DOYEN INTERNATIONAL HOLDINGS LIMITED

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

ANNUAL REPORT 2017

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive directors
Mr. Lo Siu Yu, *Chairman*
Mr. Tai Xing, *Chief Executive Officer*
Mr. Cho Chun Wai

Non-executive directors
Ms. Luo Shaoying, *Vice Chairman*
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

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25 Harbour Road Wanchai, Hong Kong
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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 2017.

MARKET AND BUSINESS REVIEW

In 2017, against the backdrop of the recovering global economy and the slowing down economic growth of China, the Group maintained its established operating strategy of improving its results by developing the loan facility business, strengthening the property investment business and identifying appropriate long term investment projects.

The loan financing business had experienced speedy growth and no sign of industrial and regional risks had been seen in 2017. Meanwhile, with the implementation of "One Belt One Road", more business opportunities will arise in the loan financing industry and the sector will experience booming development as a result. During the year of 2017, the Group was committed to the development of loan financing business and to strive for further business opportunities by expanding its business network. 東葵融資租賃(上海)有限公司 (Dongkui Financial Leasing (Shanghai) Co., Ltd.*) ("Shanghai Dongkui"), a subsidiary of the Group, has been proactively exploring the potential for the development of medical services market.

Since November 2016 to March 2017, the Group has granted loans of aggregate RMB420 million (equivalent to approximately HK$504.0 million) to 重慶東銀控股集團有限公司 (Chongqing Doyen Holdings Group Co., Ltd.*) ("Chongqing Doyen"). During the year, Chongqing Doyen has paid the quarterly interest of the loans under those loan agreements. On 18 January 2018, the Company has not received the principal amount of the loans and interest for the period from 1 January 2018 to 18 January 2018 which are repayable on the date prescribed in the agreements. The Company takes this event of default seriously and Chongqing Doyen has also negotiated with the Company effectively on the repayment arrangement. It is believed that the Company is able to recover the principal amount and interest of the loans soon under mutual communications so that the benefits of shareholders can be better safeguarded.

APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to all of our staff for their invaluable efforts and dedication. I would also like to thank our clients and business partners for their continued trust, as well as our shareholders for their constant support. Looking forward to the year of 2018, the Group will continue to identify appropriate investment opportunities in order to create greater value for our shareholders, partners, staff members and stakeholders.

* For identification purpose only

Lo Siu Yu
Chairman

Hong Kong, 28 March 2018

MANAGEMENT DISCUSSION AND ANALYSIS OF THE OPERATIONS

FINANCIAL HIGHLIGHT

The results of the Group are summarized as follows:

	For the year ended 31 December 2017 HK$'000	For the year ended 31 December 2016 HK$'000
Revenue	**34,920**	33,615
Profit/(Loss) from operations	**29,325**	(35,746)
Finance income – net	**14,256**	9,398
Share of loss of an associate	**–**	(16,518)
Provision for impairment loss of an associate	**–**	(13,348)
Profit/(Loss) before tax	**43,581**	(56,214)
Income tax expense	**(12,863)**	(5,140)
Profit/(Loss) for the year	**30,718**	(61,354)

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

	2017 HK$'000	2016 HK$'000
Non-current assets	**409,724**	428,793
Current assets	**853,382**	791,068
Current liabilities	**(81,323)**	(277,942)
Non-current liabilities	**(272,458)**	(119,062)
Equity attributable to owners of the Company	**(708,673)**	642,173

BUSINESS REVIEW

For the year ended 31 December 2017, the Group recorded revenue of approximately HK$34.9 million (2016: HK$33.6 million), representing an increase of 3.88%. The profit attributable to owners of the Company for the year ended 31 December 2017 was approximately HK$24.4 million (2016: loss HK$59.9 million).

The gain was mainly attributable to the appreciation of Renminbi ("RMB") in 2017.

Loan Financing Business

Shanghai Dongkui, a subsidiary of which 77.58% equity interest is owned by the Company, is mainly engaged in provision of secured loan financing, which is referred to as leaseback in China, but as almost all of the buy-back options for the pledged equipment and fixed assets will be exercised, and that the right of usage of the related assets have not been transferred, therefore, such transactions do not qualified as finance lease under the Hong Kong Accounting Standard. 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).

In 2017, the financial market in the People's Republic of China ("PRC") had been preventing the systematic risks. Under the macro-de-leveraging environment, enterprises faced challenges in financing as major financial institutions had tightened their policy in granting loan. As the corresponding potential customers suffered greater financial risks, due to prudential principle, management and risk control committee of Shanghai Dongkui had also raised the risk control standard by adjusting the expansion tempo of the business, strengthening high quality liquidity management to ensure the relatively safety of capital to the largest extent. Meanwhile, the introduction of lending business (within one-year term) guaranteed the overall earnings level of the Company. Thus, the Company will have adequate resources to grasp new business opportunities in the market promptly when the financial environment improves.

Shanghai Dongkui had provided medical equipment-backed loan financing to eight hospitals, namely 桃江縣人民醫院 (Taojiang County People's Hospital*) with project amount of RMB40 million (equivalent to approximately HK$48.0 million) and had raised bank loan amounted to RMB19.2 million (equivalent to approximately HK$23.0 million); 綏陽縣中醫院 (Suiyang County Chinese Medicine Hospital*) with project amount of RMB15 million (equivalent to approximately HK$18.0 million) and had raised bank loan amounted to RMB9 million (equivalent to approximately HK$10.8 million); 貴州省甕安縣人民醫院 (Guizhou Province Weng'an County People's Hospital*) with project amount of RMB10 million (equivalent to approximately HK$12.0 million) and had raised bank loan amounted to RMB9 million (equivalent to approximately HK$10.8 million); 芷江侗族自治縣人民醫院 (Zhijiang Dong Autonomous County People's Hospital*) with project amount of RMB20 million (equivalent to approximately HK$24.0 million) and had raised bank loan amounted to RMB10 million (equivalent to approximately HK$12.0 million); 射洪縣人民醫院 (Shehong People's Hospital*) with project amount of RMB35 million (equivalent to approximately HK$42.0 million) and had raised bank loan amounted to RMB20 million (equivalent to approximately HK$24.0 million); 祿豐縣人民醫院 (Lufeng People's Hospital*) with project amount of RMB12 million (equivalent to approximately HK$14.4 million) and had raised bank loan amounted to RMB7.8 million (equivalent to approximately HK$9.3 million); 泗縣人民醫院 (Sixian People's Hospital*) with project amount of RMB30 million (equivalent to approximately HK$36.0 million) and had raised bank loan amounted to RMB12.6 million (equivalent to approximately HK$15.1 million); and 鳳慶縣人民醫院 (The People's Hospital of Fengqing*) with project amount of RMB20 million (equivalent to approximately HK$24.0 million).

The effective interest rate of the Company's loan financing ranged from 11.9% to 13.9% (2016: same) while the interest rate of the bank factoring finance of 4.8% (2016: same). Among the loan financing of the above hospitals, three will expire in 2018, one will expire in 2019, two will expire in 2020 and two will expire in 2021. During the year, all the customers have excellent repayment credit records and each project amount and interest are collectable on time. Decrease in loan financing income was mainly attributable to increasingly severe regulatory environment in the PRC's financial market which resulted in difficulties of the Group in securing bank factoring finance for potential loan financing project. As such, the number of completed sizeable loan financing project reduced this year. Strict regulatory policy also led to temporary insufficient liquidity so the Company reduced its reliance on bank factoring and raised the overall market interest cost.

Short-term Loan Business

In June 2017, Shanghai Dongkui entered into a loan agreement with 上海興灣貿易有限公司 (Shanghai Xingwan Trade Co., Ltd.*), pursuant to which Shanghai Dongkui has agreed to grant a loan in the amount of RMB20 million (equivalent to approximately HK$23.1 million) for a term of 18 months at the interest rate of 11% per annum. On 20 December 2017, the loan principle amount and interest were fully repaid. Also, in October 2017, Shanghai Dongkui entered into a supplemental agreement with an asset management company and the guarantor, pursuant to which Shanghai Dongkui has agreed to extend the repayment date of the loan amounted to RMB50 million (equivalent to approximately HK$60.0 million) bearing at interest rate of 11% per annum from October 2017 to October 2018.

For the year ended 31 December 2017, the Group's loan financing segment recorded revenue of approximately HK$23.4 million (2016: HK$26.0 million) and profit after tax of approximately HK$22.9 million (2016: HK$17.0 million).

Property Investment Holding

重慶寶旭商業管理有限公司 (Chongqing Baoxu Commercial Property Management Ltd.*) ("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 adjacent to a main pedestrian street and a number of shopping malls, where is a hot-spot of fashion, shopping, entertainment and business for residents around south Chongqing due to its convenient public transportation.

For the year ended 31 December 2017, the Group's property investment segment has contributed revenue of approximately HK$11.5 million (2016: HK$7.6 million), representing an increase of 50.89%. Meanwhile, this segment has recorded a profit after tax of approximately HK$3.8 million for the year ended 31 December 2017 (2016: loss HK$17.6 million).

* For identification purpose only

Investment in an associate

The Company holds 29.80% equity interest in Sol Chip Limited, 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 and energy access programs, and is mainly engaged in sales of sustainable solar batteries and relevant systematic solution plans.

Advancement of the Loans

On 8 November 2016, the Company granted a loan ("Doyen Loan") with a principal amount of RMB80 million (equivalent to approximately HK$96.0 million) to Chongqing Doyen. On the same date, Chongqing Baoxu granted a loan ("Baoxu Loan") with a principal amount of RMB80 million (equivalent to approximately HK$96.0 million) to Chongqing Doyen.

On 11 November 2016, Shanghai Dongkui granted a loan ("Shanghai Dongkui Loan") with a principal amount of RMB110 million (equivalent to approximately HK$132.0 million) to Chongqing Doyen.

On 6 March 2017, the Company granted a loan ("Doyen 2nd Loan") with a principal amount of RMB150 million (equivalent to approximately HK$180.0 million) to Chongqing Doyen.

The aggregate amount of the Doyen Loan, the Baoxu Loan, the Shanghai Dongkui Loan and the Doyen 2nd Loan (collectively, the "Loans") granted to Chongqing Doyen amount to RMB420 million (equivalent to approximately HK$504.0 million).

Pursuant to the terms of relevant loan agreements (the "Loan Agreements"), the maturity date of the Loans falls on 18 January 2018 (or such later date as shall be agreed by Chongqing Doyen and the respective lenders prior to the maturity date). The maturity date of the Loans has not been extended and accordingly, on 18 January 2018, each of the Loans has become due and payable by Chongqing Doyen. For further details of the status of the Loans, please refer to the announcement of the Company dated 18 January 2018 and note 25 to the consolidated financial statements.

The Directors have communicated with Chongqing Doyen regarding the financial difficulties of Chongqing Doyen group and understand that Chongqing Doyen was actively resorting to various ways to resolve the financial difficulties of its group companies and repay the Loans. The Directors were given to understand that the government of Chongqing City had been engaged in resolving the financial difficulties of Chongqing Doyen group. A coordination conference was organised by Chongqing Municipal government on 7 December 2017 and it was concluded that the government of Chongqing City would coordinate the debt restructuring of Chongqing Doyen group.

Based on the information available to the Company, the value of 51% equity interest in 重慶東銀殼牌石化有限公司 (Chongqing Doyen Shell Petrochemical Co., Ltd.*) ("Doyen Shell") ("Doyen Shell Share Charge") can largely cover the current aggregate outstanding amounts of the Loans, the Directors consider that the default of the Loans would not have any material impact to the operation and financial conditions of the Group. Based on the communication with Chongqing Doyen, Chongqing Doyen expected the creditors' approval for the debt restructuring plan could be obtained before 30 June 2018; and assuming creditor's approval is obtained as scheduled, the Chongqing Doyen could recover the principal and interest of the Loans by installment starting from the second half of 2018. Therefore, no impairment has been provided for the outstanding amount of the Loans.

During the auditing process of the financial results of the Company for the year ended 31 December 2017, the Company has provided the following documents to the auditor:

1. the audited financial statements of Doyen Shell for the years ended 31 December 2014, 2015, 2016 and 2017 prepared in accordance with accounting principles generally accepted in the PRC issued by certified public accountants registered in the PRC;

2. the articles of association of Doyen Shell;

3. the capital verification report of Doyen Shell issued in September 2014;

4. the joint venture agreements of Doyen Shell entered into between the shareholders of Doyen Shell;

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5. the audited financial statements of 重慶東銀碩潤石化集團有限公司 (Chongqing Doyen Shuorun Petrochemical Group Ltd.*) ("Doyen Shuorun"), the company which owned 51% equity interest of Doyen Shell, for the year ended 31 December 2016 prepared in accordance with accounting principles generally accepted in the PRC issued by certified public accountants registered in the PRC;

6. the articles of association of Doyen Shuorun;

7. the charge documents in relation to the Doyen Shell Share Charge pledged to the Company's subsidiaries dated 12 May 2017; and

8. the PRC legal opinion in relation to, among others, the legality and enforceability of the Doyen Shell Share Charge.

Besides, the management of the Company has communicated with key personnel of Doyen Shell to answer queries from the auditor on, including but not limited to, the appointment of Doyen Shell's directors, the required licences for the operation of Doyen Shell, the service contracts entered into between Doyen Shell and its shareholders and other details in relation to the operation of its business.

The auditor is of the opinion that the Loans are due from Chongqing Doyen, the Group should primarily demand repayment from Chongqing Doyen before the Group can proceed to realise the collaterals i.e. 51% of the equity interest of Doyen Shell (the "Collaterals"). Hence, the latest consolidated financial statements (together with the relevant breakdowns) of Chongqing Doyen are the preliminary information about the financial strength of Chongqing Doyen and essential to the assessment of the ability of Chongqing Doyen to repay the Loans together with interest in full. In addition, an agreed loan repayment schedule together with the financial information of Chongqing Doyen are relevant for the management's estimation on the future cash flows of the repayment of the Loans and such estimation forms the basis of conclusion on whether any impairment is required. Since such information or documents were not available, the auditor had taken one step further to require information about the Collaterals so as to assess management's estimation on the expected cash flows that would result from foreclosure on the Collaterals.

Apart from the above, the auditor also requested for other information and documents, inter alia, as listed below. However, the Company was unable to obtain these information and documents from Chongqing Doyen or Doyen Shell.

