百仕達控股有限公司*

SINOLINK WORLDWIDE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code : 1168

ANNUAL REPORT 2016

* For identification purpose only

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors
Tang Yui Man Francis *(Chairman)*
Xiang Ya Bo *(Chief Executive Officer)*
Chen Wei

Non-executive Directors
Ou Yaping
Ou Jin Yi Hugo
Law Sze Lai

Independent Non-executive Directors
Tian Jin
Xiang Bing
Xin Luo Lin

AUTHORISED REPRESENTATIVES

Tang Yui Man Francis
Xiang Ya Bo

COMPANY SECRETARY

Lo Tai On

AUDIT COMMITTEE

Tian Jin
Xiang Bing
Xin Luo Lin *(Chairman)*

NOMINATION COMMITTEE

Tang Yui Man Francis
Tian Jin *(Chairman)*
Xiang Bing
Xin Luo Lin

REMUNERATION COMMITTEE

Tang Yui Man Francis
Xiang Bing
Xin Luo Lin *(Chairman)*

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
35th Floor, One Pacific Place
88 Queensway
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

28th Floor, Infinitus Plaza
199 Des Voeux Road Central
Hong Kong

Telephone	:	(852) 2851 8811
Facsimile	:	(852) 2851 0970
Stock Code	:	1168
Website	:	http://www.sinolinkhk.com

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
46th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

HONG KONG BRANCH SHARE TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

LEGAL ADVISORS

(As to Hong Kong Law)
Cleary Gottlieb Steen & Hamilton (Hong Kong)
Deacons
Norton Rose Fulbright Hong Kong
Guantao & Chow Solicitors & Notaries
Tsang, Chan & Wong
Woo, Kwan, Lee & Lo

(As to Bermuda Law)
Conyers Dill & Pearman

PRINCIPAL BANKERS

Bank of China
Bank of China (Hong Kong) Limited
Hang Seng Bank Limited
Industrial and Commercial Bank of China
Ping An Bank

CONTENTS

On behalf of the board of directors (the "Board") of Sinolink Worldwide Holdings Limited ("Sinolink" or the "Company"), I present the results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2016.

Retail shop at Yuanming Yuan Apartment, Rockbund Shanghai

BUSINESS REVIEW

During the year ended 31 December 2016, the Group's core businesses remained focused on property development, commercial property investment and management, financial investment and securities trading. The Group recorded a turnover of HK$331.9 million for the year and loss attributable to owners of the Company of HK$245.5 million. Basic loss per share amounted to HK6.93 cents. The Board does not recommend the payment of a final dividend for the year ended 31 December 2016 (2015: nil).

China's gross domestic product ("GDP") amounted to RMB74.4 trillion in 2016, up 6.7% year-over-year, a sign that the country's overall economic growth, albeit decelerating, is stabilizing within a reasonable range. The action plan focusing on major areas of reform brought forward at the Central Economic Work Conference in late 2015 was initially put into practice. As the reform agenda is advanced from planning preparation to the practice stage requiring painstaking efforts, a well-functioning policy regime centered on reform is taking shape.

Against this backdrop and macro environment, Sinolink has been exploring new growth approaches to capture potential opportunities arising from the new form of economic development, while seeking opportunities and launching initiatives for investing and participating in financial technology and new economy sectors and striving for greater room to expand its operations in pursuit of sustainable development and stable return.

PROSPECTS

Looking forward, both global and domestic uncertainties will likely remain in 2017, which will inevitably pose some threats to China's macro-economic development. Amid escalating calls for protectionist trade policies and actions against globalization, special attention should be given to changes in international conditions.

Retail shop at Somekh Apartment, Rockbund Shanghai

Albeit a confluence of external uncertainties, the bottoming out of China's economy in 2016 has reinforced the perception that a variety of business opportunities will emerge as the Chinese government continues to press ahead with the economic reform by improving the market regime, deepening its policy reform and pursuing innovation.

Despite the cautiously optimistic view on the economic trends, we remain confident about the Group's business prospects in the long run. We are keeping a close watch on potential short-term fluctuations in the economy while maintaining a long-term vision in business planning. With an aim to create more value for the Company, we will analyze and take on market challenges in a prudent manner to explore potential business opportunities, sparing no effort in shaping the Company into a sustainable business with greater room and momentum for development.

APPRECIATION

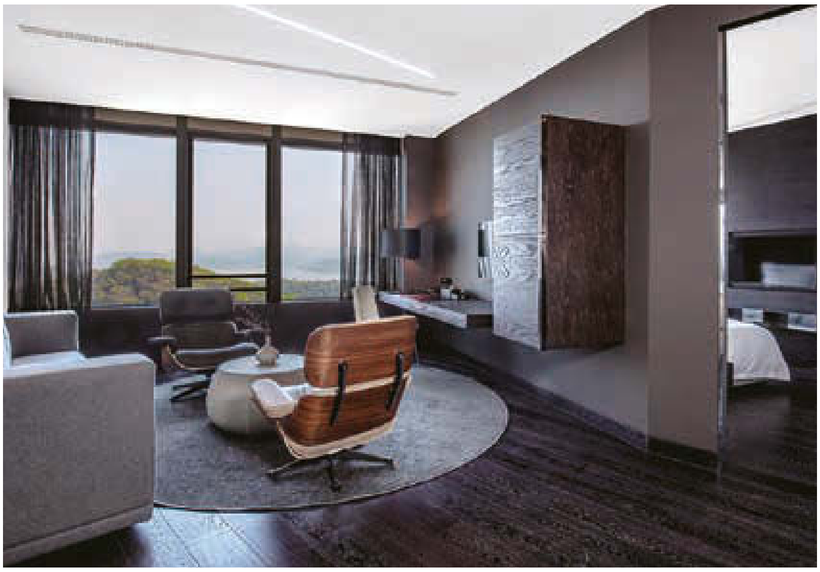
On behalf of the Board, I would like to thank all our staff for their devoted work and give my sincere gratitude to all our shareholders for their continual support over the years.

Tang Yui Man Francis
Chairman
Hong Kong, 16 March 2017

The Vi City, Shenzhen

Restaurant at O Hotel, Shenzhen

Yuanming Yuan Road, Rockbund, Shanghai



O Hotel, Shenzhen

Fitness Centre, O Hotel, Shenzhen

CHIEF EXECUTIVE OFFICER'S REPORT

BUSINESS REVIEW

China's gross domestic product ("GDP") amounted to RMB74.4 trillion in 2016, up 6.7% year-over-year, a sign that the country's overall economic growth, albeit decelerating, is stabilizing within a reasonable range.

From the demand perspective, consumption contributed over 70% to GDP, a larger share than it did last year, while the contribution of investment shrank to 37%. In contrast, net imports contracted and were considered a drag on GDP growth. In terms of consumption, automobile consumption growth continued to accelerate while the property sector weakened due to the roll-out of an array of tightening measures targeted at the real estate sector in the second half of the year.

In the real estate sector, although sales area and sales amount increased to 1.57 billion square meters and RMB11.8 trillion respectively, both hitting new record highs, it seems that the room for further growth is limited due to the weakening demand flexibility in the long term. In terms of growth momentum throughout the year, the growth rate reached the yearly high in April before slowing down in Q2, and following the rebound in Q3, it cooled down drastically in Q4 due to the impact of tightened measures.

Total investment in property development amounted to RMB10.2581 trillion, up 6.9% year-over-year, 0.4 percentage point higher than that in the first eleven months. Among all segments, investment in residential property increased by 6.4% to RMB6.8704 trillion, accounting for 67% of total investment in property development. Growth momentum in property investment retreated from the peak in the first half of the year before stabilizing and trending higher in the second half, which was primarily due to the low base effect in the second half of 2015.

On the political front, the principle of "targeted controlling over selective categories and executing regulation on a city-by-city basis" had been the bedrock of policy formulation throughout 2016. The largely accommodative policies implemented early in the year (lower mortgage down payments in cities not subject to home purchase restrictions, lower transaction taxes and lower reserve requirement ratio) have translated into the current package of tightened measures targeted at major cities. In general, the real estate sector saw its peak earlier in 2016 before pulling back in the latter half, eventually ending the year with a notable decline. Looking ahead, the tightening policy tone for the real estate sector will persist in 2017.

For the year ended 31 December 2016, the Group's turnover decreased by 1% year-over-year to HK$331.9 million. Gross profit increased by 5% to HK$151.3 million. The Group recorded loss attributable to the owners of the Company of HK$245.5 million for the year, representing a decrease of 40% as compared to the same period last year. Basic loss per share amounted to HK6.93 cents, down 40% year-over-year.

PROPERTY RENTAL

For the year ended 31 December 2016, total rental income amounted to HK$163.3 million, a 1% increase as compared to last year.

The rental income was mainly contributed by our commercial property portfolio, which is composed of The Vi City, Sinolink Garden Phase One to Four and Sinolink Tower.

Sinolink Tower

Located in Luohu district, Shenzhen, Sinolink Tower, composed of the hotel and office complex of Sinolink Garden Phase Five, has a total gross floor area ("GFA") of approximately 50,000 square meters, of which hotel space occupies 30,000 square meters and office space occupies 20,000 square meters.

As at 31 December 2016, the occupancy rate of the office portion of Sinolink Tower was 85%. Tenants are mainly engaged in jewelry, investment and real estate business.

O Hotel, the Group's first hotel that is dedicated to delivering a customized experience, has 188 rooms and suites, a stylish restaurant, a specialty coffee shop, a premium fitness club and other facilities. Our principle is to develop niche projects based on a differentiated operating model, focusing on quality but not quantity.

Confronted by the economic slowdown in the PRC, O Hotel being a newly-opened brand boutique operation may see its average rent and occupancy rate under pressure. The Directors estimate that the recoverable amount of O Hotel was less than its carrying amount as at 31 December 2016. Accordingly, the carrying amount of O Hotel was reduced to its recoverable amount, and an impairment loss of HK$73.2 million was recognised for the year ended 31 December 2016. We acknowledge that a strong hotel brand takes time to build. Nevertheless, we are confident that holding a good quality asset for the long term will maximize its value. We will wait patiently for the investment return comprising a higher value of the asset and an increase in operating profit generated therein.

PROPERTIES UNDER DEVELOPMENT

As at 31 December 2016, the Group has the following properties under development:

1. Rockbund

Located at the Bund in Shanghai, Rockbund is an integrated property project jointly developed by the Group and The Rockefeller Group International, Inc. The project, comprising preserved heritage buildings and some new structures, has a total site area of 18,000 square meters with a GFA of 94,080 square meters. The Group intends to redevelop the historical site and structures into an upscale mixed-use neighborhood with residential, commercial, retail, food and beverages, offices and cultural facilities. The preserved heritage buildings have commenced operation with a portion already leased out. Capital works of the new building structures have been completed with structural works well under way. The entire project is expected to commence operation upon completion of the construction in 2018.

2. Ningguo Mansions

Located in Changning District, Shanghai, Ningguo Mansions is a residential project under construction. The project, with a total site area of 13,599.6 square meters and a plot ratio of 1.0, will be developed into 11 court houses boasting a fusion of Chinese and Western cultures, each with a GFA of 1,000 to 1,500 square meters. David Chipperfield Architects, a British architecture design company, is in charge of the construction, decoration and design of the project. Situated in one of the most accessible, low-density and tranquil luxury neighborhood in Shanghai, Ningguo Mansions is approximately 10-minute and 30-minute ride away from the airport and the downtown respectively.

The project is currently undergoing deluxe decoration for the garden area, façade renovation and other facility installation works. The marketing planning for the project in light of the market conditions is underway.

MAJOR ASSOCIATE

For the year ended 31 December 2016, the Group recorded a share of loss of a major associate, Rockefeller Group Asia Pacific, Inc. ("RGAP"), of HK$164.4 million in respect of the Rockbund project, a year-over-year decrease of 41%, which was mainly due to the change in fair value of the investment properties held by the associate.

LOAN RECEIVABLE FROM ASSOCIATES

The loan receivable is an investment in RGAP by way of a shareholder's loan used for financing the Rockbund project, constituting part of the total investment of the Group in RGAP. As the loan receivable is in fact an investment, the Group has recognized its share of loss of RGAP in excess of the cost of investment against the loan receivable. Such amount is carried at the amortized cost based on the estimated future cash flows expected to be received by the Group as well as the estimated timing of such returns. The investment is unsecured and has no fixed term of repayment. The directors consider that the investment is a long-term investment, which should be classified as a non-current asset accordingly.

The directors of the Company reassessed the recoverable amount of such investment after taking into consideration the estimated future cash flows and timing of such cash flows discounted at its original effective interest rate. During the year ended 31 December 2016, impairment loss of HK$230,000,000 (2015: HK$127,472,000) is recognized in the profit or loss accordingly.

The directors of the Company have reviewed the carrying amount of such loan receivable of HK$1,238,390,000 (31 December 2015: HK$1,603,664,000), net of accumulated impairment of HK$2,391,258,000 (31 December 2015: HK$1,857,521,000) and accumulated share of loss and other comprehensive expenses of an associate in excess of the cost of investment of HK$655,705,000 (31 December 2015: HK$520,431,000) and amounts due from associates of HK$154,706,000 (31 December 2015: HK$138,871,000), and considered that these amounts are fully recoverable.

OTHER BUSINESSES

Other businesses within the Group include property, facilities and project management. For the year ended 31 December 2016, the Group recorded a turnover of HK$168.6 million from other businesses, a year-on-year decrease of 3%.

PROSPECTS

Looking ahead, China will likely see a modestly decelerated economic growth in 2017 amid mounting uncertainty, as external risks, including heightened global geopolitical tension and uncertainty over the path for US policy under Trump administration, could be detrimental to the stability of the country's economy, which could add to the pressure on the Chinese government to adjust its policy stance. It is expected that China will take steps to shift its policy focus to "precautionary measures against risks" and continue to deepen supply-side reform in the second half of the year.

On the other hand, Chinese policymakers look determined to tackle soaring home prices as there is no sign that the government is poised to loosen its stringent regulation on the property market. It is very likely that the prolonged downturn in property sales will spill over into the property investment market in 2017. That being said, inventory in the real estate sector has recently dropped to a lower level, which somewhat limits the downside risk in the property investment market. As such, the risk of a rapid downturn in property investment appears to be well managed, and the economy, though facing downside pressure, is very unlikely to see a painful slowdown in 2017.

From a macro perspective, as the effect of both fiscal and monetary policy on stimulating the economy seems to be on the wane, maintaining stable growth is probably no longer an unyielding priority for the Chinese government, suggesting that policymakers could allow a higher tolerance for lower growth. Although China's GDP growth is expected to settle at around 6.7% this year, the country's economy is set to gain traction in terms of both quality and efficiency, trending upwards with the prospect of stabilizing within a reasonable range.

FINANCIAL REVIEW

The Group's financial position remains strong with a low debt leverage and solid interest coverage ratio. The Group's total borrowings decreased from HK$132.3 million as at 31 December 2015 to HK$90.3 million as at 31 December 2016. As at 31 December 2016, the gearing ratio, calculated on the basis of total borrowings over shareholders' equity, was 1.4% compared with 1.9% as at 31 December 2015. The Group is in a net cash position and bank borrowings are mainly loans with floating interest rates.

Total assets pledged for securing the above loans had a carrying value of HK$536.4 million as at 31 December 2016. The borrowings of the Group are denominated in RMB. As the entire operation of the Group is carried out in the PRC, substantial receipts and payments in relation to operation are denominated in RMB. No financial instruments have been used for hedging purposes; however, the Board will continue to evaluate and closely monitor the potential impact of RMB and interest rates movements on the Group.

The Group's cash and bank balances amounted to HK$3,054.9 million (including pledged bank deposits, structured deposits, short-term bank deposits, long-term bank deposits, and cash and cash equivalents) as at 31 December 2016, mostly denominated in RMB, HKD and USD.

CAPITAL COMMITMENTS

As at 31 December 2016, the Group had capital commitments of HK$44.4 million in respect of properties under development.

CONTINGENT LIABILITIES

As at 31 December 2016, guarantees provided to banks as security for the mortgage loans arranged for the Group's property buyers amounted to HK$20.4 million.

FINAL DIVIDEND

In order to retain resources for the Group's business development, the Board does not recommend any payment of a final dividend for the year ended 31 December 2016 (2015: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2016, the Group employed approximately 790 full time employees for its principal activities. The Group recognizes the importance of high calibre and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. Other various benefits, such as medical and retirement benefits, are also provided. In addition, share options may be granted to eligible employees of the Group in accordance with the terms of the approved share option scheme.

CHIEF EXECUTIVE OFFICER'S REPORT

CORPORATE GOVERNANCE

During the year, the Company has complied with the code provisions as set out in the Corporate Governance Code set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that in respect of the year ended 31 December 2016, all Directors have complied with the required standard set out in the Model Code.

AUDIT COMMITTEE

The Company has an audit committee (the "Audit Committee") which was established in accordance with the requirements of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises three independent non-executive directors, namely, Mr. Tian Jin, Dr. Xiang Bing and Mr. Xin Luo Lin. The Audit Committee meets regularly with the Company's senior management and the Company's auditor to consider the Company's financial reporting process, effectiveness of internal controls, audit process and risk management.

The annual results of the Group for the year ended 31 December 2016 had been audited by the Company's auditor, Deloitte Touche Tohmatsu, and had been reviewed by the Audit Committee.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my appreciation to the staff and management team of the Group for their contribution during the year and also to give my sincere gratitude to all our shareholders for their continual support all these years.

Xiang Ya Bo
Chief Executive Office
Hong Kong, 16 March 2017

EXECUTIVE DIRECTORS

Mr. Tang Yui Man Francis, aged 54, was appointed as an executive director of the Company in September 2001 and the chief executive officer in 2002 and ceased to act as chief executive officer and appointed as the chairman of the board of directors and a member of the remuneration committee of the Company in August 2013. Mr. Tang is a member of nomination committee of the Company since 27 March 2012. He is also an executive director of Enerchina Holdings Limited ("Enerchina"), a company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and a director of Sinolink Properties Limited, a subsidiary of the Company. Mr. Tang holds a Bachelor's degree in Computer Studies from the University of Victoria in Canada and a Master of Business Administration degree from The City University of New York in the United States. Mr. Tang has numerous years of experience in management, accounting and finance. Mr. Tang is responsible for corporate planning, strategic development and financial planning and management of the Group. Save as disclosed above, Mr. Tang has not held any directorship in other listed public companies in the past three years.

Mr. Xiang Ya Bo, aged 60, was appointed as an executive director of the Company in 2011 and the chief executive officer in August 2013. He is the chairman and the general manager of Sinolink Properties Limited, a subsidiary of the Company. He is a brother of Mr. Ou Yaping, a non-executive director and a substantial shareholder of the Company and is an uncle of Mr. Ou Jin Yi Hugo, a non-executive director of the Company. He graduated with an engineering degree. Mr. Xiang has over 31 years of experience in the field of corporate management, investment management and technical administration on computer technologies and e-commerce. He was an executive director and a member of remuneration committee of Enerchina, a company listed on the Stock Exchange, from May 2002 to 14 June 2016. Save as disclosed above, Mr. Xiang has not held any directorship in other listed public companies in the past three years.

Mr. Chen Wei, aged 55, was appointed as an executive director of the Company in December 1997. He holds a Bachelor of Engineering Management degree from the Beijing Institute of Technology in the People's Republic of China (the "PRC"). Mr. Chen was previously employed by a number of large organisations and has over 31 years of experience in engineering, business administration, market development and management. Mr. Chen joined the Group in February 1992 and is responsible for the overall business development, management and strategic planning of the Group. He was an executive director, the chairman of the board of directors and a member of remuneration committee of Enerchina, a company listed on the Stock Exchange, from May 2007 to 5 April 2017. Save as disclosed above, Mr. Chen has not held any directorship in other listed public companies in the past three years.

PROFILES OF DIRECTORS

NON-EXECUTIVE DIRECTORS

Mr. Ou Yaping, aged 55, was appointed as the chairman and an executive director of the Company in December 1997 and redesignated as a non-executive director and resigned as the chairman of the board of directors and a member of remuneration committee of the Company in August 2013. Mr. Ou is the founder of the Group and the substantial shareholder of the Company. Mr. Ou is the chairman of ZhongAn Online P&C Insurance Co., Ltd. and serves as the chairman of the board of Rockbund Art Museum and a trustee for The Nature Conservancy's Asia Pacific and China Program. He was a director of China Merchants Bank and chairman of the board of Panva Gas Holdings Limited (now known as Towngas China Company Limited) and was the directors of a number of trading companies and investment companies. Mr. Ou has over 31 years of experience in investment, trading and management. Mr. Ou holds a Bachelor of Engineering Management degree from the Beijing Institute of Technology in the PRC. Mr. Ou is a brother of Mr. Xiang Ya Bo, an executive director and chief executive officer of the Company and the father of Mr. Ou Jin Yi Hugo, a non-executive director of the Company. He is also the director and shareholder of Asia Pacific Promotion Limited ("Asia Pacific"), a substantial shareholder of the Company, whose interest in shares of the Company is disclosed in the section of "Substantial Shareholder". Save as disclosed above, Mr. Ou has not held any directorship in other listed public companies in the past three years.

