DOYEN 東銀國際 INTERNATIONAL HOLDINGS

DOYEN INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability) Stock Code: 668

ANNUAL REPORT

2016

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive directors
Mr. Lo Siu Yu, *Chairman*
Ms. Luo Shaoying, *Vice Chairman*
Mr. Cho Chun Wai

Non-executive directors
Mr. Wang Xiaobo
Mr. Qin Hong

Independent non-executive directors
Mr. Chan Ying Kay
Dr. Zhu Wenhui
Mr. Wang Jin Ling

AUDIT COMMITTEE

Mr. Chan Ying Kay, *Committee Chairman*
Dr. Zhu Wenhui
Mr. Wang Jin Ling

REMUNERATION COMMITTEE

Dr. Zhu Wenhui, *Committee Chairman*
Mr. Chan Ying Kay
Mr. Wang Jin Ling

NOMINATION COMMITTEE

Mr. Lo Siu Yu, *Committee Chairman*
Mr. Chan Ying Kay
Dr. Zhu Wenhui

COMPANY SECRETARY

Mr. Cho Chun Wai

AUTHORISED REPRESENTATIVES

Mr. Lo Siu Yu
Mr. Cho Chun Wai

REGISTERED OFFICE

Suites 2009-2010, 20/F, Harbour Centre
25 Harbour Road Wanchai, Hong Kong
Tel: (852) 2596 0668
Fax: (852) 2511 0318
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SHARE REGISTRAR

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

SHARE TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-16, 17/F, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking
Corporation Limited
Bank of Communications Co., Ltd.
Bank of China (Hong Kong) Limited

SOLICITORS

Mason Ching & Associates

AUDITOR

RSM Hong Kong
Certified Public Accountants

STOCK CODE

668

WEBSITE

http://www.doyenintl.com

CHAIRMAN'S STATEMENT

Dear shareholders,

On behalf of the board (the "Board") of directors ("Director"), I hereby present the annual report of Doyen International Holdings Limited (the "Company") and its subsidiaries (together the "Group") for the year ended 31 December 2016.

MARKET AND BUSINESS REVIEW

In 2016, the economic growth of the People's Republic of China (the "PRC") slowed down. According to the data from the National Bureau of Statistics, the GDP of the PRC for 2016 was RMB74.4127 trillion, representing a year-on-year increase of 6.7%, which was the lowest one over the last 25 years. However, the data reflected the consistent stability and resilience of the PRC's economic growth. The Group maintained a steady business strategy and facilitated improvement of our results through developing loan financing services, improving property investment services and seeking appropriate long-term investment projects.

On 10 June 2016, the Company changed its English name from "Dowell Property Holdings Limited" to "Doyen International Holdings Limited" and the Chinese name of the Company was also changed from "東原地產控股有限公司" to "東銀國際控股有限公司". The Company wishes to reflect more accurately the business nature of the Company through changing the name.

During the period under review, the Group continued to commit to the development of loan financing services, and expanded its business network to strive for more opportunities. Dongkui Financial Leasing (Shanghai) Co. Ltd. ("Shanghai Dongkui") is exploring the full potential of the medical services market by matching the demand from hospitals with the supply from medical machinery manufacturers. During the period under review, Shanghai Dongkui entered into agreements with its customers, mainly hospitals. Shanghai Dongkui purchased assets from hospitals and leased the same assets back in order to proactively develop its loan financing business for strengthening the business development.

In terms of property investment, the Group carried out a massive general renovation for Dong Dong Mall ("Dong Dong Mall") in 2015. After the renovation, the new look attracted the attention of a number of new customers, thus increasing the foot traffic and the number of tenants, which contributed to the remarkable rebound in the rental income from Dong Dong Mall for 2016.

APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to all of our staff for their hard work and dedication. I would also like to thank our clients and business partners for their continued trust, as well as you, our shareholders, for your constant support. Looking forward to the year of 2017, the Group will continue to identify suitable investment opportunity in order to create great value for all of our shareholders, partners, staff members and stakeholders.

Lo Siu Yu
Chairman

Hong Kong, 28 March 2017

FINANCIAL HIGHLIGHT

The results of the Group are summarized as follows:

	For the year ended 31 December 2016 HK$'000	For the year ended 31 December 2015 HK$'000
Revenue	**33,615**	30,361
Loss from operations	**(35,746)**	(46,466)
Finance income – net	**9,398**	12,588
Share of loss of an associate	**(16,518)**	(2,667)
Provision for impairment loss of an associate	**(13,348)**	–
Loss before tax	**(56,214)**	(36,545)
Income tax expense	**(5,140)**	(4,053)
Loss for the year	**(61,354)**	(40,598)

The assets and liabilities as at 31 December of the Group are summarized as follows:

	2016 HK$'000	2015 HK$'000
Non-current assets	**428,793**	505,414
Current assets	**791,068**	873,498
Current liabilities	**(277,942)**	(87,907)
Non-current liabilities	**(119,062)**	(358,812)
Equity attributable to owners of the Company	**642,173**	735,965

BUSINESS REVIEW

For the year ended 31 December 2016, the Group recorded revenue of approximately HK$33.6 million (2015: HK$30.4 million), representing an increase of 10.53%. The loss attributable to owners of the Company for the year ended 31 December 2016 was approximately HK$59.9 million (2015: HK$38.0 million).

The loss was mainly attributable to the losses of an associate, the deficit on valuation of an investment property and the depreciation of Renminbi ("RMB") in 2016, the deficit and the depreciation recorded as well in the previous year.

Dongkui Business

Shanghai Dongkui, a subsidiary of which 77.58% equity interest is owned by the Company, is mainly engaged in provision of loan financing. Shanghai Dongkui will continue to select projects with relatively reliable grading, sufficient security and controllable risks through assessment of profit, financial and credit status of enterprises. The registered capital of Shanghai Dongkui amounted to US$51.3 million (equivalent to approximately HK$400.1 million).

Shanghai Dongkui is exploring the full potential of the market. During the year, Shanghai Dongkui entered into individual sales and lease back agreements with three hospitals at a consideration of RMB30.0 million (equivalent to approximately HK$35.1 million), RMB20.0 million (equivalent to approximately HK$23.4 million) and RMB12.0 million (equivalent to approximately HK$14.0 million), respectively; together with the relevant administrative fee with each of the three hospitals at RMB1.2 million (equivalent to approximately HK$1.4 million), RMB0.6 million (equivalent to approximately HK$0.7 million) and RMB0.3 million (equivalent to approximately HK$0.4 million), respectively. It lent out RMB50.0 million (equivalent to approximately HK$58.5 million) to an asset management company at the interest rate of 11% per annum.

For the year ended 31 December 2016, the Group's loan financing segment recorded revenue of approximately HK$26.0 million and profit after tax of approximately HK$17.0 million.

Property Investment Holding

Chongqing Baoxu Commercial Property Management Limited ("Chongqing Baoxu"), a subsidiary of which 70% equity interest is owned by the Company, is principally engaged in the investment holding of Dong Dong Mall ("Dong Dong Mall"), a shopping arcade for commercial use and located at No. 2, Second Lane, Nanping East Road, Nanan District, Chongqing in the PRC with a total gross floor area of 18,043.45 square meters. Dong Dong Mall is held on medium term lease expiring in November 2047.

For the year ended 31 December 2016, the Group's investment property holding segment recorded revenue of approximately HK$7.6 million (2015: HK$7.1 million), representing an increase of 7.04%. This segment recorded loss after tax of approximately HK$17.6 million for the year ended 31 December 2016 (2015: HK$21.9 million).

Investment in an associate

The Company holds 31.41% equity interest of Sol Chip Limited ("Sol Chip"), which is an Israeli solar energy technology company with extensive experience in the semiconductor industry. It is also a provider of systems for the Internet of Things ("IoT") and energy access programs, and is mainly engaged in sales of sustainable solar batteries and relevant systematic solution plans.

On 2 March 2016, the Company entered into a memorandum of understanding with Sol Chip and 北京農業智能裝備技術研究中心 (Beijing Research Center of Intelligent Equipment for Agriculture*) in respect of the proposed cooperation on testing and evaluation of certain Sol Chip's products and negotiation on the joint commercialization of the project. The Company and Sol Chip shall be entitled to possess and utilize all the research results in relation to the proposed project, and subject to a mutual agreement, to form an exclusive partnership within the industry of agricultural technologies in the PRC to figure out a comprehensive and applicable marketing plan for Sol Chip.

* *For identification purpose only*

During the year ended 31 December 2016, Sol Chip reported net loss and operating cash outflow. Its financial performance for 2016 fell far behind the budget set by the Group's and Sol Chip's management. Consequently, management of the Group considered that this is an indicator of impairment. The Group's management compared the carrying amount of the investment in Sol Chip after applying the equity method with its recoverable amount. Management assessed the recoverable amount based on a value in use calculation and is in the opinion that it is unable to generate positive cash flows to the Group after taking into account of Sol Chip's business development and financial position. Accordingly, a full impairment loss of approximately HK$13.3 million was made for the year ended 31 December 2016.

Others

On 8 November and 11 November 2016, the Company, Chongqing Baoxu and Shanghai Dongkui respectively entered into the loan agreements with Chongqing Doyen Holdings Group Co., Limited ("Chongqing Doyen"), a company incorporated in the PRC and wholly owned by Mr. Lo Siu Yu ("Mr. Lo"), the Chairman, executive Director and controlling shareholder of the Company, and his spouse, pursuant to which the Company, Chongqing Baoxu and Shanghai Dongkui advanced loans in the amount of RMB270 million (equivalent to approximately HK$301.6 million). It is expected that the Group will receive substantial interest income in 2017 as a result of such transaction.

On 6 March 2017, the Company entered into a second loan (the "2nd Loan") agreement with Chongqing Doyen, pursuant to which the Company has agreed to advance a loan in the amount of RMB150 million (equivalent to approximately HK$169.5 million) to Chongqing Doyen. Chongqing Doyen shall repay the 2nd loan in full on the maturity date on 18 January 2018. The interest rate is 10.5%. For details, please refer to the Company's announcement dated 6 March 2017.

PROSPECTS

The Company has always been looking for suitable investment or business opportunities to diversify the business of the Group with an objective to broaden the Group's income sources. Meanwhile, before finding investment opportunities with good potential, the Company will seize any opportunity to make short-term investment with low risks in order to bring higher rewards for shareholders.

Dongkui Business

It is expected that there will be an augmented trend in the demand of fund from the agriculture sector in 2017. Therefore, farming machinery leasing in the agriculture leasing market meets best with the nature of leasing business, and also it has plenty room for further development. In addition, loan financing can play an important role in manufacturing and transportation sectors. More business opportunities will arise in combing investment needs from above-mentioned industries with business strength to develop cross-border leasing.

During the year, the Group continued to commit to the development of loan financing services. Shanghai Dongkui has been proactively looking for suitable clients since its establishment, and expanding its business network to strive for more opportunities.

Property Investment Holding

With the popularization of the Internet and other information technologies as well as the gradual prosperity of mobile shopping and social media, online shopping has become a mainstream shopping practice of consumers in the PRC, of which the effect is believed to last for a longer while. As a result, online shopping caused tremendous impact on the traditional transactions of general merchandise for its lower costs and competitive prices.

In order to reduce online shopping's impact on the consumption at physical stores, the Group carried out a massive general renovation for Dong Dong Mall in 2015. After the renovation, the new look attracted the attention of a number of new customers, thus increasing the foot traffic and the number of tenants, which contributed to the remarkable rebound in the rental income from Dong Dong Mall for 2016, and the Group expects that there will be a sustainable increase in return. Further, the management continued to look for short-term investment opportunities with lower risks in order to generate higher rewards for shareholders before securing long-term investment opportunities.

Investment in an associate

In December 2016, Ministry of Agriculture of the PRC held a communication meeting aimed for cost saving and efficiency enhancing in the field of agricultural IoT, and announced the "Development Report on Agricultural Internet of Things in 2016". It was stated that the agricultural IoT has become an important approach for enhancing the competitiveness of the agriculture sector and facilitating the sustainable development of which, and an effective measure to consolidate various resources from the rural area and transform the traditional agriculture sector. It is also stated in the report that the sector should strive to facilitate the striding development for agricultural IoT by mastering precisely the new trend for IoT development and application.

FINANCIAL REVIEW

Liquidity and Financial Resources

Taking a loan of RMB340 million advanced to Chongqing Doyen in January 2016 into account, the Group had bank and cash balances of approximately HK$196.5 million as at 31 December 2016 (2015: HK$213.2 million). The management believes that the Group has sufficient cash and cash equivalents to fund its operations and future development. As of 31 December 2016, the current ratio of the Group, representing current assets divided by current liabilities, was 2.8 (2015: 9.9).

As of 31 December 2016, the gearing ratio of the Group was 0.17 (2015: 0.17), which is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the consolidated statement of financial position. As of 31 December 2016, the Group's total borrowings exceeded cash and cash equivalents by approximately HK$168.3 million (2015: HK$193.8 million).

Capital Structure

As of 31 December 2016, the Group's current and non-current borrowings and finance lease payable amounted to approximately HK$250.2 million (2015: HK$50.2 million) and approximately HK$114.6 million (2015: HK$357.0 million) respectively. All the bank borrowings bore interest at floating rates while the bond bore interest at fixed rate.

The Group did not use any derivative to hedge its exposure to interest rate risks for the years ended 31 December 2016 and 2015. The Group monitored its capital by maintaining a sufficient net cash position to satisfy its commitments and working capital requirements.

Pledge of Assets

As at 31 December 2016, the Group's bank loans of approximately HK$111.7 million (2015: HK$143.2 million) were secured by the Group's investment property amounted to approximately HK$309.4 million (2015: HK$351.9 million) and its right to receive rental income. The remaining bank loans of approximately HK$58.2 million (2015: HK$70.8 million) were secured by the Group's loan receivables and pledged bank deposits, and were guaranteed by Chongqing Doyen.

Exposure to Fluctuations in Exchange Rates and Related Hedges

The Group operates in Hong Kong and the PRC with most of the transactions denominated and settled in local currencies except certain amounts due from a related company denominated in RMB other than the functional currency of the respective group entity expose the Group to foreign exchange exposure.

Currently, the Group does not use any derivative financial instrument to hedge its exposure to foreign exchange risks.

Commitments

As of 31 December 2016, the Group had no capital commitment (2015: same). As of 31 December 2016, the total future minimum lease payments under non-cancelable operating leases for properties amounted to approximately HK$3.5 million (2015: HK$1.0 million).

Contingent Liabilities

The Group had no significant contingent liability as at 31 December 2016 and 2015.

Dividends

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

HUMAN RESOURCES AND REMUNERATION POLICIES

As of 31 December 2016, the Group had a total of 48 (2015: 50) full-time employees. Employees' remuneration packages are determined with reference to prevailing market practices and individual performance. Our remuneration package includes basic salaries, sales incentives (which are only payable to certain operational staff), medical insurance plans and retirement benefit schemes. Discretionary bonus and share options may be granted to eligible employees based on the performance of the Group and individual employees.

The emoluments of the Directors are determined by the remuneration committee of the Company (the "Remuneration Committee"), having regard to the operating results of the Group, individual performance and comparable market statistics.

The Company encourages its employees to enhance their competence, and also provides training to improve working capabilities of staff members and creates opportunities for long-term growth of employees.

EXECUTIVE DIRECTORS

Mr. Lo Siu Yu, aged 47, was appointed as the Chairman and an executive Director of the Company in October 2009. Mr. Lo possesses over 10 years of experience in the sale of automobile accessories and properties investment. He was the founder and is currently the chairman and general manager of Chongqing Doyen, a private company established under the laws of the PRC with limited liability. Mr. Lo and his spouse were the ultimate beneficial owners of Chongqing Doyen as at the date of this report. Chongqing Doyen is principally engaged in investment holding, and its subsidiaries are principally engaged in special vehicle manufacturing, machine manufacturing, property investment and development. As at the date of this report, Chongqing Doyen is beneficially interested in approximately 36.24% of the issued share capital of 重慶市迪馬實業股份有限公司 (Chongqing Dima Industry Company Limited*) ("Chongqing Dima"), a company listed on the Shanghai Stock Exchange of the PRC, and approximately 26.06% of the issued share capital of 江蘇農華智慧農業科技股份有限公司 (Jiangsu Nonghua Intelligent Agriculture Technology Company Limited*) ("Intelligent Agriculture"), a company listed on the Shenzhen Stock Exchange of the PRC. Mr. Lo holds a degree of Economics from 重慶工商大學 (Chongqing Technology and Business University*) (formerly known as 渝州大學 (Yuzhou University*)) in Chongqing City, the PRC.

Ms. Luo Shaoying, aged 43, was appointed as the Vice Chairman and an executive Director of the Company in December 2012. Ms. Luo obtained her bachelor's degree in business administration from University of Georgia, the United States of America in 1998. Ms. Luo has 15 years of working experience in finance and property development in the PRC. Ms. Luo is a sister of Mr. Lo. In 2000, Ms. Luo joined an investment bank in the PRC as business director. Since 2003, Ms. Luo has joined Chongqing Doyen as a manager, a chief executive officer and the chairman of the board of directors of certain subsidiaries of Chongqing Doyen and has been responsible for investment and property development business. Ms. Luo is a director of Chongqing Baoxu, a subsidiary of which 70% equity interest is owned by the Company. In April 2013, Ms. Luo resigned as a director of Chongqing Dima, a company listed on the Shanghai Stock Exchange of the PRC.

Mr. Cho Chun Wai, aged 40, joined the Group in 2012 as financial controller and was appointed as company secretary in February 2015. Mr. Cho was appointed as an executive Director in September 2016. He holds a master degree of corporate finance and a bachelor degree of accountancy awarded from the Hong Kong Polytechnic University. He is a fellow member of the Hong Kong Institute of Certified Public Accountants. He has over 10 years of experience in financial management for listed companies.

NON-EXECUTIVE DIRECTORS

Mr. Wang Xiaobo, aged 47, was appointed as a non-executive Director of the Company in October 2010. Mr. Wang graduated from the department of Management Engineering of 四川輕化工學院 (Sichuan Institute of Light Industry*) in 1993 with a certificate in Finance and Accounting. He has obtained qualifications as a Certified Public Accountant, Registered Tax Agent, Certified Public Valuer and Qualified Cost Engineer. He completed a programme in Executive Master of Professional Accountancy and was admitted to the Degree of Master of Professional Accountancy at The Chinese University of Hong Kong in 2007. He has worked as an audit manager, cost engineering manager and financial officer in several accounting firms in Chongqing, the PRC. He joined Chongqing Doyen in September 2003 and is currently the chairman, director and manager of the subsidiaries of Chongqing Doyen Group. He is the chairman and a director of Shanghai Dongkui.

