丹 楓 控 股 有 限 公 司

Dan Form Holdings Company Limited

Stock Code: 271

2016 Annual Report

Contents

Annual Report 2016

CORPORATE INFORMATION

DIRECTORS	:	Lee Seng Hui* *(Chairman)* Patrick Lee Seng Wei *(Chief Executive)* Edwin Lo King Yau Tao Tsan Sang Liu Kin Sun*** Cindy Yung Yee Mei*** Li Chak Hung** Choi Kin Man** * *Non-Executive Director* ** *Independent Non-Executive Directors*
AUDIT COMMITTEE	:	Li Chak Hung *(Chairman)* Choi Kin Man
REMUNERATION COMMITTEE	:	Choi Kin Man *(Chairman)* Li Chak Hung
NOMINATION COMMITTEE	:	Li Chak Hung *(Chairman)* Choi Kin Man
FINANCIAL CONTROLLER	:	Fung Man Yuen
COMPANY SECRETARY	:	Cynthia Chen Si Ying
AUDITOR	:	PricewaterhouseCoopers
PRINCIPAL BANKERS	:	Industrial and Commercial Bank of China (Asia) Limited Bank of China (Hong Kong) Hang Seng Bank
SOLICITORS	:	P. C. Woo & Co. Stephenson Harwood Hampton, Winter & Glynn
REGISTRARS	:	Tricor Tengis Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
REGISTERED OFFICE	:	33/F., Tower A, Billion Centre 1 Wang Kwong Road, Kowloon Bay, Hong Kong
WEBSITE	:	http://www.danform.com.hk

*** According to the announcement of the Company dated 21 March 2017, Mr. Liu Kin Sun and Ms. Cindy Yung Yee Mei resigned as the directors of the Company on 21 March 2017 and Ms. Lisa Yang Lai Sum was appointed as an Independent Non-Executive Director and a member of each of the Audit Committee, Remuneration Committee and the Nomination Committee on the same date.

CHIEF EXECUTIVE'S STATEMENT

On behalf of the board of directors ("Directors" and "Board", respectively) of Dan Form Holdings Company Limited ("Company"), I am pleased to present to you the audited annual results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2016.

RESULTS

The Group recorded a revenue of HK$55,493,000 for the year ended 31 December 2016, which represented an increase of approximately HK$4,734,000 or 9% as compared with last year. The increase in revenue was mainly due to increase in rental income from investment properties.

The Group's profit attributable to equity holders in this year was HK$61,762,000, as compared to profit of HK$195,718,000 in last year. The decrease in profit of HK$133,956,000 or 68% was mainly attributable to the decrease of revaluation gain of investment properties held by its associate.

DIVIDEND

The Board of the Company do not recommend the payment of final dividend for the year ended 31 December 2016.

Subsequent to the year ended 31 December 2016, on 25 January 2017, the Company's Board meeting was held to resolve a payment of special dividend of HK$0.25 per ordinary share amounting to approximately HK$310,606,000 which was paid on 23 February 2017. The special dividend will be reflected as an appropriation of the retained profits for the year ending 31 December 2017.

CHIEF EXECUTIVE'S STATEMENT

BUSINESS REVIEW

Business Model and Strategies

The Group's core businesses comprise property investment, property rental and estate management.

The Group aims at enhancing value and recurring revenue of investment properties in our subsidiaries and associated companies. Through maintenance of certain interests in retail properties at Harbour Crystal Centre, and units in Harbour Industrial Centre and Oceanic Industrial Centre, the Group would generate stable and recurrent rental income.

Future Likely Development

Due to the uncertainty of the local and the global political, economic and social environment, the Group will cautiously carry out property investment and property rental businesses.

Risks and Uncertainties

– The Group, through the external professional advisers, adopts the comprehensive risk management frame work, policies and procedures designed on an ongoing basis. Such policies and procedures are regularly reviewed and updated to respond to financial risk and operational risk that the Group is likely to face and the changes in market conditions.

– The Group's business growth in the year under review are affected by the uncertainty of the property market, the supply and demand of the properties and the degree of interest rates increase in Hong Kong.

Important Events

During the year, the Group realised portion of the fair value gain by selling the remaining apartments and has started to sell the remaining 45 houses at Redhill Peninsula held by the associate, Zeta Estates Limited (33.33% owned), and the details of which are disclosed below under the heading of "Hong Kong Business – Property".

Financial/Operational Key Performance Indicators

In the year 2016, the Group set and achieved the key performance indicators in respect of the occupancy rate of Harbour Crystal Centre above 80%, with an average rent before expenses at monthly HK$22 per square foot.

Environmental Policies and Performance and Compliance with Relevant Laws and Regulations

The environmental policies of the Group are disclosed in the Report of the Directors under the heading of "Environmental, Social and Governance Issues" as set out on pages 21 to 22.

MANAGEMENT DISCUSSION AND ANALYSIS

Hong Kong Business

Property

The Group's commercial properties situated at Harbour Crystal Centre recorded an average occupancy level of approximately 99% and the properties rental income was performed satisfactory.

As at 31 December 2016, the residential properties held by the associate (33.33% owned) situated at Redhill Peninsula in respect of apartments are all sold out, and the remaining 45 houses will be launched for sale in batches in the year of 2017.

The Group's industrial properties situated at Ap Lei Chau, Hong Kong, the Harbour Industrial Centre and the Oceanic Industrial Centre held by the associate (33.33% owned) recorded an average occupancy level of approximately 82% and the average rental income was satisfactory.

Beijing Business

The Wangfujing Project

Dan Yao Building (85% owned)

On 30 May 2016, according to the second cash distribution proposal in respect to the liquidation of Beijing Dan Yao Property Co., Ltd ("Dan Yao"), the Group received repayment of RMB13,563,000 (approximately HK$16,147,000).

Considering the above situation, the liquidator of Dan Yao will continue to follow up the outstanding balance due to the Company in the coming year 2017.

GROUP ASSETS POSITION AND CHARGE

The total assets of the Group have increased from HK$5,398,618,000 last year to HK$5,405,183,000 in this year. The net assets of the Group have decreased from HK$5,219,658,000 to HK$5,090,330,000. At 31 December 2016, investment properties of the Group in Hong Kong of HK$Nil (2015: HK$940,940,000) were pledged as securities for banking facilities. The Group has no bank loan, but will undergo a discussion with the bank for the renewal of banking facilities and the bank has agreed to provide banking facilities if necessary.

CHIEF EXECUTIVE'S STATEMENT

GROUP FINANCIAL POSITION, LIQUIDITY AND FINANCIAL RESOURCES

The total liabilities of the Group have increased from HK$178,960,000 as at 31 December 2015 to HK$314,853,000 as at 31 December 2016. The Group had cash and bank balances of HK$981,503,000 as at 31 December 2016 (2015: HK$875,190,000). The ratio of total liabilities to total assets was approximately 6% (2015: 3%). As at 31 December 2016, the Group had no bank loans (2015: Nil) and the total equity was HK$5,090,330,000 (2015: HK$5,219,658,000).

As at 31 December 2016, the current assets of the Group, amounting to HK$994,505,000 (2015: HK$1,014,771,000), exceeded its current liabilities by HK$827,282,000 (2015: HK$970,808,000).

For the year ended 31 December 2016, the Group had no material exposure to fluctuations in exchange rates and no related hedges and there were no contingent liabilities.

EMPLOYEES

As at 31 December 2016, the Group, excluding associated companies, employed 42 (2015: 67) people of which 42 (2015: 44) were employed in Hong Kong.

In addition to basic salaries, employees in Hong Kong are provided with medical insurance and some of them are included under a defined contribution provident fund scheme or mandatory provident fund scheme.

CHANGE OF CONTROLLING SHAREHOLDER

On 16 November 2016, Autobest Holdings Limited ("Autobest") became the controlling shareholder of the Company upon completion of a sale and purchase agreement dated 19 September 2016 relating to the sale of 452,892,969 Shares of the Company. Details of the change of controlling shareholder were set out in the joint announcements dated 22 September 2016 and 16 November 2016 issued by the Company, Tian An China Investments Company Limited ("TACI") and Autobest. On 22 December 2016, after the close of the conditional mandatory cash offer, Autobest held 1,126,256,932 Shares of the Company, details of which were set out in the announcement dated 22 December 2016 issued by the Company, TACI and Autobest.

CHIEF EXECUTIVE'S STATEMENT

PROSPECTS

In Hong Kong, there are signs of recovery from the slowdown in inbound tourism and hopefully the decline in retail can be curbed soon. The residential property market started active again in the second half of the year 2016. The Group's residential properties situated at the Redhill Peninsula held by the associate (33.33% owned) in respect of apartments have all been sold out. The Group remains cautiously optimistic in the sales of the remaining 45 houses in the Redhill Peninsula and the rental income growth from its investment properties in Harbour Crystal Centre (portion) and the Group's Industrial properties situated at Ap Lei Chau, Hong Kong, the Harbour Industrial Centre (portion) and the Oceanic Industrial Centre (portion) held by the associate (33.33% owned).

The Group will remain proactive in business operations and continue to be cautious in managing its finance.

Finally, I would like to take this opportunity to express my sincere thanks to my fellow Directors for their guidance and support and to all members of the staff for their loyalty and dedication during the year.

Patrick Lee Seng Wei
Chief Executive

Hong Kong, 10 March 2017

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

Compliance with Code on Corporate Governance Practices

The Company is committed to maintaining a high standard of corporate governance within a sensible framework.

During the year ended 31 December 2016, the Company has complied with all code provisions ("Code Provisions") of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), except the following deviations:

1. Code Provision A.2.1 – for the period from 1 January 2016 to 21 December 2016, due to the then situation, the Group has no separation of the role of the Chairman and Chief Executive. The former Board considered that that structure would not impair the balance of power and authority between the former Board and the management of the Company. The Group at present has a separation of the role of the Chairman and Chief Executive in accordance with the announcement published on 22 December 2016.

2. Code Provision A.5.1 – for the period from 22 December 2016 to 31 December 2016, as the Board comprised no Independent Non-Executive Director, the positions in the nomination committee were vacant. The Board considered that the failure of meeting the relevant Code Provision is temporary in nature. Since 10 March 2017, the composition of nomination committee fulfilled Code Provision A.5.1.

3. Code Provision I (f) and Rule 3.10A of the Listing Rules – for the period from 18 November 2016 to 31 December 2016, the number of Independent Non-Executive Directors for the composition of the Board has fallen below the minimum number required****.

4. Code Provision I (f) and Rule 3.10(1) of the Listing Rules – for the period from 22 December 2016 to 31 December 2016, the number of Independent Non-Executive Directors of the Company has fallen below the minimum number required****.

5. Code Provision I (f) and Rule 3.10(2) of the Listing Rules – for the period from 22 December 2016 to 31 December 2016, the Company failed to meet the requirement that at least one Independent Non-Executive Director must have appropriate professional qualifications or accounting or related financial management expertise. Since 10 March 2017, the Company has complied with this requirement.

6. Code Provision L (d) (iv) and Rule 3.21 of the Listing Rules – for the period from 22 December 2016 to 31 December 2016, the number of members of the audit committee of the Company has fallen below the minimum number required****.

**** According to the announcement of the Company dated 21 March 2017, Ms. Lisa Yang Lai Sum was appointed as an Independent Non-Executive Director and a member of each of the Audit Committee, Remuneration Committee and the Nomination Committee on the same date. Since then, the relevant Code Provision has been complied with.

DIRECTORS' SECURITIES TRANSACTIONS

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

Written guidelines on no less exacting terms than the Model Code relating to securities transaction for employees have been distributed to all employees of the Group.

BOARD OF DIRECTORS

The Board of the Company comprises a total of eight Directors. Mr. Lee Seng Hui is the Chairman and a Non-Executive Director; Mr. Patrick Lee Seng Wei is the Chief Executive and an Executive Director; and Mr. Edwin Lo King Yau, Mr. Tao Tsan Sang, Mr. Liu Kin Sun*** and Ms. Cindy Yung Yee Mei*** are the Executive Directors. The two Independent Non-Executive Directors ("INEDs") are Mr. Li Chak Hung and Mr. Choi Kin Man. Mr. Li Chak Hung has contributed to the Board his appropriate professional qualifications in accounting and related financial management expertise. Mr. Choi Kin Man has also contributed to the Board his respective expertise and experience. On 16 November 2016, the Company issued an appointment letter to Mr. Lee Seng Hui pursuant to which his appointment would be valid for a period from 18 November 2016 to the next annual general meeting of the Company. On 10 March 2017, the Company issued an appointment letter to each of Mr. Li Chak Hung and Mr. Choi Kin Man pursuant to which their appointments would be valid for a period from 10 March 2017 to the next annual general meeting of the Company. The Directors participate in the affairs of the Board and the Board always acts in the best interests of the Group as a whole.

The Chairman ensures that the Board works effectively and that all key and appropriate issues are discussed in a timely manner. Members of the Board have been provided with appropriate and sufficient information at an opportune moment so that they would be updated with the latest development of the Group to discharge of their duties. Any matters proposed for inclusion in the agenda has been consulted with all Directors. The Chairman has delegated to the Company Secretary the responsibility for drawing up the agenda for each Board meeting. The Chairman ensures that all Directors have received complete and reliable information in a timely manner and are properly briefed on issues arising at the Board meetings. In addition, in order to protect the Directors and officers of the Group from their risk exposure arising from the business of the Group, appropriate insurance cover on directors' and officers' liability has been in force.

The Board delegates the day-to-day management and operations of the Group's businesses to the management under the supervision of the Chief Executive. The Chief Executive is responsible for managing the businesses of the Group, including implementation of the annual budget and strategies adopted by the Board and assuming full accountability to the Board for the operations of the Group.

*** According to the announcement of the Company dated 21 March 2017, Mr. Liu Kin Sun and Ms. Cindy Yung Yee Mei resigned as the directors of the Company on 21 March 2017 and Ms. Lisa Yang Lai Sum was appointed as an Independent Non-Executive Director and a member of each of the Audit Committee, Remuneration Committee and the Nomination Committee on the same date.

CORPORATE GOVERNANCE REPORT

As at the date of this Report for the year 2016, the Board held four meetings on 30 March 2016, 29 June 2016, 23 August 2016 and 6 December 2016. The attendance records of the members of the Board are set out below:

Members of the Board	**Number of meetings attended/held** (Note 1)
Executive Directors	
Patrick Lee Seng Wei *(Chief Executive)* (note 2)	1/1
Edwin Lo King Yau (note 3)	0/1
Tao Tsan Sang (note 3)	1/1
Liu Kin Sun (note 3)	1/1
Cindy Yung Yee Mei (note 3)	1/1
Dai Xiaoming (note 4)	4/4
Non-Executive Directors	
Lee Seng Hui *(Chairman)* (note 5)	1/1
Kenneth Kon Hiu King (note 6)	4/4
Independent Non-Executive Directors	
Li Chak Hung (note 7)	0/0
Choi Kin Man (note 7)	0/0
Jesse Leung Nai Chau (note 8)	4/4
Xiang Bing (note 8)	4/4
Edward Shen (note 8)	4/4

During the year 2016, an annual general meeting was held on 25 May 2016. The attendance records of the members of the Board are set out below:

Members of the Board	**Number of meetings attended/held** (Note 1)
Executive Directors	
Patrick Lee Seng Wei *(Chief Executive)* (note 2)	0/0
Edwin Lo King Yau (note 3)	0/0
Tao Tsan Sang (note 3)	0/0
Liu Kin Sun (note 3)	0/0
Cindy Yung Yee Mei (note 3)	0/0
Dai Xiaoming (note 4)	1/1
Non-Executive Directors	
Lee Seng Hui *(Chairman)* (note 5)	0/0
Kenneth Kon Hiu King (note 6)	1/1
Independent Non-Executive Directors	
Li Chak Hung (note 7)	0/0
Choi Kin Man (note 7)	0/0
Jesse Leung Nai Chau (note 8)	1/1
Xiang Bing (note 8)	0/1
Edward Shen (note 8)	1/1

Apart from the directorship with the Company, other than Mr. Lee Seng Hui, the Chairman of the Board, is a cousin of Mr. Patrick Lee Seng Wei, the Chief Executive of the Company, there is no other relationship, including financial, business, family or other material/relevant relationship(s), among the eight Directors of the Board except for those disclosed in note 31 to the consolidated financial statements.