1. consolidated financial statements and relevant breakdowns of Chongqing Doyen for the year ended 31 December 2017, agreed repayment schedule between the Group and Chongqing Doyen in relation to the Loans;

The consolidated financial statments of Chongqing Doyen for the financial year ended 31 December 2017 can only be provided to the Company after the publication of the annual reports of its two controlled listed companies, namely 重慶市迪馬實業股份有限公司 (Chongqing Dima Industry Company Ltd.*) ("Chongqing Dima") and 江蘇農華智慧農業科技有限公司 (Jiangsu Nonghua Intelligent Agriculture Technology Company Ltd.*) ("Jiangsu Nonghua"), as required under the relevant PRC regulations. Therefore, the Company had not received the consolidated financial statements of Chongqing Doyen for the year ended 31 December 2017 at the relevant time.

The agreed repayment schedule between the Group and Chongqing Doyen in relation to the Loans was not available at the relevant time as it would only be available after the creditors' approval of the relevant debt restructuring plan.

2. the breakdowns/information and documents in relation to Doyen Shell as requested by the auditor include, among others, the following:

   (i) bank balances, corporate guarantee or security provided by or received by Doyen Shell and the related facilities agreements, pledged assets and contingent liabilities for the year ended 31 December 2017, if any;

   (ii) service fees to Doyen Shell shareholders and information in relation to distribution to shareholders since the date of establishment of Doyen Shell up to 31 December 2017;

   (iii) significant contracts of Doyen Shell; and

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(iv) ledgers and accounts of each petrol stations of Doyen Shell for the year ended 31 December 2017.

3. valuation report of Doyen Shell as at 31 December 2017.

As the above-mentioned outstanding documents and the valuation report are related to Doyen Shell, the management of the Company has made its best effort to communicate with the relevant staff of Doyen Shell to facilitate the provision of the requested documents and information. However, as informed by Doyen Shell, the requested documents and information involve a huge amount of documents and information and thus more time is required to collate the required documents and information.

Furthermore, it is also submitted that the Company does not have control over the staff of Doyen Shell and thus cannot effectively monitor and instruct them to provide the required documents and information, including the documents and information required for the preparation of the valuation report.

Given the difficulty in requesting the provision of documents and information from Doyen Shell at the relevant time, the above mentioned documents could not be provided to the auditor at that time.

Despite the steps taken and documents provided to the auditor as stated above, the auditor was unable to conduct the relevant auditing steps to assess the financial ability of Chongqing Doyen and the realisable value of the Collaterals. Therefore, the auditor could not assess the recoverability of the Loans.

According to the reply from Chongqing Doyen to the Company dated 14 February 2018, Chongqing Doyen expected that the debt restructuring arrangements will be approved by its creditors before 30 June 2018 on the basis that the principal and interests of the loans of the creditors will be recoverable. In addition, based on the communications between the management of Company and Chongqing Doyen, the Company understood that Chongqing Doyen is more inclined to repay the Loans and to obtain the release of the Collaterals considering its high asset value and profitability, which were considered attractive to the creditors of Chongqing Doyen. As such, up to the date of this report, the Company considers that the above timeframe as provided by Chongqing Doyen is reliable.

The management of the Company was of the view that the Company could recover the outstanding amount of the Loans by instalment starting from the second half of 2018 and thus no impairment should be made. The auditor, however, could not assess the recoverability of the Loans based on the documentary evidence provided to them by the Company.

As at 31 December 2017, the bank and cash balances and financial assets at fair value through profit or loss (which are readily convertible into cash) of the Group amounted to approximately HK$96.1 million and HK$132.0 million as at 31 December 2017, respectively. The management believes that the Group has sufficient cash and cash equivalents to fund its operations and future development. Furthermore, the Directors expect that the principal and interest of the Loans will be recovered gradually over the second half of 2018 based on information so far available to them. Taking into account of the sufficiency of cash flow for its operation and the likelihood for the recovery of the Loans, the Directors believe that the default of the Loans would not impose any material impact on the operations and financial position of the Group.

The audit committee of the Company ("Audit Committee") has reviewed and agreed with the management's position concerning the recoverable amounts of the Loans and impairment assessment. The Audit Committee also considered that the audit qualification is reasonable taking into account that no alternative work could be performed by the auditor in relation to the recoverability of the Loans.

The Company will continue to request for a timetable for repayment from Chongqing Doyen as soon as possible. To avoid any audit qualification in future financial reports, if the Company believed that the full amount of the principal and the interest of the Loans cannot be recovered before 31 December 2018, the Company will consider whether to recognise an impairment loss with regards to the relevant shortfall of the outstanding amount of the Loans at that time and if yes, the amount thereof. In such case, the Company will also discuss with the auditor at an early stage and will make the best endeavor to arrange all the necessary documents to enable the auditor to form an opinion on whether such impairment is appropriate. The Company may also consider enforcing the Collaterals to recover the outstanding amount of the Loans.

The Company will report to the auditor once it has any material updates on the status of the Loans.

Based on the information available to the Company, Doyen Shell is a company established with limited liability under the laws of the PRC and indirectly owned by Chongqing Doyen through as to 51%. Its principal business is the operation and management of gas stations in Chongqing province of the PRC.

As disclosed in the announcement of the Company dated 18 January 2018, according to the audited financial statements of Doyen Shell, the net profit of Doyen Shell for the year ended 31 December 2016 was approximately RMB142 million and the net asset value of Doyen Shell as at 31 December 2016 was approximately RMB515 million.

On 8 February 2018, the Company received the audited financial statements of Doyen Shell, which indicated that the net profit of Doyen Shell for the year ended 31 December 2017 was approximately RMB155 million and the net asset value of Doyen Shell as at 31 December 2017 was approximately RMB669 million.

Based on the above financial information, Doyen Shell is considered as a sizeable and growing enterprise. Taking into account of the asset value and the profitability of Doyen Shell, as well as its growth as demonstrated from 2016 to 2017, the Directors believe that the value of the securities, being 51% of the equity interest in Doyen Shell, can largely cover the outstanding Loans (aggregate amount of the Loans: RMB420 million).

On 9 April 2018, the Company received a notice ("Notice") from Chongqing Doyen which stated that 中國華融資產管理股份有限公司重慶市分公司 (China Huarong Asset Management Co., Ltd. Chongqing City Branch*) ("Huarong") has been engaged to commence relevant preliminary due diligence and consultancy work in relation to the proposed debt restructuring of Chongqing Doyen group ("Debt Restructuring") and, on 3 April 2018, Huarong and Chongqing Doyen entered into a corporate restructuring consultancy services agreement in relation to relevant consultancy services to be provided by Huarong to Chongqing Doyen's group.

According to the Notice, Huarong shall submit a restructuring proposal to Chongqing Doyen with reference to, among others, the assets, liabilities and business operations of Chongqing Doyen group. Depending on the progress and requirements of the Debt Restructuring, Huarong will be involved in the relevant discussions and negotiations of Chongqing Doyen with its creditors and relevant government authorities, coordinate the work arrangements and responsibilities of various professional parties and assist Chongqing Doyen in introducing strategic investors for Chongqing Doyen, if required. Chongqing Doyen will accelerate the progress of the Debt Restructuring to resolve the relevant debt default risk.

As the Chongqing government had been involved in the Debt Restructuring of Chongqing Doyen, the Directors believe that with government support, it should not require a prolonged period of time for the Debt Restructuring plan to be agreed upon and implemented and as the Collaterals is also secured and the Company could enforce at any time, the Directors consider that, instead of enforcing the Collaterals at this stage, the better approach to recover the outstanding principal and interests of the Loans is to recover after the Debt Restructuring plan has been approved by the creditors of Chongqing Doyen, which would give the Company to best chance to recover the principal and interests of the Loans in full and could also save the costs in enforcing the Collaterals or in finding a suitable purchaser for the disposal of the Collaterals and which would be in the interest of the Company and its shareholders.

The Company has not received any notice or information in relation to the details of the Debt Restructuring plan of Chongqing Doyen. The copy of the document from the government which has been provided to the Board on 10 February 2018 did not include details of the mechanism, steps or terms of the restructuring, but only included certain guiding principles of the restructuring. The Company will announce details of the Debt Restructuring plan when the information is available to the Company.

PROSPECTS

The Company has always been identifying suitable investment or business opportunities so as to diversify the business of the Group and broaden the Group's income sources. Meanwhile, before securing potential investment opportunities, the Company will seize any opportunity to make short-term investment with lower risks for the sake of greater returns for shareholders.

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Loan Financing Business

In recent years, the PRC's economy has entered a new development stage: "One Belt, One Road" construction, internationalization of Renminbi and Made in China 2025 etc. have penetrated into all aspects of economy, which also provided a huge market space for the development of loan financing business. In particular, the government work report of the 19th National Congress of the Communist Party of the PRC indicated social support in enhancing medical, pension, education, culture and sports services. This is also the business development direction that Shanghai Dongkui has been insisting. In 2018, Shanghai Dongkui will continue its steady business development strategy by facilitating hospital loan financing business, maintaining an appropriate scale of hospital pledged assets and expanding hospital loan financing business while extending to medical healthcare in both upstream and downstream of the entire industry chain. Besides, Shanghai Dongkui will endeavor to explore new and appropriate sectors and objects for loan financing during new times of economic development. The key to procure business transformation and enhancement of the Company is to advance forward in related professional area and industry chain with solid foundation while making remarkable achievements and characteristics. The specific proposal for business promotion is as follows:

In 2018, the primary mission of Shanghai Dongkui to develop medical and healthcare business primarily is to attract new customers and retain old customers that started cooperation in 2017. At the same time, Shanghai Dongkui has progressively developed new projects that there are over 10 potential customers till now. They are mainly two class III public hospitals, six grade A class II public hospitals, as well as some state-owned enterprises and listed companies which principally located in relatively developed regions such as northern China and central China with an accumulated business reserve of over RMB300 million and estimated project internal revenue of over 10%.

The Company will also actively explore subindustry with large market capacity and weak periodicity, strong pledged equipment commonality and high value protection rate to concentrate on its profession and strength, such as transportation field. In addition, the Company will involve in the emerging Made in China 2025 strategic industry guided and supported by the PRC to look for new business development direction (e.g. new energy field) and pay attention to equipment loan financing business of small and medium enterprises. It is estimated that the Company will conduct study and research in the new business field and enter it in time when appropriate.

In 2018, the financial industry in the PRC will continue to work on the reduction of leveraging and prevention of systematic risks. Shanghai Dongkui will also actively adapt to the new model and new thinking of industry regulatory while innovate the way to enhance business development, work hard on using different finance modes such as securitization of pledged assets and accounts receivables factoring to reduce capital consumption, maintain sufficient assets liquidity and optimize asset-liability structure.

Short-term Loan Business

This year, Shanghai Dongkui will strengthen capital liquidity and effectively utilize the capital so that it will have safe and adequate capital to increase lending projects (within one-year term) should any exceptional projects arise.

Property Investment Holding

Given various influential factors including the unceasing rise of operational costs, the structural adjustment of consumption demand and the rapid development of online retailing, the development of physical retailing is confronted with unprecedented challenges. The current jam of physical retailing is resulted from external challenges, such as the diminished market demand, the increase in costs and the impact from the e-commerce sector, as well as other internal causes, including the lack of timely adjustment adapting to the change of consumption market. Despite the prevailing crisis, the prospect of physical retailing is still promising once the innovation of the sector speeds up.

In order to alleviate external factors' impact on physical retailing, 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 continuous boost in the rental income from Dong Dong Mall. The Group expects that there will be a sustainable increase in return in 2018.

Investment in an Associate

The Group holds 29.80% equity interest in Sol Chip, an Israeli solar energy technology company. Sol Chip is still at loss position so far. As there is no profit contribution to the Group, the investment in Sol Chip was fully impaired in 2016.

FINANCIAL REVIEW

Liquidity and Financial Resources

Taking loans of RMB270 million advanced to Chongqing Doyen in January 2017 and Doyen 2nd Loan of RMB150 million to Chongqing Doyen in May 2017 into account, the Group had bank and cash balances of approximately HK$96.1 million as at 31 December 2017 (2016: HK$196.5 million). The management believes that the Group has sufficient cash and cash equivalents to fund its operations and future development. As of 31 December 2017, the current ratio of the Group, representing current assets divided by current liabilities, was 10.49 (2016: 2.85).

As of 31 December 2017, the gearing ratio of the Group was 0.20 (2016: 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, plus net debt. As of 31 December 2017, the Group's total borrowings exceeded cash and cash equivalents by approximately HK$225.3 million (2016: HK$168.3 million).

Capital Structure

As of 31 December 2017, the Group's current and non-current borrowings amounted to approximately HK$52.8 million (2016: HK$250.2 million) and approximately HK$268.6 million (2016: HK$114.6 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 2017 and 2016. 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 2017, the Group's bank loans of approximately HK$96.0 million (2016: HK$111.7 million) were secured by the Group's investment property amounted to approximately HK$333.6 million (2016: HK$309.4 million), its right to receive rental income and pledged bank deposits of approximately HK$1.2 million (2016: nil).

The remaining bank loans of approximately HK$27.1 million (2016: HK$58.2 million) were secured by the Group's loan receivables of approximately HK$82.2 million (2016: HK$118.1 million) and pledged bank deposits of approximately HK$5.1 million (2016: HK$18.4 million), and were guaranteed by Chongqing Doyen. Such bank loans have been early repaid on 17 January 2018 without any penalty.

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.

Contingent Liabilities

The Group had no significant contingent liability as at 31 December 2017 and 2016.

Dividends

The Board does not recommend the payment of a final dividend for the year ended 31 December 2017 (2016: nil).