Mr. Ou Jin Yi Hugo, aged 24, was appointed as a non-executive director of the Company in January 2016. He received a Bachelor's degree in East Asian Studies from Princeton University. He is currently part of the investment team at Thrive Capital, a New York-based venture capital firm with investments in Instagram, Twitch, Spotify, and other software companies. Prior to joining Thrive Capital, Mr. Hugo Ou founded a boutique travel agency, Ou You Travel, catering to the Chinese outbound travel sector. He was an investment manager and the Deputy Director of the Corporate Development Department of the Company in 2010 to 2012 and 2012 to 2015, respectively. He was responsible for reviewing residential and commercial property development deals in the United States, and as portfolio manager of public and private equities, including stocks, bonds, startups, and private equity firms. Mr. Hugo Ou is a son of Mr. Ou Yaping who is a non-executive director and substantial shareholder of the Company. Mr. Hugo Ou is also a nephew of Mr. Xiang Ya Bo, the chief executive officer and an executive director of the Company. Save as disclosed above, Mr. Hugo Ou has not held any directorship in other listed public companies in the past three years.

Mr. Law Sze Lai, aged 74, was appointed as an executive director of the Company in December 1997 and redesignated as a non-executive director in September 2007. He is also the chairman of supervisory committee of Sinolink Properties Limited. Mr. Law was employed by a number of real estate companies in the PRC. He is a qualified economist in the PRC and has over 26 years of experience in property development. Mr. Law joined the Group in 1992. Mr. Law did not hold any directorship in other listed public companies in the past three years.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tian Jin, aged 59, was appointed as an independent non-executive director of the Company in May 2005. He is also a member of audit committee and chairman of nomination committee of the Company. Mr. Tian holds a Bachelor of Arts from Hunan University, Master of Arts from Wuhan University and Doctorate in Administration and Management from Auburn University. He is the Principal of Tur Partners LLC effective from 14 November 2011. Before joining Tur Partners LLC, Mr. Tian served as CEO of Morningstar Asia and Chairman of Morningstar China and was a lecturer of Hunan University, visiting professor of Auburn University, Director of Academic Technology Development of DePaul University, Director of Institutional Planning and Research of DePaul University. Mr. Tian has not held any directorship in other listed public companies in the past three years.

Dr. Xiang Bing, aged 55, was appointed as an independent non-executive director of the Company in December 2008. He is also a member of audit committee, remuneration committee and nomination committee of the Company. Dr. Xiang obtained a Doctoral degree in accounting from the University of Alberta in Canada. Dr. Xiang is currently the founding dean and a professor of the Cheung Kong Graduate School of Business (長江商學院). He is an independent non-executive director and a member of audit committee and remuneration committee of China Dongxiang (Group) Co., Ltd, Dan Form Holdings Company Limited, HC International, Inc. and Longfor Properties Co., Ltd.; an independent non-executive director and the chairman of audit committee and remuneration committee and a member of nomination committee of Peak Sport Products Co., Limited, all of which are companies listed on the Stock Exchange. Dr. Xiang is also an independent non-executive director and a member of audit committee of E-House (China) Holdings Limited, a company listed on the New York Stock Exchange. He was a director of Jutal Offshore Oil Services Limited, a company listed on the Stock Exchange, a director of Shenzhen Terca Technology Co., Ltd. (深圳市特爾佳科技股份有限公司), TCL Corporation (TCL集團股份有限公司), Shaanxi Qinchuan Machine Development Co., Ltd. (陝西秦川機械發展股份有限公司) and Guangdong Midea Electric Appliances Co. Ltd. (廣東美的電器股份有限公司), all are listed on Shenzhen Stock Exchange, a director of Wuhan Jianmin Pharmaceutical Groups Co., Ltd. (武漢健民藥業集團股份有限公司), a company listed on the Shanghai Stock Exchange. He was an independent non-executive director and a member of audit committee, remuneration committee and nomination committee of LDK Solar Co. Ltd., a company listed on the New York Stock Exchange, until 18 July 2014. He was an independent non-executive director and a member of audit committee and remuneration committee of Perfect World Co., Ltd., a company listed on Nasdaq, until 28 July 2015. He was an independent non-executive director and a member of audit committee and strategic committee and the chairman of remuneration committee of Yunnan Baiyao Group Co., Ltd., a company listed on the Shenzhen Stock Exchange, until 27 November 2015. He was an independent non-executive director and a member of audit committee, remuneration committee and nomination committee of Enerchina, a company listed on the Stock Exchange, from December 2008 to May 2016. Save as disclosed above, Dr. Xiang has not held any directorship in other listed public companies in the past three years.

PROFILES OF DIRECTORS

Mr. Xin Luo Lin, aged 68, was appointed as an independent non-executive director of the Company in June 2002. He is also the chairman of audit committee and remuneration committee and a member of nomination committee of the Company. Mr. Xin is a postgraduate from the Peking University in PRC. He was a research associate at the Waseda University in Japan, an honorary research associate at the University of British Columbia, Canada and a visiting fellow at the University of Adelaide, Australia from 1984 to 1985. He was appointed as a Justice of the Peace in New South Wales of Australia in 1991. Mr. Xin is a co-author of a book titled "China's iron and steel industry policy: implications for Australia". Mr. Xin is also an independent non-executive director, member of audit committee and remuneration committee of Central China Real Estate Limited; a non-executive director and honorary chairman of Asian Capital Holdings Limited and an independent non-executive director, member of audit committee, remuneration committee and nomination committee of ASR Logistics Holdings Limited and a non-executive director of China Trends Holdings Limited, all are listed companies on the Stock Exchange. Mr. Xin is a director of Mori Denki Mfg. Co., Ltd., a public company listed on the Tokyo Stock Exchange and a director and the vice chairman of Oriental Technologies Investment Limited, a listed company on the Australian Stock Exchange. Mr. Xin was an independent non-executive director of China Environmental Technology Holdings Limited, a company listed on the Stock Exchange, from 2011 to 2015; and he was a non-executive director of Enerchina, a company listed on the Stock Exchange, until May 2016. Save as disclosed above, Mr. Xin has not held any directorship in other listed public companies in the past three years.

The directors of the Company (the "Directors") present the annual report and the audited consolidated financial statements for the year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of its principal subsidiaries and associates are set out in notes 40 and 17 respectively to the financial statements.

BUSINESS REVIEW

A fair review of the business of the Company and a discussion and analysis of the Group's performance during the year and the material factors underlying its results and financial position as well as the outlook of the Company's business are provided in the "Chairman's Statement" and "Chief Executive Officer's Report" from pages 2 to 3 and pages 6 to 10 of this annual report. An analysis of the Group's performance during the year using financial key performance indicators is provided in the Financial Summary on page 120 of this annual report. Description of the principal risks and uncertainties facing the Company can be found throughout this annual report particularly in notes 30 and 31 to the consolidated financial statements and the "Chief Executive Officer's Report" from pages 6 to 10 of this annual report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is subject to certain laws, rule and regulations concerning environmental protection in Hong Kong ("HK") and PRC including those in relation to the discharge of gaseous waste, liquid waste and solid waste, the disposal of hazardous substances and noise pollution during the construction and development of projects.

The Group emphasizes on complying with relevant environmental laws and regulations and requires its own staff and construction contractors to comply with the relevant laws and regulations relating to the operation and quality of construction including environmental, labour, social and safety regulations, as well as its own standards.

The Directors believe that the Group is compliance in all material respects with applicable environmental laws and regulations in HK and PRC.

The Group recognises environmental protection is of vital importance to the long-term development of the Group. In order to minimise the environmental impact, the Group will continue to review and improve the effectiveness of its management practices from time to time.

A report containing the prescribed information of environmental, social and governance matters will be published within 3 months after the publication of this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group's business are mainly carried out by the Company's subsidiaries established in Hong Kong, PRC and the British Virgin Islands while the Company itself is incorporated in Bermuda with its shares listed on the Main Board of the Stock Exchange. Our establishment and operations accordingly shall comply with relevant laws and regulations in Bermuda, PRC, the British Virgin Islands and Hong Kong.

During the year ended 31 December 2016 and up to the date of this Annual Report, the Group has complied in material aspects in the relevant applicable laws and regulations that have a significant impact on the businesses and operations of the Group during the year.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group has always paid great attention to and maintained a good working relationship with its suppliers of construction materials, and has been providing quality professional and customer-oriented services for its regional government, markets and customers. The aforementioned suppliers and customers are good working partners creating value for the Group. The Group also values the knowledge and skills of its employees, and continues to provide favourable career development opportunities for its employees.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2016 are set out in the consolidated statement of profit or loss on page 45 of the annual report.

No interim dividend (2015: Nil) was paid to the shareholders during the year.

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

DISTRIBUTABLE RESERVES

Details of the movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 49 of this annual report.

The Company's reserves available for distribution to shareholders as at 31 December 2016 amounted to HK$707,922,000 (2015: HK$744,848,000).

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for each of the last five financial years is set out on page 120 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in the property, plant and equipment of the Group are set out in note 14 to the consolidated financial statements.

INVESTMENT PROPERTIES

Details of movements during the year in the investment properties of the Group are set out in note 16 to the consolidated financial statements.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 29 to the consolidated financial statements.

DIRECTORS

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

Executive Directors:

Tang Yui Man Francis *(Chairman)*
Xiang Ya Bo *(Chief Executive Officer)*
Chen Wei

Non-executive Directors:

Ou Yaping
Ou Jin Yi Hugo (appointed on 5 January 2016)
Law Sze Lai

Independent Non-executive Directors:

Tian Jin
Xiang Bing
Xin Luo Lin

In accordance with Bye-law 87(1) of the Bye-laws, Mr. Xiang Ya Bo, Mr. Law Sze Lai and Mr. Xin Luo Lin will retire by rotation at the forthcoming annual general meeting ("AGM") and, being eligible, will offer themselves for re-election.

The Company has received annual confirmation from each of the Independent Non-executive Directors as regards their independence to the Company pursuant to Rule 3.13 of the Rules Governing the Listing of Securities ("Listing Rules") on the Stock Exchange. The Company considers that each of the Independent Non-executive Directors is independent to the Company.

DIRECTORS' INTERESTS OR SHORT POSITIONS IN SHARES AND SHARE OPTIONS

As at 31 December 2016, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required pursuant to: (a) divisions 7 to 9 of Part XV of the SFO, to be notified to the Company and the Stock Exchange; (b) Section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (c) the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company were as follows:

Long positions in shares of the Company

Name of Directors	Capacity	Interest in shares: Personal interest	Interest in shares: Corporate interest	Interest in shares: Family interest	Total interest in shares	Interest in underlying shares pursuant to share options	Aggregate interest	Approximate percentage of the issued shares of the Company as at 31.12.2016
Chen Wei	Beneficial owner	13,500,000	–	–	13,500,000	3,000,000	16,500,000	0.46%
Law Sze Lai	Beneficial owner	9,005,500	–	–	9,005,500	–	9,005,500	0.25%
Ou Yaping	Joint interest and interest of controlled corporation	–	1,590,283,250 (Note)	7,285,410	1,597,568,660	–	1,597,568,660	45.11%
Tang Yui Man Francis	Beneficial owner	21,375,000	–	–	21,375,000	35,000,000	56,375,000	1.59%
Tian Jin	Beneficial owner	–	–	–	–	2,000,000	2,000,000	0.05%
Xiang Ya Bo	Beneficial owner	–	–	–	–	35,000,000	35,000,000	0.98%
Xiang Bing	Beneficial owner	–	–	–	–	2,000,000	2,000,000	0.05%
Xin Luo Lin	Beneficial owner	–	–	–	–	2,000,000	2,000,000	0.05%

Note: These 1,590,283,250 shares of the Company are held by Asia Pacific Promotion Limited ("Asia Pacific"), a company incorporated in the British Virgin Islands, which is wholly-owned by Mr. Ou Yaping. Accordingly, Mr. Ou is deemed to be interested in the shares of the Company held by Asia Pacific under the SFO.

Save as disclosed above, as at 31 December 2016, none of the Directors or chief executives of the Company had, nor were they taken to or deemed to have under such provisions of the SFO, any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporation or any interests which are required to be entered into the register kept by the Company pursuant to Section 352 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATION

Pursuant to the Company's share option scheme adopted in 2012, the Company has granted to certain Directors of the Company options to subscribe for the shares of the Company, details of which as at 31 December 2016 were as follows:

Name of Directors	Date of grant	Exercise period	Exercise price	Number of shares subject to outstanding options as at 1.1.2016	Granted during the year	Number of shares subject to outstanding options as at 31.12.2016	Percentage of the issued shares of the Company as at 31.12.2016
			HK$				
Chen Wei	15.05.2015	15.11.2015-14.05.2025	1.37	1,500,000	–	1,500,000	0.04%
		15.05.2016-14.05.2025	1.37	1,500,000	–	1,500,000	0.04%
Tang Yui Man Francis	15.05.2015	15.11.2015-14.05.2025	1.37	17,500,000	–	17,500,000	0.49%
		15.05.2016-14.05.2025	1.37	17,500,000	–	17,500,000	0.49%
Tian Jin	15.05.2015	15.11.2015-14.05.2025	1.37	1,000,000	–	1,000,000	0.02%
		15.05.2016-14.05.2025	1.37	1,000,000	–	1,000,000	0.02%
Xiang Ya Bo	15.05.2015	15.11.2015-14.05.2025	1.37	17,500,000	–	17,500,000	0.49%
		15.05.2016-14.05.2025	1.37	17,500,000	–	17,500,000	0.49%
Xiang Bing	15.05.2015	15.11.2015-14.05.2025	1.37	1,000,000	–	1,000,000	0.02%
		15.05.2016-14.05.2025	1.37	1,000,000	–	1,000,000	0.02%
Xin Luo Lin	15.05.2015	15.11.2015-14.05.2025	1.37	1,000,000	–	1,000,000	0.02%
		15.05.2016-14.05.2025	1.37	1,000,000	–	1,000,000	0.02%

Notes:

1. The vesting period of the share options is from the date of grant until the commencement date of the exercise period.

2. These options represent personal interest held by the Directors as beneficial owners.

Other than the share option scheme of the Company mentioned below, at no time during the year was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the Directors nor the chief executive of the Company, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

SHARE OPTION SCHEME OF THE COMPANY

A share option scheme was adopted by shareholders of the Company on 17 May 2012 ("Date of Adoption") (the "2012 Share Option Scheme"), under which the Board may, at its discretion, offer any Eligible Persons (as hereinafter mentioned) options to subscribe for shares in the Company subject to the terms and conditions stipulated therein. The 2012 Share Option Scheme has a life of 10 years from the Date of Adoption.

The 2012 Share Option Scheme is a share incentive scheme and is established to enable the Group to, (i) recognise and acknowledge the contributions that Eligible Persons have (or may have) made or may make to the Group (whether directly or indirectly); (ii) attract and retain and appropriately remunerate the best possible quality of employees and other Eligible Persons; (iii) motivate the Eligible Persons to optimise their performance and efficiency for the benefit of the Group; (iv) enhance its business, employee and other relations; and/or (v) retain maximum flexibility as to the range and nature of rewards and incentives which the Company can offer to Eligible Persons. The Eligible Persons include (a) any full time or part time employees of the Group or any Directors of the Company or any of its subsidiaries; (b) any customer, supplier or provider of services, landlord or tenant, agent, partner, consultant, or adviser of or a contractor to or person doing business with any member of the Group; (c) trustee of any trust the principal beneficiary of which is, or discretionary trust the discretionary objects of which include, any person referred to (a) or (b) above; (d) a company wholly beneficially owned by any person referred to in (a) or (b) above, and (e) such other persons (or classes of persons) as the Board may in its absolute discretion determine.

The share options are exercisable at any time for a period to be determined by the Directors, which shall not be more than 10 years from the date of grant. The minimum period for which a share option must be held before it can be exercised would be determined by the Board.

The total number of shares of the Company in respect of which options may be granted under the 2012 Share Option Scheme is not permitted to exceed 10% of the shares of the Company in issue on the Date of Adoption ("Scheme Mandate Limit"), without prior approval from the Company's shareholders. The Company may seek approval of its shareholders in general meeting to renew the Scheme Mandate Limit provided that the total number of shares of the Company in respect of which options may be granted under the 2012 Share Option Scheme and any other share option schemes of the Company must not exceeded 10% of the shares of the Company in issue as at the date of the approval to renew the Scheme Mandate Limit. The number of shares of the Company in respect of which options may be granted to any Eligible Person in any 12-month period is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. In addition, the number of shares of the Company in respect of which options may be granted to any Eligible Person (who is a substantial shareholder or an Independent Non-executive Director of the Company, or any of their associates (within the meaning as ascribed under the Listing Rules)) in any 12-month period is not permitted to exceed 0.1% of the total number of shares in issue and HK$5,000,000 in an aggregate value, based on the closing price of the shares of the Company at the date of each grant, without prior approval from the Company's shareholders.

The exercise price for the share options under the 2012 Share Option Scheme shall be a price determined by the Board at its sole discretion and notified to the Eligible Persons and shall be no less than the highest of (i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date on which an option is granted, (ii) the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date on which an option is granted; and (iii) the nominal value of a share of the Company on the date on which an option is granted.

Consideration of HK$1 is payable by each Eligible Person for acceptance of a grant of option.

As at the date of this annual report, a total of 354,111,283 shares (representing approximately 10% of the existing issued shares of the Company), as refreshed by shareholders at the annual general meeting held on 19 May 2016, may be granted under the 2012 Share Option Scheme and a total of 116,000,000 shares (representing approximately 3.28% of the existing issued shares of the Company) may be issued upon exercise of all options which had been granted and yet to be exercised under the 2012 Share Option Scheme.

Details of specific categories of options are as follows:

Option type	**Date of grant**	**Exercise period**	**Exercise price**
			HK$
2015A	15.05.2015	15.11.2015-14.05.2025	1.37
	15.05.2015	15.05.2016-14.05.2025	1.37
2015B	15.05.2015	15.11.2015-14.05.2025	1.37
	15.05.2015	15.05.2016-14.05.2025	1.37
	15.05.2015	15.11.2016-14.05.2025	1.37

The following table discloses movements in the Company's share options granted under the 2012 Share Option Scheme during the year:

	Option types	**Outstanding at 1.1.2016**	**Granted during the year**	**Exercised during the year**	**Lapsed during the year**	**Outstanding at 31.12.2016**
Category 1: Directors						
Chen Wei	2015A Option	3,000,000	–	–	–	3,000,000
Tang Yui Man Francis	2015A Option	35,000,000	–	–	–	35,000,000
Tian Jin	2015A Option	2,000,000	–	–	–	2,000,000
Xiang Ya Bo	2015A Option	35,000,000	–	–	–	35,000,000
Xiang Bing	2015A Option	2,000,000	–	–	–	2,000,000
Xin Luo Lin	2015A Option	2,000,000	–	–	–	2,000,000
Total for Directors		79,000,000	–	–	–	79,000,000
Category 2: Employees						
	2015B Option	40,000,000	–	–	(3,000,000)	37,000,000
Total for employees		40,000,000	–	–	(3,000,000)	37,000,000
All categories		119,000,000	–	–	(3,000,000)	116,000,000

Notes:

1. The vesting period of the share options is from the date of grant until the commencement date of the exercise period.

2. During the year, no options were granted, exercised or cancelled under the 2012 Share Option Scheme.

3. During the year, 3,000,000 options were lapsed under the 2012 Share Option Scheme.

Additional information in relation to the Company's share option scheme are set out in note 33 to the consolidated financial statements.

EQUITY-LINKED AGREEMENTS

Save as disclosed in this annual report relating to "Share Option Scheme of the Company", no equity-linked agreements were entered into during the year or subsisted at the end of the year.

PERMITTED INDEMNITY PROVISION

The Bye-Laws of the Company provides that for the time being acting in relation to any of the affairs of the Company, every director shall be indemnified and secured harmless out of the assets and profits of the Company from and against all losses, damages and expenses which he shall or may incur or sustain by or by reason of any act done about the execution of duties of his office or otherwise in relation thereto.

