲取為數港幣1,528,120,000元(二零一六年：港幣1,694,220,000元)之銀行貸款(附註26)。

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17. PROPERTY, PLANT AND EQUIPMENT

17. 物業、廠房及設備

		Leasehold lands 租賃土地 HK\$'000 港幣千元	Buildings 樓宇 HK\$'000 港幣千元	Leasehold improvements 租賃 物業裝修 HK\$'000 港幣千元	Furniture, fixtures and equipment 傢俬、裝置 及設備 HK\$'000 港幣千元	Motor vehicles 汽車 HK\$'000 港幣千元	Total 總額 HK\$'000 港幣千元
Year ended 31 December 2016	截至二零一六年 十二月三十一日止年度						
Opening net carrying amount	年初賬面淨值	64,549	46,706	268	3,624	1,209	116,356
Additions	增添	—	—	—	23	—	23
Deficit on revaluation (note 13)	重估虧損(附註13)	—	(1,097)	—	—	—	(1,097)
Depreciation	折舊	(79)	(934)	(268)	(204)	(318)	(1,803)
Asset acquired through acquisition of subsidiaries	透過收購附屬公司 收購資產	—	—	100	4	—	104
Transfer to investment properties (note 16)	轉撥至投資物業 (附註16)	(137)	(1,296)	—	—	—	(1,433)
Reallocation	重新分配	—	—	—	(179)	179	—
Exchange realignment	匯兌調整	—	—	—	(6)	(26)	(32)
Closing net carrying amount	年終賬面淨值	64,333	43,379	100	3,262	1,044	112,118
At 31 December 2016	於二零一六年 十二月三十一日						
Cost/Valuation	成本/估值	65,027	43,379	13,822	12,734	3,119	138,081
Accumulated depreciation	累計折舊	(694)	—	(13,722)	(9,472)	(2,075)	(25,963)
Net carrying amount	賬面淨值	64,333	43,379	100	3,262	1,044	112,118
Analysis of cost/valuation	成本/估值分析						
At cost	按成本	65,027	—	13,822	12,734	3,119	94,702
At professional valuation	按專業估值	—	43,379	—	—	—	43,379
		65,027	43,379	13,822	12,734	3,119	138,081

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17. PROPERTY, PLANT AND EQUIPMENT (Continued)

17. 物業、廠房及設備(續)

		Leasehold lands	Buildings	Leasehold improvements	Furniture, fixtures and equipment	Motor vehicles	Total
		租賃土地	樓宇	租賃 物業裝修	傢俬、裝置 及設備	汽車	總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
Year ended 31 December 2017	截至二零一七年 十二月三十一日止年度						
Opening net carrying amount	年初賬面淨值	64,333	43,379	100	3,262	1,044	112,118
Additions	增添	—	—	—	28	344	372
Deficit on revaluation (note 13)	重估虧損(附註13)	—	(1,746)	—	—	—	(1,746)
Disposals	出售	—	—	—	(1,062)	(5)	(1,067)
Depreciation	折舊	(79)	(854)	—	(1,028)	(289)	(2,250)
Exchange realignment	匯兌調整	—	—	—	11	22	33
Closing net carrying amount	年終賬面淨值	64,254	40,779	100	1,211	1,116	107,460
At 31 December 2017	於二零一七年 十二月三十一日						
Cost/Valuation	成本/估值	65,027	40,779	13,822	11,820	3,451	134,899
Accumulated depreciation	累計折舊	(773)	—	(13,722)	(10,609)	(2,335)	(27,439)
Net carrying amount	賬面淨值	64,254	40,779	100	1,211	1,116	107,460
Analysis of cost/valuation	成本/估值分析						
At cost	按成本	65,027	—	13,822	11,820	3,451	94,120
At professional valuation	按專業估值	—	40,779	—	—	—	40,779
		65,027	40,779	13,822	11,820	3,451	134,899

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17. PROPERTY, PLANT AND EQUIPMENT (Continued)

At 31 December 2017, the Group's buildings in Hong Kong are stated at valuation of HK\$40,779,000 (2016: HK\$43,379,000). The Group's buildings were revalued by C&W based on net replacement cost method. For the year ended 31 December 2017, a revaluation loss of approximately HK\$1,746,000 (2016: HK\$1,097,000) had been recognised in asset revaluation reserve.

As at 31 December 2017, leasehold land and buildings of the Group with carrying amount of HK\$103,654,000 (2016: HK\$106,333,000) were pledged to secure bank loans of the Group (note 26).

The fair value of the Group's owner-occupied buildings is a level 3 recurring fair value measurement. A reconciliation of the opening and closing fair value balance is provided below.

17. 物業、廠房及設備(續)

於二零一七年十二月三十一日，本集團於香港之樓宇以估值港幣40,779,000元(二零一六年：港幣43,379,000元)列賬。本集團之樓宇由戴德梁行按淨重置成本法重估。截至二零一七年十二月三十一日止年度重估虧損約港幣1,746,000元(二零一六年：港幣1,097,000元)已確認入資產重估儲備。

於二零一七年十二月三十一日，本集團抵押賬面值為港幣103,654,000元(二零一六年：港幣106,333,000元)之租賃土地及樓宇以獲得本集團之銀行貸款(附註26)。

本集團自用樓宇之公平值為第3級經常性公平值計量。年初及年末公平值結餘之對賬載列如下。

		2017 二零一七年 HK\$'000 港幣千元	2016 二零一六年 HK\$'000 港幣千元
Opening balance (level 3 recurring fair value)	年初結餘(第3級經常性公平值)	43,379	46,706
Depreciation	折舊	(854)	(934)
Deficit on revaluation of properties held for own use	重估持作自用物業之虧損	(1,746)	(1,097)
Classified as investment properties	分類為投資物業	—	(1,296)
Closing balance (level 3 recurring fair value)	年終結餘(第3級經常性公平值)	40,779	43,379

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17. PROPERTY, PLANT AND EQUIPMENT (Continued)

In determining the fair values of the buildings, the Group engages an independent qualified professional valuer to perform the valuation. The management works with the independent qualified professional valuer to establish the appropriate valuation techniques and inputs for level 3 fair value measurement. Where there is a material change in the fair value of the investment properties, the causes of the fluctuations will be reported to the Directors.

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

The following table gives information about how the fair values of these buildings are determined (in particular, the valuation techniques and inputs used).

Building held by the Group measured at revaluation model	Fair value as at 31 December 2017 於二零一七年十二月三十一日之公平值 HK\$'000 港幣千元	Valuation technique(s)	Significant unobservable input(s)	Range of significant unobservable inputs	Interrelationship between significant unobservable input(s) and fair value measurement
Owner-occupied buildings 自用樓宇	40,779 (2016: 43,379)	Net replacement cost 淨重置成本	Depreciated replacement cost per square feet 每平方呎折舊重置成本	HK\$4,300 per square feet (2016: HK\$4,300) (note) 每平方呎港幣4,300元(二零一六年: 港幣4,300元) (附註)	The higher the depreciated replacement cost per feet with reference to comparables, the higher the fair value 參照可比較物業之每呎折舊重置成本越高，公平值越高

Note: Depreciated replacement cost per square feet is determined with reference to market comparables of constructing works, taking into account of use, location and other individual factors such as total floor level and type of structure.

17. 物業、廠房及設備(續)

在釐定樓宇公平值時，本集團已委聘獨立合資格專業估值師進行估值。管理層與獨立合資格專業估值師合作就第3級公平值計量制定適當之估值技術及數據。倘投資物業公平值出現重大變動，將會向董事報告波動原因。

公平值計量乃基於上述物業之最高及最佳用途，與其實際用途並無差異。

下表載列有關如何釐定該等樓宇公平值(特別是所使用估值技術及數據)之資料。

附註：每平方呎折舊重置成本乃參考市場上可比較之建築工程而釐定，當中計及用途、位置以及總樓層及構築物類型等其他個別因素。

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18. PROPERTIES HELD FOR DEVELOPMENT

18. 待發展物業

		2017 二零一七年 HK\$'000 港幣千元	2016 二零一六年 HK\$'000 港幣千元
Year ended 31 December	截至十二月三十一日止年度		
Opening net carrying amount	年初賬面淨值	18,026	19,271
Addition	增添	—	11
Amortisation	攤銷	(413)	(479)
Exchange realignment	匯兌調整	821	(777)
Closing net carrying amount	年終賬面淨值	18,434	18,026
As at 31 December	於十二月三十一日		
Cost	成本	23,625	22,556
Accumulated amortisation	累計攤銷	(5,191)	(4,530)
Net carrying amount	賬面淨值	18,434	18,026

Properties held for development represents certain agricultural lands situated in New Territories, Hong Kong and the PRC under operating leases and are amortised on a straight-line basis over the lease terms.

待發展物業指經營租賃下位於香港新界及中國之若干農業用地，乃於租賃年期內按直線基準攤銷。

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19. PROPERTIES FOR SALE

19. 待售物業

		2017 二零一七年 HK\$'000 港幣千元	2016 二零一六年 HK\$'000 港幣千元
Carrying amount at 1 January	於一月一日之賬面值	2,617,495	3,265,104
Additions	增添	268,801	443,138
Disposals	出售	(1,206,449)	(839,912)
Transfer to investment properties (note 16)	轉撥至投資物業(附註16)	(301,212)	(148,447)
Exchange realignment	匯兌調整	29,241	(27,570)
Write-down	撇減	—	(74,818)
Carrying amount at 31 December	於十二月三十一日之賬面值	1,407,876	2,617,495

		2017 二零一七年 HK\$'000 港幣千元	2016 二零一六年 HK\$'000 港幣千元
Completed properties for sale	已落成待售物業	215,669	903,165
Properties under development for sale	發展中待售物業	1,192,207	1,714,330
Carrying amount at 31 December	於十二月三十一日之賬面值	1,407,876	2,617,495

As at 31 December 2017, properties for sale of HK\$1,015,113,000 (2016: HK\$964,786,000) represent the carrying amount of the properties expected to be completed over one year from the end of the reporting period and the remaining carrying amounts represent the properties to be completed within one year from the end of the reporting period.

於二零一七年十二月三十一日，待售物業港幣1,015,113,000元(二零一六年：港幣964,786,000元)為預期將於報告期末起計超過一年竣工之物業之賬面值，其餘賬面值為預期將於報告期末起計一年內竣工之物業之賬面值。

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19. PROPERTIES FOR SALE (Continued)

As at 31 December 2017, included in the completed properties for sale was a joint operation project amounting to HK\$17,144,000 (2016: HK\$221,966,000) to jointly develop a property site for residential purpose located at 1-11 Lai Yin Street and 2-12 Jones Street, Tai Hang, Hong Kong in which the Group has a 20.24% interest. In 2014, the Directors determined that the Group's share of the completed units would be put up for sale when completed and, accordingly, reclassified its proportionate share of the interest in this property development from investment properties under construction to properties under development for sale. The Group bears a proportionate share of the joint operation's assets, liabilities, revenue and expenses. The occupation permit was released by the Buildings Department during the year ended 31 December 2016. During the year ended 31 December 2017, the properties for sale under the joint operation started to sell and recorded a revenue of HK\$268,357,000 and cost of properties for sale of HK\$202,580,000.

19. 待售物業(續)

於二零一七年十二月三十一日，已落成待售物業包括一項為數港幣17,144,000元(二零一六年：港幣221,966,000元)之合營項目，以共同開發一個位於香港大坑禮賢街1至11號及重士街2至12號作住宅用途之物業地盤，其中本集團擁有20.24%之股權。於二零一四年，董事確定本集團分佔之已落成單位將於建成後放售，因此，本集團將其按比例應佔該物業發展項目權益，由在建投資物業重新分類至待售發展中物業。本集團承擔按比例應佔合營業務之資產、負債、收益及開支。屋宇署於截至二零一六年十二月三十一日止年度內發出入住許可證。於截至二零一七年十二月三十一日止年度內，合營業務下之待售物業開始推售，並錄得收益港幣268,357,000元及物業銷售成本港幣202,580,000元。

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20. TRADE AND OTHER RECEIVABLES/LOAN RECEIVABLES

20. 貿易及其他應收款項／應收貸款

		2017 二零一七年 HK\$'000 港幣千元	2016 二零一六年 HK\$'000 港幣千元
<i>Current:</i>	<i>流動：</i>		
Trade receivables	貿易應收款項	20,441	27,260
Less: Allowance for doubtful debts	減：呆賬撥備	(765)	(3,185)
Total trade receivables, net	貿易應收款項總額，淨額	19,676	24,075
Other receivables, utility deposits and prepayment, net of provision for impairment loss	其他應收款項、公共服務按金及預付款項，扣除減值虧損撥備	92,671	110,849
Loan receivables (Note)	應收貸款(附註)	1,457	195
		94,128	111,044
		113,804	135,119
<i>Non-current:</i>	<i>非流動：</i>		
Loan receivables (Note)	應收貸款(附註)	36,894	7,655
		150,698	142,774

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20. TRADE AND OTHER RECEIVABLES/LOAN RECEIVABLES (Continued)

The credit terms of the Group's trade receivables range from 30 to 90 days. At 31 December 2017 and 2016, based on invoice dates, the ageing analysis of the trade receivables, net of allowance for doubtful debts, was as follows:

		2017 二零一七年 HK\$'000 港幣千元	2016 二零一六年 HK\$'000 港幣千元
0-30 days	0至30天	9,144	10,710
31-90 days	31至90天	6,018	5,384
91-180 days	91至180天	1,890	6,366
Over 180 days	超過180天	2,624	1,615
Total trade receivables, net	貿易應收款項總額，淨額	19,676	24,075

Impairment losses in respect of trade 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 receivables directly. The movements in the allowance for doubtful debts during the year are as follows:

		2017 二零一七年 HK\$'000 港幣千元	2016 二零一六年 HK\$'000 港幣千元
At 1 January	於一月一日	3,185	6,318
Add: Impairment loss (note 9)	加：減值虧損(附註9)	2,191	724
Less: Reversal of impairment loss (note 9)	減：減值虧損撥回(附註9)	—	(1,274)
Write-off	撇銷	(4,611)	(2,583)
At 31 December	於十二月三十一日	765	3,185

20. 貿易及其他應收款項／應收貸款(續)

本集團貿易應收款項之信貸期介乎30至90天。於二零一七年及二零一六年十二月三十一日根據發票日期，貿易應收款項扣除呆賬撥備後之賬齡分析載列如下：

有關貿易應收款項之減值虧損以撥備賬記錄，除非本集團信納收回該筆款項之可能性極低，在該情況下，減值虧損會直接於貿易應收款項中撇銷。年內呆賬撥備之變動如下：

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20. TRADE AND OTHER RECEIVABLES/LOAN RECEIVABLES (Continued)

At 31 December 2017 and 2016, included in the allowance for doubtful debts are individually impaired trade receivables. The individually impaired receivables related to invoices that were outstanding for more than one year and the management assessed that none of these balances are expected to be recovered. Normally, other than those property leasing rental receivables which are secured by rental deposits, the Group does not obtain collateral from other customers.

