JIANDE INTERNATIONAL HOLDINGS LIMITED
建 德 國 際 控 股 有 限 公 司

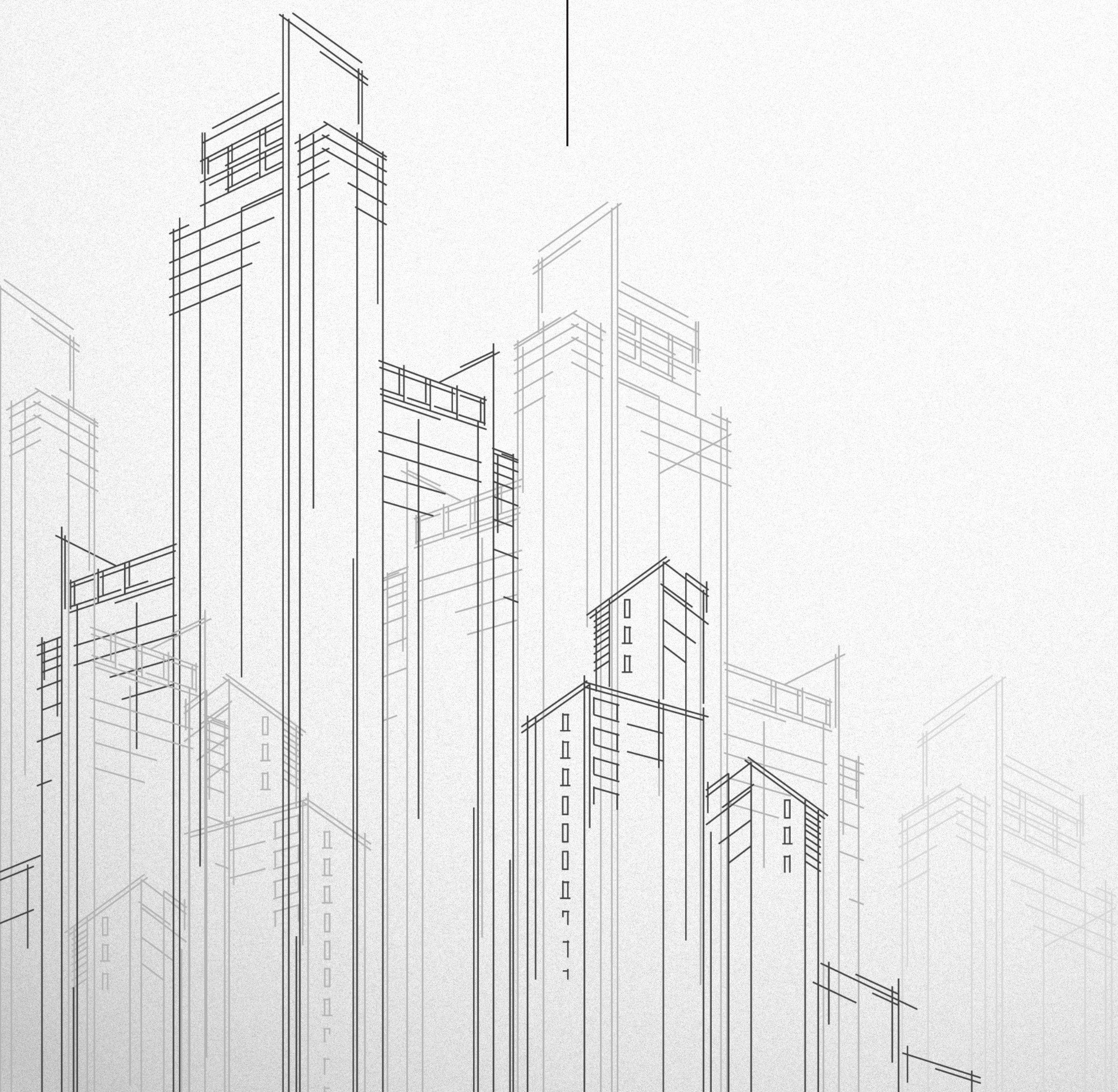
(Formerly known as First Mobile Group Holdings Limited)
(前稱第一電訊集團有限公司)
(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立之有限公司)

Stock Code : 865
股票代號 : 865

JIANDE INTERNATIONAL HOLDINGS

2016
ANNUAL REPORT
二零一六年年報

TABLE OF CONTENTS



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Shie Tak Chung *(Chairman)*
Mr. Tsoi Kin Sze *(Chief Executive Officer)*
Mr. Wu Zhisong
Mr. Lee Lit Mo Johnny

Independent Non-executive Directors

Mr. Ma Sai Yam
Mr. Zhang Senquan
Mr. Yang Quan

COMPANY SECRETARY

Mr. Wong Kin Tak *(ACCA, HKICPA)*

AUDITORS

Deloitte
Certified Public Accountants
35/F One Pacific Place
88 Queensway
Hong Kong

LEGAL ADVISER

Locke Lord
21/F Bank of China Tower
1 Garden Road, Central
Hong Kong

COMPLIANCE ADVISER

WAG Worldsec Corporate Finance Limited
Suite 1101, 11/F Champion Tower
3 Garden Road, Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Services (Cayman Islands) Limited
P.O. Box 10008, Willow House, Cricket Square,
Grand Cayman KY1-1001
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1910, Fortress Tower
250 King's Road
Hong Kong

REGISTERED OFFICE

P.O. Box 10008
Willow House, Cricket Square
Grand Cayman KY1-1001
Cayman Islands

STOCK CODE

Listed on The Stock Exchange of Hong Kong Limited
under the stock code 00865

CORPORATE WEBSITE

www.jiande-intl.com

Mr. Shie Tak Chung, aged 60, appointed as an executive director and the Chairman of the Company on 25 October 2016, is mainly responsible for the overall corporate development and strategic planning of the Group. Mr. Shie has over 10 years of management experience in the real estate industry in the PRC. Mr. Shie obtained a bachelor's degree majoring in International Economics and Trade from Xiamen University in January 2014 through online course. Mr. Shie holds a lot of important social positions, including committee member of the Fujian Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議福建省委員會委員), council member of Hong Kong Association for the Promotion of Peaceful Reunification of China (中國和平統一促進會香港總會理事), vice president of the board of directors of Hong Kong Federation of Fujian Associations (香港福建社團聯會董事會副主席), honorary president of 1st World Association of Shishi Natives (世界石獅同鄉聯誼會首屆名譽會長), consultant of Fujian Chamber of Commerce (旅港福建商會顧問), executive director of the Hong Kong Fujian Charitable Education Fund (香港福建希望工程基金會執行董事), honorary president (life) of Shishi City Residents' Association (石獅市旅港同鄉公會永遠榮譽會長), vice supervisor of the General Association of Xiamen (H.K.) Limited (香港廈門聯誼總會副監事長), council member of China Overseas Friendship Association (中華海外聯誼會理事), executive council member of Fujian Overseas Friendship Association (福建海外聯誼會常務理事), committee member of All-China Federation of Returned Overseas Chinese (中華全國歸國華僑聯合會委員) and executive deputy chairman of Share-Happiness Benevolent Fund Limited (香港樂群慈善基金會常務副主席). He is the brother-in-law of Mr. Lee Lit Mo Johnny.

Mr. Tsoi Kin Sze, aged 47, appointed as an executive director and Chief Executive Officer of the Company on 25 October 2016, is mainly responsible for the overall operation management of the Group. Mr. Tsoi has over 10 years of management experience in the real estate industry in the PRC. Mr. Tsoi holds a lot of important social positions, including committee member of Fujian Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議福建省委員會委員), council member of Fujian Overseas Friendship Association (福建海外聯誼會理事), executive committee member of Shishi City CPPCC (石獅市政協常委), honorary president of China Charity Federation (石獅市中華慈善總會名譽會長) and chairman of Shishi City Federation of Industry & Commerce (石獅市工商聯主席).

Mr. Wu Zhisong, aged 48, appointed as an executive director of the Company on 25 October 2016, is responsible for the financial management and supervision of the Group. Mr. Wu has been the financial controller of Fujian Jiande Group Company Limited (福建建德集團有限公司) since December 2011 and was the financial controller of Shishi Jiande Property Development Company Limited (石獅市建德房地產有限公司) from August 2006 to December 2011. Prior to joining Shishi Jiande Property Development Company Limited, Mr. Wu worked as a civil servant at the National Tax Bureau of Quanzhou* (泉州市國家税務局). Mr. Wu holds important social positions, including committee member of the Shishi City Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議石獅市委員會委員), vice chairman of the Shishi Youth Chamber of Commerce (石獅市青年商會副會長), executive council member of the Fujian Youth Chamber of Commerce (福建省青年商會常務理事) and chairman of the Shishi GO Association* (石獅市圍棋協會會長). Mr. Wu obtained a bachelor's degree majoring in applied chemistry from Huaqiao University (華僑大學) in July 1990. Mr. Wu has become a qualified intermediate economist in taxation of the PRC since December 1995 and has become a qualified intermediate accountant of the PRC since December 1999.

Mr. Lee Lit Mo Johnny, aged 45, appointed as an executive director of the Company on 25 October 2016, is mainly responsible for the strategic development of the Group. Mr. Lee has more than 10 years of experience in financial industry. Mr. Lee was an executive director of Juda International Holdings Limited, the shares of which are listed on the Stock Exchange (stock code: 1329), from August 2010 to December 2013. He was an associate director of direct investment division of CCB International Asset Management Limited from March 2006 to August 2008. From April 2001 to March 2006, Mr. Lee worked in Core Pacific-Yamaichi Capital Limited and was responsible for corporate finance transactions and handling initial public offering projects and resigned as a senior manager in March 2006. From September 1996 to April 2001, he worked initially as investment analyst and later as assistant fund manager at SIIC Asset Management Company Limited (formerly known as Seapower Asset Management Company Limited). Mr. Lee graduated from McGill University in Montreal, Canada with a bachelor's degree in Commerce majoring in Finance and Management Information Systems in June 1995. He is the brother-in-law of Mr. Shie Tak Chung.

Mr. Ma Sai Yam, aged 53, appointed as an independent non-executive director of the Company on 25 October 2016, is a practicing solicitor in Hong Kong and has accumulated over 20 years of experience in the legal field. He was admitted to practice law as a solicitor in Hong Kong in September 1997 and has been a member of The Law Society of Hong Kong since then. Mr. Ma has been a partner and a practicing solicitor of Ma Tang & Co., since March 2002. Prior to his current position, he had served as a consultant and a practicing solicitor of Tang, Lai & Leung from June 2000 to March 2002. His experience in corporate governance and management of listed companies include his current appointments as an independent non-executive director and a member of the audit, nomination and remuneration committees of Golden Power Group Holdings Limited, the shares of which are listed on GEM of the Stock Exchange (stock code: 8038), with effect from May 2015. Mr. Ma graduated from the University of London in the United Kingdom as an external student in August 1991 with a Bachelor's science degree in Economics. He subsequently obtained a Postgraduate Certificate in Laws from The University of Hong Kong in June 1995 and a Master degree in laws from Renmin University of China in the PRC in January 2012.

Mr. Zhang Senquan, aged 40, was appointed as an independent non-executive director of the Company on 25 October 2016. Mr. Zhang currently acts as the managing director of Southwest Securities International Securities Limited, the shares of which are listed on the Stock Exchange (stock code: 812). Mr. Zhang is also the independent non-executive director of Casablanca Group Limited, the shares of which are listed on the Stock Exchange (stock code: 2223). He is a member of Hong Kong Institute of Certified Public Accountants, China Institute of Certified Public Accountants and American Institute of Certified Public Accountants. Mr. Zhang used to be the independent non-executive director of Topchoice Medical Investment Co. Inc., the shares of which are listed on the Shanghai Stock Exchange (stock code: 600763SH), from December 2014 to March 2017. He was the chief financial officer and joint company secretary of Huazhong In-Vehicle Holdings Company Limited, the shares of which are listed on the Stock Exchange (stock code: 6830) from May 2014 to July 2015. He served as head of the Strategic Development Department of Goodbaby International Holdings Limited, the shares of which are listed on the Stock Exchange (stock code: 1086), from March 2013 to April 2014. He has more than 10 years of professional experience in accounting and auditing, and worked at Ernst & Young, KPMG and Deloitte Touche Tohmatsu serving several positions from audit staff to audit partner from 1999 to 2012. Mr. Zhang received his bachelor's degree from Fudan University in the PRC in 1999.

Mr. Yang Quan, aged 46, was appointed as an independent non-executive director of the Company on 25 October 2016. Mr. Yang became an assistant professor of the School of Economics of Xiamen University in July 2006 and a professor in August 2014. He was a visiting scholar of Cornell University in the United States of America from January 2011 to January 2012. Mr. Yang graduated from East China Institute of Chemical Technology (currently known as "East China University of Science and Technology") with a bachelor's degree in environmental supervision from the environmental engineering faculty in July 1991. He obtained a Master's degree in commercial economics in July 1997 and a doctor's degree in global economic in June 2006 from Xiamen University.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of Jiande International Holdings Limited (the "Company"), I hereby present to you the first annual report of the Company and its subsidiaries (collectively, the "Group") after the resumption of trading of the Company's shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 27 October 2016 (the "Trading Resumption").

Following the Trading Resumption, the English name of the Company was changed from "First Mobile Group Holdings Limited" to "Jiande International Holdings Limited" and the Chinese name of "建德國際控股有限公司" was adopted and registered as the dual foreign name of the Company on 6 January 2017. The Group's current principal business is property development in the People's Republic of China (the "PRC"). We believe that the new English and Chinese names of the Company better reflects the current status of the Group and provides the Company with a new corporate image which will benefit the Company's future business development.

In 2016, the property market boomed again in the PRC, particularly in certain major cities where the regional authorities had subsequently announced policies and measures to cool down the local overheating property market. The Group remained focus on its two residential property projects, i.e. Binjiang International project in Quanzhou, Fujian Province and The Cullinan Bay project in Yangzhou, Jiangsu Province, during the year of 2016. Benefited from the recovery of the property market in the PRC, the Group's business performance for 2016 was satisfactory as reflected by the year-on-year growth of revenue and pre-sales proceeds received.

We expect 2017 to be another challenging year for the property developers in the PRC, largely due to the downward pressure on economic growth, rising land acquisition costs and a limited flow of credit to the real estate sector in the PRC. In 2017, the Group will continue to sell the completed property units of its existing Binjiang International and The Cullinan Bay projects and develop the later phases of The Cullinan Bay project. Looking ahead, we will maintain its business strategy to explore and identify new opportunities for the development of quality residential properties accompanied with a living community to customers in cities with high rigid demand for homes, in particular the third and fourth tier cities in the PRC.

Lastly, I would like to take this opportunity to express my sincere gratitude to all shareholders, business associates and staff members for their dedication. The Group will make its utmost efforts to promote business sustainability and maximize shareholders' returns.

Shie Tak Chung
Chairman

31 March 2017

INDUSTRY REVIEW

During the year ended 31 December 2016, the property market boomed again in the PRC, particularly in certain major cities where the regional authorities had subsequently announced policies and measures to cool down the local overheating property market. Despite a slowdown of economic growth with gross domestic product of 6.7% in 2016, the Group and many property developers in the PRC still benefited from the recovery of the property market and the full implementation of "two-child" policy under the National 13th Five-Year Plan, which stimulated housing demand in the PRC.