The Company has arranged appropriate directors' and officers' liability insurance coverage for the directors and officers of the Group.

DIRECTORS' SERVICE CONTRACT

There is no unexpired directors' service contract which is not terminable by the Company within one year of any Director proposed for re-election at the forthcoming AGM.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, no transactions, arrangements or contracts of significance to which the Company or any related company (holding companies, subsidiaries, or fellow subsidiaries) was a party and in which a Director or his connected entities had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2016, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of Directors, the following shareholder(s) had notified the Company of relevant interests and short positions in the issued shares of the Company:

Long positions and short positions in shares of the Company

Name of shareholder	Capacity/ Nature of Interest	Interest in Shares	Approximate percentage of the Company's issued shares at 31.12.2016
Asia Pacific	Beneficial owner/ Beneficial interest	1,590,283,250 (Long) (Note)	44.90%

Note: The 1,590,283,250 shares of the Company are held by Asia Pacific, a company incorporated in the British Virgin Islands, which is wholly-owned by Mr. Ou Yaping, Non-executive Director of the Company. Accordingly, Mr. Ou is deemed to be interested in the shares of the Company held by Asia Pacific under the SFO.

Save as disclosed above, as at 31 December 2016, the Company has not been notified of any other interests or short positions in the shares and underlying shares of the Company which had been recorded in the register required to be kept under Section 336 of the SFO.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Details of the connected transactions/continuing connected transactions of the Company during the year were as follows:

(a) Connected transactions

During the year, save as disclosed below, there were no transactions which need to be disclosed as connected transactions pursuant to Chapter 14A of the Listing Rules.

(b) Continuing connected transactions

On 1 April 2014, Enerchina Holdings Limited ("Enerchina") and the Company entered into a Master Agreement for the purpose of regulating the Individual Lease Agreements for leasing of the properties by Enerchina and its subsidiaries from the Company and its subsidiaries, for a fixed term of three years from 1 April 2014 to 31 March 2017 (the "Master Agreement"). The annual cap amount for each of the financial year ended/ending 31 December 2014, 2015, 2016 and 2017 are HK$6,000,000, HK$8,000,000, HK$8,000,000 and HK$2,000,000 respectively. The total amount of the transactions for the year ended 31 December 2016 was HK$3,564,000.

On 1 April 2014, Enerchina and the Company were owned as to approximately 36.40% and 44.08% respectively by Asia Pacific Promotion Limited ("Asia Pacific"). Therefore, Asia Pacific is a substantial shareholder of Enerchina and the Company and thus a connected person of both Enerchina and the Company under the Listing Rules. As Asia Pacific owns more than 30% in both Enerchina and the Company, Enerchina and the Company are the associates of Asia Pacific under the Listing Rules.

Accordingly, the Master Agreement between Enerchina and the Company constitutes continuing connected transactions for both Enerchina and the Company under Chapter 14A of the Listing Rules.

As all the relevant percentage ratios for the Master Agreement calculated on an annual basis were more than 0.1% and less than 5% for both Enerchina and the Company, in accordance with Rule 14A.34 of the then Listing Rules (Rule 14A.76(2) of the Listing Rules), the Master Agreement was only subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the then Listing Rules (Rule 14A.68 and 14A.71 of the Listing Rules) and was exempted from the independent shareholders' approval requirements. The Company had accordingly published an announcement in respect of the aforesaid continuing connected transactions on 1 April 2014.

Pursuant to Rule 14A.56 of the Listing Rules, the Board engaged the auditor of the Company to perform certain agreed upon procedures in respect of the continuing connected transactions of the Group. The auditor has reported the factual findings on these procedures to the Board. The Independent Non-executive Directors of the Company have reviewed the continuing connected transactions pursuant to Rule 14A.55 of the Listing Rules and confirmed that the transactions have been entered into:

(1) in the ordinary and usual course of business of the Group;

(2) on normal commercial terms or better; and

(3) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

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

RELATED PARTY TRANSACTIONS

Details of the related party transactions are set out in note 32 to the consolidated financial statements. Those related party transactions did not constitute connected transactions under the Listing Rules.

MANAGEMENT CONTRACT

No contract concerning the management and administration of the whole or any substantial part of any business of the Company were entered into during the year or subsisted at the end of the year.

DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES

As at 31 December 2016, the aggregate amount of financial assistance to associated companies by the Group in aggregate exceeded 8% of the assets ratios as defined in Rule 14.07(1) of the Listing Rules.

In accordance with the requirements under Rule 13.22 of the Listing Rules, a proforma combined statement of financial position of the associated companies as at 31 December 2016 is presented as follows:

	HK$'000
Non-current assets	5,099,132
Current assets	1,047,479
Current liabilities	(653,562)
Non-current liabilities	(6,742,954)
Net liabilities	(1,249,905)

The Group's attributable interest in the associated companies as at 31 December 2016 comprised net liabilities of HK$655,705,000.

The proforma combined statement of financial position of the associated companies has been prepared by combining their statement of financial position, after making adjustments to conform with the Group's significant accounting policies as 31 December 2016.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Director's as at the date of this report, there is sufficient public float of not less than 25% of the Company's issued share as required under the Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the Group's largest supplier accounted for approximately 6% of the Group's total purchases and the Group's largest five suppliers accounted for approximately 14% of the Group's total purchases.

As the Group had no significant sales during the year, the information on major customers is not present.

None of the Directors, their close associates or any shareholders, which to the knowledge of the Directors owned more than 5% of the Company's issued shares, had an interest in the share capital of any of the five largest suppliers and customers.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws although there are no restrictions against such rights under the laws of Bermuda.

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

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries for the year ended 31 December 2016.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up on the basis of their merit, qualifications and competence.

The emoluments of the Directors are determined having regard to the Company's operating results, individual performance and comparable market statistics. No Director, or any of his associates, and executive is involved in dealing his own remuneration.

The Company has adopted share option scheme as an incentive to Directors and eligible employees, details of the scheme are set out in note 33 to the consolidated financial statements and under the heading "Share Option Scheme of the Company" of this report.

AUDITOR

The consolidated financial statements of the Company for the year ended 31 December 2016 have been audited by Messrs. Deloitte Touche Tohmatsu. A resolution will be submitted to the forthcoming AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board
Sinolink Worldwide Holdings Limited

Tang Yui Man Francis
Chairman
Hong Kong, 16 March 2017

CORPORATE GOVERNANCE PRACTICES

Having established a good, credible and dynamic foundation for corporate governance practices in the Company since 2005, the Company continues to ensure the transparency and protection of shareholders' interest, as well as the stakeholders' interests.

The Company has adopted all the code provisions as set out in the Corporate Governance Code (the "Code") set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as its own corporate governance practices.

The Company understood the importance on sound corporate governance practices and recognized the changing regulatory environment. Therefore, the theme of the corporate governance practices in the Company has gone through an evolving process, from implementing the existing Code, evaluating the effectiveness of the Code, and responding to the rapid changes and continuous development in our corporate governance practices, if necessary.

During the year 2016, the Company has complied with the code provisions set out in the Code.

BOARD OF DIRECTORS

Composition

Mr. Ou Jing Yi Hugo was appointed as a Non-Executive Director of the Company on 5 January 2016 and save for this change, there was no change in directorship of the Company during the year 2016.

As at the date of this report, the board of directors of the Company (the "Board") comprises 9 members (each member of the Board, a "Director"). Mr. Tang Yui Man Francis acts as Chairman of the Board, whereas Mr. Xiang Ya Bo acts as Chief Executive Officer of the Company. Other Executive Director is Mr. Chen Wei and Non-executive Directors are Mr. Ou Yaping, Mr. Ou Jin Yi Hugo and Mr. Law Sze Lai. The Company has 3 Independent Non-executive Directors, Mr. Tian Jin, Dr. Xiang Bing and Mr. Xin Luo Lin, and all Independent Non-executive Directors possess appropriate professional accounting experience and related financial management expertise and represent at least one-third of the Board.

All Directors have distinguished themselves in their field of expertise, and have exhibited high standards of personal and professional ethics and integrity. The biographical details of each Director are disclosed on pages 11 to 14 of this annual report.

Each of the Independent Non-executive Director has confirmed, in accordance with Rule 3.13 of the Listing Rules, that he is independent of the Company and the Company also considers that they are independent.

Except for the family relationship between Mr. Ou Yaping, Mr. Xiang Ya Bo and Mr. Ou Jin Yi Hugo as disclosed in biographical details on pages 11 to 12 of this annual report, there is no other relationship (including financial, business, family or other material/relevant relationship) between any other members of the Board and in particular, between the Chairman and the Chief Executive Officer.

Pursuant to the Bye-laws of the Company (the "Bye-laws"), the Directors shall hold office subject to retirement by rotation at the annual general meeting of the Company at least once every three years. In addition, any Director appointed by the Board during a year, whether to fill a casual vacancy or as additional member to the Board, shall hold office only until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the Board) and shall then be eligible for re-election in that meeting. The term of office of each Non-executive Director (including Independent Non-executive Director) is for a period of 1 year from 1 January 2017 to 31 December 2017 subject to retirement by rotation and re-election in accordance with the Bye-laws.

Responsibilities of the Board and Management

The Board, headed by the Chairman, is responsible for providing high-level guidance and effective oversight of the management of the Company, formulation and approval of the Group's development, business strategies, policies, annual budgets and business plans, recommendation of any dividend and supervision of management in accordance with the regulations governing the meetings of the Board and the Bye-laws.

The Chief Executive Officer and the other executive Director are responsible for day-to-day management of the Company's operations. The executive Directors conduct regular meetings with the management of the Company and its subsidiaries (collectively the "Group"), at which operational issues and financial performance are evaluated.

The Company considers that internal control system and risk management function are essential and that the Board plays an important role in implementing and monitoring internal financial control and risk management.

Matters specifically decided by the Board and those reserved for the management, such as daily management, administration and operation of the Company, etc., are reviewed by the Board on a periodic basis. The management shall report back to the Board.

The procedures to enable Directors to seek independent professional advice in appropriate circumstances at the Company's expenses, was established.

The Bye-laws state the responsibilities and operational procedures of the Board. The Board meets at least 4 times a year at regular intervals to consider operational reports and financial results of the Company and policies.

During the year 2016, the Board held 4 regular Board meetings (within the meanings of the Code) at approximately quarterly intervals and any board meetings convened when necessary. Due notice and Board papers were given to all Directors prior to each meeting in accordance with the Code and the Bye-laws. An annual general meeting was also held during the year. Details of individual attendance of Directors in respect of regular board meetings and annual general meeting are set out below:

	No. of meeting(s) attended	
	Regular Board Meeting	**Annual General Meeting**
Executive Directors		
Tang Yui Man Francis *(Chairman)*	4	1
Xiang Ya Bo *(Chief Executive Officer)*	4	1
Chen Wei	4	1
Non-executive Directors		
Ou Yaping	4	1
Ou Jin Yi Hugo	4	1
Law Sze Lai	4	1
Independent Non-executive Directors		
Tian Jin	4	1
Xiang Bing	4	1
Xin Luo Lin	3	0

Directors' Induction and Continuous Professional Development

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

The Directors are regularly briefed on the amendments to or updates on the relevant laws, rules and regulations. In addition, the Company has been encouraging the Directors and management to enrol in a wide range of professional development courses and seminars relating to the Listing Rules, companies ordinance/act and corporate governance practices organised by professional bodies, independent auditors and/or chambers in Hong Kong so that they can continuously update and further improve their relevant knowledge and skills.

From time to time, Directors are provided with written materials to develop and refresh their professional skills; the Company also organises and arranges seminars on the latest development of applicable laws, rules and regulations for the Directors to assist them in discharging their duties. During the year, the Company organised for the Directors and management an in-house workshop on the new disclosure of financial information under the Listing Rules and Companies Ordinance of Hong Kong and environmental, social and governance reporting.

According to the records maintained by the Company, the Directors received the following training with an emphasis on the roles, functions and duties of a director of a listed company in compliance with the Code on continuous professional development during the year:

	Corporate Governance/Updates on laws, rules and regulations	
	Read materials	Attend briefings/ in-house workshop
Executive Directors		
Tang Yui Man Francis *(Chairman)*	✓	✓
Xiang Ya Bo *(Chief Executive Officer)*	✓	✓
Chen Wei	✓	✓
Non-executive Directors		
Ou Yaping	✓	✓
Ou Jin Yi Hugo	✓	✓
Law Sze Lai	✓	✓
Independent Non-executive Directors		
Tian Jin	✓	✓
Xiang Bing	✓	✓
Xin Luo Lin	✓	✓

Chairman and Chief Executive Officer

The role of the Chairman, Mr. Tang Yui Man Francis, remains separate from that of the Chief Executive Officer, Mr. Xiang Ya Bo. Such division of responsibilities allows a balance of power between the Board and the management of the Group, and ensures the independence and accountability of each other.

The Chairman provides leadership for the Board and oversees the Board so that it acts in the best interests of the Group. The Chairman is responsible for deciding the agenda of each Board meeting, taking into account matters proposed by other Directors. The Chairman has overall responsibility for providing leadership, vision and direction regarding business development. During the year, the Chairman had met the Non-Executive Directors and Independent Non-Executive Directors without the presence of Executive Directors.

The Chief Executive Officer, assisted by other Executive Director, is responsible for the day-to-day business management and operations of the Group for formulating and successfully implementing policies and for maintaining an effective executive support team. The Chief Executive Officer is accountable to the Board for keeping the Chairman and all Directors fully informed of all major business developments and issues.

Responsibilities of Directors

In the course of discharging their duties, the Directors act in good faith, with due diligence and care, and in the best interests of the Company and its shareholders. Their responsibilities include:

— attending regular Board meetings and focusing on business development and strategy, operational issues and financial performance;

— review, approve and monitor of all material policies, including risk management, internal control, dividend policy and other significant financial and operational matters;

— active participation on the respective board of directors of the subsidiaries and associated companies of the Company;

— approval of annual budgets and business plan for each operating company covering strategy, financial and business performance, key risks and opportunities;

— monitoring the quality, timeliness, relevance and reliability of internal and external reporting;

— monitoring and managing potential conflicts of interest of senior management, Board and shareholders of the Company;

— considering misuse of corporate assets and abuse of related party transactions; and

— ensuing processes in place to maintain the overall integrity of the Company, including financial statements, relationships with suppliers, customers and other stakeholders, and compliance with all laws and ethics.

To enable the Directors to fulfill their obligations, an appropriate organizational structure is in place with clearly defined responsibilities and limits of authority.

Corporate Governance functions

The Board is responsible for performing the following corporate governance duties as required under the Code:

— to develop and review the Company's policies and practices on corporate governance;

— to review and monitor the training and continuous professional development of Directors and senior management;

— to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

- to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors; and
- to review the Company's compliance with the Code and disclosure in the Corporate Governance Report.

During the year, the Board considered the following corporate governance matters:

- review of the policies and practices adopted by the Company, training for Directors and senior management and code of conduct and compliance manual etc.;
- review of the usage of annual caps on continuing connected transactions of the Group;
- review of the compliance with the Code and disclosure of the corporate governance report; and
- review of the effectiveness of the risk management and internal controls systems of the Company with the assistance of the Audit Committee.

Board Committees

A number of committees of the Board, including the Audit Committee, Nomination Committee and Remuneration Committee, have been set up by the Company, with specific terms of reference relating to authority and duties, to strengthen the Board's functions and enhance its expertise.

Remuneration Committee

As at the date of this annual report, the Remuneration Committee comprises one Executive Director, being Mr. Tang Yui Man Francis, and two Independent Non-executive Directors, being Dr. Xiang Bing and Mr. Xin Luo Lin and is chaired by Mr. Xin Luo Lin.

The terms of reference of the Remuneration Committee have complied with the Code which are posted on the website of the Company at www.sinolinkhk.com.

The Remuneration Committee's responsibilities include the reviewing, considering and making recommendation to the Board on (i) the Company's remuneration policy for Directors and senior management, (ii) remuneration packages for individual Executive Directors and senior management including benefits in kind, pension rights and compensation payments (under code provision B.1.2(c)(ii)), and (iii) remuneration of Non-executive Directors etc.

During the year 2016, the Remuneration Committee:

- reviewed the remuneration policy for 2016/2017;
- reviewed the remuneration of Mr. Ou Jin Yi Hugo, the new Non-Executive Director;
- reviewed the remuneration of the Executive Directors, Non-executive Directors and the Independent Non-executive Directors and management year-end bonus;
- reviewed and approved the services agreement of Executive Directors; and
- made recommendation to the Board on the above matters.

The Remuneration Committee held 2 meetings during 2016 with individual attendance as follows:

Members of Remuneration Committee	No. of meeting(s) attended
Xin Luo Lin *(Chairman of the Remuneration Committee)*	2
Tang Yui Man Francis	2
Xiang Bing	2

The Group recognises the importance of high caliber and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. Other benefits, such as medical and retirement benefits, are also provided. In addition, share options may be granted to eligible employees of the Group (including Directors) in accordance with the terms of the approved share option scheme adopted by the Group.

The remuneration of the members of the senior management (including all executive Directors) by band for the year ended 31 December 2016 is set out below:

Remuneration bands (HK$)	Number of person(s)
1,000,001 to 2,000,000	1
6,000,001 to 7,000,000	1
7,000,001 to 8,000,000	1

Further particulars regarding Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in note 10 to the consolidated financial statements.

Audit Committee

As at the date of this Annual Report, the Audit Committee comprises three Independent Non-executive Directors, namely Mr. Tian Jin, Dr. Xiang Bing and Mr. Xin Luo Lin and is chaired by Mr. Xin Luo Lin.

The Audit Committee reports directly to the Board and reviews financial statements and internal controls in order to protect the interests of the Company's shareholders.

The Audit Committee meets regularly with the Company's external auditor, at least twice a year, to discuss accounting issues, and reviews effectiveness of internal controls and risk evaluation. Written terms of reference, which describe the authority and duties of the Audit Committee are regularly reviewed and updated by the Board. The terms of reference of the Audit Committee have complied with the Code which are posted on the website of the Company at www.sinolinkhk.com.

During the year 2016, the Audit Committee:

— reviewed the financial statements for the year ended 31 December 2015 and for the six months ended 30 June 2016;

— reviewed the effectiveness of the risk management and internal control systems;

— reviewed the internal and external auditor's findings;

— reviewed the continuing connected transactions and annual cap;

— reviewed and approved remuneration of auditor for financial year of 2015 and recommended the re-appointment of external auditor; and

— reviewed the implementation of policy for employees of the Group to raise concerns about possible improprieties in financial reporting, internal control or other matters, and the whistleblowing policy.

As at 31 December 2016, the arrangement for employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters was in place. No reporting has been received by the Audit Committee during the year.

The Audit Committee held 3 meetings during the year 2016 with individual attendance as follows:

Members of Audit Committee	**No. of meeting(s) attended**
Xin Luo Lin *(Chairman of the Audit Committee)*	3
Tian Jin	3
Xiang Bing	3

Nomination Committee

As at the date of this annual report, a Nomination Committee comprises one executive Director, being Mr. Tang Yui Man Francis and three independent non-executive Directors, being Mr. Tian Jin, Dr. Xiang Bing and Mr. Xin Luo Lin and is chaired by Mr. Tian Jin.

The terms of reference of the Nomination Committee have complied with the Code which are posted on the website of the Company at www.sinolinkhk.com.

The Nomination Committee's responsibilities include the reviewing and recommending the structure, size and composition of the Board and recommending any change thereon; assessing the independence of independent non-executive directors and recommending the re-election of Directors, etc.

During the year 2016, the Nomination Committee:

— reviewed and nominated the appointment of Mr. Ou Jin Yu Hugo as a Non-Executive Director;

— reviewed the structure, size and composition (including the skills, knowledge, diversity and experience) of the Board;

— reviewed the board diversity policy;

— assessed the independence of independent non-executive directors; and

— reviewed and made recommendations to the Board on re-election of retiring directors at the 2017 annual general meeting.

The Nomination Committee held 2 meetings during the year 2016 with individual attendance as follows:

Members of Nomination Committee	**No. of meeting(s) attended**
Tian Jin *(Chairman of the Nomination Committee)*	2
Tang Yui Man Francis	2
Xiang Bing	2
Xin Luo Lin	2

In January 2016, Mr. Ou Jin Yi Hugo was appointed as Non-executive Director, the Nomination Committee assessed such candidate on criteria such as integrity, independent mindedness, experience, skill and ability to commit time and effort to carry out their duties and responsibilities effectively, etc., and made recommendation to the Board for approval.