HUMAN RESOURCES AND REMUNERATION POLICIES

As of 31 December 2017, the Group had a total of 35 (2016: 48) 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.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Lo Siu Yu, aged 48, 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 with limited liability under the laws of the PRC. 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 36.57% of the issued share capital of Chongqing Dima, a company listed on the Shanghai Stock Exchange of the PRC, and approximately 25.88% of the issued share capital of Jiangsu Nonghua, 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 44, joined the Company as the vice chairman and an executive Director in December 2012. Ms. Luo has been re-designated from an executive Director of the Company to a non-executive Director of the company from 29 January 2018. 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 Siu Yu ("Mr. Lo"). In 2000, Ms. Luo joined an investment bank in the PRC as business director. Since 2003, Ms. Luo has joined 重慶東銀實業(集團)有限公司 (Chongqing Doyen (Holdings) Ltd.*) ("Chongqing Doyen Holdings") as a manager, a chief executive officer and the chairman of the board of directors of certain subsidiaries of Chongqing Doyen Holdings and has been responsible for investment and property development business. In August 2017, Ms. Luo resigned as a chief executive officer of Chongqing Doyen. Ms. Luo is a Director of Chongqing Baoxu. In April 2013, Ms. Luo resigned as a director of Chongqing Dima. In May 2016, Ms. Luo was appointed as the vice chairman of the board of directors of Chongqing Dima.

Mr. Tai Xing, aged 44, was appointed as executive Director and chief executive officer of the Company in October 2017. Mr. Tai obtained a bachelor's degree in economics from the Chongqing Technology and Business University. He obtained qualification of a trading representative of the China-Commodity Future Exchange, Inc. of Hainan in 1996, and has been a Registered Management Consultant authorised by the People's Government of Sichuan since 2001. Mr. Tai has 23 years' experience in the field of finance and corporate management in the PRC. He joined Chongqing Doyen in 2003 and has been appointed as supervisor, vice supervisor and general manager in various subsidiaries of Chongqing Doyen. He is currently the vice general manager of 上海東勝股權投資有限公司 (Shanghai Dongsheng Equity Investment Company Ltd.*), a subsidiary of Chongqing Doyen.

Mr. Cho Chun Wai, aged 41, 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 48, 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.

* For identification purpose only

Mr. Qin Hong, aged 52, was appointed as a non-executive Director of the Company in October 2010. Mr. Qin is an economist. He obtained a master degree in Executive Master of Business Administration from Shanghai Jiao Tong University in 2017. 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 established 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.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Ying Kay, aged 54, was appointed as an independent non-executive Director of the Company in October 2009. In October 2017, Mr. Chan has been appointed 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 of Hong Kong Limited (the "Stock Exchange"). In September 2017, Mr. Chan has resigned 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). 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. He is responsible for the financial management, corporate finance and company secretarial matters of Beautiful China. Mr. Chan 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 48, was appointed as an independent non-executive Director of the Company in December 2011. In September 2017, Dr. Zhu has resigned as an independent non-executive Director of 桂林旅遊股份有限公司 (Guilin Tourism Corporation Ltd.*) ("Guilin Tourism"), a company listed on the Shenzhen Stock Exchange. 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 Ltd.*), a company listed on the Shenzhen Stock Exchange, In September 2015, Dr. Zhu was appointed as an independent non-executive director of Guilin Tourism. In November 2016, Dr. Zhu was appointed as an independent non-executive director of Glory Mark Hi-Tech (Holdings) Ltd., a company listed on the Growth Enterprise Market of 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 research fellow of the China Business Centre under the Hong Kong Polytechnic University. Dr. Zhu was also a visit 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 79, 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 2017.

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 2017 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 45.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2017 (2016: Same).

RESERVES

Movements in the reserves of the Group and of the Company during the year ended 31 December 2017 are set out in the consolidated statement of changes in equity on page 48 and note 36(b) to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES

The Company has no distributable reserves as at 31 December 2017 and 2016.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 29 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 2017 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 100 of this report.

REPORT OF THE DIRECTORS

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 2017.

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*
Mr. Tai Xing, *Chief Executive Officer* (appointed on 17 October 2017)
Mr. Cho Chun Wai

Non-executive Directors
Ms. Luo Shaoying, *Vice Chairman* (re-designated from an executive Director on 29 January 2018)
Mr. Wang Xiaobo
Mr. Qin Hong

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

In accordance with Articles 90 to 92 of the Articles of Association of the Company (the "Articles of Association"), Mr. Tai Xing, Mr. Qin Hong and Dr. Zhu Wenhui will retire at the forthcoming annual general meeting but, being eligible, offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

An executive Director has entered into service contracts with the Company on 15 October 2009. An executive Director has entered into service contracts with the Company on 30 November 2012. An executive Director has entered into service contracts with the Company on 29 September 2016, an non-executive Director has entered into service contracts with the Company on 17 October 2017, 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 2017) and Dr. Zhu Wenhui (on 31 December 2017), 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 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.

Pursuant to a loan agreement dated 8 November 2016, Chongqing Baoxu advanced a loan of RMB80 million to Chongqing Doyen. This was unsecured, interest-bearing at 10.5% per annum and repayable within one year from the date of drawdown which was 18 January 2017. In January 2018, Chongqing Baoxu has not received repayment of the principal amount of the loan. Accordingly, an event of default has occurred under the loan agreement.

During the year ended 31 December 2017, Chongqing Baoxu interest income of approximately HK$9.3 million (2016: HK$10.3 million) was received/receivable from Chongqing Doyen.

Pursuant to a loan agreement dated 11 November 2016, Shanghai Dongkui advanced a loan of RMB110 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 18 January 2017. In January 2018, Shanghai Dongkui has not received repayment of the principal amount of the loan. Accordingly, an event of default has occurred under the loan agreement.

During the year ended 31 December 2017, Shanghai Dongkui interest income of approximately HK$12.1 million was received/receivable from Chongqing Doyen.

2. Cleaning service contract and property management service contract

In January 2017, Chongqing Baoxu entered into a cleaning service contract with 重慶新東原物業管理有限公司 (Chongqing New Dowell Property Management Ltd.*) ("Dowell Property Management") for cleaning and maintenance services on Dong Dong Mall from 1 January 2017 to 31 December 2017.

In December 2016, Chongqing Baoxu entered into a property management service contract with Dowell Property Management for daily management of Dong Dong Mall from 1 January 2017 to 31 December 2019.

Mr. Lo had control in Dowell Property Management.

During the year ended 31 December 2017, cleaning expenses and property management fees of approximately HK$0.6 million and HK$0.3 million (2016: HK$0.6 million and nil) respectively 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 2017, 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:

* 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)*

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.

Save as disclosed above, as at 31 December 2017, 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 as at 31 December 2012. Further details of the 2008 Scheme are set out in note 30 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.

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

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.

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 2017	No. of options granted during the year ended 31 December 2017	No. of options exercised/ cancelled/ lapsed during the year ended 31 December 2017	No. of options outstanding as at 31 December 2017	Approximate percentage of the underlying shares for the options outstanding in the issued shares of the Company
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%
Total					4,950,000	–	–	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 2017, 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.

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%
Haitong International Finance Company Limited	Beneficial owner Interest of controlled corporation	20,000,000 760,373,018	1.57% 59.68%
Haitong International Holdings Limited	Interest of controlled corporation	780,373,018	61.25%
Haitong International Securities Group Limited	Interest of controlled corporation	780,373,018	61.25%
Haitong Securities Co., Ltd	Interest of controlled corporation	780,373,018	61.25%
Haitong International Credit Company Limited	Person having a security interest in shares	760,373,018	59.68%
Baoli International (Hong Kong) Trading Co. Limited	Beneficial owner	120,000,000	9.42%
Mr. Xue Yuewu	Beneficial owner	108,000,000	8.48%
Mr. Gao Yi Xin	Interest of controlled corporation (Note d)	90,000,000	7.06%
Ms. Wang He Fen	Interest of controlled corporation (Note d)	90,000,000	7.06%
Mr. Huang Wu Jun	Interest of controlled corporation (Note d)	90,000,000	7.06%
Xinyuan International Marine Transportation Co. Ltd.	Beneficial owner (Note d)	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. 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.

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

Save as disclosed above, as at 31 December 2017, 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 2017.

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 assets 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 close 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 2017 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 2017, our five largest customers accounted for approximately 46.29% (2016: 50.69%) of the Group's total revenue and our largest customer accounted for approximately 17.37% (2016: 12.44%) 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 2017, the Group had the following connected transactions:

1. Non-exempt connected transactions

   On 8 November 2016, the Company granted a Doyen Loan with a principal amount of RMB80 million (equivalent to approximately HK$96.0 million) to Chongqing Doyen. On the same date, Chongqing Baoxu granted a Baoxu Loan with a principal amount of RMB80 million (equivalent to approximately HK$96.0 million) to Chongqing Doyen. On 11 November 2016, Shanghai Dongkui granted Shanghai Dongkui Loan with a principal amount of RMB110 million (equivalent to approximately HK$132.0 million) to Chongqing Doyen. On 6 March 2017, the Company granted a Doyen 2nd Loan with a principal amount of RMB150 million (equivalent to approximately HK$180.0 million) to Chongqing Doyen. The aggregate amount of the Doyen Loan, the Baoxu Loan, the Shanghai Dongkui Loan and the Doyen 2nd Loan (the "Loans") granted to Chongqing Doyen amount to RMB420 million (equivalent to approximately HK$504.0 million). The Loans interest-bearing at 10.5% per annum. On 12 May 2017, Chongqing Doyen, Doyen Shuorun and Chongqing Baoxu entered into the 38% Doyen Shell Share Charge agreement and Chongqing Doyen, Doyen Shuorun and Shanghai Dongkui entered into the 13% Doyen Shell Share Charge agreement pursuant to which as security for the entire of the Loans. In January 2018, the Company, Chongqing Baoxu and Shanghai Dongkui have not received repayment of the principal amount of the Loans and the interest for the period from 1 Janaury 2018 to 18 January 2018. Accordingly, an event of default has occurred under the loan agreement. 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 2017, approximately HK$3.2 million (2016: 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 2017, the Group's bank loans of approximately HK$27.1 million (2016: 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 and Chongqing Doyen. 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.

   Cleaning service contract and property management service contract

   In January 2017, Chongqing Baoxu entered into a cleaning service contract with Dowell Property Management for cleaning and maintenance services on Dong Dong Mall from 1 January 2017 to 31 December 2017.

   In December 2016, Chongqing Baoxu entered into a property management service contract with Dowell Property Management for daily management of Dong Dong Mall from 1 January 2017 to 31 December 2019.

   During the year ended 31 December 2017, cleaning expenses and property management fees of approximately HK$0.6 million and HK$0.3 million respectively 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 2017.

DISCLOSEABLE TRANSACTIONS

In June 2017, Shanghai Dongkui entered into the loan agreement with 上海興灣貿易有限公司 (Shanghai Xingwan Trade 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 RMB20 million (equivalent to approximately HK$24.0 million) for a term of 18 months at the interest rate of 11% per annum.

On 20 October 2017, the Shanghai Dongkui, 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 and the Guarantor entered into a supplemental agreement (the "Supplemental Agreement"), pursuant to which agrees to extend the repayment date of the Loan (the "Loan Repayment Date") from October 2017 to October 2018 (the "Extension").

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 2017 are being disclosed in note 34 to the consolidated financial statements.

EVENTS AFTER THE DATE OF THE STATEMENT OF FINANCIAL POSITION

(a) Pursuant to the Loan Agreements, the Group advanced the Loans totalling RMB420 million (equivalent to approximately HK$504.0 million) to Chongqing Doyen. The Loans were interest-bearing at 10.5% per annum and due on 18 January 2018. Chongqing Doyen failed to repay the principal amount and interest for the period from 1 January 2018 to 18 January 2018 as at the due date and was construed as default in repayment according to the Loan Agreements. Chongqing Doyen also failed to settle the reimbursement of tax expenses of approximately RMB2.7 million (equivalent to approximately HK$3.3 million) to the Group up to the date of this report. The Group is still under negotiation with Chongqing Doyen for the settlement of the outstanding balances. As at the date of this report, no repayment schedule has been agreed with Chongqing Doyen. For details, please refer to the Company's announcement dated 18 January 2018 and note 25 to the consolidated financial statements.

(b) Pursuant to a supplemental deed dated 20 January 2017 (the "Supplemental Deed") in relation to the Bonds, an email and a written notice were issued by the Group to Haitong, the bondholder, on 17 January 2018 and 7 February 2018 respectively in respect of the extension of the maturity date of the Bonds to 18 January 2019. Haitong acknowledged receipt of the aforesaid email and written notice on 7 February 2018; accordingly, the maturity date of the Bonds has been extended to 18 January 2019.

* For identification purpose only

(c) On 7 February 2018, Haitong transferred the Bonds to a transferee (the "New Bondholder"), whose intermediate holding company indirectly holds 9.42% equity interest of the Company and 30% equity interest of the Company's subsidiary, Chongqing Baoxu.

Pursuant to a confirmation letter dated 7 February 2018, the New Bondholder confirmed, among others, the following:

(i) The maturity date of the Bonds has been extended to 18 January 2019.

(ii) The failure by the Company to pay interest between 7 February 2018 to 17 January 2019, both dates inclusive (the "Period") shall not constitute a breach of the bond instrument dated 19 January 2015 (the "Bond Instrument") and the Supplemental Deed or an event of default under the Bond Instrument (the "Event of Default").

(iii) Any interest due but remain unpaid during the Period (the "Accrued Interest") shall become immediately payable by the Company on the first business day (excluding Saturday, Sunday and public holidays on which banks in Hong Kong are open for business) immediately after the Period.

(iv) No interest shall accrue on the Accrued Interest itself and the default interest pursuant to the Bond Instrument shall not be applicable to any Accrued Interest.

(v) If any Event of Default (except for the non-payment of interest during the Period) should occur, the New Bondholder shall have the right to revoke the effect of any or all of the paragraphs (i) to (iii) above, any right exercisable by the New Bondholder pursuant to the Bond Instrument may be exercised in respect of the Accrued Interest and the Bond Instrument shall apply to the Accrued Interest from the date of any demand by the New Bondholder to pay the Accrued Interest accordingly.

AUDITOR

The consolidated financial statements for the two financial years ended 31 December 2015 and 2014 were audited by PricewaterhouseCoopers. The consolidated financial statements for the two financial years ended 31 December 2017 and 2016 were audited by RSM Hong Kong.

RSM Hong Kong shall retire at the forthcoming annual general meeting. A resolution will be proposed at the forthcoming annual general meeting to re-appoint RSM Hong Kong as auditor of the Company.

By Order of the Board

Cho Chun Wai
Executive Director

Hong Kong, 28 March 2018

CORPORATE GOVERNANCE REPORT

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 2017, 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 18 May 2017, 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 chief executive officer, 3 non-executive Directors, including the vice Chairman 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.

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 12 to 13 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.