Mr. Qin Hong, aged 51, was appointed as a non-executive Director of the Company in October 2010. Mr. Qin is an economist. He was awarded a Qualification Certificate of Specialty and Technology in Finance and Economics (intermediate level) by the Ministry of Personnel, the PRC in 1994 and graduated from 南京師範大學 (Nanjing Normal University*) with a bachelor degree in Chinese Language and Literature in 2006. Mr. Qin has worked for several banks in the PRC, including Bank of Communications and Huaxia Bank. He is now the general manager of 江蘇華西同誠投資控股集團有限公司 (Jiangsu Huaxi Tongcheng Group Investment & Holding Co. Ltd.*) and a director of 江蘇華西集團財務有限公司 (Jiangsu Huaxi Group Finance Co., Ltd*), an indirect subsidiary of 江蘇華西集團公司 (Jiangsu Huaxi Group Company*) ("Huaxi Group"), a company incorporated in the PRC with limited liability. One of the subsidiaries of Huaxi Group, Baoli International (Hong Kong) Trading Co., Limited, a company incorporated in Hong Kong with limited liability, is a substantial shareholder of the Company. He is a director of Chongqing Baoxu.

* For identification purpose only

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Ying Kay, aged 53, was appointed as an independent non-executive Director of the Company in October 2009. In July 2016, Mr. Chan has been appointed as the company secretary and the chief financial officer of Realord Group Holdings Limited, a company listed on the main board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). And in July 2016, Mr. Chan has been appointed as an independent non-executive Director of China Oil Gangran Energy Group Holdings Limited, a company listed on the growth enterprise market of the Stock Exchange. In June 2016, Mr. Chan has resigned as the company secretary and the chief financial officer of Beautiful China Holdings Company Limited ("Beautiful China"), a company listed on the main board of the Stock Exchange. He is responsible for the financial management, corporate finance and company secretarial matters of Beautiful China. Mr. Chan joined Beautiful China in April 2003 and has over 20 years of experience in accounting and finance. Before joining Beautiful China, he was an executive director and the company secretary of Bestway International Holdings Limited, a company listed on the main board of the Stock Exchange. In March 2013, he resigned as an independent non-executive director of China Environmental Energy Investment Limited, a company listed on the main board of the Stock Exchange. Mr. Chan graduated from the University of Sheffield with a Master of Business Administration, and is currently a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.

Dr. Zhu Wenhui, aged 47, was appointed as an independent non-executive Director of the Company in December 2011. In April 2015, Dr. Zhu has been appointed as an independent non-executive Director of 中基健康產業股份有限公司 (Chalkis Health Industry Company Limited*), a company listed on the Shenzhen Stock Exchange, In September 2015, Dr. Zhu was appointed as an independent non-executive Director of 桂林旅遊股份有限公司 (Guilin Tourism Corporation Limited*), company listed on the Shenzhen Stock Exchange. Also Dr. Zhu has been appointed as an independent non-executive Director of 天廣中茂股份有限公司 (Tian Guang Zhong Mao Company Limited*), a company listed on the Shenzhen Stock Exchange. Dr. Zhu holds a Doctorate Degree in Global Economics awarded by the People's University of China and is currently a commentator on financial and current affairs for Hong Kong Phoenix TV. Dr. Zhu was a senior research officer of the Bauhinia Foundation Research Centre and a part-time research fellow of the China Business Centre under the Hong Kong Polytechnic University. Dr. Zhu was also a researcher of the Centre for Northeast Asia Policy Studies under the Brookings Institution, a part-time member of the Central Policy Unit of the Government of the Hong Kong Special Administration Region, an advisor to the 廣東省粵港澳合作諮詢委員會 (the Advisory Committee for the Co-operation between Guangzhou, Hong Kong and Macau*), 綜合開發研究院 (a council member of China Development Institute*) in Shenzhen, the PRC. Dr. Zhu also acted as the advisor to various local governments in the PRC and several Hong Kong companies. He is experienced in the research on the structural change of industries in global economies, the economic and business development in East Asia, the open door policy adopted by the PRC, the regional economic development of the PRC, the economic integration between the PRC, Taiwan and Hong Kong.

Mr. Wang Jin Ling, aged 78, was appointed as an independent non-executive Director of the Company in October 2009. Mr. Wang was qualified as a senior engineer by 煤炭工業部 (The Ministry of Coal Industry*) of the PRC in 1995, and was appointed as the chief engineer at 義馬礦務局 (Yima Mining Bureau*) of the 中國統配煤礦總公司(China National Coal Corporation*) in Henan Province, the PRC in 1991. Mr. Wang was invited to act as the technical consultant of 永煤集團股份公司 (Yongmei Group Company Limited*) in 2000.

* For identification purpose only

REPORT OF THE DIRECTORS

The Board presents the annual report together with the audited consolidated financial statements for the year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding. Its subsidiaries are principally engaged in investment property holding, provision of loan financing and investment holding.

PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries as at 31 December 2016 are set out in note 38 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated statement of profit or loss on page 36.

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

RESERVES

Movements in the reserves of the Group and of the Company during the year ended 31 December 2016 are set out in the consolidated statement of changes in equity on page 39 and note 36(b) to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES

The Company has no distributable reserves as at 31 December 2016 and 2015.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 30 to the consolidated financial statements.

WARRANT

On 14 August 2015, an extraordinary general meeting was held to approve the issue of 20,000,000 unlisted warrants to Haitong International Finance Company Limited. The exercise price of the warrants is HK$0.6975. Upon full exercise of the warrants, a maximum of 20,000,000 warrant shares will be issued, representing (i) approximately 1.570% of the Company's issued share capital of 1,274,038,550 shares; and (ii) approximately 1.546% of the Company's issued share capital as enlarged by the issue of the warrant shares. For details, please refer to the circular of the Company dated 29 July 2015.

PRE-EMPTIVE RIGHTS

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

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in note 19 to the consolidated financial statements.

INVESTMENT PROPERTY

Details of the movements in investment property of the Group are set out in note 20 to the consolidated financial statements.

BORROWINGS

Details of the borrowings of the Group as at 31 December 2016 are set out in note 27 to the consolidated financial statements.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last 5 financial years is set out on page 90 of this report.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares for the year ended 31 December 2016.

REPORT OF THE DIRECTORS

DIRECTORS

The Directors of the Company as at the date of this report and those who were in office during the year are:

Executive Directors
Mr. Lo Siu Yu, *Chairman*
Ms. Luo Shaoying, *Vice Chairman*
Mr. Chen Yang, *Chief Executive Officer* (resigned on 29 September 2016)
Mr. Cho Chun Wai (appointed on 30 September 2016)

Non-executive Directors
Mr. Wang Xiaobo
Mr. Qin Hong

Independent non-executive Directors
Mr. Chan Ying Kay
Dr. Zhu Wenhui
Mr. Wang Jin Ling

Mr. Chen Yang resigned as executive Director, chief executive officer and authorised representative of the Company with effect from 29 September 2016 due to his other business commitments. Mr. Chen confirmed that he has no disagreement with the Board and there is no other matter that needs to be brought to the attention of the shareholders of the Company.

In accordance with Articles 77 to 79 of the Articles of Association of the Company (the "Articles of Association"), Ms. Luo Shaoying, Mr. Wang Xiaobo and Mr. Chan Ying Kay will retire at the forthcoming annual general meeting but, being eligible, offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

Two executive Directors have entered into service contracts with the Company on 15 October 2009, one of the executive Directors has resigned on 29 September 2016. An executive Director has entered into service contracts with the Company on 30 November 2012 and another executive Director has entered into service contracts with the Company on 29 September 2016, and such contracts will continue unless and until they are terminated by either party by prior written notice.

The appointment letters entered into between the Company and each of the non-executive Directors of the Company (excluding the independent non-executive Directors) on 15 October 2010 is without fixed terms of office, and such contracts will continue unless and until they are terminated by either party by prior written notice.

Each appointment letters entered into between the Company and Mr. Chan Ying Kay, Mr. Wang Jin Ling (both on 13 October 2016) and Dr. Zhu Wenhui (on 31 December 2016), all being the independent non-executive Directors of the Company, are for a fixed term of one year, and renewable annually upon expiry, unless and until terminated by either party by a prior written notice.

Save as disclosed above, no Director of the Company has a service contract with the Company or any of its subsidiaries which is not determinable by the employing company within one year without payment of compensation (other than statutory compensation).

INDEPENDENCE CONFIRMATION

The Company has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company considers they are independent.

DIRECTORS' REMUNERATIONS

A summary of the Directors' remuneration is set out in note 16 to the consolidated financial statements.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

1. Interest income on loans to Chongqing Doyen

Pursuant to a loan agreement dated 23 January 2015, the Company's subsidiary, Chongqing Baoxu advanced a loan of RMB105 million to Chongqing Doyen, a company incorporated in the PRC and wholly owned by Mr. Lo, director and ultimate controlling party of the Company, and his spouse. This loan was unsecured, interest-bearing at 10.5% per annum and repayable within one year from the date of drawdown which was 23 January 2015. In January 2016, this loan was fully repaid.

Pursuant to a loan agreement dated 11 November 2015, Chongqing Baoxu advanced a loan of RMB85 million to Chongqing Doyen. This loan was unsecured, interest-bearing at 10.5% per annum and repayable within one year from the date of drawdown which was 22 January 2016. In January 2017, this loan was fully repaid.

During the year ended 31 December 2016, interest income of approximately HK$10.3 million (2015: HK$13.9 million) was received/receivable from Chongqing Doyen.

2. Cleaning service contract

In March 2016, Chongqing Baoxu entered into a cleaning service contract (the "Cleaning Contract") with 重慶新東原物業管理有限公司 (Chongqing New Dowell Property Management Limited*) ("Dowell Property Management") for cleaning and maintenance services on Dong Dong Mall from 1 March 2016 to 31 December 2016. Mr. Lo had control in Dowell Property Management,

During the year ended 31 December 2016, cleaning expenses of approximately HK$ 0.6 million were paid to Dowell Property Management.

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

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ANY ASSOCIATED CORPORATION

As at 31 December 2016, the following Directors of the Company had interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them has taken or deemed to have taken under the provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered into the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") to be notified to the Company and the Stock Exchange:

Long positions of the Directors' interests in the shares and underlying shares of the Company:

Name of director	Capacity	Corporate interest	Personal interest	Interests in underlying share pursuant to share options	Total number of shares interested	Approximate percentage of the Company's issued shares
Mr. Lo Siu Yu	Interest of controlled corporation and beneficial owner	760,373,018 (note a)	25,000,000 (note b)	–	785,373,018	61.64%
Mr. Cho Chun Wai	Beneficial owner	–	10,000	–	10,000	0.00%
Mr. Wang Xiaobo	Beneficial owner	–	–	2,850,000	2,850,000	0.22%
Mr. Qin Hong	Beneficial owner	–	–	2,100,000	2,100,000	0.16%
Dr. Zhu Wenhui	Beneficial owner	–	10,000	–	10,000	0.00%

Notes:

a. 670,373,018 shares were held by Money Success Limited, a company wholly-owned by Wealthy In Investments Limited, which is in turn wholly-owned by Mr. Lo. 60,000,000 shares were held by Sino Consult Asia Limited and 30,000,000 shares were held by Full Brilliant Limited, both are companies wholly-owned by Money Success Limited.

b. Such interests are held jointly with Ms. Chiu Kit Hung, the spouse of Mr. Lo.

* For identification purpose only

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ANY ASSOCIATED CORPORATION *(CONTINUED)*

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

SHARE OPTION SCHEME AND DIRECTORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES AND DEBENTURES OF THE COMPANY

In the annual general meeting held on 11 September 2008, the then shareholders approved the adoption of a new share option scheme (the "2008 Scheme") in place of the old share option scheme. The following disclosure is a summary of the 2008 Scheme as required by Chapter 17 of the Listing Rules.

1. Purpose:
   The 2008 Scheme will provide incentives and rewards to eligible persons who have contributed or will contribute to the growth and development of the Group.

2. Participants:
   The Board may at its absolute discretion, invite any employee, officer, manager, director, consultant, associates, chief executive or substantial shareholders of the Group to subscribe for shares of the Company.

3. Total number of shares available for issue under the 2008 Scheme and percentage of issued share capital at the date of approval of the share option scheme:
   The number of shares which can be issued is 34,543,855 shares representing 10% of the issued share capital of the Company at the date of approval of the 2008 Scheme. As at the date of this report, the total number of share options that can be granted was 18,343,855, representing 1.44% of the issued share capital of the Company. The total number of shares available for issue under the 2008 Scheme as at 31 December 2012 was 10,800,000 shares, representing 0.85% of the issued share capital of the Company at 31 December 2012. Further details of the 2008 Scheme are set out in note 31 to the consolidated financial statements.

4. Maximum entitlement of each participant:
   The total number of shares issued and to be issued upon exercise of the share options granted and to be granted to each eligible person (including exercised, cancelled and outstanding options) in any 12-month period up to the date of grant must not exceed 1% of the shares of the Company in issue as at the date of grant. Any further share options to be granted under the 2008 Scheme in excess of this limit is subject to shareholders' approval in general meeting of the Company, with such eligible person and his associates abstaining from voting.

5. The periods within which the shares must be taken up under an option:
   The share options under the 2008 Scheme may be exercised at any time during the exercise period, notwithstanding that the 2008 Scheme may have expired or been terminated.

6. The minimum period for which an option must be held before it can be exercised:
   The exercise period of the share options granted under the 2008 Scheme is determinable by the Board, which shall not be more than 10 years after the date of grant.

7. The amount payable on application or acceptance of the option and the period within which payments of calls must or may be made or loans for such purpose must be paid:
   Share options granted under the 2008 Scheme must be accepted within 10 days from the date of grant, upon payment of HK$1 per grant.

8. The basis of determining the exercise price:
   The exercise price of the share options under the 2008 Scheme will be determined by the Board, at its absolute discretion, but shall at least be the highest of: (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet on the date of grant of the share options, which must be a business day; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet for the 5 trading days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

SHARE OPTION SCHEME AND DIRECTORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES AND DEBENTURES OF THE COMPANY *(CONTINUED)*

9. The remaining life:
   The 2008 Scheme will remain in force for a period of 10 years commencing on 11 September 2008.

Movements in the Company's outstanding share options under the 2008 Scheme during the year are as follows:

	Date of grant	Exercisable period	Exercise price HK$	Closing price per share immediately before the date of grant HK$	No. of options outstanding as at 1 January 2016	No. of options granted during the year ended 31 December 2016	No. of options exercised/ cancelled/ lapsed during the year ended 31 December 2016	No. of options outstanding as at 31 December 2016	Approximate percentage of the underlying shares for the options outstanding in the issued shares of the Company
Dr. Chen Yang (note 1)	15 October 2010	15 October 2010 to 14 October 2020	1.638	1.610	3,000,000	–	(3,000,000)	–	–
Mr. Wang Xiaobo (note 1)	15 October 2010	15 October 2010 to 14 October 2020	1.638	1.610	2,850,000	–	–	2,850,000	0.22%
Mr. Qin Hong (note 2)	2 December 2010	2 December 2010 to 1 December 2020	1.628	1.500	2,100,000	–	–	2,100,000	0.16%
Employees (note 1)	15 October 2010	15 October 2010 to 14 October 2020	1.638	1.610	2,850,000	–	(2,850,000)	–	–
Total					10,800,000	–	(5,850,000)	4,950,000	0.38%

Notes:

1. The options have a term of ten years commencing on 15 October 2010 and shall vest (if applicable) and become exercisable in three tranches in the proportion of approximately 33⅓%, 33⅓% and 33⅓% on 15 October 2010, 15 October 2011 and 15 October 2012 respectively.

2. The options have a term of ten years commencing on 2 December 2010 and shall vest (if applicable) and become exercisable in three tranches in the proportion of approximately 33⅓%, 33⅓% and 33⅓% on 2 December 2010, 2 December 2011 and 2 December 2012 respectively.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the year were rights to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate granted to any Director or their respective spouses or children under 18 years of age, or were any such rights exercised by them; or were the Company or any of its holding companies, fellow subsidiaries and subsidiaries a party to any arrangement to enable the Company's Directors, their respective spouses or children under 18 years of age to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 December 2016, according to the register of interests in shares in the Company and short positions of the Company required to be kept by the Company under section 336 of the SFO, the following persons or corporations, other than Directors or chief executive of the Company, had interests or short positions in the shares or underlying shares which would fall to be disclosed by the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY *(CONTINUED)*

Long positions of substantial shareholders' interests in the shares of the Company:

Name of substantial shareholder	Capacity	Number of shares interested	Approximate percentage of the Company's issued shares
Ms. Chiu Kit Hung	Interest of spouse (note a)	785,373,018	61.64%
Wealthy In Investments Limited	Interest of controlled corporation (note b)	760,373,018	59.68%
Money Success Limited	Beneficial owner (note c)	760,373,018	59.68%
Baoli International (Hong Kong) Trading Co., Limited	Beneficial owner	120,000,000	9.42%
Mr. Xue Yuewu	Beneficial owner (note d)	108,000,000	8.48%
Mr. Gao Yi Xin	Interest of controlled corporation (note e)	90,000,000	7.06%
Ms. Wang He Fen	Interest of controlled corporation (note e)	90,000,000	7.06%
Mr. Huang Wu Jun	Interest of controlled corporation (note e)	90,000,000	7.06%
Xinyuan International Marine Transportation Co. Ltd.	Beneficial owner (note e)	90,000,000	7.06%

Notes:

a. Ms. Chiu Kit Hung is the spouse of Mr. Lo, who is the Chairman and an executive Director of the Company.

b. Wealthy In Investments Limited is a company wholly-owned by Mr. Lo.

c. 670,373,018 shares were held by Money Success Limited, a company wholly-owned by Wealthy In Investments Limited, which is in turn wholly-owned by Mr. Lo. 60,000,000 shares were held by Sino Consult Asia Limited and 30,000,000 shares were held by Full Brilliant Limited, both are companies wholly-owned by Money Success Limited.

d. Mr. Xue Yuewu is the spouse of Ms. Luo Shaoying, who is the executive Director of the Company.

e. 55%, 25% and 20% of the shareholdings of Xinyuan International Marine Transportation Co. Ltd. were owned by Mr. Gao Yi Xin, Ms. Wang He Fen and Mr. Huang Wu Jun respectively.

Save as disclosed above, as at 31 December 2016, the Company had not been notified by any persons or corporations (other than Directors or chief executives of the Company) who had an interest directly or indirectly and/or short position in the shares or underlying shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under section 336 of SFO.

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 ended 31 December 2016.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the best knowledge of the Board, there was 25% or more of the listed issued share capital of the Company being held in public hands as at the latest practicable date prior to printing of this report.

PERMITTED INDEMNITY PROVISION

The Articles of Association provide that subject to the provisions of the Companies Ordinance every Director shall be indemnified out of the funds of the Company against all liabilities incurred by him/her as a director in defending any proceedings. The Company has arranged appropriate Directors' and officers' liability insurance coverage for the directors and officers of the Group.

