



大中華集團有限公司

GREAT CHINA HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability) Stock Code : 141

ANNUAL REPORT 2017

Contents

Corporate Information	02
Chairman's Statement	03
Management Discussion and Analysis	06
Biographical Details of Directors	10
Corporate Governance Report	12
Environmental, Social and Governance Report	24
Directors' Report	35
Independent Auditor's Report	47
Consolidated Statement of Profit or Loss	52
Consolidated Statement of Comprehensive Income	53
Consolidated Statement of Financial Position	54
Consolidated Statement of Changes in Equity	56
Consolidated Statement of Cash Flows	58
Notes to the Financial Statements	60
Schedule of Principal Properties	122
Five-year Financial Summary	124

Corporate Information

Board of Directors

Executive Directors

Mr. JIANG Tian (*Chairman*)
Mr. LAI Han (*Chief Executive*)
Ms. HOU Yingxuan (*Vice-President*)
Mr. GONG Biao (*Vice-President*)

Non-executive Director

Mr. CHAI Yuet

Independent Non-executive Directors

Ms. LI Ping
Mr. HU Jianxing
Mr. TSEUNG Yuk Hei Kenneth

Company Secretary

Ms. HO Wing Yan

Auditor

KPMG
Certified Public Accountants

Share Registrar

Union Registrars Limited
Suites 3301–04, 33/F.
Two Chinachem Exchange Square
338 King's Road
North Point
Hong Kong

Registered Office

Room 1512, 15/F.
New World Tower 1
16–18 Queen's Road Central
Hong Kong

Audit Committee

Ms. LI Ping (*Chairman*)
Mr. HU Jianxing
Mr. TSEUNG Yuk Hei Kenneth

Remuneration Committee

Mr. HU Jianxing (*Chairman*)
Mr. LAI Han
Ms. LI Ping

Nomination Committee

Mr. JIANG Tian (*Chairman*)
Ms. LI Ping
Mr. HU Jianxing

Stock Code

141 (Main Board of The Stock Exchange of Hong Kong Limited)

Website

www.greatchina-holdings.com

Contact

Room 1512, 15/F.
New World Tower 1
16–18 Queen's Road Central
Hong Kong
Telephone: (852) 2167 3333
Facsimile: (852) 2167 6333
Email: info@greatchina-holdings.com

Chairman's Statement

I am pleased to present, on behalf of the board (the "**Board**") of directors (the "**Directors**") of Great China Holdings Limited (the "**Company**"), the annual report of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2017 (the "**Year**").

Group Review

In 2017, the global economy has turned brightly on a gradual pace. The global economic growth and growth forecast were on the rise, in which the economic growth in developed economies keeps up its momentum, whilst growth in emerging markets and developing economies have showcased a significant recovery. China's economy has kept its stable momentum for a brighter growth and showcased a greater resilience.

In 2017, the real estate policy adheres to the keynote that "the property is used for housing rather than for speculation". Each region transformed from the traditional demand-side suppression to the supply-side increase. In the meantime, the convergence of short-term control and long-term mechanism becomes more closely, whilst vigorously nurturing and developing the housing rental market and deepening the development of pilot projects on shared property rights, improving the multi-level housing supply system and constructing a real estate system to develop house renting and purchasing simultaneously, a long term mechanism was also established and improved. The market tends to be stable, the concentration of the real estate industry continued to rise, new changes took place in the enterprise development pattern, results of brand real estate enterprises hit a new high, their market share increased rapidly and the industry scale effect continued to be fermented.

During the Year, rental income generated from properties in the People's Republic of China (the "**PRC**") continued to be the major and core sources of the Group's total revenue. Revenue of the Group attributable to the continuing operations increased by approximately HK\$1.11 million to approximately HK\$22.45 million, primarily due to exchange fluctuation.

A 10-year leasing contract relating to seven properties located in Shanghai, the PRC with effect from 1 November 2017 had been entered into by the Group with an independent third party. The said seven properties were previously measured at the lower of cost and net realisable value and were now reclassified as investment properties and measured at fair value according to the Hong Kong Accounting Standards. The change in fair value of properties transferred from held for sales to investment properties was approximately HK\$52.08 million. As a result, profit for the Year from continuing operations increased by approximately 227.75% to approximately HK\$46.59 million in comparison with the corresponding period in 2016.

Profit for the Year attributable to owners of the Company was approximately HK\$46.59 million, down from HK\$59.69 million recorded for the corresponding period in 2016. The substantial decrease in profit was mainly due to the completion of the disposal of discontinued operations in the equivalent period in 2016 and such respective contribution of profit was HK\$45.48 million.

For the Year, basic and diluted earnings per share of the Company (the "**Share**") from continuing operations was HK15.08 cents (2016: HK5.43 cents).

Chairman's Statement

Dividend

The Board has resolved not to recommend the payment of a final dividend for the Year (2016: Nil).

Business Review

In view of the operational performance for the Year, the Group recorded consolidated revenue of approximately HK\$22.45 million (2016: HK\$21.34 million) from the operations from leasing properties in the PRC. Profit attributable to the Company's equity shareholders was HK\$46.59 million.

Residential premises

For the Year, the Group generated revenue of approximately HK\$1.65 million (2016: HK\$1.71 million) from residential premises. The total floor area for residential area is 29,259 square feet. The average occupancy rate per unit was 57.29% for the Year (2016: 59.38%). The occupancy rate per unit as at 31 December 2017 was 81.25%. As at 31 December 2017, 12 residential premises were classified as the investment properties, which were valued by the independent professional valuer. A valuation gain of approximately HK\$55.70 million was recorded in 2017 (2016: HK\$10.04 million). As at 31 December 2017, 4 residential premises were classified as properties held for sale, which were measured at the lower of cost and net realisable value.

Shops and car parks

For the Year, the Group generated revenue of approximately HK\$20.80 million (2016: HK\$19.63 million) from shops and car parks. The total floor area for shops and car parks is 144,099 square feet. The average occupancy rate per unit was 100.00% for the Year (2016: 100.00%). As at 31 December 2017, all shops and car parks were classified as the investment properties, which were valued by the independent professional valuer. A valuation gain of approximately HK\$3.86 million was recorded in 2017 (2016: HK\$1.98 million).

Regional Information

As the Group did not have material operations outside the PRC during the Year, no geographic segment information is presented.

Prospects

In 2018, China's economy will keep growing. At the end of last year, the Central Economic Work Conference emphasised that the foundation of economic work was to achieve growth amidst overall stability. The effect of the structural policy should be further enhanced so as to strengthen the attractiveness and the competitiveness of the real economy, improve the allocation of existing stocks and reinforce innovations. Increase in private consumption should have a fundamental effect on economic development. Investment should also bring about a key effect in optimizing supply-side structure.

Chairman's Statement

The Gross Domestic Product of the PRC grew by approximately 6.90% in 2017. Fixed assets investment is one of the major driving forces of the economy in the PRC. The Board is confident in the overall economic outlook and business potential of the PRC. The Directors will continue to cautiously monitor the business environment and strengthen the Group's business foundation by focusing on its existing business. The investment properties of the Group are mainly located in Shanghai, the PRC. As the property prices in some of the first-tier cities in the PRC surge and prices in the second-tier and third-tier cities continue to rise, the Group will continue to look for development projects in the first-tier cities, as well as those second-tier and third-tier cities with better growth potential, so as to expand its investment properties business.

The Board strives to grasp investment opportunities that provide optimal returns while managing the ancillary risks to a minimum level. Other than property investment, the Group will also explore other investment opportunities, including but not limited to, the automobile industry and/or other industries for the Group to replenish its investment portfolio so as to expand the development opportunities, broaden the source of revenue and achieve future growth.

Last but not least, the Board is highly aware of the value of good corporate governance. The Board follows strictly with the latest and expected standards of corporate ethics and governance. In addition, we also honour our corporate social responsibilities by addressing the needs of our staff and contributing to the community. As you shall see in the "Environmental, Social and Governance Report", both the management and employees had enjoyed very much the charitable and other community contributing events during the Year.

In view of the Group's operating results, the Board did not recommend the payment of a final dividend in respect of the Year. Despite of the above, we will strive to further enhance the Company's performance and optimise the return for our shareholders.

Appreciation

On behalf of the Board, I would like to thank all our colleagues for their diligence, dedication, loyalty and integrity. I would also like to thank all our shareholders, customers, bankers and other business associates for their trust and support.

JIANG Tian

Chairman of the Board

Hong Kong, 26 March 2018

Management Discussion and Analysis

The world economy remained complicated and fast-changing amid sluggish economic growth in the Year. The property markets in the PRC gradually returned to a stable level. The Group made adjustments to the business strategies to secure stable revenue sources and maintain sustainable development of the business in long term.

Review and Prospects

The details of group review, business review and prospects are set out in the Chairman's Statement.

Financial Review

As at 31 December 2017, the Group's gearing ratio was Nil (31 December 2016: Nil), due to no bank borrowings of the Group (2016: Nil) and total assets of the Group of approximately HK\$740.86 million (2016: HK\$520.61 million). As at 31 December 2017, the Group's current ratio was 6.40 (2016: 2.14), calculated on the basis of current assets of approximately HK\$159.78 million (2016: HK\$52.32 million) over current liabilities of approximately HK\$24.97 million (2016: HK\$24.40 million). As at 31 December 2017, total short-term bank deposit, bank balances and cash on hand, which were denominated in Hong Kong dollars and Renminbi, were approximately HK\$139.16 million (2016: approximately HK\$25.26 million).

Capital Commitment

As at 31 December 2017, the Group had no material capital commitments (2016: Nil).

Charges on Assets

As at 31 December 2017, the Group did not have any charges on its assets (2016: Nil).

Future Plans for Material Investments or Capital Assets

The Directors currently do not have any future plans for material investments or capital assets. The Directors will continue to monitor the industry and review its business expansion plans regularly, so as to take necessary measures in the Group's best interests.

Key Risks and Uncertainties

The Group's financial condition, results of operations and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to the Group's businesses. The following are the key risks and uncertainties identified by the Group. There may be other risks and uncertainties in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future.

Foreign Exchange Risk

During the Year, most of the Group's business transactions were conducted in Hong Kong dollars and Renminbi. Review of the Group's exposure to foreign exchange risks is conducted periodically. The Group expected that the exposure to exchange rate fluctuation was not significant and therefore did not engage in any hedging activity during the Year.

Management Discussion and Analysis

Liquidity Risk

Liquidity risk is a potential risk that the Group will not be able to meet its obligations when they fall due to of an inability to obtain adequate funding or liquidate assets. In managing liquidity risks, the Group monitors cash flows and maintains an adequate level of cash and cash equivalent to ensure the ability to finance the Group's operations and reduce the effects of fluctuation in cash flows.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Responsibilities for managing operational risks rests with every function are at departmental levels. The Group's management team will identify and assess key operational exposures regularly so that appropriate response can be taken.

Impact of Government Policies and Regulations

The business operation of the Group is also subject to government policies, relevant regulations and guidelines established by the regulatory authorities. Failure to comply with the rules and requirements may lead to penalties, amendments or suspension of the business operation by the authorities. The Group closely monitors changes in government policies, regulations and markets as well as conducting studies to assess the impact of such changes.

Manpower and Retention Risk

The Group may face the risk of not being able to attract and retain key personnel and talents with adequate skills, experience and competence which meet the business objectives. The Group provides attractive remuneration package to suitable candidates and personnel.

Third-Party Risk

The Group may rely on third-party service providers in certain parts of its business to improve performance and efficiency of the Group. While gaining the benefits from external service providers, the management team realises that such operational dependency may pose a threat of vulnerability to unexpected poor or lapses in service including reputation damage, business disruption and monetary losses. To address such uncertainties, the Group engages only reputable third-party service providers and closely monitors their performance.

Business Risk

Performance of the Group's core business will be affected by various factors, including but not limited to the economic conditions and the property markets performances in regions where the investments are located, which would not be mitigated even with careful and prudent investment strategy and strict control procedures.

Management Discussion and Analysis

Significant Investments

During the Year, the Group did not have any significant investments (2016: Nil).

Material Acquisitions or Disposals of Subsidiaries, Associates and Joint Ventures

There were no material acquisitions or disposals of subsidiaries, associates and joint ventures during the Year.

For the year ended 31 December 2016, the significant disposal of subsidiaries was disclosed in note 10 to the financial statements.

Compliance with Laws and Regulations

During the Year, insofar as the Board was aware, there was no material breach of or non-compliance with applicable laws and regulations by the Group that had a significant impact on the business and operations of the Group.

Relationships with Stakeholders

The Company recognises that employees are its valuable assets. Thus, the Group recognises the accomplishment of its employees by providing comprehensive benefit packages, career development opportunities and internal training appropriate to individual needs. The Group regularly reviews the remuneration packages of employees and makes necessary adjustments to conform to the market level. Further, the Group provides a healthy and safe workplace for all employees and no strikes and cases of fatality due to workplace accidents occurred during the Year.

The Group also understands that it is important to maintain good relationship with business partners and bank enterprises to achieve its long-term goals. During the Year, there was no material or significant dispute between the Group and its business partners or bank enterprises.

Employee and Remuneration Policies

As at 31 December 2017, the Group employed 18 employees (2016: 20) with staff costs excluding the non-executive Director and independent non-executive Directors for the Year amounting to approximately HK\$9.40 million (2016: HK\$9.83 million). Remuneration policies are reviewed annually by the management of the Company. Remuneration packages are structured to take into account comparable levels in market and the prevailing business scale of the Group. The Company also operates a share option scheme (the “**Scheme**”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. The Scheme was adopted and approved by the shareholders of the Company on 14 May 2010 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

As at the date of this report, no share options have been granted under the Scheme since its adoption.

Contingent Liability

The Group had no material contingent liability as at 31 December 2017 (2016: Nil).

Management Discussion and Analysis

Environmental Policies

The Group recognises its responsibility to protect the environment in its business operations. The Group continually seeks to identify and manage environmental impacts attributable to its operational activities in order to minimise these impacts if possible. The Group aims to maximise energy conservation in its offices by promoting efficient use of resources and adopting green technologies.

Treasury Policies

The Group adopts a treasury policy that aims to better control its treasury operations and to lower its borrowing costs. As such, the Group endeavours to maintain an adequate level of cash and cash equivalents to address short-term funding needs. The Board also considers various funding sources depending on the Group's funding needs to ensure that the financial resources have been used in the most cost-effective and efficient way to meet its financial obligations. The time deposits of the Group at various licensed banks had been and would continue to be conducted in accordance with the Group's treasury policy. The Board reviews and evaluates the Group's treasury policy from time to time to ensure its adequacy and effectiveness.

Biographical Details of Directors

Mr. JIANG Tian, aged 47, is an executive Director, the chairman of the Board (the “**Chairman**”) and nomination committee of the Company (the “**Nomination Committee**”) as well as the controlling shareholder of the Company. He has extensive experiences in real estate investment and hotel management in the PRC. He is currently the director of Shanghai Chongsheng Investment Management Co., Ltd. (a holding company of Hopevision Group Ltd., a controlling shareholder of the Company (the “**Controlling Shareholder**”). He is also a consultant of the Company’s subsidiary, 博平置業(上海)有限公司.

Mr. JIANG was a director of Shenyang Hejin Holding Investment Co. Ltd. (whose shares are listed on the Shenzhen Stock Exchange, stock code: 000633) from December 2008 to June 2009.

Mr. LAI Han, aged 40, is an executive Director, the chief executive (the “**Chief Executive**”) and a member of the remuneration committee of the Company (the “**Remuneration Committee**”). Mr. LAI obtained a degree in Economics in Sichuan Agricultural University in July 2000. He also obtained Certificate of Company Secretary in the Shanghai Stock Exchange and the Shenzhen Stock Exchange in April 2004 and November 2012, respectively. Mr. LAI has over 15 years of experience in accounting, investment, mergers and acquisitions and company secretarial fields. He is currently a director of the Company’s subsidiary, 博平置業(上海)有限公司.

Ms. HOU Yingxuan, aged 32, is an executive Director and the vice-president of the Company. Ms. HOU graduated from Lancaster University in the United Kingdom with a Bachelor of Finance (Honours) degree in 2009. Ms. HOU worked for CCB International Capital Limited, a wholly-owned subsidiary of China Construction Bank Corporation, from November 2009 to December 2016. She has many years of experience in corporate finance and specialises in the origination of buy-side and sell-side projects for Hong Kong initial public offerings and offshore business corporate finance activities. Ms. HOU was appointed as the directors of subsidiaries of the Company, namely, Capital Head Investment Limited, Concord Trinity Development Limited, Glory South Investment Limited, Jelson Enterprises Limited, Poppins Properties Limited, Adamgate Limited, Max Benefit Group Limited and Dragon Intellect Holdings Limited.

Mr. GONG Biao, aged 47, is an executive Director and vice-president of the Company. Mr. GONG graduated from Shanghai Polytechnic University with a major in Mechanical Engineering and Design. Mr. GONG is currently a supervisor of Shanghai Chongsheng Investment Management Co., Ltd. (a holding company of the Controlling Shareholder), and the director of Hong Kong Hopevision International Limited and Hopevision Group Ltd. He is also the director of subsidiaries of the Company, namely, Capital Head Investment Limited, Concord Trinity Development Limited and 博平置業(上海)有限公司. Mr. GONG was a vice general manager of Shenyang Hejin Holding Co. Ltd. (whose shares are listed on the Shenzhen Stock Exchange, stock code: 000633) from January 2009 to June 2009.

Biographical Details of Directors

Mr. CHAI Yuet, aged 44, is a non-executive Director. Mr. CHAI is currently the chairman of the board of China Horae Capital Management (Group) Co., Limited.

Ms. LI Ping, aged 45, is an independent non-executive Director, the chairman of the audit committee of the Company (the “**Audit Committee**”), a member of the Nomination Committee and the Remuneration Committee. Ms. LI obtained a Management and Professional Accounting degree in Shanghai Jiao Tong University and obtained a master’s degree in Business Administration in China Europe International Business School. Ms. LI has been a qualified accountant upon approval from Shanghai Institution of Certified Public Accountants with effect from 31 December 1998. Ms. LI is responsible for giving independent judgement on the Group’s strategic plan, performance, resources and standard of integrity. Ms. LI has been an independent director of Zhongshan Public Utilities Group Co., Ltd. (whose shares are listed on the Shenzhen Stock Exchange, stock code: 000685) since 2015. She was an independent director of Kyland Technology Co., Ltd. (whose shares are listed on the Shenzhen Stock Exchange, stock code: 300353) from July 2009 to January 2013.

Mr. HU Jianxing, aged 41, is an independent non-executive Director, the chairman of the Remuneration Committee, a member of the Audit Committee and the Nomination Committee. Mr. HU obtained a bachelor’s degree in International Economics Law from East China University of Politics and Law (華東政法大學, formerly known as East China College of Political Science and Law (華東政法學院)) (Shanghai, the PRC) in July 1999. Mr. Hu is responsible for giving independent judgement on the Group’s strategic plan, performance, resources and standard of integrity. Mr. Hu is currently a lawyer of Shanghai Deheng Law Offices. He has been a qualified PRC lawyer for over 15 years.