The Nomination Committee nominated and the Board recommended Mr. Xiang Ya Bo, Mr. Law Sze Lai and Mr. Xin Luo Lin, being Directors longest in office since their last re-election, to retire by rotation, being eligible, will offer themselves for re-election by shareholders of the Company at the forthcoming 2017 annual general meeting.

BOARD DIVERSITY POLICY

The Company has formulated the board diversity policy in August 2013 aiming at setting out the approach on diversity of the Board of the Company.

The Board recognizes the importance of having a diverse Board in enhancing the board effectiveness and corporate governance. A diverse Board will include and make good use of differences in the skills, industry knowledge and experience, education, background and other qualities, etc. of Directors and does not discriminate on the ground of race, age, gender or religious belief. These differences will be taken into account in determining the optimum composition of the Board and when possible should be balanced appropriately.

The Nomination Committee has responsibility for identifying and nominating for approval by the Board, candidates for appointment to the Board. It takes responsibility in assessing the appropriate mix of experience, expertise, skills and diversity required on the Board and assessing the extent to which the required skills are represented on the Board and reviewing effectiveness of the Board.

The Nomination Committee is also responsible for reviewing and reporting to the Board in relation to Board diversity.

Board appointments will be based on merit and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

The Board considers that Board diversity, including gender diversity, is a vital asset to the business.

At present, the Nomination Committee has not set any measurable objectives to implement the board diversity policy. However, it will consider and review the board diversity policy and setting of any measurable objectives from time to time.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer set out in Appendix 10 to the Listing Rules (the "Model Code") as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that in respect of the year ended 31 December 2016, all Directors have complied with the required standard set out in the Model Code.

The Company also has written guidelines regarding securities transactions on terms no less exacting than the required standard set out in the Model Code for management and any individuals who may have access to inside information in relation to the securities of the Company.

EXTERNAL AUDITOR

The external auditor of the Company is Messrs. Deloitte Touche Tohmatsu ("Deloitte"). Deloitte provided professional services in respect of the audit of Company's consolidated financial statements prepared under Hong Kong Financial Reporting Standards ("HKFRSs") for the year ended 31 December 2016. Deloitte also reviewed the 2016 unaudited interim financial report of the Company prepared under HKFRSs.

Fees charged by Deloitte in respect of audit services for the year 2016 amounted to HK$1,980,000. Non-audit services fees charged by Deloitte are as follows:

	Fee *HK$'000*
Description of services performed	
Review of the interim financial report of the Company for the six months ended 30 June 2016	470

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility to ensure the Company maintains a sound and effective risk management and internal control systems and to review their effectiveness on an ongoing basis. The Group's risk management and internal control systems are designed to safeguard assets against misappropriation and unauthorized disposition and to manage operational risks. Review of the Group's internal controls covers major financial, operational and compliance controls, as well as risk management functions. The controls built into the risk management and internal control systems are designed to manage, not eliminate, the risks of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group's risk management framework includes the following elements:

- identify significant risks in the Group's operation environment and evaluate the impacts of those risks on the Group's business;

- develop necessary measures to manage those risks;

- monitor and review the effectiveness of such measures.

The implementation of risk management framework of the Group was assisted by the Group's internal audit team, representatives from major departments of the Company, and by engaging independent professional adviser, as a whole, to perform internal audit function. During the year ended 31 December 2016, Vision & Co. CPA Limited was engaged to conduct independent review of certain internal control system and no significant deficiency was found during the review. On this basis, the Group could ensure new and emerging risks relevant to the Group's operation are promptly identified by management, assess the adequacy of action plans to manage these risks and monitor and evaluate the effectiveness of the action plans. These are on-going processes and the Audit Committee and the Board review at least annually the Group's risk management and internal control systems.

Audit committee reported to the Board the implementation of the Group's risk management and internal control policies which, among other things, included the determination of risk factors, evaluation of risk level and internal control, the Group could take and effectiveness of risk management and internal control measures. Based on the reports from the Group's internal audit team, representatives from major departments of the Company and independent professional adviser, and the Audit Committee, the Board considers the Group's risk management and internal control systems are adequate and effective and the Group has complied with the provisions on risk management and internal controls as set out in the Code.

During the year, the Audit Committee and the Board have conducted a review of the effectiveness of the risk management and internal control systems of the Group. The review covered all material controls, including financial, operational and compliance controls and risk management system and consideration of adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions. Based on the results of the review, the systems were satisfactory with no major irregularities reported and the Group would take steps to further enhance the effectiveness of the risk management and internal control systems.

Handling and dissemination of inside information

For the purpose of handling and disseminating inside information, the Group has taken various procedures and measures, including arousing the awareness to preserve confidentiality of inside information within the Group, sending blackout period and securities dealing restrictions notification to all directors and the relevant employees regularly, disseminating information to specified persons on a need-to-know basis and regarding closely to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission in June 2012.

GOING CONCERN

The Directors, having made appropriate enquiries, consider that the Company has adequate resources to continue its operational existence for a foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

COMPANY SECRETARY

The Company has engaged and appointed a representative from an external secretarial services provider as the company secretary of the Company. The primary contact person of the Company with the company secretary is Mr. Tang Yui Man Francis, the Chairman and Executive Director of the Company. The company secretary of the Company has duly complied with the relevant training requirement under Rule 3.29 of the Listing Rules.

CONSTITUTIONAL DOCUMENTS

There was no change in the memorandum of association and bye-laws of the Company during the year.

A copy of memorandum of association and bye-laws of the Company is posted on the website of the Company at www.sinolinkhk.com.

SHAREHOLDER RIGHTS AND INVESTOR RELATIONS

(a) Procedures for requisitioning a special general meeting

Shareholder(s) of the Company ("Shareholder(s)") holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right to vote at general meetings of the Company may, by written requisition to the Board or the company secretary of the Company signed and deposited in accordance with the bye-laws of the Company and Bermuda Companies Act 1981, requires the Directors to call a special general meeting for the transaction of business specified in the requisition.

(b) Procedures for putting forward proposals at general meetings

Shareholder(s) holding not less than one-twentieth of the paid-up capital of the Company carrying the right to vote at general meetings of the Company or not less than 100 Shareholders may, at their expense, provide a written request to the attention of the company secretary of the Company signed and deposited in accordance with the Bermuda Companies Act 1981.

(c) Communication with shareholders and investors

Shareholders are provided with detailed information about the Company set out in the interim/annual report and/or the circular so that they can exercise their rights in an informed manner.

The Company uses a range of communication tools, such as the annual general meeting, the annual report, interim report, various notices, announcements and circulars, to ensure the Shareholders are kept well informed of key business imperatives. Procedures for conducting a poll are explained by the chairman of the meeting at the general meetings of the Company.

General meetings of the Company provide a direct forum of communication between Shareholders and the Board. Shareholders are welcome to put forward enquiries to the Board or the management thereat and the Chairman of the Board, or in his absence, an Executive Director of the Company, as well as chairmen of the Nomination Committee, Remuneration Committee and Audit Committee, or in their absence, other members of the respective committees, and where applicable, the Independent Board Committee, will commonly be present and available to answer questions and Shareholders may also contact the company secretary of the Company to direct their written enquires.

At the 2016 Annual General Meeting, a resolution was proposed by the Chairman in respect of each separate issue itemized in the notice, including re-election of retiring Directors. The Chairman of the Board and certain members of all committees or their respective duly appointed delegates and representatives of Deloitte participated the 2016 Annual General Meeting and answered questions from shareholders. No other general meeting was held during the year.

The Company is committed to enhancing communications and relationships with its investors. Designated management maintains an open dialogue with institutional investors and analysts to keep them abreast of the Company's developments.

The Company also maintains a website at www.sinolinkhk.com, where updates on the Company's business developments and operations, financial information and news can always be found.

Shareholders may at any time send their enquiries and concerns to the Board in writing through the company secretary of the Company whose contact details are as follows:

28/F, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong
Fax: (852) 2851 0970
Email: group@sinolinkhk.com

In addition, procedure for Shareholders to propose a person for election as a director of the Company is available on the Company's website at www.sinolinkhk.com.

The above procedures are subject to the bye-laws of the Company and applicable laws and regulations.

DIRECTORS' AND AUDITOR'S RESPONSIBILITY IN PREPARING AND REPORTING THE FINANCIAL STATEMENTS

The Directors acknowledge that it is their responsibility to prepare the financial statements which give a true and fair view of the state of affairs of the Group and of the loss and cash flows of the Group for the year. The statement of the Auditor regarding their reporting responsibility for the financial statements is set out in the Independent Auditor's Report on pages 39 to 44.

Deloitte. 德勤

TO THE MEMBERS OF SINOLINK WORLDWIDE HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Sinolink Worldwide Holdings Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 45 to 118, which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of profit or loss, 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 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (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 ("HKSAs") issued by HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, 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 MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of loan receivable from associates and amounts due from associates	
We identified the valuation of loan receivable from associates and amounts due from associates to be a key audit matter due to the judgment associated with determining the recoverability of the loan receivable from associates and the amounts due from associates. As discussed in notes 4, 17 and 19 to the consolidated financial statements, the carrying amounts of amounts due from associates and loan receivable from associates were HK$154,706,000 and HK$1,238,390,000 (net of accumulated impairment loss of HK$2,391,258,000) respectively. As further disclosed in notes 17 and 19, the Group's major associate is principally engaged in property development and property investment in Shanghai. The Group has a loan receivable which represents a shareholder's loan advanced to the Group's associate for financing the associate's property development and property investment project in Shanghai. In determining whether an impairment for loan receivable from associates and amounts due from associates is required, the management determines the recoverability with reference to the expected repayment timing and amounts by the associate, which are in turn dependent on the development status of the associate's property development and property investment project and the expected market price and the future rental income of the properties, where appropriate. During the year, the associate renewed its banking facility and the revised terms of the facility placed certain limitations on the timing of repayments that the associate can make to the Group. In addition, further delays were experienced on the property development and property investment project. As such, the Group has revised its estimates as to when the amounts due from associates and loan receivable from associates can be received. An impairment loss of HK$533,737,000 (including impairment of interest income) was recognised during the year ended 31 December 2016.	Our procedures in relation to the valuation of loan receivable from associates and amounts due from associates included: • Understanding the rationale of the management in assessing the recoverability of the receivables and procedures for making impairments to write down the loan receivable to its recoverable amount; • Discussing with the management of the associate and performing site visit to evaluate the development status of the property development and property investment project; • Reviewing the detailed budget report and cash flow forecast of the property development and property investment project and comparing the budgeted revenue to expected market prices and future rental income from the properties; • Assessing the appropriateness of the expected market prices and future rental income used by management with reference to market prices achieved in the same projects or by comparable properties, including an evaluation of the appropriateness of the comparable properties used by management of the Group based on our knowledge of the Group's business and real estate industry in the People's Republic of China; and • Evaluating the cash flow projection prepared by the management of the Group in respect of the expected repayments by the associate, including assessing the reasonableness of the assumptions applied, including the timing of the repayments and the discount rate applied to the forecast.

KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of property, plant and equipment related to hotel operation	
We identified the valuation of property, plant and equipment related to hotel operation to be a key audit matter due to the judgment associated with determining the recoverable amount. As disclosed in notes 4 and 14 to the consolidated financial statements, the carrying amount of the Group's property, plant and equipment related to hotel operation as at 31 December 2016 amounted to HK$170,510,000, and impairment losses in respect of these assets recognised for the year then ended amounted to HK$73,152,000. During the second half of the year ended 31 December 2015, the Group commenced its self-constructed hotel operation in Shenzhen. The actual results from operation were worse than the management's expectation in particular with regard to occupancy rate. Together with the increasing trend of staff costs, the results for the years ended 31 December 2015 and 2016 were lower than management's expectation and resulted in an impairment indication in respect of the hotel buildings and hotel improvements. A review of the recoverable amount of the hotel buildings and the related building improvement was therefore carried out on the basis of a valuation carried out by an independent professional valuer (the "Valuer"). The value in use assessment to support the estimated carrying amounts of the property, plant and equipment related to hotel operation involves the application of subjective judgement about future business performances. Certain assumptions made by the management in the impairment assessment are considered to be key areas of judgement, including the occupancy rates, growth rates, market rents and the discount rates applied.	Our procedures in relation to the valuation of property, plant and equipment related to hotel operation included: • Assessing the competence, capabilities and objectivity of the independent external valuer, and checking the qualifications of the Valuer; • Discussing the scope of work of the Valuer with management and reviewing the terms of engagement to determine that there were no matters that affected the Valuer's objectivity or imposed scope limitations upon the Valuer; • Obtaining an understanding from the Valuer about the methodologies used and the key inputs, such as discount rates, occupancy rates, growth rates and market rents, adopted in the valuation model and assessing the appropriateness of these methodologies and inputs based on our knowledge of the hotel operation of the Group; • Comparing these inputs to market data and entity-specific historical information to confirm the appropriateness of using these inputs in the valuation models; • Engaging our valuation specialists to assess the appropriateness of the discount rate used; • Evaluating the historical accuracy of the financial budget by comparing the historical budget to actual results; and • Assessing whether the disclosures related to the impairment in the consolidated financial statements are sufficient and appropriate.

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.

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 HKSAs 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.

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

As part of an audit in accordance with HKSAs, we exercise professional judgment 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.

- 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.

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.

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

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 Lui Chi Wang, Robert Andrew.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
16 March 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2016

	NOTES	2016 HK$'000	2015 HK$'000
Turnover	5	**331,867**	335,956
Cost of sales		**(180,617)**	(191,435)
Gross profit		**151,250**	144,521
Other income	6	**214,480**	231,432
Selling expenses		**(2,748)**	(10,006)
Administrative expenses		**(107,705)**	(151,991)
Other expenses	7	**(8,987)**	(7,700)
Increase in fair value of investment properties	16	**107,351**	42,774
Fair value loss on financial assets at fair value through profit or loss and derivative financial instruments		**(23,923)**	(104,455)
Impairment loss on loan receivable from associates	19	**(230,000)**	(127,472)
Impairment loss on property, plant and equipment	14	**(73,152)**	(71,617)
Share of results of associates		**(164,371)**	(276,933)
Finance costs	8	**(5,067)**	(11,571)
Loss before taxation	9	**(142,872)**	(343,018)
Taxation	11	**(72,963)**	(48,241)
Loss for the year		**(215,835)**	(391,259)
Attributable to:			
Owners of the Company		**(245,527)**	(409,456)
Non-controlling interests		**29,692**	18,197
		(215,835)	(391,259)
		HK cents	*HK cents*
Loss per share	13		
Basic		**(6.93)**	(11.56)
Diluted		**(6.93)**	(11.56)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 HK$'000	2015 HK$'000
Loss for the year	**(215,835)**	(391,259)
Other comprehensive (expense) income		
Items that will not be reclassified to profit or loss:		
Exchange differences arising on translation	**(455,593)**	(442,150)
Share of translation reserve of associates	**29,097**	44,659
Other comprehensive expense for the year	**(426,496)**	(397,491)
Total comprehensive expense for the year	**(642,331)**	(788,750)
Total comprehensive expense attributable to:		
Owners of the Company	**(604,053)**	(736,426)
Non-controlling interests	**(38,278)**	(52,324)
	(642,331)	(788,750)

AT 31 DECEMBER 2016

	NOTES	2016 *HK$'000*	2015 *HK$'000*
Non-current assets			
Property, plant and equipment	14	**306,161**	466,283
Prepaid lease payments	15	**59,574**	64,908
Investment properties	16	**2,470,127**	2,528,361
Amounts due from associates	17	**154,706**	138,871
Interests in associates	17	**–**	–
Loan receivable from associates	19	**1,238,390**	1,603,664
Available-for-sale investments	18	**155,978**	155,974
Other receivables	11	**158,399**	122,649
Loan receivables	22	**50,000**	–
Long-term bank deposits	24	**59,220**	–
		4,652,555	5,080,710
Current assets			
Stock of properties	20	**820,682**	851,991
Trade and other receivables, deposits and prepayments	21	**31,629**	64,759
Loan receivables	22	**26,336**	–
Prepaid lease payments	15	**1,201**	1,282
Financial assets at fair value through profit or loss	23	**420,788**	389,655
Derivative financial instruments	23	**3,138**	–
Short-term bank deposits	24	**531,256**	530,465
Structured deposits	25	**1,078,212**	–
Pledged bank deposits	24	**586**	624
Cash and cash equivalents	24	**1,385,627**	2,745,617
		4,299,455	4,584,393
Current liabilities			
Trade payables, deposits received and accrued charges	26	**515,940**	543,874
Derivative financial instruments	23	**9,256**	–
Taxation payable		**673,639**	698,813
Borrowings – due within one year	27	**33,575**	35,859
		1,232,410	1,278,546
Net current assets		**3,067,045**	3,305,847
Total assets less current liabilities		**7,719,600**	8,386,557
Non-current liabilities			
Borrowings – due after one year	27	**56,732**	96,450
Deferred taxation	28	**353,045**	354,736
		409,777	451,186
		7,309,823	7,935,371

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2016

	NOTE	**2016** ***HK$'000***	2015 *HK$'000*
Capital and reserves			
Share capital	29	**354,111**	354,111
Reserves		**5,946,540**	6,533,810
Equity attributable to owners of the Company		**6,300,651**	6,887,921
Non-controlling interests		**1,009,172**	1,047,450
		7,309,823	7,935,371

The consolidated financial statements on pages 45 to 118 were approved and authorised for issue by the Board of Directors on 16 March 2017 and are signed on its behalf by:

Tang Yui Man Francis
CHAIRMAN

Xiang Ya Bo
CHIEF EXECUTIVE OFFICER

	Attributable to owners of the Company									
	Share capital HK$'000	Share premium HK$'000	Translation reserve HK$'000	Share option reserve HK$'000	General reserves HK$'000 (note a)	Contributed surplus HK$'000 (note b)	Retained earnings HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2015	354,111	1,824,979	893,278	–	175,457	367,782	3,943,112	7,558,719	1,099,774	8,658,493
(Loss) profit for the year	–	–	–	–	–	–	(409,456)	(409,456)	18,197	(391,259)
Other comprehensive expense for the year	–	–	(326,970)	–	–	–	–	(326,970)	(70,521)	(397,491)
Total comprehensive expense for the year	–	–	(326,970)	–	–	–	(409,456)	(736,426)	(52,324)	(788,750)
Recognition of equity-settled share based payments	–	–	–	65,628	–	–	–	65,628	–	65,628
Transfers	–	–	–	–	7,040	–	(7,040)	–	–	–
At 31 December 2015	354,111	1,824,979	566,308	65,628	182,497	367,782	3,526,616	6,887,921	1,047,450	7,935,371
(Loss) profit for the year	–	–	–	–	–	–	(245,527)	(245,527)	29,692	(215,835)
Other comprehensive expense for the year	–	–	(358,526)	–	–	–	–	(358,526)	(67,970)	(426,496)
Total comprehensive expense for the year	–	–	(358,526)	–	–	–	(245,527)	(604,053)	(38,278)	(642,331)
Recognition of equity-settled share based payments	–	–	–	16,783	–	–	–	16,783	–	16,783
Share option lapsed	–	–	–	(1,817)	–	–	1,817	–	–	–
Transfers	–	–	–	–	211	–	(211)	–	–	–
At 31 December 2016	354,111	1,824,979	207,782	80,594	182,708	367,782	3,282,695	6,300,651	1,009,172	7,309,823

Notes:

a. General reserves represent the enterprise expansion fund and general reserve fund set aside by certain subsidiaries in accordance with the relevant laws and regulations of the People's Republic of China (the "PRC"), which are not available for distribution.

b. Contributed surplus of the Group represents the difference between the nominal value of the shares of the acquired subsidiaries and the nominal value of the Company's shares issued for the acquisition at the time of the group reorganisation prior to the listing of the Company's shares in 1998.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	NOTE	2016 HK$'000	2015 HK$'000
OPERATING ACTIVITIES			
Loss before taxation		**(142,872)**	(343,018)
Adjustments for:			
Share of results of associates		**164,371**	276,933
Depreciation of property, plant and equipment		**75,184**	74,266
Release of prepaid lease payments		**1,254**	1,335
Interest income		**(97,096)**	(120,031)
Interest expenses		**5,067**	11,571
Dividend income		**(4,542)**	(11,677)
Increase in fair value of investment properties		**(107,351)**	(42,774)
Impairment loss on loan receivable		**230,000**	127,472
Impairment loss on property, plant and equipment		**73,152**	71,617
Share-based payment expense		**16,783**	65,628
Gain on disposal of property, plant and equipment		**(290)**	(1,085)
Impairment loss on available-for-sale investments		**8,619**	–
Operating cash flows before movements in working capital		**222,279**	110,237
Increase in stock of properties		**(23,970)**	(77,106)
Decrease (increase) in trade and other receivables, deposits and prepayments		**23,907**	(11,671)
Decrease (increase) in investments held for trading		**38,485**	(170,715)
Increase in financial assets at FVTPL		**(69,618)**	–
Increase in derivative financial instruments		**6,118**	–
Decrease in trade payables, deposits received and accrued charges		**(789)**	(9,809)
Cash generated from (used in) operations		**196,412**	(159,064)
Taxation paid		**(30,452)**	(111,301)
Purchase of tax reserve certificates	11	**(35,750)**	(26,000)
NET CASH FROM (USED IN) OPERATING ACTIVITIES		**130,210**	(296,365)

	2016	2015
	HK$'000	*HK$'000*
INVESTING ACTIVITIES		
Interest received	**98,495**	118,999
Dividend received	**4,542**	11,677
Placement of long-term bank deposits	**(61,846)**	–
Placement of short-term bank deposits	**(2,170,532)**	(530,465)
Withdrawal of short-term bank deposits	**2,128,391**	–
Placement of structured deposits	**(1,585,821)**	–
Withdrawal of structured deposits	**458,727**	–
Proceeds from disposal of property, plant and equipment	**312**	1,484
Loan advances to independent third parties	**(80,433)**	–
Repayment of loan advances from independent third parties	**2,929**	–
Purchase of property, plant and equipment	**(11,224)**	(42,564)
Development cost paid for investment properties	**–**	(10,427)
Advances to associates	**(15,863)**	(20,937)
Purchase of available-for-sale investments	**(9,859)**	(17,883)
Refund on investment in entrusted loans receivable	**–**	39,793
NET CASH USED IN INVESTING ACTIVITIES	**(1,242,182)**	(450,323)
FINANCING ACTIVITIES		
Repayment of borrowings	**(35,064)**	(100,198)
Interest paid	**(5,067)**	(11,571)
NET CASH USED IN FINANCING ACTIVITIES	**(40,131)**	(111,769)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(1,152,103)**	(858,457)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**2,745,617**	3,856,012
Effect of foreign exchange rate changes	**(207,887)**	(251,938)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**1,385,627**	2,745,617

1. GENERAL

Sinolink Worldwide Holdings Limited ("the Company") is a public limited company incorporated in Bermuda as an exempted company and its shares listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The consolidated financial statements are presented in Hong Kong dollars ("HK$") while the functional currency of the Company is Renminbi ("RMB"). The reason for selecting HK$ as its presentation currency is that the Company is a public company with its shares listed on the Stock Exchange.