COMPETING INTERESTS

Save as the interests of Mr. Lo, being an executive Director and the Chairman of the Company, and certain of his associates (including his spouse) in property investment business which may likely compete, either directly or indirectly with the business of the Group, none of the Directors or the chief executive of the Company and their respective associates had any interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group for the year ended 31 December 2016 that are required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2016, our five largest customers accounted for approximately 50.69% (2015: 56.25%) of the Group's total revenue and our largest customer accounted for approximately 12.44% (2015: 23.50%) of our total revenue. Due to the nature of our business, we do not have any significant contribution from major suppliers during the normal course of our business. However, we relied substantially on interest-bearing borrowings to operate our business. To the knowledge of the Directors, none of the Directors or their respective close associates as defined in the Listing Rules or any of the shareholders who own more than 5% of the Company's issued shares has any interest in any of the Group's five largest customers or suppliers or lenders.

CONNECTED TRANSACTIONS

During the year ended 31 December 2016, the Group had the following connected transactions:

1. Non-exempt connected transactions

   On 11 November 2015, the Company and Chongqing Baoxu entered into two loan agreements (the "2016 Loans") with Chongqing Doyen, a company incorporated in the PRC and wholly owned by Mr. Lo and his spouse whereby the Group agreed to advance two loans totalling RMB340 million to Chongqing Doyen for its general working capital purpose. The 2016 Loans were unsecured, interest-bearing at 10.5% per annum and repayable within one year from the date of drawdown of the 2016 Loans, which was 22 January 2016. During the year ended 31 December 2016, interest income received/receivable from Chongqing Doyen amounted to approximately HK$ 41.8 million.

   In relation to the loans advanced by the Company to Chongqing Doyen, Chongqing Doyen agrees to reimburse the Company any tax expenses relevant to the advancement of the loans. During the year ended 31 December 2016, approximately HK$2.5 million was reimbursed by Chongqing Doyen to the Company.

   The above connected transactions also constitute advances to an entity in accordance with Chapter 13 of the Listing Rules.

2. Connected transactions fully exempted from shareholders' approval, annual review and all disclosure requirements

   Guarantee provided by a connected party

   As at 31 December 2016, the Group's bank loans of approximately HK$58.2 million were guaranteed by Chongqing Doyen.

   Guarantee or undertaking provided by connected parties

   In January 2015, the Group issued bonds (the "Bonds") with an aggregate face value of HK$195 million at par to Haitong International Finance Company Limited ("Haitong"). The Bonds are guaranteed by Mr. Lo. In addition, Money Success Limited, the immediate parent of the Company undertakes its shares in the Company deposited in a designated margin securities account will not be at any time less than 52.19% of the total issued and outstanding shares of the Company, and will not be subject to any pledge (except in relation to the margin facility arranged). If there is any default on the Bonds, Haitong will have a right to sell the said shares which the immediate parent holds in the securities account for repayment of any outstanding amounts of the Bonds.

2. Connected transactions fully exempted from shareholders' approval, annual review and all disclosure requirements *(continued)*

Cleaning service contract

In March 2016, Chongqing Baoxu entered into the Cleaning Contract with Dowell Property Management for cleaning and maintenance services on Dong Dong Mall from 1 March 2016 to 31 December 2016.

During the year ended 31 December 2016, cleaning expenses of approximately HK$0.6 million were paid to Dowell Property Management.

Mr. Lo had control in Dowell Property Management.

The above connected transactions are also related party transactions of the Group. Save as disclosed above, none of other related party transactions constitute as non-exempt connected transactions or non-exempt continuing connected transactions of the Group in accordance with the Listing Rules during the year ended 31 December 2016.

DISCLOSEABLE TRANSACTIONS

On 15 January 2016, Shanghai Dongkui entered into a sale and purchase agreement with 泗縣人民醫院 (Sixian Renmin Hospital*) ("Sixian Hospital", a public institution legal person established in the PRC, and independent third party, pursuant to which Shanghai Dongkui agreed to purchase the machinery and equipment from Sixian Hospital at a total consideration of RMB30 million (equivalent to approximately HK$35.1 million). Meanwhile, the Shanghai Dongkui entered into the finance lease agreement with Sixian Hospital, pursuant to which the machinery and equipment would be leased back to Sixian Hospital for a term of five years. Further, Shanghai Dongkui entered into the consultancy agreement with Sixian Hospital whereby Shanghai Dongkui has agreed to provide consultancy service to Sixian Hospital in relation to, inter alia, machinery and equipment financial leasing and Sixian Hospital has agreed to pay a fee of RMB1.2 million (equivalent to approximately HK$1.4 million) to Shanghai Dongkui.

On 2 June 2016, Shanghai Dongkui entered into a supplement asset management agreement as the assets trustor, with 天治基金管理有限公司 (China Nature Asset Management Co., Ltd.*) as assets manager and 中國工商銀行股份有限公司廣東省分行營業部 (Industrial and Commercial Bank of China Limited, Guangdong Branch, Business Department*) as assets trustee. In accordance with the supplement asset management agreement, the Company has agreed to extend the term of the Asset Management Agreement for a period of 12 months commencing from the expiry date of the asset management agreement. The expected annual rate of return of the priority portion of the investment will be adjusted from 7.3% per year to 6.5% per year.

On 7 June 2016, Shanghai Dongkui entered into a sale and purchase agreement with 鳳慶縣人民醫院 (The People's Hospital of Fengqing*) ("Fengqing Hospital", a public institution legal person established in the PRC), an independent third party, pursuant to which Shanghai Dongkui agreed to purchase the machinery and equipment from Fengqing Hospital at a total consideration of RMB20 million (equivalent to approximately HK$23.4 million). Meanwhile, the Shanghai Dongkui entered into the finance lease agreement with Fengqing Hospital pursuant to which the machinery and equipment would be leased back to Fengqing Hospital for a term of three years. Further, Shanghai Dongkui entered into the consultancy agreement with Fengqing Hospital whereby Shanghai Dongkui has agreed to provide consultancy service to Fengqing Hospital in relation to, inter alia, machinery and equipment financial leasing and Fengqing Hospital has agreed to pay a fee of RMB0.6 million (equivalent to approximately HK$0.7 million) to Shanghai Dongkui.

On 23 September 2016, Shanghai Dongkui, as lender entered into a loan agreement with 大興燁揚(上海)資產管理有限公司 (Daxing Ye Yang (Shanghai) Asset Management Co., Ltd.*), a company established with limited liability under the laws of the PRC, pursuant to which Shanghai Dongkui has agreed to grant a loan in the amount of RMB50 million (equivalent to HK$58.5 million) for a period from 23 September 2016 to 22 September 2017 at the interest rate of 11% per annum.

* For identification purpose only

For sales and lease back transactions with repurchase options which are almost certain to be exercised and do not convey a right to use of the underlying assets, the Directors are of the opinion that in substance these transactions are not in the scope of Hong Kong Accounting Standard 17 Leases, which instead are accounted for as financial instruments under Hong Kong Accounting Standard 39 Financial Instruments: Recognition and Measurement.

RELATED PARTY TRANSACTIONS

The related party transactions during the year ended 31 December 2016 are being disclosed in note 34 to the consolidated financial statements.

EVENTS AFTER THE DATE OF THE STATEMENT OF FINANCIAL POSITION

On 17 January 2017, an extraordinary general meeting was held. During the meeting, independent shareholder has approved a resolution in relation to entering into of loan agreements. For details, please refer to the circular of the Company dated 29 December 2016 and the announcement dated 17 January 2017.

On 20 January 2017, the Company entered into a supplemental deed with Haitong International Finance Company Limited as subscriber, Mr. Lo as guarantor and Chongqing Doyen as corporate guarantor whereby the parties agreed to amend certain terms and conditions under the instrument (by way of deed poll) issued by the Company dated 19 January 2015 and the supplemental letter dated 16 January 2015. For details, please refer to Company's announcements date 5 December 2014 and 20 January 2017.

On 6 March 2017, the Company entered into the 2nd Loan agreement with Chongqing Doyen, pursuant to which the Company has agreed to advance a loan in the amount of RMB150 million (equivalent to approximately HK$169.5 million) to Chongqing Doyen. Chongqing Doyen shall repay the 2nd Loan in full on the maturity date on 18 January 2018. The interest rate is 10.5% per annum. For details, please refer to the Company's announcement dated 6 March 2017.

Save as disclosed above, there has been no event to cause material impact on the Group from 31 December 2016 to the date of this report that should be disclosed.

AUDITOR

PricewaterhouseCoopers ("PwC") has resigned as the auditor of the Company with effect from 9 September 2016.

RSM Hong Kong has been appointed as the auditor of the Company with effect from 9 September 2016 to fill the casual vacancy occasioned by the resignation of PwC. The consolidated financial statements have been audited by RSM Hong Kong who retired and, being eligible, offer themselves for re-appointment.

By Order of the Board

Cho Chun Wai
Executive Director

Hong Kong, 28 March 2017

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company acknowledges the importance of good corporate governance practices and believes that it is essential to enhance shareholders' value and safeguard shareholders' interests. The Directors are of the opinion that the Company has complied with the code provisions ("Code Provision") as set out in the Corporate Governance Code (the "CG Code") in Appendix 14 of the Listing Rules throughout the year ended 31 December 2016, save for deviations from Code Provision A.4.1 and Code Provision E.1.2 as disclosed below:

Code Provision A.4.1 stipulates that non-executive Directors should be appointed for a specific term, subject to re-election. None of the non-executive Directors of the Company is appointed for a specific term. However, in accordance with the Articles of Association, at each annual general meeting, one-third of the Directors for the time being (or if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation. The Company considers that this is no less exacting than those provided in the Code.

Code Provision E.1.2 specifies that the Chairman of the board should attend the annual general meeting. Mr. Lo, the Chairman of the Board, has been heavily involved in the business operation of the Group in the PRC. Despite his utmost intention to be present at the Company's annual general meeting held on 13 May 2016, he was unable to attend the said meeting due to other urgent business commitments of the Group. Mr. Lo undertakes that he will try his best to attend the future annual general meetings of the Company whenever possible.

The Company regularly reviews its corporate governance practices to ensure they comply with the CG Code and align with the latest developments.

THE BOARD

The Board currently comprises 3 executive Directors, including the Chairman and the Vice Chairman, 2 non-executive Directors and 3 independent non-executive Directors.

The Board is collectively accountable to the shareholders and is responsible for the leadership and control of the Group including overseeing the Group's businesses, formulating strategic directions, setting objectives and business development plans, and monitoring the performance of both the financial results and the senior management. The Board takes responsibility to oversee internal controls and risk management systems and review of the effectiveness of such systems, and determining the policy for corporate governance.

Upon making request to the Board, each Director is able to seek independent professional advice at the Company's expenses, when necessary.

The independent non-executive Directors serve the important function of ensuring and monitoring the basis for an effective corporate governance framework. Each of the independent non-executive Directors has confirmed in his annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers such Directors to be independent.

THE BOARD *(CONTINUED)*

All Directors have distinguished themselves in their field of expertise so as to give a balance of skills, knowledge and experience required for the running of an effective board. The Board has delegated the authority and responsibility for implementing its business strategies and managing the daily operation of its businesses to its executive Directors and senior management. Biographical details and responsibilities of each Board member and senior management are set out in pages 9 to 10 of this report. Ms. Luo Shaoying is a sister of Mr. Lo. Ms. Luo and Mr. Wang Xiaobo are an employee of a company that was controlled by Mr. Lo and his spouse. Ms. Luo is the wife of the brother of Mr. Xue Yuewu, who is a substantial shareholder of the Company. Mr. Qin Hong is now the general manager of 江蘇華西同誠投資控股集團有限公司 (Jiangsu Huaxi Tongcheng Group Investment & Holding Co. Ltd.*) and a director of 江蘇華西集團財務有限公司 (Jiangsu Huaxi Group Finance Co., Ltd*), which is an indirect subsidiary of Huaxi Group. One of the subsidiaries of Huaxi Group, Baoli International (Hong Kong) Trading Co., Limited, is a substantial shareholder of the Company. Save as disclosed above, there is no other relationship (including financial, business, family or other material relationship) among members of the Board and substantial shareholders.

Regular Board meetings are held at approximately quarterly intervals and involve the active participation of Directors, either in person or through other electronic means of communications. The individual attendance of each Director during the year under review is set out below:

	Number of Board meetings Directors attended/eligible to attend
Executive Directors	
Mr. Lo Siu Yu, *Chairman*	15/15
Ms. Luo Shaoying, *Vice Chairman*	15/15
Mr. Chen Yang, *Chief Executive Officer* (resigned on 29 September 2016)	11/11
Mr. Cho Chun Wai (appointed on 30 September 2016)	4/4
Non-executive Directors	
Mr. Wang Xiaobo	15/15
Mr. Qin Hong	15/15
Independent non-executive Directors	
Mr. Chan Ying Kay	15/15
Dr. Zhu Wenhui	15/15
Mr. Wang Jin Ling	15/15

BOARD DIVERSITY

The Board had adopted the Board Diversity Policy and revised the terms of reference for the nomination committee of the Company (the "Nomination Committee"). In order to achieve a diversity of perspectives amongst the structure, size and composition of the Board, when making the recommendation to the Company for appointment or re-appointment of directors and succession planning of directors, the Nomination Committee will take into account a number of factors including but without limitation, gender, age, cultural and educational background, professional experience, skills and knowledge, and length of service.

DIRECTORS AND OFFICERS LIABILITY INSURANCE

The Company has arranged appropriate insurance coverage for directors' and officers' liabilities in respect of legal actions against its directors and officers arising out of corporate activities of the Group.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of the Chairman and the chief executive officer are separated, with a clear segregation of duties. The Chairman is responsible for formulating corporate strategies and overall business development planning. The chief executive officer's duty is to oversee the execution of daily operation of the business activities. The segregation of duties is to ensure a balance of power and authority.

* For identification purpose only

CHAIRMAN AND CHIEF EXECUTIVE OFFICER *(CONTINUED)*

The Board is in the course of identifying a suitable candidate as the new chief executive officer and will make further announcement upon the appointment of the position. The current duties of the chief executive officer will be shared among the executive Directors until the appointment of the position.

MEETING BETWEEN THE CHAIRMAN AND INDEPENDENT NON-EXECUTIVE DIRECTORS

Under Code Provision A.2.7, the chairman should at least annually hold meetings with the non-executive Directors (including independent non-executive Directors) without the executive Directors present. There was one meeting held between the chairman of the Company and the independent non-executive Directors, without the presence of the executive Directors for the year ended 31 December 2016.

RESPONSIBILITIES OF DIRECTORS

Each Director shall from time to time have knowledge of his/her responsibilities as Director, as well as the operations, business activities and development of the Company and shall ensure that sufficient time and effort will be put to deal with the Company's affairs. The Company offers induction materials to each Director on the first occasion of his/her appointment as well as necessary information and training during his/her term of appointment to ensure that he/she has appropriate knowledge of the Company's operations and business as well as the responsibility of director under applicable laws.

TRAINING AND SUPPORT FOR DIRECTORS

(A) Training

Pursuant to the CG Code, all Directors shall participate in the continuous professional development programme to develop and update their knowledge and skills so that they can contribute to the Board. During the year ended 31 December 2016, the Company offered several appropriate training sessions for Directors. The training sessions were related to the internal controls, anti-fraud policies and site visiting. The Company has received from each of the Directors the individual training record of Directors pursuant to Code Provision A.6.5 and time involved in public companies or organizations and description of other significant commitments pursuant to Code Provision A.6.6.

During the year ended 31 December 2016, the Directors participated in the following trainings:

	Attending[1]
Executive Directors	
Mr. Lo Siu Yu	✔
Ms. Luo Shaoying	✔
Mr. Cho Chun Wai	✔
Non-executive Directors	
Mr. Wang Xiaobo	✔
Mr. Qin Hong	✔
Independent non-executive Directors	
Mr. Chan Ying Kay	✔
Dr. Zhu Wenhui	✔
Mr. Wang Jin Ling	✔

Note:

1. Trainings may include
   (a) seminar(s)/programme(s)/conference(s)/forums relevant to the business or directors' duties; and/or
   (b) reading newspaper, journals and updates relating to the economy, general business or directors' duties etc.; and/or
   (c) Company's site visiting.

All the Directors also understand the importance of continuous professional development and are committed to participate in any suitable training to develop and refresh their knowledge and skills.

TRAINING AND SUPPORT FOR DIRECTORS *(CONTINUED)*

(B) Support

The Company continuously updates Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices. Circulars or guidance notes, such as sending the latest version of "A Guide on Directors' Duties" published by the Hong Kong Companies Registry and guidelines published by The Hong Kong Institute of Directors, are issued to directors and senior management of the Company where appropriate to ensure awareness of best corporate governance practices.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own code of conduct regarding dealings in the securities of the Company by the directors and the relevant employees (who are likely to be in possession of inside information relating to the Company or its securities) (the "Guidelines for Securities Transactions by Relevant Employees") on terms no less exacting than the Model Code as set out in Appendix 10 to the Listing Rules. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Model Code and its code of conduct regarding directors' securities transactions for the year ended 31 December 2016.

In addition, no incident of non-compliance of the Guidelines for Securities Transactions by Relevant Employees by the relevant employees of the Group was noted by the Company throughout the year ended 31 December 2016.

NOMINATION COMMITTEE

The Company established the Nomination Committee with written terms of reference on 4 November 2009. The Nomination Committee comprises the Chairman, Mr. Lo Siu Yu and two independent non-executive Directors, Mr. Chan Ying Kay and Dr. Zhu Wenhui.

The principal duties of the Nomination Committee include:

(a) to review the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(b) to identify individuals suitably qualified to become members of the Board and select or make recommendations to the Board on the selection of individuals nominated for directorship;

(c) to assess the independence of the independent non-executive Directors; and

(d) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and Chief Executive Officer.

The Nomination Committee carries out the process of selecting and recommending candidates for directorships by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of such individuals, the Company's needs and other relevant statutory requirements and regulations. An external recruitment agency may be engaged to carry out the recruitment and selection process when necessary.

In compliance with the amendments to the Listing Rules which was effective on 1 April 2012, the terms of reference of the Nomination Committee was revised and approved by the Board on 20 March 2012.

During the year ended 31 December 2016, one Nomination Committee meeting was held.

In accordance with the Articles of Association, Ms. Luo Shaoying, Mr. Wang Xiaobo and Mr. Chan Ying Kay shall retire, and being eligible, offer themselves for re-election at the forthcoming annual general meeting.

A circular containing detailed information of the Directors of the Company standing for re-election at the forthcoming annual general meeting would be sent to the shareholders.

TERMS OF APPOINTMENTS AND RE-ELECTION OF DIRECTORS

According to the Articles of Association, one-third of the Directors for the time being (or, if their number is not a multiple of 3, the number nearest to but not less than one-third) should retire from office by rotation at each annual general meeting of the Company provided that every Director shall be subject to retirement by rotation at least once every 3 years. Furthermore, any Director appointed to fill a casual vacancy or as an addition to the existing Board should hold office only until the next following annual general meeting and would then be eligible for re-election at that meeting. The existing independent non-executive Directors of the Company have fixed term of office but their termination are determinable by either party with a written notice in advance, as well as subject to the aforesaid retirement from office on a rotational basis.