Mr. TSEUNG Yuk Hei Kenneth, aged 52, is an independent non-executive Director and a member of the Audit Committee. Mr. TSEUNG graduated from Macquarie University in Australia in 1989 with a bachelor’s degree in Economics and he is a chartered accountant in Australia. Mr. TSEUNG has over 23 years of extensive experience in auditing and investment banking business. Before joining the investment banking industry in 1994, Mr. TSEUNG was an auditor in Hong Kong and Australia. Mr. TSEUNG has held senior positions in the investment banking division of various financial institutions including Standard Chartered Bank (Hong Kong) Ltd., ABN AMRO Bank N. V., Hong Kong branch and BNP Paribas Peregrine Capital Limited. After that, Mr. TSEUNG was a managing director, Head of Investment Banking, China of CIMB Securities Limited from August 2012 to February 2017. Mr. TSEUNG is currently the senior managing director, Head of Investment Banking of Mason Securities Limited (a wholly-owned subsidiary of Mason Group Holdings Limited (Stock Code: 273)). Mr. TSEUNG had been an independent non-executive director of Chinese Energy Holdings Limited (Stock Code: 8009) (formerly known as iMerchants Limited) between September 2004 and September 2007 and Great Wall Motor Company Limited (Stock Code: 2333) between June 2009 and May 2010.

Corporate Governance Report

The Board and the management are committed to upholding a high standard of corporate governance with an aim to safeguard the interest of the shareholders of the Company (the “**Shareholders**”) and the Company as a whole.

Save as disclosed herein, the Company has applied the principles and complied with all applicable code provisions and, where applicable, the recommended best practices of the Corporate Governance Code as set out in Appendix 14 (the “**CG Code**”) to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Key corporate governance principles and practices of the Company are summarised below.

Directors’ and Employees’ Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Confirmation has been sought from all Directors that they have complied with required standards set out in the Model Code throughout the Year. The Board has also adopted the Model Code as guidelines for relevant employees in respect of their dealings in the securities of the Company. No incidents of non-compliance of such guidelines by relevant employees was noted by the Company during the Year.

Directors

The Board

The Board is accountable to the Shareholders for leading the Group in a responsible and effective manner. Every Director is charged with the duties of acting in the best interest of the Group and the duties of contributing to the Group with their expertise and knowledge. The Board decides on the overall strategies and monitors the Group’s performance on behalf of the Shareholders. During the Year, the Board held five meetings. Besides, the Company held one Shareholders’ meeting in 2017 (i.e. the annual general meeting held on 6 June 2017). The attendance records of each Director at the aforesaid Board meetings and Shareholders’ meeting are set out as follows:

Name of directors	Attendance/Number of meetings	
	Board meeting	Shareholders’ meeting
Mr. JIANG Tian*	3/3	N/A
Mr. LAI Han	5/5	1/1
Ms. HOU Yingxuan*	5/5	1/1
Mr. GONG Biao	5/5	1/1
Mr. CHAI Yuet	4/5	1/1
Ms. LI Ping	5/5	1/1
Mr. HU Jianxing	5/5	1/1
Mr. TSEUNG Yuk Hei Kenneth*	1/1	N/A
Ms. SHEN Li**	N/A	N/A
Mr. ZHOU Zheren**	1/1	1/1
Mrs. Patricia Bee Kuen THOMAS**	4/4	1/1
Ms. GU Ming**	5/5	1/1

* Ms. HOU Yingxuan, Mr. JIANG Tian and Mr. TSEUNG Yuk Hei Kenneth were appointed as the Directors on 27 February 2017, 6 June 2017 and 15 November 2017, respectively.

Corporate Governance Report

** *Ms. SHEN Li resigned as the Director on 27 February 2017 due to her intention to concentrate on other business commitments; Mr. ZHOU Zheren ceased to be the Director upon his retirement from the Board at the conclusion of annual general meeting of the Company held on 6 June 2017; Mrs. Patricia Bee Kuen THOMAS resigned as the Director on 15 November 2017 due to her intention to concentrate on other business commitments; and Ms. GU Ming resigned as the Director on 15 December 2017 due to her intention to concentrate on other business commitments.*

To provide an opportunity to Directors to include matters for discussion in the agenda, at least 14 days' notice of a regular Board meeting is given to all Directors. Every Director is entitled to have access to the advice and services of the company secretary of the Company (the "**Company Secretary**") with a view to ensuring that the Board procedures and all applicable rules and regulations are followed. All minutes are kept by the Company Secretary and are open for inspection by Directors. Minutes of Board meetings and meetings of Board committees are recorded with sufficient detail on the matters considered by the Board/Board committees and the decisions reached. Draft and final versions of those minutes are sent to Directors/Board committee members for their comment and record within a reasonable time after the meetings are held.

Directors have been advised that the Company Secretary can arrange independent professional advice at the expense of the Company should such advice be considered necessary by any Director.

The Company has received from each independent non-executive Director an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules and the Company considers such Directors to be independent. The independent non-executive Directors are explicitly identified in all corporate communications of the Company.

According to the current Board practice, if a substantial Shareholder or a Director has any conflict of interest in any matter to be considered by the Board which the Board has determined to be material, the matter will be dealt with by the Board at a duly convened Board meeting. The articles of association of the Company (the "**Articles of Association**") also stipulates that save for the exceptions as provided therein, a Director shall abstain from voting and not be counted in the quorum at meetings for approving any contract or arrangement in which such Director or any of his/her close associates have a material interest.

The senior management of the Company are the Directors. Details of their remuneration for the Year are set out in note 9 in the financial statements.

Chairman and Chief Executive

The positions of the Chairman and the Chief Executive were held by separate individuals, with Mr. JIANG Tian being the Chairman and Mr. LAI Han being the Chief Executive. The Chairman is responsible for ensuring that the Board is functioning properly with good corporate governance practices and procedures. He also steers the Board and the Company towards corporate goals. The Chief Executive is responsible for effective implementation of the overall strategies and initiatives adopted by the Board. With the support of the Chief Executive and the Company Secretary, the Chairman seeks to ensure that all Directors are properly briefed on issues arising at Board meetings and received adequate and reliable information on a timely basis.

Corporate Governance Report

Board Composition

During the Year and up to the date of this report, the Board consists of the following Directors:

Executive Directors:

Mr. JIANG Tian (*Chairman*)* (appointed on 6 June 2017)
Mr. LAI Han (*Chief Executive*)
Ms. HOU Yingxuan (*Vice-President*)* (appointed on 27 February 2017)
Mr. GONG Biao (*Vice-President*)
Ms. SHEN Li** (resigned on 27 February 2017)
Mr. ZHOU Zheren** (retired on 6 June 2017)
Ms. GU Ming** (resigned on 15 December 2017)

Non-executive Director:

Mr. CHAI Yuet

Independent Non-executive Directors:

Ms. LI Ping
Mr. HU Jianxing
Mr. TSEUNG Yuk Hei Kenneth* (appointed on 15 November 2017)
Mrs. Patricia Bee Kuen THOMAS** (resigned on 15 November 2017)

* Ms. HOU Yingxuan, Mr. JIANG Tian and Mr. TSEUNG Yuk Hei Kenneth were appointed as the Directors on 27 February 2017, 6 June 2017 and 15 November 2017, respectively.

** Ms. SHEN Li resigned as the Director on 27 February 2017 due to her intention to concentrate on other business commitments; Mr. ZHOU Zheren ceased to be the Director upon his retirement from the Board at the conclusion of annual general meeting of the Company held on 6 June 2017; Mrs. Patricia Bee Kuen THOMAS resigned as the Director on 15 November 2017 due to her intention to concentrate on other business commitments; and Ms. GU Ming resigned as the Director on 15 December 2017 due to her intention to concentrate on other business commitments.

The Board has met the requirements of Listing Rules 3.10 and 3.10A of having three independent non-executive directors (representing at least one-third of the Board) with at least one of them possessing appropriate accounting or related financial management expertise. The relationship among members of the Board, if any, is disclosed in "Biographical Details of Directors" of this report.

Appointment and Re-election

Mr. CHAI Yuet, Mr. HU Jianxing and Ms. LI Ping were appointed for a specific term of 3 years, commencing from 23 June 2016; Ms. HOU Yingxuan was appointed for a term from 27 February 2017 to 22 June 2019; Mr. JIANG Tian, Mr. LAI Han and Mr. GONG Biao were appointed for a term from 6 June 2017 to 22 June 2019; and Mr. TSEUNG Yuk Hei Kenneth was appointed for a term from 15 November 2017 to 22 June 2019.

Corporate Governance Report

In accordance with Article 104(A) of the Articles of Association, at each annual general meeting of the Company (the “AGM”), one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest but not less than one-third) shall retire from office. The Directors to retire in every year shall be those who have been longest in office since their last election but as between persons who became directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. Pursuant to Article 95 of the Articles of Association, any Director appointed by the Board to fill a casual vacancy or as an addition to the Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Accordingly, the retiring Directors, including Mr. JIANG Tian, Mr. LAI Han, Ms. HOU Yingxuan and Mr. TSEUNG Yuk Hei Kenneth, shall be eligible for re-election by the Shareholders in the forthcoming AGM.

The composition of the Board is reviewed regularly to ensure that it covers a balance of expertise, skills and experience for the business of the Company. The Directors’ profiles are set out on pages 10 to 11.

Responsibilities of Directors

The Directors are continually embraced with the most up-to-date regulatory requirements, business activities and development of the Company to facilitate the discharge of their responsibilities through regular Board meetings. During the Year, each independent non-executive Director attended all regularly scheduled meetings of the Board and committees, where such independent non-executive Director sat in and reviewed the meeting materials distributed in advance. The Directors, also, attended the AGM and answered questions raised by the Shareholders.

Supply of and Access to Information

In respect of regular Board meetings, an agenda and accompanying Board papers of the meeting are sent in full to all Directors at least 3 days before the intended date of the meeting. The management has the obligation to supply the Board and the various committees with adequate information in a timely manner to enable the members to make informed decisions. Each Director has separate and independent access to the Company’s management to acquire more information than is volunteered by the management and to make further enquiries if necessary.

Directors’ Induction and Continuous Professional Development

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

The Directors are regularly briefed on the amendments to or updates on the relevant laws, rules and regulations. In addition, the Company has been encouraging the Directors and senior executives to enroll in professional development courses and seminars relating to the Listing Rules, Hong Kong Companies Ordinance and corporate governance practices organised by professional bodies, independent auditors and/or chambers in Hong Kong so that they can continuously update and further improve their relevant knowledge and skills. From time to time, Directors are provided with written training materials to develop and refresh their professional skills.

Corporate Governance Report

In compliance with the code provision A.6.5 of the CG Code, during the year, the Company has provided each of the Directors with training, briefings and updates on the latest development of the Listing Rules in connection with the environmental, social and governance reporting, risk management and internal control and other applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices.

The table below summarises the participation of the Directors in training during the Year and up to the date of this report.

Name of directors	Attending training organised by professional organisations and/or reading materials updating on new rules and regulations
<i>Executive Directors:</i>	
Mr. JIANG Tian (<i>Chairman</i>)* (appointed on 6 June 2017)	✓
Mr. LAI Han (<i>Chief Executive</i>)	✓
Ms. HOU Yingxuan (<i>Vice-President</i>)* (appointed on 27 February 2017)	✓
Mr. GONG Biao (<i>Vice-President</i>)	✓
Ms. SHEN Li** (resigned on 27 February 2017)	✓
Mr. ZHOU Zheren** (retired on 6 June 2017)	✓
Ms. GU Ming** (resigned on 15 December 2017)	✓
<i>Non-executive Director:</i>	
Mr. CHAI Yuet	✓
<i>Independent Non-executive Directors:</i>	
Ms. LI Ping	✓
Mr. HU Jianxing	✓
Mr. TSEUNG Yuk Hei Kenneth* (appointed on 15 November 2017)	✓
Mrs. Patricia Bee Kuen THOMAS** (resigned on 15 November 2017)	✓
* Ms. HOU Yingxuan, Mr. JIANG Tian and Mr. TSEUNG Yuk Hei Kenneth were appointed as Directors on 27 February 2017, 6 June 2017 and 15 November 2017, respectively.	
** Ms. SHEN Li resigned as Director on 27 February 2017 due to her intention to concentrate on other business commitments; Mr. ZHOU Zheren ceased to be the Director upon his retirement from the Board at the conclusion of annual general meeting of the Company held on 6 June 2017; Mrs. Patricia Bee Kuen THOMAS resigned as the Director on 15 November 2017 due to her intention to concentrate on other business commitments; and Ms. GU Ming resigned as the Director on 15 December 2017 due to her intention to concentrate on other business commitments.	

Corporate Governance Report

Corporate Governance Functions

During the Year, the Board as a whole has performed the following corporate governance duties:

- (a) developed and reviewed the Company's policies and practices on corporate governance;
- (b) reviewed and monitored the training and continuous professional development of the Directors and senior executives;
- (c) reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) developed, reviewed and monitored the code of conduct and compliance manual (if any) applicable to employees and the Directors;
- (e) reviewed the Company's compliance according to the code and disclosure in the Corporate Governance Report; and
- (f) performed such other corporate governance duties and functions set out in Appendix 14 to the Listing Rules (as amended from time to time) for which the Board is responsible.

Audit Committee

The Audit Committee comprises three independent non-executive Directors. The Audit Committee is chaired by Ms. LI Ping who possesses recognised professional qualifications in accounting and extensive experience in audit and accounting. The Audit Committee is to oversee the Group's financial reporting system, risk management and internal control systems, to review and monitor the external auditor's independence and objectivity, to review the adequacy of resources, qualification and experience of staff of the accounting, internal audit and financial reporting functions and their training programmes, and the effectiveness of the audit process in accordance with applicable standards. During the Year, the Audit Committee held three meetings with attendance records as follows:

Name of members	Number of attendance
Ms. LI Ping (<i>Chairman</i>)	3/3
Mr. HU Jianxing	3/3
Mr. TSEUNG Yuk Hei Kenneth*	N/A
Mrs. Patricia Bee Kuen THOMAS**	3/3

* *Mr. TSEUNG Yuk Hei Kenneth was appointed as a member of the Audit Committee on 15 November 2017.*

** *Mrs. Patricia Bee Kuen THOMAS resigned as a member of the Audit Committee on 15 November 2017 due to her intention to concentrate on other business commitments.*

Corporate Governance Report

The Audit Committee has reviewed the interim accounts for the six months ended 30 June 2017 and the audited consolidated financial statements for the year ended 31 December 2017, respectively, with the Company's external auditor. The Audit Committee has also reviewed the Group's accounting principles and practices, Listing Rules and statutory compliance, the risk management and internal control review report and financial reporting matters including the adequacy of resources, staff qualifications and experience, training programme and budget of the Company's accounting and financial reporting function.

Remuneration to the External Auditor of the Company

An analysis of the remuneration of the Company's auditor, KPMG, for the Year is set out as follows:

Services rendered	Fee paid/payable HK\$'000
Audit services	1,120
Non-audit services (<i>Note</i>)	98
	1,218

Note: Non-audit services include advisory services regarding the value-added tax on the PRC's properties and tax on directors' salary of the Group for the year ended 31 December 2017.

Remuneration Committee

The Remuneration Committee was established by the Company in 2005. The Remuneration Committee is chaired by Mr. HU Jianxing; Mr. LAI Han and Ms. LI Ping are other members of the committee. The majority members of the Remuneration Committee are independent non-executive Directors. The primary function of the Remuneration Committee is to make recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior executives (i.e. the model described in the code provision B.1.2(c)(ii) is adopted). The remuneration of the Directors has been determined by the Board with reference to their duties and responsibilities, experience, qualification and prevailing market conditions and will be subject to annual review. During the Year, the Remuneration Committee held two meetings, with all members presented in the meeting and reviewed the remuneration of the Directors.

Name of members	Number of attendance
Mr. HU Jianxing (<i>Chairman</i>)	2/2
Mr. LAI Han	2/2
Ms. LI Ping	2/2

Corporate Governance Report

Nomination Committee

The Nomination Committee was established by the Company in 2005. The Nomination Committee is chaired by Mr. JIANG Tian; Ms. LI Ping and Mr. HU Jianxing are other members of the committee. The major responsibilities of the Nomination Committee include reviewing and approving all new appointments of directors and senior executives of the Group, and monitoring the overall adequacy of the Board's composition. The terms of reference, which sets out the Nomination Committee's authority, duties and responsibilities, are available on both the websites of the Company and the Stock Exchange.

In selecting candidates for directorship of the Company, the Nomination Committee may make reference to certain criteria such as the Company's needs, integrity, experience, skills, professional knowledge and the amount of time and effort that a candidate will devote to carry his/her duties and responsibilities. External recruitment professionals might be engaged to carry out selection process when necessary.

The Nomination Committee adopted the board diversity policy on 26 August 2013. The Company recognises and embraces the benefits of having a diverse composition of the Board. Differences in the talents, skills, regional and industrial experience, background, gender and other qualities will be considered in determining the optimum Board composition. The ultimate decision will be based on merit and contribution that the selected candidates are likely to bring to the Board.

The Nomination Committee holds at least one meeting annually to review the current Directors' and senior executives' structure, and to monitor the overall adequacy of the Board's composition. During the Year, the Nomination Committee held two meetings with attendance records as follows:

Name of members	Number of attendance
Mr. JIANG Tian (<i>Chairman</i>)*	N/A
Ms. LI Ping	2/2
Mr. HU Jianxing	2/2
Mr. ZHOU Zheren**	1/1

* Mr. JIANG Tian was appointed as the chairman of the Nomination Committee on 6 June 2017.

** Mr. ZHOU Zheren ceased to be the chairman of the Nomination Committee upon his retirement from the Board at the conclusion of the annual general meeting held on 6 June 2017.

Accountability and Audit

Financial Reporting

The management provides such explanation and information to the Board to facilitate an informed assessment of the financial and other information put before the Board for approval. The Directors acknowledge their responsibilities to prepare the consolidated financial statements that give a true and fair view of the state of affairs of the Group. Meanwhile, the Directors are responsible for ensuring that appropriate accounting policies are selected and applied consistently; and that judgments and estimates made are prudent and reasonable. In preparing the consolidated financial statements for the Year, the accounting principles generally accepted in Hong Kong have been adopted and the requirements of the Hong Kong Financial Reporting

Corporate Governance Report

Standards (which also include applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants and the applicable laws were complied with. The Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Group's ability to drive business forward. The Board has prepared the consolidated financial statements on a going concern basis. The reporting responsibilities of external auditor of the Company are disclosed in the "Independent Auditor's Report" of this report.