Trade receivables that are not impaired are as follows:

20. 貿易及其他應收款項／應收貸款(續)

於二零一七年及二零一六年十二月三十一日，呆賬撥備包括個別貿易應收款項之減值。個別應收款項之減值與被拖欠多於一年之發票而管理層評估預期不可收回該等結餘有關。一般而言，除以租金按金為抵押之物業租賃應收租金外，本集團並無向其他客戶收取抵押品。

並無減值之貿易應收款項如下：

		2017 二零一七年 HK\$'000 港幣千元	2016 二零一六年 HK\$'000 港幣千元
Not past due	未逾期	13,764	15,597
Less than 90 days past due	逾期少於90天	2,724	5,946
Past due more than 90 days but less than 1 year	逾期多於90天但少於1年	812	1,765
Past due more than 1 year	逾期多於1年	2,376	767
At 31 December		19,676	24,075

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20. TRADE AND OTHER RECEIVABLES/LOAN RECEIVABLES (Continued)

Trade receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default. Trade receivables that were past due but not impaired related to a number of customers that have a good track record with the Group. Based on past experience, the 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.

Note:

As at 31 December 2017, loan receivables included amounts of HK\$38,351,000 (2016: HK\$7,850,000) which are secured, interest-bearing at Hong Kong Dollar Best Lending Rate minus 2% to 2.5% per annum (2016: 2% per annum) for the first 36 months from the date of loan drawdown and thereafter at the Hong Kong Dollar Best Lending Rate. The loans were repayable in 216 to 360 monthly instalments (2016: 360 monthly instalments) with the final instalment payable in year 2035 to 2047 (2016: year 2035 to 2046). As at 31 December 2017, loan receivables of HK\$20,570,000 (2016: nil) could be early terminated by the borrowers at the principal and accrued interest after 60 months after drawdown date.

The current portion of HK\$1,457,000 (2016: HK\$195,000) which is expected to be recovered within one year and classified as current assets while the balance of HK\$36,894,000 (2016: HK\$7,655,000) classified as non-current assets.

20. 貿易及其他應收款項／應收貸款(續)

未逾期及並無減值之貿易應收款項與大量並無近期拖欠還款記錄之客戶有關。已逾期但並無減值之貿易應收款項與多名與本集團有良好信貸記錄之客戶有關。根據過往經驗，管理層相信由於信貸質素並無重大變動，而該等結餘仍被視作可全數收回，故毋須就該等結餘作出減值撥備。

附註：

於二零一七年十二月三十一日，應收貸款包括多筆合共港幣38,351,000元(二零一六年：港幣7,850,000元)之金額，有關金額為有抵押，於提用貸款日期起計首36個月按港幣最優惠借貸利率減2厘至2.5厘(二零一六年：2厘)之年利率計息，其後按港幣最優惠借貸利率計息。有關貸款分216至360期(二零一六年：360期)每月償還，最後一期還款應於二零三五年至二零四七年支付(二零一六年：二零三五年至二零四六年)。於二零一七年十二月三十一日，應收貸款港幣20,570,000元(二零一六年：無)可由借款人於提用日期起計60個月後按本金及應計利息提早終止。

預期於一年內收回之即期部分港幣1,457,000元(二零一六年：港幣195,000元)分類為流動資產，餘額港幣36,894,000元(二零一六年：港幣7,655,000元)分類為非流動資產。

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21. STRUCTURED BANK DEPOSITS

The structured bank deposits are placed with a bank in the PRC and contain embedded derivatives which returns are determined by reference to the return of the underlying portfolio of listed shares invested by the bank and the duration of deposits placed. The structured bank deposits are designated as FVTPL at initial recognition.

The deposits could be withdrawn at the Group's discretion and are subject to early termination option of the issuing bank at the price of the principal outstanding plus the return of underlying portfolio of listing shares up to the date of withdrawal/early termination. Annual coupon rate varies from annual rate of 1.93% to 3.80%, depending on the duration of the deposits placed.

At the end of the reporting period, the structured bank deposits are stated at fair values based on valuation provided by the issuing bank. The fair value measurements of structured bank deposits are categorised to Level 2.

22. BANK DEPOSITS AT ESCROW ACCOUNT

This represents deposits from buyers in connection with pre-sales of properties for sale situated in Hong Kong.

21. 結構性銀行存款

結構性銀行存款存放於中國一間銀行，並包含嵌入式衍生工具，其回報乃參考銀行投資之相關上市股份組合回報及存款年期而釐定。結構性銀行存款於初步確認時指定為按FVTPL計量。

本集團可酌情提取存款，而存款可由發行銀行選擇按截至提取／提前終止日期之未償還本金另加相關上市股份組合回報之價格提前終止。每年票面利率各異，介乎1.93%至3.80%不等，視乎存款年期而定。

於報告期末，結構性銀行存款根據發行銀行提供之估值按公平值列賬。結構性銀行存款之公平值計量分類為第2級。

22. 於託管賬戶之銀行存款

此款項指買家就預售位於香港之待售物業之按金。

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23. RESTRICTED BANK DEPOSITS/SHORT-TERM BANK DEPOSITS/CASH AND CASH EQUIVALENTS

The cash and bank balances of the Group was summarised as follows:

		2017 二零一七年 HK\$'000 港幣千元	2016 二零一六年 HK\$'000 港幣千元
Restricted bank deposits	受限制銀行存款	57,993	67,947
Short-term bank deposits with original maturity over three months	原到期日超出三個月之短期銀行存款	480,055	988,227
Cash and cash equivalents	現金及現金等價物	666,895	536,201
Total cash and bank balances	現金及銀行結餘總額	1,204,943	1,592,375

Restricted bank deposits and cash and cash equivalents earn interest at floating rates based on the daily bank deposit rates.

The Group's restricted bank deposits of approximately HK\$57,993,000 (2016: HK\$67,947,000) which was restricted for the purpose of construction related payments.

As at 31 December 2017 and 2016, short-term bank deposits with original maturity over three months were placed up till 1 year depending on the immediate cash requirement of the Group, and earned fixed-rate interest at respective time deposits rates ranging from 0.50% to 1.45% (2016: 0.90% to 1.25%) per annum.

Included in cash and cash equivalents of the Group is HK\$81,799,000 (2016: HK\$148,726,000) of bank balances denominated in Renminbi ("RMB") placed with banks in the PRC. RMB is not a freely convertible currency. Under the Mainland China's Foreign Exchange Control Regulations and Administration of Settlement and Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business.

The Directors considered that the fair value of the cash and cash equivalents is not materially different from their carrying amount.

23. 受限制銀行存款／短期銀行存款／現金及現金等價物

本集團之現金及銀行結餘之概要如下：

受限制銀行存款以及現金及現金等價物根據每日銀行存款利率按浮動利率賺取利息。

本集團之受限制銀行存款約港幣57,993,000元(二零一六年：港幣67,947,000元)乃限制作建築工程相關付款之用。

於二零一七年及二零一六年十二月三十一日，原到期日超出三個月之短期銀行存款存放年期長達一年，視乎本集團之即時現金需求而定，並按照各自之定期存款年利率0.50%至1.45% (二零一六年：0.90%至1.25%)賺取固定利率之利息。

計入本集團現金及現金等價物為存放於中國多間銀行的銀行結餘港幣81,799,000元(二零一六年：港幣148,726,000元)之人民幣(「人民幣」)銀行結餘。人民幣並非可自由兌換之貨幣。根據中國內地之外匯管理條例及結匯、售匯及付匯管理規定，本集團獲准經由授權進行外匯業務之銀行以人民幣兌換外幣。

董事認為，現金及現金等價物之公平值與賬面值並無重大差異。

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23. RESTRICTED BANK DEPOSITS/SHORT-TERM BANK DEPOSITS/CASH AND CASH EQUIVALENTS (Continued)

In the course of business, certain bank accounts were opened and held in the name of certain subsidiaries in form of trust on behalf of third parties to whom these subsidiaries provided building management services. As at the reporting date, those bank balances held in form of trust on behalf of third parties and were not recognised in the consolidated financial statements of the Group amounted to HK\$44,715,000 (2016: HK\$37,271,000).

23. 受限制銀行存款／短期銀行存款／現金及現金等價物(續)

於業務過程中，若干附屬公司以其名義代第三方(附屬公司向其提供樓宇管理服務之人士)以信託形式開設及持有若干銀行賬戶。於報告日期，該等為數港幣44,715,000元(二零一六年：港幣37,271,000元)之銀行結餘乃以信託形式代第三方持有，並無於本集團之綜合財務報表內確認。

24. TRADE AND OTHER PAYABLES

24. 貿易及其他應付款項

		2017 二零一七年 HK\$'000 港幣千元	2016 二零一六年 HK\$'000 港幣千元
Trade payables	貿易應付款項	24,035	7,344
Receipt in advance	預收款項	4,065	19,155
Rental deposits received	已收租金按金	164,361	160,059
Accruals on construction works	建築工程應計款項	183,744	127,323
Other accrued expenses and other payables	其他應計費用及其他應付款項	125,426	173,794
Provision for legal cost	法律費用撥備	—	633
		501,631	488,308

Trade payables had credit periods ranging from 30 to 60 days. Based on invoice dates, the ageing analysis of trade payables was as follows:

貿易應付款項之信貸期介乎30至60天。根據發票日期，貿易應付款項之賬齡分析載列如下：

		2017 二零一七年 HK\$'000 港幣千元	2016 二零一六年 HK\$'000 港幣千元
0–30 days	0至30天	22,466	2,472
31–60 days	31至60天	126	1,105
Over 90 days	超過90天	1,443	3,767
Total trade payables	貿易應付款項總額	24,035	7,344

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25. DEPOSITS RECEIVED IN ADVANCE

25. 預收訂金

		2017 二零一七年 HK\$'000 港幣千元	2016 二零一六年 HK\$'000 港幣千元
Deposits received in advance associated with pre-sale of properties for sale situated in:	有關預售位於下列地點之 待售物業之預收訂金：		
— Hong Kong	— 香港	42,927	560,500
— PRC	— 中國	249,806	303,957
		292,733	864,457

Included in deposits received in advance of nil (2016: HK\$102,557,000) represented the deposits received by Group for the properties expected to be completed and sold over one year from the end of reporting period.

計入預收訂金之零元(二零一六年：港幣102,557,000元)指本集團就預期於報告期末起計一年之後竣工及出售之物業所收取之訂金。

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26. BORROWINGS

26. 借貸

		2017 二零一七年 HK\$'000 港幣千元	2016 二零一六年 HK\$'000 港幣千元
Current Liabilities	流動負債		
Bank loans — secured	銀行貸款—有抵押	1,528,120	1,694,220
Carrying amount repayable based on the scheduled repayment dates set out in the loan agreements:	根據貸款協議所載預定還款日期應償還之賬面值：		
Within one year	一年內	481,420	516,100
More than one year, but not exceeding two years	一年以上但不超過兩年	896,800	481,420
More than two years, but not exceeding five years	兩年以上但不超過五年	149,900	696,700
		1,528,120	1,694,220
Carrying amount of bank loans which contain a repayment on demand clause (shown under current liabilities)	包括按要求償還條款之銀行貸款之賬面值(列於流動負債)	1,528,120	1,694,220

As at 31 December 2017 and 2016, bank loans are secured by certain investment properties and property, plant and equipment of the Group with a total carrying value of approximately HK\$13,615,524,000 (2016: HK\$13,300,313,000) as set out in notes 16 and 17 respectively to the consolidated financial statements.

The analysis that shows the remaining contractual maturities of the Group's borrowings is set out in note 40.2(c) to the consolidated financial statements.