BUSINESS REVIEW

The Group sold an aggregate of gross floor area of approximately 24,862 square metre of its completed properties for the year ended 31 December 2016 and had total gross floor area of approximately 43,276 square metre of its completed properties or properties under development pre-sold as at 31 December 2016. In addition to the continuous sales of the existing completed property units in the Binjiang International, the Group completed the construction of Stage 1 of Phase 1 of The Cullinan Bay project during the year and began to deliver the completed properties of this project to customers in June 2016 while Stage 2 of Phase 1 and Phase 2 of The Cullinan Bay project were under development in accordance with its development schedule.

FINANCIAL PERFORMANCE

Revenue of the Group recognised during the year ended 31 December 2016 was derived from the sale and delivery of properties of the Binjiang International and The Cullinan Bay projects to customers, net of discounts and sales related taxes. Revenue increased by 53.2% from RMB103,196,000 for the year ended 31 December 2015 to RMB158,125,000 for the year ended 31 December 2016 due to the commencement of delivery of certain newly completed properties of The Cullinan Bay project since June 2016, and partially offsetting by the decrease in sale of properties of the Binjiang International project. All the revenue for the year ended 31 December 2015 was contributed by the sale of properties of the Binjiang International project.

Gross profit decreased from RMB54,817,000 for the year ended 31 December 2015 or 53.1% to RMB45,874,000 or 29.0% for the year ended 31 December 2016 as the gross profit margin from the sale of properties of The Cullinan Bay project was generally lower than that from the sale of properties of the Binjiang International project, largely due to the much lower average cost of land for the Binjiang International project which was acquired by the Group in 2006 and 2007 as compared to the cost of land acquired for The Cullinan Bay project in 2013.

Deemed listing expenses of RMB542,104,000 for the year ended 31 December 2016 (2015: Nil) is one-off in nature and represented the deemed consideration for the Acquisition less fair value of the Company's identifiable assets acquired and liabilities assumed, as detailed in note 35 to the consolidated financial statements.

Taking out the one-off deemed listing expenses, the Group's business as a property developer in China made net profit of RMB23,584,000 for the year ended 31 December 2016 (2015: RMB22,301,000), which is 5.8% higher than that for the year ended 31 December 2015.

COMPARISON TO LOSS FORECAST MADE IN THE CIRCULAR DATED 29 FEBRUARY 2016

The previous directors of the Company forecasted that the loss of the Group for the year ended 31 December 2016 should be not more than RMB301 million or approximately HKD360 million as disclosed in the Company's circular (the "Circular") dated 29 February 2016 (the "Loss Forecast") with the following bases:

(a) a gain on disposal of subsidiaries resulting from deconsolidation of the Disposed Group (as defined in the Circular) amounting to HK$82 million recognised in the statement of profit or loss of the Group based on the assumption that such gain is a post-acquisition gain when the disposal and acquisition of subsidiaries would happen simultaneously;

(b) the deemed listing expenses of approximately HK$467 million based on the assumptions that (i) the share price of the Company immediately upon the resumption of trading resumption on the Stock Exchange would be HK$0.20 per share which is equal to the Consideration Price as defined in the Circular and (ii) China General Group would acquire net liabilities of the disposed subsidiaries of approximately HK$118 million in the reverse takeover transaction; and

(c) the net profit of the acquired subsidiaries made from their property development business amounting to RMB21 million.

The audited loss of the Group for the year ended 31 December 2016 finally reached RMB518.5 million, approximately RMB217.5 million higher than the Loss Forecast mainly attributable to the below reasons:

(a) the gain on disposal of the Disposed Group is considered as a pre-acquisition gain when the disposal of subsidiaries took place before the acquisition of subsidiaries despite both transactions happening on the same date, and accordingly such gain is not recognised in the statement of profit or loss of the Group;

(b) the audited deemed listing expenses amounted to RMB542.1 million (or approximately HK$621.7 million) calculated based on (i) the actual share price of the Company immediately upon the Trading Resumption, which was determined using the published share price available on 27 October 2016, of HKD0.355 per share as compared to HK$0.20 per share adopted in the Loss Forecast and (ii) China General Group did not acquire net liabilities of the disposed subsidiaries of approximately HK$118 million when the disposal of subsidiaries took place before the acquisition of subsidiaries; and

(c) the Group's property development business contributed net profit of RMB23.6 million for the reasons set out in the sub-section "Financial Performance" of this section.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2016, the Group had total assets of RMB1,181,522,000 which were financed by total equity of RMB605,921,000 and total liabilities of RMB575,601,000.

The Group's working capital requirements were mainly financed by internal resources and bank borrowings. As at 31 December 2016 the Group had time deposits, bank balances and cash of RMB128,485,000 (2015: RMB122,533,000) and bank borrowings of RMB99,900,000 (2015: RMB170,000,000), representing net cash surplus of RMB28,585,000 compared to net cash deficit of RMB47,467,000 as at 31 December 2015.

Current ratio and gearing ratio of the Group were 1.92 times and 16.5% as at 31 December 2016 (2015: 1.76 times and 43.4%) respectively.

FOREIGN EXCHANGE EXPOSURE

Major subsidiaries of the Company operate in the PRC and all the business transactions of the Group are denominated in RMB. Net foreign exchange loss for the year ended 31 December 2016 primarily resulted from the translation of amounts due to directors of the Company (the "Directors") which were denominated in HKD into RMB. After the waiving of amounts due to Directors during the year ended 31 December 2016, the Group's foreign exchange exposure has limited to certain of the bank balance and cash which are denominated in currencies other than RMB. Currently, the Group does not use derivative financial instruments and has not entered into any derivative contracts. However, the management will monitor the currency fluctuation exposure and will consider hedging significant foreign exchange risk should the need arises.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2016, the Group had approximately 42 full-time employees, excluding the Directors, in the PRC. During the year ended 31 December 2016, the total staff costs, excluding Directors' remuneration, was RMB4,719,000 (2015: RMB4,685,000). Remuneration packages of the employees are determined by reference to the qualifications and experience of the employee concerned and are reviewed annually by the management with reference to market conditions and individual performance. The Group offers a comprehensive and competitive remuneration and benefit package to its employees. As required by applicable PRC laws and regulations, the Group participates in various employee benefit plans of the municipal and provincial governments, including housing provident fund, pension, medical, maternity, work injury insurance and unemployment benefit plans.

OUTLOOK

The Group expects 2017 to be another challenging year for the property developers in the PRC, largely due to the downward pressure on economic growth, rising land acquisition costs and a limited flow of credit to the real estate sector in the PRC. The Group considers that the austerity policies introduced by the Central Government and local authorities to cool down the overheating property market would accelerate the establishment of market stability mechanism and facilitate healthy development of the real estate industry in the PRC. In 2017, the Group will continue to sell the completed property units of its existing Binjiang International and The Cullinan Bay projects and develop the later phases of The Cullinan Bay project. Looking ahead, based on its financial position and market conditions, the Group will explore and identify new opportunities for the development of quality residential properties accompanied with a living community to customers in cities with high rigid demand for homes, in particular the third and fourth tier cities in the PRC.

The board (the "Board") of Directors of the Company herein present their report and the audited financial statements of the Group for the year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details and principal activities of the Company's principal subsidiaries are set out in note 38 to the consolidated financial statements. Upon the completion of the Group restructuring (the "Restructuring"), including the acquisition of China General (HK) Limited by the Company, on 25 October 2016, the principal activities of the Group were changed to the development and sale of properties in the PRC. Save as aforesaid, there was no significant change in the nature of the Group's principal activities during the year ended 31 December 2016.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2016 and the state of affairs of the Group at that date are set out in the consolidated financial statements on pages 38 to 98 of this annual report.

The Board does not recommend the payment of any dividend in respect of the year (2015: Nil).

BANK BORROWINGS

Particulars of bank borrowings of the Group as at 31 December 2016 are set out in note 28 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

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

RESERVES

Details of movements in the reserves of the Group and the Company during the year are set out in the Consolidated Statement of Changes in Equity on pages 41 to 42 of this annual report and in note 39 to the consolidated financial statements, respectively.

As at 31 December 2016, the distributable reserves of the Company as calculated in accordance with the relevant provisions of the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands amounted to RMB514,656,000.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2016, sales to the Group's five largest customers accounted for approximately 6.1% of the total sales for the year and sales to the largest customer included therein amounted to approximately 2.5%. Purchases from the Group's five largest suppliers accounted for approximately 82.6% of the total purchases for the year and purchases from the largest supplier included therein amounted to approximately 45.5%. None of the Directors of the Company or any of their close associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's share capital) had any interest in the Group's five largest customers and suppliers.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 99 to 100 of this annual report. This summary does not form part of the audited financial statements included in this annual report.

DIRECTORS

The Directors, comprising executive directors (the "Executive Directors") and independent non-executive directors (the "Independent Non-executive Directors"), during the year and up to the date of this report of the directors were as follows:

Executive Directors

Mr. Shie Tak Chung *(Chairman) (appointed on 25 October 2016)*
Mr. Tsoi Kin Sze *(Chief Executive Officer) (appointed on 25 October 2016)*
Mr. Wu Zhisong *(appointed on 25 October 2016)*
Mr. Lee Lit Mo Johnny *(appointed on 25 October 2016)*
Mr. Ng Kok Hong *(resigned and ceased to be Chairman on 25 October 2016)*
Mr. Ng Kok Tai *(resigned on 25 October 2016)*
Mr. Ng Kok Yang *(resigned and ceased to be Chief Executive Officer on 25 October 2016)*

Independent Non-executive Directors

Mr. Ma Sai Yam *(appointed on 25 October 2016)*
Mr. Zhang Senquan *(appointed on 25 October 2016)*
Mr. Yang Quan *(appointed on 25 October 2016)*

In accordance with clause 108(a) of the Company's articles of association (the "Articles"), Messrs. Wu Zhisong, Lee Lit Mo Johnny and Zhang Senquan will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

DIRECTORS' BIOGRAPHIES

Biographical details of the Directors are set out on pages 3 to 5 of this annual report.

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' REMUNERATION

Details of the remuneration of the Directors are set out in note 12 to the consolidated financial statements.

The remuneration of the Directors is principally determined with reference to the balance of skill and experience appropriate to the Group's business.

MANAGEMENT CONTRACTS

No 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.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2016, so far as is known to the Directors, the interests or short positions of the Directors and the chief executive of the Company and their associates in the shares, or underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong) (the "SFO")) which were to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), to be notified to the Company and the Stock Exchange, were as follows:

Long position in shares and underlying shares of the Company

Name of Director	Capacity	Number of issued ordinary shares held	Approximate Percentage of issued share capital of the Company
Shie Tak Chung	Interest of a controlled corporation	2,043,296,394 (Note 1)	35%
Tsoi Kin Sze	Interest of a controlled corporation	2,043,296,394 (Note 2)	35%

Notes:

1. Fame Build Holdings Limited ("Fame Build"), a company incorporated in the British Virgin Islands, is the registered owner of these shares. As at 31 December 2016 and up to the date of this report of directors, Fame Build was solely and beneficially owned by Mr. Shie Tak Chung.

2. Talent Connect Investments Limited ("Talent Connect"), a company incorporated in the British Virgin Islands, is the registered owner of these shares. As at 31 December 2016 and up to the date of this report of directors, Talent Connect was solely and beneficially owned by Mr. Tsoi Kin Sze.

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or their respective spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2016, so far as is known to the Directors, the following entities, not being a Director or chief executive of the Company, had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Long positions in shares and underlying shares of the Company

Name	Capacity	Number of issued ordinary shares held	Approximate Percentage of issued share capital of the Company
Fame Build	Beneficial owner	2,043,296,394	35%
Talent Connect	Beneficial owner	2,043,296,394	35%

Save as disclosed above, as at 31 December 2016, according to the register of interests required to be kept by the Company under Section 336 of the SFO, there was no person who had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

NON-COMPETITION UNDERTAKING BY CONTROLLING SHAREHOLDERS

The Company has received the confirmations signed by Mr. Shie Tak Chung, Mr. Tsoi Kin Sze, Fame Build and Talent Connect (collectively, the "Covenantors") on 28 March 2017 (collectively, the "Confirmations") confirming that for the period from 25 October 2016 (date of the completion of the Restructuring) and up to the date of signing the Confirmations by the Covenantors, each of them have fully complied with the deed of non-competitions respectively executed by the Covenantors in favour of the Group on 26 February 2016 (the "Deed of Non-Competition") and, in particular, each of them and their respective associates have not, directly or indirectly, own, invest in, carry on, participate in, develop, operate or be interested or engaged in or acquire or hold any activity or business which is or may be in competition, directly or indirectly, with the business carried on or contemplated to be carried on by any member of the Group (being the property development of residential and commercial properties) from time to time in the PRC.

The Independent Non-executive Directors have reviewed the Confirmations and all of them are satisfied that the Deed of Non-Competition have been complied with during the period from 25 October 2016 to 31 December 2016.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, there is a sufficiency of public float of the Company's securities as required under the Listing Rules as at the date of this annual report.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro-rata basis to its existing shareholders.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (whether on the Stock Exchange or otherwise) during the year.

CORPORATE GOVERNANCE

The Company's corporate governance practices are set out in the Corporate Governance Report on pages 17 to 30 of this annual report.

EVENT AFTER THE REPORTING DATE

There were no significant events that have occurred subsequent to the end of the reporting period of the Company and up to the date of this report of directors.

AUDITORS

ZHONGHUI ANDA CPA Limited ("ZHONGHUI ANDA") resigned as the auditors of the Company with effect from 29 November 2016 and Deloitte Touche Tohmatsu ("Deloitte") has been appointed as the auditors of the Company to fill the casual vacancy following the resignation of ZHONGHUI ANDA.

The consolidated financial statements of the Company for the year ended 31 December 2016 have been audited by Deloitte, who will retire at the forthcoming annual general meeting. A resolution will be submitted to the forthcoming annual general meeting to re-appoint Deloitte as auditors of the Company.

On behalf of the Board
Shie Tak Chung
Chairman

31 March 2017

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining good standards of corporate governance best suited to the needs and interests of the Group as it believes that effective corporate governance practices are fundamental to safeguarding interests of shareholders and other stakeholders and enhancing shareholders' value.

To the best knowledge of the current Directors, the Company has complied with the code provisions as set out in Appendix 14 of the Listing Rules — Corporate Governance Code and Corporate Governance Report (the "CG Code") during the year ended 31 December 2016 except for those in relation to the vacancy of the Independent Non-executive Directors and company secretary from 1 January 2016 to 24 October 2016 including the establishment of audit committee, remuneration committee and nomination committee, and the following:

The board shall meet regularly and at least four times a year at approximately quarterly intervals under code provision A.1.1 of the CG Code, the chairman should at least annually, hold meetings with the non-executive directors (including Independent Non-executive Directors) without the Executive Directors present under the code provision A.2.7 of the CG Code, and the audit committee must meet, at least twice a year, with the issuer's auditors under code provision C.3.3(e)(i) of the CG Code.

Prior to 25 October 2016, due to the financial difficulties of the Group and the prolonged suspension in trading of the shares of the Company, the Company was unable to appoint suitable persons as its Independent Non-executive Directors and company secretary following the resignations of the previous Independent Non-executive Directors and company secretary on 2 December 2009 and 9 April 2014 respectively. Upon the completion of the Restructuring, the Company appointed a company secretary and three Independent Non-executive Directors on 25 October 2016 to reconstitute the current Board and the Audit Committee, Nomination Committee and Remuneration Committee. However, as the duration from the reconstitution of the current Board to 31 December 2016 is less than three months and there were no actual operational needs to call for meetings for the current Board and the Board committees during this period, the Board only met for three times during the year ended 31 December 2016 and no meeting between the chairman of the Board and Independent Non-executive Directors or Audit Committee meeting was held during the year ended 31 December 2016.