Delegation by the Board

Management Functions

Executive Directors are in charge of different business and functional divisions in accordance with their respective areas of expertise. The Board, led by the Chairman, is responsible for setting overall corporate strategies; evaluation of the performance of the Group and the management; and approval of matters that are of a material or substantial nature. Supported by senior executives, the Chief Executive is responsible for effective implementation of the Board's decisions and the day-to-day operations of the Group.

Board Committees

Audit Committee, Remuneration Committee and Nomination Committee have been established to oversee specific aspects of the Company's affairs. Each of these committees has specific written terms of reference which deals clearly with their authorities and duties.

Company Secretary

The Company has engaged under a service contract with an external service provider, Ms. HO Wing Yan ("**Ms. HO**"), who is appointed as the Company Secretary. Mr. LAI Han, the executive Director and the Chief Executive, is the primary corporate contact person of the Company with Ms. HO.

Being the Company Secretary, Ms. HO plays an important role in supporting the Board by ensuring good information flow within the Board and that Board policy and procedures are followed. Ms. HO is responsible for advising the Board on corporate governance matters and should also facilitate induction and professional development of Directors.

Ms. HO is an associate member of The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries. Ms. HO continues to study professional courses of corporate governance and has extensive experience in the company secretarial field for listed companies. Ms. HO is also a holder of the Practitioner's Endorsement issued by The Hong Kong Institute of Chartered Secretaries. In accordance with Rule 3.29 of the Listing Rules, Ms. HO took more than 15 hours of relevant professional training for the Year.

Corporate Social Responsibility

The Group is conscious of its role as a socially responsible group of companies. It has from time to time made donations for the well-being of the community and encourages its employees to participate in different charitable events.

Communication with Shareholders

Shareholders' Communication Policy

The Board adopted a Shareholders' Communication Policy reflecting mostly the current practices of the Company for communication with the Shareholders. Such policy aims at providing the Shareholders and potential investors with readily and timely access to balanced and understandable information of the Company. It will be reviewed regularly to ensure its effectiveness and compliance with the prevailing regulatory and other requirements.

The Company discloses relevant information to the Shareholders through the Company's annual report and consolidated financial statements, the interim report, as well as the AGM. The sections under the "Chairman's Statement" and "Management Discussion and Analysis" of this annual report facilitate the Shareholders' understanding of the Company's activities. The AGM provides a sound channel for the Shareholders to meet and communicate with the Directors. The poll results of the AGM are published on both the websites of the Stock Exchange and the Company. The Company's consolidated financial statements and each of the required disclosure of information are despatched within the prescribed period imposed by laws and regulations. To further promote effective communication, the Company's website is maintained to disseminate the Company's announcements and other relevant financial and non-financial information electronically on a timely basis.

Shareholders' Rights

Procedures for Shareholders to Convene an Extraordinary General Meeting

Pursuant to the Articles of Association and the Hong Kong Companies Ordinance, on the requisition of the members of the Company holding at the date of the deposit of the requisition not less than one-twentieth of the paid-up capital of the Company as at the date of the deposit carrying the right of voting at general meetings of the Company, the Board shall forthwith proceed duly to convene an extraordinary general meeting of the Company.

The requisition must state the objects of the meeting, and must be signed by the requisitionists and deposited at the Company's registered office, and may consist of several documents in like form, each signed by one or more requisitionists.

If the Board does not, within 21 days from the date of the deposit of the requisition, proceed duly to convene a meeting on a day not more than 28 days after the date on which the notice convening the meeting is given, the requisitionists, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of 3 months from the said date.

A meeting so convened by the requisitionists shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by the Board.

Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board duly to convene a meeting shall be repaid to the requisitionists by the Company, and any sum so repaid shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration in respect of their services to such of the Directors as were in default.

Corporate Governance Report

Procedures for Putting forward Proposals at a General Meeting

Pursuant to the Hong Kong Companies Ordinance, it shall be the duty of the Company, on the requisition in writing of member(s) holding at the date of requisition not less than one-fortieth of the total voting rights or of not less than 50 members holding shares in the Company on which there have been paid up an average sum, per member, of not less than HK\$2,000, and (unless the Company otherwise resolves) at the expense of the requisitionists:

- (a) to give to members of the Company, who are entitled to receive notice of the next AGM, notice of any resolution which may properly be moved and is intended to be moved at that meeting; and
- (b) to circulate to members, who are entitled to have notice of any general meeting sent to them, any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

The requisition, signed by the requisitionists (or 2 or more copies which between them contain the signatures of all the requisitionists), should be deposited at the Company's registered office (in the case of a requisition requiring notice of a resolution, not less than six weeks before the meeting; and in the case of any other requisition, not less than one week before the meeting). In addition, there should be deposited or tendered with the requisition a sum reasonably sufficient to meet the Company's expenses in giving effect thereto.

Procedures for Proposing a Person for Election as a Director

As regards to the procedures for proposing a person for election as a Director, please refer to the procedures made available under the "Corporate Governance" section of the Company's website at www.greatchina-holdings.com.

Procedures for Directing Shareholders' Enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing through the Company Secretary whose contact details are set out in the "Contact" section of the Company's website at www.greatchina-holdings.com.

Shareholders may also make enquiries with the Board at the general meetings of the Company.

Investor Relations

During the Year, there was no significant change in the Company's constitutional documents.

Risk Management and Internal Control

During the Year, the Audit Committee has discussed with the management of the Company the matters relating to risk management and internal control of the Group. The Board complied with the code provisions on risk management and internal control as set out in the CG code. The Board has overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and maintaining appropriate and effective risk management and internal control systems for the Group. The internal control systems are designed to manage the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against any material misstatement or loss.

The management of the Company has established a set of comprehensive policies, standards and procedures in areas of operational, financial and risk controls for safeguarding assets against unauthorised use or disposition, for maintaining proper accounting records, and for ensuring the reliability of financial information to achieve a satisfactory level of assurance against the likelihood of the occurrence of fraud and errors.

The Board oversees the Company's risk management and internal control systems on an ongoing basis. A year-end review of the effectiveness of the Group's risk management and internal control systems is conducted annually and the systems are considered to be effective and adequate. Self-assessment and comprehensive risk assessment surveys are also conducted during the review. The Company, also, has an internal audit function to carry out the analysis and independent appraisal of the adequacy and effectiveness of the systems, and has procedures in place to keep information confidential and manage actual or potential conflicts of interest. Stringent internal structures have been designed to prevent the misuse of inside information and avoid conflicts of interest.

All Directors and those employees who could have access to, and monitor, the information of the Group are responsible for making appropriate precautions to prevent abuse or misuse of such information. Employees of the Group are prohibited from using inside information for their own benefit.

The Board is also vested with the responsibility to disseminate to the Shareholders and the public any inside information in the form of announcements, in accordance with the Listing Rules.

Environmental, Social and Governance Report

About This Report

The Environmental, Social and Governance Report (“**this Report**”) for Great China Holdings Limited (“**Great China**” or “**we**”), mainly covers the sustainable development policy, strategy and performance of Great China and its subsidiaries (collectively referred to as “**the Group**”). Unless otherwise stated, this Report covers the reporting period from 1 January 2017 to 31 December 2017 (the “**Reporting Period**”).

This Report covers the sustainability performance of our major business segment, namely, property investment in the People’s Republic of China (the “**PRC**”) and our Hong Kong office. In preparation of this Report, we have adhered to the Environmental, Social and Governance Reporting Guide (the “**ESG Guide**”) set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Pursuant to the ESG Guide, the performance of the material sustainability issues was disclosed by virtue of the reporting principles consisting of materiality, quantitative, balance and consistency during the Reporting Period.

In order to satisfy the requirements laid down by the ESG Guide, the Group has appointed an independent consultant for professional advice. In the long term, we will conduct regular reviews on the Group’s business structure and also to disclose the environmental, social and governance information to a greater extent to our stakeholders, so as to enhance the transparency of our performance in sustainability development. The Group values comments from all stakeholders. All stakeholders are welcome to provide us with your opinions and suggestions on this Report and our performance on sustainable development through the following contacts.

Tel No.: +852 2167 3333

Fax No.: +852 2167 6333

E-mail: info@greatchina-holdings.com

About Great China Holdings Limited

The Group principally engaged in property investment in the PRC. Major investment properties and properties held for sale include residential premises, shops and car parks for rental or sale. As a listed company, the Group is committed to maintaining high standards of corporate governance practices and transparency based on the interests of shareholders and various stakeholders. In order to implement corporate citizenship, the Group undertakes to obey the principles of sustainable development on top of its business development, as well as to and strike a balance between development, social welfare and environmental protection. Our directors will pay close attention to the real estate market environment and consolidate the principle businesses while exploring more investment opportunities, so as to maintain the long-term sustainability of our business. In the meantime, we will make every effort to contribute to the community with our strengths and resources.

Environmental, Social and Governance Report

Employee Caring

The Group focuses on maintaining a credible and friendly relationship with employees as we believe employees' successes have significant impact on the sustainability of the business. Therefore, while focusing on the Group's development, we are committed to providing our staff with a comfortable working environment, competitive remuneration packages and development opportunities.

Employee Overview

As of 31 December 2017, the Group employed 18 employees. The number of employees included all staff, who maintained an employment relationship with the Group during the Reporting Period but excluded non-executive directors and independent non-executive directors. Detailed classifications are listed out as below.

Number of Employees	As of 31 December 2017
By Gender	
Male	8
Female	10
By Employment Type	
Full-time	18
Part-time/Contract	N/A
By Age	
Under 30	5
30–50	11
Over 50	2
By Region	
Hong Kong	7
Shanghai	11

Environmental, Social and Governance Report

	As of
	31 December
Employment Turnover Rate (%)	2017
Total Percentage	28.57
By Gender	
Male	26.67
Female	30.00
By Age	
Under 30	22.22
30–50	28.57
Over 50	40.00
By Region	
Hong Kong	42.86
Shanghai	19.05

Talent Acquisition

The Group is committed to complying with the “Labour Law of the People’s Republic of China”, the “Law of the People’s Republic of China on Employment Contract”, and any laws and regulations promulgated by the local government of its business location. Employment contracts signed with all employees clearly define the employment relationship and the rights of both parties.

The Group adopts the principle of “facing the society, open recruitment, comprehensive assessment and merit-based recruitment” during our recruitment process. Recruitment is conducted in a transparent and open manner. We assess candidates on full spectrum including knowledge, personality, experience and capability. Moreover, the Group has zero tolerance to any discrimination, such as those on the grounds of race, nationality, descent, age, marital status, religion, political status, sexual orientation and disability, during recruitment process or in any circumstances.

In addition, the Group also maintains an all-round performance appraisal system, which places emphasis on job performance, efficiency and skills. The annual appraisal result serves as fair grounds for re-employment, promotion, salary increase or job rotation. Also, the assessment is conducted by two-way discussions so as to enhance the objectivity of the assessment for fair and reasonable promotion opportunities.

Environmental, Social and Governance Report

Child Labour and Forced Labour Prevention

The Group complies strictly with local laws and regulations on child labour and forced labour. We have never employed any workers below the local statutory age requirement, nor any forced or involuntary labour, such as prison labour, bonded labour, or any illegal labour. During the recruitment process, our Human Resources and Administrative Department is required to collect and verify the identification documents of the candidates in order to adhere to the law. If any illegal issue is found, we will immediately establish a special committee to investigate the case, impose appropriate actions to relevant staff or suppliers and notify the relevant government department to ensure that the issue can be resolved promptly and properly.

Respecting Employees

The Group is dedicated to creating an equal, diverse and non-discriminatory working environment. Apart from the aforementioned anti-discrimination policies, we respect our employees with dignity and disallow any corporal punishment, violence, threats, coercion or other forms of maltreatment or harassment. The Group has established a set of clear employee complaint procedures and assigned relevant personnel to handle and follow-up on complaints received. All the information and interviews involved are to be kept strictly confidential so as to protect the rights and interests of the reporting employees. During the Reporting Period, we did not receive any complaint regarding such issues. In addition, we respect the freedom of employees to conduct collective bargaining by participating in social organizations in a lawful and peaceful manner without disruptions or imposing penalties.

Employees' Welfare

We fully understand that a comprehensive remuneration package and welfare system can effectively enhance staff morale and strengthen their sense of belonging. Therefore, we provide discretionary annual bonuses on top of basic salary, which may be subjected to adjustment by business performance, price index, inflation, staff personal performance, job title and nature. The Group will also strictly abide by the relevant laws and regulations such as the "Labour Law of the People's Republic of China" and "Law of the People's Republic of China on Employment Contract" to pay the social insurance funds to the qualified employees, who are working in the PRC, in full and on a timely basis. The social insurance funds include endowment insurance, medical insurance, unemployment insurance, maternity insurance, employment injury insurance and housing provident fund. Our Hong Kong employees can enjoy medical benefits and Mandatory Provident Fund in compliance with the "Employment Ordinance" and the "Mandatory Provident Fund Schemes Ordinance".

All employees of the Group are entitled to annual leaves, statutory holidays, marriage leaves, compassionate leaves, maternity leaves, paternity leaves and examination leaves for eligible staff in accordance with the local laws and regulations. At the same time, we provide gifts for marriage, childbirth, birthday and condolence fund to regular staff to show our care.

Employees working in the PRC enjoy flexible working hours; the average working hours per week are 40 hours according to the "Decision of the State Council on the Revision of the Provisions of the State Council on Working Hours of Staff and Workers". Although the Group does not encourage employees to work overtime, it provides transportation subsidies, overtime payments or compensatory leave to employees, who have been approved for overtime work where necessary.

Environmental, Social and Governance Report

Occupational Health and Safety

We highly focus on the physical and mental health and safety of our employees. Apart from providing insurance coverage to all employees as required by the local laws, we also provide employees with other insurance coverages, such as additional medical benefits. For employees who have served the Group for more than a year, they are entitled to annual health checkups.

In order to provide our employees with a healthy, safe and friendly working environment, we have implemented the following measures to ensure fire safety and cleanliness:

- Restrict smoking in workplace;
- Sufficient lighting at workplace;
- Installation of air purifiers in workplace to improve indoor air quality;
- Equipped first aid kits in workplace;
- Employees are required to participate in the regular fire drills conducted by the building management office to simulate emergency evacuation;
- Employees are required to keep the office environment clean and tidy as required by the employee guide.

In addition, we promise to take appropriate measures in accordance with the relevant local occupational safety and health laws and regulations to prevent any occupational hazards and diseases caused by the work environment. Through the implementation of the above policies, the Group did not record any serious work injury or death during the Reporting Period.

Employee Development

We recognise talent development as an important part of the Group's development strategy. We aim to grow together with our employees and try our best to provide them with plenty of opportunities to improve themselves. We encourage our employees to work hard and to improve their professional qualities so as to prepare themselves for future challenges. We also set a clear career pathway to motivate our staff to improve themselves with continuous learning, as well as to train up talents to become successors of the Group. To encourage employees to enrich their personal knowledge and skill, the Group provides employees with paid examination leaves and subsidies on examination and training fee.

The Group provides induction trainings to newly recruited staff, mainly focusing on corporate culture and policies and procedures for the department concerned in order to enhance the capability relating to their duties and adaptability to the new working environment.

Environmental, Social and Governance Report

Furthermore, a personal development plan for the coming year will be jointly determined by employees and their immediate supervisor as part of the annual assessment and followed-up by the Human Resources and Administrative Department. Employees may apply for different kinds of trainings based on their duties, the Group's development and any practical needs, such as training course, academic conferences or seminars held by external professional parties. We are willing to provide full subsidies on job-related examinations such as professional examinations and continuing training courses. To show our support for voluntary learning, training that is not compulsory but beneficial to employees' growth and development will be fully or partly subsidised, subject to management's consideration.

	As of 31 December 2017
Average Time of Employment Training (Hour)	
Average training hours completed per employee	10.91
By Gender	
Male	N/A
Female	19.10

Anti-corruption

The Group emphasises on probity and integrity and strives to improve staff ethics. To achieve this aim, we require all employees to comply strictly with the code of conduct and staff handbook, especially norms to regulate unethical behaviours, such as corruption, bribery and conflicts of interest during their term of office, including the following:

- No unauthorised remuneration or commission should be requested or accepted from any third party;
- No gifts from client without turning over or report should be accepted;
- Not to abuse their power to extort or bribe;
- Prohibit any form of theft;
- Prohibit any embezzlement, misappropriation, misuse or deliberate destruction of any property belonging to the company, client or other employees; and
- Prohibit any money laundering behaviour.

If any such event is found, the Group will give warning, punishment or even termination of the employment with those employees according to the seriousness of the incident. During the Reporting Period, the Group did not involve in any concluded corruption related legal precedings brought against us or our employees by outsiders or the regulatory authorities.

Environmental, Social and Governance Report

Environment Protection

With the growing global concern on the awareness of environmental protection and energy saving, the Group understands the importance of balancing the effort contributed to business operation and environmental protection. Therefore, we advocate and promote green operation and disseminate the concept of environmental protection. The Group has formulated and implemented a series of energy conservation and emission reduction measures in our daily operation so as to contribute to the sustainable development.

Besides, we will continue to identify and manage the possible environmental impact so as to minimise and control any negative influence in a timely and proper manner. In addition to corporate and social responsibility, we also require our employees to be accountable to the environment protection and strictly comply with relevant local laws and regulations.

As far as we know, the Group did not have any material impact on the environment and natural resources. The Group's day-to-day business operations are mainly office-based, therefore, the scope of environmental disclosure only includes the operating offices of the Group, but not including those vacant and rented properties owned by the group. During the Reporting Period, we did not receive any complaints from outsiders or regulatory agencies regarding the significant impact of our business activities on the environment and natural resources.

Emissions and Resource Usage

Since the Group did not engage in any industrial activities that generate emissions, the Group's emissions mainly came from its vehicles, water and electricity usage from the offices. The air pollutants that the Group's vehicles bring include:

	Emission (kg)
Nitrogen oxides (NOx)	3.54
Sulphur oxides (SOx)	0.07
Particulate matter (PM)	0.26

In accordance with The Greenhouse Gas Protocol — A Corporate Accounting and Reporting Standard (Revised Edition), published by World Business Council for Sustainable Development and World Resources Institute, greenhouse gas emission for the Group (including Scope 1 and 2 only) is 24.74 tonnes of CO₂e and mainly comes from purchased electricity.

	Ton of carbon dioxide equivalent
Greenhouse gas emission (Scope I)	13.63
Greenhouse gas emission (Scope II)	11.11
Greenhouse gas emission (Scope I & II)	24.74

Environmental, Social and Governance Report

The Group's energy consumption is mainly due to our daily operations in the office, including lighting, air conditioning and electronic equipment. During the Reporting Period, the Group's electricity consumption¹ is as follows:

	kWh
Hong Kong office ²	5,560
Shanghai office	9,553
Total power consumption	15,113

The intensity³ of the Group's energy consumption for this year 2017 was 50.87 kWh/m².