Each of the INEDs has made his confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all INEDs meet the independence requirements in accordance with the terms of the guidelines.

Notes:

1. Attendances of the Directors appointed or resigned during the year 2016 were made by reference to the number of such meetings held during their respective tenures.

2. Mr. Patrick Lee Seng Wei was appointed as an Executive Director and the Chief Executive with effect from 18 November 2016 and 22 December 2016 respectively.

3. Mr. Edwin Lo King Yau, Mr. Tao Tsan Sang, Mr. Liu Kin Sun*** and Ms. Cindy Yung Yee Mei*** were appointed as Executive Directors with effect from 18 November 2016.

4. Mr. Dai Xiaoming tendered his resignation as an Executive Director, the Chairman and Chief Executive with effect from 22 December 2016.

5. Mr. Lee Seng Hui was appointed as a Non-Executive Director and the Chairman with effect from 18 November 2016 and 22 December 2016 respectively.

6. Mr. Kenneth Kon Hiu King tendered his resignation as a Non-Executive Director with effect from 22 December 2016.

7. Mr. Li Chak Hung and Mr. Choi Kin Man were appointed as Independent Non-Executive Directors with effect from 10 March 2017.

8. Mr. Jesse Leung Nai Chau, Dr. Xiang Bing and Mr. Edward Shen tendered their resignation as Independent Non-Executive Directors with effect from 22 December 2016.

REMUNERATION COMMITTEE

The Company has established the Remuneration Committee on 13 September 2005. The Remuneration Committee at present comprises the chairman, Mr. Choi Kin Man, being an INED, and another INED, namely Mr. Li Chak Hung.

The principle responsibility of the Remuneration Committee includes making recommendation to the Board on the policy and structure of the Company for all remuneration of Directors and senior management and reviewing the specific remuneration packages of all Executive Directors and senior management by reference to corporate goals and objectives resolved by the Board. The emoluments of Directors are based on the skill and contribution to the Company's affairs and are determined by reference to the duties and responsibilities of the Executive and Non-Executive Directors after considering the performance of the Group and prevailing market conditions including salaries paid by comparable companies. The terms of reference for the Remuneration Committee are maintained on the websites of the Company and Stock Exchange.

*** According to the announcement of the Company dated 21 March 2017, Mr. Liu Kin Sun and Ms. Cindy Yung Yee Mei resigned as the directors of the Company on 21 March 2017 and Ms. Lisa Yang Lai Sum was appointed as an Independent Non-Executive Director and a member of each of the Audit Committee, Remuneration Committee and the Nomination Committee on the same date.

The Company has adopted the model to make recommendations to the Board on the remuneration packages of the individual Executive Directors and senior management pursuant to code provision B.1.2(c)(ii).

Particulars of the emoluments to the Directors are set out in note 12 to the consolidated financial statements.

During the year 2016, one Remuneration Committee Meeting was held on 26 October 2016. The attendance records of each member of the Remuneration Committee are set out below:

Members of the Remuneration Committee	**Number of meetings attended/held** (Note 1)
Independent Non-Executive Directors	
Choi Kin Man *(Chairman)* (note 2)	0/0
Li Chak Hung (note 2)	0/0
Edward Shen (note 3)	1/1
Xiang Bing (note 3)	1/1
Jesse Leung Nai Chau (note 3)	1/1

Notes:

1. Attendances of the Directors appointed or resigned during the year 2016 were made by reference to the number of such meetings held during their respective tenures.

2. Mr. Li Chak Hung and Mr. Choi Kin Man were appointed as Independent Non-Executive Directors with effect from 10 March 2017.

3. Mr. Jesse Leung Nai Chau, Dr. Xiang Bing and Mr. Edward Shen tendered their resignation as Independent Non-Executive Directors with effect from 22 December 2016.

The Remuneration Committee reviewed the remuneration of all staff, including the Directors, of the Company and its subsidiaries in the Remuneration Committee Meeting held on 26 October 2016.

NOMINATION COMMITTEE AND APPOINTMENT OF DIRECTORS

The Company has established the Nomination Committee on 29 March 2012. The Nomination Committee at present comprises the chairman, Mr. Li Chak Hung, being an INED, and another INED, namely Mr. Choi Kin Man. The Committee meets at least once a year.

The Nomination Committee is responsible for formulating policy and making recommendations to the Board on nominations, appointment of Directors and Board succession. The Committee develops selection procedures for candidates, and will consider different criteria including appropriate professional knowledge and industry experience, as well as consult external recruitment professionals when required. The Committee also reviews the size, structure and composition of the Board and assesses the independence of the Independent Non-Executive Directors. The Committee is provided with sufficient resources enabling it to perform its duties and it can seek independent professional advice at the Company's expense if necessary. The terms of reference for the Nomination Committee are maintained on the websites of the Company and Stock Exchange.

The Nomination Committee has set up a policy concerning diversity of board members whereby the Company is committed to equality of opportunity in all aspects of its business and does not discriminate on the grounds of race, gender, age, cultural and educational background, or professional experience, or any other factor. In forming its perspective, the Company will also take into account factors based on its own business model and specific needs from time to time.

The Nomination Committee ensures that the Board of the Company has the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategy and in order for the Board to be effective.

The Nomination Committee has primary responsibility for identifying suitably qualified candidates to become members of the Board, and will review the Board diversity policy on a regular basis to ensure its continued effectiveness.

During the year 2016, one Nomination Committee Meeting was held on 26 October 2016. The attendance records of each member of the Nomination Committee are set out below:

Members of the Nomination Committee	Number of meetings attended/held (Note 1)
Executive Director	
Dai Xiaoming (note 3)	1/1
Independent Non-Executive Directors	
Li Chak Hung *(Chairman)* (note 2)	0/0
Choi Kin Man (note 2)	0/0
Jesse Leung Nai Chau (note 3)	1/1
Edward Shen (note 3)	1/1

Notes:

1. Attendances of the Directors appointed or resigned during the Year 2016 were made by reference to the number of such meetings held during their respective tenures.

2. Mr. Li Chak Hung and Mr. Choi Kin Man were appointed as Independent Non-Executive Directors with effect from 10 March 2017.

3. Mr. Dai Xiaoming, Mr. Jesse Leung Nai Chau and Mr. Edward Shen tendered their resignation as an Executive Director and Independent Non-Executive Directors with effect from 22 December 2016, respectively.

EMPLOYEES

The long-term remuneration policy of the Group for all employees is to ensure that the pay levels are competitive and effective in attracting, retaining and motivating employees.

In addition to basic salaries, employees in Hong Kong are provided with medical insurance and some of them are included under defined contribution provident fund scheme and mandatory provident fund scheme.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors acknowledge their responsibility for preparing the consolidated financial statements for the Group.

Management has provided adequate explanations and information to the Board on a timely basis which enables the Board to make an informed assessment on the consolidated financial statements of the Group. In addition, with the assistance of the Finance Department and under the supervision of the Financial Controller of the Company, the Directors ensure that consolidated financial statements of the Group, which is prepared on a going concern basis, are in accordance with the statutory requirements and applicable accounting standards. The Directors also ensure that the publication of the consolidated financial statements of the Group is on a timely basis.

AUDIT COMMITTEE

The Audit Committee was established on 15 September 1998 with reference to "A Guide for the Formation of an Audit Committee" issued by the Hong Kong Institute of Certified Public Accountants. The Audit Committee at present comprises the Chairman, Mr. Li Chak Hung, being an INED, and another INED, namely Mr. Choi Kin Man. The terms of reference for the Audit Committee are maintained on the websites of the Company and Stock Exchange.

During the year 2016, two Audit Committee Meetings were held on 30 March 2016 and 23 August 2016 respectively. The attendance records of each member of the Audit Committee are set out below:

Members of the Audit Committee	**Number of meetings attended/held** (Note 1)
Independent Non-Executive Directors	
Li Chak Hung *(Chairman)* (note 2)	0/0
Choi Kin Man (note 2)	0/0
Jesse Leung Nai Chau (note 3)	2/2
Xiang Bing (note 3)	2/2
Edward Shen (note 3)	2/2

Notes:

1. Attendances of the Directors appointed or resigned during the year 2016 were made by reference to the number of such meetings held during their respective tenures.

2. Mr. Li Chak Hung and Mr. Choi Kin Man were appointed as Independent Non-Executive Directors with effect from 10 March 2017.

3. Mr. Jesse Leung Nai Chau, Dr. Xiang Bing and Mr. Edward Shen tendered their resignation as Independent Non-Executive Directors with effect from 22 December 2016.

The following is a summary of the work of the Audit Committee:

(i) review and supervision of the financial reporting system of the Group;

(ii) review of the procedures and effectiveness of risk management and internal control of the Group;

(iii) review of the Group's financial information;

(iv) review of the relationship between the Auditor and the Company;

(v) review of the financial reports for the year ended 31 December 2015 and for the six months ended 30 June 2016; and

(vi) consideration and approval of the 2016 non-audit service fees.

The Audit Committee has regular meetings twice a year and additional meetings are held as the work of the committee demands.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for maintaining and reviewing the effectiveness of the Group's systems of risk management and internal controls (the "Systems"). The Systems are designed to meet the Group's particular needs and to minimize the risks to which the Group is exposed, and are designed to manage rather than eliminate the risks of failure to achieve business objective. The Systems include:

1. setting up an effective governance structure that provides effective oversight over risk management and ensure accountability and continuity of the process;

2. developing a structured approach to risk management by setting a clear risk management policy and templates that can be used for the ongoing identification, assessment, rating, monitoring and reporting of risk; and

3. identifying the top 10 risks to the business objectives that could be embedded into the regular review to facilitate effective decision making process.

The Board after reviewing the systems are of the opinion that the Group is maintaining adequate and effective risk management and internal control systems that will help the Group to achieve and enhance its business objectives in long-term. The report also contributes to have better in effectiveness and efficiency of operations.

Followed by strengthening the enforcement as required by the Corporate Governance of Hong Kong Listing Rules, the Group would, based on the rules, improve and optimize the risk management and internal control systems so as to ensure the Group not violating the laws and rules, to enhance the standard of the Group's operation and provide reasonable assurance for the future business growth. The Board will review annually the effectiveness of the Group's risk management and internal control systems covering the period of that financial year.

Since the environment which the Group operates is continually evolving, the Group would continue to review the adequacy of its risk management and internal control framework, and look for the opportunities to make improvements and add appropriate resources when necessary.

(i) Control Activities

The Group's risk management and internal control systems include an organisational structure with an internal audit function having clearly defined lines of responsibility and authority of each business unit. Business plans and budgets for each business unit are prepared by the Group. Various guidelines and procedures have been established for the approval and control of the Group's operating expenses, project investments, unbudgeted items and others.

(ii) Business Ethics

The Group considers ethical corporate culture and employees' honesty and integrity to be important assets and endeavours to comply with the laws and regulations of the countries in which we operate. To uphold a high standard of integrity in all aspects of daily activities, the Group adopts a Code of Conduct which is freely accessible on the Group's intranet, is maintained and communicated to all employees for compliance.

(iii) Inside Information Policy

The Company has adopted the《Guide on Disclosure of Price-sensitive Information》setting out the guidelines to the Directors and all employees of the Group to ensure that inside information can be promptly identified, assessed and disseminated to the public in equal and timely manner in accordance with the applicable laws and regulations.

The Board reviewed the effectiveness of the risk management and internal control systems of the Group. The review covers all material controls, including financial operation and compliance controls and risk management functions, and considers the adequacy of resources, qualifications and experience of staff of the Company's accounting, internal audit and financial reporting function, and their training are effective and adequate.

CONTINUOUS PROFESSIONAL DEVELOPMENT

The Company makes available continuous professional development for all Directors at the expense of the Company so as to develop and refresh their knowledge and skills.

COMPANY SECRETARY

The Company Secretary is an employee of the Company and is appointed by the Board. The Company Secretary is responsible for facilitating the Board's processes and communications among Board members, with shareholders and with management. The Company Secretary undertakes at least 15 hours of relevant professional training annually to update her skills and knowledge.

SHAREHOLDERS ENGAGEMENT

Under Section 566 of Companies Ordinance, shareholder(s) holding not less than 5% of the total voting rights of all members may request the Board to convene an extraordinary general meeting. The objects of the meeting must be stated in the related requisition deposited at the Company's registered office. Detailed requirements and procedures are set out in the "Corporate Governance" Section of the Company's website.

Section 615 of the Companies Ordinance provides that (i) shareholder(s) representing at least 2.5% of the total voting rights of all shareholders of the Company who have a right to vote on the resolution at the annual general meeting, or (ii) at least 50 shareholders who have a right to vote on the resolution at the annual general meeting may request the Company to circulate a notice of a resolution for consideration at the annual general meeting.

Besides, pursuant to the Company's Articles of Association, if a shareholder wishes to propose resolution relating to all matters to be considered at a general meeting, shareholders are requested to follow the requirements and procedures set out in the "Corporate Governance" Section of the Company's website.

SHAREHOLDERS COMMUNICATION POLICY

The enquiries must be in writing with contact information of the requisitionists and deposited at the Company's registered office at 33/F., Tower A, Billion Centre, 1 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong for the attention of the Company Secretary.

OTHER INFORMATION FOR SHAREHOLDERS

At the 2016 Annual General Meeting, a special resolution was passed regarding the adoption of new articles of Association in respect of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) which came into effect on 3 March 2014. Summary of the key amendments to the Articles of Association are set out in the circular of the Company dated 21 April 2016.

AUDITOR'S REMUNERATION

For the year ended 31 December 2016, the nature of the audit and non-audit services provided by the Auditor of the Company, and the relevant fee paid and payable by the Company for such services are as follows:

	HK$
Audit services for the Group	1,450,000
Non-audit services for the Group	604,000
	2,054,000

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their report and the audited consolidated financial statements of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2016.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ISSUES

Sustainability is essential to the Group's development. The Group believes in environmental protection and cares for community make positive contributions to society. We also nurture our staff to participate relevant professional courses for their career development to ensure our business continuity. During the year under review, the Group was committed to a high standard of corporate social responsibility.

Environmental Aspects

1. Emissions

   The Group advocates environmental protection and is committed to minimize the adverse impact that its operations may have on the environment. The Group convenes meeting for directors/management staying overseas by means of telephone conference in order to minimize the carbon footprint from frequent overseas travel.

2. Use of Resources

   The Group encourages double-sided printing and promoting the use of recycled paper in office in order to save trees.

3. The Environment and Natural Resources

   The Group also encourages reduction of light pollution by switching off unnecessary lights after the office is closed.

Social Aspects

1. Employment

   Each employee of the Group is required to sign an employment contract. The Group is now pursuing human resources reform by uplifting staff competitiveness. The Group recommends the combination of staff work enjoyment and work responsibility. It offers fair and competitive remuneration in the form of basic salary, incentive pay (results bonus), mandatory and voluntary provident funds in order to attract, motivate and retain the best people for our business operations.