The current Board and the management of the Company will make continuous effort to reinforce our standards of corporate governance with emphasis on independence, effective internal control, transparency and accountability to the shareholders. The Company considers that sufficient measures have been taken to ensure compliance with the CG Code in future.

DIRECTORS

The Board

The Board, led by the chairman, steers the Company's business direction. It is responsible for formulating the Company's long-term strategies, setting business development goals, assessing results of management policies, monitoring the management's performance and ensuring effective implementation of risk management measures on a regular basis. The Directors meet regularly to review the Group's financial and operational performance and to discuss and formulate future development plans. The Directors can attend meetings in person or through electronic means of communication in accordance with the Articles.

Board Composition

The Board currently comprises a total of seven Directors, being four Executive Directors and three Independent Non-executive Directors. The list of Directors is set out in the section headed "Report of the Directors" of this annual report. In addition, an updated list of the Company's Directors by category identifying their role and function is at all times available on the websites of the Stock Exchange and the Company respectively. The list specifies whether the Director is an Independent Non-Executive Director and expresses the respective roles and functions of each Director.

The Board is characterised by significant diversity and has a balance of skills and experience appropriate for the direction and oversight of the Group's strategic priorities. The Directors give sufficient time and attention to the affairs of the Group. All Directors are required to disclose to the Company at the time of their appointment and annually the number and the nature of offices held in public companies or organizations and other significant commitments with an indication of the time involved.

Independent Element on the Board

The Board includes a balanced composition of Executive and Non-executive Directors (including Independent Non-executive Directors) so that there is a sufficient independent element on the Board, which can effectively exercise independent judgement. Save for those as disclosed in the section headed "Directors' Biographies" of this annual report, the Board members have no other financial, business, family or other material/relevant relationships with each other.

The Independent Non-executive Directors play an important role on the Board. They are responsible for ensuring that the Board maintains high standards of financial and other mandatory reporting as well as providing adequate checks and balances for safeguarding the interest of shareholders of the Company and the Group as a whole. From 25 October 2016 (date of the completion of the Restructuring) to 31 December 2016, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one of them possessing appropriate professional qualifications on accounting or related financial management expertise. The number of Independent Non-Executive Directors has represented at least one-third of the Board since 25 October 2016.

The Board has received from each of its Independent Non-executive Directors a confirmation of independence pursuant to Rule 3.13 of the Listing Rules and the Company considers that all of the Independent Non-executive Directors are independent. The Company identifies the Independent Non-executive Directors in all corporate communications which disclose the names of directors.

Role and Function of the Board and the Management

The Board is responsible for overall strategic formulation and performance monitoring of the Group. It delegates day-to-day operations of the Company to the senior management within the control and authority framework set by the Board. In addition, the Board has also delegated various responsibilities to the Audit Committee, the Remuneration Committee and the Nomination Committee and the Compliance Committee. Further details of these Board committees are set out in this report.

Chairman and CEO

The Company fully supported the division of responsibility between the chairman of the Board (the "Chairman") and the chief executive officer of the Company ("CEO") to ensure a balance of power and authority. During the year, the position of the Chairman was held by Mr. Ng Kok Hong up to 25 October 2016, and Mr. Shie Tak Chung since 25 October 2016 while the position of CEO was held by Mr. Ng Kok Yang up to 25 October 2016, and Mr. Tsoi Kin Sze since 25 October 2016. This ensures a clear distinction between the Chairman's duty to manage the Board and the CEO's duty to oversee the overall internal operation of the Company.

Records of Meetings of the Board and the Board Committees

Attendance of individual Directors at the Board meetings during the year ended 31 December 2016 is as follows:

	Number of meetings attended/eligible to attend
Executive Directors	
Shie Tak Chung *(appointed on 25 October 2016)*	0/0
Tsoi Kin Sze *(appointed on 25 October 2016)*	0/0
Wu Zhisong *(appointed on 25 October 2016)*	0/0
Lee Lit Mo Johnny *(appointed on 25 October 2016)*	0/0
Ng Kok Hong *(resigned on 25 October 2016)*	3/3
Ng Kok Tai *(resigned on 25 October 2016)*	3/3
Ng Kok Yang *(resigned on 25 October 2016)*	3/3
Independent Non-executive Directors	
Ma Sai Yam *(appointed on 25 October 2016)*	0/0
Zhang Senquan *(appointed on 25 October 2016)*	0/0
Yang Quan *(appointed on 25 October 2016)*	0/0

Notice of regular Board meetings are served to all Directors at least 14 days before the meeting while reasonable notice is generally given for other Board meetings. Agenda and Board papers together with all appropriate, complete and reliable information are sent to all Directors in a timely manner, and at least 3 days before the intended date of each Board or Board committee meeting, except agreed otherwise among the members, to ensure that they had sufficient time to review the board papers, be adequately prepared for the meeting, keep the Directors apprised of the latest developments and financial position of the Company and to enable them to include any matter in the agenda and to make informed decisions.

The Board and each Director, upon reasonable request, have access to independent professional advice to assist them in performing their duties to the Company, at the Company's expense. When needed and upon making request to the Board, the Directors may obtain independent professional advice at the Company's expense in carrying out their duties.

Minutes of all meetings of the Board and the Board committees are kept by the company secretary. All of the above minutes record the discussions and decisions reached by the relevant members in sufficient detail the matters considered and decisions reached, including any concern raised by Directors or dissenting views expressed. Any Director may inspect the minutes at any reasonable time on reasonable notice.

Draft minutes are normally circulated to Directors or members of the relevant committee for comment within a reasonable time after each meeting and the final version is sent to all Directors or committee members for their record.

Appointment and Re-election of Directors

Appointment of new Directors is a matter for consideration by the Nomination Committee. The Nomination Committee will give adequate consideration to the board diversity policy and review the profiles of the candidates and make recommendations to the Board on the appointment, re-appointment and nomination of Directors.

According to article 112 of the Articles, any Director so appointed by the Board shall hold office, in the case of filling a casual vacancy, only until the next following general meeting of the Company or, in the case of an addition to their number, until the next following annual general meeting of the Company who shall then be eligible for re-election at such general meeting. According to article 108(2) of the Articles, at each annual general meeting of the Company (the "AGM"), one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years while those retiring Directors shall be eligible for re-election.

All Directors have entered into service contracts or letters of engagement with the Company for a term of not more than three years.

Model Code for Securities Transactions

The Company has adopted the Model Code as the code of conduct for Directors in their dealings in securities of the Company. Trading in the securities of the Company had been suspended during the period from 27 November 2009 to 26 October 2016. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the Model Code.

Employees who are likely to possess inside information in relation to the Company or its shares are prohibited from dealing in shares of the Company during the black-out period.

Insurance for Directors' and Officers' Liabilities

Appropriate insurance cover on directors' and officers' liabilities has been in force to protect the Directors and officers of the Group from their risk exposure arising from the business of the Group.

Directors' Training and Professional Development

The Directors are continually updated with legal and regulatory developments, and business and market changes to facilitate the discharge of their responsibilities. Every newly appointed Director will be given an introduction of the Listing Rules, legal and other regulatory requirements to ensure compliance and upkeep of good corporate governance practices. Directors are also encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. There are also arrangements in place for providing continuing briefing and professional development to Directors at the Company's expenses whenever necessary.

All current Directors received comprehensive, formal and tailored induction on their appointment prior to the reconstitution of the Board on 25 October 2016. According to the records maintained by the Company, the current Directors received the following training with an emphasis on the roles, functions and duties of a director of a listed company in compliance with the requirement of the CG Code on continuous professional development during the year ended 31 December 2016:

	Read materials	Attend seminars/ briefing
Executive Directors		
Shie Tak Chung *(appointed on 25 October 2016)*	✓	✓
Tsoi Kin Sze *(appointed on 25 October 2016)*	✓	✓
Wu Zhisong *(appointed on 25 October 2016)*	✓	✓
Lee Lit Mo Johnny *(appointed on 25 October 2016)*	✓	✓
Independent Non-executive Directors		
Ma Sai Yam *(appointed on 25 October 2016)*	✓	✓
Zhang Senquan *(appointed on 25 October 2016)*	✓	✓
Yang Quan *(appointed on 25 October 2016)*	✓	✓

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board aims to present a balanced, clear and understandable assessment in annual and interim reports, inside information announcements and other financial disclosures required under the Listing Rules and other regulatory requirements.

The Directors have acknowledged their responsibility for the preparation of the financial statements for each financial period which give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period.

The statement by the auditors of the Company, Deloitte, regarding their reporting responsibilities on the financial statements of the Group for the year ended 31 December 2016 is set out in the section headed "Independent Auditor's Report" of this annual report.

The Directors, having made appropriate reasonable enquiries, consider that the Group has adequate resources to continue in operational existence for the foreseeable future and hence decide that it is appropriate to prepare the financial statements set out in the section headed "Audited Financial Statements" of this annual report on a going concern basis. Subsequent to the completion of the Restructuring on 25 October 2016, the Board is not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

The basis on which the Company generates or preserves value over the longer term and the strategy for delivering its objectives are explained in the section headed "Management Discussion and Analysis" of this annual report.

Access to Information

The management provides the Board with sufficient explanation and information, such as the Group's major business activities and key financial information, to enable the Board to make an informed assessment of the financial information and position of the Company put before the Board for approval. Where any Director requires more information than is volunteered by the management, each Director has the right to separately and independently access to the Company's senior management to make further enquiries if necessary.

Risk Management and Internal Control

The Board has the overall responsibility for maintaining sound and effective risk management and internal control systems to safeguard the Group's assets and stakeholders' interests, as well as for reviewing the effectiveness of the systems through the support of internal audit and the Audit Committee.

Given the Group's relatively simple corporate and operation structure, as opposed to diverting resources to establish internal audit department, the Board conducted annual review of the Company's risk management and internal control systems through engaging ZHONGHUI ANDA Risk Services Limited to perform review and assessment of the effectiveness of the Company's risk management and internal control systems which implemented material controls covering the financial, operational, compliance and risk management aspects of the Group for the year ended 31 December 2016 and reported to the Board. The Board considered that internal audits have been implemented and provided the Board with reasonable assurance that the processes of the Company operate as designed; and the risk management and internal control systems of the Group are effective and adequate.

Auditors' Remuneration

For the year ended 31 December 2016, the remuneration paid/payable for services provided by the auditors of the Company, Deloitte, is as follows:

	RMB'000
Services rendered	
Statutory audit services	1,181
Other audit services	–
Non-audit services	–

BOARD COMMITTEES

Re-establishment of the Board Committees

The Board delegates its powers and authorities from time to time to the Board committees in order to ensure the operational efficiency and specific issues are being handled by relevant expertise. All Board committees are provided with accurate and sufficient information in timely manner so as to enable the Board committees to make informed decisions for the benefit of the Company and sufficient resources to discharge their duties.

From 1 January 2016 to 24 October 2016, the Board comprised only three Executive Directors and had no Board committees. Upon the completion of the Restructuring and the reconstitution of the current Board, including the appointment of three Independent Non-executive Directors, on 25 October 2016, the Board re-established its three Board committees, namely the Nomination Committee, Remuneration Committee and the Audit Committee, and set up a new Compliance Committee. However, as the duration from the re-establishment of the current Board committees to 31 December 2016 is less than three months and there were no actual operational needs to call for meetings for the Board committees during this period, no meeting of any the Board committees was held during the year ended 31 December 2016.

The table below provides membership information of these committees on which the relevant Board members serve:

	Nomination Committee	Remuneration Committee	Audit Committee	Compliance Committee
Executive Directors				
Shie Tak Chung	Chairman	Member		
Tsoi Kin Sze				
Wu Zhisong				
Lee Lit Mo Johnny				Member
Independent Non-executive Directors				
Ma Sai Yam	Member	Chairman	Member	Chairman
Zhang Senquan	Member	Member	Chairman	Member
Yang Quan			Member	

The terms of reference of each of the Board committee are made available on the websites of the Stock Exchange and the Company respectively.

Nomination Committee

The Nomination Committee of the Company was re-established on 25 October 2016 with specific written terms of reference which deal clearly with its authorities and duties. The principal duties of the Nomination Committee include, amongst other things:

— reviewing the structure, size and composition (including the skills, knowledge and experience required) of the Board and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

— identifying individuals suitably qualified to become Directors and selecting or making recommendations to the Board on the selection of individuals nominated for directorships when a vacancy occurs on the Board;

— make recommendations to the Board on the appointment or re-appointment of the Directors and succession planning for Directors;

— reviewing the board diversity policy, as appropriate; and reviewing the measurable objectives that have been set for implementing the board diversity policy, and reviewing the progress on achieving the objectives;

— assessing the independence of independent non-executive Directors.

Where vacancies exist at the Board, candidates are proposed and put forward to the Nomination Committee for consideration. The recommendations of the Nomination Committee will then be tendered to the Board for approval. In considering the nomination of a new Director, the Nomination Committee will give adequate consideration to the board diversity policy and take into account the qualification, ability, working experience, leadership and professional ethics of the candidates. In determining the independence of Directors, the Board follows the requirements set out in the Listing Rules.

The Nomination Committee has explicit authority to seek any necessary information from the employees within its scope of duties and the authority to obtain outside independent professional advice, at the Company's expense, to perform its responsibilities if it considers necessary.

The chairman of the Nomination Committee is the Chairman of the Board and the Independent Non-executive Directors of the Company constitute the majority of the Nomination Committee.

Remuneration Committee

The Remuneration Committee of the Company was re-established on 25 October 2016 with specific written terms of reference which deal clearly with its authorities and duties. The principal duties of the Remuneration Committee include, amongst other things:

— making recommendations to the Board on the Company's remuneration policy and structure for all Directors' and senior management;

— reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives;

— determining, with delegated responsibility, the remuneration packages of individual executive Directors and senior management and making recommendations to the Board on the remuneration packages of individual Executive Directors and senior management, and the remuneration of non-executive Directors;

— ensuring that no Director or any of his/her associates is involved in deciding his/her own remuneration; and

— reviewing and making recommendations on the roles and responsibilities, training and professional development of the senior management team.

The Remuneration Committee may consult the Chairman and/or the CEO of the Company about their remuneration proposals for other Executive Directors. It has explicit authority to seek any necessary information from the employees within its scope of duties and the authority to obtain outside independent professional advice, at the Company's expense, to perform its responsibilities if it considers necessary.

The remuneration policies for the Company as well as the Directors are market alignment and reward for performance. The Company reviews the remuneration package annually taking into consideration of the market practice, competitive market position and individual performance.

Details of the remuneration paid to the Directors and senior management are set out in notes 13 and 37 to the consolidated financial statements. The remunerations of each of the five highest paid individuals who are also the senior management members of the Group during the years ended 31 December 2016 are within HK$1,000,000. None of the five highest paid employees for the year ended 31 December 2016 is a Director of the Company.

The chairman of the Remuneration Committee is an Independent Non-executive Director and the Independent Non-executive Directors of the Company constitute the majority of the Remuneration Committee.