As the water use in office leased by the Group in Hong Kong and Shanghai is under the control of the property management companies, the water usage data or sub-meter was unable to be obtained for individual occupant. For the leased properties owned by the Group, the corresponding water usage is not included in the water consumption of the Group since the water consumption from the leased unit was borne by lessee. In this regard, the Group is unable to disclose the total water consumption and intensity of the Group.

Waste Management

The Group has formulated policies and procedures on waste management in compliance with national and local laws and regulations regarding solid waste in order to ensure all resources are properly utilised and disposed of. In the meantime, we also advocate recycling and reusing of resources to reduce waste generation. Due to the business nature of property investment, the Group did not use and consume any packaging materials.

Hazardous Waste Management

As far as we know, we did not generate any hazardous waste in our daily business operations that causes significant environmental impact.

¹ Electricity consumption does not include electricity generated from vacant properties owned by the Group, and the electricity consumed by rented properties is borne by the tenant.

² Since the energy consumption for air conditioning was included in the building management fee, which was unable to be obtained for individual occupant, the energy consumption data for Hong Kong office only included those generated from lighting and electronic equipment.

³ The intensity is calculated based on floor area of the properties occupied by the Group.

Environmental, Social and Governance Report

Other Non-hazardous Solid Waste

The Group's non-hazardous waste mainly comes from paper and office general waste. During the Reporting Period, the Group generated a total of 3.4 tonnes of non-hazardous waste, including 0.4 tonnes of paper waste and 3 tonnes of general refuse. The intensity of total non-hazardous waste produced was 11.44 kg/m². We have appointed a qualified recycling company to collect and dispose of paper waste in an environmentally responsible and legal manner. Those recyclable materials after recycling processing will be legally recycled or disposed. The general waste is processed by the cleaning service providers assigned by the property management companies.

Waste Reduction Measures

- Encourage employees to use both sides of the paper and reuse folders and envelopes;
- Place reuse box for collecting single-sided paper and envelope and collection box for waste paper next to the photocopier for employees to separate, reuse and recycle the paper;
- Post reminders of waste reduction in office areas;
- Use office supplies with the principle of material saving and eco-friendly. In order to control usage, we have set a standard usage amount for consumable office supplies.

Energy Conservation and Emission Reduction

Green Lighting

For energy saving, LED lights integrated with daylight design are used in the office lighting system to achieve better energy efficiency. The use of natural light can also enhance employees' productivity and health. Moreover, we post notices to remind our staff to use electricity in an efficient way and require the last employee who leaves the office to turn off all electrical appliances, including lighting, air conditioners, computers, photocopiers, printers and other unnecessary energy consumption equipment.

Water Conservation

The relevant property management companies perform regular pipe inspection and repair broken or leaking faucets and pipes timely to prevent possible water loss. To raise staff awareness of water saving, we post reminder in pantries and washrooms, to keep our staff alert when using water.

Green Office

Office planting and placing air purifiers within office areas will not only improve air quality and reduce pollutants but also improve the working environment in terms of helping to relieve employees' stress both physically and mentally and raise their environmental awareness. The Group has engaged a gardening company for regular plant irrigation and fertilization.

Environmental, Social and Governance Report

Environment and Natural Resources

To the best of our knowledge, our business activities did not have any significant impact on the environment and natural resources during the Reporting Period. However, the Group will continue to make the best effort to reduce possible environmental impact during our daily operations. In addition to the mentioned measures, we have also introduced green procurement, which takes into account the environmental impact of the products to be purchased during the procurement process, including energy efficiency, recyclability of the products and the consumption of packaging materials. For instance, when purchasing office equipment, we prioritise the products with the highest level of energy efficiency and water efficiency. We proactively request a reduction in packaging materials if the situation allows. Besides environmental factor, we will consider social responsibilities, such as child labour or human right issue, of the supplier when purchasing office equipment. If those selected suppliers are found to have made any negative impacts or misconduct on the environment or the communities in which they operate, we would consider to terminate the cooperation with them.

Social Responsibility

Intellectual Property Rights Protection

The Group respects and protects intellectual property rights with our best effort. We only purchase or download legitimate software and comply with the licensing rules of the relevant software. In addition, the Group does not allow employees to either install or use any illegal or non-genuine computer software under whatsoever circumstances. We have appointed outsourced subcontractors to conduct regular checks on all computers and issue reminders to employees on legitimate usage. If an employee is found to have installed any infringing software without permission, an appropriate penalty will be imposed on that employee.

Consumer Privacy Protection

To ensure that the personal information of our clients has been treated confidentially, we strictly require all employees who come into contact with client not to carry any internal documents outside office without official business needs. All approved customer information is maintained properly in a specific cabinet with lock by the Operation Maintenance Department. Personnel from other departments is not allowed to access customer information without approval from Operation Maintenance Manager. Any forms of borrowings of customer information would require approval through e-mail. Employees who disclose corporate confidential information or customers' privacy to outsiders without any permission will receive warnings in writing or even more severe penalties, subject to the severity of the issue.

We are committed to providing our clients with high quality service. We effectively handle complaints in accordance with the customer complaints handling procedures and continuously improve our service quality and customer satisfaction. Upon receiving any complaint, the Operation Maintenance Department will register the detail of the complaint, identify the reasons behind and arrange department and person in charge of handling the complaint. The responsible person will propose and decide solutions according to the situation and customer requirements, such as formulating improvement measures or conducting further investigations. After that, customer feedback will be collected as soon as possible so as to summarize and evaluate the efficiency of the complaint handling process. To avoid conflict of interests, any staff being complained will not be allowed to participate in or supervise the investigation or handling of the complaint. All information relevant to the complaint will be kept confidential and documented properly. The relevant departments are required to review the complaints handling mechanism in a timely manner and learn from the past experience to prevent the recurrences. During the Reporting Period, we did not receive any complaints about our service.

Environmental, Social and Governance Report

Community Contribution

As a socially responsible enterprise, we concern about social issues and encourage our staff to participate in various volunteer activities during non-working hour. The Group is passionate about public welfare and always devotes ourselves to give back to the society. During the Reporting Period, we had participated in volunteer activities and made donations to charities such as the Hong Kong Community Chest and the Salvation Army Hong Kong and Macau Command.

Donation to Support Refugee Children

Greater China's staff participated in "Peace for Every Child Charity Walk" sponsored by the World Vision on 21 October 2017 and made donations to provide assistance for Syrian refugee families affected by war. The donation would also help to provide children in refugee camps with access to education and counselling.

Care for Children with Cerebral Palsy

The Group organised staff as volunteers to visit the "Cerecare Wellness Center for Children" in Shanghai to accompany children with cerebral palsy. We aim to enhance employees' understanding of disabled by purchasing through communication as well as to raise social awareness. Besides providing gifts to children, we also showed support their handmade calendars hoping that they can stay confident to fight off disease.

Future Prospect

During the Reporting Period, we continued to exert our social responsibilities, provided assistance to disadvantaged groups of the community and provided high quality services to our clients. We also paid attention to the development and growth of our staff to create a harmonious and comfortable work environment.

Looking forward, the Group will continue to develop new projects, provide advanced services to our customers, operate with high standard of ethics and hire talents to support future development. At the same time, we will actively participate in community services and reduce the impact of our operation on the environment. To achieve the sustainable development of the Group, we will continue to listen to feedback from stakeholders and improve so as to balance between business development, social and environmental impacts.

Directors' Report

The Directors have pleasure in presenting to the Shareholders their annual report and the audited consolidated financial statements of the Group for the Year.

Principal Activities

The Company is an investment holding company and its subsidiaries are principally engaged in property investment in the PRC. The principal activities of its subsidiaries are set out in note 23 to the financial statements.

Business Review

Detailed business review of the Group for the Year as required by Schedule 5 to the Hong Kong Companies Ordinance, including a discussion of the principal risks and uncertainties facing the Group, an indication of likely future developments in the Group's business and an analysis of the Group's performance using financial key performance indicators, is set out in the "Chairman's Statement" and the "Management Discussion and Analysis" and the "Five-year Financial Summary". Important event affecting the Group is provided under the "Events after the Reporting Date".

Environmental Policies and Performance

The Group is committed to promoting sustainable development and focusing on environmental protection in the business operation. Environmental policies have been adopted by the Group to ensure the business is conducted in the environmentally-friendly manner.

The Group has also reviewed its environmental policies and performance from time to time to minimise the environmental impacts of its business operation. During the Year, the Company was not aware of any incidents of significant non-compliance to relevant environmental policies, laws and regulations. Details regarding the Group's environmental policies and performance are set out in the "Environmental, Social and Governance Report" of this annual report.

Compliance with the Relevant Laws and Regulations

The Group complies with the requirements under the Hong Kong Companies Ordinance, the Listing Rules and the Securities and Futures Ordinance (the "SFO") for the disclosure of information and corporate governance. The Group also complies with the requirements of Employment Ordinance and ordinances relating to occupational safety for the interest of employees of the Group. No important event affecting the Group has occurred since the end of the Year.

Key Risks and Uncertainties

Details of the key risks and uncertainties are set out in the section of "Management and Discussion and Analysis" of this report.

Relationships with Stakeholders

Details of the relationships with stakeholders are set out in the section of "Management and Discussion and Analysis" of this report.

Directors' Report

Financial Statements and Appropriations

The financial performance of the Group for the Year are set out in the consolidated statement of profit or loss on page 52.

The Board does not recommend the payment of a final dividend for the Year (2016: Nil).

Reserves

Movements in the reserves of the Group during the Year are set out in the consolidated statement of changes in equity on pages 56 to 57.

Movements in the reserves of the Company during the Year are set out in note 20(d) to the financial statements.

Investment Properties

Details of movements in the investment properties of the Group during the Year are set out in note 12 to the financial statements.

Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Group during the Year are set out in note 13 to the financial statements.

Principal Properties

Details of the principal properties of the Group as at 31 December 2017 are set out on pages 122 and 123.

Subsidiaries

Details of the Company's subsidiaries as at 31 December 2017 are set out in note 23 to the financial statements.

Share Capital

Details of the share capital of the Company during the Year are set out in note 20(a) to the financial statements.

Fund Raising

First Placing

On 10 February 2017, the Company and a placing manager entered into a placing agreement, pursuant to which the placing manager has conditionally agreed to procure, on a best effort basis, 52,300,000 new shares to be placed to not less than six independent placees, who are professional, institutional and/or other investor(s) who are third parties independent of and are not connected with the Company and its connected persons, at a placing price of HK\$1.44 per placing share (the "First Placing"). The net price to the Company of each placing share is approximately HK\$1.43. The market price of the new shares on the date when the issuance terms were determined (i.e. 10 February 2017) was HK\$1.75.

Directors' Report

The First Placing was completed on 24 February 2017 and the gross proceeds and net proceeds from the First Placing were approximately HK\$75.31 million and HK\$74.72 million, respectively. The Company intends to utilise the net proceeds of the First Placing for general working capital and/or financing future investment or new business development as and when opportunities arise. As at 31 December 2017, approximately HK\$6.81 million had been used as general working capital of the Group and the remaining proceeds remained unutilised and would be utilised as intended.

For details of the First Placing, please refer to the Company's announcements dated 10 February 2017 and 24 February 2017, respectively.

Second Placing

On 3 November 2017, the Company and a placing manager entered into a placing agreement, pursuant to which the placing manager has conditionally agreed to procure, on a best effort basis, 31,390,000 new shares to be placed to not less than six independent placees, who are professional, institutional and/or other investor(s) who are third parties independent of and are not connected with the Company and its connected persons, at a placing price of HK\$1.50 per placing share (the "**Second Placing**"). The net price to the Company of each placing share is approximately HK\$1.49. The market price of the new shares on the date when the issuance terms were determined (i.e. 3 November 2017) was HK\$1.78.

The Second Placing was completed on 30 November 2017 and the gross proceeds and net proceeds from the Second Placing were approximately HK\$47.09 million and HK\$46.67 million, respectively. The Company intends to utilise the net proceeds of the Second Placing for general working capital and/or financing future investment or new business development as and when opportunities arise. As at 31 December 2017, the said net proceeds remained unutilised and would be utilised as intended.

For details of the Second Placing, please refer to the Company's announcements dated 3 November 2017 and 30 November 2017, respectively.

Five-year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 124.

Distributable Reserves of the Company

As at 31 December 2017, the Company's reserves available for distribution, calculated under Sections 291, 297 and 299 of the Hong Kong Companies Ordinance, consisted of retained profits of approximately HK\$182.87 million (2016: HK\$196.72 million).

Directors' Report

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Year.

Equity-linked Agreement

Share Option Scheme

The Company operates the Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include any employee (whether full time or part time employee) or executive director of the Company or any of its subsidiaries or invested entity (any entity in which the Group holds any equity interest); any non-executive director (including independent non-executive directors) of the Company, any of its subsidiaries or invested entity; any supplier of goods or services to any member of the Group or any invested entity; any customer of the Group or any invested entity; any person or entity that provides research, development, or other technological support to the Group or any invested entity; and any shareholder of any member of the Group or any invested entity or any holder of securities issued by any member of the Group or any invested entity. The Scheme was adopted and approved by the Shareholders on 14 May 2010 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. The remaining life of the Scheme is 2 years.

The total number of ordinary shares which may be issued upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company (the "Limit") must not in aggregate exceed 26,168,491 shares, representing 10% of the ordinary shares of the Company in issue on 14 May 2010, the date on which the Scheme was adopted. The maximum number of shares issued and to be issued upon exercise of the share options granted to each eligible participant in the Scheme (including exercised, cancelled and outstanding options) within any 12-month period is limited to 1% of the shares of the Company in issue. Any further grant of share options in the 12-month period up to and including the date of such further grant in excess of this Limit is subject to the Shareholders' approval in a general meeting of the Company.

Each grant of share options to a director, chief executive or substantial shareholder of the Company, or to any of their respective associates, is subject to approval in advance by the independent non-executive directors, other than an independent non-executive Director who is proposed to be a grantee. In addition, any grant of share options to a substantial shareholder or an independent non-executive director of the Company, or to any of their respective associates, which would result in the shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in a 12-month period up to and including the date of such grant in excess of 0.1% of the shares of the Company in issue and with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK\$5 million, is subject to Shareholders' approval in advance in a general meeting of the Company.

The offer of a grant of share options may be accepted within 28 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determined by the Board, save that such a period shall not be more than 10 years from the date of offer of the share options subject to the provisions for

early termination as set out in the Scheme. Unless otherwise determined by the Board at its sole discretion, there is no requirement of minimum period for which an option must be held or a performance target which must be achieved before an option can be exercised.

The exercise price of the share options is determinable by the Board, but shall not be less than the highest of:

- (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of offer of the share options which must be a trading day; and
- (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of offer.

No share options have been granted, exercised, lapsed or cancelled under the Scheme since its adoption.

As at the date of this report, the total number of shares available for issue under the Scheme is 26,168,491 representing approximately 7.58% of the issued shares of the Company.

Save as disclosed above, no equity-linked agreement was entered into during the Year or subsisted at the end of the Year.

Directors

The Directors during the Year and up to the date of this report are:

Executive Directors:

Mr. JIANG Tian (*Chairman*)* (appointed on 6 June 2017)

Mr. LAI Han (*Chief Executive*)

Ms. HOU Yingxuan (*Vice-President*)* (appointed on 27 February 2017)

Mr. GONG Biao (*Vice-President*)

Ms. SHEN Li** (resigned on 27 February 2017)

Mr. ZHOU Zheren** (retired on 6 June 2017)

Ms. GU Ming** (resigned on 15 December 2017)

Non-executive Director:

Mr. CHAI Yuet

Independent Non-executive Directors:

Ms. LI Ping

Mr. HU Jianxing

Mr. TSEUNG Yuk Hei Kenneth* (appointed on 15 November 2017)

Mrs. Patricia Bee Kuen THOMAS** (resigned on 15 November 2017)

* Ms. HOU Yingxuan, Mr. JIANG Tian and Mr. TSEUNG Yuk Hei Kenneth were appointed as Directors on 27 February 2017, 6 June 2017 and 15 November 2017, respectively.

Directors' Report

*** Ms. SHEN Li resigned as Director on 27 February 2017 due to her intention to concentrate on other business commitments; Mr. ZHOU Zheren ceased to be the Director upon his retirement from the Board at the conclusion of the annual general meeting of the Company held on 6 June 2017; Mrs. Patricia Bee Kuen THOMAS resigned as the Director on 15 November 2017 due to her intention to concentrate on other business commitments; and Ms. GU Ming resigned as the Director on 15 December 2017 due to her intention to concentrate on other business commitments.*

In accordance with Article 104(A) of the Article of Association, Mr. LAI Han and Ms. HOU Yingxuan shall retire at the forthcoming AGM and be eligible for re-election by the shareholders at the forthcoming AGM.

Further, in accordance with Article 95 of the Articles of Association, Mr. JIANG Tian and Mr. TSEUNG Yuk Hei Kenneth shall only hold office until the forthcoming AGM and shall then be eligible for re-election by the Shareholders at the forthcoming AGM.

The Company has received annual confirmation of independence from each of the independent non-executive Directors pursuant to the requirement of Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors to be independent.

Biographical Details of Directors

The biographical details of the Directors are set out on pages 10 to 11 of this report.

Directors' Service Contracts

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

Updates on Directors' Information

The following is updated information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules:

The Company entered into a supplemental agreement with Ms. HOU Yingxuan, an executive Director and the vice-president of the Company, to adjust her monthly salary from HK\$70,000 to HK\$90,000 with effect from 1 April 2018.

Mr. JIANG Tian resigned as the director of Hong Kong Hopevision International Limited, Hopevision Group Ltd., E-banking Information of China and 上海天禧嘉福酒店管理有限公司 on 28 August 2017, 28 August 2017, 31 January 2018 and 20 March 2018 respectively.

Mr. LAI Han resigned as the secretary to the board of directors of Shanghai Chongsheng Investment Management Co., Ltd. (a holding company of the Controlling Shareholder) on 6 June 2017.

Ms. HOU Yingxuan was appointed as the directors of the subsidiaries of the Company, namely, Max Benefit Group Limited and Dragon Intellect Holdings Limited on 6 November 2017 and 28 February 2018, respectively.

Mr. GONG Biao was appointed as the director of Hong Kong Hopevision International Limited and Hopevision Group Ltd. on 28 August 2017.

Directors' Interests in Transactions, Arrangements or Contracts

Save as disclosed in this report, no transaction, arrangement or contract of significance to which the Company, or any of its holding company, subsidiaries or fellow subsidiaries was a party, and in which a Director had a material interest, subsisted at the end of the Year or at any time during the Year.

Indemnity of Directors

The Company has maintained appropriate directors and officers liability insurance and such permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the Year.