2. Health and Safety

   The Group offers fringe benefits such as annual leave and sick leave, medical benefits and insurance to staff so as to provide a safe and healthy working environment for all employees. Every year, senior management on behalf of the Group's subsidiaries, AsiaSec Property Management Limited and Diamond Property Management Company Limited, evaluates the daily operations of the sub-contractors such as they are required to show a valid inspection certificate where involving in hoisting machinery and other relevant equipment in order to ensure them under a safe and healthy working condition. Also, the of latest security information including accident cases, leaflets about safety and analysis of accidents are distributed to the staff regularly.

3. Development and Training

   The Group offers education and training sponsorship and has encouraged employees who are seeking to develop their skills and broaden their knowledge to attend seminars organized by professional parties, and the Group has set aside a budget for the employees to attend training and development courses. To attract, develop and retain qualified employees, the Group is committed to offer professional development opportunities for Directors and senior management to develop and refresh their knowledge and skills which includes seminars and workshops, updates on regulatory requirements and development and corporate governance practices.

4. Labour Standards

   The Group complies with all relevant laws and regulations in our business operations, no child and forced labour is permitted for employment. Also, we aim not to be directly or indirectly complicit in human rights abuses and to ensure that all work that is performed on our behalf is in compliance with relevant laws and regulations. We strive to create a working environment of respect and fairness for our employees.

Operating Practices Aspects

The Group is committed to upholding high standards of business integrity, honesty and transparency in its business dealings and to respecting the rights and interest of suppliers, customers and employees. As far as the Group is aware, there are no concluded legal cases regarding corrupt practices brought to the Group or its employees during the year under review, and the Company has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Company. The Group also adheres to stringent anti-corruption policies and procurement practices.

Community Aspect

Over the years, the Group is dedicated to take up its corporate social responsibility for the communities where it serves. It strives to repay the society by intending to participate in community services, education, culture and sports activities and promoting environmental protection.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and the principal activities of the Group are property investment, property rental and estate management.

An analysis of the Group's performance for the year by operating segment is set out in note 6 to the consolidated financial statements.

REPORT OF THE DIRECTORS

BUSINESS REVIEW

Details of the review of the Group's business for the year ended 31 December 2016 are set out in the Chief Executive's Statement under Business Review on page 3.

COMPLIANCE WITH LAWS AND REGULATIONS

As far as the Board and management are aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year, save for disclosed in the Corporate Governance Report on pages 8 to 20, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

RESULTS AND APPROPRIAITONS

The results of the Group for the year ended 31 December 2016 are set out in the consolidated income statement on page 41.

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 96.

DIVIDEND

The Board of the Company do not recommend the payment of final dividend for the year ended 31 December 2016.

Subsequent to the year ended 31 December 2016, on 25 January 2017, the Company's Board meeting was held to resolve a payment of special dividend of HK$0.25 per ordinary share amounting to approximately HK$310,606,000 which was paid on 23 February 2017. The special dividend will be reflected as an appropriation of the retained profits for the year ending 31 December 2017.

SHARES AND DEBENTURES ISSUED AND RESERVES

Details of the share capital of the Company are set out in note 24 to the consolidated financial statements. No debentures were issued by the Company during the year.

Movements in the reserves of the Group and the Company during the year are set out in note 25 and note 34(a) to the consolidated financial statements respectively.

EQUITY-LINKED AGREEMENT

No equity-linked agreements were entered into by the Company at any time during the year or subsisted at the end of the year.

BORROWINGS

The Group does not have any borrowings apart from the amounts due to associates which is interest free and the details of which are set out in note 20 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 December 2016, calculated under Part 6 of the new Hong Kong Companies Ordinance (Cap. 622), amounted to HK$382,886,000 (2015: HK$558,534,000).

PRINCIPAL PROPERTIES

Details of the major properties of the Group are set out on page 95.

PROPERTIES, PLANT AND EQUIPMENT

Details of the movements in properties, plant and equipment during the year are set out in note 17 to the consolidated financial statements.

DIRECTORS

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

Executive Directors:

Patrick Lee Seng Wei *(Chief Executive)*
(Date of appointment as Director: 18 November 2016)
(Date of appointment as Chief Executive: 22 December 2016)

Edwin Lo King Yau
(Date of appointment: 18 November 2016)

Tao Tsan Sang
(Date of appointment: 18 November 2016)

Liu Kin Sun***
(Date of appointment: 18 November 2016)

Cindy Yung Yee Mei***
(Date of appointment: 18 November 2016)

Dai Xiaoming
(Date of resignation: 22 December 2016)

*** According to the announcement of the Company dated 21 March 2017, Mr. Liu Kin Sun and Ms. Cindy Yung Yee Mei resigned as the directors of the Company on 21 March 2017 and Ms. Lisa Yang Lai Sum was appointed as an Independent Non-Executive Director and a member of each of the Audit Committee, Remuneration Committee and the Nomination Committee on the same date.

Non-Executive Directors:

Lee Seng Hui *(Chairman)*
(Date of appointment as Director: 18 November 2016)
(Date of appointment as Chairman of the Board: 22 December 2016)

Kenneth Kon Hiu King
(Date of resignation: 22 December 2016)

Independent Non-Executive Directors:

Li Chak Hung
(Date of appointment: 10 March 2017)

Choi Kin Man
(Date of appointment: 10 March 2017)

Jesse Leung Nai Chau
(Date of resignation: 22 December 2016)

Xiang Bing
(Date of resignation: 22 December 2016)

Edward Shen
(Date of resignation: 22 December 2016)

Mr. Dai Xiaoming, Mr. Kenneth Kon Hiu King, Mr. Jesse Leung Nai Chau, Dr. Xiang Bing and Mr. Edward Shen resigned on 22 December 2016 as Directors of the Company. Each of Mr. Dai Xiaoming, Mr. Kenneth Kon Hiu King, Mr. Jesse Leung Nai Chau, Dr. Xiang Bing and Mr. Edward Shen has confirmed that he has no disagreement with the Board and nothing relating to the affairs of the Company needed to be brought to the attention of the members of the Company.

In accordance with Article 127(A) of the Articles of Association of the Company, Mr. Lee Seng Hui, Mr. Patrick Lee Seng Wei, Mr. Edwin Lo King Yau, Mr. Tao Tsan Sang, Mr. Liu Kin Sun***, Ms. Cindy Yung Yee Mei***, Mr. Li Chak Hung and Mr. Choi Kin Man will retire and offer for re-appointment for re-election at the forthcoming Annual General Meeting (in case of filling a casual vacancy).

A list of names of all the directors who have served on the boards of the Company's subsidiaries during the year are available on the website of the Company under the "Corporate Profile" section.

*** According to the announcement of the Company dated 21 March 2017, Mr. Liu Kin Sun and Ms. Cindy Yung Yee Mei resigned as the directors of the Company on 21 March 2017 and Ms. Lisa Yang Lai Sum was appointed as an Independent Non-Executive Director and a member of each of the Audit Committee, Remuneration Committee and the Nomination Committee on the same date.

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the forthcoming Annual General Meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation other than normal statutory compensation.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Patrick Lee Seng Wei, aged 65, was appointed the Chief Executive and an Executive Director of the Company in December 2016 and November 2016 respectively. He is also a director of certain subsidiaries of the Company. Being an architect, he worked for IBM Australia before becoming involved in property development in Malaysia and Hong Kong more than thirty years ago. He has extensive experience in the property field. Mr. Lee is the managing director and an executive director of TACI, the controlling shareholder of the Company. He is a cousin of Mr. Lee Seng Hui (the Chairman of the Company).

Edwin Lo King Yau, aged 56, was appointed an Executive Director of the Company in November 2016. He is also a director of certain subsidiaries of the Company. Mr. Lo holds a Master's Degree in Applied Finance from Macquarie University, Australia and is a chartered company secretary. He had served various executive roles in several companies in Hong Kong including as company secretary for public listed companies. Mr. Lo is also an executive director of each of Allied Group Limited ("AGL") and TACI, the substantial shareholders of the Company.

Tao Tsan Sang, aged 52, was appointed an Executive Director of the Company in November 2016. He is also a director of certain subsidiaries of the Company. Mr. Tao holds a Master's Degree in Business Administration from The Hong Kong Polytechnic University and is an associate of the Hong Kong Institute of Certified Public Accountants and The Chartered Institute of Management Accountants. He has extensive experience in accounting, financial management and China business field. He is also an executive director and the financial controller of TACI.

Liu Kin Sun***, aged 46, was appointed an Executive Director of the Company in November 2016. Mr. Liu holds a Bachelor's Degree in Accountancy from City University of Hong Kong. He is an associate of the Hong Kong Institute of Certified Public Accountants, a fellow of The Association of Chartered Certified Accountants, an associate of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. He has extensive experience in accounting, financial management and China business field. Mr. Liu is the finance manager of TACI.

Cindy Yung Yee Mei***, aged 51, was appointed an Executive Director of the Company in November 2016. Ms. Yung is an associate of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. She has over twenty years of experience in the company secretarial field. Ms. Yung is the company secretary of TACI.

*** According to the announcement of the Company dated 21 March 2017, Mr. Liu Kin Sun and Ms. Cindy Yung Yee Mei resigned as the directors of the Company on 21 March 2017 and Ms. Lisa Yang Lai Sum was appointed as an Independent Non-Executive Director and a member of each of the Audit Committee, Remuneration Committee and the Nomination Committee on the same date.

Non-Executive Director

Lee Seng Hui, aged 48, was appointed the Chairman and a Non-Executive Director of the Company in December 2016 and November 2016 respectively. Mr. Lee graduated from the Law School of the University of Sydney with Honours. Previously, he worked with Baker & McKenzie and N M Rothschild & Sons (Hong Kong) Limited. Mr. Lee is also the chief executive and an executive director of each of AGL and Allied Properties (H.K.) Limited ("APL"), both are substantial shareholders of the Company, and the chairman and a non-executive director of TACI, the controlling shareholder and ultimate holding company of the Company. He is a non-executive director of APAC Resources Limited and the non-executive chairman of Mount Gibson Iron Limited ("Mount Gibson"). Mount Gibson is a company listed on the Australian Securities Exchange. He is a cousin of Mr. Patrick Lee Seng Wei (the Chief Executive of the Company).

Independent Non-Executive Directors

Li Chak Hung, aged 52, was appointed an Independent Non-Executive Director of the Company in March 2017. Mr. Li graduated from The Chinese University of Hong Kong and holds a Bachelor's Degree of Business Administration. Mr. Li is a Certified Public Accountant (Practising) of the Hong Kong Institute of Certified Public Accountants and a Fellow of The Taxation Institute of Hong Kong. He has over 25 years' experience in accounting, auditing, taxation and financial management. Mr. Li is currently an independent non-executive director of SkyOcean International Holdings Limited and Sandmartin International Holdings Limited, and was an independent non-executive director of Alibaba Pictures Group Limited (formerly known as ChinaVision Media Group Limited) from September 2004 to June 2014, whereas all companies are listed on The Stock Exchange of Hong Kong Limited.

Choi Kin Man, aged 57, was appointed an Independent Non-Executive Director of the Company in March 2017. Mr. Choi graduated from Jinan University holding a Bachelor's degree in Journalism and from University of South Australia with a Master's degree in business administration. Mr. Choi has over 15 years of experience in the media and public relations industry, and is currently the managing director of Shima & Co. Limited. Mr. Choi was previously a director of Capital Communications Corp., and had participated in a number of public relations and communications projects.

Senior Management

Fung Man Yuen, aged 68, is the Financial Controller of the Company. He joined the Company in September 1988. Mr. Fung is a holder of Master's Degree in International Accounting from City University of Hong Kong. He is an associate of The Institute of Chartered Secretaries and Administrators and The Chartered Institute of Management Accountants, and a fellow member of The Association of Chartered Certified Accountants and The Hong Kong Institute of Certified Public Accountants. He has over forty years' experience in finance and accounting.

Ge Xiaoguo, aged 65, is the Assistant to Chief Executive of the Company. He joined the Company in May 1996. He graduated from Beijing Foreign Studies University. He has been involved in the management of the computer technology development and operation for many years during which time he has worked in Germany for more than four years. He has over thirty-two years' experience in enterprises management.

Cynthia Chen Si Ying, aged 50, is the Company Secretary of the Company. She joined the Company in April 2011. Ms. Chen holds a Bachelor's Degree in Business Administration and a Master's Degree in Corporate Governance. She is a fellow of The Hong Kong Institute of Chartered Secretaries and a fellow of The Institute of Chartered Secretaries and Administrators. She has more than fifteen years' extensive experience in the company secretarial practice and has over twenty years' experience in large well-known enterprises management, and she has worked in Singapore for more than three years.

Lily Li Lee, aged 44, is the Human Resources Director of the Company. She joined the Company in March 2012. Ms. Li holds a Bachelor's Degree in Business Administration, a Postgraduate Certificate in Commercial Law (PRC Law) and an Executive Master's Degree in Business Administration. She is a Senior Human Resources Professional of PRC. She has more than sixteen years' working experience in human resources and administration management with a publicly listed company and other enterprises in Hong Kong.

Ye Jianqiang, aged 39, is the Operation Director of the Company. He joined the Company in July 2001. Mr. Ye studied at Tsinghua University. He was engaged in the development and management of computer technology. In October 2011, he was redesignated as Corporate Planning Manager to meet the Company's business needs and was promoted as Operation Director. He has over fifteen years' experience in enterprises management.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

The Group received estate management fee from its associates, whereby the Directors of the Company are regarded as key management of the Group, the details of which are disclosed in notes 6 and 31 of the consolidated financial statements.

Save as mentioned above, no other transactions, arrangements and contracts of significance in relation to the Group's subsidiaries, its fellow subsidiaries or its holding companies was a party, and in which any Director or controlling shareholder had a material interest, whether directly or indirectly subsisted at the end of the year or at any time during the year.

TERMS OF OFFICE FOR THE NON-EXECUTIVE DIRECTORS

Mr. Lee Seng Hui was appointed a Non-Executive Director of the Company for a special term from 18 November 2016 to the next annual general meeting of the Company, but subject to the relevant provisions of the Articles of Association or any other applicable laws whereby he shall vacate or retire from his office.

Mr. Li Chak Hung and Mr. Choi Kin Man were appointed as Independent Non-Executive Directors ("INEDs") for a specific term from 10 March 2017 to the next annual general meeting of the Company, but subject to the relevant provisions of the Articles of Association or any other applicable laws whereby they shall vacate or retire from their office.

DIRECTORS INTERESTS

At 31 December 2016, Mr. Lee Seng Hui, Director, had the following interests in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 352 of the Securities and Futures Ordinance ("SFO"):

Name of Director	Number of issued shares and underlying shares interested	Approximate % of the total number of issued shares	Nature of interests
Lee Seng Hui (Note 1)	1,126,256,932	90.64%	Other interests

Notes:

1. Mr. Lee Seng Hui, a Director, together with Ms. Lee Su Hwei and Mr. Lee Seng Huang, are the trustees of Lee and Lee Trust, being a discretionary trust, which owned approximately 74.49% of the total number of issued shares of AGL (inclusive of Mr. Lee Seng Hui's personal interests) and was therefore deemed to be interested in the shares of the Company through APL (being a 74.99%-owned subsidiary of AGL) and TACI whereas approximately 48.66% of the entire issued shares of which was held approximately by APL and in turn, TACI held 90.64% of the entire issued shares of the Company.