於二零一七年及二零一六年十二月三十一日，銀行貸款乃以本集團賬面總值約港幣13,615,524,000元(二零一六年：港幣13,300,313,000元)之若干投資物業以及物業、廠房及設備作為抵押，分別載於綜合財務報表附註16及17。

顯示本集團借貸之餘下合約到期日之分析載於綜合財務報表附註40.2(c)。

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26. BORROWINGS (Continued)

The effective interest rates of the Group's borrowings at the reporting date were as follows:

26. 借貸(續)

於報告日期本集團借貸之實際利率如下：

		2017 二零一七年 HK\$'000 港幣千元	2016 二零一六年 HK\$'000 港幣千元
Bank loans	銀行貸款		
— HK\$-denominated loans	— 港幣貸款		
		Hong Kong Inter-bank Offered Rate (“HIBOR”)+ 1.30% p.a. to HIBOR+ 1.45%p.a.	HIBOR+ 1.30% p.a. to HIBOR+ 1.45% p.a.
		香港銀行同業拆息(「香港同業拆息」)+ 年利率 1.30%至香港同業拆息 + 年利率1.45%	香港同業拆息 + 年利率1.30%至香港同業拆息 + 年利率1.45%

27. DEFERRED TAXATION

The movement on the deferred tax account is as follows:

27. 遞延稅項

遞延稅項賬目之變動如下：

		2017 二零一七年 HK\$'000 港幣千元	2016 二零一六年 HK\$'000 港幣千元
At 1 January	於一月一日	149,368	76,953
Deferred taxation (credited)/charged to:	(計入)/扣除自以下項目之遞延稅項：		
— Profit or loss (note 12)	— 損益(附註12)	(41,452)	73,492
— Disposal of subsidiaries (note 38(b))	— 出售附屬公司(附註38(b))	—	(99)
— Asset revaluation reserve (note 13)	— 資產重估儲備(附註13)	(288)	(181)
Exchange realignment	匯兌調整	258	(797)
At 31 December	於十二月三十一日	107,886	149,368

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27. DEFERRED TAXATION (Continued)

The followings are the major deferred tax liabilities and assets recognised in the consolidated statement of financial position and the movements during the current and prior years:

27. 遞延稅項(續)

以下為於綜合財務狀況表確認之主要遞延稅項負債及資產以及於本年度及過往年度之變動：

		Accelerated tax depreciation 加速 稅項折舊 HK\$'000 港幣千元	Fair value gain (note) 公平值收益 (附註) HK\$'000 港幣千元	Surplus on revaluation of owner- occupied properties 重估自用 物業盈餘 HK\$'000 港幣千元	Tax loss 稅項虧損 HK\$'000 港幣千元	Total 總額 HK\$'000 港幣千元
At 1 January 2016	於二零一六年一月一日	69,651	—	7,302	—	76,953
Disposal of a subsidiary (note 38(b))	出售附屬公司(附註38(b))	(99)	—	—	—	(99)
Charged to profit or loss (note 12)	扣除自損益(附註12)	12,354	61,138	—	—	73,492
Credit to other comprehensive income (note 13)	計入其他全面收入(附註13)	—	—	(181)	—	(181)
Exchange realignment	匯兌調整	(797)	—	—	—	(797)
At 31 December 2016 and 1 January 2017	於二零一六年十二月三十一日及二零一七年一月一日	81,109	61,138	7,121	—	149,368
Charged/(credited) to profit or loss (note 12)	扣除自/(計入)損益(附註12)	5,886	(30,577)	—	(16,761)	(41,452)
Credit to other comprehensive income (note 13)	計入其他全面收入(附註13)	—	—	(288)	—	(288)
Exchange realignment	匯兌調整	258	—	—	—	258
At 31 December 2017	於二零一七年十二月三十一日	87,253	30,561	6,833	(16,761)	107,886

Note: The amount represented the taxable temporary difference arisen from the fair value gain on properties upon the change of use from the purpose of earning rentals or/and for capitalisation to sale in the ordinary course of business which is then classified as properties for sale.

附註：該金額指將其用途由賺取租金或/及資本化轉為在日常業務過程中銷售之時，因物業之公平值收益而產生之應課稅暫時性差額，其後乃分類為待售物業。

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27. DEFERRED TAXATION (Continued)

As at 31 December 2017, the amount of unrecognised deferred tax assets mainly represented by tax effect of temporary differences attributable to unrecognised tax losses of HK\$132,366,000, which are subject to the agreement of the Hong Kong Inland Revenue Department. The deductible temporary differences have not been recognised in the consolidated financial statements as it is not probable that taxable profit will be available against which the tax loss or other deductible temporary differences can be utilised due to the unpredictability of future profit streams of the companies in which the losses arose. All tax losses and deductible temporary differences of the Group have no expiry dates under the current tax legislation.

As at 31 December 2017, the Group has aggregate amount of temporary differences associated with undistributed earnings of PRC subsidiaries of approximately HK\$29,988,000 of which no deferred tax liabilities has not been recognised. No deferred tax liabilities have been recognised in respect of these differences because the Group is in a position to control the dividend policies of its subsidiaries and the directors of the Company considered that no dividend will be declared by these subsidiaries in the foreseeable future. Thus, such difference will not be reversed in the foreseeable future.

27. 遞延稅項(續)

於二零一七年十二月三十一日，未確認遞延稅項資產之金額主要是由於未確認稅項虧損港幣132,366,000元所產生之暫時性差額稅務影響，有關金額須經香港稅務局同意。由於無法預計虧損產生時公司的未來溢利，稅項虧損或其他可扣減暫時性差額將來未必能用以抵銷應課稅溢利，故並無於綜合財務報表確認可扣減暫時性差額。根據現時稅務條例，本集團所有稅項虧損及可扣減暫時性差額並無屆滿期。

於二零一七年十二月三十一日，本集團有關中國附屬公司未分派盈利之相關暫時性差額總額約港幣29,988,000元尚未確認遞延稅項負債。由於本集團能夠控制其附屬公司之股息政策以及本公司董事認為該等附屬公司於可見將來不會宣派股息，故並無就該等差額確認遞延稅項負債。因此，有關差額將不會於可見將來撥回。

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28. SHARE CAPITAL

28. 股本

		2017 二零一七年		2016 二零一六年	
		Number of shares 股份數目	HK\$'000 港幣千元	Number of shares 股份數目	HK\$'000 港幣千元
Authorised: Ordinary shares of HK\$0.10 each	法定： 每股面值港幣0.10元之 普通股	5,000,000,000	500,000	5,000,000,000	500,000
Issued and fully paid: At 1 January	已發行及繳足： 於一月一日	283,308,635	28,331	285,347,635	28,535
Shares bought-back and cancelled (note)	回購及註銷股份 (附註)	—	—	(2,039,000)	(204)
At 31 December	於十二月三十一日	283,308,635	28,331	283,308,635	28,331

Note:

During the year ended 31 December 2017, the Group had not bought-back its own ordinary shares on the Stock Exchange.

During the year ended 31 December 2016, the Group bought-back its own ordinary shares on the Stock Exchange as follows:

附註：

截至二零一七年十二月三十一日止年度，本集團並無回購其於聯交所之普通股。

截至二零一六年十二月三十一日止年度，本集團回購其於聯交所之普通股如下：

Trading dates 交易日期	Number of shares bought-back 回購 股份數目	Highest price paid per share 已付每股 最高價 HK\$ 港幣元	Lowest price paid per share 已付每股 最低價 HK\$ 港幣元	Aggregate consideration paid 總支付作價 HK\$'000 港幣千元	
For the year ended 31 December 2016 January 2016	截至二零一六年 十二月三十一日止年度 二零一六年一月	2,039,000	10.20	8.69	19,056

The bought-back shares were cancelled and the issued share capital of the Company was reduced by the nominal value of these shares accordingly. The premium paid on these buy-backs was charged to the share premium account. An amount equivalent to the nominal value of the shares cancelled were transferred from retained profits to the capital redemption reserve.

回購股份已獲註銷，故本公司已發行股本按該等股份之面值相應減少。就該等回購所付溢價自股份溢價賬扣除。相等於註銷股份面值之款項自保留溢利轉撥至資本贖回儲備。

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For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

29. RESERVES

Group

29. 儲備

本集團

		2017	2016
		二零一七年	二零一六年
		HK\$'000	HK\$'000
		港幣千元	港幣千元
Share premium (note (a))	股份溢價(附註(a))	690,811	690,811
Capital redemption reserve (note (b))	資本贖回儲備(附註(b))	295	295
Asset revaluation reserve	資產重估儲備	1,088	2,546
Employee share-based equity reserve	員工股份權益儲備	—	21,928
Retained profits	保留溢利	19,076,488	17,910,441
Exchange reserve	匯兌儲備	2,564	(25,154)
Special reserve (note (c))	特別儲備(附註(c))	1,848	1,848
Proposed final and special dividends (note 14(a))	建議末期及特別股息 (附註14(a))	56,662	339,970
		19,829,756	18,942,685

Notes:

- (a) Share premium represents the excess of consideration received over the par value of share issued.
- (b) Capital redemption reserve represents the amount equal to the par value of the bought-back shares, and such funds transferred from retained profits.
- (c) The special reserve of the Group represented the difference between the nominal value of the share capital issued by the Company in exchange for the nominal value of the share capital of the subsidiaries pursuant to the Group's re-organisation in 1997.

Details of the movements in the above reserves are set out in the consolidated statement of changes in equity on pages 124 to 127 to the consolidated financial statements.

附註：

- (a) 股份溢價指所收取代價高於已發行股份面值之差額。
- (b) 資本贖回儲備指相等於回購股份面值之款項，該等資金乃轉撥自保留溢利。
- (c) 本集團之特別儲備指根據本集團一九九七年重組本公司已發行股本面值兌換附屬公司股本面值之差額。

上述儲備之變動詳情載於綜合財務報表第124至127頁之綜合權益變動表。

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For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

29. RESERVES (Continued)

Company

29. 儲備(續)

本公司

		Share premium	Capital redemption reserve	Contributed surplus	Employee share-based equity reserve	Retained profits	Proposed final and special dividends	Total
		股份溢價	贖回儲備	繳納盈餘	員工股份權益儲備	保留溢利	建議末期及特別股息	總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
		(note (a))	(note (b))	(note (c))				
		(附註(a))	(附註(b))	(附註(c))				
At 1 January 2016	於二零一六年一月一日	709,663	91	1,829,498	21,918	553,522	57,070	3,171,762
Shares bought-back and cancelled (note 28)	回購及註銷股份(附註28)	(18,852)	204	—	—	(204)	—	(18,852)
Equity-settled share-based payment (note 30)	以股權結算以股份為基礎之付款(附註30)	—	—	—	10	—	—	10
Profit for the year	年內溢利	—	—	—	—	1,847	—	1,847
Over-provision for final dividend for 2015	二零一五年末期股息超額撥備	—	—	408	—	—	(408)	—
Final dividend paid for 2015 (note 14(b))	已付二零一五年末期股息(附註14(b))	—	—	—	—	—	(56,662)	(56,662)
Proposed final and special dividends for 2016 (note 14(a))	建議二零一六年末期及特別股息(附註14(a))	—	—	(339,970)	—	—	339,970	—
At 31 December 2016 and 1 January 2017	於二零一六年十二月三十一日及二零一七年一月一日	690,811	295	1,489,936	21,928	555,165	339,970	3,098,105
Profit for the year	年內溢利	—	—	—	—	980	—	980
Final and special dividend paid for 2016 (note 14(b))	已付二零一六年末期及特別股息(附註14(b))	—	—	—	—	—	(339,970)	(339,970)
Proposed final dividend for 2017 (note 14(a))	建議二零一七年末期股息(附註14(a))	—	—	(56,662)	—	—	56,662	—
Lapse of share options (note 30)	購股權失效(附註30)	—	—	—	(21,928)	21,928	—	—
At 31 December 2017	於二零一七年十二月三十一日	690,811	295	1,433,274	—	578,073	56,662	2,759,115

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For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

29. RESERVES (Continued)

Company (Continued)

Notes:

- (a) Share premium represents the excess of consideration received over the par value of shares issued.
- (b) Capital redemption reserve represents the amount equal to the par value of the bought-back shares transferred.
- (c) The contributed surplus represents the difference between the nominal value of the Company's shares issued in exchange for all the issued ordinary shares of Lucky Spark Limited (a subsidiary) and the value of the net underlying assets of the subsidiaries acquired. Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus of the Company is available for distribution to the shareholders under certain circumstances. However, the Company cannot declare or pay a dividend or make a distribution out of contribution surplus if:
 - (1) it is, or would after the payment be, unable to pay its liabilities as they become due; or
 - (2) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

30. SHARE-BASED EMPLOYEE COMPENSATION

The Company adopted a new share option scheme (the "2011 Share Option Scheme") at the annual general meeting held on 19 May 2011 (the "2011 AGM").

The principal terms of the 2011 Share Option Scheme are set out as follows:

Purpose of the 2011 Share Option Scheme

The purpose of this scheme is to encourage the participants to perform their best in achieving the goals of the Company and at the same time allow the participants to enjoy the results of the Company attained through their efforts and contributions.

29. 儲備(續)

本公司(續)

附註：

- (a) 股份溢價指所收取代價高於已發行股份面值之差額。
- (b) 資本贖回儲備指相等於已轉撥回購股份面值之款項。
- (c) 繳納盈餘乃指發行以換取Lucky Spark Limited (一家附屬公司)全部已發行普通股之本公司股份面值與所收購附屬公司相關淨資產值之差額。根據百慕達一九八一年公司法(經修訂)，在若干情況下本公司之繳納盈餘可分派予股東。然而，倘發生以下情況，本公司不可從繳納盈餘宣派或支付股息或作出分派：
 - (1) 不能或於支付後不能支付到期繳付之債務；或
 - (2) 其資產之可變現值因此少於其債務、已發行股本及股份溢價賬之總額。

30. 以股份為基礎之僱員報酬

本公司於二零一一年五月十九日舉行之股東週年大會(「二零一一年股東週年大會」)上採納新購股權計劃(「二零一一年購股權計劃」)。

二零一一年購股權計劃之主要條款載列如下：

二零一一年購股權計劃之目的

該計劃旨在鼓勵參與者竭誠達致本公司目標，同時讓參與者分享彼等致力為本公司作出貢獻之成果。

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For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

30. SHARE-BASED EMPLOYEE COMPENSATION (Continued)

Eligible Participants of the 2011 Share Option Scheme

Eligible participants of the 2011 Share Option Scheme includes (i) any full time employee and director (any existing or proposed executive or non-executive directors) of the Group or any member of the Group and any part-time employee with weekly working hours of 10 hours or above of the Group; (ii) any advisor, consultants or agent to the Group; any provider of goods and/or services to the Group; or any other person who, at the sole discretion of the Board, has contributed or may contribute to the Group; and (iii) any trustee of any trust (whether family or discretionary) whose beneficiaries or objects include any employee or business association of the Group.