The principal activities of the Group are property development, property management and property investment.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations
Amendments to HKAS 1	Disclosure initiative
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants
Amendments to HKFRSs	Annual improvements to HKFRSs 2012 – 2014 cycle

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

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

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

HKFRS 9	Financial instruments[1]
HKFRS 15	Revenue from contracts with customers and the related amendments[1]
HKFRS 16	Leases[2]
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[3]
Amendments to HKAS 7	Disclosure initiative[4]
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses[4]

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 2017

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.

All recognised financial assets that are within the scope of HKFRS 9 are 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 of the financial asset 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 FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting 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.

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. 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.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

HKFRS 9 Financial instruments (Continued)

Based on the Group's financial instruments and risk management policies as at 31 December 2016, application of HKFRS 9 in the future may have a material impact on the classification and measurement of the Group's financial assets. The Group's unlisted shares in Hong Kong and the People's Republic of China (the "PRC") that are currently classified as available-for-sale investments at cost will have to be measured at fair value upon through profit or loss upon the adoption of HKFRS 9. In addition, the expected credit loss model may results in early provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised assets.

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. When HKFRS 15 becomes effective, HKFRS 15 will supersede HKAS 18 "Revenue", HKAS 11 "Construction contracts" and the related Interpretations.

HKFRS 15 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(s)
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract(s)
- Step 5: Recognise revenue when the entity satisfies a performance obligation

With regard to step 5, an entity should recognise revenue when a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Specifically, HKFRS 15 requires entities to recognise revenue over time when certain conditions are met. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

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 of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, the directors of the Company do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out 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. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the assets 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. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. 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".

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

The principal accounting policies are set out below.

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

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.

Where necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All inter-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 "Impairment of assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of HKAS 39, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over that associate.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

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

Sales of properties

Revenue from the sale 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 meeting the above criteria for revenue recognition are included in the consolidated statement of financial position under current liabilities.

Rental income

The Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy below.

Service income

Service income including project management fee income, property management services and other services is recognised when services are provided.

Hotel operation income from room rentals, food and beverage sale and other ancillary service is recognised when services are provided.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and 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.

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment

Property, plant and equipment including leasehold land (classified as finance leases) and buildings held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction as described below) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties include land held for undetermined future use, which is regarded as held for capital appreciation purpose.

Investment properties are measured initially at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair values. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

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

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 its disposals. 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 asset) is included in the profit or loss in the period in which the property is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing

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

The Group as lessor

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.

The Group as lessee

Operating lease payments, including the cost of acquiring land held under operating lease, are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease 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 lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Stock of properties

Stock of properties includes properties under development for sale and properties held for sale.

The carrying value of properties under development comprises the land cost together with development expenditure, which includes construction costs, capitalised interest and ancillary borrowing costs. The stock of properties are stated at the lower of cost and net realisable value.

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

Impairment losses on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the 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 individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where 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 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. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so 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 (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

Financial assets and financial liabilities are recognised in a consolidated statement of financial position 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 and financial liabilities at fair value through profit or loss ("FVTPL")) 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 FVTPL are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into one of the three categories, including financial assets at FVTPL, loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees 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 debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis.

Financial assets at FVTPL

Financial assets at FVTPL are mainly those classified as financial assets held for trading or it is designated as FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or

- it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at FVTPL (Continued)

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in the "fair value loss on financial assets at fair value through profit or loss and derivative financial instruments" line item in the consolidated statement of profit or loss. Fair value is determined in the manner described in note 31.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including loan receivables from associates and independent third parties, trade and other receivables, amounts due from associates, long-term and short-term bank deposits, pledged bank deposits, structured deposits and cash and cash equivalents) are measured at amortised cost using the effective interest method, less any impairment losses (see accounting policy on impairment of financial assets below).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or are not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments. The Group designated debt securities (e.g. club debentures) as available-for-sale financial assets on initial recognition of those items.

Debt securities held by the Group that are classified as available-for-sale financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of available-for-sale monetary financial assets relating to interest income calculated using the effective interest method are recognised in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment of financial assets below).

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of impairment loss on financial assets below).

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 where 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.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or

- breach of contract, such as default or delinquency in interest and principal payments; or

- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

For financial assets carried at amortised cost, the amount of the impairment loss recognised in profit or loss 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.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods (see the accounting policy below).

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other 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 or other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent 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.

In respect of AFS equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash 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 liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities at amortised cost

Financial liabilities, other than derivative financial instruments, including borrowings, and trade payables and accrued charges are subsequently measured at amortised cost using the effective interest method.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the 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.

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, except for exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation, in which case, such exchange differences are recognised in other comprehensive income and accumulated in equity and will be reclassified from equity to profit or loss on disposal of the foreign operation. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before taxation" as reported in the consolidated statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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 the 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.

Retirement benefits costs

Payments to state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

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. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make 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 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.

Deferred taxation on investment properties

For the purposes of measuring deferred taxation liabilities arising from investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. The investment properties held by the Group's associates are also 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 deferred taxation on investment properties, the directors of the Company have determined that the presumption set out in HKAS 12 "Income Taxes" that investment properties measured using the fair value model are recovered through sale is rebutted. Thus, the Group has recognised deferred tax liabilities on the fair value change of the Group's investment properties based on the enterprise income tax ("Enterprise Income Tax") in the PRC.

4. 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.

Loan and receivables

Loan and receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using effective interest method. Appropriate impairment for estimated irrecoverable amounts are recognised in profit and loss when there is objective evidence that the asset is impaired.

The Group has a loan receivable (see note 19) which represents a shareholder's loan advanced to the Group's associate for financing a property development and property investment project in Shanghai and amounts due from associates (see note 17) represent receivables from associates which are mainly arisen from provision of project management services by the Group. The recoverability of these amounts is dependent on the cashflow to be generated from the property development and property investment project. Where the actual future cash flows are less than expected, an impairment loss may arise.

In determining whether an impairment for loan receivable and amounts due from associates is required, the management has taken into account the development status of the property development and property investment project and the expected market price and the future rental income of the properties, where appropriate, in order to determine the recoverability of the loan receivable and the amounts due from associates. As at 31 December 2016, the carrying amount of loan receivable with accumulated interest receivables (net of accumulated impairment loss of HK$2,391,258,000 (2015: HK$1,857,521,000)) and amounts due from associates are HK$1,238,390,000 (2015: HK$1,603,664,000) and HK$154,706,000 (2015: HK$138,871,000) respectively. Included the impaired interest income, an impairment loss of HK$533,737,000 (2015: HK$431,209,000) was recognised during the year ended 31 December 2016.

Investment properties

Investment properties are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have based on a method of valuation which involves certain estimates of market conditions such as market evidence of transaction prices for similar properties in the same locations and conditions or, when appropriate, by considering the capitalised income to be derived from the existing tenancies and the reversionary potential of the properties. In relying on the valuation report, the directors of the Company have exercised their judgment and are satisfied that the assumptions used in the valuation are reflective of the current market conditions and the current condition of the properties. Changes to these assumptions would result in changes in the fair values of the Group's and the associates' investment properties and the corresponding adjustments to the amount of fair value gain or loss of the Group's investment properties and share of results of associates reported in the consolidated statement of profit or loss. As at 31 December 2016, the carrying amount of investment properties is HK$2,470,127,000 (2015: HK$2,528,361,000). The carrying amount of investment properties held by an associate is HK$4,972,067,000 (2015: HK$4,878,282,000).

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

Key sources of estimation uncertainty (Continued)

Land appreciation tax ("LAT")

The PRC LAT is levied on the appreciation of land value, being the proceeds from the sales of properties less deductible expenditure including the amortisation of land costs, borrowing costs and all property development expenditure.

The subsidiaries engaging in property development business in the PRC are subject to LAT, which have been included in the tax expenses. However, the implementation of these taxes varies amongst various PRC cities and the Group has not finalised its LAT returns with various tax authorities. Accordingly, significant judgement is required in determining the amount of land appreciation and its related taxes. The ultimate tax determination is uncertain during the ordinary course of business. The Group recognises these liabilities based on management's best estimates. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact on the tax expense and provisions for LAT in the period in which such determination is made.

Impairment of property, plant and equipment

Assessing impairment of the hotel building and the related leasehold improvements requires an estimation of its recoverable amounts which is the higher of value in use and fair value less costs of disposal. If there is any indication that an asset may be impaired, recoverable amount shall be estimated for individual asset when there are no recent transaction prices for similar properties in similar location. If the Group determines the recoverable amount of the individual asset based on the value in use calculation, the value in use calculation requires the Group to estimate the future cash flows expected to arise from the asset and a suitable discount rate in order to calculate the present value. The discount rate represents rate that reflects current market assessments of time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. Where the actual future cash flows are less than expected or there is a downward revision of future estimated cash flows due to unfavourable changes in facts and circumstances, a material impairment loss may arise. Details of the recoverable amount calculation of the asset are disclosed in note 14.

Fair value measurement and valuation process

The chief financial officer of the Company is responsible to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engaged third party qualified valuers to perform the valuation. The chief financial officer works closely with qualified external valuers to establish the appropriate valuation techniques and inputs to the model. Chief financial officer reports to executive directors semi-annually to explain the cause of fluctuations in the fair value of the assets.

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of financial instruments and investment properties. Notes 31 and 16 provide detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of financial instruments and investment properties, respectively.

5. TURNOVER AND SEGMENT INFORMATION

(A) Turnover

Turnover primarily represents revenue arising from property management income, rental income and other income, after deducting discounts, business tax and other sales related taxes. An analysis of the Group's revenue for the year is as follows:

	2016	2015
	HK$'000	*HK$'000*
Property management income	**119,732**	125,389
Rental income	**163,295**	161,382
Other income	**48,840**	49,185
	331,867	335,956

(B) Segment information

For management purposes, the Group is currently organised into the following operating divisions – property development and sale of properties ("property development"), property management and property investment. These divisions are the basis on which the Group reports to the executive directors of the Company, the Group's chief operating decision makers, for performance assessment and resource allocation.

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

For the year ended 31 December 2016

	Property development	Property management	Property investment	Total for reportable segment	Others	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER						
External sales	–	119,732	163,295	283,027	48,840	331,867
RESULT						
Segment results	(3,910)	16,034	242,153	254,277	(126,122)	128,155
Other income						214,480
Unallocated corporate expenses						(45,363)
Fair value loss on financial assets at FVTPL and derivative financial instruments						(23,923)
Share-based payments						(16,783)
Impairment loss on loan receivable from associates						(230,000)
Share of results of associates						(164,371)
Finance costs						(5,067)
Loss before taxation						(142,872)

5. TURNOVER AND SEGMENT INFORMATION (Continued)

(B) Segment information (Continued)

For the year ended 31 December 2015

	Property development HK$'000	Property management HK$'000	Property investment HK$'000	Total for reportable segment HK$'000	Others HK$'000	Consolidated HK$'000
TURNOVER						
External sales	–	125,389	161,382	286,771	49,185	335,956
RESULT						
Segment results	(2,292)	10,276	175,536	183,520	(130,576)	52,944
Other income						231,432
Unallocated corporate expenses						(41,335)
Fair value loss on on financial assets at FVTPL and derivative financial instruments						(104,455)
Share-based payments						(65,628)
Impairment loss on loan receivable from associates						(127,472)
Share of results of associates						(276,933)
Finance costs						(11,571)
Loss before taxation						(343,018)

Inter-segment sales are charged at prevailing market prices.

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment results represent the profit earned/loss incurred by each segment without allocation of other income, central administration costs, share-based payments, impairment loss on loan receivable from associates, directors' salaries, share of results of associates, change in fair value of financial assets at FVTPL and derivative financial instruments, finance costs and taxation.

No analysis of the Group's assets and liabilities, and other information by reportable segments is disclosed as it is not regularly provided to the executive directors for review.

All the Group's turnover for both years is generated from the PRC (based on where the properties are located) and substantially all the Group's non-current assets other than financial instruments (loan and other receivables, amount due from an associate and available-for-sale investments) are also located in the PRC (place of domicile of the group entities that hold such assets). No individual customer of the Group has contributed sales over 10% of the turnover of the Group for each of the year ended 31 December 2016 or 2015.

6. OTHER INCOME

Other income comprises:

	2016	2015
	HK$'000	*HK$'000*
Dividends from investment held for trading and available-for-sale investments	**4,542**	11,677
Gain on disposal of property, plant and equipment, net	**290**	1,085
Net exchange gain (Note)	**110,385**	97,205
Interest income from bank deposits	**85,826**	114,529
Interest income on listed senior notes classified as investment held for trading	**8,404**	1,951
Interest income on entrusted loans receivable	**–**	3,551
Interest income from financial assets at FVTPL	**2,167**	–
Others	**2,866**	1,434
	214,480	231,432

Note: The net exchange gain mainly arose on the translation of the loan receivable due from RGAP denominated in USD.

7. OTHER EXPENSES

Other expenses comprise:

	2016	2015
	HK$'000	*HK$'000*
Impairment loss on available-for-sale investments	**8,619**	–
Donations	**–**	7,646
Others	**368**	54
	8,987	7,700

8. FINANCE COSTS

	2016 HK$'000	2015 HK$'000
Interest on bank borrowings	**5,067**	11,571

9. LOSS BEFORE TAXATION

	2016 HK$'000	2015 HK$'000
Loss before taxation has been arrived at after charging:		
Auditor's remuneration	**1,980**	1,900
Staff costs including directors' remuneration		
Salaries	**109,841**	115,742
Retirement contributions	**10,080**	10,551
Share-based payments	**16,783**	65,628
	136,704	191,921
Depreciation of property, plant and equipment	**75,184**	74,266
Operating lease rentals in respect of land and buildings	**3,125**	3,118
Release of prepaid lease payments	**1,254**	1,335
and after crediting:		
Rental income from investment properties, net of outgoings that generate rental income of HK$3,528,000 (2015: HK$9,548,000)	**159,767**	151,834
Share of taxation of associates	**(45,907)**	(9,657)

10. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' REMUNERATION

The emoluments paid or payable to each of the 9 (2015: 8) directors of the Company were as follows:

	Year ended 31 December 2016									
	Executive directors			Non-executive directors			Independent non-executive directors			
	Mr. Tang Yui Man Francis	Mr. Xiang Ya Bo	Mr. Chen Wei	Mr. Law Sze Lai	Mr. Ou Yaping	Mr. Ou Jin Yi Hugo	Mr. Xin Luo Lin	Mr. Tian Jin	Dr. Xiang Bing	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* *(Note f)*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Fees (Note a)	–	–	–	–	–	247	250	250	250	997
Other emoluments										
Salaries and other benefits (Note b)	2,398	2,167	1,120	1,463	4,023	–	–	–	–	11,171
Bonuses (Note c)	500	–	–	–	–	–	–	–	–	500
Retirement benefits scheme contributions	18	18	42	29	42	–	–	–	–	149
Share-based payments (Note e)	4,712	4,712	404	–	–	–	269	269	269	10,635
Total emoluments	7,628	6,897	1,566	1,492	4,065	247	519	519	519	23,452

	Year ended 31 December 2015								
	Executive directors			Non-executive directors		Independent non-executive directors			
	Mr. Tang Yui Man Francis	Mr. Xiang Ya Bo	Mr. Chen Wei	Mr. Law Sze Lai	Mr. Ou Yaping	Mr. Xin Luo Lin	Mr. Tian Jin	Dr. Xiang Bing	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Fees (Note a)	–	–	–	–	–	250	250	250	750
Other emoluments									
Salaries and other benefits (Note b)	2,389	2,242	1,120	1,467	4,027	–	–	–	11,245
Bonuses (Note c)	700	700	–	–	–	–	–	–	1,400
Retirement benefits scheme contributions	18	18	42	29	42	–	–	–	149
Share-based payments (Note e)	20,393	20,393	1,748	–	–	1,165	1,165	1,165	46,029
Total emoluments	23,500	23,353	2,910	1,496	4,069	1,415	1,415	1,415	59,573

10. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' REMUNERATION (Continued)

Notes:

a. The director's fee of independent non-executive directors is determined by the board of directors and the remuneration committee of the Company with reference to their duties and responsibilities with the Group, the Group's performance and the prevailing market situation and to be authorised by the shareholders of the Company at the annual general meeting.

b. The emoluments of the directors are covered by their respective service contracts and/or supplemental agreements or letters of appointment entered into with the Group.

c. The annual salary increment and year-end discretionary bonus (if any) of executive directors and non-executive directors are based on the review and recommendation from the remuneration committee of the Company with reference to their duties and responsibilities within the Group, the Group's performance and the prevailing market situation.

d. The executive directors' emoluments (including Mr. Tang Yui Man Francis, Mr. Chen Wei, Mr. Xiang Ya Bo) shown above were mainly for their services in connection with the management of the affairs of the Company and the Group. The directors' emoluments of the non-executive directors (including Mr. Ou Yaping and Mr. Law Sze Lai) were mainly for their services as directors of the Company and certain subsidiaries undertaking. The independent non-executive directors were mainly for their services as directors of the Company.

e. During the year ended 31 December 2015, the Group granted 35,000,000, 35,000,000, 3,000,000 shares options to Mr. Tang Yui Man Francis, Mr. Xiang Ya Bo and Mr. Chen Wei, respectively. Also, the Group granted 2,000,000 share options to each of the independent non-executive directors. The amounts represented the share-based payment expenses recognised in the profit or loss in the current year with reference to the number of share options granted to these directors and their respective fair value at grant date as described further in note 33.

f. Mr. Ou Jin Yi Hugo was appointed as a non-executive director on 5 January 2016.

Of the five individuals with the highest emoluments in the Group, five (2015: four) were directors of the Company whose emoluments are included in the disclosures above. The emoluments of the remaining individual were as follows:

	2016	2015
	HK$'000	*HK$'000*
Salaries and other emoluments benefits	–	658
Retirement benefits scheme contributions	–	54
Share-based payments	–	2,450
	–	3,162

During the year, no remuneration was paid by the Group to the five highest paid individuals or directors of the Group as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived any remunerations for the years ended 31 December 2016 and 2015.