Directors' Interest in a Competing Business

As at 31 December 2017, the Directors were not aware of any business or interest of the Directors and their respective close associates that had competed or might compete with the business of the Group and any other conflicts of interests which any such person had or might have within the Group.

Directors of Subsidiaries

Up to the date of this report, the subsidiaries of the Company (the "Subsidiaries") and the particulars of the Subsidiaries are listed out as follows:

Name of subsidiaries	Place/Country of incorporation/operations	Principal activities	List of directors
Adamgate Limited	British Virgin Islands	Investment Holding	Ms. HOU Yingxuan
Capital Head Investment Limited	Hong Kong	Property Investment in Shanghai, the PRC	Ms. HOU Yingxuan Mr. GONG Biao
Concord Trinity Development Limited	Hong Kong	Property Investment in Shanghai, the PRC	Ms. HOU Yingxuan Mr. GONG Biao
Dragon Intellect Holdings Limited	British Virgin Islands	Investment Holding	Ms. HOU Yingxuan
Glory South Investment Limited	Hong Kong	Property Investment	Ms. HOU Yingxuan
Jelson Enterprises Limited	Hong Kong	Property Investment in Shanghai, the PRC	Ms. HOU Yingxuan
Max Benefit Group Limited	British Virgin Islands	Investment Holding	Ms. HOU Yingxuan
Poppins Properties Limited	British Virgin Islands	Investment Holding	Ms. HOU Yingxuan
博平置業(上海)有限公司	PRC	Property Investment in Shanghai, the PRC	Mr. LAI Han Mr. GONG Biao Mr. YAN Min

Directors' Report

Arrangements to Purchase Shares or Debentures

Save as the share option scheme as disclosed in note 20(d) to the financial statements, at no time during the Year was the Company or any of its holding company or subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares or Debentures of the Company and its Associated Corporations

As at 31 December 2017, the following Directors or the Chief Executive had interests or short positions in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange:

Long positions in the shares of the Company

Name of director	Capacity/ Nature of Interest	Number of shares interested			Percentage of the issued shares of the Company*
		Direct interests	Deemed interests	Total interests	
Mr. JIANG Tian	Beneficial owner	4,090,000	—	191,112,577	55.33%
	Interest in a controlled corporation	—	187,022,577 (Note 1)	—	

Directors' Report

Long positions in the shares of the associated corporations

Name of director	Name of associated corporation	Capacity	Number of shares held	Percentage of the issued shares of associated corporation*
Mr. JIANG Tian	Hopevision Group Ltd. (Note 2)	Interest in a controlled corporation	1	100%
	Hong Kong Hopevision International Limited	Interest in a controlled corporation	1	100%
	Shanghai Chongsheng Investment Management Co., Ltd. (Note 2)	Beneficial owner	N/A	99%
Mr. GONG Biao	Shanghai Chongsheng Investment Management Co., Ltd. (Note 2)	Beneficial owner	N/A	1%

Notes:

1. Mr. JIANG Tian was deemed to be interested in 191,112,577 shares of the Company, among which 187,022,577 shares of the Company were held by Hopevision Group Ltd. and 4,090,000 shares of the Company were held in his own capacity.
2. Hopevision Group Ltd. was indirectly wholly owned by Shanghai Chongsheng Investment Management Co., Ltd., whose registered capital of RMB50,000,000 was in turn owned as to 99% by Mr. JIANG Tian and 1% by Mr. GONG Biao.

* The percentage represents the number of shares interested divided by the number of the Company's issued shares as at 31 December 2017.

Save as disclosed above, as at 31 December 2017, none of the Directors or the Chief Executive had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

None of the Directors nor the Chief Executive (including their spouse and children under 18 years of age) had any interest in, or had been granted, or exercised, any rights to subscribe for the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) during the Year.

Directors' Report

Substantial Shareholders' Interests and Short Positions in Shares, Underlying Shares or Debentures of the Company

The register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO showed that, as at 31 December 2017, the following parties had interests in more than 5% of the Company's issued shares:

Long positions in the shares of the Company

Name of substantial Shareholder	Capacity/ Nature of Interest	Number of shares interested			Percentage of the issued shares of the Company*
		Direct interests	Deemed interests	Total interests	
Hopevision Group Ltd.	Beneficial owner	187,022,577	—	187,022,577	54.15%
Shanghai Chongsheng Investment Management Co., Ltd.	Interested in a controlled corporation	—	187,022,577 (Note 1)	187,022,577	54.15%
Smart Emperor Global Limited	Interested in a controlled corporation	20,930,000	—	20,930,000	6.06%
Ms. Su Shan	Beneficial owner	—	20,930,000 (Note 2)	20,930,000	6.06%

Notes:

1. The share capital of Hopevision Group Ltd. was wholly owned by Hong Kong Hopevision International Limited, which was wholly-owned by Shanghai Chongsheng Investment Management Co., Ltd., which was owned as to 99% by Mr. JIANG Tian. Accordingly, Mr. JIANG Tian and Shanghai Chongsheng Investment Management Co., Ltd were deemed to be interested in the 187,022,577 shares of the Company held by Hopevision Group Ltd.

2. The share capital of Smart Emperor Global Limited was wholly owned by Ms. SU Shan. Accordingly, Ms. SU Shan was deemed to be interested in the 20,930,000 shares of the Company held by Smart Emperor Global Limited.

* The percentage represents the number of shares interested divided by the number of the Company's issued shares as at 31 December 2017.

Save as disclosed above, the Directors are not aware of any person (other than the Directors whose interests are set out in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares or Debentures of the Company and its Associated Corporations" above) who, as at 31 December 2017, had an interest or a short position in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register kept by the Company under Section 336 of the SFO.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the Year.

Major Customers and Suppliers

For the year ended 31 December 2017, the Group's five largest tenants accounted for approximately 92.63% of the Group's turnover for the leasing of the investment properties in the PRC and approximately 57.76% of the Group's turnover for the leasing of the investment properties in the PRC was attributable to the largest tenant.

For the year ended 31 December 2017, the Group had no major suppliers due to the nature of the principal activities of the Group.

For the year ended 31 December 2016, the Group's five largest trading operation customers accounted for approximately 30.66% of the Group's turnover for its trading operation and approximately 10.39% of the Group's turnover for its trading operation was attributable to the largest customer.

For the year ended 31 December 2016, approximately 56.25% of the Group's purchases for its trading operation were attributable to the five largest trading operation suppliers with the largest supplier accounted for approximately 17.41% of the purchases. Due to the nature of the Group's other operations, information on the Group's customers and suppliers for other operations are not provided as it is considered to be of limited value.

None of the Directors or their respective close associates or any of the Shareholders who owns more than 5% of the Company's number of the issued shares has any interest in any of the Group's five largest customers or suppliers.

Corporate Governance

The corporate governance practices adopted by the Company are set out in the "Corporate Governance Report" of this report.

Continuing Connected Transaction

During the Year, the Group entered into a tenancy agreement with Sky Fortune Boutique Hotel Shanghai, which constituted continuing connected transactions and related party transactions and are set out in note 24(b) to the financial statements.

The continuing connected transaction under the above tenancy agreement falls within the de minimis threshold under Rule 14A.76(1) of the Listing Rules and therefore is exempted from the reporting, annual review, announcement and independent shareholders' approval requirements contemplated under the Listing Rules.

Charitable Donations

During the Year, the Group made charitable donations amounting to approximately HK\$12,000.

Directors' Report

Segment Information

An analysis of the Group's performance for the Year by reportable segment is set out in note 5 to the financial statements.

Emolument Policy

The emolument policy of the employees of the Group is formulated and approved by the Board based on the employees' merit, qualification and competence.

The emoluments of the Directors are determined by the Board, having regard to the Company's operating results, individual performance and comparable market statistics, based on the recommendation of the Remuneration Committee.

Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, the Company has maintained the prescribed public float of at least 25% of the Company's total issued Shares as required under the Listing Rules for the Year.

Events after the Reporting Date

The Group had no significant events after 31 December 2017.

Auditor

The consolidated financial statements for the year ended 31 December 2015 were audited by BDO Limited and the consolidated financial statements for the years ended 31 December 2016 and 2017 were audited by KPMG.

During the year ended 31 December 2016, BDO Limited resigned as auditor of the Company with effect from 10 August 2016 and KPMG was appointed as auditor of the Company with effect from 31 August 2016 and the appointment was approved by the Shareholders at the extraordinary general meeting of the Company held on 31 August 2016. Save as disclosed above, there were no other changes of auditor of the Company in the preceding three years.

KPMG will retire and, being eligible, offer itself for re-appointment. A resolution for the re-appointment of KPMG as auditor of the Company is to be proposed at the AGM.

On behalf of the Board

JIANG Tian

Chairman of the Board

Hong Kong, 26 March 2018

Independent Auditor's Report



Independent auditor's report

to the members of Great China Holdings Limited

(incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of Great China Holdings Limited ("the Company") and its subsidiaries ("the Group") set out on pages 52 to 121, which comprise the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 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 ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

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

Key audit matters

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

Independent Auditor's Report

Valuation of investment properties

Refer to note 12 to the consolidated financial statements and the accounting policies in note 2(f).

The Key Audit Matter

The Group's investment properties comprise shops, residential apartments and car parking lots located in Shanghai.

Investment properties are stated in the consolidated statement of financial position at their fair values which totaled HK\$572 million as at 31 December 2017 and represented 77% of the Group's total assets as at that date. A revaluation gain of HK\$60 million was recorded in the consolidated statement of profit or loss which accounted for 97% of the Group's profit before taxation for the year ended 31 December 2017.

The fair values of the investment properties were assessed by the management based on valuations prepared by an independent firm of professional surveyors which required the exercise of significant judgment and estimation, particularly in relation to determining monthly rents and market yields.

We identified valuation of investment properties as a key audit matter because of the significant of investment properties to the Group's consolidate financial statements and because the valuation of investment properties is inherently subjective and requires the exercise of significant judgment and estimation which increases the risk of error or potential management basis.

How the matter was addressed in our audit

Our audit procedures to assess the valuation of investment properties included the following:

- evaluating the independence, competence, capabilities and objectivity of the surveyors which included assessing the professional surveyors' qualifications and experience and making inquiries regarding interests and relationships that may have created a threat to the surveyors' objectivity;
- obtaining and inspecting the valuation report prepared by the professional surveyors engaged by the Group and on which the management's assessment of the fair values of the investment properties was based;
- discussing with professional surveyors their approach to the valuations and their findings and assessing whether there were any limitations of scope or restrictions placed upon their work;
- assessing the valuation methodologies adopted by the professional surveyors with reference to applicable and recognised industry standards;
- comparing key inputs to the valuations including monthly rents, market yields and available space by comparison with market available information and/or lease contracts and related underlying documentation on a sample basis.

Independent Auditor's Report

Information other than the consolidated financial statements and auditor's report thereon

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

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

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

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

Responsibilities of the 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 directors are assisted by the Audit Committee 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. This report is made 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 HKASs 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.

Independent Auditor's Report

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

Independent Auditor's Report

From the matters communicated with the Audit Committee, we determine the 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 the matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Yu Wai Sum.

KPMG

Certified Public Accountants

8th Floor, Prince's Building

10 Chater Road

Central, Hong Kong

26 March 2018

Consolidated Statement of Profit or Loss

For the year ended 31 December 2017
(Expressed in Hong Kong dollars)

	Note	2017 HK\$'000	2016 HK\$'000
Continuing operations			
Revenue	4	22,448	21,336
Cost of sales		(2,582)	(3,053)
Gross profit		19,866	18,283
Other income	6	1,424	3,781
Administrative expenses		(19,261)	(16,504)
Net valuation gain on investment properties	12	59,560	12,023
Profit from operations		61,589	17,583
Finance costs	7(a)	—	(116)
Profit before taxation	7	61,589	17,467
Income tax	8	(15,003)	(3,253)
Profit for the year from continuing operations		46,586	14,214
Discontinued operations			
Profit for the year from discontinued operations	10	—	45,476
Profit for the year attributable to equity shareholders of the Company		46,586	59,690
Earnings per share (for continuing and discontinued operations)			
— Basic and diluted (HK cents)	11	15.08	22.81
Earnings per share (for continuing operations)			
— Basic and diluted (HK cents)	11	15.08	5.43

The notes on pages 60 to 121 form part of these financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2017
(Expressed in Hong Kong dollars)

	2017 HK\$'000	2016 HK\$'000
Profit for the year	46,586	59,690
Other comprehensive income for the year (after tax)		
<i>Items that are or may be reclassified subsequently to profit or loss:</i>		
Exchange difference arising from translation of financial statements of overseas subsidiaries	31,335	(27,114)
Available-for-sale securities, net movement in fair value reserve	—	(80)
Reclassification of cumulative exchange reserve to profit or loss upon disposal of subsidiaries	—	(8,267)
Reclassification of cumulative fair value reserve to profit or loss upon disposal of subsidiaries	—	(990)
Other comprehensive income for the year	31,335	(36,451)
Total comprehensive income for the year attributable to equity shareholders of the Company	77,921	23,239

The notes on pages 60 to 121 form part of these financial statements.

Consolidated Statement of Financial Position

As at 31 December 2017
(Expressed in Hong Kong dollars)

	Note	2017 HK\$'000	2016 HK\$'000
Non-current assets			
Investment properties	12	572,132	465,182
Property, plant and equipment	13	2,740	2,743
Trademark	15	106	—
Trade and other receivables, prepayments and deposits	17	5,947	368
Deferred tax assets	19	153	—
		581,078	468,293
Current assets			
Properties held for sale	16	6,718	19,119
Trade and other receivables, prepayments and deposits	17	13,633	7,666
Tax recoverable		269	269
Short-term bank deposits	18(a)	127,232	—
Bank balances and cash	18(b)	11,931	25,261
		159,783	52,315
Current liabilities			
Other payables and accrued expenses		24,699	22,487
Rental deposits received		238	1,826
Tax payable		34	88
		24,971	24,401
Net current assets		134,812	27,914
Total assets less current liabilities		715,890	496,207

Consolidated Statement of Financial Position

As at 31 December 2017
(Expressed in Hong Kong dollars)

	Note	2017 HK\$'000	2016 HK\$'000
Non-current liabilities			
Rental deposits received		4,264	2,289
Deferred tax liabilities	19	80,847	62,453
		85,111	64,742
NET ASSETS			
		630,779	431,465
CAPITAL AND RESERVES			
Share capital	20	193,246	71,853
Reserves		437,533	359,612
TOTAL EQUITY			
		630,779	431,465

Approved and authorised for issue by the board of directors on 26 March 2018 and signed on its behalf by:

LAI Han
Director

HOU Yingxuan
Director

The notes on pages 60 to 121 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2017
(Expressed in Hong Kong dollars)

	Share capital HK\$'000	Exchange reserve HK\$'000	Properties		Retained profits HK\$'000	Total HK\$'000
			revaluation reserve HK\$'000	Fair value reserve HK\$'000		
Note	20(a)	20(c)(i)	20(c)(ii)	20(c)(iii)		
At 1 January 2016	71,853	96,617	495	1,070	1,365,530	1,535,565
Profit for the year	—	—	—	—	59,690	59,690
Other comprehensive income for the year						
— Exchange difference arising from translation of financial statements of overseas subsidiaries	—	(27,114)	—	—	—	(27,114)
— Available-for-sale securities, net movement in fair value reserve	—	—	—	(80)	—	(80)
— Reclassification of cumulative exchange reserve to profit or loss upon disposal of subsidiaries	—	(8,267)	—	—	—	(8,267)
— Reclassification of cumulative fair value reserve to profit or loss upon disposal of subsidiaries	—	—	—	(990)	—	(990)
	—	(35,381)	—	(1,070)	—	(36,451)
Total comprehensive income for the year	—	(35,381)	—	(1,070)	59,690	23,239
Transfer of cumulative properties revaluation reserve upon disposal of subsidiaries	—	—	(495)	—	495	—
Special dividends approved in respect of the current year 20(b)	—	—	—	—	(1,127,339)	(1,127,339)
At 31 December 2016	71,853	61,236	—	—	298,376	431,465

The notes on pages 60 to 121 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2017
(Expressed in Hong Kong dollars)

	Note	Share capital	Exchange	Statutory	Retained	Total
		HK\$'000	reserve	reserve	profits	
		20(a)	HK\$'000	HK\$'000	HK\$'000	
At 1 January 2017		71,853	61,236	—	298,376	431,465
Profit for the year		—	—	—	46,586	46,586
Other comprehensive income for the year						
— Exchange difference arising from translation of financial statements of overseas subsidiaries		—	31,335	—	—	31,335
		—	31,335	—	—	31,335
Total comprehensive income for the year		—	31,335	—	46,586	77,921
Transfer from retained profits		—	—	72	(72)	—
Placing of new shares	20(a)	121,393	—	—	—	121,393
At 31 December 2017		193,246	92,571	72	344,890	630,779

The notes on pages 60 to 121 form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2017
(Expressed in Hong Kong dollars)

	Note	2017 HK\$'000	2016 HK\$'000
Operating activities			
Profit before taxation for:			
— Continuing operations		61,589	17,467
— Discontinued operations		—	46,517
Adjustments for:			
Amortisation of land lease premium	7(c), 14	—	4
Amortisation of trademark	7(c), 15	6	—
Depreciation of property, plant and equipment	7(c), 13	761	1,383
Allowance for inventories		—	5,839
Allowance for doubtful debts		—	535
Bad debt written off		—	331
Impairment loss on available-for-sale financial assets		—	21
Net valuation gain on investment properties	12	(59,560)	(9,623)
Change in fair value of financial assets at fair value through profit or loss		—	5,829
Gain on disposal of subsidiaries	10(a)	—	(52,683)
Loss on disposal of property, plant and equipment	7(c), 13	48	—
Bank interest income	6	(801)	(6,878)
Other interest income	6	(613)	—
Finance costs		—	855
Operating cash flows before movements in working capital		1,430	9,597
Decrease in inventories		—	30,781
Decrease in trade and other receivables, prepayments and deposits		1,491	50,937
Decrease in trade and bills payables		—	(7,903)
Increase/(decrease) in other payables and accrued expenses		559	(15,098)
Increase in rental deposits received		100	171
Net decrease in financial assets at fair value through profit or loss		—	155,738
Cash generated from operations		3,580	224,223
Hong Kong profits tax paid		—	(269)
Overseas tax paid		(1,483)	(1,376)
Net cash generated from operating activities		2,097	222,578

Consolidated Statement of Cash Flows

For the year ended 31 December 2017
(Expressed in Hong Kong dollars)

	Note	2017 HK\$'000	2016 HK\$'000
Investing activities			
Bank interest received		770	11,447
Other interest received		819	—
Loan to a third party		(11,693)	—
Purchase of property, plant and equipment	13	(763)	(3,108)
Registration of trademark	15	(111)	—
Net cash inflows from disposal of subsidiaries	10(c)	—	443,646
Net cash (used in)/generated from investing activities		(10,978)	451,985
Financing activities			
New bank loans raised		—	79,295
Repayment of bank loans		—	(40,248)
Net proceeds from placing	20(a)	121,393	—
Interest paid		—	(916)
Dividends paid	20(b)	—	(922,339)
Net cash generated from/(used in) financing activities		121,393	(884,208)
Net increase/(decrease) in cash and cash equivalents		112,512	(209,645)
Cash and cash equivalents at 1 January		25,261	240,027
Effect of foreign exchange rate changes		1,390	(5,121)
Cash and cash equivalents at 31 December		139,163	25,261
Analysis of balances of cash and cash equivalents			
Bank balances and cash	18(b)	11,931	25,261
Short-term bank deposits maturing within three months	18(a)	127,232	—
		139,163	25,261

The notes on pages 60 to 121 form part of these financial statements.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

1 General information

Great China Holdings Limited (the “Company”) is a limited liability company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of the registered office and principal place of business of the Company is Room 1512, 15/F, New World Tower 1, 16–18 Queen’s Road Central, Hong Kong.