Total number of securities issuable

The total number of shares which may be issued upon exercise of all share options to be granted under the 2011 Share Option Scheme and any other share option scheme of the Company shall not exceed 10% of the total number of shares in issue as at the adoption date of the 2011 Share Option Scheme provided that the share options lapsed will not be counted for the purpose of calculating such 10% limit.

At the 2011 AGM, the said 10% limit of number of shares available for issue was 25,091,413 shares.

Under the 2011 Share Option Scheme, the Company may obtain a fresh approval from its shareholder in general meeting to refresh the above mentioned 10% limit. In such event, the total number of shares in respect of which share options may be granted under the 2011 Share Option Scheme and any other share option schemes of the Company shall not exceed 10% of the total number of shares in issue as at the date of such approval provided that share options previously granted under the 2011 Share Option Scheme (including those outstanding, cancelled, lapsed or exercised share options) will not be counted for the purpose of calculating such 10% limit.

30. 以股份為基礎之僱員報酬(續)

二零一一年購股權計劃之合資格參與者

二零一一年購股權計劃之合資格參與者包括(i)本集團或本集團任何成員公司之任何全職僱員及董事(任何現任或建議之執行或非執行董事)，以及本集團任何每週工時10小時或以上之兼職僱員；(ii)本集團任何顧問、專家顧問或代理、向本集團提供貨物及／或服務之任何供應商、或董事會全權酌情認為已經或可能對本集團作出貢獻之任何其他人士；及(iii)任何信託(家族或全權)之受託人，而該信託之受益人或對象包括本集團之任何僱員或業務聯繫人。

可發行證券總數

根據行使二零一一年購股權計劃及本公司任何其他購股權計劃將予授出之所有購股權而可予發行之股份總數，不得超過於採納二零一一年購股權計劃之日已發行股份總數之10%，但已失效之購股權將不計算在該10%上限以內。

於二零一一年股東週年大會上，上述10%上限可予發行之股份數目為25,091,413股股份。

根據二零一一年購股權計劃，本公司可在股東大會上獲得其股東更新批准以更新上述之10%上限。在該情況下，根據二零一一年購股權計劃及本公司任何其他購股權計劃可予授出之購股權而發行之股份總數，不得超過於該等批准之日已發行股份總數之10%，但根據二零一一年購股權計劃過往已授出之購股權(包括該等尚未行使、已註銷、已失效或已行使之購股權)將不計算在該10%上限以內。

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For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

30. SHARE-BASED EMPLOYEE COMPENSATION (Continued)

Total number of securities issuable (Continued)

The maximum number of shares which may be issued upon exercise of all outstanding share option granted and yet to be granted under the 2011 Share Option Scheme and any other share option schemes of the Company shall not exceed 30% (or such other higher percentages as may be allowed under the Listing Rules) of the total number of shares in issue from time to time.

As at the date of this annual report, the total number of shares available for issue under the 2011 Share Option Scheme was 14,335,413 representing approximately 5.06% of the Company's shares in issue as at that date.

Maximum entitlement of each employee/ participant

Unless separately approved by the shareholders of the Company at a general meeting with the particular Participant (as defined in the 2011 Share Option Scheme) and his or her associate (as defined under the Listing Rules) abstaining from voting, the total number of shares issued and to be issued upon exercise of the options granted to each Participant (including both exercised and outstanding options) in any 12 months period shall not exceed 1% of the total number of shares in issue.

Period to take up share options and minimum period to hold before exercise

Under the 2011 Share Option Scheme, the period which the shares must be taken up under a share option and the minimum period, if any, for which a share option must be held before it can be exercised are to be decided by the Directors of the Company upon granting the relevant share options. Details of such information (if any) relating to the outstanding share options are set out below.

Amount payable to take up share options and time to accept offer

Under the 2011 Share Option Scheme, an offer for the granting of share options shall be accepted within 21 days from the offer date and by way of payment of consideration of HK\$1.00.

30. 以股份為基礎之僱員報酬(續)

可發行證券總數(續)

因行使根據二零一一年購股權計劃及本公司任何其他購股權計劃已授出之所有尚未行使購股權而發行之股份上限，不得超過不時已發行股份總數之30%（或上市規則准許之該等其他較高百分比）。

於本年報日期，根據二零一一年購股權計劃可予發行之股份總數為14,335,413股，佔於該日本公司已發行股份約5.06%。

各僱員／參與者之配額上限

除非經本公司股東在股東大會上另行批准而有關之參與者（定義見二零一一年購股權計劃）及其聯繫人（定義見上市規則）亦放棄在股東大會上投票外，行使授予各參與者之購股權（包括已行使及尚未行使之購股權）時所發行及將予發行之股份總數，於任何十二個月期間不得超過已發行股份總數之1%。

認購購股權項下股份之時限及行使前 之最短持有購股權時限

根據二零一一年購股權計劃，認購購股權項下股份之時限及行使購股權前必須持有購股權之最短時限（如有），均由本公司董事在授出有關之購股權時決定。有關尚未行使之購股權之該等資料（如有）之詳情載於下文。

認購購股權之應付款項及接納要約之 時間

根據二零一一年購股權計劃，授出購股權之要約須在要約日起二十一天內以支付港幣1.00元代價之方式接納。

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30. SHARE-BASED EMPLOYEE COMPENSATION (Continued)

Exercise price

Under the 2011 Share Option Scheme, the exercise price shall be a price determined by the board of directors and shall be at least the highest of:

- (i) the closing price of the shares quoted on the Stock Exchange on the offer date;
- (ii) a price being the average of the closing prices of the shares as quoted in the Stock Exchange for the 5 trading days immediately preceding the offer date; and
- (iii) the nominal value of the shares.

Life of the share option scheme

The 2011 Share Option Scheme has a life of 10 years from its adoption date (i.e. 19 May 2011).

As at the 31 December 2017, details of outstanding options granted to eligible persons are as follows:

30. 以股份為基礎之僱員報酬(續)

行使價

根據二零一一年購股權計劃，行使價應為董事會所釐定之價格，以至少為以下三項中最高者為準：

- (i) 股份於要約日在聯交所所報之收市價；
- (ii) 緊接要約日前五個交易日股份在聯交所所報之平均收市價；及
- (iii) 股份之面值。

購股權計劃之有效期

二零一一年購股權計劃之有效期由採納日期(即二零一一年五月十九日)起計10年。

於二零一七年十二月三十一日，授予合資格人士之未行使購股權如下：

Name of grantees	Date of grant	Closing price immediately preceding the date of grant	Exercise price	Weighted average share price of shares at the date of exercise	Exercisable period	Number of options 購股權數目			
						As at 1 January 2017	Granted during the year	Lapsed during the year	As at 31 December 2017
承授人姓名	授出日期	緊接授出日期前之收市價 (HK\$) (港幣元)	行使價 (HK\$) (港幣元)	股份於行使日期之加權平均股價 (HK\$) (港幣元)	行使期	於二零一七年一月一日	年內授出	年內失效	於二零一七年十二月三十一日
Directors									
董事									
Foo Kam Chu Grace 傅金珠	3/1/2013 二零一三年一月三日	15.78	15.76	N/A 不適用	3/1/2014 to 2/1/2017 二零一四年一月三日至 二零一七年一月二日	316,000	—	(316,000)	—
Chan Wai Ling 陳慧苓	3/1/2013 二零一三年一月三日	15.78	15.76	N/A 不適用	3/1/2014 to 2/1/2017 二零一四年一月三日至 二零一七年一月二日	2,000,000	—	(2,000,000)	—

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For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

30. SHARE-BASED EMPLOYEE COMPENSATION (Continued) Life of the share option scheme (Continued)

30. 以股份為基礎之僱員報酬(續) 購股權計劃之有效期(續)

Name of grantees	Date of grant	Closing price immediately preceding the date of grant	Exercise price	Weighted average share price of shares at the date of exercise	Exercisable period	Number of options 購股權數目			
						As at 1 January 2017	Granted during the year	Lapsed during the year	As at 31 December 2017
承授人姓名	授出日期	緊接授出日期前之收市價 (HK\$) (港幣元)	行使價 (HK\$) (港幣元)	股份於行使日期之加權平均股價 (HK\$) (港幣元)	行使期	於二零一七年一月一日	年內授出	年內失效	於二零一七年十二月三十一日
Kong Siu Man Kenny 鄭紹民	3/1/2013 二零一三年一月三日	15.78	15.76	N/A 不適用	3/1/2014 to 2/1/2017 二零一四年一月三日至 二零一七年一月二日	250,000	—	(250,000)	—
Other Employees 其他僱員	3/1/2013 二零一三年一月三日	15.78	15.76	N/A 不適用	3/1/2014 to 2/1/2017 二零一四年一月三日至 二零一七年一月二日	2,260,000	—	(2,260,000)	—
						4,826,000	—	(4,826,000)	—

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30. SHARE-BASED EMPLOYEE COMPENSATION (Continued)

Life of the share option scheme (Continued)

As at the 31 December 2016, details of outstanding options granted to eligible persons are as follows:

30. 以股份為基礎之僱員報酬(續)

購股權計劃之有效期(續)

於二零一六年十二月三十一日，授予合資格人士之未行使購股權如下：

Name of grantees	Date of grant	Closing price immediately preceding the date of grant	Exercise price	Weighted average share price of shares at the date of exercise	Exercisable period	Number of options 購股權數目			
						As at 1 January 2016	Granted during the year	Lapsed during the year	As at 31 December 2016
承授人姓名	授出日期	緊接授出日期前之收市價 (HK\$) (港幣元)	行使價 (HK\$) (港幣元)	股份於行使日期之加權平均股價 (HK\$) (港幣元)	行使期	於二零一六年一月一日	年內授出	年內失效	於二零一六年十二月三十一日
Directors									
董事									
Foo Kam Chu Grace 傅金珠	3/1/2013 二零一三年一月三日	15.78	15.76	N/A 不適用	3/1/2014 to 2/1/2017 二零一四年一月三日至 二零一七年一月二日	316,000	—	—	316,000
Chan Wai Ling 陳慧苓	3/1/2013 二零一三年一月三日	15.78	15.76	N/A 不適用	3/1/2014 to 2/1/2017 二零一四年一月三日至 二零一七年一月二日	2,000,000	—	—	2,000,000

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30. SHARE-BASED EMPLOYEE COMPENSATION (Continued) Life of the share option scheme (Continued)

30. 以股份為基礎之僱員報酬(續) 購股權計劃之有效期(續)

Name of grantees	Date of grant	Closing price immediately preceding the date of grant	Exercise price	Weighted average share price of shares at the date of exercise	Exercisable period	Number of options 購股權數目			
						As at 1 January 2016	Granted during the year	Lapsed during the year	As at 31 December 2016
承授人姓名	授出日期	緊接授出日期前之收市價 (HK\$) (港幣元)	行使價 (HK\$) (港幣元)	股份於行使日期之加權平均股價 (HK\$) (港幣元)	行使期	於二零一六年一月一日	年內授出	年內失效	於二零一六年十二月三十一日
Kong Siu Man Kenny 鄭紹民	3/1/2013 二零一三年一月三日	15.78	15.76	N/A 不適用	3/1/2014 to 2/1/2017 二零一四年一月三日至 二零一七年一月二日	250,000	—	—	250,000
Other Employees 其他僱員	3/1/2013 二零一三年一月三日	15.78	15.76	N/A 不適用	3/1/2014 to 2/1/2017 二零一四年一月三日至 二零一七年一月二日	2,260,000	—	—	2,260,000
						4,826,000	—	—	4,826,000

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30. SHARE-BASED EMPLOYEE COMPENSATION (Continued)

Life of the share option scheme (Continued)

On 3 January 2013 (the “Grant Date”), 5,196,000 share options (the “Share Options”) to subscribe for up to a total of 5,196,000 ordinary shares of HK\$0.10 each of the Company were granted to certain eligible individuals, including executive directors, under 2011 Share Option Scheme. The exercise price of the Share Options is HK\$15.76 per share and the vesting schedule of the Share Options are as follows:

- (a) 50% of the options can be exercised at any time after first anniversary of the grant date (“Tranche A”);
- (b) 25% of the options can be exercised at any time after second anniversary of the Grant Date (“Tranche B”); and
- (c) The remaining 25% of the Options can be exercised at any time after third anniversary of the Grant Date (“Tranche C”).

30. 以股份為基礎之僱員報酬(續)

購股權計劃之有效期(續)

於二零一三年一月三日(「授出日期」)，本公司根據二零一一年購股權計劃，將5,196,000份購股權(「購股權」)授予若干合資格人士(包括執行董事)，可據此認購最多合共5,196,000股本公司每股面值港幣0.10元之普通股。購股權之行使價為每股港幣15.76元及購股權歸屬安排如下：

- (a) 50%購股權可於授出日期一週年後任何時間行使(「批次A」)；
- (b) 25%購股權可於授出日期二週年後任何時間行使(「批次B」)；及
- (c) 餘下25%購股權可於授出日期三週年後任何時間行使(「批次C」)。

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30. SHARE-BASED EMPLOYEE COMPENSATION (Continued)

Life of the share option scheme (Continued)

The fair value of the Share Options granted during the year ended 31 December 2013 under 2011 Share Option Scheme determined at the Grant Date using Trinomial Option Pricing Model (the "Model") was HK\$23,610,000.