11. TAXATION

	2016	2015
	HK$'000	*HK$'000*
The charge comprises:		
Current tax		
PRC Enterprise Income Tax	**47,959**	32,579
Underprovisions in PRC Enterprise Income Tax in prior years	**3,176**	–
Deferred taxation (note 28)	**21,828**	15,662
	72,963	48,241

No provision for Hong Kong Profits Tax has been made in the financial statements as the amount involved was insignificant for both years.

Taxation for subsidiaries of the Group, which were established and principally operated in the Shenzhen Special Economic Zone, is calculated at the rate of 25% of their assessable profits for the year ended 31 December 2016 (2015: 25%) according to the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law.

Under the EIT Law of the PRC, withholding tax is imposed on the dividend declared to non-PRC tax residents in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. During the year ended 31 December, 2016, withholding tax amounted to HK$9,677,000 was charged by the PRC tax authority which levied on the dividends paid to overseas group entities.

In addition, Land Appreciation Tax (the "LAT") shall be levied at progressive rates ranging from 30% to 60% on the appreciation of land value, represented by the excess of sales proceeds of properties over prescribed direct costs. Prescribed direct costs are defined to include costs of land, development and construction costs, as well as certain costs relating to the property development. According to the State Administration of Taxation's official circulars, LAT shall be payable provisionally upon entering into pre-sales contracts of the properties, followed by final ascertainment of the gain at the completion of the properties development. The Shenzhen local tax bureau was echoed by promulgating Shenfubanhan [2005] No. 93 and Shendishuifa [2005], whereby among others, LAT should be seriously implemented towards contracts signed on or after 1 November 2005. The management of the Group considers that it has complied with the rules of the aforementioned circulars and other official tax circulars in Shenzhen and LAT for the Group has been accrued accordingly.

11. TAXATION (Continued)

The taxation for the year can be reconciled to the loss before taxation per the consolidated statement of profit or loss as follows:

	2016	2015
	HK$'000	*HK$'000*
Loss before taxation	**(142,872)**	(343,018)
Tax at the applicable tax rate of 25% (2015: 25%)	**(35,718)**	(85,755)
Tax effect of expenses not deductible for tax purpose	**3,156**	5,033
Tax effect of income not taxable for tax purpose	**(14,205)**	(11,360)
Tax effect of share of results of associates	**41,093**	69,233
Underprovision in prior years	**3,176**	–
Tax effect on deferred tax liabilities resulting from withholding tax on undistributed profits of subsidiaries	**4,667**	4,969
Tax effect of tax losses not recognised	**20,465**	46,576
Tax effect of deductible temporary differences not recognised	**75,788**	49,772
Utilisation of tax losses previously not recognised	**(25,459)**	(30,227)
Taxation for the year	**72,963**	48,241

Since prior years, Hong Kong Inland Revenue Department ("IRD") queried against a subsidiary of the Group regarding the chargeability of notional interest income received from an associate of the Group in the tax returns for the years of assessment 2005/06 to 2011/12. During the year ended 31 December 2016, the IRD has issued estimated/additional assessments demanding final tax to the subsidiary of the Company for the year of assessment 2009/2010 to 2012/2013 (together with the previous assessments raised by the IRD, the "Assessments"). The Group purchased additional tax certificate of HK$35,750,000 against the Assessments raised in the current year for the year of assessment 2009/2010 to 2012/2013. Up to 31 December 2016, the IRD has issued Assessments for the years of assessment 2006/2007 to 2012/2013 and the Group has purchased tax reserve certificates of approximately HK$134,750,000 (2015: HK$99,000,000) for conditional standover order of objection against the notices of Assessments for the years of assessment 2006/2007 to 2012/2013 and the amount is presented as "other receivables" in the Group's consolidated statement of financial position. During the year, the IRD issued a letter informing the Group would put up the case for Commissioner's determination. And as of the date of report, the statements of facts to be issued by Commissioner are yet to be received. Having taken advices from tax representatives, the directors of the Company are of the view that there were ample grounds to contest the tax positions of the subsidiary of the Group for the relevant years of assessments and hence it is not probable that an outflow of resources will be required to settle this obligation and thus no provision is recognised.

11. TAXATION (Continued)

Also, since prior years, IRD queried against another subsidiary of the Group regarding the offshore income on the transactions between group entities in the tax returns for the year of assessment 2007/2008. Up to 31 December 2016, the Group has purchased tax reserve certificate of approximately HK$23,649,000 (2015: HK$23,649,000) for conditional standover order of objection and the amount is presented as "other receivables" in the Group's consolidated statement of financial position. During the year, the IRD issued a letter informing the Group would put up the case for Commissioner's determination. And as of the date of report, the statements of facts to be issued by Commissioner are yet to be received. Having taken advices from tax representatives, the directors of the Company are of the view that there were ample grounds to contest the tax positions of the subsidiary of the Group for the relevant year of assessment and hence it is not probable that an outflow of resources will be required to settle this obligation and thus no provision is recognised.

12. DIVIDENDS

No dividends were paid, declared or proposed during both years.

The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2016 (2015: nil).

13. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	2016	2015
	HK$'000	*HK$'000*
Loss for the purpose of basic and diluted loss per share, being loss for the year attributable to owners of the Company	**(245,527)**	(409,456)

	Number of shares	
	2016	2015
Number of shares for the purpose of basic and diluted loss per share	**3,541,112,832**	3,541,112,832

The computation of diluted loss per share does not assume the exercise of the Company's share options because the exercise price of those share options was higher than the average market price of shares for both 2016 and 2015.

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK$'000	Hotel buildings HK$'000	Building improvement in hotel HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST						
At 1 January 2015	187,461	273,521	205,093	59,248	16,204	741,527
Currency realignment	(10,819)	(17,290)	(12,385)	(3,261)	(765)	(44,520)
Additions	7,920	6,551	–	22,798	4,798	42,067
Disposals	–	–	–	(168)	(5,280)	(5,448)
At 31 December 2015	184,562	262,782	192,708	78,617	14,957	733,626
Currency realignment	(11,891)	(16,977)	(12,273)	(3,617)	(778)	(45,536)
Additions	8,918	–	–	2,305	1	11,224
Disposals	–	–	–	(174)	(108)	(282)
At 31 December 2016	181,589	245,805	180,435	77,131	14,072	699,032
DEPRECIATION AND IMPAIRMENT						
At 1 January 2015	59,942	5,317	13,673	46,240	11,527	136,699
Currency realignment	(4,034)	(913)	(2,362)	(2,461)	(420)	(10,190)
Provided for the year	13,428	15,284	40,203	4,062	1,289	74,266
Eliminated on disposals	–	–	–	(145)	(4,904)	(5,049)
Impairment losses recognised	–	45,298	26,319	–	–	71,617
At 31 December 2015	69,336	64,986	77,833	47,696	7,492	267,343
Currency realignment	(5,032)	(6,929)	(7,483)	(2,667)	(437)	(22,548)
Provided for the year	12,460	16,408	37,763	6,553	2,000	75,184
Eliminated on disposals	–	–	–	(163)	(97)	(260)
Impairment losses recognised	–	51,373	21,779	–	–	73,152
At 31 December 2016	76,764	125,838	129,892	51,419	8,958	392,871
CARRYING VALUES						
At 31 December 2016	104,825	119,967	50,543	25,712	5,114	306,161
At 31 December 2015	115,226	197,796	114,875	30,921	7,465	466,283

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

The carrying amount of the Group's leasehold land and buildings and hotel buildings comprises properties situated in the PRC.

The above items of property, plant and equipment are depreciated on a straight-line basis after taking into account their estimated residual values, at the following rates per annum:

Leasehold land and buildings	Over the shorter of the lease term and 20 years
Hotel buildings	Over the shorter of the lease term and 20 years
Building improvement in hotel	20%
Furniture, fixtures and equipment	20% to 30%
Motor vehicles	20% to 30%

During the second half of the year ended 31 December 2015, the Group commenced its self-constructed hotel operation, while the actual results was worse than the management's expectation with regard to occupancy rate (i.e. with occupancy rate of less than 10% so far). In the opinion of the directors of the Company, the low occupancy rate of the Group's hotel is resulting from the downturn in hotel industry in the PRC and depreciation in RMB during the year which affected spending pattern of the customers, and, in turn, affected the pricing policy of the Group's hotel. Together with the increasing trend of staff costs, the results for both years was lower than management's expectation and resulted in an impairment indication on the hotel buildings and hotel improvements.

Thus, the Group carried out a review of the recoverable amount of the hotel buildings and the related building improvement. The recoverable amount of the hotel buildings and the related building improvement at 31 December 2016 and 2015 has been arrived at on the basis of a valuation carried out by Messrs. DTZ Cushman & Wakefield Limited ("DTZ"), independent qualified professional valuers not connected with the Group, who are the members of The Hong Kong Institute of Surveyors.

As there has been no recent sales transaction of comparable hotel properties, the recoverable amount of hotel buildings and the related building improvement was determined based on the discounted cash flow approach with a discount rate of 9% (2015: 9%), 5-year net cash flow projection assuming occupancy rate ranging from 15% to 40% (2015: 10% to 50%), and net cash flows beyond the 5-year period until end of the land use term using an annual growth rate of 1%. These assumptions are determined based on expectations for the market development in the PRC and is not expected to exceed the average long-term growth rate for the hotel industry. These cash flow projections represent management's best estimates achievable from operating the hotel itself, and the resulting recoverable amount of the hotel and the related buildings approximates that as determined by the external valuers assuming the hotel is operated by market participants. The fair value measurement of hotel buildings and the related building improvement are categorised as Level 3 fair value hierarchy as at 31 December 2016 and 2015.

Since the recoverable amount determined based on the above is less than the carrying amount, an impairment loss of HK$73,152,000 (2015: HK$71,617,000) is recognised in profit or loss during the year ended 31 December 2016.

15. PREPAID LEASE PAYMENTS

	2016	2015
	HK$'000	*HK$'000*
The Group's prepaid lease payments comprise:		
Leasehold land outside Hong Kong		
Non-current assets	**59,574**	64,908
Current assets	**1,201**	1,282
	60,775	66,190

16. INVESTMENT PROPERTIES

	Total
	HK$'000
FAIR VALUE	
At 1 January 2015	2,633,168
Exchange realignment	(155,656)
Increase in fair value of investment properties	42,774
Additions	8,075
At 31 December 2015	2,528,361
Exchange realignment	(165,585)
Increase in fair value of investment properties	107,351
At 31 December 2016	2,470,127
Unrealised gain on property revaluation included in profit or loss:	
For the year ended 31 December 2016	107,351
For the year ended 31 December 2015	42,774

16. INVESTMENT PROPERTIES (Continued)

The fair values of the completed investment properties at 31 December 2016 and 2015 have been arrived at on the basis of a valuation carried out on those dates by DTZ, independent qualified professional valuers not connected with the Group, and are the members of The Hong Kong Institute of Surveyors.

The fair values of office and retail premises were determined based on the income capitalisation approach, where the market rentals of all lettable units of the properties are assessed and discounted at the market yield expected by investors for this type of properties. The market rentals are assessed based on estimates of future cash flows, supported by the terms of existing lease and the market rentals of the similar properties in the neighbourhood. The capitalisation rate is determined by reference to the yields derived from analysing the sales transactions of similar commercial properties in Shenzhen and adjusted to take into account the market expectation from property investors to reflect factors specific to the Group's investment properties.

The fair value of carparks was determined based on direct comparison approach making reference to comparable market observable transactions of similar locations and conditions as available in the relevant market. There has been no change from the valuation technique used in the prior year.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

At the end of the reporting period, the management of the Group works closely with the independent qualified professional valuer to establish and determine the appropriate valuation techniques and inputs. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the management of the Group.

The fair value of investment properties as disclosed below are determined (in particular, the valuation techniques and input used), as well as the fair value hierarchy in which the fair value measurements are categorised (Levels 1 to 3) of the based on the degree to which significant inputs used in the fair value measurement is observable.

There were no transfers into or out of Level 3 during both years.

16. INVESTMENT PROPERTIES (Continued)

Information about fair value measurements using significant unobservable inputs

The following table shows the valuation techniques used in the determination of fair values for investment properties and unobservable inputs used in the valuation models.

Description	Fair value *HK$'000*	Fair value hierarchy	Valuation techniques	Unobservable inputs	Range of significant inputs	Relationship of inputs to fair value
As at 31 December 2016						
Office and retail premises	1,818,994	Level 3	Income capitalisation approach	(i) Capitalisation rate taking into account the capitalisation of existing contracts rent, market rent and nature of property	5% – 7.5%	(i) The higher the capitalisation rate, the lower the fair value. (ii) The higher the market rent, the higher the fair value.
Car parks	651,133	Level 2	Direct comparison approach	(i) Market price	RMB80,000 to RMB171,000 per lot	The higher the market price, the higher the fair value
	2,470,127					
As at 31 December 2015						
Office and retail premises	1,832,896	Level 3	Income capitalisation approach	(i) Capitalisation rate taking into account the capitalisation of existing contracts rent, market rent and nature of property	5% – 7.5%	(i) The higher the capitalisation rate, the lower the fair value. (ii) The higher the market rent, the higher the fair value.
Car parks	695,465	Level 2	Direct comparison approach	(i) Market price	RMB80,000 to RMB175,000 per lot	The higher the market price, the higher the fair value
	2,528,361					

16. INVESTMENT PROPERTIES (Continued)

Information about fair value measurements using significant unobservable inputs (Continued)

All of the Group's interests in leasehold land held under operating leases in respect of completed properties and buildings to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as completed investment properties.

The investment properties are situated in the PRC.

At 31 December 2016, the Group's investment properties with a carrying value of HK$535,800,000 (2015: HK$519,093,000) were pledged to secure general banking facilities granted to the Group.

17. INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM ASSOCIATES

	2016	2015
	HK$'000	*HK$'000*
Cost of unlisted investment in associates	**4**	4
Share of post-acquisition results and other comprehensive income	**(4)**	(4)
	–	–
Amounts due from associates (note)	**154,706**	138,871

Note: At 31 December 2016 and 2015, amounts due from associates were unsecured, interest-free and repayable on demand. Due to the change in the terms of banking facility granted to RGAP for the property project of RGAP as disclosed in note 19, the directors of the Company do not expect that the repayment will take place within twelve months from the end of the reporting period, and hence the amount is classified as a non-current asset.

17. INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM ASSOCIATES (Continued)

Details of the Group's principal associates as at 31 December 2016 and 2015 are as follows:

Name of associate	Place of incorporation/ establishment and form of business structure	Principal place of operation	Percentage of equity interest attributable to the Group	Principal activities
Interest directly held by the Group				
Rockefeller Group Asia Pacific, Inc. ("RGAP")	The British Virgin Islands ("BVI") – limited liability company	Hong Kong	49%	Investment holding
Subsidiaries of RGAP				
Shanghai Bund de Rockefeller Group Master Development Co., Ltd. ("Shanghai Rockefeller")	PRC – equity interest venture	PRC	44.57%*	Property development and property investment
Shanghai Rockbund Property Management Limited	PRC – limited liability company	PRC	44.57%*	Property management

* The percentage represented the effective interest in these entities by the Group. RGAP has 90.96% interest in Shanghai Rockefeller and Shanghai Rockbund Property Management Limited.

The above table lists the associates of the Company which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other associates would, in the opinion of the directors, result in particulars of excessive length.

17. INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM ASSOCIATES (Continued)

The summarised consolidated financial information in respect of RGAP and its subsidiaries (collectively known as RGAP Group) is set out below:

	2016	2015
	HK$'000	*HK$'000*
Non-current assets	**5,099,132**	5,015,354
Current assets (mainly represented by properties under development for sale)	**1,047,479**	1,110,677
Current liabilities	**(653,562)**	(642,864)
Long-term borrowings	**(1,949,510)**	(1,968,822)
Deferred tax liabilities	**(461,307)**	(396,732)
Amounts due to shareholders – due after one year	**(4,266,937)**	(3,963,200)
Other non-current liabilities	**(65,200)**	(116,061)
Net liabilities	**(1,249,905)**	(961,648)
Deficiency in equity attributable to owners of RGAP	**(1,338,175)**	(1,062,104)
Non-controlling interests of RGAP's subsidiaries	**88,270**	100,456
	(1,249,905)	(961,648)
Revenue	**97,872**	99,923
Fair value gain (loss) in respect of investment properties	**2,878**	(348,180)
Administrative expenses and other income	**(74,428)**	(51,071)
Net exchange loss	**(268,086)**	(246,132)
Tax charge	**(93,689)**	(19,709)
Loss for the year (Note)	**(335,453)**	(565,169)
Other comprehensive income for the year	**47,196**	79,692
Total comprehensive expense for the year	**(288,257)**	(485,477)
Total comprehensive expense for the year attributable to:		
– Owners of RGAP	**(276,071)**	(474,029)
– Non-controlling interests	**(12,186)**	(11,448)
	(288,257)	(485,477)
Group's share of losses of associates for the year	**(164,371)**	(276,933)
Group's share of other comprehensive income of associates for the year	**29,097**	44,659
Total	**(135,274)**	(232,274)

17. INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM ASSOCIATES (Continued)

Note: Based on the agreement between RGAP and non-controlling shareholder of Shanghai Rockefeller, non-controlling shareholder of Shanghai Rockefeller would not share any of the losses incurred by Shanghai Rockefeller. Subsequent profits earned by Shanghai Rockefeller will be used first to recover the losses borne by RGAP, and then be shared by RGAP and non-controlling shareholder of Shanghai Rockefeller based on their profit sharing ratio.

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

	2016	2015
	HK$'000	*HK$'000*
Net liabilities of RGAP Group attributable to owners of RGAP	**(1,338,175)**	(1,062,104)
Proportion of the Group's ownership interest in RGAP Group	**49%**	49%
Carrying amount of the Group's interest in RGAP Group	**–**	–
Cumulative loss in excess of cost of investment in RGAP recognised against loan receivable	**(655,705)**	(520,431)

The main non-current assets of RGAP Group are investment properties in the PRC. The following table shows the valuation techniques and inputs used in the determination of fair values for investment properties of associates as well as fair value hierarchy in which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which significant inputs used in the fair value measurement is observable.

17. INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM ASSOCIATES (Continued)

Description	Fair value *HK$'000*	Fair value hierarchy	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
As at 31 December 2016						
Investment properties under construction	2,716,201	Level 3	Residual approach	Market unit sales rate with an expected profit margin of 7%	Market unit sale rate: RMB100,000 to RMB140,000 per square meter	The higher the market unit sales rate, the higher the fair value.
Completed office and retail premises	2,255,866	Level 3	Income capitalisation approach	(i) Capitalisation rate	5.5% – 7%	The higher the capitalisation rate, the lower the fair value.
				(ii) Market rent	RMB270 – RMB1,200 per month per square meter	The higher the market rent, the higher the fair value.
	4,972,067					
As at 31 December 2015						
Investment properties under construction	2,566,826	Level 3	Residual approach	Market unit sales rate with an expected profit margin of 15%	Market unit sale rate: RMB100,000 to RMB130,000 per square meter	The higher the market unit sales rate, the higher the fair value.
Completed office and retail premises	2,311,456	Level 3	Income capitalisation approach	(i) Capitalisation rate	5.5% – 7%	The higher the capitalisation rate, the lower the fair value.
				(ii) Market rent	RMB260 – RMB1,200 per month per square meter	The higher the market rent, the higher the fair value.
	4,878,282					

The valuations of investment properties under construction were arrived at with adoption of the residual approach on the basis that they will be developed and completed in accordance with the latest development proposals and taking into account the construction costs that will be expended to complete the development to reflect the quality of the completed development, as well as developer's profit margin which reflects the risk associated with the development of properties and the return the developer would require so as to complete the properties.

There has been no change from the valuation technique used in prior year. In estimating the fair value of the properties, management of RGAP has taken the highest and best use of the properties into account.

18. AVAILABLE-FOR-SALE INVESTMENTS

	2016 HK$'000	2015 HK$'000
Available-for-sale investments comprise:		
Unlisted equity securities in HK and the PRC, at cost	**138,632**	142,463
Unlisted equity securities in overseas, at cost	**3,835**	–
Club debentures, at fair value	**13,511**	13,511
Total	**155,978**	155,974

During the year ended 31 December 2016, the Group additionally invested in one (2015: one) entity in Hong Kong and one (2015: two) entity/entities established in the PRC and one (2015: nil) entity established in overseas for an aggregate consideration of HK$16,273,000 (2015: HK$17,883,000) and then classified as available-for-sale investments.