THE BOARD *(CONTINUED)*

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*	8/9
Mr. Tai Xing, *Chief Executive Officer* (appointed on 17 October 2017)	4/4
Mr. Cho Chun Wai	9/9
Non-executive Directors	
Ms. Luo Shaoying, *Vice Chairman* (re-designated from an executive Director on 29 January 2018)	8/9
Mr. Wang Xiaobo	8/9
Mr. Qin Hong	8/9
Independent non-executive Directors	
Mr. Chan Ying Kay	9/9
Dr. Zhu Wenhui	9/9
Mr. Wang Jin Ling	8/9

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.

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 2017.

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.

* For identification purpose only

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 2017, 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 2017, the Directors participated in the following trainings:

	Attending[1]
Executive Directors	
Mr. Lo Siu Yu	✔
Mr. Tai Xing	✔
Mr. Cho Chun Wai	✔
Non-executive Directors	
Ms. Luo Shaoying	✔
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.

(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 2017.

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 2017.

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 2017, one Nomination Committee meeting was held.

In accordance with the Articles of Association, Mr. Tai Xing, Mr. Qin Hong and Dr. Zhu Wenhu 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 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.

AUDIT COMMITTEE *(CONTINUED)*

During the year ended 31 December 2017, 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 Audit Committee discussed with the management on the factors taken into account by the management and the actions taken by the Company to collect the amounts due from a related party as well as the management's judgement. In addition, the Audit Committee also considered the qualified opinion and the matters raised by the Company's independent auditor.

The Audit Committee has taken into account (i) the timeframe of the Debt Restructuring plan; (ii) the intention of Chongqing Doyen to repay the Loans and to obtain the release of the Collaterals based on the communications between the management of the Company and Chongqing Doyen; and (iii) the management's experience and expertise in formulating their assessment, in reviewing the management's position concerning the recoverable amounts of the Loans and impairment assessment.

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.

During the year ended 31 December 2017, 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 40 to 44.

AUDITOR'S REMUNERATION

During the year ended 31 December 2017, 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.

CORPORATE GOVERNANCE REPORT

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.

ACTION PLAN TO AVOID QUALIFIED OPINION IN THE FUTURE

The Company's action plan to avoid qualified opinion in the future annual report is as follows:

Before 30 June 2018	The debt restructuring plan of Chongqing Doyen is expected to be approved by creditors.
Before 30 August 2018	The schedule of repayment by Chongqing Doyen is expected to be finalised.
	If the schedule of repayment cannot be finalised before the end of August 2018, the Group will consider enforcing the Collaterals to recover the outstanding sum of the Loans.
	In the event that the principal and interests of the Loans could not be recovered by 2018 according to such plan or if no repayment schedule can be finalised before the end of August 2018, the Company will consider whether to recognise an impairment loss with regards to the relevant shortfall of the outstanding amount of the Loans at that time and if yes, the amount thereof. In such case, the Company will also discuss with the auditor at an early stage (i.e. before 31 December 2018). The Company will liaise with the staff of Doyen Shell at an early stage and endeavor to procure all necessary documents of, among others, Doyen Shell to be provided to the auditor before 30 September 2018 to enable the auditor to form an opinion on whether such impairment is appropriate.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE PERFORMANCE

The Company and the Group prepared this "Environmental, Social and Governance Report" ("this Report") in accordance with Environmental, Social and Governance Reporting Guide set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") published by the Stock Exchange of Hong Kong Limited ("HKEx"). This Report is mainly divided into two sections, namely "Environmental Performance" and "Social Responsibility", to disclose the sustainability mission and related achievements of the Group. This Report shall be viewed with the Corporate Governance Report in this annual report in order to fully understand the environmental, social and governance performance of the Group.

A. ENVIRONMENTAL PERFORMANCE

The Group attaches great importance of corporate social responsibility, strives to balance between corporate development and environmental conservation led by the mission of sustainable operation. The Group is dedicated to complying with national and regional laws and regulations. The Group proactively respond to the stakeholder's needs and is committed to minimizing the environmental impact in daily operation in order to attain its goal of a win-win situation with collective benefits for all during the Group's development.

A.1 Air Emission

Property investment and loan financing are the core businesses of the Group. The core businesses are primarily office operations and property management of shopping mall; therefore, the environmental pollution generated is relatively minimal compared to other industries. The major composition of air pollutant and greenhouse gas ("**GHG**") emissions, within the Group's direct business scope, are generated from the energy consumption from offices and shopping mall, followed by the use of company vehicles.

Furthermore, on the energy consumption front, the Group closely monitors and examines the "Carbon Footprint" generated in the business operation, when necessary, tackles and adjusts the operations promptly to mitigate the environmental impact. The Group advocates green office in operation, and achieves the best energy efficiency through implementations of various measures. For instance, (1) Recommends employees to switch off the computers when they are away from the station for a considerable amount of time; (2) Takes preference to Light Emitting Diodes ("**LED**") or fluorescent bulbs; (3) Turns off power supply of conference rooms and offices when no one is at work; (4) Automatic shutting down of air-conditioning system during non-office hours (before 9 a.m. and after 7 p.m.); and (5) Encourages employees to tele-conferencing over business travel, and when time permits, avoids to choose energy-consuming aeroplanes as means of transportation. In addition, the Group outlines clear instructions on the use of company vehicles and ensures optimal utilization of company vehicles through granting permissions in accordance with the nature and purpose behind the requested use.

At the same time, the Group responds to the *Energy Conservation Law of the PRC* and increases its energy consumption efficiently through devoting itself to incorporating environmental elements in property investment projects. In 2015, the environmental conceptual design was adopted in the renovation project of Dong Dong Mall. Advanced facilities with the feature of energy saving were installed. For instance, the installation of glass ceiling promoted the natural light penetration and reduce the use of lamps. In view of resource utilization and accelerating energy efficiency, Dong Dong Mall is equipped with smart light control system which automatically activated when insufficient natural light is detected. Meanwhile, "Service on Demand" escalator is installed to reduce unnecessary usage of electricity. In the aspect of property management, Dong Dong Mall requires building attendants to inspect if computers, lights and air-conditioning system are properly switched off during non-office hours to minimize the resources use.

A.2 Resource Utilization

The Group has formulated and implemented the policy and measures for the use of resources in daily operation, emphasizing the effective use of natural resources and to eliminate waste. Taking use of water as an example, although the Group's business operations do not constitute a significant impact on water resources, the Group continues adhere to the corporate social responsibility and actively conserve water. In the restrooms of Shanghai Dongkui and Dong Dong Mall have installed sensor faucet in order to lessen the waste of water resources.

A.3 Waste Management

The Group's wastes are generated primarily from daily office operations, in particular, paper waste. The Group is in strict accordance with the *Waste Disposal Ordinance* to discharge office waste in a proper manner. The Group also actively recycles waste paper, encourages employees to perform double-sided printing, reuse single-sided printing paper, utilize computers for file archiving instead of hard-copy printing and so forth. During the Reporting Period, the Group has accumulatively consumed 430 kg of paper, in which 215 kg of it was handed to qualified recycling companies. The recycling rate of paper was up to 50%. On the other hand, the Group encourages the use of recyclable cartridges and returns the empty cartridges to the suppliers for recycling.

At the same time, the Group encourages the use of recyclable office equipment and avoids the use of disposable products such as asking employees to bring their own cups. Concerning operational management of Dong Dong Mall, the mall implemented full scale waste management policy and installed recycling bins in hope of raising waste recycling rate and prompting the regeneration of resources.

The Group raises employees' awareness on environmental protection through e-mails, signages and others. These act as a reminder to all employees for progressive implementation of the above measures for the purpose of reduction of solid waste generation and in support of sustainable development philosophy. During the Reporting Period, the Group did not have significant disposal of hazardous waste within the direct business scope, therefore there was no provision of related statistical data.

A.4 Environment and Natural Resources

The Group's direct business scope has insignificant impact on environment and natural resources, in view of constructing a better environment, the Group is still actively engaged in greening projects. In Dong Dong Mall, the Group was involved in vast greening project and raised the green coverage.

A.5 Environmental Performance Data in the Year of 2017

Air Emission					
Emission Source	**Type**	**Quantity**	**Unit**		
Company Vehicles [1]	Nitrogen Oxides (NO_x)	0.0047	Metric tonnes		
	Sulphur Dioxide (SO_2)	0.00017	Metric tonnes		
	$PM_{2.5}$	0.00011	Metric tonnes		
GHG Emission					
Emission Source	**Type**	**Quantity**	**Unit**	**Intensity**	**Unit**
Scope 1: Direct Emission					
Company Vehicles [2]	CO_2 Equivalent	30.49	Metric tonnes	0.76	Metric tonnes/ employee
Scope 2: Indirect Emission					
Purchased Electricity [3]	CO_2 Equivalent	151.94	Metric tonnes	0.0092	Metric tonnes/m^2
Use of Resources					
Purchased Electricity		279973	Kwh	16.89	Kwh/m^2
Purchased Water [4]		1862	M^3	46.55	M^3/employee
Wastes					
Office Paper		215	Kg	5.38	Kg/employee

Remarks: Chongqing Baoxu operated in a leased office premise, and its supply of water, electricity and paper were managed by a third-party property management company. This property management company did not provide tenants with related statistical data or meter readings, and so the environmental performance data of Chongqing Baoxu was not provided in the above table.

1 This calculation of air pollutant emissions and respective emission factors were set out based on the Material Balance Method and *EMEP/EEA Air Pollutant Emission Inventory Guidebook – 2016*.

2 This calculation of GHG emissions and respective emission factors were set out based on the *Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong 2010 version* published by Hong Kong Environmental Protection Department and Electrical and Mechanical Services Department.

3 This calculation of GHG emissions and respective emission factors were set out based on *2016 Sustainability Report* published by Hong Kong Electric Investments; and the *2011 and 2012 PRC's Regional Grid Average Carbon Dioxide Emission Factor* published by National Development and Reform Commission of the PRC.

4 The Company operated in a leased office premise and its supply of water was managed by a third-party property management company. Therefore, the scope of purchased water was not included the Company.

B. SOCIAL RESPONSIBILITY

The Group always respects employees and treats them as the enterprise's foundation. The Group attaches great importance to employees' rights and interests, and strictly complies with operating labour laws and regulations and strives to construct a fair, safe and healthy working environment. During the Reporting Period, the Group had not yet received any violations of laws or regulations in its operating locations relating to employment, occupational health and safety; and it also had not yet received cases of employees applying for work injury insurance claims.

B.1 Employment and Labour Standards

The Group complies with the employment and labour related laws and regulations such as the *Labour Law of the PRC, Labour Contract Law of the PRC* published by the PRC and the *Employment Ordinance* of Hong Kong Special Administrative Region. The Group has established a human resources management system and strictly implemented related policies (for example, *Employee Regulation* and *Human Resources and Administration Handbook* and others) which stated the rules and procedures of recruitment, promotion, compensation and dismissal for protecting employee's benefits. The Group values team building, strives to build a team with mutual trust and unleashes the effect of team collaboration. In the aspect of remuneration, subject to the market situation of the Group's operating location, conventional practices and employee's individual performance, the Group set up the salary package and reasonably adjust on a timely basis. The salary package consists of basic salary, commission (provided to some operating staff only), medical insurance scheme and retirement benefit plans. Additionally, the Group provides discretionary bonus and issue share option to the eligible employees according to their business performance. For dismissal of employee, some subsidiaries such as Shanghai Dongkui, states that if employee violates the rules of *Position Grid Settings* outlined in the *Employee Manual*, Shanghai Dongkui would terminate the labour contract with that employee immediately and would not provide employee with severance payment or compensation.

The Group believes employees are the most important asset and their development are extraordinary crucial to the long-term business development. During recruiting or promoting employees, the Group would make reference to their performance, work experience and capability to ensure applicants or employees are given equal opportunities. The Group is proud to have a diverse team and object to any forms of discrimination against gender, age, family situation, races, physical disability and others. In the aspect of rests, the Group ensures employee possess the statutory holiday, sick leave, annual leave and maternity leave; also provide unpaid leave, paternity leave, marriage leave and casual leave, etc. The weekly working hours of employees of the Company, Shanghai Dongkui and Chongqing Baoxu is 40 hours and they are entitled for 8 days of annual leave.

The Group strives to provide other benefits to employees, such as overtime payment (eligible for working overtime past or after 8 p.m.), holiday working allowance, meal allowance and transportation allowance. The Group strictly prohibits the employment of child labour and is committed not to force employee to work overtime. During the Reporting Period, the Group had not yet received cases of child labour or forced labour.

B.2 Health and Safety

The Group always attaches great importance to protection of employee's health and safety, strives to provide a better working environment. The Group formulates and implements effective measures to achieve zero work injury. The Group complies with regional laws and regulations of *Employees' Compensation Ordinance* and provides employees with insurance schemes as well as first-aid kits in the workplace. Based on *Occupational Safety and Health Ordinance*, the Group is committed to protecting employee's safety and health and providing them with protective equipment. Moreover, the Company establishes the policy about the work arrangements in times of typhoons and rainstorms to avoid accidents due to severe weather. On the front of office equipment, the Group provides adjustable chairs to employee in hope of minimising physical fatigue caused by using computers for a lengthy time. Furthermore, the professional property management team of the Group conducts regular inspection and maintenance of Dong Dong Mall's fire equipment and elevator to protect employee, tenant and customers' safety.

The Group also consistently focuses on promoting employee's safety awareness. The Group enhances employee's occupational safety and health awareness by providing environmental and occupational safety information via posters. In addition, the Group organises various activities for leisure to relax employee besides work. The Group also offers body check annually to every employee, not only to reminds them the status of their health but also improves their health timely.

B.3 Development and Training

The Group is dedicated to training its talents and building proficient team; also offers opportunities for employee to demonstrate their best. The Group offers knowledge and technical training to different employee according to their performance and duty. The Group cares about employee's development and organises irregular and comprehensive internal and external training. Internal trainings are guided by experienced trainers; such as Chongqing Baoxu organizes business training and professional sharing. External trainings are included loan financing related laws and regulations; anti-corruption talks launched by HKEx, Independent Commission Against Corruption (ICAC) and agency appointed by the Group. Moreover, the Group organizes exchange opportunity for employee; for instance, 10 employees from sales department of Chongqing Baoxu and Dong Dong Mall attended an external training trip "Yue Yu" in Nanjing during 10th to 13th August 2017. This training facilitated employees to have better understanding in the industry and broadened their vision in their expertise by vising 4 commercial projects onsite.