For the year ended 31 December 2016, the Share Options which vested amounted to HK\$10,000 and was charged to the profit or loss as share-based payment expense.

No share options were exercised during the years ended 31 December 2017 and 2016.

As at 31 December 2016, 4,826,000 Share Options had vested under the 2011 Share Option Scheme and the weighted average exercise price for share option exercisable was HK\$15.76 with weighted average contractual life of 2 days. During the year ended 31 December 2017, all share options were lapsed.

30. 以股份為基礎之僱員報酬(續)

購股權計劃之有效期(續)

根據二零一一年購股權計劃，截至二零一三年十二月三十一日止年度利用三項期權定價模型(「模型」)釐定之所授出購股權於授出日期之公平值為港幣23,610,000元。

於截至二零一六年十二月三十一日止年度，歸屬購股權金額港幣10,000元在損益扣除作為以股份基礎之付款開支。

截至二零一七年及二零一六年十二月三十一日止年度內概無行使購股權。

於二零一六年十二月三十一日，根據二零一一年購股權計劃已歸屬4,826,000份購股權，可行使購股權之加權平均行使價為港幣15.76元，加權平均合約年期為2天。截至二零一七年十二月三十一日止年度，所有購股權均已失效。

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31. COMMITMENTS

(a) Operating lease commitments

At 31 December 2017 and 2016, the total future minimum lease payments under non-cancellable operating leases are payable by the Group as follows:

		2017 二零一七年 HK\$'000 港幣千元	2016 二零一六年 HK\$'000 港幣千元
Within one year	一年內	734	241
More than one year, but not exceeding five years	一年以上但不超過五年	—	34
		734	275

The Group leases a number of properties under operating leases. The leases will expire in the coming year. None of the leases includes contingent rentals.

本集團根據經營租賃出租多項物業。租期將於下一年度屆滿。概無租約包括或然租金。

(b) Capital commitments

		2017 二零一七年 HK\$'000 港幣千元	2016 二零一六年 HK\$'000 港幣千元
Contracted but not provided for:	已訂約惟未撥備：		
– Acquisition of investment properties	– 收購投資物業	82,655	19,043
– Acquisition of properties through acquisition of subsidiaries	– 透過收購附屬公司收購物業	185,000	—
		267,655	19,043

All capital commitments are due in the coming twelve months.

所有資本承擔均於未來十二個月內到期。

31. 承擔

(a) 經營租賃承擔

於二零一七年及二零一六年十二月三十一日，本集團根據不可撤銷經營租賃於未來應付之最低總租金如下：

(b) 資本承擔

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32. FUTURE OPERATING LEASE ARRANGEMENTS

As at 31 December 2017 and 2016, the Group had future aggregate minimum lease receipts under non-cancellable operating leases in respect of investment properties as follows:

		2017 二零一七年 HK\$'000 港幣千元	2016 二零一六年 HK\$'000 港幣千元
Within one year	一年內	337,334	449,791
More than one year, but not exceeding five years	一年以上但不超過五年	260,416	478,230
More than five years	五年以上	—	1,829
		597,750	929,850

The Group leases its investment properties (note 16) under operating lease arrangements which run for an initial period of one to eight years (2016: one to eight years), with an option to renew the lease terms at the expiry date or at dates as mutually agreed between the Group and the respective tenants. The terms of the leases also require the tenants to pay rental deposits. The turnover-related rental income received during the year amounted to HK\$3,043,000 (2016: HK\$1,713,000).

33. CONTINGENT LIABILITIES

As at 31 December 2017, the Group provided guarantees amounted to HK\$309,431,000 (2016: HK\$173,935,000) to banks with respect to mortgage loans procured by the purchasers of the Group's properties. Such guarantees will be released by banks upon delivery of the properties to the purchasers and completion of the registration of the mortgage with the relevant mortgage registration authorities or settlement of the outstanding mortgage loan. In the opinion of the Directors, the fair value of the financial guarantee is not significant.

32. 未來經營租賃安排

於二零一七年及二零一六年十二月三十一日，本集團根據不可撤銷經營租賃就投資物業未來所收之最低總租金如下：

本集團根據經營租賃安排出租其投資物業(附註16)，初始租期一至八年(二零一六年：一至八年)，可選擇於到期日或本集團與有關承租人雙方同意之日期續期。租約條款亦規定承租人須繳付租金按金。年內已收收益相關之租金收入為港幣3,043,000元(二零一六年：港幣1,713,000元)。

33. 或然負債

於二零一七年十二月三十一日，本集團就本集團物業買家取得之按揭貸款向銀行提供擔保為數港幣309,431,000元(二零一六年：港幣173,935,000元)。該等擔保將於物業交付予買家並向相關按揭登記機構辦妥按揭登記時或於清償尚欠按揭貸款時由銀行解除。董事認為，財務擔保之公平值並不重大。

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34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY 34. 本公司之財務狀況表

		2017 二零一七年 HK\$'000 港幣千元	2016 二零一六年 HK\$'000 港幣千元
		Notes 附註	
ASSETS AND LIABILITIES	資產及負債		
Non-current assets	非流動資產		
Interests in subsidiaries	於附屬公司之權益	545,000	545,000
Amounts due from subsidiaries	應收附屬公司之款項	2,241,842	2,580,886
		2,786,842	3,125,886
Current assets	流動資產		
Other receivables	其他應收款項	340	340
Tax recoverable	可收回稅項	367	370
Cash and bank balances	現金及銀行結餘	242	107
		949	817
Current liabilities	流動負債		
Accrued expenses and other payables	應計費用及其他應付款項	345	267
Net current assets	淨流動資產	604	550
Net assets	淨資產	2,787,446	3,126,436
EQUITY	權益		
Share capital	股本	28,331	28,331
Reserves	儲備	2,759,115	3,098,105
		2,787,446	3,126,436
Total equity	權益總額	2,787,446	3,126,436

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35. INTERESTS IN SUBSIDIARIES

Particulars of the principal subsidiaries at 31 December 2017 are as follows:

35. 附屬公司之權益

於二零一七年十二月三十一日之主要附屬公司詳情如下：

Name 公司名稱	Place of incorporation/ operation 註冊成立/營運地區	Particulars of nominal value of issued share capital/registered capital 已發行股本面值/ 註冊資本詳情	Percentage of interest held by the Company 本公司所持權益百分比				Principal activities 主要業務	
			Directly 直接		Indirectly 間接			
			2017	2016	2017	2016		
			二零一七年	二零一六年	二零一七年	二零一六年		
Bond Rising Limited	British Virgin Islands 英屬維爾京群島	1 ordinary share of US\$1 each 1股每股面值美金1元之 普通股	—	—	100%	100%	Investment holding 投資控股	
Castle Peak Investment Properties Limited 青山道投資地產有限公司	Hong Kong 香港	Paid-up capital of HK\$1 已繳股本港幣1元	—	—	100%	100%	Property development 物業發展	
CWK Investment Properties Limited	Hong Kong 香港	Paid-up capital of HK\$1,000 已繳股本港幣1,000元	—	—	100%	100%	Property development 物業發展	
Eagle Fund I L.P.	Cayman Islands 開曼群島	Limited partnership with capital commitment of US\$60,000,000 from the partners 有限責任合夥人美金 60,000,000元之資本承擔	—	—	*47%	*47%	Investment holding 投資控股	
Eternal Bonus Group Limited	British Virgin Islands 英屬維爾京群島	1 ordinary share of US\$1 each 1股每股面值美金1元之 普通股	—	—	100%	100%	Investment holding 投資控股	
Fortune Together Limited 福聯有限公司	British Virgin Islands 英屬維爾京群島	1 ordinary share of US\$1 each 1股每股面值美金1元之 普通股	—	—	100%	100%	Investment holding 投資控股	
Golden Relay Company Limited 崇贊有限公司	Hong Kong 香港	Paid-up capital of HK\$100,000 已繳股本港幣100,000元	—	—	100%	100%	Property investment 物業投資	

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35. INTERESTS IN SUBSIDIARIES (Continued) 35. 附屬公司之權益(續)

Name 公司名稱	Place of incorporation/ operation 註冊成立/營運地區	Particulars of nominal value of issued share capital/registered capital 已發行股本面值/ 註冊資本詳情	Percentage of interest held by the Company 本公司所持權益百分比		Principal activities 主要業務		
			Directly 直接	Indirectly 間接			
			2017 二零一七年	2016 二零一六年	2017 二零一七年	2016 二零一六年	
Goldprofit (Consultant) Services Company Limited 金盈(顧問)服務有限公司	Hong Kong 香港	Paid-up capital of HK\$2 已繳股本港幣2元	—	—	100%	100%	Provision of building repairs, maintenance and cleaning services 提供樓宇維修、保養及清潔服務
Goldwell Property Management Limited 金衛物業管理有限公司	Hong Kong 香港	Paid-up capital of HK\$100,000 已繳股本港幣100,000元	—	—	100%	100%	Provision of building management service 提供樓宇管理服務
Good Honest Properties Limited 裕誠置業有限公司	Hong Kong 香港	Paid-up capital of HK\$10,000 已繳股本港幣10,000元	—	—	100%	100%	Property investment 物業投資
Grape Trade Limited	British Virgin Islands 英屬維爾京群島	1 ordinary share of US\$1 each 1股每股面值美金1元之普通股	—	—	100%	100%	Investment holding 投資控股
Keep New Investment Limited 保新投資有限公司	Hong Kong 香港	Paid-up capital of HK\$1,000 已繳股本港幣1,000元	—	—	100%	100%	Property development 物業發展
School Investment Properties Limited 書館投資地產有限公司	Hong Kong 香港	Paid-up capital of HK\$1,000 已繳股本港幣1,000元	—	—	—	100%	Property development 物業發展
Maxrise Construction Engineering Limited 振昇建築工程有限公司	Hong Kong 香港	Paid-up capital of HK\$1 已繳股本港幣1元	—	—	100%	100%	Provision for construction, repairs and maintenance services 提供建築、維修及保養服務
Power Huge Development Limited 威豪發展有限公司	Hong Kong 香港	Paid-up capital of HK\$1 已繳股本港幣1元	—	—	100%	—	Property investment 物業投資
Sharp Investment Properties Limited 龔東投資地產有限公司	Hong Kong 香港	Paid-up capital of HK\$10,000 已繳股本港幣10,000元	—	—	100%	100%	Property development 物業發展

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35. INTERESTS IN SUBSIDIARIES (Continued) 35. 附屬公司之權益(續)

Name 公司名稱	Place of incorporation/ operation 註冊成立/營運地區	Particulars of nominal value of issued share capital/registered capital 已發行股本面值/ 註冊資本詳情	Percentage of interest held by the Company 本公司所持權益百分比				Principal activities 主要業務	
			Directly 直接		Indirectly 間接			
			2017	2016	2017	2016		
			二零一七年	二零一六年	二零一七年	二零一六年		
Sky Luck (China) Limited 天福(中國)有限公司	Hong Kong 香港	Paid-up capital of HK\$10,000 已繳股本港幣10,000元	—	—	100%	100%	Property investment 物業投資	
Soundwill (BVI) Limited	British Virgin Islands 英屬維爾京群島	100,001,000 ordinary shares of HK\$1 each 100,001,000股每股面值 港幣1元之普通股	100%	100%	—	—	Investment holding 投資控股	
Soundwill Real Estate (China) Limited 金朝陽地產(中國)有限 公司	British Virgin Islands 英屬維爾京群島	1 ordinary share of US\$1 each 1股每股面值美金1元之 普通股	—	—	100%	100%	Investment holding 投資控股	
Soundwill Capital Limited	Cayman Islands 開曼群島	1 ordinary share of US\$1 each 1股每股面值美金1元之 普通股	—	—	100%	100%	General partner of Eagle Fund I L.P. Eagle Fund I L.P.之 普通合夥人	
Soundwill-ALPS Asset Management Limited	Cayman Islands 開曼群島	100 ordinary shares of US\$1 each 100股每股面值美金1元之 普通股	—	—	51%	51%	Investment manager of Eagle Fund I L.P. Eagle Fund I L.P.之投 資經理	
Tang Lung Investment Properties Limited 登龍投資地產有限公司	Hong Kong 香港	Paid-up capital of HK\$1,000 已繳股本港幣1,000元	—	—	100%	100%	Property investment 物業投資	
TCP Investment Properties Limited	Hong Kong 香港	Paid-up capital of HK\$1,000 已繳股本港幣1,000元	—	—	100%	100%	Property development 物業發展	
Upper Wealthy Limited 康尚有限公司	Hong Kong 香港	Paid-up capital of HK\$1 已繳股本港幣1元	—	—	100%	100%	Property investment 物業投資	

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35. INTERESTS IN SUBSIDIARIES (Continued) 35. 附屬公司之權益(續)

Name 公司名稱	Place of incorporation/ operation 註冊成立/營運地區	Particulars of nominal value of issued share capital/registered capital 已發行股本面值/ 註冊資本詳情	Percentage of interest held by the Company 本公司所持權益百分比				Principal activities 主要業務
			Directly 直接		Indirectly 間接		
			2017 二零一七年	2016 二零一六年	2017 二零一七年	2016 二零一六年	
珠海市山水花城物業管理 有限公司*	PRC 中國	Registered capital of RMB25,000,000 註冊資本 人民幣25,000,000元	—	—	51%	51% Property development 物業發展	
肇慶金城房地產發展 有限公司*	PRC 中國	Registered capital of RMB30,000,000 註冊資本 人民幣30,000,000元	—	—	100%	100% Property development 物業發展	
珠海市騰基房產 有限公司*	PRC 中國	Registered capital of RMB23,000,000 註冊資本 人民幣23,000,000元	—	—	100%	100% Property development 物業發展	

Notes:

* These subsidiaries were established in the PRC as limited liability companies.