AUDIT COMMITTEE

The audit committee (the"Audit Committee") has been established since 1999 with written terms of reference pursuant to all the duties set out in Code Provision C.3.3 of the CG Code. Currently, there are three committee members, all of whom are independent non-executive Directors of the Company, namely Mr. Chan Ying Kay (Committee Chairman), Dr. Zhu Wenhui and Mr. Wang Jin Ling. Mr. Chan Ying Kay possesses extensive experience in accounting and financial matters and meets the requirements of Rule 3.21 of the Listing Rules.

The Audit Committee is accountable to the Board and its principal duties include the review and supervision of the financial reporting process and internal control system of the Group.

During the year ended 31 December 2016, the Audit Committee held three meetings. The Audit Committee reviewed the accounting policies and practices adopted by the Group and discussed auditing, risk management, internal controls system and financial reporting matters. It also reviewed the financial statements of the Company and the Company's annual and interim reports.

The individual attendance of each committee member is set out below:

	Number of meetings Directors attended/ eligible to attend
Independent Non-executive Directors	
Mr. Chan Ying Kay, *Committee Chairman*	3/3
Dr. Zhu Wenhui	3/3
Mr. Wang Jin Ling	3/3

In compliance with the amendments to the Listing Rules which was effective on 1 April 2012, the terms of reference of the Audit Committee was revised and approved by the Board on 20 March 2012.

REMUNERATION COMMITTEE

The Remuneration Committee was established in October 2007 with written terms of reference pursuant to all the duties set out in Code Provision B.1.1 of the CG Code. Currently, there are three committee members, all of whom are independent non-executive Directors, namely Dr. Zhu Wenhui (Committee Chairman), Mr. Chan Ying Kay and Mr. Wang Jin Ling.

The Remuneration Committee is accountable to the Board and its principal duties include review and determination of the Board policy for the remuneration of senior management and make recommendation to the Chairman and the executive members of the Board of Directors' remuneration.

REMUNERATION COMMITTEE *(CONTINUED)*

During the year ended 31 December 2016, the Remuneration Committee held one meeting. The Remuneration Committee reviewed the framework of remuneration policy, considered discretionary bonus to staff, remuneration packages of executives and provided the guideline of annual salary review.

The individual attendance of each committee member is set out below:

	Number of meetings Directors attended/ eligible to attend
Independent Non-executive Directors	
Dr. Zhu Wenhui, *Committee Chairman*	1/1
Mr. Chan Ying Kay	1/1
Mr. Wang Jin Ling	1/1

In compliance with the amendments to the Listing Rules which was effective on 1 April 2012, the terms of reference of the Remuneration Committee was revised and approved by the Board on 20 March 2012.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibility to prepare consolidated financial statements that give a true and fair view of the state of affairs of the Group and of the results and cash flows for each financial periods. The statement of the Group's auditor about their reporting responsibilities on financial statements is set out in the Independent Auditor's Report on pages 32 to 35.

AUDITOR'S REMUNERATION

During the year ended 31 December 2016, the remuneration for the Company's auditor, RSM Hong Kong, for services rendered is as follows:

	HK$'000
Audit fee	1,180
Non-audit service fees	270
	1,450

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board has overall responsibilities for maintaining sound and effective risk management and internal control systems of the Group. The systems play an important role in maintaining and improving accountability and transparency in the conduct of the Group's business and are designed for the Group to identify and manage the significant risks to achieve its business objectives, safeguard the interests of the Company's shareholders, ensure compliance with relevant laws and regulations and assists in enhancing investor's confidence. The risk management and internal control systems of the Group are designed to manage rather than eliminate the risk of failure to achieve business objectives, and provide reasonable but not absolute assurance against material risk issues or loss.

The risk management and internal control systems of the Company are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against all risk issues. A bottom-up approach is applied for identification, assessment and mitigation of risk at all business unit levels and across all functional areas. The Board and the Audit Committee are responsible to review and monitor the effectiveness of the risk management and internal control systems. These systems are reviewed on a regular basis for the controls of handling and dissemination of information. Reasonable measures are taken from time to time to ensure adequate disclosure policy has been adopted.

PROCESS USED TO IDENTIFY, EVALUATE AND MANAGE SIGNIFICANT RISKS

During the process of risk assessment, the Board is responsible for identifying the risk of the Group and deciding on the risk levels and the Board is responsible for assessing and determining the nature and extent of the risks that are acceptable to the Group when achieving its strategic objectives. After discussing and taking into consideration the risk response, the relevant departments and business units shall be assigned to implement the risk management solutions in accordance with their respective roles and responsibilities.

During the period, the Board has reviewed the effectiveness of the risk management and internal control systems through the Board and no material internal control deficiencies were identified by the Board.

SHAREHOLDER RIGHTS

The Company has only one class of shares, all shares have the same voting rights and are entitled to the dividends declared. The Articles of Association set out the rights of our shareholders.

Shareholder(s) holding not less than one-twentieth of the paid-up capital of the Company may request the Board to convene an extraordinary general meeting pursuant to Section 566 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). The objects of the meeting must be stated in the related requisition deposited at the registered office of the Company.

For including a resolution relating to other matters in a general meeting, shareholders are requested to follow the requirements and procedures as set out in Section 615 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

Pursuant to Article 75 of the Articles of Association, if a shareholder wishes to propose a person other than a retiring Director for election as a Director at a general meeting, the shareholder should deposit a written notice of nomination which shall be given to the company secretary within the 7-day period commencing the day after the despatch of the notice of the meeting (or such other period as may be determined and announced by the Directors from time to time). In order for the Company to inform all shareholders of that proposal, the written notice must state the full name of the person proposed for election as a Director, his/her biographical details as required by rule 13.51(2) of the Listing Rules, and be signed by the shareholder concerned and that person indicating his/her willingness to be elected. If the notice is received less than fifteen (15) business days prior to that general meeting, the Company will need to consider adjournment of the general meeting in order to (i) assess the suitability of the proposed candidate; and (ii) publish an announcement or circulate a supplementary circular in relation to the proposal to the shareholders not less than ten (10) business days prior to the general meeting.

Shareholders have the right to receive corporate communication issued by the Company in hard copies or through electronic means.

Shareholders whose shares held in the Central Clearing and Settlement System (CCASS) may notify us from time to time through Hong Kong Securities Clearing Company Limited if they wish to receive our corporate communications.

Shareholders and other stakeholders may send their enquiries and concerns to the Board by addressing them to the company secretary. The company secretary forwards communications relating to matters within the Board's purview to the independent Directors, communications relating to matters within a Board committee's area of responsibility to the chair of the appropriate committee, and communications relating to ordinary business matters, such as suggestions, inquiries and consumer complaints, to the appropriate executives of the Company.

To promote effective communication, the Company maintains a website at www.doyenintl.com, where up-to-date information of the Company is available for public access.

We are pleased to present this report in accordance with the Environmental, Social, and Governance Guidelines released by the Stock Exchange in its Appendix 27 of the Listing Rules. There are two main aspects in this report including environment and society. The scope of reporting includes the Group and investment properties and loan financing activities. We are committed to fulfill the duties of sustainable development and contribute to both the environment and society.

A. ENVIRONMENT PROTECTION

A.1 Emissions

The Group's core businesses are property investment holding and loan financing. Although environmental pollution caused from these businesses is relatively minor compared with other industries, the Group insists on responding actively to global trends toward emissions reduction, energy conservation and environmental protection, so as to do its part in protecting the environment.

The Group's main emissions are greenhouse gases (coming from offices and mall — Dong Dong Mall's energy usage), water for domestic uses and solid waste. With regard to the above emissions, the Group has formulated the following environmental policies and measures to help reduce emissions generated in day-to-day work and make more effective use of natural resources, thereby reducing pollution.

A.2 Use of Resources

		Implementing Companies		
Environmental Policies	**Corresponding Environmental Measures**	**The Company**	**Chongqing Baoxu**	**Shanghai Dongkui**
Waste reduction	Waste paper recycling	✓	✓	✓
	Recycled use of toner cartridges	✓	✓	✓
	Encouraging use of recyclable office products, avoiding use of disposable products such as paper cups	✓		✓
Reducing business travel	Reducing business travel, and when such travel is unavoidable, choosing means of transportation other than airplanes as long as time permits	✓	✓	✓
Supporting procurement from local suppliers	Giving priority to local suppliers as they comply with the Company's requirements	✓	✓	✓
Reducing electricity consumption	Promptly cutting off power to conference rooms and offices as long as no one is working in them; requiring computer screens to be turned off with computers that are idle for lengthy periods	✓	✓	✓
	Automatically shutting off AC systems between 7 p.m. and 9 a.m.	✓		
Water conservation	Conserving water usage to reduce generation of waste water	✓	✓	✓
Reducing paper use	Double-sided printing and re-use of paper printed on one side	✓	✓	✓
	Using computer file archiving to substitute for printed matter archiving	✓	✓	✓
Green procurement	Incorporating environmental factors into procurement considerations, giving priority to procuring products that are supplied by green organisations or produced with green methods	✓	✓	

The Group promotes consciousness of environmental protection to its employees through meetings, emails and slogans, and reminds every employee to implement the above measures continuously, in order to achieve the goals of reducing emissions of greenhouse gases, waste water and solid wastes.

In addition, when Dong Dong Mall was renovated in 2015, environmental protection and conservation were included among the design elements to reduce environmental pollution when the mall is in operation.

Environmental Policies	Dong Dong Mall's Environmentally Friendly Design
Energy conservation	• Installation of glass curtain walls into parts of the ceiling, effectively boosting light collection to reduce energy consumption for interior lighting • Employing smart light control systems, turning on interior lighting equipment only in response to when natural light is insufficient • Installing "service on demand" automatic escalators
Waste reduction	• Setting up waste recycling bins

A.3 Environment and natural resources

This aspect is not applicable to the Company's operations, as the Company's environmental impact and use of natural resources is minimal.

B. SOCIETY COMMITMENT

The Group believes deeply that employees are an enterprise's precious asset, since employees' hard work and contributions can effectively promote the business development of an enterprise. As a result, the Group always observes the relevant labour laws and regulations of the places in which it operates, and strives to provide employees a fair and safe work environment with opportunities for development. During the reporting period, the Group had no violations of laws and regulations in its operating locations relating to employment, occupational health and safety; and it also had no instances of any employees applying for work injury insurance claims.

B.1 Employment and Labour Standards

In order to establish and maintain excellent work teams, the Group has formulated a well-developed human resource management system, ensuring that employees all receive fair and just treatment in hiring, promotion, compensation and other areas. When hiring and promoting employees, the Company only considers the applicant/employee's work performance, experience and personal work abilities, and they will not be subject to discrimination on the basis of factors such as gender, age, family background, race or physical disability.

In determining and adjusting employee compensation packages, consideration is nonetheless given to the existing market practices of the operating location and the work performance of particular employees. The Group's compensation packages include base salaries, sales bonuses (awarded to a portion of the operations staff only), health insurance plans, and retirement benefit plans. The Group may distribute discretionary bonuses and grant stock options to qualified employees based on its own performance and the performance of individual employees.

B.2 Health and Safety

Given that employees are a company's precious asset, the Group consistently focuses on the health and safety of its employees, and establishes effective measures for achieving the goal of zero work-related accidents. In addition to providing first aid kits at work sites and purchasing insurance for employees in accordance with the statutory requirements of different operating locations, the Group also provides employees proper occupational safety training to strengthen employees' safety awareness.

Professional property management personnel regularly carry out scheduled inspections and maintenance of the fire fighting equipment, elevators, and other equipment of Dong Dong Mall, which is managed by Chongqing Baoxu, in order to ensure the safety of employees, mall tenants and customers.

Besides being concerned for employees' occupational safety, the Group also attaches great importance to their physical and mental health. The Group holds occasional free time entertainment activities for employees, allowing staff to release work-related stress in the course of the activities. The Company even provides its staff comprehensive physical exams each year, so that employees can understand their own health conditions.

B.3 Development and Training

The Company's business development is closely connected to the work abilities of its employees. In view of this, the Group arranges highly experienced instructors to conduct job-related guidance in coordination with employees' job function and personal career plans. It also holds internal training activities from time to time. Chongqing Baoxu, for example, holds business training events, professional training seminars, instruction from designated special personnel, and so on to improve employees' work abilities, while also promoting their personal development and helping the development of their personal careers.

The Group also encourages employees to attend external seminars, such as training on loan financing related laws and regulations and combating corruption provided by the Company's intermediary companies, the Stock Exchange, the Hong Kong Independent Commission Against Corruption and other institutions.

B.4 Labor Standards

The Group prohibits the use of child labour, promises not to compel employees to work overtime, and respects human rights. During the reporting period, the Group did not find any circumstance of the use of child labour, compulsory labour, or human rights exploitation.

B.5 Supply Chain Management

To manage environmental and social risks of the supply chains effectively, the Group selects and monitors suppliers by means of the following measures.

When it comes to selecting suppliers, apart from the quality of products and services, the selection criteria also include safety, corporate social responsibility circumstances and reputation within the industry. Qualified suppliers must abide by the requirements in agreements concluded with the Group, as well as rules stipulated outside of contracts, such as the Supplier's Code of Conduct. In order to monitor whether the performance of suppliers continues to conform to the Group's requirements, Chongqing Baoxu requires that multi-departmental inspection evaluations be organised for each piece of work performed by construction and promotion-related suppliers. Only those that meet the design and specification requirements are allowed to pass. Shanghai Dongkui, on the other hand, regularly evaluates the performance of some suppliers.

B.6 Product Responsibility and Service Quality

In terms of the investment property holding, Chongqing Baoxu has set up customer service centre and customer hotline to handle the inquiries and complaints of Dong Dong Mall tenants and customers. To guarantee that inquiries and complaints can be resolved promptly and reasonably, the responsible personnel must be trained and qualified before they start working. Once complaints are received, they must be handled based on the handling process and deadlines prescribed in the "Customer Management Manual-Guide to Complaint Management Work." To avoid recurrence of the same kinds of complaints, the responsible personnel must analyze and report those important and significant complaints received each month, and write them up as case studies to share with other employees. Dong Dong Mall has additionally established a property management department, which allows prospective tenants to inquire about shop leasing information and helps tenants carry out several types of simple routine maintenance.

With respect to the loan financing, Shanghai Dongkui requires employees to participate in internal training on products and services to ensure that employees clearly understand information on the products and services provided by the company. Shanghai Dongkui also requires all sales department employees to provide customers accurate and truthful information when discussing sales, so as to avoid customers being misled.

B.7 Anti-Corruption

Following on the "Outline of the 12th Five-Year Plan for the National Economic and Social Development of the PRC," the "Outline of the 13th Five-Year Plan for the National Economic and Social Development of the PRC" (the "13th Five-Year Plan") was passed in March 2016 at the fourth session of the 12th National People's Congress, once again bringing up anti-corruption related content. To continue its response to the anti-corruption direction of the "13th Five-Year Plan," the Group consistently maintains strict supervision of employee honesty and integrity. During the reporting period, no litigation cases involving corruption were brought against the Group or individual employees, and no acts of corruption were found.

The Group has established the following anti-corruption policies and measures:

- **Open tendering:** Based on the particular circumstances, tenders should be collected from at least 3 service institutions;
- **Service contract review and approval:** Service agreements are subject to approval by staff of different ranks according to the value of the agreements, with a countersignature system employed for large-value agreements;
- **Third-party audit:** Engage third-party audit institutions to audit financial accounts, preventing account falsification to safeguard shareholders' interests.

Since there are frequent large money transactions in the Group's loan financing, corruption risks are relatively high. Therefore, in addition to implementing the above policies and measures, Shanghai Dongkui has established the following anti-corruption policies and measures to more rigorously and comprehensively regulate oversight:

- **Preventing bribery:** Requiring in the Employee Code of Conduct and employment agreements that employees abide by professional ethics, not allowing any act of corruption or bribery, and stating clearly in the Employee Code of Conduct that if any employee commits an act corresponding to his/her duties as stipulated in the "Position Grid Settings", such as accepting bribes, leaking company secrets, or encroaching on the Company's interests, they will be removed from their duties and required to indemnify the Company against its losses, and if it is found that legal or regulatory requirements have been violated, the matter will be handed over to the judicial organs for taking legal action;
- **Whistleblowing and reporting:** Employment contracts have a confidentiality clause, so employees can report suspected cases;
- **Reporting conflicts of interest:** In employment contracts, requiring employees to put the Company's interests first, and explaining to newly on-boarded employees during orientation training the reporting mechanisms for when conflicts of interest arise;

- **Service contract review and approval:** All service contracts must undergo step-by-step review and approval, and comprehensive checks must be conducted regularly, in order to ensure that all service contracts are subject to review and approval by persons with appropriate authority;

- **Money laundering prevention, fraud prevention:** Before and after loan financing begins, careful pre-leasing investigation, on-site agreement signing and post-lending examination must be conducted pursuant to "Interim Measures Governing Leasing Investigation", so as to prevent fraud and ensure that all loan financing items come through normal channels. Clearly delimiting the job duties of relevant departments, such as the sales department, risk department and property management department, apart from being able to strengthen self restraint, can also give rise to mutual oversight and restriction effects at each step of review and approval.

The Group carries out reviews and improvement of the above anti-corruption policies periodically to ensure that the Group always maintains a high level of honesty.

B.8 Community Engagement

Through active participation of public service activities, the Group keeps abreast of the demands and views of the communities in which it operates, and builds a positive image for the Group. Cooperating with partners including social welfare groups, resident councils and other institutions, such as the Weifang District Neighborhood Union in Shanghai that Shanghai Dongkui joined in 2016, to strengthen ties with communities.

INDEPENDENT AUDITOR'S REPORT

RSM Hong Kong **中瑞岳華(香港)會計師事務所**

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TO THE MEMBERS OF
DOYEN INTERNATIONAL HOLDINGS LIMITED
(FORMERLY KNOWN AS DOWELL PROPERTY HOLDINGS LIMITED)
(Incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of Doyen International Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 36 to 89, which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of investment property	
Refer to note (5)(b)(i) and note 20 to the consolidated financial statements Management has estimated the fair value of the Group's investment property, a shopping mall located in the People's Republic of China, (the "PRC"), to be approximately HK$309,409,000 as at 31 December 2016 and a fair value loss on investment property of approximately HK$22,505,000 was recorded in the consolidated statement of profit or loss for the year ended 31 December 2016. An independent external valuation was obtained in order to support management's estimate. The valuation of the investment property is a level 3 fair value measurement as it uses significant unobservable inputs (e.g. capitalisation rates, long term vacancy rate and expected future market rents) which require significant management judgement.	Our procedures in relation to this matter included: – Evaluating the independent external valuer's competence, capabilities and objectivity; – Assessing the appropriateness of the valuation methodology used; – Assessing the reasonableness of the key assumptions based on our knowledge of the property market and the characteristics of the shopping mall; – Checking on a sample basis, the accuracy and relevance of the input data used; and – Assessing the adequacy of the disclosures in relation to the fair value measurement of the investment property.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2015, were audited by another auditor who expressed an unmodified opinion on those statements on 30 March 2016.