B.4 Supply Chain Management

The Group upholds key procurement principles with reference to business's reputation, quality, service, price and terms of sale in the strict selection of product and suppliers. Suitable suppliers are selected through a transparent tender system. The Group enters into sales agreement with qualified suppliers and suppliers are obligated to comply with the contractual terms and related laws and regulations. The Group outlines clearly in *the Procurement Guide* about the procurement procedure which based on products or services' quality, safety, business ethical image and word-of-mouth in selecting suppliers. In addition, the Group implements "Green Procurement" whilst taking preference to local suppliers for purchasing if the Group's requirements are met. By doing so, it is able to reduce the carbon emission occurred during transporting material and product. Green products supplied by eco-friendly organisation are setting high priority for purchasing.

Furthermore, in order to ensure suppliers are meeting the Group's requirement, the Group monitors the performance of suppliers through different means. For instance, at Chongqing Baoxu, service provided relating to engineering and advertising aspects are inspected and assessed jointly by multiple departments to ensure the service received complied with the Group's requirement and regulations of its operating location. Shanghai Dongkui also evaluates various suppliers' performance regularly and discharges contract with incompliant suppliers.

B.5 Service Excellence

The Group values corporate responsibility and performs its utmost to meet customer's needs in provision of excellent service. The Group actively develops long-term relationship with customers, maintains a good communication and evaluates service quality on a timely basis. The Group has formulated specific internal guidelines such as *the Customer Service Management Handbook – Guide to Complaint Management* to regulate the procedures and time frame for handling customer's complaints. Responsible employees are required to analyse, and report received complains on a monthly basis, and to demonstrate as case study for others' reference. It is to avoid appearance of similar complaint again. Regarding property investment management, Chongqing Baoxu has customer service centre and customer service hotline to handle inquiry and complaints received from Dong Dong Mall's tenants and customers.

According to the *Advertising Law of the PRC* and the *Trademark Law of the PRC* and other advertisement and labelling related laws and regulations, the Group forbids any forms of false or misleading description during advertising and transaction process. The Group requires all employees concerned to deeply and thoroughly understand the services terms to ensure employee can provide accurate and comprehensive information to clients during business meeting, consultation or others while avoid misleading the clients.

In order to protect customer's best interest and security of business information, the Group requests to sign a confidentiality agreement whilst carrying out transactions with a third party such as customer, partner, supplier, investor, etc. All agreements and confidentiality documents are locked and sealed in a specific filing cabinet and approval is to be granting for obtaining the documents for any reasons. In view of loan financing, according to *Personal Data (Privacy) Ordinance*, the Group regulates employee to maintain confidentiality of sensitive information including: service-related, plan and flowchart; lists of customer, supplier and employee, financial data and others. The Group strictly complies with related regulations and prohibits using, copying or obtaining sensitive information in any means without the consent from data owner.

B.6 Anti-corruption

The Group complies with *Anti-Corruption and Bribery Law of the PRC* and *Prevention of Bribery Ordinance* of the Hong Kong Special Administrative Region and other related laws and regulations. With respect to the management of Chongqing Baoxu, the tenants from Dong Dong Mall are required to sign up for an anti-corruption agreement to prevent any forms of transfer of benefits. In order to maintain the Group's integrity at all times, employees are monitored regularly. During the Reporting Period, the Group had not received any legal cases of corrupt practices relating to the Group nor individuals.

The anti-corruption policies and measures implemented by the Group include: (1) Open tendering: based on the circumstances, tenders should be collected from at least 3 service institutions and a transparency is required during the tender process; (2) 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; (3) Third party audit: engage third party audit institutions to audit financial accounts, preventing account falsification to safeguard shareholders' interests. The Group eradicates any forms of corruption, bribery or misuse of authority behaviour through the above policies.

The Group's loan financing business is often involved in enormous money transaction, corruption risks are relatively higher. 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 over the business: (1) Preventing bribery: according to the Employee Code of Conduct and employment agreements that employees abide by professional ethics, not allowing any act of corruption or bribery. Employee are to be removed from their duties and required to indemnify the Company against its losses when they are found committing in a corrupt act. If corrupt act is found in violation of rules against regional or national regulatory requirements, the concerned employee would be held accountable for his/her judicial responsibility; (2) Whistleblowing and reporting: employment contract includes clauses of confidentiality, unless formal agreement from Shanghai Dongkui is granted, employees are restricted to disclose business intelligence or sensitive information directly or indirectly to anyone or entity during employment terms. Suspected cases are encouraged to be reported; (3) Prevention of money laundering, fraud: 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 official channels. In addition, clear delegation of job duties to relevant departments, such as sales department, risk department and property management department, to strengthen its self-restraint and to give rise to supervisory and restrictive functions at every step within the audit process.

B.7 Community Engagement

The Group is actively giving back to society on various fronts, looking forward to bringing benefits for both corporate and the community. Constructing community is the mission of the Group for comprehensively enhancing the development of the community. Through active participation of public service activities, the Group keeps abreast of the demands and views of the communities in which it operates, provides appropriate feedback and builds a positive image for the Group.

The Company actively responds to the needs of rural children. "2016 5th Doyen Holdings Warmth Passing Scheme" was organised at Zhanghanzhen Shatan village at Wanzhou, Chongqing in 2016, strived to provide goods and materials for primary school students who lived in remote areas. Also, it offered learning opportunity for unaffordable but outstanding university students. This was a charity project focused on helping students.

During the Reporting Period, Chongqing Baoxu and Dong Dong Mall organised a Children Art Festival, provided cultural programmes to residents and allowing them to participate in children's world of creativity prepared by art groups, and offered children a chance to demonstrate their talent.

APPENDIX: HKEX ESG REPORTING GUIDE INDEX

General Disclosures and KPIs	Description	Relevant Chapter(s) or Explanation	Relevant Page(s)
Environmental			
Aspect A1: Emissions			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	A.1	
KPI A1.1	The types of emissions and respective emissions data.	A.5	
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	A.5	
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Not Applicable	
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	A.5	
KPI A1.5	Description of measures to mitigate emissions and results achieved.	A.1	
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	A.3	
Aspect A2: Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	A.2	
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in ’000s) and intensity (e.g. per unit of production volume, per facility).	A.5	
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	A.5	
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	A.2	
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	A.2	
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not Applicable	
Aspect A3: Environment and Natural Resources			
General Disclosure	Policies on minimising the issuer’s significant impact on the environment and natural resources.	A.4	
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Not Applicable	

General Disclosures	Description	Relevant Chapter(s)	Relevant Page(s)
Social			
Aspect B1: Employment			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare.	B.1	
Aspect B2: Health and Safety			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	B.2	
Aspect B3: Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	B.3	
Aspect B4: Labour Standards			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	B.1	
Aspect B5: Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	B.4	
Aspect B6: Product Responsibility			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	B.5	
Aspect B7: Anti-corruption			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	B.6	
Aspect B8: Community Investment			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	B.7	

INDEPENDENT AUDITOR'S REPORT

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TO THE MEMBERS OF
DOYEN INTERNATIONAL HOLDINGS LIMITED
(Incorporated in Hong Kong with limited liability)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

QUALIFIED OPINION

We have audited the consolidated financial statements of Doyen International Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 45 to 99, which comprise the consolidated statement of financial position as at 31 December 2017, 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, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR QUALIFIED OPINION

As disclosed in note 25 to the consolidated financial statements, as at 31 December 2017, the amounts due from a related company, Chongqing Doyen Holdings Group Co., Ltd. ("Chongqing Doyen") of approximately HK$507,263,000 included several loans to Chongqing Doyen totalling RMB420,000,000 (equivalent to approximately HK$504,000,000) (the "Loans") and reimbursement of tax expenses of approximately RMB2,720,000 (equivalent to approximately HK$3,263,000). The Loans were secured by 51% equity interest of Chongqing Doyen Shell Petrochemical Co., Ltd. (the "Collaterals").

Pursuant to the loan agreements signed between the Group and Chongqing Doyen dated 8 November 2016, 11 November 2016 and 6 March 2017 respectively (the "Loan Agreements"), the Loans of RMB420,000,000 were interest-bearing at 10.5% per annum and due on 18 January 2018. Chongqing Doyen failed to repay the principal amount and the interest for the period from 1 January 2018 to 18 January 2018 as at the due date and was construed as default in repayment according to the Loan Agreements. Chongqing Doyen also failed to settle the reimbursement of tax expenses up to the date of this report.

BASIS FOR QUALIFIED OPINION *(CONTINUED)*

The Group is still under negotiation with Chongqing Doyen for the settlement of the outstanding balances. As at the date of this report, no repayment schedule has been agreed with Chongqing Doyen.

Taking into consideration the financial conditions of Chongqing Doyen and the value of the Collaterals, the directors are of the view that the Group is able to recover the outstanding balances due in full from Chongqing Doyen, and therefore no impairment has been provided for the aforesaid amounts in the year ended 31 December 2017. However, the directors were not able to provide us with sufficient information about the financial capability of the borrower or the value of the Collaterals to support their impairment assessment. Hence, we were unable to obtain sufficient appropriate audit evidence regarding the recoverability of the amounts due from Chongqing Doyen of approximately HK$507,263,000. There were no alternative audit procedures that we could perform to satisfy ourselves as to whether any impairment loss on these amounts was necessary and the amounts due from Chongqing Doyen as at the year end date were fairly stated. Any provision for impairment of these amounts would reduce the net assets of the Group as at 31 December 2017 and decrease the Group's net profit for the year ended 31 December 2017, and would have a consequential impact on the disclosure related to impairment loss in the consolidated financial statements. Consequently, we were unable to determine whether any adjustment to these amounts was necessary.

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 qualified opinion.

OTHER INFORMATION

The directors are responsible for the Other Information. The Other Information comprises all of the information included in the Company's 2017 annual report other than the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. As described in the Basis of Qualified Opinion section above, we were unable to obtain sufficient appropriate evidence about the recoverability and the impairment of the amounts due from Chongqing Doyen. Accordingly, we are unable to conclude whether or not the Other Information is materially misstated with respect to this matter.

INDEPENDENT AUDITOR'S REPORT

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. In addition to the matter described in the Basis for Qualified Opinion section, we have determined "valuation of investment property" to be the key audit matter to be communicated in our report.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of investment property	
Refer to note 5(a) 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, to be approximately HK$333,600,000 as at 31 December 2017 and a fair value loss on investment property of approximately HK$888,000 was recorded in the consolidated statement of profit or loss for the year ended 31 December 2017. 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 rate, long term vacancy rate and expected future market rent) 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.

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.

- 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.

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

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.

REPORT ON OTHER MATTERS UNDER SECTION 407(3) OF THE HONG KONG COMPANIES ORDINANCE

In respect alone of the inability to obtain sufficient appropriate audit evidence regarding the recoverability and the impairment of the amounts due from Chongqing Doyen as described in the Basis for Qualified Opinion section of our report above, we have not obtained all the information or explanations that, to the best of our knowledge and belief, are necessary and material for the purpose of the audit.

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 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	**2017 HK$'000**	2016 HK$'000
Revenue	8	**34.920**	33,615
Staff costs	9	**(13,778)**	(17,620)
Operating lease rentals		**(2,619)**	(2,593)
Other tax expenses		**(4,162)**	(3,818)
Depreciation		**(516)**	(489)
Other operating expenses		**(10,054)**	(13,090)
Other gains and losses	10	**20,668**	(36,798)
Other income	11	**4,866**	5,047
Profit/(Loss) from operations		**29,325**	(35,746)
Finance income	13	**45,947**	43,731
Finance costs	13	**(31,691)**	(34,333)
Finance income – net	13	**14,256**	9,398
Share of loss of an associate	22	**–**	(16,518)
Provision for impairment loss of an associate	22	**–**	(13,348)
Profit/(Loss) before tax		**43,581**	(56,214)
Income tax expense	14	**(12,863)**	(5,140)
Profit/(Loss) for the year	15	**30,718**	(61,354)
Attributable to:			
Owners of the Company		**24,432**	(59,888)
Non-controlling interests		**6,286**	(1,466)
		30,718	(61,354)
Earnings/(Loss) per share	18		
		HK cents	HK cents
Basic		**1.92**	(4.70)
Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 HK$'000	2016 HK$'000
Profit/(Loss) for the year	**30,718**	(61,354)
Other comprehensive income, net of tax		
Item that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**55,750**	(47,599)
Total comprehensive income for the year	**86,468**	(108,953)
Attributable to:		
Owners of the Company	**66,500**	(95,125)
Non-controlling interests	**19,968**	(13,828)
	86,468	(108,953)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2017

	Note	2017 HK$'000	2016 HK$'000
Non-current assets			
Property, plant and equipment	19	**559**	805
Investment property	20	**333,600**	309,409
Intangible assets	21	**7,096**	7,096
Investment in an associate	22	**–**	–
Loan receivables	23	**57,586**	98,313
Deferred tax assets	28	**10,883**	13,170
		409,724	428,793
Current assets			
Loan receivables	23	**108,032**	133,110
Prepayments, deposits and other receivables		**3,728**	3,571
Financial assets at fair value through profit or loss	24	**131,959**	55,472
Amounts due from a related company	25	**507,263**	383,939
Pledged bank deposits	26	**6,265**	18,443
Bank and cash balances	26	**96,135**	196,533
		853,382	791,068
Current liabilities			
Accruals and other payables		**15,011**	15,140
Borrowings	27	**52,794**	250,238
Current tax liabilities		**13,518**	12,564
		81,323	277,942
Net current assets		**772,059**	513,126
Total assets less current liabilities		**1,181,783**	941,919
Non-current liabilities			
Borrowings	27	**268,591**	114,609
Deferred tax liabilities	28	**3,867**	4,453
		272,458	119,062
NET ASSETS		**909,325**	822,857
Capital and reserves			
Share capital	29	**1,174,378**	1,174,378
Deficit		**(465,705)**	(532,205)
Equity attributable to owners of the Company		**708,673**	642,173
Non-controlling interests		**200,652**	180,684
TOTAL EQUITY		**909,325**	822,857

Approved by the Board of Directors on 28 March 2018 and are signed on its behalf by:

Lo Siu Yu
Director

Cho Chun Wai
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	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 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 30)	–	–	–	–	(5,037)	5,037	–	–	–
Share of reserve of an associate	–	–	–	–	1,333	–	1,333	–	1,333
At 31 December 2016 and 1 January 2017	**1,174,378**	**(409,968)**	**(59,779)**	**3,916**	**11,618**	**(77,992)**	**642,173**	**180,684**	**822,857**
Total comprehensive income for the year	**–**	**–**	**42,068**	**–**	**–**	**24,432**	**66,500**	**19,968**	**86,468**
Transfer to statutory reserve	**–**	**–**	**–**	**3,134**	**–**	**(3,134)**	**–**	**–**	**–**
At 31 December 2017	**1,174,378**	**(409,968)**	**(17,711)**	**7,050**	**11,618**	**(56,694)**	**708,673**	**200,652**	**909,325**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 HK$'000	2016 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	**43,581**	(56,214)
Adjustments for:		
Reimbursement of tax expenses from a related company	**(3,240)**	(2,448)
Finance income	**(45,947)**	(43,731)
Finance costs	**31,691**	34,333
Share of loss of an associate	**–**	16,518
Provision for impairment loss of an associate	**–**	13,348
Dividend income from equity investments	**(335)**	(261)
Depreciation	**516**	489
Loss on disposals of property, plant and equipment	**1**	–
Fair value loss on investment property	**888**	22,505
Amortisation of intangible assets	**–**	418
Fair value gain on financial assets at fair value through profit or loss	**(3,510)**	(6,266)
Exchange (gain)/loss – net	**(18,047)**	20,559
Operating profit/(loss) before working capital changes	**5,598**	(750)
Decrease in loan receivables	**79,751**	17,440
(Increase)/Decrease in prepayments, deposits and other receivables	**(35)**	2,888
Decrease in financial assets at fair value through profit or loss	**3,561**	1
Increase/(Decrease) in accruals and other payables	**1,064**	(160)
Cash generated from operations	**89,939**	19,419
Income taxes paid	**(7,732)**	(5,125)
Net cash generated from operating activities	**82,207**	14,294
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	**46,069**	45,251
Dividend income received	**335**	261
Purchase of property, plant and equipment	**(271)**	(8)
Proceeds from disposals of property, plant and equipment	**12**	–
Additions to an investment property	**(2,041)**	(1,463)
Purchase of financial assets at fair value through profit or loss	**(115,300)**	–
Proceeds from disposals of financial assets at fair value through profit or loss	**44,967**	–
Advancement of loan to a related company	**(480,320)**	(401,030)
Repayment of loan from a related company	**386,155**	424,410
Decrease/(Increase) in pledged bank deposits	**12,178**	(18,443)
Net cash (used in)/generated from investing activities	**(108,216)**	48,978

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 HK$'000	2016 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of bank loans	**(57,112)**	(55,579)
Proceeds from bank loans	**–**	23,813
Interest paid on bank loans	**(10,341)**	(13,965)
Interest paid on bonds	**(14,138)**	(18,576)
Payment for incremental costs for supplemental deed of bonds	**(3,899)**	–
Repayment of finance lease payable	**–**	(133)
Dividend paid to non-controlling interests	**–**	(1,716)
Net cash used in financing activities	**(85,490)**	(66,156)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(111,499)**	(2,884)
Effect of foreign exchange rate changes	**11,101**	(13,778)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**196,533**	213,195
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	**96,135**	196,533
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	**96,135**	196,533

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 ("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 2017, Money Success Limited, a company incorporated in the British Virgin Islands ("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 individual 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 2017. Of these, the following amendment is relevant to the Group.

Amendments to HKAS 7 Statement of Cash Flows: Disclosure Initiative

The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). The Group has provided this information in note 32(a).

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 2017. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
HKFRS 9 Financial Instruments	1 January 2018
HKFRS 15 Revenue from Contracts with Customers	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.

HKFRS 9 Financial Instruments

HKFRS 9 will replace HKAS 39 Financial Instruments: Recognition and Measurement. HKFRS 9 introduces new requirements for classification and measurement of financial assets, new rules for hedge accounting and a new impairment model for financial assets.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2018 on a retrospective basis. The Group plans to adopt the new standard on the required effective date and will not restate comparative information.

Based on an analysis of the Group's financial assets and financial liabilities as at 31 December 2017 on the basis of the facts and circumstances that exist at that date, the directors of the Company have assessed the impact of HKFRS 9 to the Group's consolidated financial statements as follows:

(a) Classification and measurement

HKFRS 9 contains three principal classification categories for financial assets: measured at amortised costs, fair value through profit or loss and fair value through other comprehensive income. Classification is driven by the entity's business model for managing the debt instruments and their contractual cash flow characteristics.

Based on the preliminary assessment, the Group expects that its financial assets currently measured at amortised cost and fair value through profit and loss will continue with their respective classification and measurements upon the adoption of HKFRS 9.

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

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

(b) Impairment

HKFRS 9 requires the Group to recognise and measure either a 12-month expected credit loss or lifetime expected credit loss, depending on the asset and the facts and circumstances. The Group expects that the application of the expected credit loss model will result in earlier recognition of credit losses.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of HKFRS 9. The Group has not completed its assessment of the full impact of adopting HKFRS 9 and therefore its possible impacts on the Group's operating results and financial position have not been quantified.

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.

HKFRS 16 is effective for annual periods beginning on or after 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

Based on a preliminary assessment, the standard will affect primarily the accounting for the Group's operating 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(a), the Group's future minimum lease payments under non-cancellable operating leases for its office properties amounted to approximately HK$1,933,000 as at 31 December 2017. These leases are expected to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The amounts will be adjusted for the effects of discounting and the transition reliefs available to the Group.

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 consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas where assumptions and estimates are significant to these 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) Operating leases

The Group as lessee

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.

The Group as lessor

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 membership

Club membership with indefinite useful life is stated at cost less any impairment losses. Impairment is reviewed annually or when there is any indication that the club membership has suffered an impairment loss.

(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 a 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 consolidated 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

Intangible assets that have an indefinite useful life are reviewed for impairment annually and whenever events or changes in circumstances indicate the carrying amount may not recoverable. The carrying amounts of other 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.

In addition, 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 reduced 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 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. KEY ESTIMATES

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.

(a) 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 2017 was approximately HK$333,600,000 (2016: HK$309,409,000).

(b) 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, in particular of a loss event, 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.

As at 31 December 2017, management assesses the recoverablity of the Group's loan receivables and amounts due from a related company and considered that no impairment loss for bad and doubtful debts was required to make (2016: nill).

(c) 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.

5. KEY ESTIMATES *(CONTINUED)*

(d) 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.

(e) 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$12,863,000 (2016: HK$5,140,000) 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	
	2017	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000
RMB	**280,500**	295,572	**1,598**	1,925
US$	**349**	349	**–**	–

As at 31 December 2017, if the HK$ had weakened 5% against the RMB with all other variables held constant, consolidated profit after tax for the year would have been approximately HK$13,945,000 higher (2016: consolidated loss after tax for the year would have been approximately HK$14,682,000 lower), arising mainly as a result of the foreign exchange gain on translation of bank balances and amounts due from a related company denominated in RMB. If the HK$ had strengthened 5% against RMB with all other variables held constant, consolidated profit after tax for the year would have been approximately HK$13,945,000 lower (2016: consolidated loss after tax for the year would have been approximately HK$14,682,000 higher), arising mainly as a result of the foreign exchange loss on translation of bank balances and amounts due from a related company denominated in RMB.

As at 31 December 2017, 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% (2016: 10%) higher/lower with all other variables held constant, consolidated profit after tax for the year ended 31 December 2017 would have increased/decreased by approximately HK$1,196,000/HK$1,196,000 (2016: consolidated loss after tax for the year would have decreased/increased by approximately HK$1,286,000/HK$2,318,000).

(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 85% (2016: 71%) of the total loan receivables were due from the Group's five largest customers as at 31 December 2017 and all of the customers are located in the PRC. Exposure to credit risk is managed in part by obtaining collateral or corporate guarantee.

The Group is also exposed to concentration of credit risk through amounts due from a related company. Any changes in the related company's creditworthiness and financial standing could have a significant impact on the Group. Exposure to credit risk is managed in part by obtaining collateral.

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
At 31 December 2017		
Accruals and other payables	**14,169**	**–**
Borrowings	**58,860**	**291,910**
Total	**73,029**	**291,910**
At 31 December 2016		
Accruals and other payables	14,400	–
Borrowings	258,824	124,608
Total	273,224	124,608

(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:

	2017 HK$'000	2016 HK$'000
Variable rate financial assets/(liabilities)		
Loans receivables	**93,788**	135,681
Pledged bank deposits	**6,265**	18,443
Bank balances	**74,235**	185,814
Bank loans	**(123,126)**	(169,938)

As at 31 December 2017, if interest rates had been 25 basis points lower or reduced to zero, whichever is higher with all other variables held constant, consolidated profit after tax for the year would have been approximately HK$70,000 lower (2016: consolidated loss after tax for the year would have been approximately HK$274,000 higher). If interest rates had been 25 basis points higher, with all other variables held constant, consolidated profit after tax for the year would have been approximately HK$97,000 higher (2016: consolidated loss after tax for the year would have been approximately HK$323,000 lower).

6. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

(f) Categories of financial instruments at 31 December 2017

	2017 HK$'000	2016 HK$'000
Financial assets:		
Financial assets at fair value through profit or loss		
Held for trading	**11,959**	14,221
Designated at fair value through profit or loss	**120,000**	41,251
Loans and receivables (including pledged bank deposits, bank and cash balances)	**776,997**	831,285
Financial liabilities:		
Financial liabilities at amortised cost	**335,554**	379,247

(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 2017

Description	**Fair value measurements using: Level 1 HK$'000**	**Level 2 HK$'000**	**Level 3 HK$'000**	**Total 2017 HK$'000**
Recurring fair value measurements:				
Financial assets				
Financial assets at fair value through profit or loss				
Listed equity securities	11,959	–	–	11,959
Financial products	–	120,000	–	120,000
	11,959	120,000	–	131,959
Investment property				
Shopping mall – PRC	–	–	333,600	333,600
Total	11,959	120,000	333,600	465,559

7. FAIR VALUE MEASUREMENTS *(CONTINUED)*

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

At 31 December 2016

Description	Fair value measurements using: Level 1 HK$'000	Level 2 HK$'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

(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 2017 HK$'000**
At 1 January 2017	**41,251**	**309,409**	**350,660**
(Disposals)/Additions	**(44,967)**	**2,041**	**(42,926)**
Exchange differences	**1,329**	**23,038**	**24,367**
Total gains or losses recognised in profit or loss (#)	**2,387**	**(888)**	**1,499**
At 31 December 2017	**–**	**333,600**	**333,600**
(#) Include gains or losses for assets held at end of reporting period	**–**	**(888)**	**(888)**

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 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)

The total gains or losses recognised in profit or loss are included in the line item "other gains and 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 2017:

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 normally engages external valuation experts with 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.

Level 2 fair value measurements

Description	Fair value **2017** **HK$'000**	2016 HK$'000
Financial assets at fair value through profit or loss – Financial products	**120,000**	–

The fair values of the financial products are approximate to their costs plus expected returns.

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 2017: *(Continued)*

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range	Fair value 2017 HK$'000	Fair value 2016 HK$'000
Financial assets at fair value through profit or loss – Unlisted PRC equity fund	Net asset value	N/A	N/A	–	41,251

The directors estimated the fair value of the unlisted PRC equity fund as at 31 December 2016 by reference to the fund's net asset value quoted by the fund manager. As the fund is not redeemable on 31 December 2016, the valuation is a level 3 fair value measurement.

8. REVENUE

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

	2017 HK$'000	2016 HK$'000
Rental income	11,516	7,632
Income from provision of financing	23,404	25,983
	34,920	33,615

9. STAFF COSTS

	2017 HK$'000	2016 HK$'000
Salaries, bonuses and allowances	13,302	16,886
Retirement benefit scheme contributions	476	734
	13,778	17,620

Five highest paid individuals

The five highest paid individuals in the Group during the year included two (2016: two) directors whose emoluments are reflected in the analysis presented in note 16(a). The emoluments of the remaining three (2016: three) individuals are set out below:

	2017 HK$'000	2016 HK$'000
Salaries, bonuses and allowances	2,792	3,217
Retirement benefit scheme contributions	126	118
	2,918	3,335

9. STAFF COSTS *(CONTINUED)*

The emoluments fell within the following bands:

	Number of individuals	
	2017	2016
Nil to HK$1,000,000	**2**	1
HK$1,000,001 to HK$1,500,000	**–**	1
HK$1,500,001 to HK$2,000,000	**1**	1

10. OTHER GAINS AND LOSSES

	2017 HK$'000	2016 HK$'000
Loss on disposals of property, plant and equipment	**(1)**	–
Fair value loss on investment property	**(888)**	(22,505)
Fair value gain on financial assets at fair value through profit or loss	**3,510**	6,266
Exchange gain/(loss) – net	**18,047**	(20,559)
	20,668	(36,798)

11. OTHER INCOME

	2017 HK$'000	2016 HK$'000
Reimbursement of tax expenses from a related company	**3,240**	2,448
Dividend income from equity investments	**335**	261
Government grants (note)	**1,291**	2,338
	4,866	5,047

Note:

For the years ended 31 December 2017 and 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 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 Ltd. ("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 2017			
Revenue from external customers	**11,516**	**23,404**	**34,920**
Depreciation	**(7)**	**(62)**	**(69)**
Loss on disposals of property, plant and equipment	**–**	**(1)**	**(1)**
Fair value loss on investment property	**(888)**	**–**	**(888)**
Fair value gain on financial assets at fair value through profit or loss	**–**	**306**	**306**
Exchange loss – net	**–**	**(1)**	**(1)**
Finance income	**10,179**	**12,485**	**22,664**
Finance costs	**(8,343)**	**(1,961)**	**(10,304)**
Income tax expense	**(2,314)**	**(7,658)**	**(9,972)**
Segment profit after tax	**3,836**	**22,905**	**26,741**
At 31 December 2017			
Segment assets	**476,846**	**461,264**	**938,110**
Segment liabilities	**(127,116)**	**(34,264)**	**(161,380)**

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 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)

Reconciliations of segment revenue and profit or loss:

	2017 HK$'000	2016 HK$'000
Revenue		
Total revenue of reportable segments	**34,920**	33,615
Profit or loss		
Total profit/(loss) of reportable segments after tax	**26,741**	(587)
Share of loss of an associate	**–**	(16,518)
Provision for impairment loss of an associate	**–**	(13,348)
Unallocated amounts:		
Staff costs	**(8,209)**	(10,620)
Depreciation	**(447)**	(469)
Fair value gain on financial assets at fair value through profit or loss	**3,204**	2,490
Exchange gain/(loss) – net	**18,048**	(20,560)
Other income	**3,575**	2,709
Finance income	**23,283**	31,827
Finance costs	**(21,387)**	(20,410)
Other corporate expenses	**(14,090)**	(15,868)
Consolidated profit/(loss) after tax	**30,718**	(61,354)

12. SEGMENT INFORMATION *(CONTINUED)*

Reconciliations of segment assets and liabilities:

	2017 HK$'000	2016 HK$'000
Assets		
Total assets of reportable segments	**938,110**	895,766
Unallocated assets:		
Property, plant and equipment	**300**	747
Intangible assets	**7,096**	7,096
Financial assets at fair value through profit or loss	**11,959**	8,755
Amounts due from a related company	**279,263**	288,966
Bank and cash balances	**24,123**	17,171
Other assets	**2,255**	1,360
	324,996	324,095
Consolidated total assets	**1,263,106**	1,219,861

	2017 HK$'000	2016 HK$'000
Liabilities		
Total liabilities of reportable segments	**161,380**	198,665
Unallocated liabilities:		
Borrowings	**198,259**	194,909
Current tax liabilities	**11,040**	11,498
Other liabilities	**6,501**	5,890
	215,800	212,297
Elimination of inter-company liabilities	**(23,399)**	(13,958)
Consolidated total liabilities	**353,781**	397,004

Geographical information:

All the revenue generated by the Group for the two years ended 31 December 2017 and 2016 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:

	2017 HK$'000	2016 HK$'000
Dongkui business		
Customer a	**6,066**	960
Customer b	**3,225**	3,818
Customer c	**1,645**	4,183

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

	2017 HK$'000	2016 HK$'000
Finance income		
Interest income on bank deposits	**1,400**	1,897
Interest income on loans to a related company	**44,547**	41,834
	45,947	43,731
Finance costs		
Finance lease charges	**–**	(2)
Interest on bank loans	**(10,304)**	(13,923)
Interest on other borrowings – bonds	**(21,387)**	(20,408)
	(31,691)	(34,333)
Finance income – net	**14,256**	9,398

14. INCOME TAX EXPENSE

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

	2017 HK$'000	2016 HK$'000
Current tax		
PRC Enterprise Income Tax ("EIT")		
Provision for the year	**9,012**	4,342
Withholding tax on distributed earnings from a subsidiary	**–**	599
Withholding tax on interest income		
– Provision for the year	**1,594**	2,221
– Over-provision in prior years	**–**	(1,886)
	10,606	5,276
Deferred tax (note 28)	**2,257**	(136)
	12,863	5,140

No provision for Hong Kong Profits Tax is required since the Group has no assessable profits for the years ended 31 December 2017 and 2016.

PRC EIT has been provided at a rate of 25% (2016: 25%).

According to the PRC EIT law and the relevant PRC issued implementation regulation, the Group is subject to the PRC withholding income tax of 7% (2016: 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.

14. INCOME TAX EXPENSE *(CONTINUED)*

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

	2017 HK$'000	2016 HK$'000
Profit/(Loss) before tax	**43,581**	(56,214)
Tax at the applicable tax rates in the jurisdictions concerned	**8,798**	(5,440)
Tax effect of income that is not taxable	**(1,855)**	(465)
Tax effect of expenses that are not deductible	**2,905**	8,692
Tax effect of temporary differences not recognised	**(14)**	235
Tax effect of tax losses not recognised	**1,037**	2,115
Over-provision in prior years	**–**	(1,886)
Deferred tax on undistributed profits of a PRC subsidiary	**1,297**	1,889
Others	**695**	–
Income tax expense	**12,863**	5,140

The weighted average applicable tax rate was 20% (2016: 10%).

15. PROFIT/(LOSS) FOR THE YEAR

The Group's profit/(loss) for the year is stated after charging the following:

	2017 HK$'000	2016 HK$'000
Auditor's remuneration		
– Audit	**1,180**	1,180
– Others	**270**	270
	1,450	1,450
Direct operating expenses of investment property that generate rental income	**4,980**	3,900

16. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The emoluments paid to or receivable by each of the nine (2016: nine) 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	–	–	954	18	2,412
Ms. Luo Shaoying	–	240	–	–	–	12	252
Mr. Tai Xing (note (ii))	–	159	–	59	–	–	218
Mr. Cho Chun Wai	–	1,019	143	121	66	18	1,367
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 2017	600	2,858	143	180	1,020	48	4,849

Mr. Tai Xing is also the chief executive of the Company. His emoluments disclosed above include those for services rendered by him as the chief executive.

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	–	–	1,319	18	2,777
Ms. Luo Shaoying	–	240	–	–	–	12	252
Dr. Chen Yang (note (iii))	–	1,630	–	230	19	14	1,893
Mr. Cho Chun Wai (note (iv))	–	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

Notes:

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

(ii) Appointed on 17 October 2017.

(iii) Resigned on 29 September 2016.

(iv) Appointed on 30 September 2016.

Neither the chief executive nor any of the directors waived any emoluments during the years ended 31 December 2017 and 2016.

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 2017						
重慶東銀控股集團有限公司 (for identification purpose, Chongqing Doyen Holdings Group Co., Ltd.)						
Loans and interest	379,891	504,000	504,000	Repayable on the maturity date – 18 January 2018	10.5% per annum on outstanding loans, payable quarterly in arrears	51% of equity interest in 重慶東銀殼牌石化有限公司 (for identification purpose, Chongqing Doyen Shell Petrochemical Co., Ltd.)
Reimbursement of tax expenses	4,048	3,263	4,048	No fixed term of repayment	Nil	Nil
At 31 December 2016						
Chongqing Doyen Holdings Group Co., Ltd.						
Loans and interest	430,858	379,891	430,858	Repayable within one year from the date of drawdown of loans	10.5% per annum on outstanding loans, payable quarterly in arrears	Nil
Reimbursement of tax expenses	10,652	4,048	10,652	No fixed term of repayment	Nil	Nil

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

Pursuant to a loan agreement dated 11 November 2015, the Company advanced a loan of RMB255,000,000 to 重慶東銀控股集團有限公司(for identification purpose, Chongqing Doyen Holdings Group Co., Ltd. ("Chongqing Doyen")), a company established with limited liability under the laws of 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 22 January 2016. In January 2017, this loan was fully repaid.

Pursuant to loan agreements dated 8 November 2016 and 6 March 2017, the Company advanced two loans of RMB80,000,000 and RMB150,000,000 respectively to Chongqing Doyen. The loans totalling RMB230,000,000 (equivalent to approximately HK$276,000,000) were interest-bearing at 10.5% per annum and due on 18 January 2018.

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

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

During the year ended 31 December 2017, interest income of approximately HK$23,117,000 (2016: HK$31,571,000) and reimbursement of tax expenses of approximately HK$3,240,000 (2016: HK$2,448,000) were received/receivable from Chongqing Doyen by the Company.

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

The directors do not recommend the payment of any dividend for the years ended 31 December 2017 and 2016.

18. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the following:

	2017 HK$'000	2016 HK$'000
Earnings/(Loss)		
Earnings/(Loss) for the purpose of basic earnings/(loss) per share (profit/(loss) for the year attributable to owners of the Company)	**24,432**	(59,888)

	2017 '000	2016 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share calculation	**1,274,039**	1,274,039

The Company's outstanding share options and warrants had no dilutive effect for the years ended 31 December 2017 and 2016 as the exercise prices of those share options and warrants were higher than the average market price for shares. Accordingly, diluted earnings/(loss) per share for the years ended 31 December 2017 and 2016 have not been presented.

19. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost				
At 1 January 2016	1,286	743	2,517	4,546
Additions	–	8	–	8
Exchange differences	–	(7)	–	(7)
At 31 December 2016 and 1 January 2017	1,286	744	2,517	4,547
Additions	159	112	–	271
Disposals	–	(651)	–	(651)
Exchange differences	7	11	–	18
At 31 December 2017	1,452	216	2,517	4,185
Accumulated depreciation				
At 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 and 1 January 2017	814	688	2,240	3,742
Charge for the year	337	28	151	516
Disposals	–	(638)	–	(638)
Exchange differences	2	4	–	6
At 31 December 2017	1,153	82	2,391	3,626
Carrying amount				
At 31 December 2017	**299**	**134**	**126**	**559**
At 31 December 2016	472	56	277	805

20. INVESTMENT PROPERTY

	2017 HK$'000	2016 HK$'000
At 1 January	**309,409**	351,935
Additions	**2,041**	1,463
Fair value loss	**(888)**	(22,505)
Exchange differences	**23,038**	(21,484)
At 31 December	**333,600**	309,409

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 2017 was based on a valuation carried out by Vigers Appraisal & Consulting 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.

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 2017 are as follows:

Unobservable inputs	Range	Effect on fair value for increase of inputs
Long term vacancy rate	8% (2016: 10%)	Decrease
Monthly market rent per sq. m.	RMB30 to RMB243 (2016: RMB44 to RMB234)	Increase
Capitalisation rate	5%-5.5% (2016: 5.5%-6%)	Decrease

During the years ended 31 December 2017 and 2016, there were no changes in the valuation technique used.

As at 31 December 2017, the carrying amount of investment property pledged as security for the Group's bank loans amounted to approximately HK$333,600,000 (2016: HK$309,409,000) (note 27(a)).

21. INTANGIBLE ASSETS

The intangible assets represent club memberships with indefinite useful lives.

The club memberships currently have a second hand market and have no foreseeable limit to their useful lives. The directors of the Company are of the opinion that the Group will continue to hold the club memberships and has the ability to do so. The club memberships have been tested for impairment in the current year by reference to their second hand market values and no impairment loss has been identified for the current or prior year.

22. INVESTMENT IN AN ASSOCIATE

	2017 HK$'000	2016 HK$'000
Unlisted investment:		
Share of net liabilities	**(1,048)**	(1,048)
Goodwill	**14,396**	14,396
	13,348	13,348
Less: Impairment loss	**(13,348)**	(13,348)
	–	–

Details of the Group's associate as at 31 December 2017 are as follows:

Name	Place of incorporation/ operation	Issued and paid up capital	Percentage of ownership interest	Principal activities
Sol Chip Limited ("Sol Chip")	Israel	274,190 ordinary shares of ILS 0.01 each; 212,245 Series A preferred shares of ILS 0.01 each; 451,307 Series B preferred shares of ILS 0.01 each *	29.80%	Development and sales of solar energy technology products

* Israeli new shekel ("ILS")

22. INVESTMENT IN AN ASSOCIATE *(CONTINUED)*

As at 31 December 2017, 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 was made for the year ended 31 December 2016.

For the impairment loss made in 2016, 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 were extrapolated using a 2% growth rate. Another key assumption for the value in use calculation related to the estimation of cash inflows which included budgeted sales and gross margin, such estimation was based on Sol Chip's past performance and expectations for the market development.

During the year ended 31 December 2017, Sol Chip still reported net loss and operating cash outflow. Hence, the Group's management is in the opinion that the impairment loss is not reversed.

During the year ended 31 December 2017, the Group has not recognised its share of loss for the year amounting to approximately HK$4,960,000 for Sol Chip. The accumulated loss not recognised was HK$4,960,000 as at 31 December 2017.

No summarised financial information in respect of Sol Chip was presented as the investment in Sol Chip has been fully impaired.

23. LOAN RECEIVABLES

	2017 HK$'000	2016 HK$'000
Current assets	**108,032**	133,110
Non-current assets	**57,586**	98,313
	165,618	231,423

As at 31 Decemebr 2017, the Group's loans to customers comprise the following:

(a) Loans to customers of approximately HK$105,618,000 (2016: HK$175,573,000) 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% (2016: 11.9% to 13.9%) per annum.

(b) Loan to a customer of approximately HK$60,000,000 (2016: HK$55,850,000) with effective interest rate of 11% (2016: 11%) per annum. Such loan under a corporate guarantee was unsecured and repayable within one year.

As at 31 December 2017, 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 2017, the carrying amount of loan receivables pledged as security for the Group's bank loans amounted to approximately HK$82,238,000 (2016: 118,054,000) (note 27(a)).

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2017 HK$'000	2016 HK$'000
Equity securities, at fair value (note (a))		
Listed in Hong Kong	**11,959**	8,755
Listed in the PRC	**–**	5,466
	11,959	14,221
Equity fund, at fair value		
Unlisted in the PRC	**–**	41,251
Financial products, at fair value (note (b))	**120,000**	–
	131,959	55,472

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

(b) (i) The Group subscribed for a financial product issued by a bank in the PRC with floating return ranging from 4.3% to 4.7% per annum. The principal of RMB30 million is protected. It was redeemed by the Group in February 2018.

(ii) The Group subscribed for a financial product issued by a bank in the PRC with expected interest rate of 2.7% per annum. The principal of RMB50 million is protected. It was redeemed by the Group in January 2018.

(iii) The Group subscribed for a financial product issued by a bank in the PRC with floating return ranging from 3.8% to 5.2% per annum. The principal of RMB20 million is not protected. It was redeemed by the Group in January 2018.

The fair values of the financial products are approximate to their costs plus expected returns.

25. AMOUNTS DUE FROM A RELATED COMPANY

	2017 HK$'000	2016 HK$'000
Loans to a related company (note (a))	**504,000**	379,780
Interest income receivable	**–**	111
Reimbursement of tax expenses (note (b))	**3,263**	4,048
	507,263	383,939

Notes:

(a) Pursuant to two loan agreements both dated 8 November 2016, the Company and Chongqing Baoxu advanced RMB80,000,000 each to Chongqing Doyen.

Pursuant to a loan agreement dated 11 November 2016, Shanghai Dongkui advanced a loan of RMB110,000,000 to Chongqing Doyen.

During the current year, the Company further advanced RMB150,000,000 to Chongqing Doyen pursuant to a loan agreement dated 6 March 2017.