Audit Committee

The Audit committee of the Company was re-established on 25 October 2016 with specific written terms of reference which deal clearly with its authorities and duties. The principal duties of the Audit Committee include, amongst other things:

— overseeing the relationship with the Company's auditor;

— reviewing the Company's interim and annual reports and financial statements;

— overseeing the Company's financial reporting system, risk management and internal control systems; and

— reviewing the arrangements that employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters.

The Audit Committee has explicit authority to investigate any activity within its terms of reference and the authority to obtain outside legal or other independent professional advice, at the Company's expense, to perform its responsibilities if it considers necessary. It is given access to and assistance from the employees and reasonable resources to perform its duties properly.

Chaired by Mr. Zhang Senquan who possesses the appropriate professional accounting qualifications and financial management expertise, the Audit Committee comprises all Independent Non-executive Directors. None of the members of the Audit Committee are former partners of the existing auditors of the Company.

There was no disagreement between the Audit Committee and the Directors in respect of matters about selection, appointment, resignation or dismissal of an external auditor during the year.

The Audit Committee has reviewed with the management the consolidated financial statements of the Company for the year ended 31 December 2016, including the accounting principles and practices adopted.

Compliance Committee

To enhance the effectiveness of the corporate governance measures and to strengthen the monitoring and internal control system of the Group, the Company set up the new Compliance Committee on 25 October 2016 with specific written terms of reference which deal clearly with its authorities and duties. The principal duties of the Compliance Committee include, amongst other things:

— reviewing and making recommendations to the Board in respect of policies and practices on compliance with any requirement, direction or regulation that may be prescribed by the Board, contained in any of the constitutional documents, or imposed by the Listing Rules or other applicable laws, regulations, rules or codes;

— ensuring that appropriate monitoring systems are in place to ensure compliance with the relevant internal control systems, processes and policies;

— monitoring the implementation of the Group's plan to maintain high standards of compliance with its own risk management standards; and

— taking remedial actions against any material deficiencies on legal and compliance aspects of the Company and keep the Board abreast of any such actions and/or developments.

The Compliance Committee has explicit authority to seek any necessary information from the employees within its scope of duties and the authority to obtain outside independent professional advice, at the Company's expense, to perform its responsibilities if it considers necessary.

The chairman of the Compliance Committee is an Independent Non-executive Director and the Independent Non-executive Directors of the Company constitute the majority of the Compliance Committee.

COMPANY SECRETARY

Mr. Wong Kin Tak, appointed on 25 October 2016 as the Company Secretary, is a member of Hong Kong Institute of Certified Public Accountants and Association of Chartered Certified Accountants. During the year ended 31 December 2016, Mr. Wong has complied with Rule 3.29 of the Listing Rules by taking no less than 15 hours of relevant professional training.

COMMUNICATIONS WITH SHAREHOLDERS

All of the Company's shares are ordinary shares carrying equal voting rights. As at the date of this annual report, sufficient shares of the Company were on public float as required by the Listing Rules.

The Company recognises that effective communication can highlight transparency and enhance accountability to its shareholders. The Company provides information to its shareholders through the publication of notices, announcements, circulars, interim and annual reports. Shareholders may access the Company's website at www.jiande-intl.com for the Group's information. Shareholders may also put to the Board any enquiries about the Group in writing by sending emails to ir@jiande-itl.com or mail to the principal office of the Company at Room 1910, Fortress Tower, 250 King's Road, Hong Kong. The Directors, company secretary or other appropriate members of senior management respond to enquiries from shareholders in a timely manner.

The general meeting of the Company provides a useful forum for shareholders to exchange views with the Board. All Directors will make an effort to attend the general meeting to address queries raised by shareholders. External auditors are also invited to attend the AGM to answer questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditor independence.

Pursuant to article 64 of the Articles, shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business (including any proposals) specified in such requisition, and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so in the same manner, and all reasonable expenses incurred by the requisitionists as a result of the failure of the Board shall be reimbursed to the requisitionists by the Company.

Due to the delay in the publication of annual results and the despatch of annual reports for the financial years ended 31 December 2013, 2014 and 2015 before the completion of the Restructuring, the AGM was adjourned by the previous Board during the year ended 31 December 2016. Two extraordinary general meetings (the "EGM") were held by Company on 18 April 2016 and 29 December 2016 respectively. Details of the proposed resolutions and poll results at each of the EGM are disclosed in the Company's circulars dated 29 February 2016 and announcements dated 18 April 2016, 1 December 2016 and 29 December 2019 respectively.

Attendance of individual Directors at two EGM held during the year is as follows:

	EGM on 18 April 2016	EGM on 29 December 2016
Executive Directors		
Shie Tak Chung *(appointed on 25 October 2016)*	Not applicable	✓
Tsoi Kin Sze *(appointed on 25 October 2016)*	Not applicable	✓
Wu Zhisong *(appointed on 25 October 2016)*	Not applicable	✓
Lee Lit Mo Johnny *(appointed on 25 October 2016)*	Not applicable	✓
Ng Kok Hong *(resigned on 25 October 2016)*	✓	Not applicable
Ng Kok Tai *(resigned on 25 October 2016)*		Not applicable
Ng Kok Yang *(resigned on 25 October 2016)*		Not applicable
Independent Non-executive Directors		
Ma Sai Yam *(appointed on 25 October 2016)*	Not applicable	
Zhang Senquan *(appointed on 25 October 2016)*	Not applicable	
Yang Quan *(appointed on 25 October 2016)*	Not applicable	✓

Mr. Ng Kok Tai, Mr. Ng Kok Yang, Mr. Ma Sai Yam and Mr. Zhang Senquan were unable to attend the respective EGM due to their business engagement.

ADOPTION OF NEW MEMORANDUM AND ARTICLES OF ASSOCIATION

In connection with the Restructuring, the Company adopted new memorandum and articles of association (the "New M&A"), pursuant to a special resolution passed on 29 April 2016. The provisions of the New M&A comply with the requirements of the Listing Rules and Cayman Islands laws. Below is a short summary of the major changes to the previous memorandum and articles of association of the Company which was adopted since 2000 and amended in 2003, 2004 and 2006 respectively:

(a) to allow the Company to use the Company's website and other electronic means to send or make available notices or documents to the Shareholders, subject to compliance with the Listing Rules and applicable laws of the Cayman Islands, where notice is published on the Company's website the Shareholders concerned should be notified that it has so been published;

(b) to reflect the result of the capital reorganisation, including the changes made to the Company's authorised share capital, which had eventually become effective on 23 August 2016;

(c) to specify that all resolutions at general meetings of the Company shall be decided by poll (except that the chairman of the general meetings may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands);

(d) to align with the latest changes to the Listing Rules on the Directors' requirement of not voting on any resolution of the Board approving any contract or arrangement in which the Director or any of his associates is materially interested; and

(e) to align with the requirements of the Listing Rules that matter in which a substantial shareholder or a Director has a conflict of interest which is considered to be material by the Board should be dealt with by a physical Board meeting rather than a written resolution.

A summary of the principal terms of the New M&A is set out in Appendix VIII to the Company's circular dated 29 February 2016. The New M&A are made available on the websites of the Stock Exchange and the Company respectively.

Shareholders are advised that the New M&A are written in English only and there is no official Chinese translation. The Chinese translation of the New M&A is for reference purpose only. In case of any inconsistency, the English version shall prevail.

Deloitte. 德勤

To the Shareholders of Jiande International Holdings Limited
(Formerly Known As First Mobile Group Holdings Limited)
(incorporated in Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Jiande International Holdings Limited (formerly known as First Mobile Group Holdings Limited) (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 38 to 98, which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 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 disclosure requirements of Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional 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 matter	How our audit addressed the key audit matter
Valuation of investment properties	
We identified the valuation of investment properties as a key audit matter due to the significant judgements and estimates required in determining the fair values. As at 31 December 2016, the Group's investment properties comprised a kindergarten and car parking spaces located in Huian, Fujian Province, the People's Republic of China (the "PRC"), were stated at fair value amounting to RMB105 million and the fair value change of investment properties for the year then ended amounted to RMB9 million. As set out in notes 4 and 18 to the consolidated financial statements, all of the Group's investment properties were measured using the fair value model based on a valuation performed by independent qualified professional valuers (the "Valuers"). In estimating the fair values of the Group's investment properties, the directors of the Company worked with the Valuers to establish the appropriate valuation techniques and inputs to the model. The valuations of investment properties were determined based on the investment approach by considering the capitalised rental incomes derived from the existing tenancies with due provision for any reversionary income potential of the property interests. The key inputs in valuating the investment properties are term yield, reversion yield and market rent of comparable properties.	Our procedures in relation to the valuation of investment properties included: • Evaluating the competence, capabilities, and objectivity of the Valuers and obtaining an understanding of the Valuers' scope of work and their terms of engagement; • Evaluating the appropriateness of the Valuers' valuation approach to assess if they were consistent with the requirements of HKFRSs; • Evaluating the reasonableness of key inputs underpinning the valuation, such as term yield, reversion yield and market rent of comparable properties, by comparing term yield and reversion yield to other comparable PRC Province and market rent against recent lease renewals; and • Comparing other inputs to the valuation model, on a sample basis, with the Group's records including underlying lease agreements of a kindergarten and car parking spaces.

Key audit matter	How our audit addressed the key audit matter
Assessment of net realisable value of properties held-for-sale	
We identified the valuation of properties held-for-sale as a key audit matter due to the significant management judgement involved in determining the net realisable value of properties held-for-sale. As at 31 December 2016, the Group had properties held-for-sale at a carrying amount of RMB813,106,000 (69% of total assets), which included completed properties of RMB159,565,000 and properties under development of HK$653,541,000, which located in Fujian Province and Jiangsu Province in the PRC, as disclosed in note 19 to the consolidated financial statements. These properties held-for-sale were stated at the lower of cost and net realisable value on an individual property basis. As disclosed in note 5 to the consolidated financial statements, net realisable value was estimated at the estimated selling price less estimated costs to complete and estimated costs necessary to make the sales by reference to the similar properties in similar locations. An allowance is made if the estimated net realisable value is less than the carrying amount.	Our procedures in relation to the valuation of properties held-for-sale included: • Obtaining an understanding of the control over the preparation and monitoring of management budgets of construction and other costs for each property development project; • Evaluating the appropriateness of the estimated selling price by comparing it with sales transactions subsequent to year end for similar properties in similar locations; and • Comparing the management's estimation of the future costs to completion, on a sample basis, to the actual development cost of similar completed properties of the Group and their adjustments to current market data.

Key audit matter	How our audit addressed the key audit matter
Provision for land appreciation tax	
We identified the provision for land appreciation tax ("LAT") as a key audit matter since the management's estimates were required in provision for LAT to be paid by the Group within each of the property development projects. As set out in note 5 to the consolidated financial statements, the Group is subject to LAT in the PRC. However, the implementation and settlement of the tax varies amongst different tax jurisdictions in various cities of the PRC and certain property development projects of the Group have not finalised their land appreciation tax calculations and payments with local tax authorities in the PRC. The LAT calculations were dependent on the appropriateness of the appreciation rates used, which were determined by the amount of land appreciation. The amount of the land appreciation was determined by subtracting the related deductible amounts, including the property development expenditures which require accounting estimation of the total budget of the property development project, from the sales revenue. For the year ended 31 December 2016, LAT amounted to RMB4.3 million was recognised in the consolidated statement of profit or loss and other comprehensive income and details relating to the land appreciation tax were set out in note 10 to the consolidated financial statements.	Our procedures in relation to the provision for LAT included: • Evaluating the reasonableness of the estimated sales revenue and the related deductible amounts used in the LAT calculations; • Engaging our tax specialists in the PRC to assess the accuracy of the land appreciation amount calculations for each of the property development projects, and to assess the appropriateness of the LAT rate used for each of the property development projects by comparing it to the LAT rate announced by the State Administration of Taxation in the PRC; and • Evaluating the accounting estimations made by the management in calculating the land appreciation amount and LAT rate by comparing their past accounting estimations made in previous years to actual results as well as current year's provision.

OTHER MATTER

The consolidated financial statements for the year ended 31 December 2015 have not been audited.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in the independent auditor's report is Lam, Lawrence.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
31 March 2017

	Notes	**2016** **RMB'000**	2015 RMB'000 (unaudited) (restated)
Revenue	6	**158,125**	103,196
Cost of sales		**(112,251)**	(48,379)
Gross profit		**45,874**	54,817
Other income	7	**3,786**	5,472
Other losses	8	**(1,519)**	(2,371)
Fair value change of investment properties	18	**9,307**	2,000
Selling expenses		**(7,075)**	(5,824)
Administrative expenses		**(12,138)**	(9,692)
Finance costs	9	**(326)**	(207)
Deemed listing expenses	35	**(542,104)**	–
(Loss) profit before tax		**(504,195)**	44,195
Income tax expense	10	**(14,325)**	(21,894)
(Loss) profit and total comprehensive (expense) income for the year	11	**(518,520)**	22,301
(Loss) profit and total comprehensive (expense) income for the year attributable to:			
Owners of the Company		**(518,956)**	22,200
Non-controlling interests		**436**	101
		(518,520)	22,301
		RMB	RMB
(Loss) earning per share	15		
— Basic		**(11.76) cents**	0.54 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2016

	Note	At 31 December 2016 RMB'000	At 31 December 2015 RMB'000 (unaudited) (restated)	At 1 January 2015 RMB'000 (restated)
NON-CURRENT ASSETS				
Plant and equipment	17	**279**	668	1,316
Investment properties	18	**104,985**	119,200	117,200
Deferred tax assets	27	**8,690**	7,184	4,669
		113,954	127,052	123,185
CURRENT ASSETS				
Properties held-for-sale	19	**813,106**	752,091	645,440
Trade and other receivables	20	**50,874**	44,573	14,999
Prepaid land appreciation tax		**4,761**	1,647	11,040
Restricted bank deposits	22	**46,820**	36,368	12,147
Time deposits, bank balances and cash	22	**128,485**	122,533	125,607
		1,044,046	957,212	809,233
Assets classified as held for sale	21	**23,522**	–	–
		1,067,568	957,212	809,233
CURRENT LIABILITIES				
Trade payables	23	**30,080**	5,689	2,953
Other payables and accruals	24	**114,977**	132,340	77,247
Pre-sales proceeds received on sales of properties	25	**281,720**	165,214	86,687
Amounts due to related parties	26	**–**	57,148	54,112
Secured bank borrowings	28	**99,900**	170,000	17,175
Income tax payable		**21,699**	14,799	6,494
		548,376	545,190	244,668
Liabilities directly associated with assets classified as held for sale	21	**8,722**	–	–
		557,098	545,190	244,668

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2016

	Note	At 31 December 2016 RMB'000	2015 RMB'000 (unaudited) (restated)	At 1 January 2015 RMB'000 (restated)
NET CURRENT ASSETS		**510,470**	412,022	564,565
TOTAL ASSETS LESS CURRENT LIABILITIES		**624,424**	539,074	687,750
NON-CURRENT LIABILITIES				
Secured bank borrowings	28	**–**	–	170,000
Deferred tax liabilities	27	**18,503**	15,873	16,850
		18,503	15,873	186,850
NET ASSETS		**605,921**	523,201	500,900
CAPITAL AND RESERVES				
Share capital	29	**25,451**	389,190	389,190
Reserves		**571,173**	125,150	102,950
Equity attributable to owners of the Company		**596,624**	514,340	492,140
Non-controlling interests		**9,297**	8,861	8,760
TOTAL EQUITY		**605,921**	523,201	500,900

The consolidated financial statements on pages 38 to 98 were approved and authorised for issue by the Board of Directors on 31 March 2017 and are signed on its behalf by:

Mr. Shie Tak Chung,
DIRECTOR

Mr. Tsoi Kin Sze,
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	Attributable to owners of the Company										
	Issue equity										
	Share capital RMB'000	Other reserve RMB'000	Share premium RMB'000	Shareholders' contribution RMB'000	Other non-distributable reserve RMB'000 (Note a)	Other reserve RMB'000 (Note b)	Reorganisation reserve RMB'000	Accumulated profits (losses) RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2015 (restated)	389,190	–	–	–	9,576	(5,801)	–	99,175	492,140	8,760	500,900
Profit and total comprehensive income for the year	–	–	–	–	–	–	–	22,200	22,200	101	22,301
Transfer to non-distributable reserve	–	–	–	–	770	–	–	(770)	–	–	–
At 31 December 2015 (unaudited) (restated)	389,190	–	–	–	10,346	(5,801)	–	120,605	514,340	8,861	523,201
Loss (profit) and total comprehensive expense (income) for the year	–	–	–	–	–	–	–	(518,956)	(518,956)	436	(518,520)
Arising from the Capital Reorganisation and the Acquisition as defined in Note 29 and Note 2:											
— Recognition of share capital and share premium of the Company before Capital Reorganisation (note 29)	169,672	–	197,396	–	–	–	(367,068)	–	–	–	–
— Capital Reduction (note 29)	(168,824)	–	–	–	–	–	168,824	–	–	–	–
— Share Premium Cancellation (note 29)	–	–	(197,396)	–	–	–	197,396	–	–	–	–
— Share subscription (note 29)	5,090	–	152,704	–	–	–	(157,794)	–	–	–	–
— Open offer (note 29)	1,697	–	42,418	–	–	–	(44,115)	–	–	–	–
— Transaction costs attributable to share subscription and open offer	–	–	(1,389)	–	–	–	1,389	–	–	–	–
— Elimination of share capital of China General	(389,190)	–	–	–	–	–	389,190	–	–	–	–
— Deemed consideration for the Acquisition (note 35)	17,816	524,285	–	–	–	–	–	–	542,101	–	542,101
Deemed contributions from shareholders (note 26)	–	–	–	59,139	–	–	–	–	59,139	–	59,139
Transfer to non-distributable reserve	–	–	–	–	171	–	–	(171)	–	–	–
At 31 December 2016	25,451	524,285	193,733	59,139	10,517	(5,801)	187,822	(398,522)	596,624	9,297	605,921

Note:

(a) Other non-distributable reserves principally represent statutory reserves required to be appropriated from profit after income tax of the subsidiaries established in the PRC, under the relevant laws and regulations. Allocation to the statutory reserves shall be approved by the board of directors of the relevant subsidiaries. The appropriation to statutory reserves may cease if the balance of the statutory reserves has reached 50% of the registered capital of the respective subsidiaries. The statutory reserves may be used to make up losses or for conversion into capital. The relevant subsidiaries may, upon the approval by a resolution of shareholders' general meeting/board of directors' meeting, convert their statutory reserves into capital in proportion to their then existing shareholdings. However, when converting the statutory reserves into capital, the balance of such reserve remaining unconverted must not be less than 25% of the registered capital of the relevant subsidiary.

(b) Fujian Province Houde Enterprise Management Company Limited ("Houde Enterprise") acquired from 福建建弘投資有限公司 ("Jianhong Investment") the entire paid-up capital of Hengde (Shishi) Investment Company Limited ("Hengde (Shishi)") at a consideration of RMB10,000,000 in cash and the transaction was completed on 9 October 2014. Upon completion of acquisition, Hengde (Shishi) became a wholly-owned subsidiary of Houde Enterprise. The consideration is accounted for as a deemed distribution to Mr. Tsoi Kin Sze and Mr. Shie Tak Chung, who held 55% and 45% of the issued share capital of China General and each of them also held 50% beneficial interest in Jianhong Investment, and the dilution in Group's ownership interest in Yangzhou Dehui Real Estate Development Company Limited and its subsidiary amounting to RMB5,801,000 is charged to equity attributable to owners of the Company.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

	2016 RMB'000	2015 RMB'000 (unaudited) (restated)
OPERATING ACTIVITIES		
(Loss) profit before tax	**(504,195)**	44,195
Adjustments for:		
Bank interest income	**(1,334)**	(2,595)
Finance costs	**326**	207
Net foreign exchange losses	**2,349**	3,036
Depreciation of plant and equipment	**426**	682
Fair value changes on investment properties	**(9,307)**	(2,000)
Deemed listing expenses	**542,104**	–
Operating cash flows before movements in working capital	**30,369**	43,525
Increase in properties held-for-sale	**(26,005)**	(79,174)
Increase in trade and other receivables	**(6,224)**	(29,574)
Increase in trade payables	**24,391**	2,736
(Decrease) increase in other payables and accruals	**(17,447)**	55,093
Increase in pre-sales proceeds received on sales of properties	**116,506**	78,527
Cash generated from operations	**121,590**	71,133
PRC income taxes and land appreciation taxes paid	**(9,415)**	(7,688)
NET CASH FROM OPERATING ACTIVITIES	**112,175**	63,445
INVESTING ACTIVITIES		
Placement of restricted bank deposits	**(35,816)**	(26,441)
Withdrawal in restricted bank deposits	**25,364**	2,220
Deposits received on sales of use rights of investment properties	**8,722**	–
Purchase of plant and equipment	**(37)**	(34)
Interest received from bank deposits	**1,334**	2,595
Net cash inflow on acquisition of the Company	**4**	–
NET CASH USED IN INVESTING ACTIVITIES	**(429)**	(21,660)

	2016 RMB'000	2015 RMB'000 (unaudited) (restated)
FINANCING ACTIVITIES		
Repayment to related parties	(358)	–
Repayment of bank borrowings	(70,100)	(17,175)
Interest expense paid	(35,336)	(27,684)
NET CASH USED IN FINANCING ACTIVITIES	(105,794)	(44,859)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,952	(3,074)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	122,533	125,607
CASH AND CASH EQUIVALENTS AT END OF YEAR	128,485	122,533

1. GENERAL

Jiande International Holdings Limited (formerly known as First Mobile Group Holdings Limited) (the "Company") was incorporated in the Cayman Islands with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office and principal place of business of the Company is P.O. Box 10008, Willow House, Cricket Square, Grand Cayman KY1-1001, Cayman Islands and room 1910, Fortress Tower, 250 King's Road, North Point, Hong Kong, respectively. The principal activities of the Company is investment holding and upon completion of the Acquisition (as defined hereinunder), its subsidiaries are principally engaged in property development in the People's Republic of China (the "PRC"). In the opinion of the directors of the Company, as at 31 December 2016, the ultimate holding companies are Fame Build Holdings Limited and Talent Connect Investments Limited, companies incorporated in the British Virgin Islands with limited liabilities on 16 June 2014 and 13 June 2014 which are wholly owned by Mr. Shie Tak Chung and Mr. Tsoi Kin Sze, respectively (collectively referred as the "Vendors").

Pursuant to a special resolution passed on 29 December 2016, the Certificate of Incorporation on Change of Name of the Company issued by the Registry of Companies in the Cayman Islands on 6 January 2017 and the Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company issued by the Registrar of Companies in Hong Kong on 25 January 2017, the Company changed its name to Jiande International Holdings Limited with effect from 10 February 2017.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

On 25 October 2016, a very substantial acquisition and reverse takeover of the Company involving a new listing application was completed. The Company acquired the entire issued share capital of China General (HK) Company Limited ("China General"), a company incorporated in Hong Kong with limited liability, from the Vendors in consideration of the allotment of 4,086,592,788 ordinary shares of the Company (the "Consideration Shares") to the Vendors in equal shares (the "Acquisition"). China General is an investment holding company which is collectively owned as to 100% by the Vendors immediately before the completion of the Acquisition. China General and its subsidiaries (the "Group" or the "China General Group") are principally engaged in the property development in the PRC. The details of the Acquisition are set out in the Company's circular dated 29 February 2016.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Prior to the Acquisition, the Company's shares have been suspended from trading on the Stock Exchange since 27 November 2009 due to insufficient level of operation and poor financial and liquidity position and upon suspension, the Company and its subsidiaries became inactive. Upon completion of the Acquisition, the Company allotted and issued the Consideration Shares to the Vendors, which are also the ultimate controlling parties of the Company subsequent to the Acquisition, in exchange of the entire issued share capital of China General. As a result, the substance of the Acquisition was a reverse asset acquisition of a listed non-operating shell company by issue of equity instruments of the Company and did not constitute a business under Hong Kong Financial Reporting Standard ("HKFRS") 3 "Business Combination". As a result, the Acquisition is accounted for as a share-based payment transaction under HKFRS 2 "Share-Based Payment".

For accounting purpose, the Company is deemed to have been acquired by China General which is deemed as the accounting acquirer. These consolidated financial statements have been prepared as a continuation of the consolidated financial statements of the China General Group and accordingly:

(i) The assets and liabilities of the China General Group are recognised and measured at their carrying amounts;

(ii) The identified assets and liabilities of the Company are recognised at fair value and the Consideration Shares allotted and issued to effect the Acquisition are measured at the fair value of the equity consideration deemed to be issued to the former owners of the Company. Since the shareholders of China General deemed to have issued shares with a fair value in excess of the net liabilities assumed of the Company, the difference is recognised in profit or loss as deemed listing expenses; and

(iii) The comparative information presented in these consolidated financial statements is restated to be that of the China General Group.

In preparing these consolidated financial statements, the Group has applied the equity-settled share-based payment transaction to account for the Acquisition. The results of the Company have been consolidated to the China General's consolidated financial statements since the completion date of the Acquisition and further details of the Acquisition and the deemed listing expenses are set out in note 35 to the consolidated financial statements.

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

Amendments to HKFRSs that are mandatorily effective for the current year

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

Amendments to HKFRS 11	Accounting for Acquisitions of Interest in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle

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

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 7	Disclosure Initiative[4]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle[5]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 January 2017
5 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate

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

HKFRS 15 Revenue from Contracts with Customers

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

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

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

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

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

The directors of the Company anticipate that the application of HKFRS 15 in the future may have an impact on the amounts reported (e.g. sales of properties) and more disclosures relating to revenue is required. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the directors of the Company performs a detailed review.

HKFRS 16 Leases

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

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

HKFRS 16 Leases (Continued)

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

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

Under HKAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement and prepaid lease payments for leasehold lands where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

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

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 December 2016, the Group has non-cancellable operating lease commitments of RMB180,000 (2015: RMB88,000 (unaudited)) as disclosed in note 32. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors of the Company complete a detailed review.

Except as described above, the Directors consider that the application of the other new and amendments to HKFRSs will have no significant impact on the Group's consolidated financial statements in coming year.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by HKICPA. In addition, the consolidated financial statements includes applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties which are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

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

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

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

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

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

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

Acquisition of a subsidiary not constituting a business and settle through allotment of Company's shares

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to the financial assets and financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Acquisition of a subsidiary not constituting a business and settle through allotment of Company's shares (Continued)

This deemed issue of equity is accounted for as an equity-settled share-based payment transaction and measured indirectly by reference to the fair value of the equity instruments issued in accordance HKFRS 2, as there is no goods or services received by the Group from this transaction. The increase in equity by the Group is measured by reference to the fair value of the equity that are deemed to have been issued.

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, net of discounts and sales related taxes.

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

Specifically, revenue from sale of properties in the ordinary course of business is recognised when the respective properties have been completed and delivered to the buyers. Deposits and instalments received from purchasers prior to meeting the above criteria for revenue recognition are included in the consolidated statement of financial position as ''Pre-sales proceeds received on sales of properties" under current liabilities.

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing

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

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

Borrowing costs

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Retirement benefit costs

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

Short-term and other long-term employee benefits

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

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

Taxation

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

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

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

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

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Plant and equipment

Plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

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

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are classified and accounted for as investment properties and are measured using the fair value model. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

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

Impairment of tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of tangible assets (Continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Properties held-for-sale

Completed properties and properties under development

Completed properties and properties under development which are intended to be sold in the ordinary course of business upon completion of development are stated at the lower of cost and net realisable value on an individual basis. Costs comprise the acquisition costs, borrowing cost capitalised in accordance with the Group's accounting policy and other direct costs attributable to such properties and allocated to each unit in each phase based on sellable floor area, using weighted average method. Net realisable value represents the estimated selling price for properties held-for-sale less all estimated costs of completion and the costs necessary to make the sale.

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, restricted bank deposits, time deposits and bank balances and cash) are measured at amortised cost using effective interest method, less any impairment losses (see accounting policy on impairment of financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

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

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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

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

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

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

Equity instrument

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

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Other financial liabilities at amortised cost

Other financial liabilities including trade payables, other payables, amounts due to related parties and secured bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at fair value through profit or loss, are subsequently measured at the higher of:

(i) the amount of obligation under the contract, as determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and

(ii) the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Derecognition

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

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

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

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgment in applying accounting policies

The following is the critical judgment that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Deferred taxation on investment properties

For the purposes of measuring deferred taxation arising from investment properties that are measured using the fair value model in HKAS 40, the directors of the Company have reviewed the Group's investment property portfolios together with certain properties characteristics. Investment properties amounting to RMB12,600,000 (2015: RMB11,300,000 (unaudited)) as at 31 December 2016, are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in measuring deferred taxation on these investment properties the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. The Group has estimated the deferred tax taking into account both the land appreciation tax and enterprise income tax on disposal of these investment properties.

For other investment properties amounting RMB92,385,000 (2015: RMB107,900,000 (unaudited)) as at 31 December 2016, the directors of the Company have concluded that they are held under a business model to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale as these investment properties cannot be sold or transferred to third parties. For these investment properties, the presumption that investment properties measured using the fair value model are recovered through sale is rebutted and the Group has estimated the deferred tax taking into account of enterprise income tax.

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

Key sources of estimation uncertainty

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

Estimation of fair value of investment properties

The valuations of investment properties were determined based on the investment approach by considering the capitalised rental incomes derived from the existing tenancies with due provision for any reversionary income potential of the property interests. For the properties which are currently vacant, the valuation was based on capitalisation of the hypothetical and reasonable market rents with a typical lease term. Note 18 provides detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of investment properties of the Group.

The carrying amount of investment properties at 31 December 2016, was approximately RMB104,985,000 (2015: RMB119,200,000 (unaudited)). Notwithstanding that the management employs independent professionally qualified valuers to perform fair value assessments based on these assumptions, the fair value of these investment properties may be higher or lower depending on the future market conditions.

Estimated net realisable value on properties held-for-sale

In determining whether allowances should be made to the Group's properties held-for-sale, the Group takes into consideration the current market conditions to estimate the net realisable value (i.e. the estimated selling price less estimated costs to complete and estimated costs necessary to make the sales by reference to the similar properties in similar locations). An allowance is made if the estimated net realisable value is less than the carrying amount. Where there is any decrease in the estimated selling price arising from any changes to the property market conditions in the PRC, a further loss will be recognised on the properties held-for-sale in the consolidated statement of profit or loss. As at 31 December 2016, the carrying amount of the properties held-for-sale was approximately RMB813,106,000 (2015: RMB752,091,000 (unaudited)).