OTHER INFORMATION

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

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

OTHER INFORMATION *(CONTINUED)*

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 FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Audit Committee assists the directors in discharging their responsibilities for overseeing the Group’s financial reporting process.

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

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

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

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

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

- 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.

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

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

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and 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 the Audit Committee, 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 this independent auditor's report is Wong Tak Man, Stephen.

RSM Hong Kong
Certified Public Accountants
Hong Kong
28 March 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 HK$'000	2015 HK$'000
Revenue	8	**33,615**	30,361
Staff costs	9	**(17,620)**	(16,644)
Operating lease rentals		**(2,593)**	(2,337)
Business and other tax expenses		**(3,818)**	(4,821)
Depreciation		**(489)**	(919)
Other operating expenses		**(13,090)**	(21,161)
Other gains and losses	10	**(36,798)**	(36,309)
Other income	11	**5,047**	5,364
Loss from operations		**(35,746)**	(46,466)
Finance income	13	**43,731**	49,010
Finance costs	13	**(34,333)**	(36,422)
Finance income – net	13	**9,398**	12,588
Share of loss of an associate	22	**(16,518)**	(2,667)
Provision for impairment loss of an associate	22	**(13,348)**	–
Loss before tax		**(56,214)**	(36,545)
Income tax expense	14	**(5,140)**	(4,053)
Loss for the year	15	**(61,354)**	(40,598)
Attributable to:			
Owners of the Company		**(59,888)**	(38,014)
Non-controlling interests		**(1,466)**	(2,584)
		(61,354)	(40,598)
Loss per share	18		
		HK cents	HK cents
Basic		**(4.70)**	(2.98)
Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 HK$'000	2015 HK$'000
Loss for the year	**(61,354)**	(40,598)
Other comprehensive income, net of tax		
Item that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**(47,599)**	(37,137)
Total comprehensive income for the year	**(108,953)**	(77,735)
Attributable to:		
Owners of the Company	**(95,125)**	(65,518)
Non-controlling interests	**(13,828)**	(12,217)
	(108,953)	(77,735)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2016

	Note	2016 HK$'000	2015 HK$'000
Non-current assets			
Property, plant and equipment	19	**805**	1,290
Investment property	20	**309,409**	351,935
Intangible assets	21	**7,096**	7,514
Investment in an associate	22	**–**	28,533
Loan receivables	23	**98,313**	105,138
Deferred tax assets	29	**13,170**	11,004
		428,793	505,414
Current assets			
Loan receivables	23	**133,110**	159,829
Prepayments, deposits and other receivables		**3,571**	6,657
Financial assets at fair value through profit or loss	24	**55,472**	52,307
Amounts due from a related company	25	**383,939**	441,510
Pledged bank deposits	26	**18,443**	–
Bank and cash balances	26	**196,533**	213,195
		791,068	873,498
Current liabilities			
Accruals and other payables		**15,140**	20,060
Borrowings	27	**250,238**	50,017
Finance lease payable	28	**–**	133
Current tax liabilities		**12,564**	17,697
		277,942	87,907
Net current assets		**513,126**	785,591
Total assets less current liabilities		**941,919**	1,291,005
Non-current liabilities			
Borrowings	27	**114,609**	356,979
Deferred tax liabilities	29	**4,453**	1,833
		119,062	358,812
NET ASSETS		**822,857**	932,193
Capital and reserves			
Share capital	30	**1,174,378**	1,174,378
Deficit		**(532,205)**	(438,413)
Equity attributable to owners of the Company		**642,173**	735,965
Non-controlling interests		**180,684**	196,228
TOTAL EQUITY		**822,857**	932,193

Approved by the Board of Directors on 28 March 2017 and are signed on its behalf by:

Lo Siu Yu	**Cho Chun Wai**
Director	*Director*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Attributable to owners of the Company								
	Share capital HK$'000	Merger reserve HK$'000 (note 37(b)(i))	Exchange reserve HK$'000 (note 37(b)(ii))	Statutory reserve HK$'000 (note 37(b)(iii))	Other reserves HK$'000 (note 37(b)(iv))	Retained earnings HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2015	1,174,378	(409,968)	2,962	–	9,189	18,546	795,107	208,145	1,003,252
Total comprehensive income for the year	–	–	(27,504)	–	–	(38,014)	(65,518)	(12,217)	(77,735)
Write-back of unclaimed dividends	–	–	–	–	–	243	243	–	243
Issuance of warrants	–	–	–	–	6,433	–	6,433	–	6,433
Acquisition of additional interest in a subsidiary	–	–	–	–	(300)	–	(300)	300	–
At 31 December 2015 and 1 January 2016	**1,174,378**	**(409,968)**	**(24,542)**	**–**	**15,322**	**(19,225)**	**735,965**	**196,228**	**932,193**
Total comprehensive income for the year	**–**	**–**	**(35,237)**	**–**	**–**	**(59,888)**	**(95,125)**	**(13,828)**	**(108,953)**
Transfer to statutory reserve	**–**	**–**	**–**	**3,916**	**–**	**(3,916)**	**–**	**–**	**–**
Dividend paid to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,716)**	**(1,716)**
Vested share options forfeited (note 31)	**–**	**–**	**–**	**–**	**(5,037)**	**5,037**	**–**	**–**	**–**
Share of reserve of an associate	**–**	**–**	**–**	**–**	**1,333**	**–**	**1,333**	**–**	**1,333**
At 31 December 2016	**1,174,378**	**(409,968)**	**(59,779)**	**3,916**	**11,618**	**(77,992)**	**642,173**	**180,684**	**822,857**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 HK$'000	2015 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	**(56,214)**	(36,545)
Adjustments for:		
Reimbursement of tax expenses from a related company	**(2,448)**	–
Finance income	**(43,731)**	(49,010)
Finance costs	**34,333**	36,422
Share of loss of an associate	**16,518**	2,667
Provision for impairment loss of an associate	**13,348**	–
Dividend income from equity investments	**(261)**	(51)
Depreciation	**489**	919
Fair value loss on investment property	**22,505**	27,612
Amortisation of intangible assets	**418**	418
Share-based compensation	**–**	6,433
Fair value gain on financial assets at fair value through profit or loss	**(6,266)**	(5,824)
Exchange loss – net	**20,559**	14,521
Operating loss before working capital changes	**(750)**	(2,438)
Decrease/(Increase) in loan receivables	**17,440**	(183,323)
Decrease in prepayments, deposits and other receivables	**2,888**	2,819
Increase in amounts due from a related company	**–**	(4,230)
(Decrease)/Increase in accruals and other payables	**(160)**	9,576
Cash generated from/(used in) operations	**19,418**	(177,596)
Income taxes paid	**(5,125)**	–
Net cash generated from/(used in) operating activities	**14,293**	(177,596)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	**45,251**	49,010
Dividend income received	**261**	51
Purchase of property, plant and equipment	**(8)**	(61)
Additions to an investment property	**(1,463)**	(6,414)
Investment in an associate	**–**	(31,200)
Purchase of financial assets at fair value through profit or loss	**(27,937)**	(165,409)
Proceeds from disposal of financial assets at fair value through profit or loss	**27,938**	137,938
Advancement of loan to a related company	**(401,030)**	(429,480)
Repayment of loan from a related company	**424,410**	448,920
Increase in pledged bank deposits	**(18,443)**	–
Refund of deposit for acquisition of assets	**–**	15,000
Net cash generated from investing activities	**48,979**	18,355

FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 HK$'000	2015 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of bank loans	**(55,579)**	(31,700)
Proceeds from bank loans	**23,813**	70,759
Proceeds from other borrowings	**–**	191,335
Interest paid on bank and other borrowings	**(32,541)**	(34,680)
Repayment of finance lease payable	**(133)**	(401)
Dividend paid to non-controlling interests	**(1,716)**	–
Net cash (used in)/generated from financing activities	**(66,156)**	195,313
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(2,884)**	36,072
Effect of foreign exchange rate changes	**(13,778)**	(40,190)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**213,195**	217,313
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	**196,533**	213,195
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	**196,533**	213,195

1 GENERAL INFORMATION

Doyen International Holdings Limited (the "Company") was incorporated in Hong Kong with limited liability. The address of its registered office and principal place of business is Suites 2009-2010, 20th Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company together with its subsidiaries (collectively referred to as the "Group") are principally engaged in investment property holding in the People's Republic of China (the "PRC"), provision of financing to customers in the PRC (the "Dongkui business") and investment holding.

In the opinion of the directors of the Company, as at 31 December 2016, Money Success Limited, a company incorporated in the British Virgin Islands (the "BVI"), is the immediate parent; Wealthy In Investments Limited, a company incorporated in the BVI, is the ultimate parent and Mr. Lo Siu Yu ("Mr. Lo") is the ultimate controlling party of the Company.

2 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and with the requirements of the Hong Kong Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(a) Application of new and revised HKFRSs

The HKICPA has issued a number of new and revised HKFRSs that are first effective for annual periods beginning on or after 1 January 2016. Of these, the following amendments are relevant to the Group.

Amendments to HKAS 1 Presentation of Financial Statements: Disclosure Initiative

The amendments to HKAS 1 clarify, rather than significantly change, existing HKAS 1 requirements. The amendments clarify various presentation issues relating to:

- Assessment of materiality versus minimum disclosure requirements of a standard.
- Disaggregation of specific line items in the statements of profit or loss and other comprehensive income and the statement of financial position. There is also new guidance on the use of subtotals.
- Confirmation that the notes do not need to be presented in a particular order.
- Presentation of other comprehensive income items arising from equity-accounted associates and joint ventures.

The amendments as mentioned above have no material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(CONTINUED)*

(b) New and revised HKFRSs in issue but not yet effective

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2016. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 7 Statement of Cash Flows: Disclosure Initiative	1 January 2017
Amendments to HKAS 12 Income Taxes: Recognition of deferred tax assets for unrealised losses	1 January 2017
HKFRS 9 Financial Instruments	1 January 2018
HKFRS 15 Revenue from Contracts with Customers	1 January 2018
Amendments to HKFRS 2 Share-based Payment: Classification and measurement of share-based payment transactions	1 January 2018
HKFRS 16 Leases	1 January 2019

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. As the Group has not completed its assessment, further impacts may be identified in due course.

HKFRS 9 Financial Instruments

The standard replaces HKAS 39 Financial Instruments: Recognition and Measurement.

The standard introduces a new approach to the classification of financial assets which is based on cash flow characteristics and the business model in which the asset is held. A debt instrument that is held within a business model whose objective is to collect the contractual cash flows and that has contractual cash flows that are solely payments of principal and interest on the principal outstanding is measured at amortised cost. A debt instrument that is held within a business model whose objective is achieved by both collecting the contractual cash flows and selling the instruments and that has contractual cash flows that are solely payments of principal and interest on the principal outstanding is measured at fair value through other comprehensive income. All other debt instruments are measured at fair value through profit or loss. Equity instruments are generally measured at fair value through profit or loss. However, an entity may make an irrevocable election on an instrument-by-instrument basis to measure equity instruments that are not held for trading at fair value through other comprehensive income.

The requirements for the classification and measurement of financial liabilities are carried forward largely unchanged from HKAS 39 except that when the fair value option is applied changes in fair value attributable to changes in own credit risk are recognised in other comprehensive income unless this creates an accounting mismatch.

HKFRS 9 introduces a new expected-loss impairment model to replace the incurred-loss impairment model in HKAS 39. It is no longer necessary for a credit event or impairment trigger to have occurred before impairment losses are recognised. For financial assets measured at amortised cost or fair value through other comprehensive income, an entity will generally recognise 12-month expected credit losses. If there has been a significant increase in credit risk since initial recognition, an entity will recognise lifetime expected credit losses. The standard includes a simplified approach for trade receivables to always recognise the lifetime expected credit losses.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(CONTINUED)*

(b) New and revised HKFRSs in issue but not yet effective *(Continued)*

The de-recognition requirements in HKAS 39 are carried forward largely unchanged.

HKFRS 9 substantially overhauls the hedge accounting requirements in HKAS 39 to align hedge accounting more closely with risk management and establish a more principle based approach.

The new expected credit loss impairment model in HKFRS 9 may result in the earlier recognition of impairment losses on the Group's loan receivables and other financial assets measured at amortised costs. The Group is unable to quantity the impact until a more detailed assessment is completed.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 replaces all existing revenue standards and interpretations.

The core principle of the standard is that an entity recognises revenue to depict the transfer of goods and services to customers in an amount that reflects the consideration to which the entity expects to become entitled in exchange for those goods and services.

An entity recognises revenue in accordance with the core principle by applying a 5-step model:

1. Identify the contract with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when or as the entity satisfies a performance obligation

The standard also includes comprehensive disclosure requirements relating to revenue.

The Group is currently assessing the impacts of adopting HKFRS 15 on the consolidated financial statements but is unable to estimate the impact of the new standard on the consolidated financial statements until a detailed analysis is completed.

HKFRS 16 Leases

HKFRS 16 replaces HKAS 17 Leases and related interpretations. The new standard introduces a single accounting model for lessees. For lessees the distinction between operating and finance leases is removed and lessees will recognise right-of-use assets and lease liabilities for all leases (with optional exemptions for short-term leases and leases of low value assets). HKFRS 16 carries forward the accounting requirements for lessors in HKAS 17 substantially unchanged. Lessors will therefore continue to classify leases as operating or financing leases.

The Group's office property leases are currently classified as operating leases and the lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term. Under HKFRS 16 the Group may need to recognise and measure a liability at the present value of the future minimum lease payments and recognise a corresponding right-of-use asset for these leases. The interest expense on the lease liability and depreciation on the right-of-use asset will be recognised in profit or loss. The Group's assets and liabilities will increase and the timing of expense recognition will also be impacted as a result.

As disclosed in note 33, the Group's future minimum lease payments under non-cancellable operating leases for its office properties amounted to approximately HK$3,544,000 as at 31 December 2016. The Group will perform a more detailed assessment in order to determine the new assets and liabilities arising from these operating leases commitments after taking into account the transition reliefs available in HKFRS 16 and the effects of discounting.

4. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. investment property and certain financial instruments that are measured at fair value).

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

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill and any accumulated exchange reserve relating to that subsidiary.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

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

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(b) Business combination

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The consideration transferred in a business combination is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and any contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the sum of the consideration transferred over the Group's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the sum of the consideration transferred is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Group.

The non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

(c) Associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether the Group has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered.

Investment in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of the investment over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of an associate's post-acquisition profits or losses and other comprehensive income is recognised in consolidated statement of profit or loss and other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of an associate that results in a loss of significant influence represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that associate and (ii) the Group's entire carrying amount of that associate (including goodwill) and any related accumulated exchange reserve.

Unrealised profits on transactions between the Group and its associate are eliminated to the extent of the Group's interests in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the associate have been changed where necessary to ensure consistency with the policies adopted by the Group.

4. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(d) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

– Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

– Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

– All resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange reserve.

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities are recognised in other comprehensive income and accumulated in the exchange reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

(e) Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

4. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(e) Property, plant and equipment *(Continued)*

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal useful lives are as follows:

Leasehold improvements	Over the term of the lease
Furniture, fixtures and equipment	4 – 5 years
Motor vehicles	5 years

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(f) Investment property

Investment property is land and/or buildings held to earn rentals and/or for capital appreciation. An investment property is measured initially at its cost including all direct costs attributable to the property.

After initial recognition, the investment property is stated at its fair value. Gains or losses arising from changes in fair value of the investment property are recognised in profit or loss for the period in which they arise.

The gain or loss on disposal of an investment property is the difference between the net sales proceeds and the carrying amount of the property, and is recognised in profit or loss.

(g) Leases

The Group as lessee

(i) Operating leases

Leases that do not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

(ii) Finance leases

Leases that substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as finance leases. At the commencement of the lease term, a finance lease is capitalised at the lower of the fair value of the leased asset and the present value of the minimum lease payments, each determined at the inception of the lease.

The corresponding liability to the lessor is included in the statement of financial position as finance lease payable. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Assets under finance leases are depreciated the same as owned assets.

The Group as lessor

Operating leases

Leases that do not substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

4. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(h) Club memberships

Club memberships with definite useful lives are carried at cost less subsequent accumulated amortisation and subsequent accumulated impairment losses, if any. Amortisation is calculated using the straight-line method to allocate the cost of club memberships over the estimated useful lives ranging from 14 to 40 years.

(i) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

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

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

(j) Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an financial asset is under a contract whose terms require delivery of the financial assets within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs except in the case of financial assets at fair value through profit or loss.

The Group classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are either financial assets classified as held for trading or designated as at fair value through profit or loss upon initial recognition. These financial assets are subsequently measured at fair value. Gains or losses arising from changes in fair value of these financial assets are recognised in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are carried at amortised cost using the effective interest method (except for short-term receivables where interest is immaterial) minus any reduction for impairment or uncollectibility. Typically loan receivables, amounts due from a related company, deposits and other receivables, bank balances and cash are classified in this category.

4. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(k) Loan and other receivables

Loan and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of loan and other receivables is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Loan and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

(l) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

(m) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(n) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(o) Other payables

Other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(p) Equity instruments

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

(q) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Rental income is recognised on a straight-line basis over the lease term.

Income from provision of financing is recognised 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.

Interest income is recognised on a time-proportion basis using the effective interest method.

Dividend income is recognised when the rights to receive payment are established.

4. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(r) Employee benefits

(i) Employee leave entitlements

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

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Retirement benefit schemes

The Group has various defined contribution plans in Hong Kong and the PRC for pensions and other social obligation in accordance with the local conditions and practices. The pension plans are generally funded by payments from employees and the relevant group companies. The Group pays contributions to the pension plans on a mandatory, contractual or voluntary basis which are calculated as a percentage of the employees' salaries.

The Group has no legal or constructive obligations to pay further contributions if the funds do not hold sufficient assets to pay all employees the benefits relating to employee services in the current and prior years.

The contributions are recognised as employee benefit expenses when they are due and prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iii) Termination benefits

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

(s) Share-based payments

The Group issues equity-settled share-based payments to certain employees, directors and consultants. Equity-settled share-based payments are measured at the fair value (excluding the effect of non-market based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Equity-settled share-based payments to directors and employees are measured at the fair value (excluding the effect of non-market based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Equity-settled share-based payments to consultants are measured at the fair value of the services rendered or, if the fair value of the services rendered cannot be reliably measured, at the fair value of the equity instruments granted. The fair value is measured at the date the Group receives the services and is recognised as an expense.

(t) Borrowing costs

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

4. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(u) Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

(v) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items 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 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 and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and an associate 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.

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 is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities 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 property that is measured using the fair value model, the carrying amount of such property is presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax for such investment property is measured based on the expected manner as to how the property will be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

4. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(w) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

Value in use is the present value of the estimated future cash flows of the asset/cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/cash-generating unit whose impairment is being measured.

Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

(x) Impairment of financial assets

At the end of each reporting period, the Group assesses whether its financial assets (other than those at fair value through profit or loss) are impaired, based on objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows of the (group of) financial asset(s) have been affected.