The principal activity of the Company is investment holding and the principal activity of its subsidiaries are property investment in the People’s Republic of China (the “PRC”). The Company and its subsidiaries are collectively referred to as the “Group”.

Following the disposal of subsidiaries engaged in overseas trading business and property investment business in Hong Kong during the year ended 31 December 2016 as disclosed in note 10, the majority of the Group’s remaining business are carried out in the PRC. The Company has changed its functional currency from United States dollars (“USD”) to Hong Kong dollars (“HK\$”) in 2016 and the functional currency of its subsidiaries operating in the PRC is Renminbi (“RMB”).

2 Significant accounting policies

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective terms includes all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance (Cap. 622). These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). A summary of the significant accounting policies adopted by the Group is set out 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. The Group does not intend to early adopt any of these amendments or new standards. There are no 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.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2017 comprise the Company and its subsidiaries.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that the investment properties, financial instruments classified as available-for-sale or as trading securities are stated at their fair value as explained in the accounting policies set out in notes 2(f) and 2(e) respectively.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

2 Significant accounting policies (Continued)

(b) Basis of preparation of the financial statements (Continued)

The preparation of consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgements made by management in the application of HKFRSs that have significant effect on the consolidated financial statements and major sources of estimation uncertainty are discussed in note 3.

(c) Accounting policies of the financial statements

(i) Changes in accounting policies

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these impact on the accounting policies of the Group. The Group has not applied any new standard or interpretation that is not yet effective for current accounting period.

(ii) Issued but not yet effective HKFRSs

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of amendments and new standards to HKFRSs which are not yet effective for the current accounting period of the Group and which have not been adopted in these consolidated financial statements.

These included the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
HKFRS 9, <i>Financial instruments</i>	1 January 2018
HKFRS 15, <i>Revenue from contracts with customers</i>	1 January 2018
HKFRS 16, <i>Leases</i>	1 January 2019

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

2 Significant accounting policies (Continued)

(c) Accounting policies of the financial statements (Continued)

(ii) Issued but not yet effective HKFRSs (Continued)

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 and considered the impact that adopting the amendment and new standards on the consolidated financial statements are unlikely to be significant. Further details of the expected impacts are discussed below. The Group does not intend to early adopt any of these amendments or new standards.

HKFRS 9, Financial instruments

HKFRS 9 will replace the current standard on accounting for financial instruments, HKAS 39, *Financial instruments: Recognition and measurement*. HKFRS 9 introduces new requirements for classification and measurement of financial assets, calculation of impairment of financial assets and hedge accounting. On the other hand, HKFRS 9 incorporates without substantive changes the requirements of HKAS 39 for recognition and derecognition of financial instruments and the classification of financial liabilities.

Expected impacts of the new requirements on the Group's consolidated financial statements are as follows:

(i) *Classification and measurement*

HKFRS 9 contains three principal classification categories for financial assets: measured at (1) amortised cost, (2) fair value through profit or loss (FVTPL) and (3) fair value through other comprehensive income (FVTOCI). The classification is determined based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

(ii) *Impairment*

The new impairment model in HKFRS 9 replaces the "incurred loss" model in HKAS 39 with an "expected credit loss" model. Under the expected credit loss model, it will no longer be necessary for a loss event to occur before an impairment loss is recognised. Instead, an entity is required to recognise and measure expected credit losses as either 12-month expected credit losses or lifetime expected credit losses, depending on the asset and the facts and circumstances. This new impairment model may result in an earlier recognition of credit losses on the Group's trade receivables and other financial assets.

Based on a preliminary assessment, the Group expects that the new requirements will not have a material impact on its financial statements.

HKFRS 15, Revenue from contracts with customers

Under HKFRS 15, revenue from provision of services is recognised when control of a service transfers to a customer. Management has assessed the impact of the adoption of HKFRS 15 and considered that there would not have current material impact on the financial results.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

2 Significant accounting policies (Continued)

(c) Accounting policies of the financial statements (Continued)

(ii) Issued but not yet effective HKFRSs (Continued)

HKFRS 16, Leases

As disclosed in note 2(i), currently the Group classifies leases into finance leases and operating leases and accounts for the lease arrangements differently, depending on the classification of the lease. The Group enters into some leases as the lessor and others as the lessee.

HKFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease. However, once HKFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease the lessee will recognise and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee will recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

HKFRS 16 will primarily affect the Group's accounting for the Group's operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss over the period of the lease. As disclosed in note 21, as at 31 December 2017 the Group's future minimum lease payments under non-cancellable operating leases amount to HK\$2,065,000, which is payable either within 1 year or between 1 and 5 years after the reporting date. Some of these amounts may therefore need to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. Based on a preliminary assessment, apart from the recognition of lease liabilities, with corresponding right-of-use assets, the Group expects that HKFRS 16 will not have a material impact on the financial statements.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

2 Significant accounting policies *(Continued)*

(d) Subsidiaries

Subsidiaries are entities controlled by the Group. 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. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(e)) or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(j)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale) (see note 2(u)).

(e) Other investments in debt and equity securities

The Group's and the Company's policies for investments in debt and equity securities, other than investments in subsidiaries, are as follows:

Investments in debt and equity securities are initially stated at fair value, which is their transaction price unless it is determined that the fair value at initial recognition differs from the transaction price and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognised in profit or loss as incurred. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss. The net gain or loss recognised in profit or loss does not include any dividends or interest earned on these investments.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

2 Significant accounting policies (Continued)

(e) Other investments in debt and equity securities (Continued)

Dated debt securities that the Group and/or the Company have the positive ability and intention to hold to maturity are classified as held-to-maturity securities. Held-to-maturity securities are stated at amortised cost less impairment losses (see note 2(j)).

Investments in securities which do not fall into any of the above categories are classified as available-for-sale securities. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve (see note 20(c)(iii)). As an exception to this, investments in equity securities that do not have a quoted price in an active market for an identical instrument and whose fair value cannot otherwise be reliably measured are recognised in the statement of financial position at cost less impairment losses (see note 2(j)). Interest income from debt securities calculated using the effective interest method are recognised in profit or loss in accordance with the policies set out in note 2(s)(ii). Foreign exchange gains and losses resulting from changes in the amortised cost of debt securities are also recognised in profit or loss.

When the investments are derecognised or impaired (see note 2(j)), the cumulative gain or loss recognised in equity is reclassified to profit or loss. Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire.

(f) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 2(i)) to earn rental income and/or for capital appreciation.

Investment properties are stated at fair value. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 2(s)(i).

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

2 Significant accounting policies (Continued)

(g) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(j)).

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

— Leasehold land	Over the remaining lease term
— Buildings	Over the shorter of the term of the lease, or 40 years
— Leasehold improvements	5 years
— Motor vehicles	4 years
— Furniture, fixtures and office equipment	5 years

Both the useful life of an asset and its residual value, if any, are reviewed annually.

Gains or losses arising from the retirement or disposal of an item of fixed assets are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

(h) Intangible assets (trademark)

Intangible assets that are registered by the group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

— trademarks	7 to 10 years
--------------	---------------

(i) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

2 Significant accounting policies (Continued)

(i) Leased assets (Continued)

(i) Classification of assets leased to the Group

Assets that are held by Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the following exceptions:

- property held under operating leases that would otherwise meet the definition of an investment property is classified as investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (see note 2(f)); and
- land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

(ii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term except where the property is classified as an investment property (see note 2(f)) or is held for sale (see note 2(k)).

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

2 Significant accounting policies (Continued)

(j) Impairment of assets

(i) Impairment of investments in debt and equity securities and trade and other receivables

Investments in debt and equity securities and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale securities are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

- For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities carried at cost are not reversed.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

2 Significant accounting policies (Continued)

(j) Impairment of assets (Continued)

(i) Impairment of investments in debt and equity securities and trade and other receivables (Continued)

- For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

- For available-for-sale securities, the cumulative loss that has been recognised in the fair value reserve is reclassified to profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

Impairment losses recognised in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised in other comprehensive income.

Impairment losses in respect of available-for-sale debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversals of impairment losses in such circumstances are recognised in profit or loss.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

2 Significant accounting policies (Continued)

(j) Impairment of assets (Continued)

(i) Impairment of investments in debt and equity securities and trade and other receivables (Continued)

When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment (see note 2(g));
- pre-paid interests in leasehold land classified as being held under an operating lease;
- trademark; and
- investments in subsidiaries in the Company's statement of financial position (see note 2(d)).

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

2 Significant accounting policies (Continued)

(j) Impairment of assets (Continued)

(ii) Impairment of other assets (Continued)

— Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

— Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(k) Inventories

Properties held for sale

Properties held for sale, which represent unsold completed properties, are stated at the lower of cost and net realisable value. The cost of properties comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price in the ordinary course of business less costs to be incurred in selling the property.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

2 Significant accounting policies (Continued)

(l) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see note 2(j)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(m) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(n) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(p) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Termination benefits

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

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

2 Significant accounting policies (Continued)

(q) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

2 Significant accounting policies (Continued)

(q) Income tax (Continued)

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 2(f), the amount of deferred tax recognised is measured using the tax rates that would apply on the sale of those assets at their carrying value at the end of the reporting period unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Group intends either to realise the assets and settle the liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or realised, intend to realise the current tax assets and settle the current tax liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

2 Significant accounting policies (Continued)

(r) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company has a 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 expenditure 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 of economic benefits 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 of economic benefits is remote.

(s) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned. Revenue from rental income excludes value added tax.

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method.

(t) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

2 Significant accounting policies *(Continued)*

(t) Translation of foreign currencies *(Continued)*

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Items in the statement of financial position are translated into Hong Kong dollars at the closing foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve (see note 20(c)(i)).

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(u) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs if the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of the statement of profit or loss, which comprises:

- the post-tax profit or loss of the discontinued operation; and
- the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

2 Significant accounting policies (Continued)

(v) Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.

- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

2 Significant accounting policies *(Continued)*

(w) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 Accounting estimates and judgements

The key sources of estimation uncertainty and critical accounting judgements in applying the Group's accounting policies are described below.

(a) Valuation of investment properties

As described in note 12, investment properties are stated at fair value based on the valuation performed by an independent firm of professional surveyors after taking into consideration the comparable market transactions, the rental income, market yields and reversionary income potential.

In determining the fair value of investment properties, the surveyors has based on a method of valuation which involves, inter alia, certain estimates including current monthly rents and current prices in an active market for similar properties in the same location and condition and appropriate discount rates. In relying on the valuation report, management has exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions as at the end of each reporting period.

(b) Estimates of current and deferred tax

The Group is subject to taxation in various jurisdictions. Significant judgement is required in determining the amount of the provision for taxation and the timing of payment of the related taxation. The Group recognised income tax and other taxes based on management's best estimates according to the understanding of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the tax expense in the period in which the tax calculations are finalised with the local tax authorities.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

4 Revenue

Revenue from continuing operations represents rental income earned during the year.

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

	2017 HK\$'000	2016 HK\$'000
Shops	20,263	19,071
Residential	1,654	1,705
Car park	531	560
	22,448	21,336

For the year ended 31 December 2017, revenue from two (2016: two) customers of the Group's property investment in the PRC segment amounted to HK\$12,967,000 and HK\$3,559,000 (2016: HK\$13,439,000 and HK\$3,881,000), which each exceeded 10% of the Group's revenue from continuing operations.

5 Segment information

Information reported to the executive directors of the Company, being the chief operating decision-maker, for the purpose of resource allocation and assessment of segment performance focuses on the operating divisions of the Group.

The executive directors have identified the following reportable segments for the Group's operating segments. These segments are managed separately as each business offers different products and services and requires different business strategies.

Continuing operations

- (1) Property investment in the PRC — leasing of properties situated in the PRC (other than Hong Kong)
- (2) Trading of properties — sale of properties situated in the PRC

Discontinued operations

- (1) General trading — trading of fishmeal
- (2) Property investment in Hong Kong — leasing of properties situated in Hong Kong

The Group disposed of the operations of general trading and property investment in Hong Kong segments on 15 June 2016. The results of the general trading and property investment in Hong Kong segments from 1 January 2016 to 15 June 2016 were classified as discontinued operations accordingly.

The accounting policies of the reportable segments are the same as the Group's accounting policies. There were no inter-segment sales between different operating segments for the year ended 31 December 2017 (2016: HK\$nil). Segment revenue represents sales revenue from external customers. Segment profit or loss after tax represents net profit earned or loss incurred by each reportable segment without allocation of income and expenses of the Group's headquarters, corporate income and expenses, unallocated finance costs, unallocated income tax credit or expense and gain on disposal of subsidiaries.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

5 Segment information (Continued)

Discontinued operations (Continued)

For the purpose of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable segments other than the Group headquarters' corporate assets; and
- all liabilities are allocated to reportable segments other than the Group headquarters' corporate liabilities.

Information regarding the above segments is reported below.

Segment revenue and results

	Continuing operations		
	Property investment in the PRC HK\$'000	Trading of properties HK\$'000	Total HK\$'000
For the year ended 31 December 2017			
Reportable segment revenue	21,796	652	22,448
Reportable segment profit after tax	58,359	1,843	60,202
Net corporate expenses			(13,916)
Unallocated income tax credit			300
Profit for the year			46,586

	Continuing operations			Discontinued operations		
	Property investment in the PRC HK\$'000	Trading of properties HK\$'000	Sub-total HK\$'000	General trading HK\$'000	Property investment in Hong Kong HK\$'000	Sub-total HK\$'000
For the year ended 31 December 2016						
Reportable segment revenue	20,522	814	21,336	487,212	6,689	493,901
Reportable segment profit/(loss) after tax	26,503	238	26,741	(779)	1,102	323
Net corporate expenses			(12,273)			(7,404)
Unallocated finance costs			(116)			(106)
Unallocated income tax expense			(138)			(20)
Gain on disposal of subsidiaries (note 10(a))			—			52,683
Profit for the year			14,214			45,476

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

5 Segment information (Continued)

Segment assets and liabilities

	Continuing operations		
	Property investment in the PRC HK\$'000	Trading of properties HK\$'000	Total HK\$'000
At 31 December 2017			
Reportable segment assets	585,458	6,743	592,201
Unallocated corporate assets			148,660
Consolidated total assets			740,861
Reportable segment liabilities	91,033	16,375	107,408
Unallocated corporate liabilities			2,674
Consolidated total liabilities			110,082

	Continuing operations		
	Property investment in the PRC HK\$'000	Trading of properties HK\$'000	Total HK\$'000
At 31 December 2016			
Reportable segment assets	494,470	19,337	513,807
Unallocated corporate assets			6,801
Consolidated total assets			520,608
Reportable segment liabilities	71,476	15,556	87,032
Unallocated corporate liabilities			2,111
Consolidated total liabilities			89,143

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

5 Segment information (Continued)

Segment assets and liabilities (Continued)

Unallocated corporate assets mainly comprised of property, plant and equipment which are used by the Group's headquarters, certain bank balances and cash and short-term bank deposits which are held as the general working capital of the Group as a whole and other corporate assets of the Group's headquarters which are not directly attributable to the business activities of any operating segment.

Unallocated corporate liabilities mainly comprised of other payables and accrued expenses of the Group as a whole and other corporate liabilities of the Group's headquarters which are not directly attributable to the business activities of any operating segment.

Other segment information

	Continuing operations			
	Property investment in the PRC	Trading of properties	Corporate/ Unallocated	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
For the year ended 31 December 2017				
Additions to property, plant and equipment (note 13)	32	—	731	763
Amortisation of trademark (notes 7(c) & 15)	—	—	6	6
Depreciation of property, plant and equipment (notes 7(c) & 13)	260	—	501	761
Loss on disposal of property, plant and equipment	48	—	—	48
Net valuation gain on investment properties (note 12)	(59,560)	—	—	(59,560)
Net exchange gain	(1)	—	(754)	(755)
Bank interest income (note 6)	(408)	—	(393)	(801)
Other interest income (note 6)	—	—	(613)	(613)
Income tax expense/(credit) (note 8)	17,089	(1,786)	(300)	15,003

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

5 Segment information (Continued)

Other segment information (Continued)

	Continuing operations				Discontinued operations			
	Property	Trading of	Corporate/	Sub-total	General	Property	Corporate/	Sub-total
	investment	properties	Unallocated		trading	investment	Unallocated	
	in the PRC					in Hong		
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	Kong	HK\$'000	HK\$'000	
For the year ended 31 December 2016								
Additions to property, plant and equipment (note 13)	886	—	2,222	3,108	—	—	—	—
Amortisation of land lease premium (note 14)	4	—	—	4	—	—	—	—
Depreciation of property, plant and equipment	233	—	199	432	131	197	623	951
Valuation (gain)/loss on investment properties (notes 10(a) & 12)	(12,023)	—	—	(12,023)	—	2,400	—	2,400
Change in fair value of financial assets at fair value through profit or loss	—	—	—	—	—	—	5,829	5,829
Allowance for inventories	—	—	—	—	5,839	—	—	5,839
Allowance for doubtful debts	103	—	—	103	233	—	199	432
Bad debt written off	8	—	—	8	323	—	—	323
Net exchange (gain)/loss	(1,512)	—	591	(921)	(1,755)	4	(1,018)	(2,769)
Interest income	(56)	—	(187)	(243)	(2,500)	—	(4,135)	(6,635)
Finance costs	—	—	116	116	142	491	106	739
Income tax expense	3,115	—	138	3,253	1,009	12	20	1,041

Geographical information

As the Group does not have material operations outside PRC from continuing operations, no geographic segment information is presented.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

6 Other income

From continuing operations

	2017 HK\$'000	2016 HK\$'000
Bank interest income (note 5)	801	243
Other interest income (note 5)	613	—
Management fee income from disposed subsidiaries (note)	—	3,366
Sundry	10	172
	1,424	3,781

Note: For the year ended 31 December 2016, the Company received management fee income from various subsidiaries of the Disposal Group for management services provided. The management service has been terminated since 1 April 2016.