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

Key sources of estimation uncertainty (Continued)

Land appreciation tax

The Group is subject to land appreciation tax in the PRC. However, the implementation and settlement of the tax varies amongst different tax jurisdictions in various cities of the PRC and certain property development projects of the Group have not finalised their land appreciation tax calculations and payments with local tax authorities in the PRC. Accordingly, significant estimates is required in determining the amount of land appreciation and its related income tax provisions. The Group recognised the land appreciation tax based on management's best estimates and the amount of the land appreciation was determined by subtracting the related deductible amounts, including the property development expenditures which require accounting estimation of the total budget of the property development project, from the sales revenue. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and the related income tax provisions in the periods in which such tax is finalised with local tax authorities.

6. REVENUE AND SEGMENT INFORMATION

The Group is engaged in the property development and revenue represents the net amounts received and receivable for properties sold by the Group in the normal course of business to customers.

Information reported to the management of the Group, being the chief operating decision maker, for the purpose of resource allocation and assessment of segment performance is on a project by project basis. Each property development project constitutes an operating and reporting segment and the Group currently operated two property development projects called Binjiang International Project and The Cullinan Bay Project. All the revenue for the year ended 31 December 2015 is derived from Binjiang International Project while over 80% of revenue for the year ended 31 December 2016 is derived from The Cullinan Bay Project. The management of the Group assesses the performance of the reportable segment based on the revenue for the years of the Group as presented in the consolidated statement of profit or loss and other comprehensive income. The accounting policies of the reportable segment are the same as the Group's accounting policies described in note 4. No analysis of the Group's assets and liabilities is regularly provided to the management of the Group for review.

Entity-wide disclosures

Major Products

Revenue during the years ended 31 December 2016 and 2015 represents sales of residential properties in property development projects as mentioned above in the PRC.

6. REVENUE AND SEGMENT INFORMATION (Continued)

Entity-wide disclosures (Continued)

Geographical information

The Group's operations are located in the PRC. All revenue and non-current assets of the Group are generated from and located in the PRC.

Major Customers

During the years ended 31 December 2016 and 2015, the revenue from a single customer or a group of customers under common control which contributed over 10% of total revenue of the Group is as follows:

	2016 **RMB'000**	2015 RMB'000 (unaudited) (restated)
Customer A	**Note**	33,931

Note: The corresponding revenue did not contribute over 10% of the total revenue of the Group. There is no single customer or a group of customers under common control which contributed over 10% of the Group's revenue for the year ended 31 December 2016.

7. OTHER INCOME

	2016 **RMB'000**	2015 RMB'000 (unaudited) (restated)
Rental income from investment properties	**2,452**	2,877
Bank interest income	**1,334**	2,595
	3,786	5,472

8. OTHER LOSSES

	2016 RMB'000	2015 RMB'000 (unaudited) (restated)
Net foreign exchange losses	**1,519**	2,371

9. FINANCE COSTS

	2016 RMB'000	2015 RMB'000 (unaudited) (restated)
Interest on secured bank borrowings	**35,336**	27,684
Less: amounts capitalised in the cost of qualifying assets	**(35,010)**	(27,477)
	326	207

Borrowing costs are capitalised on properties under development in respect of secured bank borrowings obtained specifically for financing the property development project.

10. INCOME TAX EXPENSE

	2016 RMB'000	2015 RMB'000 (unaudited) (restated)
Current tax:		
PRC Enterprise Income Tax (''EIT'')	**8,923**	11,693
PRC Land Appreciation Tax (''LAT'')	**4,278**	13,693
	13,201	25,386
Deferred tax (note 27)	**1,124**	(3,492)
	14,325	21,894

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. No provision for taxation in Hong Kong has been made as the Group's income neither arises in, nor is derived from, Hong Kong.

10. INCOME TAX EXPENSE (Continued)

Current tax provision represents provision for PRC EIT and PRC LAT. Under the Law of People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of PRC subsidiaries is 25%.

In addition, under the Provisional Regulations of LAT (《中華人民共和國土地增值稅暫行條例》) effective on 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (《中華人民共和國土地增值稅暫行條例實施細則》) effective from 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, being the proceeds of sales of properties less deductible expenditures including borrowing costs and property development expenditures in relation to the gains arising from sales of properties in the PRC effective from 1 January 2004, with an exemption provided for property sales of ordinary residential properties (普通標準住宅) if their appreciation values do not exceed 20% of the sum of the total deductible items.

Under the relevant tax law and implementation regulations in the PRC, withholding income tax is applicable to dividend earned and payable to investors that are "non-tax resident enterprises" in respect of profits earned by PRC subsidiaries since 1 January 2008, which do not have an establishment or place of business in the PRC, or which have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such interest or dividends have their sources within the PRC. Under such circumstances, dividends paid by the PRC subsidiaries to offshore group entities shall be subject to the withholding tax at 10% or a lower treaty rate. The Group is subject to withholding tax in relation to the dividend paid by the PRC subsidiaries. As the Company has decided not to declare any dividends from undistributed earning of the PRC subsidiaries amounting to approximately RMB105,703,000 (2015: RMB103,991,000 (unaudited)) as at 31 December 2016 to the Company in the foreseeable future, no deferred tax liability has been recognised in respect of these undistributed earnings during the both years.

10. INCOME TAX EXPENSE (Continued)

The income tax expense for the year can be reconciled to the (loss) profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2016 RMB'000	2015 RMB'000 (unaudited) (restated)
(Loss) profit before tax	**(504,195)**	44,195
Tax at PRC EIT of 25% (note)	**(126,049)**	11,049
Tax effect of expenses not deductible for tax purpose	**136,826**	876
Tax effect of income not taxable for tax purpose	**(161)**	–
PRC LAT	**4,278**	13,693
Tax effect of PRC LAT	**(1,069)**	(3,423)
Utilisation of deductible temporary difference previously not recognised	**–**	(223)
Deferred tax effect of LAT in respect of fair value change of investment properties	**454**	28
Others	**46**	(106)
Income tax expense for the year	**14,325**	21,894

Note: The tax rate represents the statutory tax rate of the jurisdiction where the operations of the Group are substantially based.

11. (LOSS) PROFIT FOR THE YEAR

	2016 RMB'000	2015 RMB'000 (unaudited) (restated)
(Loss) profit for the year has been arrived at after charging (crediting):		
Auditor's remuneration	1,181	265
Depreciation of plant and equipment	426	682
Rental expense in respect of rented premise under operating lease	99	87
Gross rental income from investment properties	(2,452)	(2,877)
Less: direct operating expenses incurred	458	614
	(1,994)	(2,263)
Cost of properties held-for-sale recognised as an expenses	99,645	41,867
Staff costs		
— salaries and allowances	3,805	3,792
— retirement benefits scheme contributions	914	893
Total staff costs, excluding directors' remunerations	4,719	4,685

12. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS

The following table sets forth certain information in respect of the directors of the Company during the years ended 31 December 2016 and 2015.

Name	Position	Date of appointment as the directors of the Company	Date of resignation
Mr. Shie Tak Chung	Chairman and executive director	25 October 2016	N/A
Mr. Tsoi Kin Sze	Chief executive officer and executive director	25 October 2016	N/A
Mr. Wu Zhisong	Executive director	25 October 2016	N/A
Mr. Lee Lit Mo Johnny	Executive director	25 October 2016	N/A
Mr. Ng Kok Hong	Executive director	5 May 2000	25 October 2016
Mr. Ng Kok Tai	Executive director	5 May 2000	25 October 2016
Mr. Ng Kok Yang	Executive director	5 May 2000	25 October 2016
Mr. Ma Sai Yam	Independent non-executive director	25 October 2016	N/A
Mr. Zhang Senquan	Independent non-executive director	25 October 2016	N/A
Mr. Yang Quan	Independent non-executive director	25 October 2016	N/A

12. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS (Continued)

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and Companies Ordinance, is as follows:

For the year ended 31 December 2016

	Chairman Mr. Shie Tak Chung RMB'000	Chief Executive Officer Mr. Tsoi Kin Sze RMB'000	Mr. Wu Zhisong RMB'000	Mr. Lee Lit Mo Johnny RMB'000	Mr. Ng Kok Hong RMB'000	Mr. Ng Kok Tai RMB'000	Mr. Ng Kok Yang RMB'000	Total RMB'000
Executive directors								
Fees	–	–	–	–	–	–	–	–
Other emoluments:								
Salaries and allowances	95	95	95	95	–	–	–	380
Retirement benefits scheme contribution	–	–	–	–	–	–	–	–
Sub-total	95	95	95	95	–	–	–	380

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

	Mr. Ma Sai Yam RMB'000	Mr. Zhang Senquan RMB'000	Mr. Yang Quan RMB'000	Total RMB'000
Independent non-executive directors				
Fees	29	29	29	87
Other emoluments	–	–	–	–
Sub-total	29	29	29	87
Total				467

The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

The emoluments paid or payable to the directors of the Company prior to the completion of the Acquisition are not included in the consolidated statement of profit or loss and comprehensive income.

12. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS (Continued)

For the year ended 31 December 2016 (Continued)

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during both years.

No emoluments were paid by the Group to any of the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office.

13. FIVE HIGHEST PAID EMPLOYEES

Details of the remuneration for the years ended 31 December 2016 and 2015 of the five highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2016 **RMB'000**	2015 RMB'000 (unaudited) (restated)
Salaries and allowances	**706**	710
Retirement benefits scheme contributions	**197**	198
	903	908

The remunerations of each of the five highest paid individuals during the years ended 31 December 2016 and 2015 are within Hong Kong Dollars ("HK$") 1,000,000.

During the years ended 31 December 2016 and 2015, no emoluments were paid by the Group to any of the five highest paid individual of the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

14. DIVIDENDS

No dividend was paid or proposed for shareholders of the Company during the years ended 31 December 2016 and 2015, nor has any dividend been proposed since the end of the reporting period.

15. (LOSS) EARNING PER SHARE

The calculation of the basic (loss) earning per share attributable to the owners of the Company is based on the following data:

	2016 **RMB'000**	2015 RMB'000 (unaudited) (restated)
(Loss) profit for the year attributable to owners of the Company for the purpose of basic (loss) earning per share	**(518,956)**	22,200

	'000	'000
Weighted average number of ordinary shares for the purpose of basic (loss) earning per share	**4,411,989**	4,086,593

The weighted average number of shares used for the purpose of calculating basic loss per share for the year ended 31 December 2016 is determined by reference to number of ordinary shares issued for the Acquisition and the number of ordinary shares outstanding after completion of the Acquisition.

The weighted average number of shares used for the purpose of calculating basic earning per share for the year ended 31 December 2015 is determined by reference to the number of ordinary shares issued for the Acquisition.

No diluted (loss) earning per share for the year ended 31 December 2016 and 2015 is presented because the Group did not have any potential ordinary shares outstanding during both years.

16. RETIREMENT BENEFITS PLANS

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Company contributes 5% of relevant payroll costs to the Scheme with a cap of HK$1,500 per employee per month, which contribution is matched by employees.

In addition, the employees of the Group's subsidiary in the PRC are members of a state-managed retirement benefit scheme operated by the government of the PRC. The subsidiary is required to contribute range from 2% to 15% of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

The total expense recognised in profit or loss of RMB914,000 (2015: RMB893,000 (unaudited)) represents the contributions payable to these plans by the Group at rates specified in the rules of the plans by the Group for the year ended 31 December 2016.

17. PLANT AND EQUIPMENT

	Furniture and equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
COST			
At 1 January 2015 (restated)	1,802	2,869	4,671
Additions	34	–	34
At 31 December 2015 (unaudited) (restated)	**1,836**	**2,869**	**4,705**
Additions	**37**	**–**	**37**
At 31 December 2016	**1,873**	**2,869**	**4,742**
ACCUMULATED DEPRECIATION			
At 1 January 2015 (restated)	1,184	2,171	3,355
Provided for the year	277	405	682
At 31 December 2015 (unaudited) (restated)	**1,461**	**2,576**	**4,037**
Provided for the year	**205**	**221**	**426**
At 31 December 2016	**1,666**	**2,797**	**4,463**
CARRYING VALUES			
At 31 December 2016	**207**	**72**	**279**
At 31 December 2015 (unaudited) (restated)	375	293	668
At 1 January 2015 (restated)	618	698	1,316

The above items of plant and equipment are depreciated on a straight-line basis over the following estimated useful lives:

Furniture and equipment	3 to 5 years
Motor vehicles	4 to 5 years

18. INVESTMENT PROPERTIES

	Completed investment properties RMB'000
Fair value	
At 1 January 2015 (restated)	117,200
Increase in fair value recognised in profit or loss	2,000
At 31 December 2015 (unaudited) (restated)	**119,200**
Increase in fair value recognised in profit or loss	**9,307**
Reclassified as assets held for sale (note 21)	**(23,522)**
At 31 December 2016	**104,985**

	2016 RMB'000	2015 RMB'000 (unaudited) (restated)
Unrealised gains on investment properties revaluation included in consolidated statement of profit or loss and other comprehensive income	**9,307**	2,000

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

The carrying amount of investment properties are situated on land under the medium term lease in PRC.

The fair value of the Group's investment properties as at 31 December 2016 and 2015 been arrived at on the basis of a valuation carried out at these dates by DTZ Debenham Tie Leung Limited, 16/F, Jardine House, 1 Connaught Place, Central, Hong Kong, a firm of independent and qualified professional valuers not connected with the Group.

In estimating the fair value of an investment properties, the Group engages independent qualified professional valuers to perform the valuation. The management of the Group works closely with the valuers to establish the appropriate valuation techniques and inputs to the model. The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of investment properties.

18. INVESTMENT PROPERTIES (Continued)

The fair value was grouped under level 3 and was determined based on the investment approach, by considering the capitalised rental income derived from the existing tenancies with due provision for any reversionary income potential of the property interests. For the properties which are currently not rented out, the valuation was based on capitalisation of the hypothetical and reasonable market rents with a typical lease term. The key inputs in valuing the investment properties are the term yield, reversion yield and market rent of comparable properties. The term yield and reversion yield are determined by reference to the yields derived from analysing the sales transactions of similar properties in Huian, Fujian Province, the PRC and adjusted to take into account the market expectation from property investors to reflect factors specific to the Group's investment properties.

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

Investment properties held by the Group in the consolidated statement of financial position	Fair value hierarchy	Valuation technique and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Car parking spaces and a kindergarten located in Huian, Fujian Province, the PRC	Level 3	Investment approach Key inputs are: — Term yield — Reversion yield — Market rent of comparable properties	Key and unobservable inputs are: — Term yield and reversion yield of car parking spaces: 3.5% and 4.5% — Term yield and reversion yield of kindergarten is 4% and 4.5% — Market rent of comparable properties, by taking accounts of the accessibility, size, locations and environment of properties	— The higher the term yield and reversion yield, the lower the fair value. — The higher the market rent, the higher the fair value.

As at 31 December 2016, investment properties amounting to RMB92,385,000 (2015: RMB107,900,000 (unaudited)) represented completed car parking spaces without title certificates which cannot be sold or transferred to other parties according to the relevant laws and regulations in the PRC.

There has been no change from the valuation technique used during both years. In estimating the fair value of the investment properties, the highest and best use of the investment properties is their current use.

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

19. PROPERTIES HELD-FOR-SALE

Properties held-for-sale in the consolidated statement of financial position comprise:

	2016 RMB'000	2015 RMB'000 (unaudited) (restated)
Properties held-for-sale		
Properties under development	**653,541**	694,825
Completed properties	**159,565**	57,266
	813,106	752,091

All of the properties under development and completed properties are located in Fujian Province and Jiangsu Province of the PRC. All the properties held-for-sale are stated at cost.