As set out in note 36, the Group does not hold more than 50% of the voting rights in Eagle Fund I L.P. (the "Fund"), an exempted limited partnership established in Cayman Islands. However, the Group's management considers that the Group has effective control over the Fund due to the fact that (1) the activities of the Fund are governed by the investment committee (the "Investment Committee") and the Group has the rights to appoint majority representatives of the Group to the Investment Committee. The members of the Investment Committee are appointed and may be removed by the general partner (the "General Partner") of the Fund which is a wholly-owned subsidiary of the Group; and (2) the Group obtains significant benefits as it is entitled to a share of the net realised profits from the Fund as a limited partner and a general partner. The Group will also earn project management fees and management fees for the services provided to the Fund. The Group has determined that it has control and significant benefits derived from the Fund and accordingly has consolidated the Fund as a subsidiary notwithstanding it only has a 47% interests.

The Directors are of the opinion that a complete list of the particulars of all subsidiaries would be of excessive length and therefore the above list contains only the particulars of the principal subsidiaries which materially affect the results or assets of the Group.

附註：

* 該等附屬公司於中國成立為有限責任公司。

如附註36所示，本集團不持有於開曼群島成立之獲豁免有限責任合夥人 Eagle Fund I L.P. (「Fund」) 50%以上之表決權。然而，本集團管理層認為本集團對Fund有實際控制權，乃由於(1) Fund之活動由投資委員會(「投資委員會」)管理，本集團有權委任投資委員會之本集團大多數代表。投資委員會成員由Fund之普通合夥人(「普通合夥人」，一間本集團全資附屬公司)委任，並可予以移除；及(2) 本集團獲得重大收益，有資格獲得Fund作為有限合夥人及普通合夥人之淨實現利潤之份額。本集團亦將為Fund提供之服務收取項目管理費及管理費。本集團已釐定對Fund具有控制權及從Fund獲得重大收益，因此將Fund合併為附屬公司，即使本集團只擁有47%權益。

董事認為載有所有附屬公司詳情之完整列表將會過於冗長，故上表僅載有該等對本集團業績或資產有重大影響力之主要附屬公司詳情。

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36. NON-CONTROLLING INTERESTS

36. 非控股權益

		2017 二零一七年 HK\$'000 港幣千元	2016 二零一六年 HK\$'000 港幣千元
At 1 January	於一月一日	31,685	277,674
Capital injection	注資	—	1,978
Distribution	分派	—	(283,755)
Profit for the year	年內溢利	815	35,963
Net exchange difference	匯兌差額淨額	3,361	(175)
At 31 December	於十二月三十一日	35,861	31,685

Details of the Group's subsidiary that has material non-controlling interests are set out as below:

有重大非控股權益之本集團附屬公司詳情載列如下：

		2017 二零一七年	2016 二零一六年
Percentage of equity interest held by non-controlling interests:	非控股權益持有之股權之比例：		
The Fund	Fund	53%	53%

		2017 二零一七年 HK\$'000 港幣千元	2016 二零一六年 HK\$'000 港幣千元
(Loss)/profit for the year allocated to non-controlling interests:	年內分配至非控股權益之(虧損)/溢利：		
The Fund	Fund	(77)	52,568
Accumulated balances of non-controlling interests at the reporting date:	於報告日期非控股權益之累計結餘：		
The Fund	Fund	12,979	13,056

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36. NON-CONTROLLING INTERESTS (Continued)

The following tables illustrate the unaudited summarised financial information of the Fund. The amounts disclosed are before any inter-company eliminations:

36. 非控股權益(續)

下表列示Fund之未經審核財務資料概要。所披露金額為於集團內公司之間對銷前：

		2017 二零一七年 HK\$'000 港幣千元	2016 二零一六年 HK\$'000 港幣千元
Total revenue	總收益	—	—
(Loss)/profit for the year	年內(虧損)/溢利	(145)	98,353
Total comprehensive (expense)/income for the year	年內總全面(開支)/收入	(145)	98,353
Current assets	流動資產	2,012	2,411
Non-current assets	非流動資產	—	—
Current liabilities	流動負債	(5)	(259)
Non-current liabilities	非流動負債	—	—
Net cash flows used in operating activities	經營業務所用之現金流量淨額	(109)	(90,830)
Net cash flows (used in)/generated from investing activities	投資活動(所用)/所得之現金流量淨額	(390)	817,502
Net cash flows used in financing activities	融資活動所用之現金流量淨額	—	(739,398)
Net decrease in cash and cash equivalents	現金及現金等價物減少淨額	(499)	(12,726)

The non-controlling interests of all other subsidiaries that are not 100% owned by the Group are considered to be immaterial.

非由本集團擁有100%權益之所有其他附屬公司之非控股權益被視為不重大。

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37. RELATED PARTY TRANSACTIONS

The following transactions with related parties were, in the opinion of the Directors, carried out in the ordinary course of business during the year:

37. 關聯人士交易

董事認為，下列於年內與關聯人士進行之交易乃於日常業務過程中進行：

		2017 二零一七年 HK\$'000 港幣千元	2016 二零一六年 HK\$'000 港幣千元
Operating lease charges and management fee in respect of office premises situated in Guangzhou, the PRC (note (a))	位於中國廣州之辦公室物業之經營租賃支出及管理費(附註(a))	839	726
Rental expense for leasing carparking spaces situated in Guangzhou, the PRC (note (b))	租賃位於中國廣州之停車位之租金開支(附註(b))	19	48
Rental income in respect of an office premise (note (c))	有關一個辦公室物業之租金收入(附註(c))	594	594
Interest expense on unsecured revolving credit facility (note (d))	無抵押循環貸款融資之利息開支(附註(d))	—	2,589
Management fee in respect of properties for sale (note (e))	待售物業之管理費(附註(e))	702	371
Impairment loss on other receivables (note (f))	其他應收款項減值虧損(附註(f))	—	34,012

Notes:

(a) A subsidiary of the Company entered into a tenancy agreement with a related company, in which the Chairman and an executive director of the Company have interests, for leasing a number of premises situated in Guangzhou, the PRC for office purpose.

Total operating lease commitment in respect of the tenancy agreement is HK\$657,000 (2016: HK\$611,000).

(b) For the years ended 31 December 2017 and 2016, a subsidiary of the Company entered into tenancy agreements with a related company, in which a close family member of the Chairman and an executive director of the Company have interests, for leasing two (2016: five) carparking spaces situated in Guangzhou, the PRC.

Total operating lease commitment in respect of the tenancy agreement is HK\$9,000 (2016: HK\$9,000).

附註：

(a) 本公司一家附屬公司與一家由本公司主席及一名執行董事擁有權益之關連公司簽訂租約，租賃多項位於中國廣州之物業作辦公室用途。

租約之經營租賃承擔總額為港幣657,000元(二零一六年：港幣611,000元)。

(b) 於截至二零一七年及二零一六年十二月三十一日止年度，本公司一家附屬公司與一家關連公司(本公司主席之近親及執行董事擁有權益)訂立租賃協議，以租賃位於中國廣州之兩個(二零一六年：五個)停車位。

租賃協議之經營租賃承擔總額為港幣9,000元(二零一六年：港幣9,000元)。

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37. RELATED PARTY TRANSACTIONS (Continued)

Notes: (Continued)

- (c) For the years ended 31 December 2017 and 2016, a subsidiary of the Company entered into a tenancy agreement with a company, in which the Chairman and her daughters have wholly-owned interest, for leasing an office premise in Soundwill Plaza for the period of three years commencing from 1 September 2015 and expiring on 31 August 2018 at a monthly rental of HK\$49,538.

Total operating lease commitment by the related company in respect of the tenancy agreement is approximately HK\$396,000 (2016: HK\$991,000).

- (d) On 12 June 2014, a related company in which the Chairman and an executive Director of the Company have interests, has agreed to provide an unsecured revolving credit facility for amount of HK\$150,000,000 to a wholly owned subsidiary of the Group with maturity date on 30 April 2017. On 1 May 2017, the subsidiary and related company have agreed to extend the maturity date to 30 April 2018 and revised the interest rate to prime lending rate for loans in Hong Kong dollars from time to time less 2.0% (before revision: 2.5%) per annum. There was no interest expenses arising from this facility during the current year (2016: HK\$196,000). After the repayment of loan during the year ended 31 December 2016, the unsecured revolving credit facility was not utilised.

On 1 July 2014, a related company in which the Chairman and an executive director of the Company have interests, has agreed to provide unsecured revolving credit facility of RMB50,000,000 (equivalent to HK\$63,187,000) to a wholly-owned subsidiary of the Group with the maturity date on 31 December 2016. The credit facility is interest bearing at the loan interest rate specified by People's Bank of China plus 1.5% per annum. The interest expense arising from this facility during the year ended 31 December 2016 was approximately to HK\$2,393,000. As at 31 December 2016, the Group did not renew the facility.

- (e) For the years ended 31 December 2017 and 2016, subsidiaries of the Company entered into property management agreements with a related company, in which the Chairman and an executive director of the Company have interests, for managing properties for sale situated in the PRC.
- (f) Certain receivables due from a non-controlling shareholder of a subsidiary amounting to approximately HK\$34,012,000 was fully provided for due to dispute with the non-controlling shareholder of a subsidiary over the development and management of certain PRC property projects.

37. 關聯人士交易(續)

附註：(續)

- (c) 於截至二零一七年及二零一六年十二月三十一日止年度，本公司一家附屬公司與一家公司(本公司主席及其女兒全資擁有權益)訂立租賃協議，由二零一五年九月一日至二零一八年八月三十一日以月租港幣49,538元租賃金朝陽中心一個辦公室物業，為期三年。

關連公司就租賃協議之經營租賃承擔總額約為港幣396,000元(二零一六年：港幣991,000元)。

- (d) 於二零一四年六月十二日，一家由本公司主席及一名執行董事擁有權益之關連公司已同意向本集團一家全資附屬公司提供無抵押循環貸款融資為數港幣150,000,000元，到期日為二零一七年四月三十日。於二零一七年五月一日，該附屬公司及關連公司已同意將到期日延長至二零一八年四月三十日，並將年利率修訂為不時之港幣貸款最優惠借貸利率減2.0厘(修訂前：2.5厘)。該筆融資於本年度並無產生利息開支(二零一六年：港幣196,000元)。於截至二零一六年十二月三十一日止年度償還貸款後，該筆無抵押循環貸款融資未獲動用。

於二零一四年七月一日，一家由本公司主席及一名執行董事擁有權益之關連公司已同意向本集團一家全資附屬公司提供無抵押循環貸款融資人民幣50,000,000元(相等於港幣63,187,000元)，到期日為二零一六年十二月三十一日。該貸款融資按中國人民銀行指定之貸款利率加年率1.5厘計息。截至二零一六年十二月三十一日止年度內因該融資產生的利息開支約為港幣2,393,000元。於二零一六年十二月三十一日，本集團並無更新該融資。

- (e) 截至二零一七年及二零一六年十二月三十一日止年度，本公司附屬公司與一家由本公司主席及一名執行董事擁有權益之關連公司訂立物業管理協議，內容有關管理位於中國之待售物業。
- (f) 由於與一家附屬公司之非控股股東就發展及管理的若干中國物業項目存在爭議，因此已對應收附屬公司非控股股東之若干應收款項約港幣34,012,000元悉數計提撥備。

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37. RELATED PARTY TRANSACTIONS (Continued)

Key management personnel compensation:

37. 關聯人士交易(續)

主要管理人員薪酬：

		2017 二零一七年 HK\$'000 港幣千元	2016 二零一六年 HK\$'000 港幣千元
Basic salaries and other benefits	基本薪金及其他福利	64,831	33,881
Pension costs — defined contribution plans	退休金成本—定額供款計劃	90	90
Equity-settled share-based payments	以股權結算以股份為基礎之 付款	—	10
		64,921	33,981

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38. DISPOSAL OF SUBSIDIARIES

- (a) On 7 June 2017, the Group entered into an agreement to dispose of the entire equity interest in a wholly owned subsidiary, namely Honest Merit International Group Limited (“Honest Merit”), to an independent third party at an aggregate cash consideration of HK\$456,061,000. Honest Merit is an investment holding company which in turn held a building situated in Hong Kong (collectively the “Honest Merit Group”). The disposal of Honest Merit Group was completed on 6 July 2017. The net assets of subsidiaries at the date of disposal were as follows:

38. 出售附屬公司

- (a) 於二零一七年六月七日，本集團訂立協議向一名獨立第三方出售其全資附屬公司誠利國際集團有限公司(Honest Merit International Group Limited) (「誠利」)之全部股權，總現金代價為港幣456,061,000元。誠利為投資控股公司，持有一幢位於香港之樓宇(統稱「誠利集團」)。出售誠利集團事項已於二零一七年七月六日完成。附屬公司於出售日期之淨資產如下：

		HK\$'000 港幣千元
Net assets disposed of	出售之淨資產	
Investment properties (note)	投資物業(附註)	438,000
Deposits paid	已付按金	414
Amounts due to fellow subsidiaries	應付同系附屬公司款項	(301,520)
		136,894
Loan assignment	貸款轉讓	301,520
Direct expenses in relation to disposal of subsidiaries	有關出售附屬公司之直接開支	67,814
Loss on disposal of Honest Merit	出售誠利之虧損	(50,167)
		456,061
Total consideration	總代價	
— satisfied by cash	—以現金支付	456,061
Net cash inflow arising from disposal of Honest Merit Group:	出售誠利集團時產生之現金流入淨額：	
Consideration received	已收代價	456,061
Direct expenses	直接開支	(67,814)
		388,247

Note: The fair value gain of HK\$136,788,000 is recorded on this property due to the transfer from properties for sale amounting to HK\$301,212,000 to investment properties amounting to HK\$438,000,000 during the year ended 31 December 2017.