7 Profit before taxation

From continuing operations

Profit before taxation is arrived at after charging/(crediting):

	2017 HK\$'000	2016 HK\$'000
(a) Finance costs		
Interest on bank loans	—	116
(b) Staff costs		
Salaries, wages and other benefits (including directors' emoluments)	10,078	10,244
Contributions to defined contribution retirement plans (note)	536	195
	10,614	10,439

Note:

The Group participates in the Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Mandatory Provident Fund Ordinance in December 2000 in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustee.

For members of the MPF Scheme, both the Group and the employees contribute 5% of the employee's monthly remunerations or HK\$1,500 (2016: HK\$1,500) per month whichever is the smaller to the scheme. Contributions to the plan vest immediately. No forfeited contribution is available to reduce the contribution payable for the years ended 31 December 2017 and 2016.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

7 Profit before taxation (Continued)

From continuing operations (Continued)

Note: (Continued)

The employees of the subsidiaries of the Group which operate in the PRC are required to participate in a central pension scheme operated by the local municipal governments. These PRC subsidiaries are required to contribute certain percentage of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

The total cost charged to profit or loss of HK\$536,000 (2016: HK\$195,000) represents contributions paid/payable to the above retirement benefit schemes, by the Group during the year.

	2017 HK\$'000	2016 HK\$'000
(c) Other items		
Auditor's remuneration	1,120	1,308
Amortisation of land lease premium (note 14)	—	4
Amortisation of trademark (notes 5 & 15)	6	—
Depreciation (notes 5 & 13)	761	432
Loss on disposal of property, plant and equipment	48	—
Operating lease charges in respects of land and buildings	1,785	962
Net exchange loss/(gain)	755	(921)
Impairment losses on trade and other receivables	—	103
Bad debt written off	—	8
Gross rental income	(22,448)	(21,336)
Less: direct operating expenses	2,582	3,053
Net rental income	(19,866)	(18,283)

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

8 Income tax in the consolidated statement of profit or loss

From continuing operations

(a) Taxation in the consolidated statement of profit or loss represents:

	2017 HK\$'000	2016 HK\$'000
Current tax — PRC Enterprise Income Tax	1,423	1,490
Deferred tax (note 19)	13,580	1,774
Over-provision in prior year	—	(11)
Income tax expense (note 5)	15,003	3,253

The provision for Hong Kong Profits Tax is calculated at 16.5% (2016: 16.5%) of the estimated assessable profits. No provision was made for Hong Kong Profits Tax as the Group did not generate any assessable profits arising in Hong Kong during the years ended 31 December 2017 and 2016.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the PRC subsidiaries are subject to Enterprise Income Tax of tax rate of 25%.

Enterprise Income Tax arising from certain Hong Kong subsidiaries' operations in the PRC is calculated at tax rate of 10% (2016: 10%) on the rental income earned by these Hong Kong subsidiaries for the year.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2017 HK\$'000	2016 HK\$'000
Profit before taxation	61,589	17,467
Tax on profit before taxation, calculated at tax rate of 16.5%	10,162	2,882
Effect of different tax rates of subsidiaries operating overseas	3,054	(1,343)
Tax effect of non-deductible expenses	1,060	205
Tax effect of non-taxable income	(1,340)	(386)
Tax effect of tax losses not recognised	2,067	2,081
Tax effect of utilisation of tax losses previously not recognised	—	(191)
Tax effect of other temporary differences not recognised	—	16
Over-provision in prior year	—	(11)
Income tax expense	15,003	3,253

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

9 Directors' emoluments and individuals with highest emoluments

(a) Directors' emoluments

Directors' emoluments disclosed pursuant to Section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

For the year ended 31 December 2017

	Fees HK\$'000	Salaries and other benefits HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
<i>Chairmen</i>				
Mr. JIANG Tian (iii)	167	1,206	52	1,425
Mr. ZHOU Zheren (iv)	124	5	—	129
<i>Executive directors</i>				
Ms. GU Ming (vii)	280	290	—	570
Mr. LAI Han	290	696	52	1,038
Ms. HOU Yingxuan (i)	251	785	15	1,051
Mr. GONG Biao	290	585	52	927
Ms. SHEN Li (ii)	43	2	2	47
<i>Non-executive director</i>				
Mr. CHAI Yuet	280	15	—	295
<i>Independent non-executive directors</i>				
Mr. HU Jianxing	290	16	—	306
Mr. TSEUNG Yuk Hei Kenneth (v)	40	2	—	42
Ms. Patricia Bee Kuen THOMAS (vi)	250	15	—	265
Ms. LI Ping	290	16	—	306
	2,595	3,633	173	6,401

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

9 Directors' emoluments and individuals with highest emoluments (Continued)

(a) Directors' emoluments (Continued)

For the year ended 31 December 2016

From both continuing and discontinued operations

	Fees HK\$'000	Salaries and other benefits HK\$'000	Discretionary performance bonus HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
<i>Chairmen</i>					
Mr. ZHOU Zheren (ix)	155	—	—	—	155
Mr. Rustom Ming Yu HO (viii)	—	437	60	—	497
<i>Executive directors</i>					
Ms. GU Ming (ix)	155	—	—	—	155
Mr. LAI Han (ix)	155	—	—	—	155
Mr. GONG Biao (ix)	155	—	—	—	155
Ms. SHEN Li (ix)	155	—	—	5	160
Mr. John Ming Tak HO (x)	—	2,831	1,650	11	4,492
Mr. Maung Tun MYINT (x)	—	1,169	455	11	1,635
Mr. Patrick Kwok Wai POON (x)	—	830	237	—	1,067
<i>Non-executive directors</i>					
Mr. CHAI Yuet (ix)	145	—	—	—	145
Ms. YU Gia HO (x)	37	—	—	—	37
<i>Independent non-executive directors</i>					
Mr. HU Jianxing (ix)	155	—	—	—	155
Ms. Patricia Bee Kuen THOMAS (ix)	155	—	—	—	155
Ms. LI Ping (ix)	155	—	—	—	155
Mr. Lawrence Kam Kee YU (x)	149	—	—	—	149
Mr. David Hon To YU (x)	160	—	—	—	160
Mr. Hsu Chou WU (x)	37	—	—	—	37
	1,768	5,267	2,402	27	9,464

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

9 Directors' emoluments and individuals with highest emoluments (Continued)

(a) Directors' emoluments (Continued)

Notes:

- (i) The director was appointed on 27 February 2017.
- (ii) The director was resigned on 27 February 2017.
- (iii) The director was appointed on 6 June 2017.
- (iv) The director was retired on 6 June 2017.
- (v) The director was appointed on 15 November 2017.
- (vi) The director was resigned on 15 November 2017.
- (vii) The director was resigned on 15 December 2017.
- (viii) Mr. Rustom Ming Yu HO was deceased on 5 May 2016.
- (ix) These directors were appointed on 23 June 2016.
- (x) These directors were resigned on 13 July 2016.
- (xi) No directors waived any emoluments during the year ended 31 December 2017 (2016: HK\$nil).
- (xii) The discretionary performance bonus is determined having regard to the performance of individuals and financial performance of the Group.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

9 Directors' emoluments and individuals with highest emoluments (Continued)

(b) Individuals with highest emoluments

Of the five individuals with the highest emoluments in the Group, four (2016: four) are directors of the Company whose emoluments are included in the disclosure in note (a) above. The emoluments of the remaining one (2016: one) highest paid individual is as follows:

	2017 HK\$'000	2016 HK\$'000
Salaries and other benefits	784	380
Discretionary bonus	—	111
Retirement benefits costs — defined contribution plans	18	11
	802	502

The emoluments were within the following bands:

	Number of individual	
	2017	2016
Nil to HK\$1,000,000	1	1

Note: No emolument was paid or payable by the Group to any of the directors or the highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office during the year ended 31 December 2017 (2016: HK\$nil).

10 Discontinued operations

Pursuant to the Disposal Agreement and the Disposal Supplemental Agreement entered into between the Company and Fulcrest Limited (the "Disposal Purchaser") dated 21 January 2016 and 18 April 2016, respectively, the Company disposed of its entire equity interests in Datong Global Holdings Limited ("Datong") and Xingao Limited ("Xingao") (the "Disposal of Subsidiaries"), each of which was a wholly-owned subsidiary of the Company, together with the subsidiaries of Datong and Xingao (collectively referred to as the "Disposal Group") and the amount due from the Disposal Group of HK\$205,000,000 to the Disposal Purchaser (the "Disposal of Loan") during the year ended 31 December 2016. Total consideration for the Disposal of Subsidiaries and the Disposal of Loan is HK\$797,967,000, among which the consideration for the Disposal of Subsidiaries amounting to HK\$592,967,000 was settled in cash and the consideration for the Disposal of Loan amounting to HK\$205,000,000 was settled by offsetting against dividends payable to the Disposal Purchaser (note 20(b)).

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

10 Discontinued operations (Continued)

The Disposal Group is principally engaged in (i) trading of fishmeal; (ii) property investment in Hong Kong; (iii) provision for agency services; and (iv) investment in financial assets. The above disposals were completed on 15 June 2016. The consolidated results of the Disposal Group for the period from 1 January 2016 to 15 June 2016 have been presented as discontinued operations in the consolidated financial statements in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued*.

(a) Results of discontinued operations:

	From 1 January to 15 June 2016 HK\$'000
Revenue	493,901
Cost of sales	(473,728)
Valuation loss on investment properties (note 5)	(2,400)
Other net expenses	(23,200)
Finance costs	(739)
Loss from operations	(6,166)
Income tax	(1,041)
Net loss from operations (note)	(7,207)
Gain on disposal of subsidiaries (notes 5 & 10(c))	52,683
Profit for the year from discontinued operations	45,476
Basic and diluted earnings per share (HK cents)	17.38

Note: Net loss from operations included management fee paid by the Disposal Group to the Company.

For the year ended 31 December 2016, the calculation of basic earnings per share from discontinued operations of HK17.38 cents is based on the profit for the year from discontinued operations attributable to the equity shareholders of the Company of HK\$45,476,000 and the weighted average number of ordinary shares for basic earnings per share as disclosed in note 11.

There was no difference between the basic and diluted earnings per share as there was no dilutive potential shares outstanding for the year ended 31 December 2016 presented.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

10 Discontinued operations (Continued)

(b) Cash flows generated from discontinued operations:

	From 1 January to 15 June 2016 HK\$'000
Net cash used in operating activities	(309,884)
Net cash generated from investing activities	599,384
Net cash generated from financing activities	73,463
Net cash flows generated from discontinued operations for the year	362,963

(c) Net assets disposed of as at the disposal date:

	As at the date of the disposal HK\$'000
ASSETS	
Non-current assets	
Investment properties (note 12)	500,700
Property, plant and equipment (note 13)	44,939
Available-for-sale financial assets	12,325
Trade and other receivables, prepayments and deposits	28,805
	586,769
Current assets	
Inventories	33,694
Trade and other receivables, prepayments and deposits	101,962
Financial assets at fair value through profit or loss	37,205
Available-for-sale financial assets	27,300
Tax recoverable	406
Restricted bank deposit	15,915
Bank balances and cash	149,321
	365,803

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

10 Discontinued operations (Continued)

(c) Net assets disposed of as at the disposal date: (Continued)

	As at the date of the disposal HK\$'000
LIABILITIES	
Current liabilities	
Trade and bills payables, other payables and accrued expenses	(42,591)
Rental deposits received	(2,389)
Amount due to the Company	(205,000)
Borrowings	(71,196)
Tax payable	(1,035)
	(322,211)
Non-current liabilities	
Rental deposits received	(2,041)
Borrowings	(82,144)
Deferred tax liabilities (note 19)	(2,397)
	(86,582)
Net assets disposed of	543,779
Total cash consideration	592,967
Net assets disposed of	(543,779)
Transaction costs incurred for disposal	(5,762)
Reserves attributable to the disposal Group recycled to profit or loss upon disposal	9,257
	52,683
Gain on disposal of subsidiaries (note 10(a))	52,683
Cash flows	
Cash consideration received	592,967
Bank balances and cash disposed of	(149,321)
	443,646
Net cash inflows	443,646

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

11 Earnings per share

The calculation of basic earnings per share is based on the following profit attributable to ordinary equity shareholders of the Company and the weighted average number of ordinary shares in issue during the year.

	2017			2016		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit for the year attributable to equity shareholders of the Company	46,586	—	46,586	14,214	45,476	59,690

	Number of shares	
	2017	2016
Weighted average number of ordinary shares in issue during the year	308,913,376	261,684,910

The weighted average number of shares for the purposes of calculating basic and diluted earnings per share for the year ended 31 December 2017 has been adjusted for placing of new shares during the year.

For the years ended 31 December 2017 and 2016, basic and diluted earnings per share for continuing and discontinued operations are equal as there were no potential dilutive ordinary shares in issue.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

12 Investment properties

	2017 HK\$'000	2016 HK\$'000
Fair value		
At 1 January	465,182	982,658
Exchange realignment	33,985	(26,399)
Transfer from properties held for sale to investment properties	13,405	—
Changes in fair value of:		
— transfer from properties held for sale (“PHS”) to investment properties (“IP”)	52,076	—
— Investment properties held by the Disposal Group (<i>note 5</i>)	—	(2,400)
— Investment properties held by the remaining subsidiaries of the Group	7,484	12,023
Disposal of subsidiaries (<i>note 10(c)</i>)	—	(500,700)
At 31 December	572,132	465,182

The Group's investment properties are measured using the fair value model and are leased to third parties under operating leases to earn rental income.

(a) The analysis of carrying amount of Group's investment properties is as follows:

	2017 HK\$'000	2016 HK\$'000
Properties situated outside Hong Kong under:		
— Long-term lease	—	291,090
— Medium-term lease	572,132	174,092
	572,132	465,182

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

12 Investment properties (Continued)

(b) Fair value measurement of investment properties

Fair value hierarchy

The fair value of the Group's investment properties is measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

The following table reconciles the recurring fair value measurement of investment properties using significant unobservable inputs (Level 3):

	Shops in Hong Kong HK\$'000	Apartments in Hong Kong HK\$'000	Car park space in Hong Kong HK\$'000	Properties in Shanghai HK\$'000	Total HK\$'000
At 1 January 2016	444,300	57,500	1,300	479,558	982,658
Exchange realignment	—	—	—	(26,399)	(26,399)
Net gain from fair value measurement					
— Included in "net valuation gain on investment properties" (note 5)	(2,400)	—	—	12,023	9,623
Disposal of subsidiaries	(441,900)	(57,500)	(1,300)	—	(500,700)
At 31 December 2016 and 1 January 2017	—	—	—	465,182	465,182
Exchange realignment	—	—	—	33,985	33,985
Transfer from PHS to IP	—	—	—	13,405	13,405
Net gain from fair value measurement					
— Included in "net valuation gain on investment properties" (note 5)	—	—	—	59,560	59,560
At 31 December 2017	—	—	—	572,132	572,132

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

12 Investment properties (Continued)

(b) Fair value measurement of investment properties (Continued)

Fair value hierarchy (Continued)

As at 31 December 2017, none of the Group's investment properties measured at fair value are categorised as Level 1 and Level 2 valuations (2016: nil).

During the years ended 31 December 2017, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2016: nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Valuation process

The Group's investment properties were revalued as at 31 December 2017 and 2016 by Asset Appraisal Limited, an independent firm of professional surveyors who have among their staff Members of The Hong Kong Institute of Surveyors with experience in HK and the PRC and category of property being valued.

The Group's management has reviewed the valuation results performed by the surveyors for financial reporting purposes by verifying all major inputs and assumptions, and assessing the reasonableness of property valuation.

Valuation methodologies

The valuations of investment properties in Shanghai were based on income capitalisation approach which capitalised the net income of the properties and taking into account the reversionary income potential of the properties after expiry of the current lease.

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

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

12 Investment properties (Continued)

(b) Fair value measurement of investment properties (Continued)

Valuation methodologies (Continued)

As at 31 December 2017

Properties	Location	Valuation technique	Fair value hierarchy	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Apartment, shops and car park spaces	Shanghai, the PRC	Income capitalisation approach	Level 3	Monthly rent	For apartments and shops: RMB62.31 to RMB201.82 per square metre ("sq. m.") For car park space: RMB519.26 per month per unit	The higher the monthly rent, the higher the fair value
				Market yield	3.00% to 5.00%	The higher the market yield, the lower the fair value
				Term yield	1.78% to 5.46%	The higher the term yield, the lower the fair value
				Reversionary yield	3.00% to 5.00%	The higher the reversionary yield, the lower the fair value

As at 31 December 2016

Properties	Location	Valuation technique	Fair value hierarchy	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Apartment, shops and car park spaces	Shanghai, the PRC	Income capitalisation approach	Level 3	Monthly rent	For apartments and shops: RMB66.37 to RMB215.61 per square metre ("sq. m.") For car park space: RMB600 per month per unit	The higher the monthly rent, the higher the fair value
				Market yield	3.00% to 5.00%	The higher the market yield, the lower the fair value
				Term yield	1.95% to 5.46%	The higher the term yield, the lower the fair value
				Reversionary yield	3.50% to 5.50%	The higher the reversionary yield, the lower the fair value

The fair value measurement is based on the highest and best use of the investment properties, which does not differ from their actual use.

As at 31 December 2017 and 2016, no investment properties are pledged to secure banking facilities granted to the Group (note 22).

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

13 Property, plant and equipment

	Leasehold land HK\$'000	Buildings HK\$'000	Leasehold improvements HK\$'000	Motor vehicles HK\$'000	Furniture, fixtures and office equipment HK\$'000	Total HK\$'000
Cost:						
At 1 January 2016	38,216	9,420	11,727	2,179	4,749	66,291
Exchange realignment	—	(170)	(13)	(9)	(47)	(239)
Additions (note 5)	—	—	1,118	763	1,227	3,108
Transfer to PHS (note 16)	—	(2,978)	—	—	—	(2,978)
Disposal of subsidiaries (note 10(c))	(38,216)	(6,272)	(11,501)	(2,137)	(3,472)	(61,598)
At 31 December 2016	—	—	1,331	796	2,457	4,584
At 1 January 2017	—	—	1,331	796	2,457	4,584
Exchange realignment	—	—	6	1	65	72
Additions (note 5)	—	—	—	707	56	763
Disposal	—	—	(164)	(34)	(171)	(369)
At 31 December 2017	—	—	1,173	1,470	2,407	5,050
Accumulated depreciation:						
At 1 January 2016	2,468	2,028	7,936	1,042	4,539	18,013
Exchange realignment	—	(92)	(13)	27	(34)	(112)
Charge for the year (note 5)	133	128	703	193	226	1,383
Transfer to PHS (note 16)	—	(784)	—	—	—	(784)
Disposal of subsidiaries (note 10(c))	(2,601)	(1,280)	(8,320)	(1,150)	(3,308)	(16,659)
At 31 December 2016	—	—	306	112	1,423	1,841
At 1 January 2017	—	—	306	112	1,423	1,841
Exchange realignment	—	—	6	1	22	29
Charge for the year (notes 5 and 7(c))	—	—	224	206	331	761
Disposal	—	—	(164)	(34)	(123)	(321)
At 31 December 2017	—	—	372	285	1,653	2,310
Net book value:						
At 31 December 2017	—	—	801	1,185	754	2,740
At 31 December 2016	—	—	1,025	684	1,034	2,743

As at 31 December 2017 and 2016, no leasehold land and buildings are pledged to secure banking facilities granted to the Group (note 22).