For loans and receivables that are assessed not to be impaired individually, the Group assesses them collectively for impairment, based on the Group's past experience of collecting payments, an increase in the delayed payments in the portfolio, observable changes in economic conditions that correlate with default on receivables, etc. The carrying amount is directly reduced by the impairment loss and the amount of impairment loss is recognised in profit or loss.

If the amount of the impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly through profit or loss. However, the reversal must not result in a carrying amount that exceeds what the amortised cost of the loans and receivables would have been had the impairment not been recognised at the date the impairment is reversed.

(y) Provisions and contingent liabilities

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

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

(z) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

5. CRITICAL JUDGEMENT AND KEY ESTIMATES

(a) Critical judgement in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgement that has the most significant effect on the amounts recognised in the consolidated financial statements.

Deferred tax for an investment property

For the purposes of measuring deferred tax for an investment property that is measured using the fair value model, the directors have reviewed the Group's investment property portfolios and concluded that the Group's investment property is not held under 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. Therefore, in determining the Group's deferred tax for an investment property, the directors have adopted the presumption that investment property measured using the fair value model is recovered through sale.

(b) Key sources of estimation uncertainty

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

(i) Fair value of investment property

The Group appointed an independent qualified professional valuer to assess the fair value of the investment property. In determining the fair value, the valuer has utilised a valuation technique which involves certain estimates. The directors have exercised their judgement and are satisfied that the method of valuation and inputs used are reflective of the current market conditions.

The carrying amount of investment property as at 31 December 2016 was approximately HK$309,409,000 (2015: HK$351,935,000).

(ii) Impairment of investment in an associate

Management makes provision for impairment loss of investment in an associate based on an assessment of the future economic benefits of the investment which will flow to the Group. The identification of provision requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying amount of investment in an associate in the period in which such estimate has been changed.

During the year, a full provision for impairment loss of investment in an associate approximately HK$13,348,000 (2015: nil) was made.

(iii) Impairment of loan receivables and amounts due from a related company

The Group makes impairment loss for bad and doubtful debts based on assessment of the recoverability of loan receivables and amounts due from a related company including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgment and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying amount of loan receivables and amounts due from a related company and impairment losses in the year in which such estimate has been changed.

No loans were considered to be doubtful by management for the current and prior years.

5. CRITICAL JUDGEMENT AND KEY ESTIMATES *(CONTINUED)*

(b) Key sources of estimation uncertainty *(Continued)*

(iv) Classification of finance leases

Management determines whether an arrangement is, or contains, a finance lease based on the substance of the arrangement and requires an assessment of whether fulfilment of the arrangement is dependent on the use of a specific asset or group of assets, and the arrangement conveys a right to use the assets.

Situations that would normally lead to a lease being classified as a finance lease include the following:

– The lease transfers ownership of the asset to the lessee by the end of the lease term.
– The lessee has the option to purchase the asset at a price which is expected to be sufficiently lower than fair value at the date the option becomes exercisable that, at the inception of the lease, it is reasonably certain that the option will be exercised.
– The lease term is for the major part of the economic life of the asset, even if title is not transferred.
– At the inception of the lease, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset.
– The lease assets are of a specialised nature such that only the lessee can use them without major modifications being made.

For sales and lease back transactions with repurchase options which are almost certain to be exercised and do not convey a right to use of the underlying assets, management judges that in substance these transactions are not in the scope of HKAS 17 Leases, which instead are accounted for as financial instruments under HKAS 39 Financial Instruments: Recognition and Measurement.

(v) Fair value of financial assets at fair value through profit or loss

The Group selects an appropriate valuation technique for its investment in an unlisted PRC equity fund not quoted in an active market. The valuation technique is commonly used by market practitioners. The fair value of the fund is determined by reference to the fund's net asset value. The value assigned to the fund is based upon available information and does not necessarily represent amount which might ultimately be realised, since such amount depends on future circumstances and cannot be reasonably determined until the individual position is realised.

The carrying amount of the unlisted PRC equity fund as at 31 December 2016 was approximately HK$41,251,000 (2015: HK$38,689,000).

(vi) Recognition of deferred tax assets

Deferred tax assets are recognised to the extent it is probable that future taxable profits will be available against which deductible temporary differences or unused tax losses can be utilised, based on all available evidence. Recognition primarily involves judgement regarding the future financial performance of the Group in which the deferred tax assets have been recognised. A variety of other factors are also evaluated in considering whether there is convincing evidence that it is probable that some portion or all of the deferred tax assets will ultimately be realised. The carrying amount of deferred tax assets and related financial models and budgets are reviewed at each reporting date and to the extent that sufficient taxable profits will be available within the utilisation periods.

5. CRITICAL JUDGEMENT AND KEY ESTIMATES *(CONTINUED)*

(b) Key sources of estimation uncertainty *(Continued)*

(vii) Income taxes

The Group is subject to income taxes mainly in the PRC. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

During the year, approximately HK$5,140,000 (2015: HK$4,053,000) of income tax was charged to profit or loss based on the estimated profit from operations.

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, equity price risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has certain exposure to foreign currency risk as some of its business transactions, assets and liabilities are denominated in currencies other than the functional currencies of the Group entities, including Renminbi ("RMB") and United States Dollars ("US$"). The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

The Group's exposure at the end of the reporting period to foreign currency risk arising from recognised monetary assets and liabilities is as follows:

	Assets		**Liabilities**	
	2016	2015	**2016**	2015
	HK$'000	HK$'000	**HK$'000**	HK$'000
RMB	**295,572**	323,309	**1,925**	3,917
US$	**349**	349	**–**	–

As at 31 December 2016, if the HK$ had weakened 5 per cent against the RMB with all other variables held constant, consolidated loss after tax for the year would have been approximately HK$14,682,000 (2015: HK$15,970,000) lower, arising mainly as a result of the foreign exchange gain on translation of bank balances and amounts due from a related company denominated in RMB. If the HK$ had strengthened 5 per cent against RMB with all other variables held constant, consolidated loss after tax for the year would have been approximately HK$14,682,000 (2015: HK$15,970,000) higher, arising mainly as a result of the foreign exchange loss on translation of bank and cash balances and amounts due from a related company denominated in RMB.

As at 31 December 2016, the Group held certain financial assets which were denominated in US$. The directors are of the opinion that the Group's exposure to US$ foreign currency risk is minimal.

6. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

(b) Equity price risk

The Group is exposed to equity price risk through its financial assets at fair value through profit or loss. Management manages this exposure by maintaining a portfolio of investments with different risk and return profiles.

The sensitivity analyses below have been determined based on the exposure to equity price risk at the end of the reporting period.

If equity prices of the Group's financial assets at fair value through profit or loss had been 10% (2015: 10%) higher/lower with all other variables held constant, consolidated loss after tax for the year ended 31 December 2016 would have decreased/increased by approximately HK$1,286,000/HK$2,318,000 (2015: HK$1,178,000/HK$3,745,000).

(c) Credit risk

The Group's credit risk is primarily attributable to its loan receivables, financial assets at fair value through profit or loss, amounts due from a related company, pledged bank deposits and bank balances.

In order to minimise credit risk in relation to loan receivables, loan limits and loan terms offered to customers are approved by delegated officers and follow-up action is taken to recover overdue debts. Individual credit evaluations are performed on all customers. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customers as well as pertaining to the economic environment in which the customers operate. Ongoing evaluation is performed on the financial condition of customers. In addition, management of the Group reviews the recoverable amount of each individual receivable regularly to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Group consider that the credit risk of the Group is significantly reduced.

The Group has concentrations of credit risk as 71% (2015: 76%) of the total loan receivables were due from the Group's five largest customers as at 31 December 2016 and all of the customers are located in the PRC.

The credit risk exposure for amounts due from a related company is considered low given the financial position as well as on time repayment history from the related company in accordance with the terms of the agreements.

The credit risk on financial assets at fair value through profit or loss, pledged bank deposits and bank balances is limited because the counterparties are banks or financial institutions with high credit-ratings.

(d) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis based on contractual undiscounted cash flows of the Group's non-derivative financial liabilities is as follows:

6. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

(d) Liquidity risk *(Continued)*

	Within 1 year or on demand HK$'000	**Between 2 and 5 years** HK$'000	**Over 5 years** HK$'000
At 31 December 2016			
Accruals and other payables	**14,400**	**–**	**–**
Borrowings	**258,824**	**124,608**	**–**
Total	**273,224**	**124,608**	**–**
At 31 December 2015			
Accruals and other payables	8,204	–	–
Borrowings	81,778	357,976	24,840
Finance lease payable	135	–	–
Total	90,117	357,976	24,840

(e) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed rate bonds.

The Group's exposure to cash flow interest rate risk relates primarily to variable rate bank loans which is offset by loan receivables and bank deposits held at variable rates varied with the then prevailing market conditions.

The following table details the Group's interest bearing financial assets and liabilities at variable rates as at the reporting date:

	2016 **HK$'000**	2015 HK$'000
Variable rate financial assets/(liabilities)		
Loans receivables	**135,681**	119,268
Pledged bank deposits	**18,443**	–
Bank balances	**185,814**	198,537
Bank loans	**(169,938)**	(213,919)

As at 31 December 2016, if interest rates had been 25 basis points lower or reduced to zero, whichever is higher with all other variables held constant, consolidated loss after tax for the year would have been approximately HK$274,000 (2015: HK$190,000) higher. If interest rates had been 25 basis points higher, with all other variables held constant, consolidated loss after tax for the year would have been approximately HK$323,000 (2015: HK$196,000) lower.

6. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

(f) Categories of financial instruments as at 31 December 2016

	2016 HK$'000	2015 HK$'000
Financial assets:		
Financial assets designated at fair value through profit or loss	**55,472**	52,307
Loans and receivables (including pledged bank deposits, bank and cash balances)	**831,285**	920,554
Financial liabilities:		
Financial liabilities at amortised cost	**379,247**	415,333

(g) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

7. FAIR VALUE MEASUREMENTS

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. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

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

(a) Disclosures of level in fair value hierarchy:

At 31 December 2016

Description	Fair value measurements using: Level 1 HK$'000	Level 3 HK$'000	Total 2016 HK$'000
Recurring fair value measurements:			
Financial assets			
Financial assets at fair value through profit or loss			
Listed equity securities	14,221	–	14,221
Unlisted PRC equity fund	–	41,251	41,251
	14,221	41,251	55,472
Investment property			
Shopping mall-PRC	–	309,409	309,409
Total	14,221	350,660	364,881

7. FAIR VALUE MEASUREMENTS *(CONTINUED)*

(a) Disclosures of level in fair value hierarchy: *(Continued)*

At 31 December 2015

Description	Fair value measurements using: Level 1 HK$'000	Level 3 HK$'000	Total 2015 HK$'000
Recurring fair value measurements:			
Financial assets			
Financial assets at fair value through profit or loss			
Listed equity securities	13,618	–	13,618
Unlisted PRC equity fund	–	38,689	38,689
	13,618	38,689	52,307
Investment property			
Shopping mall-PRC	–	351,935	351,935
Total	13,618	390,624	404,242

(b) Reconciliation of assets measured at fair value based on level 3:

Description	**Financial assets at fair value through profit or loss- Unlisted PRC equity fund HK$'000**	**Investment property HK$'000**	**Total 2016 HK$'000**
At 1 January 2016	**38,689**	**351,935**	**390,624**
Additions	**–**	**1,463**	**1,463**
Exchange differences	**(2,699)**	**(21,484)**	**(24,183)**
Total gains or losses recognised in profit or loss (#)	**5,261**	**(22,505)**	**(17,244)**
At 31 December 2016	**41,251**	**309,409**	**350,660**
(#) Include gains or losses for assets held at end of reporting period	**5,261**	**(22,505)**	**(17,244)**

7. FAIR VALUE MEASUREMENTS *(CONTINUED)*

(b) Reconciliation of assets measured at fair value based on level 3: *(Continued)*

Description	Financial assets at fair value through profit or loss-Unlisted PRC equity fund HK$'000	Investment property HK$'000	Total 2015 HK$'000
At 1 January 2015	–	389,688	389,688
Additions	37,020	6,414	43,434
Exchange differences	(1,330)	(16,555)	(17,885)
Total gains or losses recognised in profit or loss (#)	2,999	(27,612)	(24,613)
At 31 December 2015	38,689	351,935	390,624
(#) Include gains or losses for assets held at end of reporting period	2,999	(27,612)	(24,613)

The total gains or losses recognised in profit or loss are included in the line item "other gain or losses" on the face of the consolidated statement of profit or loss.

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 December 2016:

The Group's financial controller is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The financial controller reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the financial controller and the Board of Directors at least twice a year.

For level 3 fair value measurements, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

The valuation technique and inputs used in level 3 fair value measurements for the Group's investment property are disclosed in note 20.

7. FAIR VALUE MEASUREMENTS *(CONTINUED)*

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 December 2016: *(Continued)*

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range	Fair value 2016 HK$'000	Fair value 2015 HK$'000
Financial assets at fair value through profit or loss – Unlisted PRC equity fund	Net asset value	N/A	N/A	**41,251**	38,689

The directors have estimated the fair value of the unlisted PRC equity fund by reference to the fund's net asset value quoted by the fund manager. As the fund is not redeemable at the reporting date, the valuation is a level 3 fair value measurement.

During the years ended 31 December 2016 and 2015, there was no changes in the valuation technique used.

8. REVENUE

An analysis of the Group's revenue for the year is as follows:

	2016 HK$'000	2015 HK$'000
Rental income	**7,632**	7,138
Income from provision of financing	**25,983**	23,223
	33,615	30,361

9. STAFF COSTS

	2016 HK$'000	2015 HK$'000
Salaries, bonuses and allowances	**16,886**	15,676
Retirement benefit scheme contributions	**734**	968
	17,620	16,644

Five highest paid individuals

The five highest paid individuals in the Group during the year included two (2015: two) directors whose emoluments are reflected in the analysis presented in note 16. The emoluments of the remaining three (2015: three) individuals are set out below:

	2016 HK$'000	2015 HK$'000
Basic salaries and allowances	**3,217**	1,974
Retirement benefit scheme contributions	**118**	18
	3,335	1,992

9. STAFF COSTS *(CONTINUED)*

The emoluments fell within the following bands:

	Number of individuals 2016	2015
Nil to HK$1,000,000	**1**	2
HK$1,000,001 to HK$1,500,000	**1**	1
HK$1,500,001 to HK$2,000,000	**1**	–

10. OTHER GAINS AND LOSSES

	2016 HK$'000	2015 HK$'000
Fair value loss on investment property	**(22,505)**	(27,612)
Fair value gain on financial assets at fair value through profit or loss	**6,266**	5,824
Exchange loss – net	**(20,559)**	(14,521)
	(36,798)	(36,309)

11. OTHER INCOME

	2016 HK$'000	2015 HK$'000
Reimbursement of tax expenses from a related company	**2,448**	5,313
Dividend income from equity investments	**261**	51
Government grants (note)	**2,338**	–
	5,047	5,364

Note:

For the year ended 31 December 2016, the government grants represented subsidies given by the government to the Group for the promotion of the loan financing industry. The grants were accounted for as financial support with no future related costs expected to be incurred nor related to any assets. As such, they were recognised in the profit or loss when the grants were received.

12. SEGMENT INFORMATION

Operating segments are identified and reported in the manner consistent with internal reports of the Group that are regularly reviewed by the chief operating decision-maker (the "CODM") in order to assess performance and allocate resources. The CODM, has been defined as the executive directors who assess the performance of the operating segments based on the profit and loss generated.

The CODM reviews the business principally from an industry perspective and has identified two reportable segments. No operating segments have been aggregated to form the following reportable segments:

Investment property holding	– property investment and rental activities
Dongkui business	– provision of loan financing

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different marketing strategies.

The operation of 重慶寶旭商業管理有限公司 (for identification purpose, Chongqing Baoxu Commercial Property Management Limited ("Chongqing Baoxu")) represents the operating and reportable segment of investment property holding.

The operation of 東葵融資租賃(上海)有限公司 (for identification purpose, Dongkui Financial Leasing (Shanghai) Co. Ltd. ("Shanghai Dongkui")) represents the operating and reportable segment of Dongkui business.

The measure used for reporting segment profit is "profit after tax".

Information about operating segment profit or loss, assets and liabilities:

	Investment property holding HK$'000	Dongkui business HK$'000	Total HK$'000
Year ended 31 December 2016			
Revenue from external customers	7,632	25,983	33,615
Depreciation	(8)	(12)	(20)
Fair value loss on investment property	(22,505)	–	(22,505)
Fair value gain on financial assets at fair value through profit or loss	–	3,776	3,776
Exchange gain – net	–	1	1
Finance income	10,539	1,365	11,904
Finance costs	(10,878)	(3,045)	(13,923)
Income tax credit/(expense)	3,433	(5,750)	(2,317)
Segment (loss)/profit after tax	(17,619)	17,032	(587)
At 31 December 2016			
Segment assets	453,609	442,157	895,766
Segment liabilities	(131,785)	(66,880)	(198,665)

12. SEGMENT INFORMATION *(CONTINUED)*

Information about operating segment profit or loss, assets and liabilities: *(Continued)*

	Investment property holding HK$'000	Dongkui business HK$'000	Total HK$'000
Year ended 31 December 2015			
Revenue from external customers	7,138	23,223	30,361
Depreciation	(9)	(6)	(15)
Fair value loss on investment property	(27,612)	–	(27,612)
Fair value gain on financial assets at fair value through profit or loss	–	5,137	5,137
Exchange gain – net	–	140	140
Finance income	14,909	1,331	16,240
Finance costs	(15,802)	(1,251)	(17,053)
Income tax credit/(expense)	4,520	(5,167)	(647)
Segment (loss)/profit after tax	(21,856)	15,355	(6,501)
At 31 December 2015			
Segment assets	533,333	468,314	1,001,647
Segment liabilities	(171,631)	(77,081)	(248,712)

Reconciliations of segment revenue and profit or loss:

	2016 HK$'000	2015 HK$'000
Revenue		
Total revenue of reportable segments	**33,615**	30,361
Profit or loss		
Total loss of reportable segments after tax	**(587)**	(6,501)
Elimination of segment finance income from head office	**–**	(906)
Share of loss of an associate	**(16,518)**	(2,667)
Provision for impairment loss of an associate	**(13,348)**	–
Unallocated amounts:		
Staff costs	**(10,620)**	(10,101)
Depreciation	**(469)**	(904)
Fair value gain on financial assets at fair value through profit or loss	**2,490**	687
Exchange loss – net	**(20,560)**	(14,661)
Other income	**2,709**	5,364
Finance income	**31,827**	33,676
Finance costs	**(20,410)**	(19,369)
Other corporate expenses	**(15,868)**	(25,216)
Consolidated loss after tax	**(61,354)**	(40,598)

12. SEGMENT INFORMATION *(CONTINUED)*

Reconciliations of segment assets and liabilities:

	2016 HK$'000	2015 HK$'000
Assets		
Total assets of reportable segments	**895,766**	1,001,647
Unallocated assets:		
Property, plant and equipment	**747**	1,217
Intangible assets	**7,096**	7,514
Investment in an associate	**–**	28,533
Financial assets at fair value through profit or loss	**8,755**	6,265
Amounts due from a related company	**288,966**	314,867
Bank and cash balances	**17,171**	17,339
Other assets	**1,360**	1,530
	324,095	377,265
Consolidated total assets	**1,219,861**	1,378,912

	2016 HK$'000	2015 HK$'000
Liabilities		
Total liabilities of reportable segments	**198,665**	248,712
Unallocated liabilities:		
Borrowings	**194,909**	193,077
Finance lease payable	**–**	133
Current tax liabilities	**11,498**	16,370
Other liabilities	**5,890**	6,827
	212,297	216,407
Elimination of inter-company liabilities	**(13,958)**	(18,400)
Consolidated total liabilities	**397,004**	446,719

Geographical information:

All the revenue generated by the Group for the two years ended 31 December 2016 and 2015 were attributable to customers based in the PRC. In addition, the majority of the Group's non-current assets are located in the PRC. Accordingly, no geographical analysis is presented.