The above unlisted equity investments are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

19. LOAN RECEIVABLE FROM ASSOCIATES

	2016 HK$'000	2015 HK$'000
Shareholder's loan receivable, with the principal amount and interest receivable in aggregate of US$552,949,000 (2015: US$513,757,000) less accumulative impairment loss of HK$2,391,258,000 (2015: HK$1,857,521,000) recognised	**1,894,095**	2,124,095
Less: Share of loss and other comprehensive expenses of associates in excess of cost of investment	**(655,705)**	(520,431)
	1,238,390	1,603,664

The amount represents a shareholder's loan receivable from RGAP for financing a property development and property investment project in Shanghai, which carries a 20% coupon interest rate per annum and forms part of the net investment in RGAP. As the loan receivable was considered as a net investment, the Group has recognised its share of loss of RGAP in excess of the cost of investment against the loan receivable. The amount is carried at amortised cost based on the estimated future cash flows that are expected to be received by the Group as well as the estimated timing of such receipts. The loan receivable including principal and interest is unsecured and has no fixed repayment terms. The directors consider that the loan receivable will not be repayable within one year from the end of the reporting period, it is classified as non-current asset accordingly.

19. LOAN RECEIVABLE FROM ASSOCIATES (Continued)

The directors of the Company assessed the recoverable amount of the loan receivable (including the interest receivable from the loan receivable) taking into consideration the estimated future cash flows and timing of such cash flows discounted at its original effective interest rate.

During the year, the associate renewed its banking facility and the revised terms of the facility placed certain limitations on the timing of repayments that the associate can make to the Group. In addition, further delays were experienced on the property development and property investment project. As such, the Group has revised its estimates as to when the amount due from associates and loan receivable from associates can be received. After netting off with the interest income recognised by the Group of HK$303,737,000 (2015: HK$303,737,000), impairment loss of HK$230,000,000 (2015: HK$127,472,000) is recognised in the profit or loss during the year ended 31 December 2016.

The directors of the company have reviewed the carrying amount of the loan receivable of HK$1,238,390,000 (2015: HK$1,603,664,000) net of accumulated impairment of HK$2,391,258,000 (2015: HK$1,857,521,000) and accumulated share of loss and other comprehensive expenses of associate allocated in excess of cost of investment of HK$655,705,000 (2015: HK$520,431,000) and amounts due from associates of HK$154,706,000 (2015: HK$138,871,000) and considered that these amounts are fully recoverable.

20. STOCK OF PROPERTIES

	2016 ***HK$'000***	2015 *HK$'000*
Properties under development	**820,682**	851,991

As at 31 December 2016, properties under development of HK$820,682,000 (2015: HK$851,991,000) represent the carrying amount of the properties expected to be completed within one year from the end of the reporting period.

21. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2016 HK$'000	2015 HK$'000
Trade receivables	**1,492**	5,282
Interest receivables	**9,848**	11,247
Amounts due from investee companies	**–**	6,414
Receivables from disposal of investment held for trading	**–**	25,235
Other receivables, deposits and prepayments	**20,289**	16,581
	31,629	64,759

The Group allows an average credit period ranging from 0 to 60 days to its customers. The following is an aged analysis of trade receivables presented based on invoice dates at the end of reporting period, which approximated the respective revenue recognition dates.

	2016 HK$'000	2015 HK$'000
Aged:		
0 to 60 days	**1,318**	4,837
61 to 180 days	**154**	362
Over 181 days	**20**	83
	1,492	5,282

Management closely monitors the credit quality of trade receivables and considers the trade and other receivables that are neither past due nor impaired to be of a good credit quality.

Included in the Group's trade receivables are debtors with aggregate carrying amount of HK$174,000 (2015: HK$445,000) which are past due at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

Aging of trade debtors which are past due but not impaired:

	2016 HK$'000	2015 HK$'000
61-180 days	**154**	362
Over 181 days	**20**	83
	174	445

The Group has not provided fully for all receivables aged over 60 days based on the historical experience of the Group that receivables are past due but not impaired are generally recoverable.

22. LOAN RECEIVABLES

	2016	2015
	HK$'000	*HK$'000*
Fixed-rate loan receivables analysed as		
Current (Note a)	**26,336**	–
Non-current (Note b)	**50,000**	–
	76,336	–

Notes:

a. The outstanding loan receivable is due from an independent third party, unsecured, carries an interest rate of 8.2% per annum and repayable by installments up to November 2017.

b. The outstanding loan receivable is due from an independent third party, unsecured, carries an interest rate of 6.0% per annum and repayable in December 2018.

23. FINANCIAL ASSETS AT FVTPL AND DERIVATIVE FINANCIAL INSTRUMENTS

	2016	2015
	HK$'000	*HK$'000*
Financial assets at FVTPL		
Investments held-for-trading, at fair value		
– Equity securities listed in Hong Kong	**66,732**	232,213
– Equity securities listed in the PRC	**100,371**	90,286
– Equity securities listed in the United States of America ("USA")	**21,097**	31,113
– Senior notes listed in Hong Kong	**59,596**	–
– Senior notes listed overseas	**103,374**	36,043
Designated as at FVTPL		
– Coupon Notes linked with listed equity securities	**69,618**	–
	420,788	389,655

The fair value of the above listed equity securities and senior notes were determined based on the quoted market bid prices of the listed securities available on the relevant exchanges.

Derivative financial instruments

As at 31 December 2016, derivative financial instruments comprise gross-settled option contracts linked with equity securities listed in Hong Kong and the USA.

24. LONG TERM BANK DEPOSITS, SHORT TERM BANK DEPOSITS, PLEDGED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

Long-term bank deposits

Long-term bank deposits are deposits with banks with a maturity period of more than twelve months when acquired. Long-term bank deposits will mature after 12 months from the end of the reporting period and are therefore classified as non-current assets as at 31 December 2016. The deposits carry interest at prevailing market rate 3.58% per annum.

Short-term bank deposits/pledged bank deposits/cash and cash equivalents

	2016	2015
	HK$'000	*HK$'000*
Cash and cash equivalents		
Bank balances and cash	**799,039**	2,433,458
Deposits in the brokers' house that can be withdrawn anytime with no penalty	**586,588**	312,159
	1,385,627	2,745,617

Short-term bank deposits are deposits with banks with a maturity period of more than three months when acquired. Short-term bank deposits will mature within 12 months from the end of the reporting period and are therefore classified as current assets as at 31 December 2016. The deposits carry interest at prevailing market rate ranging from 2.55% to 3.50% (2015: 3.30% to 3.50%) per annum.

The Group's pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group.

Bank balances and pledged bank deposits carry interest at prevailing market rates which range from 0.00% to 2.90% (2015: 0.00% to 3.70%) per annum at 31 December 2016.

Deposits in the brokers' house are for securities trading purpose. The deposits are interest-free, have no maturity date and there is no restriction on withdrawal of the deposits.

At the end of the reporting period, the Group has the following pledged bank deposits, long-term and short-term bank deposits and cash and cash equivalents denominated in foreign currencies of the relevant group entities:

	2016	2015
	HK$'000	*HK$'000*
United States dollars ("USD")	**86,510**	4,480
HK$	**43,344**	5,199
RMB	**17,951**	152,197

25. STRUCTURED DEPOSITS

The Group entered into deposit placement with banks in the PRC. The bank guaranteed 100% of the invested principal amount and returns of which are determined by reference to the change in certain exchange rates or interest rates quoted in the market or the performance of financial indicator as specified in the relevant deposits placement.

Major terms of the structured deposits at the end of the reporting period are as follows:

At 31 December 2016

Principal amount	**Maturity**	**Annual interest rate**	**Notes**
RMB50,000,000	June 2017	from 1.5% to 3.8%	(i)
RMB915,000,000	January 2017 to December 2017	from 0.3% to 3.4%	(ii)

Notes:

(i) The annual interest rate is dependent on whether the spot rate for conversion of Australian dollar for US$ as prevailing in the international foreign exchange market falls within ranges as specified in the relevant deposits placement during the year from inception date to maturity date of the relevant deposits placement.

(ii) The annual interest rate is dependent on whether 3 month London Inter Bank Offered Rate for deposits in US$ falls within ranges as specified in the relevant deposits placement during the year from inception date to maturity date of the relevant deposits placement.

26. TRADE PAYABLES, DEPOSITS RECEIVED AND ACCRUED CHARGES

	2016 ***HK$'000***	2015 *HK$'000*
Trade payables	**45,001**	47,717
Other payables for construction work	**245,451**	268,223
Deposits and receipts in advance for rental and management fee	**115,384**	109,087
Payroll payables	**17,538**	18,795
Other tax payables	**21,157**	19,666
Salaries payables and staff welfare payables	**33,441**	35,708
Other payables and accrued charges	**37,968**	44,678
	515,940	543,874

26. TRADE PAYABLES, DEPOSITS RECEIVED AND ACCRUED CHARGES (Continued)

The following is an aged analysis of trade payables, based on the invoice date, at the end of the reporting period:

	2016 HK$'000	2015 HK$'000
Aged:		
0 to 90 days	**10,412**	9,469
91 to 180 days	**3,409**	7,639
181 to 360 days	**2,404**	3,248
Over 360 days	**28,776**	27,361
	45,001	47,717

As at year end, the Group has outstanding payables in relation to acquisition and/or construction of property, plant and equipment, investment properties and stock of properties amounting to HK$86,950,000 (2015: HK$92,086,000), HK$34,895,000 (2015: HK$35,592,000) and HK$123,606,000 (2015: HK$140,545,000) respectively which are included in other payables for construction works respectively.

27. BORROWINGS

	2016 HK$'000	2015 HK$'000
Bank borrowings – secured	**922**	1,044
Bank borrowings – unsecured	**89,385**	131,265
	90,307	132,309
Carrying amount repayable:		
Within one year	**33,575**	35,859
More than one year but not exceeding two years	**33,631**	35,859
More than two years but not exceeding five years	**22,849**	60,143
More than five years	**252**	448
	90,307	132,309
Less: Amount classified as current liabilities	**(33,575)**	(35,859)
Amount due after one year and classified as non-current liabilities	**56,732**	96,450

27. BORROWINGS (Continued)

At 31 December 2016, the bank borrowings carried interest at benchmark interest rate as stipulated by the People's Bank of China plus or minus a certain percentage. The interest rates as at the end of the reporting period for these loans range from 4.41% to 5.90% (2015: 4.41% to 5.90%) per annum.

The unsecured bank borrowings are corporate guaranteed by Shenzhen Mangrove West Coast Property Development Co., Ltd. ("SMWC"), one of the subsidiaries of the Group.

28. DEFERRED TAXATION

	Revaluation on investment properties *HK$'000*	Undistributed profits of subsidiaries *HK$'000*	Total *HK$'000*
At 1 January 2015	321,354	39,303	360,657
Currency realignment	(19,211)	(2,372)	(21,583)
Charge to consolidated statement of profit or loss	10,693	4,969	15,662
At 31 December 2015	312,836	41,900	354,736
Currency realignment	(21,063)	(2,456)	(23,519)
Charge (credited) to consolidated statement of profit or loss	26,838	(5,010)	21,828
At 31 December 2016	318,611	34,434	353,045

At the end of the reporting period, the Group has estimated unused tax losses of HK$152,984,000 (2015: HK$172,960,000) available to offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams and such tax losses may be carried forward indefinitely.

At the end of the reporting period, the Group has deductible temporary differences of HK$502,241,000 (2015: HK$199,089,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

28. DEFERRED TAXATION (Continued)

Deferred taxation on undistributed profits of subsidiaries has been recognised taking into account the dividends to be distributed from profits earned by the subsidiaries in the PRC starting from 1 January 2008 under the New Law of the PRC that requires withholding tax with tax rate ranging from 5% to 10% upon the distribution of such profits to the shareholders. Deferred taxation has not been recognised in respect of certain undistributable retained profits earned by the subsidiaries in the PRC starting from 1 January 2008 amounting to HK$2,044,577,000 (2015: HK$2,142,923,000) as the directors are of the opinion that the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

29. SHARE CAPITAL

	Number of shares	Amount
		HK$'000
Shares of HK$0.10 each		
Authorised:		
At 1 January 2015, 31 December 2015 and 31 December 2016	6,000,000,000	600,000
Issued and fully paid:		
At 1 January 2015, 31 December 2015 and 31 December 2016	3,541,112,832	354,111

There was no movement in the Company's share capital for both years.

30. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debts, which include the borrowings disclosed in note 27, and equity attributable to owners of the Company, comprising issued share capital, reserves including retained earnings.

The directors of the Company review the capital structure on a semi-annual basis. As part of this review, the directors consider the cost of capital and the risks associates with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

31. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2016	2015
	HK$'000	*HK$'000*
Financial assets		
Financial assets at FVTPL	**420,788**	389,655
Derivative financial instruments	**3,138**	–
Loan and receivables (including cash and cash equivalents)	**4,545,550**	5,080,635
Available-for-sale financial assets	**155,978**	155,974
Financial liabilities		
Amortised cost	**562,406**	643,909
Derivative financial instruments	**9,256**	–

Financial risk management objectives and policies

The Group's major financial instruments include available-for-sale investments, loan receivables from associates and independent third parties, trade and other receivables, amounts due from associates, financial assets at FVTPL, long-term and short-term bank deposits, structured deposits, pledged bank deposits, bank balances and cash, borrowings, trade payables and accrued charges and derivative financial instruments. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

Currency risk refers to the risk that movement in foreign currency exchange rate which will affect the Group's financial results and its cash flows. The management considers the Group is not exposed to significant foreign currency risk as majority of its transactions are denominated in RMB (the functional currency of the Group's major subsidiaries). There were certain bank balances are denominated in foreign currencies other than the functional currency of the relevant group entities, which expose the Group to foreign currency risk.

Since the exchange rate of HK$ is pegged with USD, the Group does not expect any significant movements in USD/HK$ exchange rates. Therefore, the following sensitivity analysis does not include the effect between USD and HK$. The Group's sensitivity is based on 5% increase and decrease in the functional currency of the respective group entity against relevant foreign currencies and all other variables were held constant. 5% is the sensitivity rate used by management in the assessment of the reasonably possible change in foreign exchange rates.

31. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Currency risk (Continued)

At the end of the reporting period, the Group has the following financial assets denominated in foreign currencies of the relevant group entities:

	2016	2015
	HK$'000	*HK$'000*
Cash and cash equivalents denominated in:		
USD against RMB functional currency	**2,932**	4,480
HK$ against RMB functional currency	**43,344**	5,199
RMB against HK$ functional currency	**17,951**	152,197
Loan receivable denominated in USD against RMB functional currency	**1,238,390**	1,603,664
Amount due from associates denominated in USD against RMB functional currency	**154,706**	138,871
Other receivables denominated in HK$ against RMB functional currency	**2,538**	2,287
Available-for-sale investments denominated:		
JPY against RMB functional currency	**3,835**	–
HK$ against RMB functional currency	**12,500**	12,500

If foreign currency had weakened/strengthened 5% against the respective functional currencies and all other variables were held constant, the Group's loss after taxation for the year ended 31 December 2016 would increase/decrease by HK$55,357,000 (2015: loss after taxation would increase/decrease by HK$71,970,000). This is mainly attributable to the Group's exposure to foreign currency exchange rate on the bank balances and loan receivables form associates.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate loan receivable from an associate and independent third parties and the investment in senior notes listed overseas and cash flow interest rate risk in relation to long-term and short-term bank deposits, structured deposits, bank balances and pledged bank deposits at prevailing market rates and variable-rate bank borrowings. The Group currently does not have any policy on cash flow hedges of interest rate risk. However, the management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

31. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Interest rate risk (Continued)

Sensitivity analysis

The management considers that the Group's exposure to cash flow interest rate risk on variable-rate bank balances and pledged bank deposits as a result of the change of market interest rate is insignificant due to its short-term maturity and thus no sensitivity analysis is prepared for interest rate risk.

The sensitivity analyses below have been determined based on the exposure to cash flow interest rate risk for financial instruments at the end of the reporting period. For variable-rate financial instruments, the analysis is prepared assuming the stipulated changes took place at the beginning of the financial year with other variables held constant throughout the reporting period. A 50 basis points increase or decrease is used which represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's loss after taxation for the year ended 31 December 2016 would decrease/increase by HK$3,705,000 (2015: loss after taxation would increase/decrease by HK$496,000). This is mainly attributable to the Group's exposure to interest rates on variable-rate structured deposits and bank borrowings in the PRC.

No sensitivity analysis is provided on the investment in senior notes listed overseas as the management of the Company considers that the interest rate fluctuation on the investment in senior notes listed overseas is minimal and the impact from the exposure to interest rate risk sensitivity is considered insignificant.

Other price risk

The Group is exposed to equity price risk through its investments held for trading, financial assets at FVTPL and derivative financial instruments. The Group has concentration risk on its investments held for trading which were mainly investments in the construction and insurance sector and has equity price risk on equity instruments quoted in the Stock Exchange, New York Stock Exchange, Shenzhen Stock Exchange and Shanghai Stock Exchange. The Group has a team to monitor the price risk and will consider hedging the risk exposure should the need arise.

The sensitivity analyses below have been determined based on the exposure to equity price risks.

If the prices of the respective equity instruments and listed notes had been 10% higher/lower, loss after taxation for the year ended 31 December 2016 decrease/increase by HK$35,136,000 (2015: loss after taxation would decrease/increase HK$32,536,000) as a result of the changes in fair value of investments held for trading and financial assets at FVTPL.

No sensitivity analysis is provided on the derivative financial instruments as the management of the Company considers that the price fluctuation on derivative financial instruments is minimal and the impact from the exposure to interest rate risk sensitivity is considered insignificant.

31. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk

As at 31 December 2016, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees issued by the Group arising from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position; and

- the amount of contingent liabilities disclosed in note 35.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade and other receivables, loan receivables from independent third parties at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In respect of loan receivables from associates and amounts due from associates, the management has regularly reviewed the development status of the property development and property investment project of the associates and the expected market price and the rental income of the properties. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because majority of the counterparties are banks with good reputation.

Other than concentration of credit risk on loan receivable from associates and amounts due from associates, the Group does not have any other significant concentration of credit risk.

31. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and bank balances (including pledged bank deposits, structured deposits, short-term bank deposits and cash and cash equivalents) which is expected adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The Group relies on borrowings as a source of liquidity.

The following table details the Group's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average interest rate	**On demand or less than 1 month**	**1 month to 1 year**	**1 to 5 years**	**Over 5 years**	**Total undiscounted cash flows**	**Carrying amount at 31.12.2016**
	%	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
2016							
Trade payables and accrued charges	**–**	**192,059**	**280,040**	**–**	**–**	**472,099**	**472,099**
Financial guarantees (Note)	**–**	**20,415**	**–**	**–**	**–**	**20,415**	**–**
Borrowings	**4.43**	**3,131**	**34,441**	**60,085**	**317**	**97,974**	**90,307**
		215,605	**314,481**	**60,085**	**317**	**590,488**	**562,406**
Derivative – net settlement – Derivative financial instruments	**–**	**416**	**8,840**	**–**	**–**	**9,256**	**9,256**

	Weighted average interest rate	On demand or less than 1 month	1 month to 1 year	1 to 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount at 31.12.2015
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2015							
Trade payables and accrued charges	–	205,129	306,471	–	–	511,600	511,600
Financial guarantees (Note)	–	43,064	–	–	–	43,064	–
Borrowings	4.42	3,963	43,597	112,184	681	160,425	132,309
		252,156	350,068	112,184	681	715,089	643,909

31. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Note: The amounts included above for financial guarantee contracts were the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if the mortgage loans are defaulted by the counter parties. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under that arrangement. However, this estimate is subject to change depending on the probability of the counter parties would default on the relevant loans under the guarantee which is a function of the likelihood that the financial receivables held by banks which are guaranteed suffer credit losses. Details refer to note 35.

Fair value measurements of financial instruments

This note provides information about how the Group determines fair values of various financial assets.

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Financial assets	Fair value as at 31.12.2016	31.12.2015	Fair value hierarchy	Valuation technique(s) and key input(s)
Investment in listed equity securities held for trading	**HK$188,200,000**	HK$353,612,000	Level 1	Quoted bid prices in an active market
Investment senior notes listed overseas	**HK$162,970,000**	HK$36,043,000	Level 2	Recent transaction prices
Financial assets at fair value through profit or loss	**HK$69,618,000**	–	Level 3	Quoted prices from financial institutions
Derivative financial instruments	**Assets: HK$3,318,000** **Liabilities: HK$9,256,000**	–	Level 3	Quoted prices from financial institutions

There were no transfers between Level 1 and 2 during both years.