附註：截至二零一七年十二月三十一日止年度，由於為數港幣301,212,000元之待售物業轉撥至為數港幣438,000,000元之投資物業，因此該物業錄得公平值收益港幣136,788,000元。

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38. DISPOSAL OF SUBSIDIARIES (Continued)

(b) On 2 January 2016, the Group entered into an agreement to dispose of its wholly owned subsidiary, namely Moon Phase Limited (“Moon Phase”), and assigned the benefits of all loans of approximately HK\$14,992,000 advanced by the Group (the “Loan Assignment”) to an independent third party at an aggregate cash consideration of HK\$144,000,000. Moon Phase is an investment holding company and held the entire issued share capital of Casa Wood Limited which in turn held a residential unit and certain car parking spaces situated in Hong Kong (collectively the “Moon Phase Group”). The disposal of Moon Phase Group was completed on 2 January 2016. The net assets of subsidiaries at the date of disposal were as follows:

38. 出售附屬公司(續)

(b) 於二零一六年一月二日，本集團訂立協議向一名獨立第三方出售其全資附屬公司 Moon Phase Limited (「Moon Phase」)，並出讓由本集團墊付的約港幣14,992,000元之所有貸款之利益 (「貸款轉讓」)，現金總代價為港幣144,000,000元。Moon Phase 乃投資控股公司，持有 Casa Wood Limited 的全部已發行股本，後者持有位於香港之一個住宅單位及若干停車位 (統稱「Moon Phase 集團」)。出售 Moon Phase 集團事項已於二零一六年一月二日完成。附屬公司於出售日期之淨資產如下：

		HK\$'000 港幣千元
Net assets disposed of:	出售之淨資產：	
Property, plant and equipment	物業、廠房及設備	73,079
Deposits paid, prepayments and other receivables	已付按金、預付款項及其他應收款項	66
Amount due to fellow subsidiaries	應付同系附屬公司款項	(14,992)
Accruals	應計款項	(3)
Deferred tax liabilities (note 27)	遞延稅項負債(附註27)	(99)
		58,051
Loan assignment	貸款轉讓	14,992
Direct expenses in relation to the disposal of subsidiaries	有關出售附屬公司之直接開支	5,760
Gain on disposal of Moon Phase Group	出售 Moon Phase 集團之收益	65,197
Total consideration	總代價	144,000
Satisfied by:	支付方式：	
Cash	現金	144,000

An analysis of net inflow of cash and cash equivalents in respect of disposal of Moon Phase Group is as follows:

有關出售 Moon Phase 集團之現金及現金等價物流入淨額分析如下：

		HK\$'000 港幣千元
Net cash inflow arising from disposal of Moon Phase Group:	出售 Moon Phase 集團時產生之現金流入淨額：	
Cash consideration received	已收現金代價	144,000

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38. DISPOSAL OF SUBSIDIARIES (Continued)

- (c) On 15 June 2016, the Group entered into an agreement to disposal of its wholly owned subsidiary, namely Indigo Dragon Limited (the “Indigo Dragon”), and assigned the benefits of all loans of approximately HK\$477,626,000 advanced by the Group (the “Loan Assignment”) to an independent third party at an aggregate cash consideration of HK\$820,000,000. Indigo Dragon is an investment holding company and indirectly held the entire issued share capital of Mosque Investment Properties Limited and Charm Wish Limited which together in turn held the investment properties situated at Nos. 14 and 14A Mosque Street, No. 16 Mosque Street and No. 18 Mosque Street, situated in Hong Kong (collectively the “Indigo Dragon Group”). The disposal of Indigo Dragon Group was completed on 15 July 2016. The net assets of subsidiaries at the date of disposal were as follows:

38. 出售附屬公司(續)

- (c) 於二零一六年六月十五日，本集團訂立協議向一名獨立第三方出售其全資附屬公司 Indigo Dragon Limited (「Indigo Dragon」)，並出讓由本集團墊付的約港幣477,626,000元之所有貸款之利益(「貸款轉讓」)，現金總代價為港幣820,000,000元。Indigo Dragon乃投資控股公司，間接持有摩羅投資地產有限公司及高希有限公司全部已發行股本，兩者共同持有位於香港摩羅廟街14號及14A號、摩羅廟街16號及摩羅廟街18號的投資物業(統稱「Indigo Dragon集團」)。出售 Indigo Dragon集團事項已於二零一六年七月十五日完成。附屬公司於出售日期之淨資產如下：

		HK\$'000 港幣千元
Net assets disposed of:	出售之淨資產：	
Investment properties (note 16)	投資物業(附註16)	816,000
Amounts due to shareholders	應付股東款項	(477,626)
		338,374
Loan assignment	貸款轉讓	477,626
Direct expenses in relation to the disposal of subsidiaries	有關出售附屬公司之直接開支	32,327
Loss on disposal of Indigo Dragon Group	出售Indigo Dragon集團之虧損	(28,327)
		820,000
Total consideration	總代價	820,000
Satisfied by:	支付方式：	
Cash	現金	820,000

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38. DISPOSAL OF SUBSIDIARIES (Continued)

(c) (Continued)

An analysis of net inflow of cash and cash equivalents in respect of disposal of Indigo Dragon Group is as follows:

		HK\$'000 港幣千元
Net cash inflow arising from disposal of Indigo Dragon Group:		
Cash consideration received	出售Indigo Dragon集團時產生之現金流入淨額： 已收現金代價	820,000

39. ASSETS ACQUISITION

During the year ended 31 December 2016, the Group acquired 100% equity interests in a company from independent third parties, for aggregate cash consideration of HK\$17,000,000. The major assets of the acquired company are investment properties situated in Hong Kong. The Directors are of the opinion that the subsidiaries acquired do not constitute a business as defined in HKFRS 3, therefore, such acquisitions have been accounted for as acquisitions of assets rather than business combination.

38. 出售附屬公司(續)

(c) (續)

有關出售Indigo Dragon集團之現金及現金等價物流入淨額分析如下：

39. 資產收購事項

截至二零一六年十二月三十一日止年度，本集團向獨立第三方收購一家公司之100%股權，總現金代價為港幣17,000,000元。該獲收購公司之主要資產為位於香港之投資物業。董事認為，所收購之附屬公司並不構成香港財務報告準則第3號所界定之業務，因此，該等收購入賬作為資產收購而非業務合併。

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40. FINANCIAL INSTRUMENTS

40.1 Summary of financial assets and liabilities by category

The carrying amounts of the Group's financial assets and liabilities as recognised at the reporting dates are categorised as follows:

40. 財務工具

40.1 按類別劃分之財務資產及負債概要

本集團之財務資產及負債於報告日期確認之賬面值分類如下：

		2017 二零一七年 HK\$'000 港幣千元	2016 二零一六年 HK\$'000 港幣千元
Financial assets	財務資產		
<i>AFS financial assets</i>	可供出售財務資產	—	10
<i>Loans and receivables, at amortised cost</i>	貸款及應收款項，按攤銷成本		
— Trade receivables, net	— 貿易應收款項，淨額	19,676	24,075
— Other receivables, net	— 其他應收款項，淨額	18,927	66,852
— Loan receivables	— 應收貸款	38,351	7,850
— Bank deposits at escrow account	— 於託管賬戶之銀行存款	2,231	51,121
— Restricted bank deposits	— 受限制銀行存款	57,993	67,947
— Short-term bank deposits	— 短期銀行存款	480,055	988,227
— Cash and cash equivalents	— 現金及現金等價物	666,895	536,201
Structured bank deposits at FVTPL	結構性銀行存款，按FVTPL計量	106,559	—
		1,390,687	1,742,283
Financial liabilities	財務負債		
<i>At amortised cost</i>	按攤銷成本		
— Trade payables	— 貿易應付款項	(24,035)	(7,344)
— Accrued expenses and other payables	— 應計費用及其他應付款項	(309,170)	(301,117)
— Bank loans, secured	— 銀行貸款，有抵押	(1,528,120)	(1,694,220)
		(1,861,325)	(2,002,681)

The carrying amounts of the Group's financial assets and liabilities carried at amortised cost are not materially different from their fair values as at reporting date.

於報告日期，本集團按攤銷成本列賬之財務資產及負債之賬面值與其公平值並無重大差異。

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40. FINANCIAL INSTRUMENTS (Continued)

40.2 Financial risk management objectives and policies

The Group is exposed to market risk, specifically to credit risk, liquidity risk and market risk (currency risk, interest rate risk and other price risk) in the normal course of business. However, the board of Directors meets periodically to analyse and formulate measures to manage the Group's exposure to the market risk.

Generally, the Group introduces conservative strategies on its risk management. As the Group's exposure to the market risk is kept to a minimum level, the Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The most significant financial risks to which the Group is exposed to are described below.

(a) Market risk

(i) Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to cash flow interest rate risk on its variable-rate interest bearing borrowings, loan receivables, bank deposits at escrow account, restricted bank deposits and cash and cash equivalent. The Group is also exposed to fair value interest rate risk on fixed-rate short-term bank deposits. The Group currently does not have an interest rate hedging policy. However, the Group closely monitors its loan portfolio and compares the interest rates under loan agreements with existing banks against new offers on borrowing rates from different banks in the loan re-financing and negotiation process.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR arising from the Group's variable interest rate instruments.

40. 財務工具(續)

40.2 財務風險管理目標及政策

本集團於日常業務承受市場風險，特別是信貸風險、流動資金風險及市場風險(貨幣風險、利率風險及其他價格風險)。然而，董事會定期召開會議分析及制定措施以管理本集團所涉市場風險。

一般而言，本集團就其風險管理引入保守策略。由於本集團所涉市場風險維持於最低水平，故本集團並無採用任何衍生工具及其他工具作對沖之用。本集團並無持有或發行衍生財務工具作買賣用途。本集團所承受之最重要財務風險載列如下。

(a) 市場風險

(i) 利率風險

利率風險與財務工具之公平價值或現金流量因市場利率變動而出現波動之風險有關。本集團因浮息計息借貸、應收貸款、於託管賬戶之銀行存款、受限制銀行存款以及現金及現金等價物而面對現金流量利率風險。本集團亦就定息短期銀行存款而面對公平值利率風險。本集團現時並無利率對沖政策。然而，本集團密切監察其貸款組合，並在貸款再融資及商討過程中，與現有銀行所訂立貸款協議之融資利率與不同銀行提供之新造借貸利率作出比較。

本集團之現金流量利率風險主要集中在於因本集團浮動利率工具產生之香港同業拆息波動。

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40. FINANCIAL INSTRUMENTS (Continued)

40.2 Financial risk management objectives and policies (Continued)

(a) Market risk (Continued)

(i) Interest rate risk (Continued)

The policies to manage interest rate risk have been followed by the Group since prior year are considered to be effective.

Interest rate sensitivity analysis

The sensitivity analysis has been determined assuming that the change in interest rates had occurred at the reporting date and had been applied to variable-rate financial instruments at that date. 25 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates. The analysis is performed on the same basis for the year ended 31 December 2016.

The management considered that the Group's exposure to future cash flow risk on variable-rate cash and cash equivalent, restricted bank deposits and bank deposits at escrow account as a result of the changes of market interest rate is insignificant and thus they are not included in the sensitivity analysis.

At 31 December 2017, it is estimated that a general increase of 25 basis points in interest rates, with all other variable held constant, would decrease the Group's profit after tax and decrease the retained profits by approximately HK\$3,110,000 (2016: HK\$3,378,000). There is no impact on other components of consolidated equity in response to the general increase in interest rates. A decrease of 25 basis points in interest rate would have had the equal but opposite effect on the above financial instruments to the amounts shown above, on the basis that all other variables remain constant. The sensitivity results are mainly attributable to the Group's exposure to interest rates on its variable-rate loan receivables and borrowings.

40. 財務工具(續)

40.2 財務風險管理目標及政策(續)

(a) 市場風險(續)

(i) 利率風險(續)

本集團自去年起已依循管理利率風險之政策，且有關政策被視為有效。

利率敏感度分析

上述敏感度分析乃假設利率於報告日期產生變動而釐定，並應用於該日之浮動利率財務工具。25個基點之增減指管理層對利率之合理可能變動之評估。於截至二零一六年十二月三十一日止年度已以相同基準作出分析。

管理層認為，本集團未來因市場利率變動而就浮息現金及現金等價物、受限制銀行存款及於託管賬戶之銀行存款面對之現金流量風險並不重大，因此並未包括在敏感度分析內。

於二零一七年十二月三十一日，在所有其他可變數保持不變之情況下，估計利率整體增加25個基點，將減少本集團除稅後溢利及減少保留溢利約港幣3,110,000元(二零一六年：港幣3,378,000元)。利率整體增加對綜合權益之其他組成部分並無影響。假設所有其他可變數保持不變，利率減少25個基點將對上述財務工具造成相同金額但相反之影響。敏感度分析主要歸因於本集團就其浮息應收貸款及借貸而面對之利率風險。

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40. FINANCIAL INSTRUMENTS (Continued)

40.2 Financial risk management objectives and policies (Continued)

(a) Market risk (Continued)

(ii) Foreign currency risk

Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group mainly operates and invests in Hong Kong and the PRC. No foreign currency risk has been identified for the financial instruments as they were denominated in the same currency as the functional currencies of the group entities to which these transactions relate.