Revenue from major customers:

	2016 HK$'000	2015 HK$'000
Dongkui business		
Customer a	**4,183**	7,136
Customer b	**3,818**	–

Each major customer represents a single external customer who accounts for 10% or more of the revenue of the Group.

13. FINANCE INCOME AND COSTS

	2016 HK$'000	2015 HK$'000
Finance income		
Interest income on bank deposits	**1,897**	2,161
Interest income on loans to a related company	**41,834**	46,849
	43,731	49,010
Finance costs		
Finance lease charges	**(2)**	(15)
Interest on bank loans	**(13,923)**	(17,053)
Interest on other borrowings – bonds	**(20,408)**	(19,354)
	(34,333)	(36,422)
Finance income – net	**9,398**	12,588

14. INCOME TAX EXPENSE

Income tax has been recognised in profit or loss as follows:

	2016 HK$'000	2015 HK$'000
Current tax		
PRC Enterprise Income Tax ("EIT")		
Provision for the year	**4,342**	4,515
Withholding tax on distributed earnings from a subsidiary	**599**	–
Withholding tax on interest income		
– Provision for the year	**2,221**	3,406
– Over-provision in prior years	**(1,886)**	–
	5,276	7,921
Deferred tax (note 29)	**(136)**	(3,868)
	5,140	4,053

No provision for Hong Kong Profits Tax is required since the Group has no assessable profits for the years ended 31 December 2016 and 2015.

PRC EIT has been provided at a rate of 25% (2015: 25%).

According to the PRC EIT law and the relevant PRC issued implementation regulation, the Group is subject to PRC withholding income tax of 7% (2015: 7%) on the gross interest income from a related party.

Under the PRC EIT law, dividends received by foreign investors from investment in foreign-invested enterprises in respect of their profits earned since 1 January 2008 are subject to withholding tax of 5% to 10% unless reduced by treaty. Accordingly, deferred tax has been recognised for undistributed retained profits of PRC subsidiaries at a rate of 10% to the extent that the profits will be distributed in the foreseeable future.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

14. INCOME TAX EXPENSE *(CONTINUED)*

The reconciliation between the income tax expense and the product of loss before tax multiplied by the applicable tax rates is as follow:

	2016 HK$'000	2015 HK$'000
Loss before tax	**(56,214)**	(36,545)
Tax at the applicable tax rates in the jurisdictions concerned	**(5,440)**	(3,833)
Tax effect of income that is not taxable	**(465)**	(499)
Tax effect of expenses that are not deductible	**8,692**	4,505
Tax effect of temporary differences not recognised	**235**	2,743
Tax effect of tax losses not recognised	**2,115**	722
Tax effect on tax losses being utilised	**–**	(607)
Over-provision for the year	**–**	1,022
Over-provision in prior years	**(1,886)**	–
Deferred tax on undistributed profits of a PRC subsidiary	**1,889**	–
Income tax expense	**5,140**	4,053

The weighted average applicable tax rate was 10% (2015: 10%).

15. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging the following:

	2016 HK$'000	2015 HK$'000
Auditor's remuneration		
– Audit	**1,180**	1,810
– Others	**270**	–
	1,450	1,810
Amortisation of intangible assets	**418**	418
Share-based compensation	**–**	6,433
Direct operating expenses of investment property that generate rental income	**3,900**	1,872

16. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The emoluments paid to or receivable by each of the nine (2015: eight) directors and the chief executive whether of the Company or its subsidiary undertaking are as follows:

Name of director	Fees HK$'000	Salaries HK$'000	Discretionary bonuses HK$'000	Housing allowance HK$'000	Estimated money value of other benefits HK$'000 (note (i))	Employer's contribution to retirement benefit scheme HK$'000	Total HK$'000
Executive directors							
Mr. Lo Siu Yu	–	1,440	–	–	1,319	18	2,777
Ms. Luo Shaoying	–	240	–	–	–	12	252
Dr. Chen Yang (note (ii))	–	1,630	–	230	19	14	1,893
Mr. Cho Chun Wai (note (iii))	–	233	143	52	70	4	502
Non-executive directors							
Mr. Wang Xiaobo	120	–	–	–	–	–	120
Mr. Qin Hong	120	–	–	–	–	–	120
Independent non-executive directors							
Mr. Chan Ying Kay	120	–	–	–	–	–	120
Mr. Wang Jin Ling	120	–	–	–	–	–	120
Dr. Zhu Wenhui	120	–	–	–	–	–	120
Total for 2016	600	3,543	143	282	1,408	48	6,024

16. BENEFITS AND INTERESTS OF DIRECTORS *(CONTINUED)*

(a) Directors' emoluments *(Continued)*

Name of director	Fees HK$'000	Salaries HK$'000	Discretionary bonuses HK$'000	Housing allowance HK$'000	Estimated money value of other benefits HK$'000 (note (i))	Employer's contribution to retirement benefit scheme HK$'000	Total HK$'000
Executive directors							
Mr. Lo Siu Yu	–	1,440	–	–	816	18	2,274
Ms. Luo Shaoying	–	240	–	–	–	12	252
Dr. Chen Yang	–	2,000	–	276	54	18	2,348
Non-executive directors							
Mr. Wang Xiaobo	120	–	–	–	–	–	120
Mr. Qin Hong	120	–	–	–	–	–	120
Independent non-executive directors							
Mr. Chan Ying Kay	120	–	–	–	–	–	120
Mr. Wang Jin Ling	120	–	–	–	–	–	120
Dr. Zhu Wenhui	120	–	–	–	–	–	120
Total for 2015	600	3,680	–	276	870	48	5,474

Notes:

(i) Estimated money values of other benefits include family education allowance.

(ii) Resigned on 29 September 2016.

(iii) Appointed on 30 September 2016.

Neither the chief executive nor any of the directors waived any emoluments during the years ended 31 December 2016 and 2015.

16. BENEFITS AND INTERESTS OF DIRECTORS *(CONTINUED)*

(b) The information about loans entered into by the Company or subsidiary undertaking of the Company in favour of a controlled body corporate of Mr. Lo (also described in more detail in note 25) is as follows:

Name of the borrower	Outstanding amount at the beginning of the year HK$'000	Outstanding amount at the end of the year HK$'000	Maximum outstanding amount during the year HK$'000	Term	Interest rate	Security
At 31 December 2016						
Loans:						
重慶東銀控股集團有限公司 (for identification purpose, Chongqing Doyen Holdings Group Co., Limited)	441,510	383,939	441,510	Repayable within one year from the date of drawdown of loans	10.5% per annum payable quarterly in arrears	Nil
At 31 December 2015						
Loans:						
Chongqing Doyen Holdings Group Co., Limited	456,720	441,510	458,114	Repayable within one year from the date of drawdown of loans	10.5% per annum payable quarterly in arrears	Nil

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

Pursuant to a loan agreement dated 23 January 2015, the Company advanced a loan of RMB255,000,000 to Chongqing Doyen Holdings Group Co., Limited ("Chongqing Doyen"), a company incorporated in the PRC and wholly owned by Mr. Lo, director and ultimate controlling party of the Company, and his spouse. This loan was unsecured, interest-bearing at 10.5% per annum and repayable within one year from the date of drawdown which was 23 January 2015. In January 2016, this loan was fully repaid.

Pursuant to a loan agreement dated 11 November 2015, the Company advanced a loan of RMB255,000,000 to Chongqing Doyen. This loan was unsecured, interest-bearing at 10.5% per annum and repayable within one year from the date of drawdown which was 22 January 2016. In January 2017, this loan was fully repaid.

During the year ended 31 December 2016, interest income of approximately HK$31,571,000 (2015: HK$32,981,000) and reimbursement of tax expenses of approximately HK$2,448,000 (2015: HK$5,313,000) were received/receivable from Chongqing Doyen.

Save for the aforementioned transactions, no other significant transactions, arrangements or contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Significant transactions, arrangements or contracts in relation to the Group's business to which the Company's subsidiaries, fellow subsidiaries or its parent company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year were disclosed in the report of the directors.

17. DIVIDENDS

	2016 HK$'000	2015 HK$'000
Write-back of unclaimed dividends	–	243

The directors do not recommend the payment of any dividend for the years ended 31 December 2016 and 2015.

18. LOSS PER SHARE

The calculation of basic loss per share is based on the following:

	2016 HK$'000	2015 HK$'000
Loss		
Loss for the purpose of basic loss per share (loss for the year attributable to owners of the Company)	(59,888)	(38,014)

	2016 '000	2015 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share calculation	1,274,039	1,274,039

The Company's outstanding share options and warrants had no dilutive effect for the year ended 31 December 2016 as the exercise prices of those share options and warrants were higher than the average market price for shares. Accordingly, diluted loss per share for the year ended 31 December 2016 has not been presented.

As exercise of the Group's outstanding share options and warrants for the year ended 31 December 2015 would be anti-dilutive, no diluted loss per share was presented for the year ended 31 December 2015.

19. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture, fixture and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost				
At 1 January 2015	1,286	682	2,517	4,485
Additions	–	61	–	61
At 31 December 2015 and 1 January 2016	1,286	743	2,517	4,546
Additions	–	8	–	8
Exchange differences	–	(7)	–	(7)
At 31 December 2016	1,286	744	2,517	4,547
Accumulated depreciation				
At 1 January 2015	151	570	1,615	2,336
Charge for the year	346	100	473	919
Exchange differences	–	1	–	1
At 31 December 2015 and 1 January 2016	497	671	2,088	3,256
Charge for the year	317	20	152	489
Exchange differences	–	(3)	–	(3)
At 31 December 2016	814	688	2,240	3,742
Carrying amount				
At 31 December 2016	**472**	**56**	**277**	**805**
At 31 December 2015	789	72	429	1,290

20. INVESTMENT PROPERTY

	2016 HK$'000	2015 HK$'000
At 1 January	**351,935**	389,688
Additions	**1,463**	6,414
Fair value loss	**(22,505)**	(27,612)
Exchange differences	**(21,484)**	(16,555)
At 31 December	**309,409**	351,935

The Group's investment property represents a shopping mall in the PRC. The Group's investment property held under operating lease for rental purposes is measured using fair value model. The fair value as at 31 December 2016 was based on a valuation carried out by American Appraisal China Limited, an independent qualified professional valuer not connected with the Group with substantial experience in valuation of properties. The valuation was derived using the income capitalisation approach. The valuation is based on the capitalisation of the current rental income and reversionary income potential by adopting appropriate term/reversionary yields, which are derived from analysis of sales transactions and valuer's interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have made reference to recent lettings within the subject property and other comparable properties.

20. INVESTMENT PROPERTY *(CONTINUED)*

The valuation of the Group's investment property is a level 3 fair value measurement. Details of the unobservable inputs in determining the valuation as at 31 December 2016 are as follows:

Unobservable inputs	Range	Effect on fair value for increase of inputs
Long term vacancy rate	10% (2015: 8%)	Decrease
Monthly market rent per sq. m.	RMB44 to RMB234 (2015: RMB55 to RMB225)	Increase
Capitalisation rate	5.5%-6% (2015: 6.25%-6.75%)	Decrease

During the years ended 31 December 2016 and 2015, there were no changes in the valuation technique used.

At 31 December 2016, the carrying amount of investment property pledged as security for the Group's bank loans amounted to approximately HK$309,409,000 (2015: HK$351,935,000) (note 27).

21. INTANGIBLE ASSETS

	Club memberships HK$'000
Cost	
At 1 January 2015, 31 December 2015 and 31 December 2016	8,820
Accumulated amortisation	
At 1 January 2015	888
Amortisation for the year	418
At 31 December 2015 and 1 January 2016	1,306
Amortisation for the year	418
At 31 December 2016	1,724
Carrying amount	
At 31 December 2016	**7,096**
At 31 December 2015	7,514

22. INVESTMENT IN AN ASSOCIATE

	2016 HK$'000	2015 HK$'000
Unlisted investment:		
Share of net (liabilities)/assets	**(1,048)**	14,137
Goodwill	**14,396**	14,396
	13,348	28,533
Less: Impairment loss	**(13,348)**	–
	–	28,533

Details of the Group's associate at 31 December 2016 are as follows:

Name	Place of incorporation/ operation	Issued and paid up capital	Percentage of ownership interest/ voting power	Principal activities
Sol Chip Limited ("Sol Chip")	Israel	270,130 ordinary shares of ILS 0.01 each; 212,245 Series A preferred shares of ILS 0.01 each; 407,964 Series B preferred shares of ILS 0.01 each *	31.41% (ownership interest) 28.57% (voting power)	Development and sales of solar energy technology products

* Israeli new shekel ("ILS")

At 31 December 2016, the Group held 279,623 preferred B-1 shares of Sol Chip.

During the year ended 31 December 2016, Sol Chip reported net loss and operating cash outflow. Its financial performance for 2016 fell far behind the budget set by the Group's and Sol Chip's management. Consequently, management of the Group considered that this is an indicator of impairment. The Group's management compared the carrying amount of the investment in Sol Chip after applying the equity method with its recoverable amount. Management assessed the recoverable amount based on a value in use calculation and is in the opinion that it is unable to generate positive cash flows to the Group after taking into account of Sol Chip's business development and financial position. Accordingly, a full impairment loss of approximately HK$13,348,000 as made for the year ended 31 December 2016.

For impairment purpose, the calculation used cash flow projections of the associate based on the financial budget approved by Sol Chip's management covering a 5-year period and using a discount rate of 27.9% and the cash flows beyond 5 years are extrapolated using a 2% growth rate. Another key assumption for the value in use calculation relates to the estimation of cash inflows which include budgeted sales and gross margin, such estimation is based on Sol Chip's past performance and expectations for the market development.

22. INVESTMENT IN AN ASSOCIATE *(CONTINUED)*

The following table shows information on the associate. This associate is accounted for in the consolidated financial statements using the equity method. The summarised financial information presented is based on the associate's financial statements prepared in accordance with International Financial Reporting Standards.

	2016 HK$'000	2015 HK$'000
At 31 December:		
Non-current assets	**702**	43,868
Current assets	**10,733**	22,105
Non-current liabilities	**(10,600)**	(20,615)
Current liabilities	**(4,173)**	(3,859)
Net (liabilities)/assets	**(3,338)**	41,499
Group's share of net (liabilities)/assets	**(1,048)**	14,137
Goodwill	**14,396**	14,396
Group's interests in the associate	**13,348**	28,533

	2016 HK$'000	2015 HK$'000
Year ended 31 December:		
Revenue	**452**	–
Loss after tax	**(51,363)**	(9,599)
Total comprehensive income	**(51,363)**	(9,599)

23. LOAN RECEIVABLES

	2016 HK$'000	2015 HK$'000
Current assets	**133,110**	159,829
Non-current assets	**98,313**	105,138
Loans to customers	**231,423**	264,967

As at 31 Decemebr 2016, the Group's loans to customers comprise the following:

(a) Loans to customers of approximately HK$175,573,000 (2015: HK$193,387,000) were secured by the plant and equipment of the relevant customers and repayable by instalments within three to five years from the draw-down dates. The effective interest rate on such loans ranged from 11.9% to 13.9% (2015: 12.1% to 13.9%) per annum.

(b) Loan to a customer of approximately HK$55,850,000 (2015: HK$71,580,000) with effective interest rate of 11% (2015: 13% to 16%) per annum. Such loan under a corporate guarantee was unsecured and repayable within one year.

23. LOAN RECEIVABLES *(CONTINUED)*

As at 31 December 2016, the Group's loan receivables were neither past due nor impaired. These relate to a number of independent customers for whom there is no recent history of default.

As at 31 December 2016, the carrying amount of loan receivables pledged as security for the Group's bank loans amounted to approximately HK$118,054,000 (2015: HK$80,638,000) (note 27).

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2016 HK$'000	2015 HK$'000
Equity securities, at fair value		
Listed in Hong Kong	**8,755**	6,265
Listed in the PRC	**5,466**	7,353
	14,221	13,618
Equity fund, at fair value		
Unlisted in the PRC (note)	**41,251**	38,689
	55,472	52,307

Note:

In June 2015, the Group invested in a one-year unlisted PRC equity fund (the "Fund"). The principal of RMB30 million is not protected. The expected return is linked to a basket of investments subject to a cap of 15% per annum. In June 2016, the Group extended its investment in the Fund for one year up to June 2017. As at 31 December 2016, major investments of the Fund comprised listed shares trading on the stock exchanges in the PRC, bank balances and a private equity fund in the PRC. Any return will be received by the Group upon maturity/redemption.

The above financial assets are designated as at fair value through profit or loss on initial recognition.

The fair values of listed securities are based on current bid prices.

The Fund is measured at fair value at each reporting date and fair value changes are recognised in profit or loss. The directors have estimated the fair value of this investment by reference to the Fund's net asset value quoted by the fund manager. As the Fund is not redeemable as at the reporting date, the valuation is a level 3 fair value measurement.

25. AMOUNTS DUE FROM A RELATED COMPANY

	2016 HK$'000	2015 HK$'000
Loan to a related company (note (a))	**379,780**	429,480
Interest income receivable	**111**	1,378
Reimbursement of tax expenses (note (b))	**4,048**	10,652
	383,939	441,510

Amounts due from a related company is denominated in RMB.

25. AMOUNTS DUE FROM A RELATED COMPANY *(CONTINUED)*

Notes:

(a) On 11 November 2015, the Company and Chongqing Baoxu, a subsidiary of the Company, entered into two loan agreements (the "2016 Loans") with Chongqing Doyen, a company incorporated in the PRC and wholly owned by Mr. Lo, director and ultimate controlling party of the Company, and his spouse whereby the Group agreed to advance two loans totalling RMB340,000,000 to Chongqing Doyen. The 2016 Loans were unsecured, interest-bearing at 10.5% per annum and repayable within one year from the date of drawdown of the 2016 Loans, which was 22 January 2016. On 19 January 2017, the 2016 Loans were fully repaid.