The varying coupon payment of the structured deposits is regarded as a derivative embedded in the host contract but the fair value of the embedded derivative has not been separately disclosed in the consolidated statement of financial position as the directors consider that either such derivative is closely related to the host contract or its value is insignificant at initial recognition and the end of the reporting period.

31. FINANCIAL INSTRUMENTS (Continued)

Fair value measurements of financial instruments (Continued)

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The management of the Group estimates the fair value of its financial assets and financial liabilities measured at amortised cost using the discounted cash flows analysis.

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate their fair values.

32. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with its associates during the year.

Name of related party	Nature of transaction	2016 HK$'000	2015 HK$'000
Shanghai Rockefeller	Project management fee income	**26,195**	26,195

The key management personnel are the directors and the five highest paid individuals of the Company. The details of the remuneration paid to them are set out in note 10.

33. SHARE OPTIONS

The Company's share option scheme was adopted pursuant to the resolutions passed on 24 May 2002 (the "2002 Share Option Scheme") for providing incentives to directors and eligible employees. The 2002 Share Option Scheme expired on 23 May 2012. Under the 2002 Share Option Scheme, the board of directors of the Company may grant options to eligible employees, including executive directors of the Company, any of its subsidiaries, to subscribe for shares in the Company.

A share option scheme was adopted by shareholders of the Company on 17 May 2012 (the "2012 Share Option Scheme"), under which the board of directors may, at its discretion, offer any employee (including any executive director) of the Company or its subsidiaries options to subscribe for shares in the Company subject to the terms and conditions stipulated therein. The 2012 Share Option Scheme has a life of 10 years.

On 15 May 2015, the Group granted 79,000,000 share options to the directors of the Company and 40,000,000 share options to the employees of the Group with the exercise period from 15 May 2015 to 15 May 2025.

33. SHARE OPTIONS (Continued)

The table below discloses movement of the Company's share options held by the directors and the employees:

	Number of share options
At 1 January 2015	–
Granted during the year	119,000,000
At 31 December 2015	119,000,000
Lapsed during the year	(3,000,000)
At 31 December 2016	116,000,000
Exercisable at the end of the reporting period	59,500,000

In relation to the options granted to directors of the Company during the period, 50% of the options will vest six months after the grant date and remaining 50% of the options will vest twelve months after the grant date. In relation to the options granted to employees during the period, 50% of the options will vest 6 months after the grant date, 25% of the options will vest twelve months after the grant date and remaining 25% of the options will vest eighteen months after the grant date. The share option is exercisable from the completion of vesting period to 14 May 2025 with exercise price of HK$1.37.

The fair value of each tranche of the share options granted to the directors of the Company determined at the date of grant using the Binomial model was approximately HK$28,303,000 and HK$28,361,000, respectively. The fair value of each tranche of share options granted to the employees determined at the date of grant using the Binomial model were approximately HK$12,807,000, HK$6,475,000 and HK$6,589,000, respectively.

The following assumptions were used to calculate the fair values of share options:

	15 May 2015
Grant date share price	HK$1.37
Exercise price	HK$1.37
Expected life	10 years
Expected volatility (note a)	47.63%
Risk-free rate (note b)	1.723%
Dividend yield (note c)	0%

33. SHARE OPTIONS (Continued)

Notes:

(a) Expected volatility is estimated by reference to the historical daily share price volatility of the Company over a historical period of 10 years.

(b) Risk-free rate is determined by reference to the yield of 10-year Hong Kong government bonds.

(c) Dividend yield is estimated by reference to the historical dividend yield of the Company.

During the year ended 31 December 2016, total share-based payments of HK$16,783,000 (2015: HK$65,628,000) has been recognised in the profit or loss and recorded in administrative expense. The corresponding amount of HK$16,783,000 (2015: HK$65,628,000) has been credited to share option reserve.

34. RETIREMENT BENEFITS SCHEMES

The Group's subsidiaries operating in the PRC have participated in defined contribution retirement schemes organised by the relevant local government authorities in the PRC. All PRC employees are entitled to an annual pension equal to a fixed portion of their basic salaries at their retirement dates. The Group is required to make specific contributions to the retirement schemes at a rate of 7 to 25 percent of basic salary of its PRC employees and have no further obligation for post-retirement benefits beyond the annual contributions made.

The Group has joined a Mandatory Provident Fund ("MPF") Scheme for all its non-PRC employees. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. The retirement benefits scheme contributions arising from the MPF Scheme charged to the consolidated statement of profit or loss represent contributions payable to the funds by the Group at rates specified in the rules of the scheme.

During the year ended 31 December 2016, the Group made contributions to the retirement benefits schemes amounting to HK$10,080,000 (2015: HK$10,551,000).

35. CONTINGENT LIABILITIES

	2016	2015
	HK$'000	*HK$'000*
Guarantees given to banks for the mortgage loans arranged for the purchasers of the Group's properties	**20,415**	43,064

No financial liabilities were recorded as, in the opinion of the directors, the fair values of the financial guarantee contracts at initial recognition and at the end of reporting period were not significant during both years and it is not probable that the counter parties would default on the relevant loans.

36. COMMITMENTS

	2016 HK$'000	2015 HK$'000
Commitments in respect of properties under development for sale:		
– contracted for but not provided in the consolidated financial statements	**44,354**	65,325

37. OPERATING LEASE COMMITMENTS

The Group as lessor

At the end of the reporting period, the Group had contracted with tenants for future minimum lease receipts in respect of land and buildings under non-cancellable operating leases which fall due as follows:

	2016 HK$'000	2015 HK$'000
Within one year	**108,066**	119,835
In the second to fifth year inclusive	**146,071**	155,002
Over five years	**1,597**	1,223
	255,734	276,060

The properties held have committed tenants for periods up to ten years after the end of the reporting period.

The Group as lessee

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

	2016 HK$'000	2015 HK$'000
Within one year	**2,235**	6,611
In the second to fifth years inclusive	**177**	1,645
	2,412	8,256

Operating lease payments represent rental payable by the Group for certain of its office properties.

Leases are negotiated for terms ranging from one to two years.

38. PLEDGE OF ASSETS

At 31 December 2016, bank deposits of HK$586,000 (2015: HK$624,000) and investment properties with an aggregate carrying amount of HK$535,800,000 (2015: HK$519,093,000) were pledged to banks to secure general banking facilities granted to the Group.

39. MAJOR NON-CASH TRANSACTION

During the year ended 31 December 2016, the Group has converted the amount due from investee companies of HK$6,414,000 to share capital of the investee, which is classified as available-for-sale investments.

40. LIST OF SUBSIDIARIES

Details of the Company's subsidiaries at 31 December 2016 and 2015 are as follows:

Name of subsidiary	Place of incorporation/ establishment	Issued and fully paid up share capital/registered capital	Attributable proportion of nominal value of issued/registered capital held by the Company		Principal activities
			Directly	Indirectly	
Cnhooray Internet Technology Co., Ltd. ("Cnhooray Internet") 深圳日訊網絡科技股份有限公司	PRC – Sino-foreign equity joint venture	RMB40,000,000	–	80%	Consultancy services in relation to information, multimedia and communication technologies
Ease Win International Limited	BVI	US$1	100%	–	Investment holding
Firstline Investment Limited	BVI	US$1	–	100%	Investment holding
Global Mark Investments Limited	BVI	US$1	–	100%	Investment holding
Hu Qin Investments Management Limited	BVI	US$100	–	60%	Investment holding
Knatwood Limited	BVI	US$1	–	100%	Investment holding
Link Capital Investments Limited	BVI	US$50,000	–	100%	Investment holding
Mei Long Investments Limited	Hong Kong	HK$1	–	100%	Investment holding
Moreluck Enterprises Limited	BVI	US$1	100%	–	Investment holding
Ocean Diamond Limited	BVI	US$50,000	–	100%	Investment holding
Real Achieve Limited	BVI	US$1	100%	–	Investment holding

40. LIST OF SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment	Issued and fully paid up share capital/registered capital	Attributable proportion of nominal value of issued/registered capital held by the Company Directly	Indirectly	Principal activities
Shanghai Sinolink Xijiao Property Development Co., Ltd. ("Shanghai Sinolink Xijiao") 上海百仕達西郊地產發展有限公司	PRC – Limited liability company	RMB190,000,000	–	80%	Property development
上海百仕達蘇河灣地產發展有限公司 ("百仕達蘇河灣")	PRC – Limited liability company	RMB5,000,000	–	80%	Property development
深圳市百仕達置地有限公司 ("百仕達置地")	PRC – Limited liability company	RMB10,000,000	–	80%	Property development
Shenzhen Mangrove West Coast Property Development Co., Ltd. ("SMWC") 深圳紅樹西岸地產發展有限公司	PRC – Sino-foreign equity joint venture	RMB200,000,000	–	87%	Property development
深圳百仕達商業管理有限公司 ("百仕達商業")	PRC – Limited liability company	RMB1,000,000	–	80%	Property management
深圳百仕達酒店管理有限公司 ("百仕達酒店管理")	PRC – Limited liability company	RMB1,000,000	–	80%	Property management
Shenzhen Sinolink Property Management Co., Ltd. ("Sinolink Management") 深圳百仕達物業管理有限公司	PRC – Limited liability company	RMB5,000,000	–	80%	Property management
Sino Elegance Investment Holdings Limited 源品投資控股有限公司	Hong Kong	HK$1	–	100%	Investment holding
Sino Support Holdings Limited 漢承控股有限公司	BVI	USD3,000	100%	–	Investment holding
Sinolink Assets Management Limited	BVI	US$2	100%	–	Investment holding
Sinolink LPG Development Limited	BVI	US$1	–	100%	Investment holding

40. LIST OF SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment	Issued and fully paid up share capital/registered capital	Attributable proportion of nominal value of issued/registered capital held by the Company Directly	Indirectly	Principal activities
Sinolink Petrochemical Investment Limited	BVI	US$1	–	100%	Investment holding
Sinolink Progressive Limited	BVI	US$47,207	100%	–	Investment holding
Sinolink Properties Agent Limited 百仕達物業代理有限公司	Hong Kong	HK$10,000	–	100%	Dormant
Sinolink Properties Limited ("Sinolink Properties") 百仕達地產有限公司	PRC – Foreign equity joint venture	RMB375,000,000	–	80%	Property development and property investment
Sinolink Shanghai Investments Ltd.	BVI	US$1	100%	–	Investment holding
Sinolink Worldwide (HK) Company Limited 香港百仕達有限公司	Hong Kong	HK$10,000,000	–	100%	Investment holding
Smart Orient Investments Limited	BVI	US$1	100%	–	Investment holding
Timeway Holdings Limited	Hong Kong	HK$10,000	100%	–	Investment holding
Winner Idea Limited	BVI	US$1	100%	–	Investment holding
眾聯融資租賃(上海)有限公司*	PRC – Limited liability company	RMB300,000,000	100%	–	Financial leasing
眾安國際融資租賃(天津)有限公司*	PRC – Limited liability company	RMB1,000,000,000	100%	–	Financial leasing
眾安國際商業保理(天津)有限公司*	PRC – Limited liability company	RMB50,000,000	100%	–	Financial leasing

* These subsidiaries are newly incorporated during the year ended 31 December 2016.

40. LIST OF SUBSIDIARIES (Continued)

Except for the investment holding companies or dormant companies which have no definite place of operation, all the above subsidiaries operate principally in their respective place of incorporation/establishment.

None of the subsidiaries had issued any debt securities at the end of the year.

A majority of these subsidiaries operate in property development and property management in the PRC. The principal activities of these subsidiaries are summarised as follows:

Principal place	Principal activities of business	Number of subsidiaries 2016	2015
Property development	PRC, Shenzhen	**3**	3
	PRC, Shanghai	**2**	2
Property management	PRC, Shenzhen	**3**	3
Property investment	PRC, Shenzhen	**1**	1
		9	9

The table below shows details of non-wholly-owned subsidiaries of the Group that has material non-controlling interests:

Name of subsidiaries	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests 2016	2015	Profit (loss) allocated to non-controlling interests 2016 HK$'000	2015 HK$'000	Accumulated non-controlling interests 2016 HK$'000	2015 HK$'000
Sinolink Properties and its subsidiaries (Note)	Hong Kong/PRC	**20%**	20%	**29,331**	18,292	**910,090**	941,988
Cnhooray Internet	PRC	**20%**	20%	**361**	(95)	**99,082**	105,462
				29,692	18,197	**1,009,172**	1,047,450

Note: The subsidiaries of Sinolink Properties include Shanghai Sinolink Xijiao, 百仕達蘇河灣, 百仕達置地, 百仕達商業, 百仕達酒店管理 and Sinolink Management.

Summarised consolidated financial information for the years ended 31 December 2016 and 2015 in respect of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised consolidated financial information below represents amounts before intragroup eliminations.

40. LIST OF SUBSIDIARIES (Continued)
Sinolink Properties and its subsidiaries

	2016 HK$'000	2015 HK$'000
Non-current assets	**2,882,628**	3,042,732
Current assets	**3,728,843**	4,199,574
Non-current liabilities	**(409,777)**	(451,186)
Current liabilities	**(1,652,587)**	(2,097,856)
Total equity	**4,549,107**	4,693,264
Equity attributable to owners of Sinolink Properties	**4,549,107**	4,693,264
Revenue	**317,975**	322,091
Fair value adjustment of investment properties	**107,351**	42,774
Other income	**114,384**	130,663
Expenses	**(381,128)**	(389,784)
Profit for the year	**158,582**	105,744
Other comprehensive expense for the year	**(302,739)**	(326,154)
Total comprehensive expense for the year	**(144,157)**	(220,410)
Profit for the year attributable to:		
– owners of Sinolink Properties	**158,582**	105,744
Other comprehensive expense for the year attributable to:		
– owners of Sinolink Properties	**(302,739)**	(326,154)
Total comprehensive expense for the year attributable to:		
– owners of Sinolink Properties	**(144,157)**	(220,410)

Note: The amount of non-controlling interests included 13% effective interest of SMWC. SMWC is 65% owned by Sinolink Properties and 35% owned by other group entities, which are wholly-owned by the Group.

40. LIST OF SUBSIDIARIES (Continued)
Sinolink Properties and its subsidiaries (Continued)

	2016	2015
	HK$'000	*HK$'000*
Net cash outflow from operating activities	**(124,761)**	(35,740)
Net cash outflow from investing activities	**(1,135,439)**	(421,786)
Net cash outflow from financing activities	**(25,538)**	(37,171)
Cash outflow	**(1,285,738)**	(494,697)

40. LIST OF SUBSIDIARIES (Continued)

Cnhooray Internet

	2016 HK$'000	2015 HK$'000
Non-current assets	**116,509**	120,152
Current assets	**485,324**	524,339
Current liabilities	**(106,422)**	(117,176)
Total equity	**495,411**	527,315
Equity attributable to owners of Cnhooray Internet	**495,411**	527,315
Other income	**3,175**	135
Expenses	**(1,369)**	(610)
Profit (loss) for the year	**1,806**	(475)
Other comprehensive expense for the year	**(33,710)**	(33,245)
Total comprehensive expense for the year	**(31,904)**	(33,720)
Profit (loss) for the year attributable to:		
– the owners of Cnhooray Internet	**1,806**	(475)
Other comprehensive expense for the year attributable to:		
– owners of Cnhooray Internet	**(33,710)**	(33,245)
Total comprehensive expense for the year attributable to:		
– owners of Cnhooray Internet	**(31,904)**	(33,720)
Net cash (outflow) inflow from operating activities	**(2,303)**	528
Net cash outflow from investing activities	**(6,871)**	(6,515)
Net cash inflow (outflow) from financing activities	**16,093**	(88,192)
Net cash inflow (outflow)	**6,919**	(94,179)

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2016 HK$'000	2015 HK$'000
Non-current assets		
Plant and equipment	**34**	79
Unlisted investments in subsidiaries	**614,507**	614,507
Amount due from subsidiaries	**4,179,137**	4,635,462
Available-for-sale investments	**12,500**	12,500
	4,806,178	5,262,548
Current assets		
Other receivables, deposits and prepayments	**8,013**	5,950
Bank balances and cash	**45,885**	5,621
Financial assets at fair value through profit or loss	**18,623**	33,285
	72,521	44,856
Current liabilities		
Other payables and accrued charges	**161**	312
Net current assets	**72,360**	44,544
Total assets less current liabilities	**4,878,538**	5,307,092
Non-current liabilities		
Amounts due to subsidiaries	**1,910,932**	2,317,526
	2,967,606	2,989,566
Capital and reserves		
Share capital	**354,111**	354,111
Reserves (Note)	**2,613,495**	2,635,455
	2,967,606	2,989,566

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

Reserves

	Share premium HK$'000	Contributed surplus HK$'000	Share options reserves HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 January 2015	1,824,979	572,174	–	352,351	2,749,504
Loss and total comprehensive expense for the year	–	–	–	(179,677)	(179,677)
Recognition of equity–settled share based payments	–	–	65,628	–	65,628
At 31 December 2015	1,824,979	572,174	65,628	172,674	2,635,455
Loss and total comprehensive expense for the year	–	–	–	(38,743)	(38,743)
Recognition of equity–settled share based payments	–	–	16,783	–	16,783
Share option lapsed	–	–	(1,817)	1,817	–
At 31 December 2016	1,824,979	572,174	80,594	135,748	2,613,495

PROPERTIES HELD FOR DEVELOPMENT/SALE

Description	Type of use	Effective GFA (M^2)	% held	Stage of completion	Anticipated completion
1. Land lot No. 240 of Xinjingzhen, Changning District, Shanghai	Residential	13,600	80%	Construction in progress	2017

PROPERTIES HELD FOR INVESTMENTS

Property	Type of use	GFA (M^2)	Effective % held
1. 518 car parks at Residence Club House Phase 1, Sinolink Garden Taining Road Luohu District Shenzhen	Car parks	16,500	80%
2. Unit Nos. 101,102 ad 103 Ancillary Building West District, Phase 4, Sinolink Garden Taining Road Luohu District Shenzhen	Commercial	20,232	80%
3. 4 lorry parking spaces and 1,070 car parks Phase 4, Sinolink Garden Taining Road Luohu District Shenzhen	Car parks	44,000	80%
4. 1,700 car parks at Residence Club House Mangrove West Coast Land lot No. T207-0026 Bin Hai Da Dao Bay Sha He Dong Road, Nanshan District Shenzhen	Car parks	84,834	80%
5. Levels 1 to 3 of commercial podium The Vi City, Phase 5, Sinolink Garden Taining Road Luohu District Shenzhen	Commercial	39,434	80%
6. 1,942 car parks Phase 5, Sinolink Garden Taining Road Luohu District Shenzhen	Car parks	72,381	80%
7. Levels 24 to 36 of office portion and 115 car parks Sinolink Tower Taining Road Luohu District	Commercial and car parks	20,075	80%

FINANCIAL SUMMARY

FOR THE YEAR ENDED 31 DECEMBER 2016

	For the year ended 31 December				
	2012	2013	2014	2015	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
RESULTS					
Turnover	314,569	348,840	301,373	335,956	**331,867**
Profit (loss) before taxation	508,271	81,236	121,961	(343,018)	**(142,872)**
Taxation	(150,233)	(104,289)	(60,360)	(48,241)	**(72,963)**
Profit (loss) for the year	358,038	(23,053)	61,601	(391,259)	**(215,835)**
Attributable to:					
Owners of the Company	289,243	(75,350)	27,745	(409,456)	**(245,527)**
Non-controlling interests	68,795	52,297	33,856	18,197	**29,692**
	358,038	(23,053)	61,601	(391,259)	**(215,835)**
	HK cents	*HK cents*	*HK cents*	*HK cents*	***HK cents***
Earnings (loss) per share					
Basic	8.17	(2.13)	0.78	(11.56)	**(6.93)**
Diluted	8.12	N/A	N/A	(11.56)	**(6.93)**

	As at 31 December				
	2012	2013	2014	2015	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
ASSETS AND LIABILITIES					
Total assets	10,569,158	10,853,564	10,632,904	9,665,103	**8,952,010**
Total liabilities	(2,066,607)	(2,230,223)	(1,974,411)	(1,729,732)	**(1,642,187)**
	8,502,551	8,623,341	8,658,493	7,935,371	**7,309,823**
Equity attributable to owners of the Company	7,488,946	7,553,994	7,558,719	6,887,921	**6,300,651**
Non-controlling interests	1,013,605	1,069,347	1,099,774	1,047,450	**1,009,172**
	8,502,551	8,623,341	8,658,493	7,935,371	**7,309,823**