2. All interests stated above represent long positions.

Save as disclosed above, at 31 December 2016, none of the Directors and chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations, within the meaning of Part XV of the SFO, as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

Since their respective appointment dates the year and up to the date of this report, the following Directors (not being the INEDs) are considered to have interests in the businesses listed below which compete or are likely to compete with the businesses of the Group pursuant to the Listing Rules as set out below:

1. Messrs. Lee Seng Hui, Patrick Lee Seng Wei, Edwin Lo King Yau and Tao Tsan Sang are directors of TACI, and Mr. Liu Kin Sun*** is the finance manager of TACI which, through certain of its subsidiaries, is partly engaged in the businesses of property investment and property management;

2. Mr. Lee Seng Hui is a director of APL which, through certain of its subsidiaries, is partly engaged in the businesses of property investment and property management;

3. Messrs. Lee Seng Hui and Edwin Lo King Yau are directors of AGL which, through certain of its subsidiaries, is partly engaged in the businesses of property investment and property management; and

4. Mr. Lee Seng Hui is one of the trustees of Lee and Lee Trust which is a deemed substantial shareholder of each of AGL, APL and TACI which, through their subsidiaries, are partly engaged in the businesses of property investment and property management.

Although the above-mentioned Directors have competing interests in other companies by virtue of their respective common directorship or shareholding, they will fulfil their fiduciary duties in order to ensure that they will act in the best interests of the Shareholders and the Company as a whole at all times. Hence, the Group is capable of carrying on its businesses independently of, and at arm's length from, the businesses of such companies.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company or any of its subsidiaries, its fellow subsidiaries or its holding companies a party to any arrangements to enable the Directors or Chief Executives (including their spouses and children under the age of 18) of the Company had any interests in or was granted any right to subscribe in any shares, underlying shares, or debentures of the Company or any of its associated corporation.

*** According to the announcement of the Company dated 21 March 2017, Mr. Liu Kin Sun and Ms. Cindy Yung Yee Mei resigned as the directors of the Company as the directors of the Company on 21 March 2017 and Ms. Lisa Yang Lai Sum was appointed as an Independent Non-Executive Director and a member of each of the Audit Committee, Remuneration Committee and the Nomination Committee on the same date.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS

At 31 December 2016, the following Shareholders had interests in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

	Number of shares and underlying shares held				
Name of Shareholders	Personal Interests (held as beneficial owner)	Corporate Interests (interests of controlled corporation)	Other Interests	Total Interests	Approximate % of the total number of issued shares
Autobest Holdings Limited ("Autobest")	–	1,126,256,932	–	1,126,256,932 (Note 1)	90.64%
Tian An China Investments Company Limited ("TACI")	–	1,126,256,932 (Note 2)	–	1,126,256,932 (Note 3)	90.64%
Allied Properties (H.K.) Limited ("APL")	–	1,126,256,932 (Note 4)	–	1,126,256,932 (Note 3)	90.64%
Allied Group Limited ("AGL")	–	1,126,256,932 (Note 5)	–	1,126,256,932 (Note 3)	90.64%
Lee and Lee Trust	–	1,126,256,932 (Note 6)	–	1,126,256,932 (Note 3)	90.64%

Notes:

1. The figure refers to the legal and beneficial interest of Autobest in 1,126,256,932 shares.

2. The interest was held by Autobest, a wholly-owned subsidiary of TACI. TACI was therefore deemed to have an interest in the shares in which Autobest was interested.

3. The figure refers to the same interest of TACI in 1,126,256,932 Shares.

4. APL owned approximately 48.66% interest in the total number of issued share of TACI and was therefore deemed to have an interest in the shares in which TACI was interested.

5. AGL owned approximately 74.99% interest in the total number of issued shares of APL and was therefore deemed to have an interest in the shares in which APL was interested.

6. Mr. Lee Seng Hui, a Director, together with Ms. Lee Su Hwei and Mr. Lee Seng Huang are the trustee of Lee and Lee Trust, being a discretionary trust. The Lee and Lee Trust controls approximately 74.49% of the total number of issued shares of AGL (inclusive of Mr. Lee Seng Hui's personal interests) are therefore deemed to have an interest in the shares in which AGL was interested.

7. All interests stated above as at 31 December 2016 represent long positions as recorded in the register required to be kept under Section 336 of the SFO.

MANAGEMENT CONTRACTS

Save for employment contracts, no other contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the year ended 31 December 2016, the Company repurchased a total of 4,874,000 of its shares in the market at an aggregated consideration of approximately HK$6,419,560 (excluding expenses) and approximately HK$6,538,000 (including expenses) and all the repurchased shares were cancelled, and the details of the repurchases are as follows:

Date of the repurchases	Total number of the ordinary share are repurchased	Price paid per share Highest	Lowest	Aggregate consideration paid (excluding expenses)
		HK$	HK$	HK$
5 February 2016	276,000	1.18	1.15	321,950
11 February 2016	339,000	1.19	1.18	402,660
12 February 2016	265,000	1.21	1.20	320,270
15 February 2016	146,000	1.23	1.22	179,470
16 February 2016	183,000	1.25	1.24	228,460
17 February 2016	160,000	1.27	1.27	203,200
18 February 2016	265,000	1.29	1.27	340,520
19 February 2016	81,000	1.31	1.31	106,110
22 February 2016	174,000	1.34	1.34	233,160
23 February 2016	817,000	1.36	1.36	1,111,120
24 February 2016	600,000	1.38	1.36	825,340
25 February 2016	662,000	1.41	1.40	933,200
26 February 2016	906,000	1.43	1.40	1,286,100
Total:	4,874,000			6,491,560

The repurchases were made for the benefit of the shareholders as a whole with a view to enhancing the earning per share of the Company.

MAJOR CUSTOMERS AND SUPPLIERS

The turnover attributable to the largest and the five largest customers accounted for 17% and 64% respectively of the total turnover of the Group for the year.

Purchases attributable to the largest and the five largest suppliers accounted for 89% and 99% respectively of the total purchases of the Group for the year.

None of the Directors, their associates or those shareholders who, to the knowledge of the Directors, own more than 5% of the Company's issued shares, had interest in any of the five largest customers or suppliers.

PUBLIC FLOAT

Upon the close of the conditional mandatory cash offer ("Offer") by Yu Ming Investment Management Limited on behalf of Autobest to acquire all the issued shares (other than those shares already owned or agreed to be acquired by Autobest and parties acting in concert with it) on 22 December 2016, there were 116,168,013 Shares, representing approximately 9.36% of the total issued shares of the Company, held by the public as defined in the Listing Rules. Accordingly, the Company could not fulfill the minimum public float requirement (i.e. at least 25% of the Company's issued shares being taken by the public) as set out under Rule 8.08(1)(a) of the Listing Rules upon the close of the Offer. A waiver from strict compliance with Rule 8.08(1)(a) of the Listing Rules for a period of three months commencing on 22 December 2016 has been granted by the Stock Exchange. The Company will continue taking appropriate steps to restore sufficient public float as required under the Listing Rules.

PERMITTED INDEMNITY PROVISIONS

According to the articles of association of the Company and subject to the provisions of the Hong Kong Companies Ordinance, every director and other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities to the fullest extent permitted by the Hong Kong Companies Ordinance which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto. In addition, the Company has maintained appropriate directors and officers liability insurance cover for the directors and officers of the Company and its subsidiaries.

REPORT OF THE DIRECTORS

AUDIT COMMITTEE

The Audit Committee at present comprises two Independent Non-Executive Directors, Mr. Li Chak Hung and Mr. Choi Kin Man. During the year, the Audit Committee has discussed financial reporting matters with management, including the review of the Group's financial reporting process, the adequacy and effectiveness of the systems of risk management and internal control of the Group, and the interim consolidated financial statements of the Group.

The annual results of the Group for the year ended 31 December 2016 have not been reviewed by the Audit Committee. Instead, the annual results of the Group for the year ended 31 December 2016 have been reviewed by the Board as a whole.

CORPORATE GOVERNANCE

The Company's corporate governance report are set out on pages 8 to 20 of this Annual Report.

AUDITOR

The consolidated financial statements have been audited by PricewaterhouseCoopers who retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Lee Seng Hui
Chairman

Hong Kong, 10 March 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF DAN FORM HOLDINGS COMPANY LIMITED
(Incorporated in Hong Kong with limited liability)

OPINION

What we have audited

The consolidated financial statements of Dan Form Holdings Company Limited (the "Company") and its subsidiaries ("the Group") set out on pages 41 to 94, which comprise:

- the consolidated balance sheet as at 31 December 2016;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

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

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

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 identified in our audit are summarised as follows:

- Valuation of investment properties
- Valuation of investment in unlisted equity securities which is classified as available-for-sale financial assets

Key Audit Matters	How our audit addressed the Key Audit Matters
Valuation of investment properties *(Refer to Notes 13 and 18 to the consolidated financial statements)*	
The Group's investment properties were carried at HK$1,121,881,000 as at 31 December 2016 with a revaluation gain of HK$85,802,000 recorded in the consolidated income statement for the year ended 31 December 2016. In addition, the Group's share of the investment properties held by the associates were carried at HK$3,283,933,000 as at 31 December 2016 and the Group's share of the revaluation gain of HK$8,950,000 was recorded as part of the share of losses of associates in the consolidated income statement for the year ended 31 December 2016. The fair values of the investment properties held by the Group and its associates were derived using the income capitalisation approach or direct comparison approach. Independent professional valuer was engaged by management to support management's estimates. Due to the unique nature of each investment property, the assumptions applied in the valuation were determined having regard to each property's characteristics. These valuations are dependent on certain key assumptions that require significant management judgement, including reversionary yield, current market rents and comparable market transactions.	In assessing the appropriateness of management's valuation of investment properties, we performed the following procedures: • we obtained and read the valuation report. We evaluated the independent professional valuer's competence, capabilities and objectivity; • we assessed the methodologies used and the appropriateness of the key assumptions by comparing them to publicly available data, latest renewals of the Group's lease agreements, our knowledge of the property industry and using our in-house valuation experts; and • we checked, on a sample basis, the accuracy and relevance of the input data used. We found the key assumptions were supported by the available evidence.

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matters (Continued)

Valuation of investment properties (Continued)

We focused on the evaluation of management's assessment on the valuation of the Group's and its associates' investment properties because this assessment involved management's significant judgement and estimates and the carrying values of these investment properties are financially significant to the Group.

Valuation of investment in unlisted equity securities which is classified as available-for-sale financial assets

(Refer to Note 21 to the consolidated financial statements)

The Group held 5% equity interests in an unlisted company which is principally engaged in property investment and the Group classified such investment as available-for-sale financial assets (the "AFS unlisted equity securities"). The Group's AFS unlisted equity securities was carried at HK$37,295,000 as at 31 December 2016 and a revaluation gain of HK$1,432,000 was recognised in the consolidated statement of comprehensive income.

The fair value of the AFS unlisted equity securities was derived using the adjusted net asset approach. Independent professional valuer was engaged by management to support management's estimates. The valuation is dependent on certain key assumptions that require significant management judgement, including reversionary yield, current market rents, comparable market transactions and minority discount rates.

How our audit addressed the Key Audit Matters (Continued)

In assessing the appropriateness of management's valuation of the AFS unlisted equity securities, we performed the following procedures:

- we involved our in-house valuation experts in assessing the methodology of management's assessment of the valuation of the AFS unlisted equity securities and the appropriateness of the key assumptions used in the assessment by comparing them to publicly available data and our knowledge of the property industry;
- we tested the mathematical accuracy of the calculation of the management assessment of the valuation and checked the accuracy and relevance of the key inputs used; and
- we also evaluated the independent professional valuer's competence, capabilities and objectivity.

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matters (Continued)	How our audit addressed the Key Audit Matters (Continued)
Valuation of investment in unlisted equity securities which is classified as available-for-sale financial assets (Continued)	
We focused on the evaluation of management's assessment on the valuation of the AFS unlisted equity securities because this assessment involved making significant judgement and estimates and the carrying value of this investment is financially significant to the Group.	We found the key assumptions were acceptable and supported by the available evidence.

OTHER INFORMATION

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

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

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

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

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 issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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. We report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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

- 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.

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

The engagement partner on the audit resulting in this independent auditor's report is Cheung Yuk Ting Mabel.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 10 March 2017

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2016

	Note	2016 HK$'000	2015 HK$'000
Revenue	6	**55,493**	50,759
Other income	7	**5,323**	3,122
Other gains/(losses), net	8	**10,152**	(3,627)
Rent and rates		**(492)**	(479)
Building management fees		**(6,113)**	(5,778)
Staff costs (including Directors' remuneration)	9	**(22,026)**	(20,974)
Depreciation and amortisation		**(4,195)**	(4,991)
Repairs and maintenance		**(807)**	(3,772)
Administrative expenses		**(15,206)**	(9,968)
Operating profit before change in fair value of investment properties		**22,129**	4,292
Change in fair value of investment properties	18	**85,802**	72,215
Operating profit	10	**107,931**	76,507
Share of (losses)/profits of associates	13	**(30,995)**	132,062
Profit before income tax		**76,936**	208,569
Income tax expenses	14	**(15,174)**	(12,851)
Profit for the year		**61,762**	195,718
Dividends	15		
Final special proposed		**–**	187,095
		HK cents	HK cents
Earnings per share			
Basic and diluted	16	**4.97**	15.69

The notes on pages 46 to 94 are integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2016

	Note	2016 HK$'000	2015 HK$'000
Profit for the year		**61,762**	195,718
Other comprehensive income:			
Items that may be reclassified to profit or loss			
Surplus on revaluation of land use rights and buildings			
– Buildings	17	**533**	4,439
– Land use rights	19	**1,518**	–
		2,051	4,439
Available-for-sale financial assets:			
Fair value gain arising during the year	21	**892**	2,423
Currency translation differences		**(1,131)**	(992)
Other comprehensive income for the year		**1,812**	5,870
Total comprehensive income for the year		**63,574**	201,588

The notes on pages 46 to 94 are integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

As at 31 December 2016

	Note	31 December 2016 HK$'000	31 December 2015 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	17	**82,096**	86,050
Investment properties	18	**1,121,881**	1,033,090
Land use rights	19	**22,755**	24,629
Associates	20	**3,136,800**	3,193,795
Available-for-sale financial assets	21	**47,146**	46,283
		4,410,678	4,383,847
Current assets			
Debtors, prepayments, deposits and other receivables	22	**8,579**	8,138
Amounts due from associates	20	**3,925**	130,815
Income tax recoverable		**498**	628
Cash and bank balances	23	**981,503**	875,190
		994,505	1,014,771
Total assets		**5,405,183**	5,398,618
EQUITY			
Share capital	24	**681,899**	681,899
Reserves	25	**4,408,431**	4,537,759
Total equity		**5,090,330**	5,219,658
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	26	**147,630**	134,997
Current liabilities			
Creditors and accruals	27	**26,471**	26,976
Amounts due to associates	20	**139,823**	16,986
Income tax payable		**929**	1
		167,223	43,963
Total liabilities		**314,853**	178,960
Total equity and liabilities		**5,405,183**	5,398,618

The notes on pages 46 to 94 are integral part of these consolidated financial statements.

The consolidated financial statements on pages 41 to 94 were approved by the Board of Directors on 10 March 2017 and were signed on its behalf.