On 8 November 2016, the Company and Chongqing Baoxu agreed to advance two loans of RMB80,000,000 each to Chongqing Doyen. In addition, on 11 November 2016, Shanghai Dongkui, a subsidiary of the Company, entered into a loan agreement with Chongqing Doyen pursuant to which it agreed to advance a loan of RMB110,000,000 to Chongqing Doyen. These three loans totalling RMB270,000,000 (the "2017 Loans") were unsecured, interest-bearing at 10.5% per annum and repayable within one year from the date of drawdown of the 2017 Loans, which was 19 January 2017.

(b) In relation to the loans advanced by the Company to Chongqing Doyen, Chonging Doyen agrees to reimburse the Company any tax expenses on the interest income generated from the loans advanced by the Company.

26. PLEDGED BANK DEPOSITS/BANK AND CASH BALANCES

	2016 **HK$'000**	2015 HK$'000
Pledged bank deposits	**18,443**	–
Bank and cash balances	**196,533**	213,195
	214,976	213,195

The Group's pledged bank deposits represent deposits pledged to bank to secure bank loans of the Group as set out in note 27.

As at 31 December 2016, the pledged bank deposits and bank and cash balances of the Group denominated in RMB amounted to approximately HK$197,795,000 (2015: HK$195,846,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

27. BORROWINGS

	2016 **HK$'000**	2015 HK$'000
Bank loans – secured (note (a))	**169,938**	213,919
Bonds – unsecured (note (b))	**194,909**	193,077
	364,847	406,996

27. BORROWINGS *(CONTINUED)*

The borrowings are repayable as follows:

	2016 HK$'000	2015 HK$'000
Within one year	**250,238**	50,017
In the second year	**45,919**	243,837
In the third to fifth years	**68,690**	89,282
Over five years	**–**	23,860
	364,847	406,996
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(250,238)**	(50,017)
Amount due for settlement after 12 months	**114,609**	356,979

(a) Bank loans – secured

The Group's bank loans are arranged at floating rates, thus exposing the Group to cash flow interest rate risk. As at 31 December 2016, the effective interest rate ranging from 4.8% to 5.4% (2015: 5% to 6.8%) per annum.

As at 31 December 2016, the Group's bank loans of approximately HK$111,700,000 (2015: HK$143,160,000) were secured by the Group's investment property and its right to receive rental income. The remaining bank loans of approximately HK$58,238,000 (2015: HK$70,759,000) were secured by the Group's loan receivables and pledged bank deposits, and were guaranteed by Chongqing Doyen.

(b) Bonds – unsecured

In January 2015, the Group issued bonds (the "Bonds") with an aggregate face value of HK$195,000,000 at par to Haitong International Finance Company Limited ("Haitong"). The Bonds are denominated in HK$, unsecured, bear interest at 9.5% per annum payable quarterly in arrears and has a maturity period of 24 months after the first issuance of the Bonds. The Bonds are guaranteed by Mr. Lo, director and ultimate controlling party of the Company. In addition, the immediate parent of the Company undertakes that until the Bonds are fully repaid, its shares in the Company deposited in a designated margin securities account will not be at any time less than 52.19% of the total issued and outstanding shares of the Company, and will not be subject to any pledge (except in relation to the margin facility arranged). If there is any default on the Bonds, Haitong will have a right to sell the said shares which the immediate parent holds in the securities account for repayment of any outstanding amounts of the Bonds. Loan arrangement fees amounting to approximately HK$3,665,000 have been amortised over the term of the Bonds.

On 20 January 2017, the Group entered into a supplemental deed with Haitong and others whereby the parties agreed to amend certain terms and conditions of the Bonds (note 39(b)).

28. FINANCE LEASE PAYABLE

	Minimum lease payments		Present value of minimum lease payments	
	2016	2015	**2016**	2015
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**–**	135	**–**	133
Less: Future finance charges	**–**	(2)	**N/A**	N/A
Present value of lease obligations	**–**	133	**–**	133

29. DEFERRED TAX

The followings are the deferred tax liabilities and assets recognised by the Group.

Deferred tax liabilities

	Financial assets at fair value through profit or loss	**Accrued rental**	**Undistributed profits of a PRC subsidiary**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2015	181	(1,536)	–	(1,355)
(Charged)/Credited to profit or loss (note 14)	(854)	297	–	(557)
Exchange differences	20	59	–	79
At 31 December 2015 and 1 January 2016	(653)	(1,180)	–	(1,833)
(Charged)/Credited to profit or loss (note 14)	(1,546)	569	(1,889)	(2,866)
Exchange differences	112	50	84	246
At 31 December 2016	**(2,087)**	**(561)**	**(1,805)**	**(4,453)**

Deferred tax assets

	Revaluation of investment property	**Others**	**Total**
	HK$'000	HK$'000	HK$'000
At 1 January 2015	6,392	650	7,042
Credited to profit or loss (note 14)	4,223	202	4,425
Exchange differences	(427)	(36)	(463)
At 31 December 2015 and 1 January 2016	10,188	816	11,004
Credited to profit or loss (note 14)	2,864	138	3,002
Exchange differences	(779)	(57)	(836)
At 31 December 2016	**12,273**	**897**	**13,170**

29. DEFERRED TAX *(CONTINUED)*

At the end of the reporting period, the Group has unused tax losses of approximately HK$137,753,000 (2015: HK$135,590,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of approximately HK$26,726,000 (2015: HK$29,894,000) that will expire after 5 years for the year of assessment they related to. Other tax losses are subject to the final approval by the Inland Revenue Department in Hong Kong and can be carried forward indefinitely.

30. SHARE CAPITAL

	Number of shares '000	**Amount** HK$'000
Ordinary shares, issued and fully paid:		
At 1 January 2015, 31 December 2015 and 31 December 2016	1,274,039	1,174,378

Capital management

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to members, return capital to members, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as "equity", as shown in the consolidated statement of financial position, plus net debt.

The gearing ratio at 31 December 2016 is as follows:

	2016 **HK$'000**	2015 HK$'000
Total borrowings (note 27)	**364,847**	406,996
Less: Cash and cash equivalents	**(196,533)**	(213,195)
Net debt	**168,314**	193,801
Total equity	**822,857**	932,193
Total capital	**991,171**	1,125,994
Gearing ratio	**17%**	17%

The externally imposed capital requirement for the Group is in order to maintain its listing on the Stock Exchange, it has to have a public float of at least 25% of the shares. The Group receives a report from the share registrars regularly on substantial share interests showing the non-public float and it demonstrates continuing compliance with the 25% limit throughout the year.

31. SHARE-BASED PAYMENTS

Equity-settled share option scheme

The existing share option scheme of the Group was adopted pursuant to a resolution passed on 11 September 2008. Options are conditional on the employee completing one year's or two years' service (the vesting period). The Group has no legal or constructive obligation to repurchase or settle the options in cash. If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Options are forfeited if the employee leaves the Group.

Details of the movement of share options during the year are as follows:

	2016		2015	
	Number of share options '000	**Weighted average exercise price HK$**	Number of share options '000	Weighted average exercise price HK$
Outstanding at the beginning of the year	**10,800**	**1.636**	10,800	1,636
Forfeited during the year	**(5,850)**	**1.638**	–	–
Outstanding at the end of the year	**4,950**	**1.634**	10,800	1.636
Exercisable at the end of the year	**4,950**	**1.634**	10,800	1.636

The options outstanding at the end of the year have a weighted average remaining contractual life of 3.84 years (2015: 4.82 years) and the exercise prices range from HK$1.628 to HK$1.638 (2015: HK$1.628 to HK$1.638). No options were granted in 2016 (2015: nil).

32. WARRANTS

On 10 June 2015, the Company and Haitong entered into a subscription agreement pursuant to which Haitong subscribed 20,000,000 warrants of the Company (the "Warrants") at price of HK$1.

Each Warrant entitles the holder to subscribe for one share of the Company at any time during the period of three years commencing from 17 August 2015 at an exercise price of HK$0.6975, representing a discount of 10.58% to the closing price of the Company's shares on the last trading day prior to issuance of the Warrants and a discount of 11.71% over the average price of the Company's shares on the last five consecutive trading days up to the last trading day prior to issuance of the Warrants. Any warrant not exercised by the expiry of the exercise period will lapse and cease to be valid for all purposes.

The ordinary shares issued from the exercise of Warrants shall rank pari passu in all respects with the existing issued ordinary shares of the Company. No Warrants had been exercised by the holders during the current and prior years and all 20,000,000 units of Warrants remained outstanding as at 31 December 2016.

Such issue of Warrants constitute a share-based payment and accordingly the difference between the fair value of the Warrants and the total proceeds received by the Company amounting to approximately HK$6,433,000 was charged to the Group's consolidated statement of profit or loss for the year ended 31 December 2015.

33. LEASE COMMITMENTS

(a) The Group as lessee

At 31 December 2016, the Group's total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2016 HK$'000	2015 HK$'000
Within one year	**2,526**	985
In the second to fifth years	**1,018**	–
	3,544	985

Operating lease payments represent rentals payable by the Group for its offices. Leases are negotiated for an average term of 2 years and rentals are fixed over the lease terms and do not include contingent rentals.

(b) The Group as lessor

The Group leases out its investment property under operating leases. The leases typically run for a period of one to six years. None of the leases includes contingent rentals.

At 31 December 2016, the Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	2016 HK$'000	2015 HK$'000
Within one year	**4,011**	3,870
In the second to fifth years	**148**	158
	4,159	4,028

34. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had the following transactions and balances with its related parties:

(a) Transactions with related parties

Name of related party	*Nature of transactions*	**2016 HK$'000**	2015 HK$'000
Chongqing Doyen (note (i))	Interest income on loans to a related company	**41,834**	46,849
Chongqing Doyen	Reimbursement of tax expenses from a related company	**2,448**	5,313
重慶新東原物業管理有限公司 (for identification purpose, Chongqing New Dowell Property Management Limited) (note (ii))	Cleaning expenses paid to a related company	**628**	–

(b) Key management personnel compensation

The compensation paid or payable to key management personnel is as follows:

	2016 HK$'000	2015 HK$'000
Short-term benefits	**6,671**	6,500
Post-employment benefits	**62**	66
	6,733	6,566

As at 31 December 2016, included in accruals and other payables was an amount of approximately HK$143,000 (2015: HK$113,000) being accrued directors' emoluments which are unsecured, interest-free and settled in cash.

Notes:

(i) Chongqing Doyen is considered as a related company of the Group as it is wholly owned by Mr. Lo, director and ultimate controlling party of the Group, and his spouse.

(ii) Chongqing New Dowell Property Management Limited ("Dowell Property Management") is considered as a related company of the Group as Mr. Lo has control in Dowell Property Management.

35. CONTINGENT LIABILITIES

At 31 December 2016, the Group did not have any significant contingent liabilities (2015: nil).

36. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	Note	2016 HK$'000	2015 HK$'000
Non-current assets			
Intangible assets		7,096	7,514
Investments in subsidiaries		510,166	540,103
		517,262	547,617
Current assets			
Prepayments, deposits and other receivables		293	213
Amounts due from subsidiaries		276,255	302,021
Amounts due from a related company		288,966	315,843
Bank and cash balances		11,452	11,698
		576,966	629,775
Current liabilities			
Accruals and other payables		3,504	6,281
Amounts due to subsidiaries		211,253	218,838
Borrowings		194,909	–
Current tax liabilities		2,123	6,994
		411,789	232,113
Net current assets		165,177	397,662
Total assets less current liabilities		682,439	945,279
Non-current liabilities			
Borrowings		–	193,077
NET ASSETS		682,439	752,202
Capital and reserves			
Share capital		1,174,378	1,174,378
Deficit	36(b)	(491,939)	(422,176)
TOTAL EQUITY		682,439	752,202

Approved by the Board of Directors on 28 March 2017 and are signed on its behalf by:

Lo Siu Yu
Director

Cho Chun Wai
Director

36. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY *(CONTINUED)*

(b) Reserve movement of the Company

	Accumulated losses HK$'000	Other reserves HK$'000 (note 37(b)(iv))	Total HK$'000
At 1 January 2015	(403,213)	9,189	(394,024)
Total comprehensive income for the year	(34,828)	–	(34,828)
Write-back of unclaimed dividends	243	–	243
Issuance of warrants	–	6,433	6,433
At 31 December 2015 and 1 January 2016	(437,798)	15,622	(422,176)
Total comprehensive income for the year	(69,763)	–	(69,763)
Vested share options forfeited (note 31)	5,037	(5,037)	–
At 31 December 2016	**(502,524)**	**10,585**	**(491,939)**

37. RESERVES

(a) Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(b) Nature and purpose of reserves

(i) Merger reserve

Merger reserve was set up upon accounting for common control combinations, on elimination of the share capital of the subsidiaries against the related investment costs.

(ii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 4(d) to the consolidated financial statements.

(iii) Statutory reserve

According to the relevant rules and regulations in the PRC, subsidiaries of the Company established in the PRC are required to transfer 10% of their net profit, as determined in accordance with the PRC accounting standards and regulations, to the statutory reserve until the balance of the reserve reaches 50% of their respective registered capital. The transfer to this reserve must be made before distribution of dividends to owners of these subsidiaries. Statutory reserve can be used to set off previous year's losses, if any, and may be converted into capital in proportion to existing equity owners' equity percentage, provided that the balance after such issuance is not less than 25% of their registered capital.

37. RESERVES *(CONTINUED)*

(b) Nature and purpose of reserves *(continued)*

(iv) Other reserves

Other reserves mainly comprised share-based payment reserve.

The share-based payment reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees of the Group recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 4(s) to the consolidated financial statements.

38. PRINCIPAL SUBSIDIARIES

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

Name of subsidiary	Place of incorporation or registration/ operation	Issued and paid up capital	Percentage of ownership interest/ voting power		Principal activities
			Direct	Indirect	
Money Success Corporate Management Limited	Hong Kong	Ordinary HK$10,000	–	100%	Provision of management services in Hong Kong
Money Success Business Management Limited	Hong Kong	Ordinary HK$10,000	–	100%	Provision of management services in Hong Kong
Chongqing Baoxu Commercial Property Management Limited *Δ	PRC	RMB350,000,000	–	70% (ownership interest)/ 66.67% (voting power)	Investment property holding in the PRC
Dongkui Financial Leasing (Shanghai) Co. Ltd. *Δ	PRC	US$51,300,000	–	77.58%	Provision of financing to customers in the PRC

* Registered as a sino-foreign equity joint venture enterprise under the PRC law.

Δ English translation of the name is for identification purpose only.

The above list contains the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

38. PRINCIPAL SUBSIDIARIES *(CONTINUED)*

The following table shows information on the subsidiaries that have non-controlling interests ("NCI") material to the Group. The summarised financial information represents amounts before inter-company eliminations.

Name	Chongqing Baoxu		Shanghai Dongkui	
	2016	2015	**2016**	2015
Principal place of business	**PRC**	PRC	**PRC**	PRC
% of ownership interests/voting rights held by NCI	**30%/ 33.33%**	30%/ 33.33%	**22.42%/ 22.42%**	22.42%/ 22.42%
	HK$'000	HK$'000	**HK$'000**	HK$'000
At 31 December:				
Non-current assets	**321,692**	362,139	**99,259**	106,012
Current assets	**131,917**	171,194	**342,898**	362,302
Non-current liabilities	**(89,921)**	(120,480)	**(27,337)**	(45,255)
Current liabilities	**(41,864)**	(51,151)	**(39,543)**	(31,826)
Net assets	**321,824**	361,702	**375,277**	391,233
Accumulated NCI	**96,547**	108,511	**84,137**	87,717
Year ended 31 December:				
Revenue	**7,632**	7,138	**25,983**	23,223
(Loss)/Profit for the year	**(17,619)**	(21,856)	**17,032**	15,355
Total comprehensive income	**(39,878)**	(39,100)	**(8,308)**	(4,537)
(Loss)/Profit allocated to NCI	**(5,285)**	(6,557)	**3,819**	3,973
Dividends paid to NCI	**–**	–	**1,716**	–
Net cash (used in)/generated from operating activities	**(762)**	(9,889)	**35,057**	(179,610)
Net cash generated from/(used in) investing activities	**32,821**	36,681	**(17,085)**	(35,751)
Net cash (used in)/generated from financing activities	**(34,298)**	(29,073)	**(19,078)**	251,055
Net (decrease)/increase in cash and cash equivalents	**(2,239)**	(2,281)	**(1,106)**	35,694

39. MAJOR NON-CASH TRANSACTION

During the year ended 31 December 2016, certain income tax, business tax and other tax payables amounting to approximately HK$8,865,000 were settled by Chongqing Doyen on behalf of the Group.

40. EVENTS AFTER THE REPORTING PERIOD

(a) Upon receipt of the loan repayments from Chongqing Doyen of RMB340,000,000 on 19 January 2017, three loans totalling RMB270,000,000 were advanced to Chongqing Doyen on the same date (note 25(a)).

(b) On 20 January 2017, the Group entered into a supplemental deed with Haitong, Mr. Lo, the guarantor, and Chongqing Doyen, the corporate guarantor (under a corporate guarantee agreement dated 20 January 2017) whereby the parties agreed to amend certain terms and conditions of the Bonds, inter alia:

(i) The maturity date shall be extended to the date falling upon the expiry of 12 months from the expiry of 24 months after the first issuance of the Bonds (the “Maturity Date”) and the Group may further extend the maturity date to a date falling upon the expiry of 24 months from the expiry of 24 months after the first issuance of the Bonds (the period of such 12 or 24 extended months as applicable, from the original Maturity Date being called the “Extension Period”).

(ii) The Bonds bear interest at 9% per annum during the Extension Period.

(c) Pursuant to a loan agreement dated 6 March 2017 (the “Loan Agreement”), the Company has conditionally agreed to advance a short term loan of RMB150 million to Chongqing Doyen. The advancement of the loan is subject to the satisfaction of conditions precedent under the Loan Agreement, inter alia, the approval of the entering into the Loan Agreement and the transactions contemplated in the Loan Agreement by independent shareholders of the Company.

The advancement of loan is still in progress up to the date of these consolidated financial statements.

41. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year’s presentation.

FIVE-YEAR FINANCIAL INFORMATION

RESULTS

	For the year ended 31 December				Period from 1 April to 31 December
	2016	2015	2014	2013	2012
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**33,615**	30,361	25,525	56,841	59,559
(Loss)/Profit attributable to owners of the Company	**(59,888)**	(38,014)	(29,793)	1,818	150,750

ASSETS AND LIABILITIES

	At 31 December				
	2016	2015	2014	2013	2012
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Assets and liabilities					
Total assets	**1,219,861**	1,378,912	1,202,972	1,199,979	1,214,284
Total liabilities	**397,004**	446,719	199,720	234,897	264,830
Net assets	**822,857**	932,193	1,003,252	965,082	949,454
Non-controlling interests	**180,684**	196,228	208,145	130,948	126,101
Capital and reserves					
Equity attributable to owners of the Company	**642,173**	735,965	795,107	834,134	823,353