(iii) Other price risk

The Group is exposed to other price risk arising from changes in fair value of structure bank deposits which carried at fair value through profit or loss.

No sensitivity analysis on other price risk is presented for the financial assets at FVTPL as the Directors consider a reasonable possible change to the fair value of the financial assets at FVTPL will not have a significant effect to the Group's profit or loss.

40. 財務工具(續)

40.2 財務風險管理目標及政策(續)

(a) 市場風險(續)

(ii) 外幣風險

外幣風險指由於匯率變動導致財務工具之公平值或未來現金流量波動之風險。本集團主要於香港及中國營運及投資。由於財務工具之貨幣單位與有關交易之本集團實體之功能貨幣相同，故並無識別外幣風險。

(iii) 其他價格風險

本集團因按公平值列賬計入損益之結構性銀行存款之公平值變動而面對其他價格風險。

由於董事認為按FVTPL計量之財務資產之公平值之合理可能變動不會對本集團損益產生重大影響，因此並無就按FVTPL計量之財務資產呈列其他價格風險之敏感度分析。

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40. FINANCIAL INSTRUMENTS (Continued)

40.2 Financial risk management objectives and policies (Continued)

(b) Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and financial guarantees issued by the Group and cause a financial loss to the Group. The Group's credit risk is primarily attributable to trade and other receivables and cash and cash equivalents, and also the amount of contingent liabilities disclosed in note 33. The carrying amounts of these financial assets presented in the consolidated statement of financial position are net of impairment losses. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade and other receivables and loan receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. 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 customer as well as pertaining to the economic environment in which the customer operates. Normally, other than those property leasing rental receivables which are secured by rental deposits, the Group does not obtain collateral from other customers. Further quantitative disclosure in respect of the Group's exposure to credit risk arising from trade and other receivables and loan receivables are set out in note 20.

40. 財務工具(續)

40.2 財務風險管理目標及政策(續)

(b) 信貸風險

信貸風險指財務工具之對手方不履行根據財務工具及本集團發出之財務擔保之條款之責任而導致本集團遭受財務虧損之風險。本集團之信貸風險主要來自貿易及其他應收款項以及現金及現金等價物，以及附註33所披露之或然負債款額。此等財務資產之賬面值經扣除減值虧損後於綜合財務狀況表呈列。管理層設有信貸政策，並持續監察所承受之此等信貸風險。

就貿易及其他應收款項及應收貸款而言，所有要求超過若干信貸金額之客戶進行個別信貸評估。該等評估集中於客戶於到期時繳款之過往歷史紀錄及目前之繳款能力，並考慮客戶之特有資料，以及客戶經營之有關經濟環境。一般而言，除以租金按金抵押之物業租賃應收租金外，本集團並無向其他客戶收取抵押品。有關本集團因貿易及其他應收款項及應收貸款產生之信貸風險之進一步數字披露載於附註20。

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40. FINANCIAL INSTRUMENTS (Continued)

40.2 Financial risk management objectives and policies (Continued)

(b) Credit risk (Continued)

The Group has deposited its cash with various banks and structured bank deposits with a bank. The credit risk on bank deposits at escrow account, restricted bank deposits, short-term bank deposits, cash and cash equivalents and structured bank deposits is limited because most of the Group's bank deposits are deposited with major banks located in Hong Kong and the PRC with good reputation.

Other than structured bank deposits with a bank, the Group does not have any significant concentration of credit risk.

The policies to manage credit risk have been followed by the Group since prior year are considered to have been effective.

(c) Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities. The Group is exposed to liquidity risk in respect of settlement of trade payables, accrued expenses and other payables and borrowings, and also in respect of its cash flow management. The Group's objective is to ensure adequate funds to meet commitments associated with its financial liabilities. Cash flows are closely monitored on an ongoing basis. The Group will raise funds from the realisation of its assets if required. The Directors are satisfied that the Group will be able to meet in full its financial obligations as and when they fall due in the foreseeable future.

40. 財務工具(續)

40.2 財務風險管理目標及政策(續)

(b) 信貸風險(續)

本集團已存放現金至數間銀行，並於一間銀行存放結構性銀行存款。由於本集團大部分銀行存款存放於位於香港及中國具有良好聲譽之主要銀行，故於託管賬戶之銀行存款、受限制銀行存款、短期銀行存款、現金及現金等價物以及結構性銀行存款之信貸風險有限。

除存放於一間銀行之結構性銀行存款外，本集團並無重大之信貸集中風險。

本集團自去年起已依循管理信貸風險之政策，且有關政策被視為有效。

(c) 流動資金風險

流動資金風險指本集團將無法履行與財務負債相關之責任之風險。本集團就結算貿易應付款項、應計費用及其他應付款項及借貸以及就其現金流量管理承受流動資金風險。本集團之目標為確保有足夠資金履行與其財務負債有關之承擔。現金流量持續受密切監察。如有需要，將變現其資產以籌集資金。董事信納本集團於可見將來將能夠全數償還到期財務責任。

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40. FINANCIAL INSTRUMENTS (Continued)

40.2 Financial risk management objectives and policies (Continued)

(c) Liquidity risk (Continued)

The following tables detail the remaining contractual maturities at the reporting date of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the reporting date) and the earliest date the Group can be required to pay. Specifically, for term loans which contain a repayment on demand clause which can be exercised at the banks' sole discretion, the analysis shows the cash outflow based on the earliest time band in which the entity can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect.

40. 財務工具(續)

40.2 財務風險管理目標及政策(續)

(c) 流動資金風險(續)

下表載列本集團之財務負債於報告日期之剩餘合約到期詳情，乃根據合約未折現現金流量(包括利用合約利率或(如為浮動利率)其於報告日期之利率計算之利息付款)及本集團可能須支付之最早日期計算。尤其是，就包含可按銀行全權酌情行使之按要求償還條款之有期貨款而言，該分析顯示倘貸款人援引其無條件權利立即催繳貸款，則實體可能須支付之最早時間範圍之現金流出。

		31 December 2017			
		Maturity analysis – Undiscounted cash flows			
		二零一七年十二月三十一日			
		到期情況分析 – 未折現現金流量			
		Total			
		Carrying amount	contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year
			合約未折現金流量	一年內或於要求時	一年以上
		賬面值	總額	於要求時	一年以上
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元
Trade payables	貿易應付款項	24,035	24,035	24,035	—
Accrued expenses and other payables	應計費用及其他應付款項	309,170	309,170	309,170	—
Rental deposits received	已收租金按金	164,361	164,361	102,551	61,810
Bank loans, secured, subject to repayment on demand clause	銀行貸款，有抵押，附有按要求償還條款	1,528,120	1,528,120	1,528,120	—
Financial guarantee contracts	財務擔保合約	—	309,431	309,431	—
		2,025,686	2,335,117	2,273,307	61,810

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40. FINANCIAL INSTRUMENTS (Continued)

40.2 Financial risk management objectives and policies (Continued)

(c) Liquidity risk (Continued)

40. 財務工具(續)

40.2 財務風險管理目標及政策(續)

(c) 流動資金風險(續)

		31 December 2016			
		Maturity analysis — Undiscounted cash flows			
		二零一六年十二月三十一日			
		到期情況分析—未折現現金流量			
		Total			
		Contractual	Within	More than	
		Carrying	undiscounted	1 year or	More than
		amount	cash flow	on demand	1 year
			合約未折現	一年內或	一年以上
		賬面值	現金流量	於要求時	一年以上
		HK\$'000	總額	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元
Trade payables	貿易應付款項	7,344	7,344	7,344	—
Accrued expenses and other payables	應計費用及其他應付款項	301,117	301,117	301,117	—
Rental deposits received	已收租金按金	160,059	160,059	106,808	53,251
Bank loans, secured, subject to repayment on demand clause	銀行貸款·有抵押·附有按要 求償還條款	1,694,220	1,694,220	1,694,220	—
Financial guarantee contracts	財務擔保合約	—	173,935	173,935	—
		2,162,740	2,336,675	2,283,424	53,251

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40. FINANCIAL INSTRUMENTS (Continued)

40.2 Financial risk management objectives and policies (Continued)

(c) Liquidity risk (Continued)

The table set out below summarises the maturity analysis of the terms loans with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates. As a result, these amounts were greater than the amounts disclosed in the “within 1 year or on demand” time band in the maturity analysis shown above. Taking into account the Group’s financial position, the Directors do not consider that it is probable that the banks will exercise its discretion to demand immediate repayment. The Directors believe that such terms will be repaid in accordance with the scheduled repayment dates set out in their loan agreements.

40. 財務工具(續)

40.2 財務風險管理目標及政策(續)

(c) 流動資金風險(續)

下表概述包含按要求償還條款之有期貸款按貸款協議所載協定預定還款作出之到期情況分析。該等金額包括按合約利率計算之利息付款。因此，該等金額高於上文所示到期情況分析中「一年內或於要求時」時間範圍內披露之金額。鑒於本集團之財務狀況，董事認為銀行不大可能行使其酌情權要求即時還款。董事相信，該等有期貸款將按貸款協議所載之預定還款日期償還。

		Maturity analysis – Term loans subject to a repayment on demand clause based on scheduled repayment dates 根據預定還款日期作出之到期情況分析 – 附有按要求還款條款之有期貸款				
		Total contractual Carrying amount	Within 1 year or on demand	More than 1 year, but not exceeding 2 years	More than 2 years, but not exceeding 5 years	
		undiscounted cash flow 合約未折現 賬面值 HK\$'000 港幣千元	1 year or on demand 一年內或 於要求時 HK\$'000 港幣千元	but not exceeding 2 years 一年以上 但不超過兩年 HK\$'000 港幣千元	but not exceeding 5 years 兩年以上 但不超過五年 HK\$'000 港幣千元	
31 December 2017	二零一七年十二月三十一日	1,528,120	1,570,362	504,976	913,265	152,121
31 December 2016	二零一六年十二月三十一日	1,694,220	1,744,834	543,808	497,401	703,625

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41. RECONCILIATION OF ASSETS/LIABILITIES RELATING TO FINANCING ACTIVITIES

The table below details changes in the Group's assets/liabilities relating to financing activities, including both cash and non-cash changes which represents net debt as presented in Note 42. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

41. 與融資活動有關之資產／負債對賬

下表詳列本集團與融資活動有關之資產／負債，包括現金及非現金變動，即附註42呈列之淨債務。融資活動產生之負債乃過去或日後於本集團綜合現金流量表內分類為融資活動帶來之現金流量之現金流量。

		Restricted bank deposits	Short-term bank deposits	Cash and cash equivalents	Structured bank deposits	Amount due to shareholders	Borrowings	Total
		受限制 銀行存款	短期 銀行存款	現金及 現金等價物	結構性 銀行存款	應付股東款項	借貸	總計
		HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
1 January 2017	二零一七年一月一日	(67,947)	(988,227)	(536,201)	—	—	1,694,220	101,845
Cash flow, net	現金流量淨額	9,954	508,172	(129,200)	(106,559)	(339,970)	(191,603)	(249,206)
Other non-cash changes:	其他非現金變動：							
Finance costs recognised	已確認融資成本	—	—	—	—	—	25,503	25,503
Dividends declared	已宣派股息	—	—	—	—	339,970	—	339,970
Foreign exchange adjustments	外匯調整	—	—	(1,494)	—	—	—	(1,494)
31 December 2017	二零一七年 十二月三十一日	(57,993)	(480,055)	(666,895)	(106,559)	—	1,528,120	216,618

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

42. CAPITAL RISK MANAGEMENT

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for its shareholders and benefits for other stakeholders.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the current year.

The Group monitors capital on the basis of debt to equity ratio, which is net debt divided by total capital. Net debt is calculated as the sum of the Group's borrowings less cash and cash equivalents and other bank deposits as shown in the consolidated statement of financial position. Total capital is calculated as total equity, as shown in the consolidated statement of financial position. The Group aims to maintain the debt to equity ratio at a manageable level.

42. 資本風險管理

本集團資本管理之主要目標為確保本集團持續經營之能力，以繼續為其股東提供回報及為其他持份者提供利益。

本集團鑑於經濟情況變動而管理其資本架構，並對其作出調整。為維持或調整資本架構，本集團可調整向股東派發之股息、向股東發還資本或發行新股。於本年度內並無對目標、政策或程序作出變動。

本集團利用負債對權益比率基準(即淨債務除以總資本)監察資本。淨債務以綜合財務狀況表內本集團借貸之總和減現金及現金等價物及其他銀行存款計算。總資本以綜合財務狀況表所示之權益總額計算。本集團旨在維持負債對權益比率於可管理之水平。

		2017 二零一七年 HK\$'000 港幣千元	2016 二零一六年 HK\$'000 港幣千元
Borrowings	借貸	1,528,120	1,694,220
— Structured bank deposits	— 結構性銀行存款	(106,559)	—
— Restricted bank deposits	— 受限制銀行存款	(57,993)	(67,947)
— Short-term bank deposits	— 短期銀行存款	(480,055)	(988,227)
— Cash and cash equivalents	— 現金及現金等價物	(666,895)	(536,201)
Net debt	淨債務	216,618	101,845
Total equity	權益總額	19,893,948	19,002,701
Net debt to equity ratio	淨債務對權益比率	0.011:1	0.005:1



金朝陽集團有限公司*
SOUNDWILL HOLDINGS LIMITED

於百慕達註冊成立之有限公司 Incorporated in Bermuda with limited liability
股份代號 Stock Code : 0878