Patrick Lee Seng Wei
Director

Edwin Lo King Yau
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	Share capital HK$'000	Special capital reserve HK$'000	Other reserves HK$'000	Retained profits HK$'000	Total HK$'000
At 1 January 2015	681,899	633	26,412	4,334,072	5,043,016
Profit for the year	–	–	–	195,718	195,718
Surplus on revaluation of land and building	–	–	4,439	–	4,439
Change in fair value of available-for-sale financial assets	–	–	2,423	–	2,423
Currency translation differences	–	–	(992)	–	(992)
Other comprehensive income for the year	–	–	5,870	–	5,870
Total comprehensive income for the year	–	–	5,870	195,718	201,588
Dividend relating to 2014	–	–	–	(24,946)	(24,946)
Transfer from special capital reserve to retained profits (Note 25(a))	–	(633)	–	633	–
At 31 December 2015	681,899	–	32,282	4,505,477	5,219,658
Profit for the year	–	–	–	61,762	61,762
Surplus on revaluation of land use rights and buildings	–	–	2,051	–	2,051
Change in fair value of available-for-sale financial assets	–	–	892	–	892
Currency translation differences	–	–	(1,131)	–	(1,131)
Other comprehensive income for the year	–	–	1,812	–	1,812
Total comprehensive income for the year	–	–	1,812	61,762	63,574
Dividend relating to 2015	–	–	–	(186,364)	(186,364)
Buy-back of shares (Note 24)	–	–	–	(6,538)	(6,538)
At 31 December 2016	681,899	–	34,094	4,374,337	5,090,330

The notes on pages 46 to 94 are integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2016

	Note	2016 HK$'000	2015 HK$'000
Cash flows from operating activities			
Cash generated from operations	28	**5,151**	10,799
Hong Kong profits tax paid		**(1,483)**	(2,389)
Net cash generated from operating activities		**3,668**	8,410
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		**294**	–
Purchases of property, plant and equipment		**(1,115)**	(991)
Purchases of available-for-sale financial assets		**(190)**	–
Repurchase of shares		**(6,538)**	–
Interest received		**5,303**	3,016
Distribution from court in relation to the liquidation of a then subsidiary	8	**16,147**	–
Decrease in amounts due from associates		**126,890**	20,100
Increase in amounts due to associates		**122,837**	5,486
Increase in non-pledged time deposits with original maturity of over three months		**(91,047)**	(21,215)
Dividends received from available-for-sale financial assets		**1,500**	1,350
Dividends received from associates		**26,000**	496,679
Net cash generated from investing activities		**200,081**	504,425
Cash flow from an financing activity			
Dividend paid	15	**(186,364)**	(24,946)
Net cash used in an financing activity		**(186,364)**	(24,946)
Increase in cash and cash equivalents		**17,385**	487,889
Cash and cash equivalents at beginning of the year		**815,161**	330,073
Effect of foreign exchange rate changes		**(2,119)**	(2,801)
Cash and cash equivalents at end of the year	23	**830,427**	815,161

The notes on pages 46 to 94 are integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Dan Form Holdings Company Limited ("Company") is a limited liability company incorporated in Hong Kong and is listed on the Main Board of The Stock Exchange of Hong Kong Limited. The address of its registered office is 33/F., Tower A, Billion Centre, 1 Wang Kwong Road, Kowloon Bay, Hong Kong.

The principal activities of the Company and its subsidiaries (together "Group") are property investment, property rental and estate management.

These consolidated financial statements have been approved for issue by the Board of Directors on 10 March 2017.

These consolidated financial statements are presented in HK dollars, unless otherwise stated.

2 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") and requirements of the Hong Kong Companies Ordinance (Cap. 622). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and available-for-sale financial assets, which are carried at fair value.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies of the Group. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

2 BASIS OF PREPARATION (Continued)

Changes in accounting policies and disclosures

(a) New and Amended standards

The following new and amendments to existing standards are mandatory for the first time for the financial year beginning on or after 1 January 2016:

HKFRS 11 Amendments	Accounting for Acquisitions of Interests in Joint Operations
HKAS 16 and HKAS 38 Amendments	Clarification of Acceptable Methods of Depreciation and Amortisation
HKFRS 14	Regulatory Deferral Accounts
Annual Improvements	Annual Improvements to HKFRSs 2012 – 2014 cycle
HKAS 1 Amendments	Disclosure Initiative

The adoption of these new and amendments did not have significant impact on the Group's reported results and financial position nor any substantial changes in the Group's accounting policies or presentation of the consolidated financial statements.

(b) New and amended standards not yet adopted by the Group

The following new and amendments to existing standards have been issued, but are not effective for the financial year beginning on 1 January 2016 and have not been early adopted:

		Effective for accounting periods beginning on or after
HKAS 7 Amendments	Disclosure Initiative	1 January 2017
HKAS 12 Amendments	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 16	Leases	1 January 2019
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets Between Investor and its Associate or Joint Venture	1 January 2019 or to be determined

2 BASIS OF PREPARATION (Continued)

Changes in accounting policies and disclosures (Continued)

(b) New and amended standards not yet adopted by the Group (Continued)

HKFRS 15 replaces the previous revenue standards: HKAS 18 Revenue and HKAS 11 Construction Contracts, and the related Interpretations on revenue recognition. HKFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach: (1) Identify the contract(s) with customer; (2) Identify separate performance obligations in a contract; (3) Determine the transaction price; (4) Allocate transaction price to performance obligations; and (5) Recognise revenue when performance obligation is satisfied. The core principle is that a company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. It moves away from a revenue recognition model based on an "earnings processes" to an "asset-liability" approach based on transfer of control. HKFRS 15 provides specific guidance on capitalisation of contract cost, license arrangements and principal versus agent commissions. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. HKFRS 15 is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Group does not plan to early adopt HKFRS 15. The Group is assessing the impact of the adoption of HKFRS 15 by analysing the Group's key revenue streams against the 5-step approach and yet to determine whether the adoption of HKFRS 15 would have a material impact other than presenting more disclosures to the Group.

HKFRS 9, 'Financial Instruments', addresses the classification, measure and recognition of financial assets and financial liabilities. It replaces the guidance in HKAS 39 that related to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss.

For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. The Group assess that adopting HKFRS 9 will not have a material impact to the Group's results of operations and financial position.

The Group is in the process of making an assessment of the impact of other new and amended standards and is not yet in a position to state whether this will have any significant impact on the Group's result of operations and financial position.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements, which have been consistently applied to all the years presented, are set out below.

(a) Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December and the share of post acquisition results and reserves of its associates attributable to the Group.

Results attributable to subsidiaries and associates acquired or disposed of during the financial period are included in the consolidated income statement from the date of acquisition or to the date of disposal, as applicable.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The financial information of subsidiaries has been adjusted where necessary in the consolidated financial statements to ensure consistency with the policies adopted by the Group.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Consolidation (Continued)

Business Combination

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the aggregate fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRSs.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss. Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 in profit or loss. Contingent consideration that is classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Consolidation (Continued)

Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

(b) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(c) Associates

An associate is an entity, not being a subsidiary or a joint venture, in which an equity interest is held for the long-term and the Group has significant influence but not control, generally accompanying a shareholding of between 20 to 50% of the voting rights.

Investments in associates are accounted for under the equity method of accounting and are initially recognised at cost. The carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The investments in associates of the Group include goodwill identified on acquisition, net of any accumulated impairment loss. The financial information of associates has been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Associates (Continued)

The share of post-acquisition profits or losses of associates attributable to the Group is recognised in the consolidated income statement, and the share of post-acquisition reserves is recognised in equity. The cumulative post-acquisition reserves are adjusted against the carrying amount of the investment. When the share of losses of the Group in an associate equals or exceeds its interest in the associate, including any other unsecured receivable, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profits/losses of associates' in the consolidation income statement.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the interest in the associates held by the Group. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(d) Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

Goodwill on acquisitions of subsidiaries is recognised separately as an intangible asset. Goodwill on acquisitions of associates is included in investments in associates and is tested for impairment as part of the overall balance. Separately recognised goodwill on acquisitions of subsidiaries is tested for impairment and carried at cost less accumulated impairment losses.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Foreign currency translation

Items included in the financial statements of each of the entities in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). These consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and the Group's presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the exchange rates ruling at the balance sheet date are recognised in the income statement.

Foreign exchange gains and losses are presented in the income statement within 'other gains/(losses), net'.

Translation differences on non-monetary financial assets held at fair value through profit or loss are reported as part of the fair value gain or loss. Translation differences on non-monetary available-for-sale financial assets are included in other comprehensive income.

The results and financial positions of all the entities in the Group that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each balance sheet are translated at the closing rates at the date of that balance sheet;

(b) income and expenses for each income statement are translated at average exchange rates; and

(c) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rates at the balance sheet date.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the carrying amount of an asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. All other repairs and maintenance costs are expensed in the income statement during the financial period in which they are incurred.

Leasehold land classified as finance lease commences amortisation from the time when the land interest becomes available for its intended use. Amortisation on leasehold land classified as finance lease and depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Leasehold land	Remaining lease term
Buildings	30 to 50 years
Office equipment	5 years
Furniture and fixtures	5 years
Motor vehicles	4 to 5 years

The residual values and useful lives of the assets are reviewed and adjusted if appropriate, at each balance sheet date. Where the carrying amount of an asset is greater than its recoverable amount, it is written down immediately to its estimated recoverable amount.

Gain or loss on disposal is determined as the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised as other gains/(losses), net in the income statement.

(g) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment property comprises land held under operating leases and buildings held under finance leases. Land held under operating leases is classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is then accounted for as if it were a finance lease.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Investment properties (Continued)

Investment property is measured initially at its cost, including related transaction costs and borrowing costs. Borrowing costs incurred for the purpose of acquiring or constructing a qualifying asset are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway and cease once the asset is substantially complete, or suspended if the development of the asset is suspended.

After initial recognition, investment property is carried at fair value, representing value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value. Where fair value of investment property under construction is not reliably determinable, such investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier).

Changes in fair values are recognised in the income statement. The fair value of investment property reflects, among other things, rentals from current leases and assumptions about rentals from future leases in light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognised as a liability, including finance lease liabilities in respect of leasehold land, if any, classified as investment property; others, including contingent rent payments, are not recognised in the consolidated financial statements.

Subsequent expenditure is added to the carrying amount of the property only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the income statement during the financial period in which they are incurred.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

When an investment property undergoes a change in use, evidenced by commencement of development with a view to sale, the property is transferred to completed properties held for sale at its fair value at the date of change in use.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Investment properties (Continued)

If a self occupied property becomes an investment property because its use has changed, any difference between the carrying amount and its fair value at the date of transfer is recognised in equity as a revaluation reserve. Any resulting gain is recognised in the income statement to the extent that it reverses a previous impairment loss, with any remaining increase recognised as other comprehensive income. Any resulting decrease in the carrying amount of the property is initially charged in other comprehensive income against any previously recognised revaluation surplus, with any remaining decrease charged to income statement.

(h) Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessors are classified as operating leases. Rentals payable, net of incentives received from lessors, under operating leases are charged to the income statement on a straight line basis over the period of the leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-currents assets are credited to the income statement on a straight-line basis over the lease terms.

Prepayments of land use rights represent non-refundable rental payments for the lease of land and are stated at cost less accumulated amortisation (note 3(f)) and impairment. Amortisation is calculated to write off the prepayments over the period of the lease on a straight-line basis. When there is impairment, the impairment is expensed in the income statement. The amortisation of land use rights is capitalised as part of the costs of the property when the land use rights is under development.

(i) Impairment of associates and other non-financial assets

Assets that have an indefinite useful life or are not yet available for use are not subject to amortisation, but are tested at least annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the fair value of an asset less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each balance sheet date.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Financial assets

The Group classifies its investments as loans and receivables, or available-for-sale financial assets. Management determines the classification of its investments at initial recognition according to the purpose for which the investments were acquired.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest method.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in the balance sheet under non-current assets unless management intends to dispose of the investment within twelve months of the balance sheet date. Available-for-sale financial assets are initially recognised at fair value plus transaction costs and subsequently carried at fair value.

Regular way purchases and sales of investments are recognised on trade-date, which is the date on which the Group commits to purchase or sell the asset. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Unrealised gains and losses arising from changes in the fair value of non-monetary available-for-sale financial assets are recognised in other comprehensive income. When available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains or losses from available-for-sale financial assets.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted investments), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the specific circumstances of the issuer.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Financial assets (Continued)

(ii) Available-for-sale financial assets (Continued)

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available-for-sale financial assets, a significant or prolonged decline in the fair value of the financial assets below its cost is considered as an indicator in determining whether the financial assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial assets previously recognised in the consolidated income statement is removed from equity and recognised in the consolidated income statement. Impairment losses recognised in the consolidated income statement on available-for-sale financial assets (equity instruments only) are not reversed through the income statement.

(k) Debtors

Debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment, which is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the carrying amount of the debtor and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of debtors is reduced through the use of an allowance account and the amount of the provision is recognised in the income statement within administrative expenses. When a debtor is uncollectible, it is written off against the allowance account for debtors. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the income statement.

If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and deposits with banks and financial institutions.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Ordinary share

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are recognised in equity as a deduction, net of tax, from the proceeds.

(n) Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

(o) Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Employee benefits

Contributions to publicly or privately administered defined contribution retirement or pension plans on a mandatory, contractual or voluntary basis are recognised as employee benefit expenses in the financial period when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The Group operates a defined contribution provident fund scheme ("Scheme"), which is available to certain employees who joined the Group before 1 December 2000, and a mandatory provident fund scheme ("Fund"), which is available to all employees in Hong Kong effective 1 December 2000. The assets of the Scheme and the Fund are held separately from those of the Group in independently administered funds. Contributions to the Scheme and the Fund by the Group and the employees are calculated as a percentage of the monthly salaries of the employees. Contributions to the Scheme are reduced by contributions forfeited by those employees who leave the Scheme prior to vesting fully in the contributions.

The Group also participates in the employee pension schemes of the municipal governments in Mainland China where the Group operates. The Group is required to make monthly defined contributions at rates calculated as a percentage of the monthly payroll. The respective municipal government will assume the retirement benefit obligations of the PRC existing and future retired employees in Mainland China of the Group.

Employee entitlements to annual leave and long service payments are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service payments as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick and maternity leave are not recognised until the time of leave.

Provision for bonus plans due are recognised when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate can be made.

(r) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Revenue recognition

Revenue comprises the fair value of the consideration for sales of goods and rendering of services in the normal course of business activities of the Group. Revenue is recognised when the amount can be reliably measured, it is probable that future economic benefits will flow to the Group and specific criteria for each of the activities have been met. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the activity have been resolved. Revenue is shown net of sales tax, returns, rebates and discounts, allowances for credit and other revenue reducing factors.

Rental income net of any incentives given to the lessees is recognised on a straight-line basis over the period of the leases. Revenue from the sale of completed properties is recognised when the relevant sales contracts are concluded and the risk and rewards of the property have been passed to the purchasers. Estate management income is recognised when services are provided. Interest income is recognised on a time proportion basis using the effective interest method, taking into account the principal amounts outstanding and the effective interest rates applicable. Dividend income is recognised when the right to receive payment is certain.

(t) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified collectively as the executive Directors that make strategic decisions.

(u) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankrupt of the company or the counterparty.

(v) Dividend distribution

Dividend distribution to the shareholders of the Company is recognised as a liability in the consolidated financial statements in the financial period in which the dividends are declared by the Directors in the case of interim dividends or approved by the Company's shareholders in the case of final dividends.

4 FINANCIAL RISK MANAGEMENT

The activities of the Group expose it to a variety of financial risks: market risk (including price risk, foreign exchange risk and interest rate risk), credit risk and liquidity risk. Management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Financial risk management is carried out by the finance department under policies approved by the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas, such as price risk, foreign exchange risk, interest rate risk, credit risk and non-derivative financial instruments, and investing excess liquidity.

(a) Price risk

The Group is exposed to price risk arising from unlisted equity securities and club debentures which are classified as available-for-sale financial assets. The Group is not exposed to commodity price risk.