At 31 December 2016, property under development of RMB160,084,000 (2015: RMB597,398,000 (unaudited)) are not expected to be realised within one year.

20. TRADE AND OTHER RECEIVABLES

	2016 RMB'000	2015 RMB'000 (unaudited) (restated)
Trade receivables	**6,269**	6,390
Less: allowance for doubtful debts	**(30)**	(30)
	6,239	6,360
Other receivables, net of impairment loss recognised	**1,024**	1,018
Prepaid taxes other than income tax and land appreciation tax	**11,775**	8,086
Deposits paid to suppliers	**31,085**	28,519
Other deposits and prepayments	**751**	590
	50,874	44,573

20. TRADE AND OTHER RECEIVABLES (Continued)

The Group generally grants no credit period to property buyers and only allows certain customers to settle their balances by instalments. The following is an aged analysis of gross trade receivables based on the date when the revenue from sale of the respective properties was recognised:

	2016 **RMB'000**	2015 RMB'000 (unaudited) (restated)
0–30 days	**6,029**	1,370
31–90 days	**240**	2,810
91–180 days	**–**	2,210
	6,269	6,390

Ageing of trade receivables (net of impairment loss recognised) which are past due but not impaired

	2016 **RMB'000**	2015 RMB'000 (unaudited) (restated)
1–30 days	**6,029**	1,370
31–90 days	**210**	2,810
91–180 days	**–**	2,180
	6,239	6,360

Trade receivables that were past due but not provided for impairment loss relate to a number of independent customers and the title certificates of the properties would not be passed to customers until the full settlement of the outstanding balances. Based on past experience, management believes that no impairment allowance is necessary in respect of these remaining balances as there has not been a significant change in credit quality and the remaining balances are still considered fully recoverable. No movement in the allowance on doubtful debts during the years ended 31 December 2016 and 2015.

21. ASSETS CLASSIFIED AS HELD FOR SALE AND LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS HELD FOR SALE

The major classes of assets and liabilities classified as held for sale as at 31 December 2016 are as follow:

	RMB'000
Assets classified as held for sale:	
Investment properties	**23,522**
Liabilities classified as held for sale:	
Deposits received on sales of use rights of investment properties	**8,722**

During the year ended 31 December 2016, the Group entered into provisional leasing agreements with independent third parties to sell the rights of use of car parking spaces for 20 years and grant a occupancy right to extend additional 20 years at a nominal amount and the Group received sale deposits of approximately RMB8,722,000 as of 31 December 2016. The directors of the Company considered the terms of the lease will transfer substantially all the risks and rewards of the car parking spaces to the lessee and derecognise as investment properties when the buyers start to use the car parking spaces in 2017. Accordingly, the investment properties and related deposits received which were expected to be sold or utilised within twelve months were classified as held for sale and were presented separately in the consolidated statement of financial position.

22. TIME DEPOSITS, BANK BALANCES AND CASH AND RESTRICTED BANK DEPOSITS

Bank balances carry interest at market rates which ranged from 0.0001% to 1.265% per annum as at 31 December 2016 and 2015. The restricted bank deposits carry interest at market rate which ranged from 0.30% to 0.40% per annum (2015: 0.35% to 0.4% per annum (unaudited)) as at 31 December 2016.

Time deposits with original maturity less than three months amounting to approximately RMB68,024,000 (2015: RMB52,129,000 (unaudited)) as at 31 December 2016 carry interest at market rates which ranged from 1.35% to 2.35% per annum (2015: 1.35% to 2.35% per annum (unaudited)).

Restricted bank deposits amounting to RMB46,820,000 (2015: RMB36,368,000 (unaudited)) as at 31 December 2016 represented designated bank accounts solely for collecting pre-sales proceeds and settlement of construction costs of properties and will be released upon the completion of the development of interest bearing properties.

23. TRADE PAYABLES

The following is an aged analysis of trade payable presented based on the invoice date:

	2016 **RMB'000**	2015 RMB'000 (unaudited) (restated)
0–60 days	**10,948**	1,919
61–90 days	**16,190**	30
91–180 days	**20**	23
181 days–1 year	**10**	132
Over 1 year	**2,912**	3,585
	30,080	5,689

The credit period on construction payable is normally within 90 days from the invoice date for the years ended 31 December 2016 and 2015.

The Group has financial risk management policies in place to ensure all payables are settled within the credit frame.

24. OTHER PAYABLES AND ACCRUALS

	2016 RMB'000	2015 RMB'000 (unaudited) (restated)
Accrued construction costs	**97,055**	116,213
Accrual staff costs and contributions to the retirement benefits scheme	**5,420**	5,282
Public maintenance fund received from customers (Note)	**3,502**	3,716
Other tax payables	**4,436**	5,046
Accrual agency fee	**202**	645
Deposits received from suppliers	**154**	154
Others	**4,208**	1,284
	114,977	132,340

Note: The public maintenance fund is received on behalf of the Ministry of Housing and Urban-Rural Development of PRC from the property buyers as maintenance fund for the public facilities within the residential properties. Such fund would be returned to Ministry of Housing and Urban-Rural Development upon request.

25. PRE-SALES PROCEEDS RECEIVED ON SALES OF PROPERTIES

Pre-sales proceeds received on sales of properties represent proceeds received on property unit sales that have not been recognised as revenue in accordance with the Group's revenue recognition policy.

26. AMOUNTS DUE TO RELATED PARTIES

		2016 RMB'000	2015 RMB'000 (unaudited) (restated)
Mr. Shie Tak Chung	Unsecured, non-interest bearing and repayable on demand	–	28,574
Mr. Tsoi Kin Sze	Unsecured, non-interest bearing and repayable on demand	–	28,574
		–	57,148

The amounts due to related parties represented advances from Mr. Shie Tak Chung and Mr. Tsoi Kin Sze, the directors of the Company. Immediately before the resumption of trading the shares of the Company on the Stock Exchange on 27 October 2016, Mr. Shie Tak Chung and Mr. Tsoi Kin Sze waived the repayment of these advances and the waived amount was recognised as shareholders' contribution.

27. DEFERRED TAX

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of deferred tax balances for financial reporting purposes.

	2016 RMB'000	2015 RMB'000 (unaudited) (restated)
Deferred tax assets	**8,690**	7,184
Deferred tax liabilities	**(18,503)**	(15,873)
	(9,813)	(8,689)

27. DEFERRED TAX (Continued)

The following are the major deferred tax assets and liabilities recognised and movements thereon during the years ended 31 December 2016 and 2015:

	Revaluation of investment properties RMB'000	LAT deferred tax RMB'000	Deferred tax on pre-sales proceeds RMB'000	Tax losses RMB'000	Total RMB'000
At 1 January 2015 (restated)	(15,325)	(3,161)	3,056	3,249	(12,181)
(Charge) credit to profit or loss	(504)	1,828	3,555	(1,387)	3,492
At 31 December 2015 (unaudited) (restated)	(15,829)	(1,333)	6,611	1,862	(8,689)
(Charge) credit to profit or loss	(2,803)	(413)	3,954	(1,862)	(1,124)
At 31 December 2016	**(18,632)**	**(1,746)**	**10,565**	**–**	**(9,813)**

At 31 December 2016, the Group has no unused tax losses (2015: RMB7,446,000 (unaudited)) available for offsetting against future profits. Deferred tax asset in respect of prior year tax losses has been fully recognised.

At 31 December 2016, the Group has no deductible temporary differences (2015: RMB892,000 (unaudited)). No deferred tax asset has been recognised as of 31 December 2015 in relation to such deductible temporary difference.

28. SECURED BANK BORROWINGS

	2016 RMB'000	2015 RMB'000 (unaudited) (restated)
The carrying amounts of the borrowings are repayable within one year and shown under current liabilities*	**99,900**	170,000

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

At 31 December 2016, all borrowings are denominated in RMB and carried at variable interest rate which linked to PRC Benchmark Lending Rate and interest is reset annually. The effective interest rates (which are the contracted interest rates) on the Group's borrowings are 4.99% (2015: 5.91% (unaudited)).

29. SHARE CAPITAL

Share capital of China General

The share capital at 1 January 2015 and 31 December 2015 represents the share capital of China General. China General was incorporated in Hong Kong with limited liability under the Companies Ordinance of Hong Kong on 1 September 1992. The number of issued and fully paid ordinary shares of the China General was 20,000,000 amounting to RMB389,190,000 as at 1 January 2015 and 31 December 2015. Since then, China General did not have any change in its share capital.

Share capital of the Company

	Number of share capital '000	Amount HK$'000	Amount RMB'000
Authorised ordinary shares:			
At 1 January 2015 and 31 December 2015 at HK$0.1 each	3,000,000	300,000	261,570
Capital Reorganisation (note 1) implemented on 23 August 2016 comprised:			
— Capital Reduction	–	(298,500)	(260,262)
— Share Consolidation	(2,700,000)	–	–
— Authorised Share Capital Cancellation	(105,400)	(527)	(459)
— Authorised Share Capital Increase	99,805,400	499,027	435,102
At 31 December 2016 at HK$0.005 each	**100,000,000**	**500,000**	**435,951**
Issued and fully paid ordinary shares:			
At 1 January 2015 and 31 December 2015 at HK$0.1 each	1,945,997	194,600	169,672
Capital Reorganisation (note 1) implemented on 23 August 2016 comprised:			
— Capital Reduction	–	(193,627)	(168,824)
— Share Consolidation	(1,751,397)	–	–
Open offer on 25 October 2016 (note 2)	389,199	1,946	1,697
Share subscription on 25 October 2016 (note 3)	1,167,598	5,838	5,090
Share allotment for acquisition of China General (note 4)	4,086,593	20,433	17,816
At 31 December 2016 at HK$0.005 each	**5,837,990**	**29,190**	**25,451**

All the shares issued by the Company rank pari passu and do not carry pre-emptive rights.

29. SHARE CAPITAL (Continued)

Notes:

1. On 18 April 2016, the shareholders of the Company passed the resolution regarding the implementation of the capital restructuring of the Company ("Capital Reorganisation") comprising, the Capital Reduction, Share Premium Cancellation, Share Consolidation, Authorised Share Capital Cancellation and Authorised Share Capital Increase (as defined in the Company's circular dated 29 February 2016) with details below. Capital Reorganisation is one of the conditions precedent under the Acquisition and the Subscription (as defined in note 3) and the Company completed the implementation of the Capital Reorganisation on 23 August 2016.

   (i) Capital Reduction — the par value of the existing issued shares was reduced from HK$0.10 to HK$0.0005 each;

   (ii) Share Premium Cancellation — upon the Capital Reduction becoming effective, the entire amount standing to the credit of the share premium account of the Company were cancelled;

   (iii) Share Consolidation — upon the Share Premium Cancellation becoming effective, every ten issued shares of HK$0.0005 each were consolidated into one new share of HK$0.005 each;

   (iv) Authorised Share Capital Cancellation — upon the Share Consolidation becoming effective, all the authorised but un-issued shares were cancelled in their entirety; and

   (v) Authorised Share Capital Increase — upon the Authorised Share Capital Cancellation becoming effective, the Company's authorised share capital was been increased to HK$500,000,000, divided into 100,000,000,000 new shares of HK$0.005 each.

2. On 25 October 2016, the Company completed the open offer on the basis of two Offer Shares for every one new share held by the Qualifying Shareholders on the Record Date (as defined in the Company's prospectus dated 30 September 2016) at HK$0.13 per Offer Share (the "Open Offer") and 389,199,312 ordinary shares have been issued and allotted with total proceeds received of approximately HK$50,596,000 (equivalent to RMB44,115,000).

3. On 25 October 2016, the Company allotted and issued 1,167,597,940 shares in total to i) Jinwu Limited, which subscribed for 954,694,714 shares at HK$0.155 per share for a total subscription amount of approximately HK$147,978,000 (equivalent to RMB129,022,000); (ii) Time Boomer Limited, which subscribed for 83,870,968 shares at a total exercise price of HK$13,000,000 (equivalent to RMB11,334,000), or HK$0.155 per share; and (iii) First Apex Investments Limited, which subscribed for 129,032,258 shares at a total exercise price of HK$20,000,000 (equivalent to RMB17,438,000), or HK$0.155 per share (the "Subscription"), in accordance with the Amended Subscription Agreement, the Amended TB Option Agreement and the New FA Option Agreement (as defined in the Company's circular dated 29 February 2016), respectively.

4. On 25 October 2016, the Company allotted and issued 4,086,592,788 Consideration Shares to the Vendors for acquiring the entire equity interest of China General in accordance with the terms of the Acquisition Agreement (as defined in the Company's prospectus dated 30 September 2016). The completion of the Acquisition will be inter-conditional to the Open Offer, the Subscription and the disposal of Marzo Holdings Limited, Mobile Distribution Limited and Value Day Limited, wholly-owned subsidiaries of the Company prior to the Acquisition and the proceeds of the Open Offer and the Subscription had been applied to the discharge of the Company's liabilities through the Creditors Schemes (as defined in the Company's circular dated 29 February 2016) and as general working capital of the Company.

30. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of debt, which includes amounts due to related parties and secured bank borrowings, as disclosed in notes 26 and 28, respectively, net of time deposits, bank balances and cash and equity attributable to owners of the Company, comprising share capital and reserves.

The management of the Group reviews the capital structure from time to time. As a part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, the issue of new shares, new debts or the redemption of existing debts.

31. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2016 **RMB'000**	2015 RMB'000 (unaudited) (restated)
Financial assets		
Loans and receivables (including cash and cash equivalents)	**182,568**	166,279
Financial liabilities		
Amortised cost	**134,188**	234,121

31. FINANCIAL INSTRUMENTS (Continued)

b. *Financial risk management objectives and policies*

The Group's major financial instruments include trade and other receivables, restricted bank deposits, time deposits, bank balances and cash, trade payables, other payables, amounts due to related parties, secured bank borrowings and financial guarantee contracts. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risks (interest rate risk and currency risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risks

(i) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to secured bank borrowings, restricted bank deposits, time deposits and bank balances. The cash flow interest rate risk is mainly concentrated on fluctuations associated with variable rate linked to PRC Benchmark Lending Rate in respect of secured bank borrowings and variable rate restricted bank deposits, time deposits and bank balances. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate risk exposure and will consider interest rate hedging should the need arise.

No sensitivity analysis of restricted bank deposits, time deposits and bank balances is presented as a reasonably possible change in interest rate would not have significant impact on profit or loss of the Group.

In addition, no sensitivity analysis is presented for variable-rate borrowings as they were raised for property development and any change in interest rate would substantially be capitalised to property under development for sale and have no material impact to profit or loss of the Group until sale of these properties take place.

31. FINANCIAL INSTRUMENTS (Continued)

b. *Financial risk management objectives and policies* (Continued)

Market risks (Continued)

(ii) Currency risk

The Group has amounts due to related parties, certain other payables and bank balances and cash which are denominated in foreign currency of relevant group entity, hence they are exposed to foreign exchange risk. The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of each of the reporting period are as follows:

	Assets		Liabilities	
	2016	2015	**2016**	2015
	RMB'000	RMB'000	**RMB'000**	RMB'000
		(unaudited)		(unaudited)
		(restated)		(restated)
HKD	**6,752**	12,250	**1,509**	57,148

The Group does not enter into any derivative contracts to minimise the currency risk exposure. However, management monitors foreign exchange exposure and will consider hedging significant foreign exchange risk should the need arises.