The aforesaid loans totalling RMB420,000,000 (equivalent to approximately HK$504,000,000) were interest-bearing at 10.5% per annum and due on 18 January 2018.

During the current year, 51% of the equity interest of Doyen Shell (the "Collaterals") was charged to the Group as security for the aforesaid loans.

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

On 18 January 2018, Chongqing Doyen failed to repay the principal amount and the interest for the period from 1 January 2018 to 18 January 2018 as at the due date and was construed as default in repayment according to the loan agreements. Chongqing Doyen also failed to settle the reimbursement of tax expenses up to the date of these consolidated financial statements authorised for issue. The Group is still under negotiation with Chongqing Doyen for the settlement of the outstanding balances. However, no repayment schedule has been agreed with Chongqing Doyen.

Taking into consideration the financial conditions of Chongqing Doyen and the value of the Collaterals, the directors are of the view that the Group is able to recover the outstanding balances due in full from Chongqing Doyen, and therefore no impairment has been provided for the aforesaid amounts in the year ended 31 December 2017.

26. PLEDGED BANK DEPOSITS/BANK AND CASH BALANCES

	2017 HK$'000	2016 HK$'000
Pledged bank deposits	**6,265**	18,443
Bank and cash balances	**96,135**	196,533
	102,400	214,976

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

As at 31 December 2017, the pledged bank deposits and bank and cash balances of the Group denominated in RMB amounted to approximately HK$78,267,000 (2016: HK$197,795,000). 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

	2017 HK$'000	2016 HK$'000
Bank loans – secured (note (a))	**123,126**	169,938
Bonds – unsecured (note (b))	**198,259**	194,909
	321,385	364,847

The borrowings are repayable as follows:

	2017 HK$'000	2016 HK$'000
Within one year	**52,794**	250,238
In the second year	**220,591**	45,919
In the third to fifth years	**48,000**	68,690
	321,385	364,847
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(52,794)**	(250,238)
Amount due for settlement after 12 months	**268,591**	114,609

27. BORROWINGS *(CONTINUED)*

(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 2017, the effective interest rate ranging from 4.8% to 5.4% (2016: 4.8% to 5.4%) per annum.

As at 31 December 2017, the Group's bank loans of approximately HK$96,000,000 (2016: HK$111,700,000) were secured by the Group's investment property amounted to approximately HK$333,600,000 (2016: HK$309,409,000), its right to receive rental income and pledged bank deposits of approximately HK$1,200,000 (2016: nil).

The remaining bank loans of approximately HK$27,126,000 (2016: HK$58,238,000) were secured by the Group's loan receivables of approximately HK$82,238,000 (2016: HK$118,054,000) and pledged bank deposits of approximately HK$5,065,000 (2016: HK$18,443,000), and were guaranteed by Chongqing Doyen. Such bank loans have been early repaid on 17 January 2018 without any penalty.

(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 (the "Supplemental Deed") with Haitong, Mr. Lo, being the guarantor, and Chongqing Doyen, being the corporate guarantor (under a corporate guarantee agreement dated 20 January 2017) whereby the parties amended 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.

Loan arrangement fees amounting to approximately HK$3,899,000 regarding the Supplemental Deed have been amortised over the Extension Period. As at 31 December 2017, the effective interest rate on the Bonds was 10.5% (2016: 11.0%) per annum.

Details of the update on the Bonds are set out in notes 39(b) and 39(c).

28. DEFERRED TAX

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

Deferred tax liabilities

	Financial assets at fair value through profit or loss HK$'000	Accrued rental HK$'000	Undistributed profits of a PRC subsidiary HK$'000	Total HK$'000
At 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 and 1 January 2017	(2,087)	(561)	(1,805)	(4,453)
Credited/(Charged) to profit or loss (note 14)	2,154	24	(1,297)	881
Exchange differences	(67)	(40)	(188)	(295)
At 31 December 2017	**–**	**(577)**	**(3,290)**	**(3,867)**

Deferred tax assets

	Revaluation of investment property HK$'000	Others HK$'000	Total HK$'000
At 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 and 1 January 2017	12,273	897	13,170
Charged to profit or loss (note 14)	(2,338)	(800)	(3,138)
Exchange differences	817	34	851
At 31 December 2017	**10,752**	**131**	**10,883**

At the end of the reporting period, the Group has unused tax losses of approximately HK$134,123,000 (2016: HK$137,753,000) 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$32,563,000 (2016: HK$26,726,000) 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.

29. SHARE CAPITAL

	Number of shares '000	Amount HK$'000
Ordinary shares, issued and fully paid:		
At 1 January 2016, 31 December 2016 and 31 December 2017	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 as at 31 December 2017 is as follows:

	2017 HK$'000	2016 HK$'000
Total borrowings (note 27)	**321,385**	364,847
Less: Cash and cash equivalents	**(96,135)**	(196,533)
Net debt	**225,250**	168,314
Total equity	**909,325**	822,857
Total capital	**1,134,575**	991,171
Gearing ratio	**20%**	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.

30. 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:

	2017		2016	
	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	**4,950**	**1.634**	10,800	1.636
Forfeited during the year	**–**	**–**	(5,850)	1.638
Outstanding at the end of the year	**4,950**	**1.634**	4,950	1.634
Exercisable at the end of the year	**4,950**	**1.634**	4,950	1.634

The options outstanding at the end of the year have a weighted average remaining contractual life of 2.84 years (2016: 3.84 years) and the exercise prices range from HK$1.628 to HK$1.638 (2016: HK$1.628 to HK$1.638). No options were granted in 2017 (2016: nil).

31. 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 2017.

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.

32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	1 January 2017 HK$'000	Cash flows HK$'000	Finance costs HK$'000	Exchange differences HK$'000	31 December 2017 HK$'000
Bank loans (note 27)	169,938	(67,453)	10,304	10,337	123,126
Bonds (note 27)	194,909	(18,037)	21,387	–	198,259

(b) Major non-cash transaction

During the year ended 31 December 2017, certain income tax and other tax payables amounting to approximately HK$4,283,000 (2016: HK$8,865,000) were settled by Chongqing Doyen on behalf of the Group.

33. LEASE COMMITMENTS

(a) The Group as lessee

As at 31 December 2017, the Group's total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2017 HK$'000	2016 HK$'000
Within one year	1,933	2,526
In the second to fifth years	–	1,018
	1,933	3,544

Operating lease payments represent rentals payable by the Group for its offices. Leases are negotiated for an average terms of four 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 eight years. None of the leases includes contingent rentals.

As at 31 December 2017, the Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	2017 HK$'000	2016 HK$'000
Within one year	6,813	4,011
In the second to fifth years	–	148
	6,813	4,159

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*	**2017 HK$'000**	2016 HK$'000
Chongqing Doyen (note (i))	Interest income on loans to a related company	**44,547**	41,834
Chongqing Doyen	Reimbursement of tax expenses from a related company	**3,240**	2,448
重慶新東原物業管理有限公司 (for identification purpose, Chongqing New Dowell Property Management Ltd.) (note (ii))	Cleaning expenses paid to a related company	**602**	628
Chongqing New Dowell Property Management Ltd.	Property management fees paid to a related company	**255**	–

(b) Key management personnel compensation

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

	2017 HK$'000	2016 HK$'000
Short-term benefits	**4,801**	6,671
Post-employment benefits	**48**	62
	4,849	6,733

As at 31 December 2017, no accrued directors' emoluments was included in accruals and other payables (2016: HK$143,000).

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 Company, and his spouse.

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

35. CONTINGENT LIABILITIES

As at 31 December 2017, the Group did not have any significant contingent liabilities (2016: nil).

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

(a) Statement of financial position of the Company

	Note	2017 HK$'000	2016 HK$'000
Non-current assets			
Intangible assets		**7,096**	7,096
Investments in subsidiaries		**536,888**	510,166
		543,984	517,262
Current assets			
Prepayments, deposits and other receivables		**252**	293
Amounts due from subsidiaries		**286,432**	276,255
Amounts due from a related company		**279,263**	288,966
Bank and cash balances		**20,823**	11,452
		586,770	576,966
Current liabilities			
Accruals and other payables		**3,029**	3,504
Amounts due to subsidiaries		**220,547**	211,253
Borrowings		**3,462**	194,909
Current tax liabilities		**1,665**	2,123
		228,703	411,789
Net current assets		**358,067**	165,177
Total assets less current liabilities		**902,051**	682,439
Non-current liabilities			
Borrowings		**194,797**	–
NET ASSETS		**707,254**	682,439
Capital and reserves			
Share capital		**1,174,378**	1,174,378
Deficit	36(b)	**(467,124)**	(491,939)
TOTAL EQUITY		**707,254**	682,439

Approved by the Board of Directors on 28 March 2018 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 2016	(437,798)	15,622	(422,176)
Total comprehensive income for the year	(69,763)	–	(69,763)
Vested share options forfeited (note 30)	5,037	(5,037)	–
At 31 December 2016 and 1 January 2017	(502,524)	10,585	(491,939)
Total comprehensive income for the year	24,815	–	24,815
At 31 December 2017	**(477,709)**	**10,585**	**(467,124)**

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 2017 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	
	2017	2016	**2017**	2016
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	**344,376**	321,692	**57,952**	99,259
Current assets	**132,470**	131,917	**403,312**	342,898
Non-current liabilities	**(72,577)**	(89,921)	**(1,794)**	(27,337)
Current liabilities	**(54,539)**	(41,864)	**(32,470)**	(39,543)
Net assets	**349,730**	321,824	**427,000**	375,277
Accumulated NCI	**104,919**	96,547	**95,733**	84,137
Year ended 31 December:				
Revenue	**11,516**	7,632	**23,404**	25,983
Profit/(Loss) for the year	**3,836**	(17,619)	**22,905**	17,032
Total comprehensive income	**27,906**	(39,878)	**51,723**	(8,308)
Profit/(Loss) allocated to NCI	**1,151**	(5,285)	**5,135**	3,819
Dividends paid to NCI	**–**	–	**–**	1,716
Net cash generated from/(used in) operating activities	**15,136**	(762)	**94,355**	35,058
Net cash generated from/(used in) investing activities	**12,711**	32,821	**(171,538)**	(17,086)
Net cash used in financing activities	**(31,440)**	(34,298)	**(36,013)**	(19,078)
Net decrease in cash and cash equivalents	**(3,593)**	(2,239)	**(113,196)**	(1,106)

39. EVENTS AFTER THE REPORTING PERIOD

(a) Pursuant to the loan agreements signed between the Group and Chongqing Doyen dated 8 November 2016, 11 November 2016 and 6 March 2017 respectively (the "Loan Agreements"), the Group advanced loans totalling RMB420,000,000 (equivalent to approximately HK$504,000,000) (the "Loans") to Chongqing Doyen. The Loans were interest-bearing at 10.5% per annum and due on 18 January 2018. Chongqing Doyen failed to repay the principal amount and interest for the period from 1 January 2018 to 18 January 2018 as at the due date and was construed as default in repayment according to the Loan Agreements. Chongqing Doyen also failed to settle the reimbursement of tax expenses of approximately RMB2,720,000 (equivalent to approximately HK$3,263,000) to the Group up to the date of these consolidated financial statements authorised for issue. The Group is still under negotiation with Chongqing Doyen for the settlement of the outstanding balances. As at the date of these consolidated financial statements authorised for issue, no repayment schedule has been agreed with Chongqing Doyen. For details, please refer to note 25 and the Company's announcement dated 18 January 2018.

(b) Pursuant to the Supplemental Deed in relation to the Bonds, an email and a written notice were issued by the Group to Haitong, the bondholder, on 17 January 2018 and 7 February 2018 respectively in respect of the extension of the maturity date of the Bonds to 18 January 2019. Haitong acknowledged receipt of the aforesaid email and written notice on 7 February 2018; accordingly, the maturity date of the Bonds has been extended to 18 January 2019.

(c) On 7 February 2018, Haitong transferred the Bonds to a transferee (the "New Bondholder"), whose intermediate holding company indirectly holds 9.42% equity interest of the Company and 30% equity interest of the Company's subsidiary, Chongqing Baoxu.

Purusant to a confirmation letter dated 7 February 2018, the New Bondholder confirmed, among others, the following:

(i) The maturity date of the Bonds has been extended to 18 January 2019.

(ii) The failure by the Company to pay interest between 7 February 2018 to 17 January 2019, both dates inclusive (the "Period") shall not constitute a breach of the bond instrument dated 19 January 2015 (the "Bond Instrument") and the Supplemental Deed or an event of default under the Bond Instrument (the "Event of Default").

(iii) Any interest due but remain unpaid during the Period (the "Accrued Interest") shall become immediately payable by the Company on the first business day (excluding Saturday, Sunday and public holidays on which banks in Hong Kong are open for business) immediately after the Period.

(iv) No interest shall accrue on the Accrued Interest itself and the default interest pursuant to the Bond Instrument shall not be applicable to any Accrued Interest.

(v) If any of the Event of Default (except for the non-payment of interest during the Period) should occur, the New Bondholder shall have the right to revoke the effect of any or all of the paragraphs (i) to (iii) above, any right exercisable by the New Bondholder pursuant to the Bond Instrument may be exercised in respect of the Accrued Interest and the Bond Instrument shall apply to the Accrued Interest from the date of any demand by the New Bondholder to pay the Accrued Interest accordingly.

FIVE-YEAR FINANCIAL INFORMATION

RESULTS

	For the year ended 31 December				
	2017 HK$'000	2016 HK$'000	2015 HK$'000	2014 HK$'000	2013 HK$'000
Revenue	**34,920**	33,615	30,361	25,525	56,841
Profit/(Loss) attributable to owners of the Company	**24,432**	(59,888)	(38,014)	(29,793)	1,818

ASSETS AND LIABILITIES

	At 31 December				
	2017 HK$'000	2016 HK$'000	2015 HK$'000	2014 HK$'000	2013 HK$'000
Assets and liabilities					
Total assets	**1,263,106**	1,219,861	1,378,912	1,202,972	1,199,979
Total liabilities	**353,781**	397,004	446,719	199,720	234,897
Net assets	**909,325**	822,857	932,193	1,003,252	965,082
Non-controlling interests	**200,652**	180,684	196,228	208,145	130,948
Capital and reserves					
Equity attributable to owners of the Company	**708,673**	642,173	735,965	795,107	834,134