The carrying amount of available-for-sale financial assets of the Group would be an estimate of HK$2,357,000 (2015: HK$2,314,000) higher or lower if the year end prices of the above mentioned financial assets were to differ by 5% (2015: 5%).

(b) Foreign exchange risk

The Group operates primarily in Hong Kong and has limited exposure to foreign exchange risk, mainly from certain properties, cash and bank balances, receivables and payables denominated in Renminbi ("RMB"). The Group monitors foreign currency risk and considers entering into forward foreign exchange contracts to reduce exposure when necessary.

At 31 December 2016, if Hong Kong dollar had weakened or strengthened by 5% (2015: 5%) against RMB with all other variables held constant, profit before taxation for the year would have been higher or lower by approximately HK$1,788,000 (2015: HK$3,807,000), mainly as a result of foreign exchange gains or losses arising from translation of cash and bank balances.

(c) Interest rate risk

The Group has no fixed rate borrowings and is exposed to cash flow interest rate risk principally due to the fluctuation of the prevailing market interest rate on bank deposits.

If interest rates had increased or decreased by 0.01% (2015: 0.01%) with all other variables held constant, the profit before income tax for the year would increase or decrease by approximately HK$92,000 (2015: HK$78,000), mainly as a result of higher or lower interest income from bank deposits.

4 FINANCIAL RISK MANAGEMENT (Continued)

(d) Credit risk

The Group's credit risk is primarily attributable to trade and other debtors, bank deposits and amounts due from associates.

The Group has policies in place to ensure that properties are rented and property management services are provided to customers with appropriate credit histories. The Group reviews the recoverable amount of debtors on a regular basis and an allowance for doubtful debts is made where there is an identified loss.

With regard to credit exposure to customers for rental of properties, the Group also receives rental payments in advance with sufficient initial rental deposits to cover potential default in future rental payments. Amounts due from associates are generally supported by the underlying assets and the Group monitors the credibility of associates.

At each balance sheet date, the Group reviews the recoverable amount of each debtor to ensure that adequate provision is made for irrecoverable amounts.

The credit risk on liquid funds is limited because 99% of the funds are placed in banks with high credit rankings, ranging from AA to A by reference to Standard and Poor and Moody's credit ratings. Management does not expect any losses from the non-performance of these banks.

(e) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its current obligations when they fall due.

The Group mainly relies on cash inflows from rental of properties and property management to fund its operations. The Group has sufficient cash on hand and also has alternative plans to monitor liquidity risk should there be significant adverse changes on the Group's cash flow projections.

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of credit facilities, and the ability to close out market positions. The Group aims to maintain flexibility in funding by keeping credit lines available, if necessary.

The Group does not have any borrowings and all creditors and accruals are due for settlement within one year.

4 FINANCIAL RISK MANAGEMENT (Continued)

(f) Capital risk management

The objectives of the Group when managing capital are to safeguard the ability of the Group to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares.

The Group does not have any borrowings as at 31 December 2016 and 2015 and uses equity to finance its operations.

(g) Fair value estimation

The financial instruments that are measured in the balance sheet at fair value are required to disclose their valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following represents the Group's financial assets that are measured at fair value at 31 December 2016. See Note 18 for disclosure of the investment properties that are measured at fair value.

At 31 December 2016, the Group's assets measured at fair value are available-for-sale instruments, of which HK$9,851,000 (2015: HK$10,420,000) represents Level 2 instruments and HK$37,295,000 (2015: HK$35,863,000) represents Level 3 instruments. The fair value change in Level 3 instruments for the year ended 31 December 2016 was HK$1,432,000 (2015: HK$2,439,000) and which is recognised in other comprehensive income accordingly.

There were no transfers between level 1, 2 and 3 during the year.

The fair values of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) are determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

4 FINANCIAL RISK MANAGEMENT (Continued)

(g) Fair value estimation (Continued)

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used in preparing the consolidated financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities of the Group are discussed below.

(i) Investment properties

The fair values of investment properties are determined by independent valuers on an open market for existing use basis. In making the judgement, the independent valuers consider information from a variety of sources including:

– current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;

– recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

– discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts, and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(i) Investment properties (Continued)

If information on current or recent prices of investment properties is not available, the fair values of investment properties are determined using discounted cash flow valuation techniques.

The principal assumptions underlying the estimation of fair value using discounted cash flow valuation techniques are those related to: the receipt of contractual rentals; expected future market rentals; maintenance requirements; and appropriate discount rates. These valuations are regularly compared to actual market yield data, and actual transactions by the Group and those reported by the market. These assumptions are mainly based on market conditions existing at each balance sheet date. The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

(ii) Available-for-sale financial assets

The fair value of each asset is reviewed at each accounting date and whenever events or changes in circumstances indicate that the carrying amount of the asset has been affected. The fair value also reflects the market conditions existing at each balance sheet date. For unlisted equity investments, the Group establishes fair value by using valuation techniques, including the use of arm's length transactions, reference to other instruments that are substantially the same, discounted cash flows analysis, or the underlying net assets to reflect the specific circumstances.

The significant assumption adopted in the valuation of the unlisted securities was minority discount rate of 20% (2015: 20%).

6 REVENUE AND SEGMENT INFORMATION

Revenue consists of the following:

	2016 HK$'000	2015 HK$'000
Rental from investment properties	**42,652**	37,484
Estate management fees	**11,341**	11,925
Dividend from unlisted investments	**1,500**	1,350
	55,493	50,759

The chief operating decision-maker has been identified as the Executive Director of the Company. The Executive Director regards the Group's business as a single operating segment, which is property rental and estate management and reviews financial information accordingly. Therefore, no segment analysis of the Group's revenue and contribution to operating profit is presented.

The total of non-current assets other than associates and available-for-sale financial assets located in Hong Kong is HK$1,195,933,000 (2015: HK$1,112,512,000), and the total of non-current assets located in Mainland China is HK$30,799,000 (2015: HK$31,257,000).

Revenue of approximately HK$7,921,000 (2015: HK$7,903,000) is derived from a single external customer.

7 OTHER INCOME

	2016 HK$'000	2015 HK$'000
Interest income	**5,303**	3,016
Others	**20**	106
	5,323	3,122

8 OTHER GAINS/(LOSSES), NET

	2016 HK$'000	2015 HK$'000
Net exchange losses	**(5,360)**	(3,627)
Loss on disposal of property, plant and equipment	**(635)**	–
Write-back of provision for doubtful debt (Note)	**16,147**	–
	10,152	(3,627)

Note:

On 30 May 2016, the second cash distribution in respect of the liquidation of a then subsidiary, Beijing Dan Yao Property Company Limited ("Dan Yao") was received. Accordingly, the provision for doubtful debt on Dan Yao was written back to the consolidated income statement, to the extent of the cash received.

9 STAFF COSTS (INCLUDING DIRECTORS' REMUNERATION)

	2016 HK$'000	2015 HK$'000
Wages and salaries	**21,704**	19,327
Social security costs	**977**	1,036
Provision for long service payments	**882**	27
Retirement benefit costs (Note 11)	**(1,537)**	584
	22,026	20,974

10 OPERATING PROFIT

	2016 HK$'000	2015 HK$'000
Operating profit is arrived at after charging:		
Direct operating expenses of investment properties that generate rental income	**7,631**	10,193
Direct operating expenses of investment properties that did not generate rental income	**139**	306
Legal and professional fees		
Relating to operation	**1,688**	1,634
Relating to mandatory cash offer made by the substantial shareholder to the Company	**3,884**	–
Auditor's remuneration		
Audit services	**1,450**	1,120
Non-audit services	**604**	248

11 RETIREMENT BENEFIT AND SOCIAL SECURITY COSTS

During the year, no forfeited contributions in respect of the Scheme (2015: Nil) were utilised and there were no forfeited contributions available to reduce future contributions at 31 December 2016 (2015: Nil).

The cost charged to the consolidated income statement (Note 9) represents contributions payable by the Group to the above schemes.

12 BENEFITS AND INTERESTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

The following disclosure in respect of benefits and interests of Directors are made pursuant to section 383 of the Hong Kong Companies Ordinance (Cap. 622) and the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) and HK Listing Rules:

(a) Directors' emoluments

For the year ended 31 December 2016:

	Emoluments paid or receivable in respect of a person's services as a director and in connection with the management of the affairs whether of the company or its subsidiary undertakings						
Name	Fees	Salary	Discretionary bonuses	Allowance and benefits in kind	Estimated money value of other benefits	Employer's contribution to a retirement benefit scheme	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Mr. DAI Xiaoming*#@	10	2,395	200	522	–	–	3,127
Mr. Kenneth KON Hiu King*	200	–	–	–	–	–	200
Mr. Jesse LEUNG Nai Chau*	240	–	–	–	–	–	240
Dr. XIANG Bing*	230	–	–	–	–	–	230
Mr. Edward SHEN*	240	–	–	–	–	–	240
Mr. LEE Seng Hui^#	–	–	–	–	–	–	–
Mr. Patrick LEE Seng Wei^@	–	–	–	–	–	–	–
Mr. Edwin LO King Yau^	–	–	–	–	–	–	–
Mr. TAO Tsan Sang^	–	–	–	–	–	–	–
Mr. LIU Kin Sun^	–	–	–	–	–	–	–
Ms. Cindy YUNG Yee Mei^	–	–	–	–	–	–	–
	920	2,395	200	522	–	–	4,037

* Resigned on 22 December 2016

^ Appointed on 18 November 2016

\# Chairman

@ Chief Executive

12 BENEFITS AND INTERESTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

(a) Directors' emoluments (Continued)

For the year ended 31 December 2015:

	Emoluments paid or receivable in respect of a person's services as a director and in connection with the management of the affairs whether of the company or its subsidiary undertakings						
Name	Fees	Salary	Discretionary bonuses	Allowance and benefits in kind	Estimated money value of other benefits	Employer's contribution to a retirement benefit scheme	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Mr. DAI Xiaoming (Note)*#@	10	2,515	426	522	–	–	3,473
Mr. Kenneth KON Hiu King*	200	–	–	–	–	–	200
Mr. Jesse LEUNG Nai Chau*	240	–	–	–	–	–	240
Dr. XIANG Bing*	230	–	–	–	–	–	230
Mr. Edward SHEN*	240	–	–	–	–	–	240
	920	2,515	426	522	–	–	4,383

During the year ended 31 December 2016, no remunerations paid or receivable in respect of accepting office as Director (2015: Nil).

None of the Directors of the Company has waived the right to receive their emoluments during the year ended 31 December 2016 (2015: Nil). The Directors represent key management personnel of the Company having authority and responsibility for planning, directing and controlling the activities of the Group.

(b) Directors' retirement benefits and termination benefits

None of the Directors received any retirement benefits or termination benefits during the year (2015: Nil).

12 BENEFITS AND INTERESTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

(c) Consideration provided to or receivable by third parties for making available Directors' services

During the year ended 31 December 2016, the Group did not pay consideration to any third parties for making available Directors' services (2015: Nil).

(d) Information about loans, quasi-loans and other dealings in favour of Directors, controlled bodies corporate by and connected entities with such Directors

As at 31 December 2016, there is no loans, quasi-loans and other dealing arrangements in favour of Directors, controlled bodies corporate by and controlled entities with such Directors (2015: Nil).

(e) Directors' material interests in transactions, arrangements or contracts

Save as disclosed in Note 31 to the consolidated financial statements, no other significant transactions, arrangements and contracts to which the Company was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

(f) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include one (2015: one) Directors whose emoluments are reflected in Note (a) above. The emoluments for the remaining four (2015: four) highest paid individuals are as follows:

	2016	2015
	HK$'000	HK$'000
Salaries and allowances	**3,686**	3,222
Discretionary bonuses	**347**	393
Retirement benefit costs – Defined contribution plans	**54**	54
	4,087	3,669

The emoluments of these individuals fell within the following bands:

	Number of individuals	
Emolument bands	**2016**	2015
Nil to HK$1,000,000	**2**	3
HK$1,000,001 to HK$1,500,000	**2**	1
	4	4

13 SHARE OF (LOSSES)/PROFITS OF ASSOCIATES

Share of (losses)/profits of associates include the following:

	2016	2015
	HK$'000	HK$'000
Change in fair value of investment properties (Note)	**8,950**	241,348
Taxation	**(1,477)**	(39,822)

Note:

The investment properties of associates were valued at 31 December 2016 and 2015 by independent professionally qualified valuer, DTZ Cushman & Wakefield Limited ("DTZ"), who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued.

As at 31 December 2016 and 2015, the fair values of the investment properties of associates were determined by capitalising the net rental income with due allowance for outgoing and reversionary income potential or where appropriate by direct comparison approach by making reference to comparable sales transactions as available in the relevant market.

As at 31 December 2016, the Group's of the share carrying value of the investment properties of associate amounted to HK$3,283,933,000 (2015: HK$3,625,583,000).

14 INCOME TAX EXPENSES

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profit for the year. Taxation on profits generated in Mainland China has been provided at the rate of taxation prevailing in Mainland China.

The amount of income tax charged to the consolidated income statement represents:

	2016	2015
	HK$'000	HK$'000
Current income tax		
Hong Kong	**2,602**	1,778
Overprovision in prior year	**(61)**	(56)
	2,541	1,722
Deferred income tax (Note 26)		
Origination and reversal of temporary differences	**12,633**	11,129
	15,174	12,851

14 INCOME TAX EXPENSES (Continued)

The tax on the profit before income tax differs from the theoretical amount that would arise using the profits tax rate of Hong Kong where the Group principally operates, as follows:

	2016 HK$'000	2015 HK$'000
Profit before income tax	**76,936**	208,569
Adjusted for:		
Share of losses/(profits) of associates	**30,995**	(132,062)
	107,931	76,507
Tax charge at the rate of 16.5% (2015: 16.5%)	**17,809**	12,624
Effect of different tax rates	**(755)**	(407)
Over provision of taxation in prior year	**(61)**	(56)
Income not subject to tax	**(5,479)**	(2,608)
Expenses not deductible for tax purposes	**3,661**	2,618
Utilisation of previously unrecognised tax losses	**(343)**	(192)
Tax losses not recognised	**279**	513
Others	**63**	359
Income tax expenses	**15,174**	12,851

15 DIVIDENDS

	2016 HK$'000	2015 HK$'000
Proposed final special dividend of HK$Nil (2015: HK$0.15) per ordinary share	**–**	187,095

A final special dividend in respect of the year ended 31 December 2015 of HK$0.15 per share was approved during the 2015 Annual General Meeting of the Company. The dividends paid in 2016 was HK$186,364,000, which was HK$731,000 less than the proposed final special dividend because of the repurchase of 4,874,000 ordinary shares in February 2016.

Subsequent to the year ended 31 December 2016, on 25 January 2017, the Company's board of directors' meeting was held to resolve a payment of special dividend of HK$0.25 per ordinary share amounting to approximately HK$310,606,000 which was paid on 23 February 2017. The special dividend will be accounted for as an appropriation of the retained profit for the year ending 31 December 2017.

16 EARNINGS PER SHARE

The calculation of basic earnings per share for the year is based on the following:

	2016 **HK$'000**	2015 HK$'000
Profit attributable to equity holders	**61,762**	195,718
Weighted average number of shares for calculating basic earnings per share ('000)	**1,243,096**	1,247,299
Basic earnings per share (HK cents)	**4.97**	15.69

The calculation of basic earnings per share is based on the Group's profit attributable to equity holders of HK$61,762,000 (2015: profit of HK$195,718,000) and the weighted average number of 1,243,096,476 ordinary shares in issue during the year (2015: 1,247,298,945).

The diluted earnings per share equals the basic earnings per share since there were no dilutive potential shares in issue during both years.