Sensitivity analysis

The Group is mainly exposed to the effects of fluctuations of HKD.

The following table details the Group's sensitivity to a reasonably possible change of 5% in HKD against RMB while all other variables are held constant. 5% is the sensitivity rate used which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of each of the reporting period for a 5% change in foreign currency rates.

31. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risks (Continued)

(ii) Currency risk (Continued)

Sensitivity analysis (Continued)

An analysis of sensitivity to currency risk is as follows:

	2016 RMB'000	2015 RMB'000 (unaudited) (restated)
Increase (decrease) in post-tax profit for the year		
– if RMB weakens against HKD	**197**	(1,684)
– if RMB strengthens against HKD	**(197)**	1,684

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of time deposits, bank balances and cash deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The following tables detail the Group's remaining contractual maturities for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are variable rate, the undiscounted amount is derived from interest rate at the end of each reporting period.

31. FINANCIAL INSTRUMENTS (Continued)

b. *Financial risk management objectives and policies* (Continued)

Liquidity risk (Continued)

	Weighted average effective interest rate %	Repayable on demand or less than 3 months RMB'000	3 months to 1 year RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2016					
Trade payables	–	30,080	–	30,080	30,080
Other payables	–	4,208	–	4,208	4,208
Secured bank borrowings	4.99	1,229	103,656	104,885	99,900
Corporate guarantee for mortgage facilities granted to property buyers	–	348,581	–	348,581	–
		384,098	103,656	487,754	134,188

	Weighted average effective interest rate %	Repayable on demand or less than 3 months RMB'000	3 months to 1 year RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2015 (unaudited) (restated)					
Trade payables	–	5,689	–	5,689	5,689
Other payables	–	1,284	–	1,284	1,284
Amounts due to related parties	–	57,148	–	57,148	57,148
Secured bank borrowings	5.91	2,480	177,577	180,057	170,000
Corporate guarantee for mortgage facilities granted to property buyers	–	246,560	–	246,560	–
		313,161	177,577	490,738	234,121

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

31. FINANCIAL INSTRUMENTS (Continued)

b. *Financial risk management objectives and policies* (Continued)

Liquidity risk (Continued)

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of each reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations at the end of each reporting period in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position and the financial guarantee provided by Group as disclosed in note 34. The Group's credit risk is primarily attributable to its trade and other receivables, restricted bank deposits, time deposits and bank balances.

The Group's concentration of credit risk by geographical locations is mainly in PRC, which accounted for 96% (2015: 93% (unaudited)) of the total financial assets as at 31 December 2016.

In order to minimise the credit risk on trade and other receivables, the management of the Group has delegated a team responsible for monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company considers that the Group's credit risk is significantly reduced.

31. FINANCIAL INSTRUMENTS (Continued)

b. *Financial risk management objectives and policies* (Continued)

Credit risk (Continued)

In relation to the provision of guarantees by the Group to banks to secure obligations of the purchasers of the property units for the repayment of their mortgage loans, if there is a default in repayment by these purchasers, the Group is responsible for repaying the outstanding mortgage loans together with any accrued interests and penalties owed by the defaulted purchasers to banks. Under such circumstances, the Group is able to take over the ownership of the relevant properties and sell the properties to recover any amounts paid by the Group to banks. In this regard, the directors of the Company consider that the Group's credit risk on such guarantees is significantly reduced. Detailed disclosure of these guarantees has been made in note 34.

Other than concentration of credit risk on restricted bank deposits, time deposits and bank balances, which are deposited with several banks in PRC with good reputation, the Group does not have any other significant concentration of credit risk.

c. *Fair value measurements of financial instruments*

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

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values based on discounted cash flows analysis.

32. OPERATING COMMITMENTS

The Group as lessee

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

	2016 RMB'000	2015 RMB'000 (unaudited) (restated)
Within one year	**114**	75
In the second to fifth year inclusive	**66**	13
	180	88

Operating lease payment represented rentals payable by the Group for certain office premises. Leases are negotiated for an average term of 1 to 3 years with fixed rental.

The Group as lessor

Completed investment properties with a carrying amount of approximately RMB104,985,000 (2015: RMB119,200,000 (unaudited)) as at 31 December 2016 are held for rental purpose.

At the end of each of the reporting period, the Group had contracted with tenants for the following future minimum lease payments in respect of leasing of certain investment properties. Leases are negotiated for terms of 20 years with fixed rentals.

	2016 RMB'000	2015 RMB'000 (unaudited) (restated)
Leasing of investment properties		
Within one year	**291**	261
In the second to fifth year inclusive	**1,299**	1,198
After five years	**3,677**	4,069
	5,267	5,528

33. OTHER COMMITMENTS

	2016 RMB'000	2015 RMB'000 (unaudited) (restated)
Construction commitments in respect of properties under development for sale contracted for but not provided in the consolidated financial statements	**43,231**	211,460

34. CONTINGENT LIABILITIES

	2016 RMB'000	2015 RMB'000 (unaudited) (restated)
Corporate guarantee given to banks in respect of mortgage facilities granted to property buyers	**348,581**	246,560

In accordance with market practice in the PRC, the Group provides guarantees for the property buyers' mortgage loans with PRC banks to facilitate their purchases of the Group's properties. Guarantees for mortgages on properties begin simultaneously with the respective mortgage, and are generally discharged at the earlier of: (i) the property buyers obtains the individual property ownership certificate, and (ii) the full settlement of mortgage loans by the property buyers. The outstanding financial guarantee providing with guarantee period up to the full settlement of mortgage loan as at 31 December 2016 amounted to RMB348,581,000 (2015: RMB246,560,000 (unaudited)). Pursuant to terms of the guarantees, for a given mortgage loan, if there is any default of the mortgage payments by a property buyer, the Group is responsible to repay to the bank outstanding balance of the mortgage loan as well as accrued interests and penalties owned by the defaulted property buyer. If the Group fails to do so, the mortgage bank will first deduct the bank balance existing in the bank owned by the property buyer. Any shortfall will be recovered through auction the underlying property and recover the remaining balance from the Group if the outstanding loan amount exceeds the net foreclosure sale proceed. The Group do not conduct independent credit checks on their property buyers but rely on the credit checks conducted by the mortgage banks.

In the opinion of the directors of the Company, the fair values of the financial guarantee contracts of the Group are insignificant at initial recognition and the directors of the Company consider that the possibility of default by the relevant buyers is remote and, in case of default in payments, the net realisable value of the related properties is expected to cover the outstanding mortgage principals together with the accrued interest and penalties. Accordingly, no provision has been made in the consolidated financial statements for these guarantees.

35. ACQUISITION OF CHINA GENERAL

As disclosed in note 2, the Company allotted and issued 4,086,592,788 Consideration Shares to the Vendors for acquiring the entire equity interest of China General (the "Acquisition") on 25 October 2016. The substance of the Acquisition was a reverse asset acquisition of a listed non-operating company and as a result, the Acquisition is accounted for as a share-based payment transaction under HKFRS 2 and the Consideration Shares allotted and issued to effect the Acquisition are measured at the fair value of the equity consideration deemed to be issued to the former owners of the Company. Since the shareholders of China General are deemed to have issued shares with a fair value in excess of the net liabilities of the Company of the Company assumed, the difference is recognised in profit or loss as deemed listing expenses.

The fair value of the consideration was determined based on the number of the Company's shares outstanding immediately prior to the Acquisition and the share price of the Company immediately upon the trading resumption on the Stock Exchange, which was determined using the published share price available on 27 October 2016 amounted to HK$0.355 per share and the number of the Company's shares outstanding immediately prior to the Acquisition of 1,751,396,909 shares. Accordingly, the deemed consideration for the Acquisition is approximately HK$621,746,000 (equivalent to RMB542,101,000). The fair value hierarchy of the input (i.e. share price of the Company) to determine deemed listing expenses is categorised under Level 1 by reference to the quoted bid prices in an active market.

The carrying amount of the identifiable assets and liabilities of the Company acquired or assumed upon the Acquisition in exchange for all the issued share capital of China General and deemed listing expenses arising from the Acquisition are set out as follows:

	RMB'000	RMB'000
Deemed consideration to be paid by China General, accounting acquirer		542,101
Less: fair value of the Company's identifiable assets acquired and liabilities assumed		
Cash	4	
Other receivables	77	
Other payables	(84)	(3)
Deemed listing expenses		542,104

	RMB'000
Net cash inflow on acquisition of the Company	
Cash and cash equivalent balances acquired	4

36. MAJOR NON-CASH TRANSACTION

During the year ended 31 December 2016, the Group entered into the following major non-cash transaction:

i) On 25 October 2016, the Company allotted and issued 4,086,592,788 Consideration Shares to the Vendors for acquiring the entire equity interest of China General in accordance with the terms of the Acquisition Agreement (as defined in the Company's prospectus dated 30 September 2016); and

ii) On 27 October 2016, Mr. Tsoi Kin Sze and Mr. Shie Tak Chung waived the repayment of amounts due to both parties amounted to approximately of RMB59,139,000 and recognised the amount as shareholders' contribution.

37. RELATED PARTY DISCLOSURES

Apart from details of the balances with related parties disclosed in the consolidated statements of financial position and other details disclosed elsewhere in the consolidated financial statements, the Group has not entered into any significant transactions with related parties during both years.

Compensation of key management of personnel

The remuneration of directors and other members of key management during the year ended 31 December 2016 and 2015 was as follows:

	2016 **RMB'000**	2015 RMB'000 (unaudited) (restated)
Short-term benefits	**1,215**	746
Post-employment benefits	**200**	200
	1,415	946

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals of the Group and market trends.

38. PARTICULARS OF PRINCIPAL SUBSIDIARIES

General information of subsidiaries

Details of the subsidiaries at the end of the reporting period are set out below.

Name of subsidiaries	Place of incorporation establishment/ operation	Issued and fully paid share capital/ paid-up capital	Proportion ownership interest attributable to the Group				Proportion of voting power held by the Group				Principal activities
			Directly		Indirectly		Directly		Indirectly		
			2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	
China General	Hong Kong	Issued and fully paid share capital RMB389,190,000	**100%**	100%	**–**	–	**100%**	100%	**–**	–	Investment holding
惠安中總房地產開發有限公司 Hui An China General Real Estate Development Company Limited*	The PRC	Paid-up capital of RMB62,000,000	**–**	–	**98.4%**	98.4%	**–**	–	**98.4%**	98.4%	Property development
福建省厚德企業管理有限公司 Houde Enterprise*	The PRC	Paid-up capital of RMB10,000,000	**–**	–	**98.4%**	98.4%	**–**	–	**98.4%**	98.4%	Investment holding
恒德（石獅）投資有限公司 Hengde (Shishi)*	The PRC	Paid-up capital of RMB10,000,000	**–**	–	**98.4%**	98.4%	**–**	–	**98.4%**	98.4%	Investment holding
揚州德輝房地產開發有限公司 Yangzhou Dehui Real Estate Development Company Limited*	The PRC	Paid-up capital of RMB100,000,000	**–**	–	**98.4%**	98.4%	**–**	–	**98.4%**	98.4%	Property development
揚州德泰物業服務有限公司 Yangzhou Detai Property Services Company Limited*	The PRC	Paid-up capital of RMB1,000,000	**–**	–	**98.4%**	98.4%	**–**	–	**98.4%**	98.4%	Inactive

* English names are for identification purpose only

All companies now comprising the Group adopted 31 December as their financial year end date.

None of the subsidiaries had issued any debt securities at the end of each of the reporting periods.

39. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2016 RMB'000
NON-CURRENT ASSETS	
Investment in a subsidiary	542,101
CURRENT ASSETS	
Prepayments, deposits and other receivables	24
Bank and cash balances	895
	919
CURRENT LIABILITIES	
Other payables and accruals	1,509
Amount due to a subsidiary	1,404
	2,913
NET CURRENT LIABILITIES	(1,994)
NET ASSETS	540,107
CAPITAL AND RESERVES	
Share capital	25,451
Reserves	514,656
TOTAL EQUITY	540,107

39. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY
(Continued)

Movement in the Company's reserves

	Other reserve RMB'000	Share premium RMB'000	Reorganisation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 25 October 2016 (date of acquisition of China General)	524,285	193,733	37,819	(239,192)	516,645
Loss for the period	–	–	–	(1,989)	(1,989)
At 31 December 2016	**524,285**	**193,733**	**37,819**	**(241,181)**	**514,656**

The directors of the Company are not unable to obtain the pre-acquisition financial information of the Company upon the completion of the Acquisition and the directors of the Company considered that excessive costs would be incurred with no additional value to recompile the pre-acquisition financial information of the Company and therefore, the statement of financial position of the Company as of 31 December 2015 and the movement in the Company's reserves for the period from 1 January 2015 to 24 October 2016 have not been disclosed in these consolidated financial statements.

The consolidated results of the Company for the years ended 31 December 2015 and 2016 and its consolidated assets, liabilities and equity of the Company as at 31 December 2015 and 2015 are those set out in the consolidated financial statements included in this annual report.

The consolidated results of the Company for each of the three years ended 31 December 2012, 2013 and 2014 and its consolidated assets, liabilities and equity as at 31 December 2012, 2013 and 2014 are restated to be those of the China General Group as set out in note 2 to the consolidated financial statements and have been extracted from the circular of the Company dated 29 February 2016 in connection with the Restructuring and the Trading Resumption.

The summary below does not form part of the audited financial statements included in this annual report.

RESULTS

	For the year ended 31 December				
	2016	2015	2014	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(unaudited)			
		(restated)	(restated)	(restated)	(restated)
Revenue	**158,125**	103,196	256,532	203,689	90,603
Cost of sales	**(112,251)**	(48,379)	(186,705)	(156,007)	(63,802)
Gross profit	**45,874**	54,817	69,827	47,682	26,801
Other income	**3,786**	5,472	1,404	930	448
Other gains and losses	**(1,519)**	(2,371)	(428)	1,399	191
Fair value change of investment properties	**9,307**	2,000	4,400	7,850	5,900
Selling expenses	**(7,075)**	(5,824)	(9,252)	(7,723)	(4,854)
Administrative expenses	**(12,138)**	(9,692)	(10,313)	(8,752)	(6,039)
Finance costs	**(326)**	(207)	(1,977)	(1,650)	–
Deemed listing expense	**(542,104)**	–	–	–	–
(Loss) profit before tax	**(504,195)**	44,195	53,661	39,736	22,447
Income tax expense	**(14,325)**	(21,894)	(17,848)	(12,364)	(7,152)
(Loss) profit for the year	**(518,520)**	22,301	35,813	27,372	15,295
Attributable to:					
Owners of the Company	**(518,956)**	22,200	35,094	26,836	15,031
Non-controlling interests	**436**	101	719	536	264
	(518,520)	22,301	35,813	27,372	15,295

ASSETS AND LIABILITIES

	As at 31 December				
	2016	2015	2014	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(unaudited)			
		(restated)	(restated)	(restated)	(restated)
Total assets	**1,181,522**	1,084,264	932,418	968,996	840,219
Total liabilities	**(575,601)**	(561,063)	(431,518)	(872,100)	(770,605)
	605,921	523,201	500,900	96,896	69,614
Equity attributable to owners of the Company	**596,624**	514,340	492,140	94,746	67,910
Non-controlling interests	**9,297**	8,861	8,760	2,240	1,704
	605,921	523,201	500,900	96,986	69,614

JIANDE INTERNATIONAL HOLDINGS LIMITED
建 德 國 際 控 股 有 限 公 司