17 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK$'000	**Office equipment** HK$'000	**Furniture and fixtures** HK$'000	**Motor vehicles** HK$'000	**Total** HK$'000
Cost					
At 1 January 2015	140,979	2,685	17,080	1,494	162,238
Revaluation surplus	4,439	–	–	–	4,439
Transfer to investment properties (Note 18)	(51,539)	–	–	–	(51,539)
Additions	–	991	–	–	991
Currency translation differences	(64)	(25)	(7)	–	(96)
At 31 December 2015	93,815	3,651	17,073	1,494	116,033
Revaluation surplus	533	–	–	–	533
Transfer to investment properties (Note 18)	(848)	–	–	–	(848)
Additions	–	275	–	840	1,115
Disposal	–	(1,362)	(536)	(1,117)	(3,015)
Currency translation differences	(99)	(48)	(6)	–	(153)
At 31 December 2016	93,401	2,516	16,531	1,217	113,665

17 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Land and buildings HK$'000	Office equipment HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Total HK$'000
Accumulated depreciation					
At 1 January 2015	9,402	2,249	13,442	1,428	26,521
Charge for the year	2,637	343	1,467	66	4,513
Transfer to investment properties (Note 18)	(1,039)	–	–	–	(1,039)
Currency translation differences	(6)	(3)	(3)	–	(12)
At 31 December 2015	10,994	2,589	14,906	1,494	29,983
Charge for the year	2,282	434	844	170	3,730
Transfer to investment properties (Note 18)	(22)	–	–	–	(22)
Disposal	–	(628)	(341)	(1,117)	(2,086)
Currency translation differences	(10)	(21)	(5)	–	(36)
At 31 December 2016	13,244	2,374	15,404	547	31,569
Net book value					
At 31 December 2015	82,821	1,062	2,167	–	86,050
At 31 December 2016	80,157	142	1,127	670	82,096

18 INVESTMENT PROPERTIES

	2016 HK$'000	2015 HK$'000
At beginning of the year	**1,033,090**	910,375
Transfer from land use rights (Note 19)	**2,267**	–
Transfer from property, plant and equipment (Note 17)	**826**	50,500
Currency translation difference	**(104)**	–
Changes in fair value to profit and loss	**85,802**	72,215
At end of the year	**1,121,881**	1,033,090

18 INVESTMENT PROPERTIES (Continued)

	2016 HK$'000	2015 HK$'000
Recurring fair value measurements		
Investment properties:		
– Commercial buildings – Hong Kong	**1,071,720**	985,740
– Residential buildings – Hong Kong	**47,150**	47,350
– Commercial and residential buildings – PRC	**3,011**	–
	1,121,881	1,033,090

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between Levels 1, 2 and 3 during the year.

Valuation processes of the Group

The Group's investment properties were valued at 31 December 2016 and 2015 by independent professionally qualified valuer, DTZ.

The Group's finance department includes a team that reviews the valuations performed by the independent valuer for financial reporting purposes. This team reports directly to the financial controller (FC) and the audit committee (AC)/the Board of Directors. Discussions of valuation processes and results are held between the FC, the valuation team and valuer at least once every six months, in line with the Group's interim and annual reporting dates.

At each financial year end the finance department:

- Verifies all major inputs to the independent valuation report;
- Assess property valuations movements when compared to the prior year valuation report; and
- Holds discussions with the independent valuer.

Valuation technique

The valuation was determined by capitalising the net rental income with due allowance for outgoing and reversionary income potential or where appropriate by direct comparison approach by making reference to comparable sales transactions as available in the relevant market.

There were no changes to the valuation techniques during the year.

19 LAND USE RIGHTS

	2016 HK$'000	2015 HK$'000
At beginning of the year	**24,629**	25,646
Revaluation surplus	**1,518**	–
Transfer to investment properties (Note 18)	**(2,267)**	–
Amortisation	**(465)**	(476)
Currency translation difference	**(660)**	(541)
At the end of the year	**22,755**	24,629

20 ASSOCIATES

	2016 HK$'000	2015 HK$'000
Share of net assets	**3,136,800**	3,193,795
Amounts due from associates	**101,231**	228,121
Less: provisions	**(97,306)**	(97,306)
	3,925	130,815
Amounts due to associates	**139,823**	16,986
Dividend received from associates	**26,000**	496,679

The amounts due from/to associates are unsecured, interest free and repayable on demand. The carrying amounts of the amounts due from/to associates approximate their fair values.

The carrying amounts of the amounts due from/to associates are denominated in Hong Kong dollars.

Particulars of the principal associates as at 31 December 2016 are set out in Note 33(b).

Set out below is the associate of the Group as at 31 December 2016, which, in the opinion of the Directors, is material to the Group. This associate has share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation or registration is also its principal place of business.

20 ASSOCIATES (Continued)

Nature of investment in associate as at 31 December 2016 and 2015

Name of entity	Place of business/ country of incorporation	% of ownership interest	Nature of the relationship	Measurement method
Zeta Estates Limited ("Zeta Estates")	Hong Kong	$33^1/_3$	Note 1	Equity

Note 1: Zeta Estates Limited is a property investment company, which invests in industrial and residential properties in Hong Kong.

There are no contingent liabilities relating to the Group's interest in the associates.

Summarised financial information for associates

Set out below are the summarised financial information for Zeta Estates Limited which are accounted for using the equity method.

Summarised balance sheet

	Zeta Estates	
	31 December 2016 HK$'000	31 December 2015 HK$'000
Current		
Cash and cash equivalents	**42,471**	121,320
Other current assets (excluding cash)	**946,732**	480,640
Total current assets	**989,203**	601,960
Financial liabilities (excluding trade payables)	**(31,058)**	(420,294)
Other current liabilities (including trade payables)	**(191,157)**	(487,916)
Total current liabilities	**(222,215)**	(908,210)
Non-current		
Assets	**9,194,395**	10,701,927
Liabilities	**(1,457,974)**	(1,706,725)
Total non-current assets	**7,736,421**	8,995,202
Net assets	**8,503,409**	8,688,952

20 ASSOCIATES (Continued)

Summarised financial information for associates (Continued)

Summarised statement of comprehensive income

	Zeta Estates For the year ended 31 December	
	2016	2015
	HK$'000	HK$'000
Revenue	**1,597,500**	1,768,065
Cost of sales	**(1,691,755)**	(1,897,769)
Other income and gains	**9,697**	8,867
Change in fair value of investment properties	**(66,600)**	514,293
Administrative expenses	**(66,027)**	(75,503)
Operating (loss)/profit	**(217,185)**	317,953
Income tax expenses	**31,642**	(45,720)
(Loss)/profit and total comprehensive (loss)/income for the year	**(185,543)**	272,233
Dividends received from associate	**–**	15,029

The information above reflects the amounts presented in the financial statements of the associate (and not the Group's share of those amounts) adjusted for differences in accounting policies between the Group and the associate.

Reconciliation of summarised financial information

	Zeta Estates	
	2016	2015
	HK$'000	HK$'000
Opening net assets at the beginning of the year	**8,688,952**	9,904,600
(Loss)/profit for the year	**(185,543)**	272,233
Dividend paid	**–**	(1,487,881)
Closing net assets at the end of the year	**8,503,409**	8,688,952
Interest in associates (33 $^{1}/_{3}$%)	**2,834,470**	2,896,317
Carrying value	**2,834,470**	2,896,317

21 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2016 **HK$'000**	2015 HK$'000
At beginning of the year	**46,283**	43,925
Net gains transfer to equity (Note 25)	**892**	2,423
Addition	**190**	–
Write off during the year	**(220)**	–
Currency translation differences	**1**	(65)
At the end of year	**47,146**	46,283

Available-for-sale financial assets are analysed as follows:

	2016 **HK$'000**	2015 HK$'000
Unlisted equity securities	**37,295**	35,863
Club debentures	**9,851**	10,420
	47,146	46,283

The carrying amounts of the available-for-sale financial assets are denominated in Hong Kong dollars.

22 DEBTORS, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2016 **HK$'000**	2015 HK$'000
Trade debtors	**1,177**	876
Other receivables	**5,034**	4,750
Prepayments and deposits	**2,368**	2,512
	8,579	8,138

The carrying amounts of the debtors, prepayments, deposits and other receivables are denominated in the following currencies:

	2016 **HK$'000**	2015 HK$'000
Hong Kong dollar	**8,532**	8,013
RMB	**25**	118
US dollar	**22**	7
	8,579	8,138

22 DEBTORS, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (Continued)

Trade debtors of the Group represent rentals and estate management fees receivable and are receivable on presentation of invoices. At 31 December 2016, trade debtors of HK$1,177,000 (2015: HK$876,000) were past due but not considered impaired. These debtors relate to a number of independent customers for whom there is no recent history of default. The ageing of these trade debtors of the Group based on invoices date is as follows:

	2016	2015
	HK$'000	HK$'000
Within 30 days	**1,177**	876

At 31 December 2016 and 2015, no trade debtors were individually determined to be impaired. There is no concentration of credit risk with respect to trade debtors, as the Group has a large number of customers.

Other receivables of the Group represent reimbursable expenses paid on behalf of customers and amounts receivable from investee company, which are held by the Group under available-for-sale financial assets, of HK$3,491,000 (2015: HK$3,601,000). The amounts receivable from investee companies are unsecured and have no fixed term of repayment. There is no history of default. At 31 December 2016 and 2015, no other receivables was individually determined to be impaired.

The Group does not hold any collateral as security, except that the Group holds rental deposits from tenants for leasing of properties.

The other classes within trade and other receivables and debtors do not contain impaired assets. The maximum exposure to credit risk represents the fair value of each class of receivable.

23 CASH AND BANK BALANCES

	2016	2015
	HK$'000	HK$'000
Non-pledged time deposits with original maturity of over three months	**151,076**	60,029
Cash and cash equivalents:		
Cash at bank and in hand	**63,863**	91,165
Short term bank deposits with original maturity within three months	**766,564**	723,996
Cash and cash equivalents for cash flow statements analysis	**830,427**	815,161
	981,503	875,190

23 CASH AND BANK BALANCES (Continued)

The carrying amounts of cash and bank balances are denominated in the following currencies:

	2016	2015
	HK$'000	HK$'000
Hong Kong dollar	**905,784**	757,848
RMB	**35,976**	76,200
United States dollar	**39,743**	41,137
Others	**–**	5
	981,503	875,190

Note:

As at 31 December 2016, the Group had cash and bank balances denominated in RMB of approximately HK$33,727,000 (2015: HK$25,920,000) deposited with the banks in the PRC. RMB is not freely convertible into foreign currencies.

24 SHARE CAPITAL

	2016		2015	
	Number of shares	**HK$'000**	Number of shares	HK$'000
Issued and fully paid:				
At 1 January	**1,247,298,945**	**681,899**	1,247,298,945	681,899
Buy-back of shares	**(4,874,000)**	**–**	–	–
At 31 December	**1,242,424,945**	**681,899**	1,247,298,945	681,899

The Company acquired 4,874,000 of its own shares through purchase in the Hong Kong Stock Exchange during the year ended 31 December 2016. The total amount paid to acquire the shares was HK$6,538,000 and which has been deducted from retained profits within shareholders' equity (Note 25). All the repurchased shares were cancelled.

25 RESERVES

	Special capital reserve HK$'000 (Note a)	Investment revaluation reserve HK$'000	Property revaluation reserve HK$'000	Exchange reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 January 2015	633	29,516	1,954	(5,058)	4,334,072	4,361,117
Profit for the year	–	–	–	–	195,718	195,718
Change in fair value of available-for-sale financial assets (Note 21)	–	2,423	–	–	–	2,423
Change in fair value of property, plant and equipment transfer to investment properties (Note 17)	–	–	4,439	–	–	4,439
Currency translation differences	–	–	–	(992)	–	(992)
Total comprehensive income	–	2,423	4,439	(992)	195,718	201,588
Dividends relating to 2014	–	–	–	–	(24,946)	(24,946)
Transfer from special capital reserve to retained profits (Note a)	(633)	–	–	–	633	–
At 31 December 2015	–	31,939	6,393	(6,050)	4,505,477	4,537,759
Profit for the year	**–**	**–**	**–**	**–**	**61,762**	**61,762**
Change in fair value of available-for-sale financial assets (Note 21)	**–**	**892**	**–**	**–**	**–**	**892**
Change in fair value of property, plant and equipment and land use rights to investment properties	**–**	**–**	**2,051**	**–**	**–**	**2,051**
Currency translation differences	**–**	**–**	**–**	**(1,131)**	**–**	**(1,131)**
Total comprehensive income	**–**	**892**	**2,051**	**(1,131)**	**61,762**	**63,574**
Dividends relating to 2015	**–**	**–**	**–**	**–**	**(186,364)**	**(186,364)**
Buy-back of shares (Note 24)	**–**	**–**	**–**	**–**	**(6,538)**	**(6,538)**
At 31 December 2016	**–**	**32,831**	**8,444**	**(7,181)**	**4,374,337**	**4,408,431**

25 RESERVES (Continued)

Note:

(a) On 9 December 2011, an extraordinary general meeting was passed by the shareholders of the Company for approving the share premium reduction of the Company. The purpose of the share premium reduction is to reduce the credit standing to the share premium account of the Company to the extent of HK$579,389,000 and to apply the credit arising from such reduction to eliminate the accumulated losses of the Company by the same amount. A sealed copy of the order made by the High Court on 3 February 2012 confirming the reduction of share premium account was submitted to the Registrar of Companies in Hong Kong and was duly registered on 8 February 2012.

Under the court order, the Company at the same time has to transfer sum of HK$2,655,000 from retained profits to a special capital reserve account which shall not be treated as realised profits and be treated as an undistributable reserve, so long as the debt of or the claim of HK$2,655,000 against the Company remains outstanding.

During the year ended 31 December 2012, part of the debt on the claim against the Company amounting to HK$1,992,000 was settled, resulting a transfer from the special capital reserve of HK$1,992,000 to retained profits which is available for distribution and the sum of HK$663,000 is remained in the special reserve not available for distribution. There was no further debt settlement during the year ended 31 December 2013. During the year ended 31 December 2014, a further debt of HK$30,000 was settled, resulting the sum of HK$30,000 was transferred from the special capital reserve to retained profits, and therefore the sum of HK$633,000 is remained in the special capital reserve not available for distribution. During the year ended 31 December 2015, the remaining debt of HK$633,000 was settled, and the sum of HK$633,000 was transferred from the special capital reserve to retained profits. No special capital reserve maintained since then.

26 DEFERRED INCOME TAX LIABILITIES

The analysis of deferred income tax assets and liabilities is as follows:

	2016 **HK$'000**	2015 HK$'000
Deferred income tax liabilities, net:		
– to be realised after more than 12 months	**(147,630)**	(134,997)

The gross movement on the deferred income tax is as follows:

	2016 **HK$'000**	2015 HK$'000
At beginning of the year	**134,997**	123,868
Charged to the income statement (Note 14)	**12,633**	11,129
At end of the year	**147,630**	134,997

26 DEFERRED INCOME TAX LIABILITIES (Continued)

The movements in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred income tax assets

	Tax losses	
	2016	2015
	HK$'000	HK$'000
At beginning of the year	**–**	–
Credited to the income statement	**428**	–
At end of the year	**428**	–

Deferred income tax liabilities

	Fair value change of investment properties		Others		Total	
	2016	2015	**2016**	2015	**2016**	2015
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
At beginning of the year	**134,796**	123,667	**201**	201	**134,997**	123,868
Charged to the income statement	**12,663**	11,129	**(30)**	–	**12,633**	11,129
At end of the year	**147,459**	134,796	**171**	201	**147,630**	134,997

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. On that basis, the Group did not recognise deferred tax assets of HK$3,714,000 (2015: HK$4,144,000) in respect of unused tax losses amounting to HK$22,506,000 (2015: HK$25,113,000) that can be carried forward against future taxable income. These unused tax losses have no expiry date.

27 CREDITORS AND ACCRUALS

	2016	2015
	HK$'000	HK$'000
Trade creditors	**334**	56
Other creditors	**9,420**	8,828
Tenants deposits	**11,645**	10,631
Accrued operating expenses	**5,072**	7,461
	26,471	26,976

The ageing of trade creditors of the Group is as follows:

	2016	2015
	HK$'000	HK$'000
Within 30 days	**334**	56

27 CREDITORS AND ACCRUALS (Continued)

The carrying amounts of creditors and accruals are denominated in the following currencies:

	2016 HK$'000	2015 HK$'000
Hong Kong dollar	**26,239**	26,806
RMB	**232**	170
	26,471	26,976

The carrying amounts of creditors and accruals approximate their fair values.

28 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

Reconciliation of operating profit to net cash generated from operations

	2016 HK$'000	2015 HK$'000
Operating profit	**107,931**	76,507
Depreciation and amortisation	**4,195**	4,991
Net exchange losses	**1,868**	2,496
Loss on disposal of property, plant and equipment	**635**	–
Write off of available-for-sale financial assets	**220**	–
Write back of provision for doubtful debts	**(16,147)**	–
Change in fair value of investment properties	**(85,802)**	(72,215)
Dividend income	**(1,500)**	(1,350)
Interest income	**(5,303)**	(3,016)
Operating profit before working capital changes	**6,097**	7,413
(Increase)/decrease in debtors, prepayments, deposits and other receivables	**(441)**	1,658
(Decrease)/increase in creditors and accruals	**(505)**	1,728
Net cash generated from operations	**5,151**	10,799

In the consolidated cash flow statement, proceeds from sale of property, plant and equipment comprise:

	2016 HK$'000	2015 HK$'000
Net book amount (Note 17)	**929**	–
Loss on disposal of property, plant and equipment	**(635)**	–
Proceeds from disposal of property, plant and equipment	**294**	–

29 FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of reporting period:

Financial assets

	2016 HK$'000	2015 HK$'000
Available-for-sale financial assets	**47,146**	46,283
Loans, deposits and Receivables		
Debtors and other receivables	**7,280**	6,713
Amounts due from associates	**3,925**	130,815
Cash and bank balances	**981,503**	875,190
	992,708	1,012,718
Total	**1,039,854**	1,059,001

Financial liabilities

	2016 HK$'000	2015 HK$'000
Financial liabilities at amortised cost		
Financial liabilities in accrued liabilities and other payables	**25,317**	25,958
Amounts due to associates	**139,823**	16,986
Total	**165,140**	42,944

30 COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for at the end of the year but not yet incurred is as follows:

	2016 HK$'000	2015 HK$'000
Investment properties – repairs and maintenance	**–**	–
Property, plant and equipment	**–**	680
	–	680

30 COMMITMENTS (Continued)

(b) Operating lease rental receivable

The future minimum lease rental receipts under non-cancellable operating leases in respect of investment properties are receivable in the following periods:

	2016	2015
	HK$'000	HK$'000
Within one year	**41,374**	21,786
Between one to five years	**43,442**	20,910
	84,816	42,696

31 RELATED PARTY TRANSACTIONS

Other than disclosed elsewhere in this consolidated financial statements, the following is a summary of significant related party transactions during the year:

The Group received estate management fees income from its associates of HK$6,113,000 (2015: HK$6,866,000), which was determined at specified percentages of the gross operating revenues of the relevant companies.

The Directors of the Company are regarded as key management of the Group and details of compensation paid to them are disclosed in Note 12 to the consolidated financial statements.

On 11 February 2016, the Company entered into a transaction with SRT (S&P) Architects Limited ("SRT") in which the Independent Non-Executive Director Mr. Edward Shen has owned more than 30% equity interest, whereby SRT has provided designing service to the subsidiaries of the Company at a fee HK$100,000.

Prior to 16 November 2016, the Directors regarded Fabulous Investments Limited, a company incorporated in the British Virgin Islands, as being the immediate holding company of the Company and Harlesden Limited ("Harlesden"), a company incorporated in the British Virgin Islands, as being the ultimate holding company of the Company. The Company was ultimately controlled by Mr. Dai Xiaoming ("Mr. Dai"), who was the sole shareholder of Harlesden.

On 19 September 2016, the Vendors (Fabulous Investments Limited, Dan Form International Limited and Mr. Dai), the Offeror (Autobest Holdings Limited ("Autobest") and Tian An China Investments Company Limited ("TACI") (as Offeror's guarantor) entered into the sale and purchase agreement, pursuant to which the Offeror conditionally agreed to acquire, and the Vendors conditionally agreed to sell approximately 36.45% of the issued shares of the Company for a total consideration of HK$1,245,455,664.75 and the total consideration for the share transfer was settled by cash ("Share Transfer").

31 RELATED PARTY TRANSACTIONS (Continued)

Upon completion of the Share Transfer on 18 November 2016, the Offeror (and persons acting in concert with it) holds approximately 36.45% of the issued shares of the Company, accordingly, the Offeror (and persons acting in concert with it) made a conditional mandatory cash offer pursuant to Rule 26.1 of Hong Kong Code on Takeovers and Mergers ("Cash Offer").

Upon completion of the Cash Offer on 22 December 2016, the Offeror (and persons acting in concert with it)) holds approximately 90.64% of the issued shares of the Company and accordingly, the Company cannot satisfy the minimum public float requirement of 25% as set out in Rule 8.08(1)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong ("HKEx"). On 28 December 2016, the Company was granted with a waiver from strict compliance with the Rule 8.08(1)(a) for the period from 22 December 2016 to 21 March 2017 by the HKEx.

32 ULTIMATE HOLDING COMPANY

The Directors regard Autobest Holdings Limited, a company incorporated in the British Virgin Islands, as being the immediate holding company of the Company.

The Directors also regard Tian An China Investments Company Limited, a company incorporated in Hong Kong, as being the ultimate holding company of the Company.

33 PRINCIPAL SUBSIDIARIES AND ASSOCIATES

(a) Principal subsidiaries

Name	Place of Incorporation and kind of legal entity	Particular of issued share capital/paid up capital	Percentage of attributable equity directly held by the Company	Percentage of attributable equity held by the Group	Principal activities and place of operation
AsiaSec Finance Limited	Hong Kong, limited liabilities company	1,000 Ordinary shares/ HK dollar 10,000	–	100	Financing, Hong Kong
AsiaSec Property Management Limited	Hong Kong, limited liability company	300,000 Ordinary shares/ HK dollar 300,000	–	100	Property management Hong Kong
Citigrand Investment Limited	Hong Kong, limited liability company	2 Ordinary shares/ HK dollar 2	–	100	Property investment Hong Kong
Dan Form (China) Limited	Hong Kong, limited liability company	2 Ordinary shares/ HK dollar 2	100	100	Investment holding Hong Kong
Dan Form (Hong Kong) Limited	Hong Kong, limited liability company	1,000,000 Ordinary shares/ HK dollar 1,000,000	100	100	Investment holding Hong Kong
Dawna Range Company Limited	Hong Kong, limited liability company	2 Ordinary shares/ HK dollar 20	–	100	Investment holding Hong Kong
Diamond Property Management Company Limited	Hong Kong, limited liability company	1,000 Ordinary shares/ HK dollar 10,000	–	100	Property management Hong Kong
Harcape Limited	Hong Kong, limited liability company	10,000 Ordinary shares/ HK dollar 10,000	–	100	Property investment Hong Kong
Keen Safe Investment Limited	Hong Kong, limited liability company	1,010,000 Ordinary shares/ HK dollar 1,010,000	–	100	Investment holding Hong Kong
Oriental Dragon Investment Limited	British Virgin Islands, limited liabilities company	1 Ordinary share/ US dollar 1	–	100	Property investment Mainland China
Smart Golf (International) Limited	Hong Kong, limited liabilities company	60,000,000 Ordinary shares/ HK dollar 60,000,000	–	100	Investment holding Hong Kong
Top Power Development Limited	Hong Kong, limited liabilities company	2 Ordinary shares/ HK dollar 2	–	100	Property investment Hong Kong
Winshine Properties Limited	British Virgin Islands, limited liabilities company	1 Ordinary share/ US dollar 1	–	100	Property investment Mainland China
Asia Empire Investment Limited	Hong Kong, limited liabilities company	1 Ordinary share HK dollar 1	–	100	Property investment Hong Kong

33 PRINCIPAL SUBSIDIARIES AND ASSOCIATES (Continued)

(a) Principal subsidiaries (Continued)

Name	Place of Incorporation and kind of legal entity	Particular of issued share capital/paid up capital	Percentage of attributable equity directly held by the Company	Percentage of attributable equity held by the Group	Principal activities and place of operation
Gold Asia Investment Limited	Hong Kong, limited liabilities company	1 Ordinary shares/ HK dollar 1	–	100	Property investment Hong Kong
Asiawell Investment Limited	Hong Kong, limited liabilities company	1 Ordinary shares/ HK dollar 1	–	100	Property investment Hong Kong
Wide Asia Investment Limited	Hong Kong, limited liabilities company	1 Ordinary shares/ HK dollar 1	–	100	Property investment Hong Kong
AsiaSec Project Management Limited	Hong Kong, limited liabilities company	2 Ordinary shares/ HK dollar 20	–	100	Property investment Hong Kong
Man Lee Offshore Limited	British Virgin Islands, limited liabilities company	1 Ordinary share/ HK dollar 1	–	100	Property investment Mainland China
深圳隆運諮詢服務有限公司	Mainland China, limited liabilities company	US dollar 2,150,000 (2)	–	100	Business consultant, Mainland China

(b) Principal associates

Name	Place of Incorporation and kind of legal entity	Particular of issued share capital/paid up capital	Percentage of attributable equity directly held by the Company	Percentage of attributable equity held by the Group	Principal activities and place of operation
Beijing Jing Yuan Property Development Company, Limited (1)	Mainland China, limited liabilities company	US dollar 61,220,000 (2)	–	29.4	Property development, Mainland China
Ho Pok Investment Company Limited	Hong Kong, limited liabilities company	100 Ordinary shares/ HK dollar 10,000	–	50	Investment holding Hong Kong
Kin Tong Land Investment Company Limited	Hong Kong, limited liabilities company	1,000,000 Ordinary shares/ HK dollar 10,000,000	–	50	Property investment Hong Kong
Zeta Estates Limited	Hong Kong, limited liabilities company	9,900 Ordinary shares/ HK dollar 990,000	–	33.33	Property investment Hong Kong

(1) Sino-foreign joint venture companies

(2) paid-up registered capital

34 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

BALANCE SHEET

AS AT 31 DECEMBER 2016

	2016 HK$'000	2015 HK$'000
ASSETS		
Non-current assets		
Property, plant and equipment	**802**	132
Subsidiaries	**105,672**	301,652
Available-for-sale financial assets	**9,850**	8,870
	116,324	310,654
Current assets		
Debtors, prepayments, deposits and other receivables	**1,885**	933
Amount due from a subsidiary	**140,000**	140,000
Income tax recoverable	**393**	393
Cash and bank balances	**927,341**	800,136
	1,069,619	941,462
Total assets	**1,185,943**	1,252,116
EQUITY		
Share capital	**681,899**	681,899
Reserves (Note a)	**387,141**	563,240
Total equity	**1,069,040**	1,245,139
LIABILITIES		
Current liabilities		
Creditors and accruals	**4,785**	6,624
Amounts due to subsidiaries	**112,118**	353
Total liabilities	**116,903**	6,977
Total equity and liabilities	**1,185,943**	1,252,116

The balance sheet of the Company were approved by the Board of Directors on 10 March 2017 and were signed on its behalf.

Patrick Lee Seng Wei
Director

Edwin Lo King Yau
Director

34 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (Continued)

Note (a) Reserve movement of the Company

	Special capital reserve	Investment revaluation reserve	Retained profits	Total
	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2015	633	4,756	79,094	84,483
Profit for the year	–	–	503,753	503,753
Dividends relating to 2014	–	–	(24,946)	(24,946)
Change in fair value of available-for-sale financial assets	–	(50)	–	(50)
Transfer from special capital reserve to retained profits	(633)	–	633	–
At 31 December 2015	–	4,706	558,534	563,240
Profit for the year	–	–	17,254	17,254
Dividends relating to 2015	–	–	(186,364)	(186,364)
Change in fair value of available-for-sale financial assets	–	(451)	–	(451)
Buy-back of shares (Note 24)	–	–	(6,538)	(6,538)
At 31 December 2016	–	4,255	382,886	387,141

35 EVENT AFTER THE REPORTING PERIOD

Subsequent to the year ended 31 December 2016, a special dividend of HK$0.25 per share, amounting to HK$310,606,000 was declared by the Board of Directors of the Company on 25 January 2017. The special dividend was paid on 23 February 2017.

PARTICULARS OF MAJOR PROPERTIES

As at 31 December 2016

Location	Lot No.	Use	Total gross floor area (sq. ft.)	Car parking spaces	Percentage owned
Investment properties					
Hong Kong					
Harbour Crystal Centre (portion) 100 Granville Road, Tsimshatsui East, Kowloon	K.I.L. 10600	Commercial	138,663 8,881	– – 30	80 40 100
Harbour Industrial Centre (portion) Ap Lei Chau, Aberdeen,Hong Kong	A.I.L.116	Industrial/Godown	266,126	59	33.33
Oceanic Industrial Centre (portion) Ap Lei Chau, Aberdeen, Hong Kong	A.I.L.116	Industrial/Godown	741,706	74	33.33
Queen's Centre (portion) 58-64 Queen's Road East Wanchai, Hong Kong	I.L.2243R.P.	Commercial/Offices	27,457	–	50
Wah Shun Industrial Centre (portion) 4 Cho Yuen Street Yau Tong, Kowloon	Y.T.I.L.29	Industrial	134,236	10	50
Red Hill, Phase 1 (portion) Tai Tam, Hong Kong	R.B.L.1050	Residential	11,001	–	33.33
Red Hill, Phase 2 (portion) Tai Tam, Hong Kong	R.B.L.1050	Residential	95,818	–	33.33
Red Hill, Phase 3 (portion) Tai Tam, Hong Kong	R.B.L.1050	Residential	160,123	–	33.33

Note: All the above properties are under long term Government leases.

SUMMARY OF THE GROUP'S FINANCIAL INFORMATION

	2016	2015	2014	2013	2012
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**55,493**	50,759	49,745	47,505	42,538
Operating profit	**107,931**	76,507	45,335	69,367	167,558
Share of profits of associates	**(30,995)**	132,062	209,300	175,672	781,123
Profit before income tax	**76,936**	208,569	254,635	245,039	948,681
Income tax expenses	**(15,174)**	(12,851)	(7,432)	(10,042)	(24,374)
Profit for the year	**61,762**	195,718	247,203	234,997	924,307
Attributable to:					
Equity holders	**61,762**	195,718	247,203	234,997	924,307
	HK cents	HK cents	HK cents	HK cents	HK cents
Earnings per share	**4.97**	15.69	19.82	18.84	74.10
Total assets	**5,405,183**	5,398,618	5,204,157	4,940,649	4,702,112
Total liabilities	**(314,853)**	(178,960)	(161,141)	(150,627)	(136,877)
Net assets	**5,090,330**	5,219,658	5,043,016	4,790,022	4,565,235