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

14 Prepaid lease payments for land

	2017 HK\$'000	2016 HK\$'000
Carrying amount at 1 January	—	263
Amortisation for the year (notes 5 & 7(c))	—	(4)
Transfer to PHS (note 16)	—	(259)
Carrying amount at 31 December	—	—

15 Trademark

	HK\$'000
Cost:	
At 1 January 2017	—
Addition	111
Exchange realignment	1
At 31 December 2017	112
Accumulated amortisation:	
At 1 January 2017	—
Charge for the year (notes 5 & 7)	6
Exchange realignment	—
At 31 December 2017	6
Net book value:	
At 31 December 2017 (note 28)	106

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

16 Properties held for sale

	2017 HK\$'000	2016 HK\$'000
Properties held for sale		
— prepaid lease payments for land	2,064	5,346
— buildings	4,654	11,320
Transfer from prepaid lease payments for land (note 14)	—	259
Transfer from property, plant and equipment (note 13)	—	2,194
	6,718	19,119

The carrying amounts of prepaid lease payments for land of HK\$2,064,000 (2016: HK\$5,605,000) included in properties held for sale represent interest in land held by the Group under medium-term lease.

17 Trade and other receivables, prepayments and deposits

	2017 HK\$'000	2016 HK\$'000
Trade receivables, net (note (a))	189	3,627
Prepayments, deposits and other receivables, net (note (d))	19,391	4,407
Carrying amount at 31 December	19,580	8,034
Less: Current portion	(13,633)	(7,666)
Non-current portion	5,947	368

Apart from the balance of non-current portion expected to be recovered or recognised as expense after more than one year, all other trade and other receivables, prepayments and deposits are expected to be recovered or recognised as expense within one year.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

17 Trade and other receivables, prepayments and deposits (Continued)

(a) Trade receivables

	2017 HK\$'000	2016 HK\$'000
Trade receivables	295	3,726
Less: Allowance for doubtful debts (note 17(b))	(106)	(99)
Trade receivables, net	189	3,627

For trade and other receivables, rents from leasing of investment properties are normally received in advance without credit terms to tenants. Before accepting any new customer, the Group carries out research on the creditability of the new customer and assesses the potential customer's credit quality and sets credit limits by customer. Credit limits assigned to customers are reviewed once a year.

The ageing analysis of trade receivables (net of allowance for doubtful debts), based on invoice dates, as of the end of the reporting period is as follows:

	2017 HK\$'000	2016 HK\$'000
0–30 days	189	1,750
31–60 days	—	1,425
61–90 days	—	449
91–120 days	—	3
	189	3,627

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

17 Trade and other receivables, prepayments and deposits (Continued)

(b) Impairment of trade and other receivables

Impairment losses in respect of trade debtors are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors directly (see note 2(j)(i)).

The movement in the allowance for doubtful debts is as follows:

	Trade receivables		Other receivables	
	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
Balance at 1 January	99	11,206	—	4,171
Provision for impairment loss	—	468	—	67
Disposal of subsidiaries	—	(11,482)	—	(4,205)
Exchange realignment	7	(93)	—	(33)
Balance at 31 December	106	99	—	—

As at 31 December 2017, trade and other receivables of HK\$106,000 (2016: HK\$99,000) were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties. Consequently, specific allowance for doubtful debts of trade receivables of HK\$106,000 (2016: HK\$99,000) and no other receivables for provision were recognised.

(c) Trade receivables that are not impaired

The ageing analysis of trade receivables which are not impaired is as follows:

	2017 HK\$'000	2016 HK\$'000
Neither past due nor impaired	—	—
Less than 30 days past due	189	1,750
31 to 60 days past due	—	1,425
61 to 90 days past due	—	449
91 to 120 days past due	—	3
	189	3,627

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

17 Trade and other receivables, prepayments and deposits (Continued)

(c) Trade receivables that are not impaired (Continued)

As at 31 December 2017, receivables that were past due but not impaired mainly relate to tenants that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

(d) Prepayments, deposits and other receivables

	2017 HK\$'000	2016 HK\$'000
Prepayments and deposits	1,085	793
Other receivables (note)	18,306	3,614
	19,391	4,407

Note: Included in other receivables is a secured three-month short-term loan to a third party of HK\$12,012,000 (2016: nil) bearing interest of 28% per annum and due in January 2018. The loan has been subsequently settled after the end of the reporting period.

18 Short-term bank deposits/bank balances and cash

(a) Short-term bank deposits

Short-term bank deposits as at 31 December 2017 represented time deposits with an original maturity of three months or less. Short-term deposits earn market interest rate ranging from 0.1% to 1.1% per annum.

(b) Bank balances and cash

Bank balances and cash comprise cash held by the Group. Cash at banks earned interest at floating rates based on daily bank deposit rates.

Cash of the Group, HK\$17,430,000 (2016: HK\$19,013,000) are denominated in RMB and deposited with banks in the PRC which were subject to exchange controls. RMB is not freely convertible into other currencies.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

19 Deferred taxation

The following are the components of deferred tax liabilities/(assets) recognised by the Group and movements thereon during the two years ended 31 December 2017 and 2016:

	Accelerated tax depreciation and effective rent	Revaluation of investment properties	Tax losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2016	12,700	54,060	(175)	66,585
Exchange realignment	(557)	(2,979)	—	(3,536)
Charged/(credited) to profit or loss				
— For continuing operations (<i>note 8(a)</i>)	344	1,430	—	1,774
— For discontinued operations	41	—	(14)	27
Disposal of subsidiaries (<i>note 10(c)</i>)	(2,586)	—	189	(2,397)
At 31 December 2016 and 1 January 2017	9,942	52,511	—	62,453
Exchange realignment	709	3,952	—	4,661
Charged/(credited) to profit or loss (<i>note 8(a)</i>)	1,402	12,437	(259)	13,580
At 31 December 2017	12,053	68,900	(259)	80,694
			2017	2016
			HK\$'000	HK\$'000
Represented by:				
Deferred tax liabilities			80,847	62,453
Deferred tax assets			(153)	—
Deferred taxation			80,694	62,453

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

19 Deferred taxation (Continued)

As at 31 December 2017, the Group has unused tax losses of HK\$29,643,000 (2016: HK\$14,182,000) available for offset against future profits. A deferred tax asset of approximately HK\$259,000 (2016: HK\$nil) has been recognised in respect of approximately HK\$1,567,000 (2016: HK\$nil) of such losses. The Group has not recognised deferred tax assets in respect of the remaining tax losses of HK\$28,076,000 (2016: HK\$14,182,000) as it is not probable that sufficient future taxable profit against which the losses can be utilised will be available in relevant tax jurisdiction and entity. The tax losses has no expiry date.

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of certain PRC subsidiaries amounting to HK\$2,255,000 (2016: HK\$1,754,000) as the Group is able to control the timing of the reversal of the temporary differences and it is not probable that these subsidiaries will distribute such profits in foreseeable future.

20 Capital, reserves and dividends

(a) Share capital

Ordinary shares, issued and fully paid	At 31 December 2017		At 31 December 2016	
	Number of shares	Amounts HK\$'000	Number of shares	Amounts HK\$'000
At the beginning of the year	261,684,910	71,853	261,684,910	71,853
Placing of new shares (note)	83,690,000	121,393	—	—
At the end of the year (note 28)	345,374,910	193,246	261,684,910	71,853

Note: On 10 February 2017 and 3 November 2017, the Company entered into a placing agreement, pursuant to which a maximum number of 52,300,000 and 31,390,000 shares are to be issued at HK\$1.44 per share and HK\$1.50 per share, respectively (the "Placings"). The Placings were completed on 24 February 2017 and 30 November 2017 with net proceeds from the Placings amounting to HK\$74,723,000 and HK\$46,670,000, respectively. The net proceeds of the Placings will be used for general working capital and/or financing future investment or new business development as and when opportunities arise.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

20 Capital, reserves and dividends (Continued)

(b) Dividends

The Board does not recommend the payment of a final dividend for the years ended 31 December 2017 and 2016.

	2017 HK\$'000	2016 HK\$'000
Special dividends approved in respect of the current year (note) & (note 20(d))	—	1,127,339

Note: A first special dividend of HK\$1.223 per share (amounting to approximately HK\$320,041,000) and a second special dividend of HK\$3.085 per share (amounting to approximately HK\$807,298,000) were approved at the extraordinary general meeting of the Company held on 31 May 2016, and paid on 13 June 2016 in cash of HK\$320,041,000 and on 22 June 2016 in cash of HK\$602,298,000, respectively. The amount of HK\$205,000,000 was offset against the consideration for the Disposal of Loan as agreed between the Company and the Disposal Purchaser (note 10). No special dividend were declared and paid for the year ended 31 December 2017.

(c) Nature and purpose of reserves

(i) 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 policy set out in note 2(t).

(ii) Properties revaluation reserve

The properties revaluation reserve relates to land and buildings. Where land and buildings are reclassified to investment properties, the properties are revalued at the date of transfer and any resulting increase in carrying value is included in the properties revaluation reserve. Upon the retirement or disposal of the relevant property, any related revaluation surplus is transferred from properties revaluation reserve to retained profits.

(iii) Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale securities held at the end of the reporting period and is dealt with in accordance with the accounting policies set out in note 2(e).

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

20 Capital, reserves and dividends (Continued)

(c) Nature and purpose of reserves (Continued)

(iv) Statutory reserve

According to the People's Republic of China ("PRC") Company Law and the Articles of Association of the PRC subsidiaries of the Group, these companies are required to transfer 10% of their respective after-tax profits, calculated in accordance with the relevant accounting principles and financial regulations applicable to entities established in the PRC, to the statutory surplus reserve until the reserve balance reaches 50% of the registered capital.

(d) Movements in the Company's reserves

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of changes in the Company's reserves between the beginning and the end of the year are set out below:

	Retained profits
	HK\$'000
At 1 January 2016	745,609
Profit for the year	578,446
Special dividends approved in respect of the current year (note 20(b))	(1,127,339)
At 31 December 2016 and 1 January 2017 (note 28)	196,716
Loss for the year	(13,845)
At 31 December 2017 (note 28)	182,871

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

20 Capital, reserves and dividends (Continued)

(d) Movements in the Company's reserves (Continued)

Share options

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include any employee (whether full time or part time employee) or executive director of the Company or any of its subsidiaries or any invested entity (any entity in which the Group holds any equity interest); any non-executive director (including independent non-executive directors) of the Company, any of its subsidiaries or any invested entity of the Company; any supplier of goods or services to any member of the Group or any invested entity; any customer of the Group or any invested entity; any person or entity that provides research, development, or other technological support to the Group or any invested entity; and any shareholder of any member of the Group or any invested entity or any holder of securities issued by any member of the Group or any invested entity. The Scheme was adopted and approved by the shareholders of the Company on 14 May 2010 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The total number of ordinary shares which may be issued upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company (the "Limit") must not in aggregate exceed 26,168,491 shares, representing 10% of the ordinary shares of the Company in issue as at the date of passing of ordinary resolution to adopt the share option scheme. The maximum number of shares issued and to be issued upon exercise of the share options granted to each eligible participant in the Scheme (including exercised, cancelled and outstanding options) within any 12-month period is limited to 1% of the shares of the Company in issue. Any further grant of share options in the 12-month period up to and including the date of such further grant in excess of this Limit is subject to shareholders' approval in a general meeting.

Each grant of share options to a director, chief executive or substantial shareholder of the Company, or to any of their respective associates, is subject to approval in advance by the independent non-executive directors, other than an independent non-executive director who is proposed to be a grantee. In addition, any grant of share options to a substantial shareholder or an independent non-executive director of the Company, or to any of their respective associates, which would result in the shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in a 12-month period up to and including the date of such grant in excess of 0.1% of the shares of the Company in issue and with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK\$5 million, is subject to shareholders' approval in advance in a general meeting of the Company.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

20 Capital, reserves and dividends *(Continued)*

(d) Movements in the Company's reserves *(Continued)*

Share options (Continued)

The offer of a grant of share options may be accepted within 28 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determined by the board of directors, save that such a period shall not be more than 10 years from the date of offer of the share options subject to the provisions for early termination as set out in the Scheme. Unless otherwise determined by the board of directors at its sole discretion, there is no requirement of minimum period for which an option must be held or a performance target which must be achieved before an option can be exercised.

The exercise price of the share options is determinable by the board of directors, but shall not be less than the highest of:

- (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of offer of the share options which must be a trading day;
- (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of offer; and
- (iii) the nominal value of the Company's shares.

No share options have been granted under the Scheme since its adoption.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

21 Operating lease arrangements

As lessee

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

	2017 HK\$'000	2016 HK\$'000
Within one year	1,812	1,768
In the second to fifth year inclusive	253	1,671
	2,065	3,439

Operating lease payments represent rental payable by the Group for its rental premises. Leases for these rental premises are negotiated for terms of one to five (2016: one to five) years with fixed rentals.

As lessor

The Group leases its properties and at the end of the reporting period, the Group had contracted with tenants for the following future minimum lease receivable under non-cancellable operating leases in respect of rented premises which fall due as follows:

	2017 HK\$'000	2016 HK\$'000
Within one year	23,807	16,820
In the second to fifth year inclusive	90,282	32,240
Over five years	91,226	15,528
	205,315	64,588

Typically leases are negotiated for an average term ranging from one to ten (2016: one to ten) years with fixed rentals over the terms of the leases. Certain leases are negotiated with escalating rentals over the terms of the leases.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

22 Pledge of assets

As at 31 December 2017 and 2016, no assets are pledged in favour of banks and financial institutions to secure for the borrowings and banking facilities.

23 Interests in subsidiaries

	2017 HK\$'000	2016 HK\$'000
Unlisted shares, at cost	80,079	80,079
Less: Impairment losses recognised	—	—
	80,079	80,079

As at 31 December 2017, the directors of the Company concluded that the investments are fully recoverable.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

23 Interests in subsidiaries (Continued)

Particulars of the subsidiaries as at 31 December 2017 and 2016 are as follows:

Name of company	Place/country of incorporation/ operations	Issued share capital	Percentage of issued share capital held by the Company		Principal activities
			2017	2016	
<i>Held directly:</i>					
Adamgate Limited	British Virgin Islands	1 ordinary share of US\$1	100%	100%	Investment holding
Max Benefit Group Limited	British Virgin Islands	1 ordinary share of US\$1	100%	—	Investment holding
Poppins Properties Limited	British Virgin Islands	55,603 ordinary shares of US\$1 each	100%	100%	Investment holding
<i>Held indirectly:</i>					
Capital Head Investment Limited	Hong Kong	Ordinary shares of HK\$2	100%	100%	Property investment in Shanghai, China
Concord Trinity Development Limited	Hong Kong	Ordinary shares of HK\$2 and non voting deferred shares of HK\$2 (ii)	100%	100%	Property investment in Shanghai, China
Glory South Investment Limited	Hong Kong	Ordinary shares of HK\$2	100%	100%	Property investment
Jelson Enterprises Limited	Hong Kong	Ordinary shares of HK\$2 and non voting deferred shares of HK\$2 (ii)	100%	100%	Property investment in Shanghai, China
Poppins Properties (Shanghai) Co., Ltd (i) 博平置業 (上海) 有限公司	PRC	Registered capital of US\$8,460,000	100%	100%	Property investment in Shanghai, China

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

23 Interests in subsidiaries (Continued)

Notes:

- (i) The company is a wholly foreign owned enterprise. The English translations of the company's name is for reference only. The official name of the company is in Chinese.
- (ii) The deferred shares, which are not held by the Group, carry practically no rights to dividends nor to receive notice of nor to attend or vote at any general meeting of the relevant companies nor to participate in any distribution on winding up.
- (iii) None of the subsidiaries had any debt security outstanding at the end of the year or at any time during the year (2016: nil).

24 Related party transactions

(a) Key management personal remuneration

Save as disclosed elsewhere in these consolidated financial statements, the Group had the following material transactions with related parties:

Key management compensation, representing directors' remuneration as disclosed in note 9.

Total remuneration is included in "staff costs" (see note 7(b)).

(b) Other related party transactions

During the year, the Group entered into transactions with the following related party.

Name of party	Relationship
Sky Fortune Boutique Hotel Shanghai	A company controlled by the ultimate controlling party

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

24 Related party transactions (Continued)

(b) Other related party transactions (Continued)

(i) Significant related party transactions

Particulars of significant transactions between the Group and the above related party during the years are as follows:

	2017 HK\$'000	2016 HK\$'000
Office rental expense	352	175
Staff messing and accommodation expenses	159	90

(ii) Balance with a related party

As at the end of the year, the Group had the following balance with a related party:

	2017 HK\$'000	2016 HK\$'000
Amount due from/(to) a related party (note)	123	(30)

Note: For the year ended 31 December 2017, the amount is included in trade and other receivables, prepayments and deposits. For the year ended 31 December 2016, the amount is included in other payables and accrued expenses.

25 Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists equity attributable to owners of the Company, comprising issued capital and reserves as disclosed in note 20 and consolidated statement of changes in equity.

The directors of the Company review the capital structure periodically. As a part of this review, the directors of the Company prepare the annual budget taking into account of the available sources of funding. Based on the proposed annual budget, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt, if necessary.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

25 Capital risk management (Continued)

The capital-to-overall financing ratio at reporting date was as follows:

	2017 HK\$'000	2016 HK\$'000
Capital		
Total equity	630,779	431,465
Overall financing		
Borrowings	—	—
Capital-to-overall financing ratio	N/A	N/A

The Group's overall strategy remains unchanged during 2016 and 2017.

26 Summary of financial assets and financial liabilities by category

The following table shows the carrying amounts of financial assets and financial liabilities:

	2017 HK\$'000	2016 HK\$'000
Financial assets		
Loans and receivables (including bank deposits and cash at banks)	158,118	32,959
Financial liabilities		
Financial liabilities at amortised cost	7,696	6,503

(a) Financial instruments not measured at fair value

Financial instruments not measured at fair value include trade and other receivables, short-term bank deposits, bank balances and cash, other payables and accrued expenses and rental deposits received.

Due to their short-term nature, the carrying values of the above financial instruments excluding rental deposits received which are classified as non-current liabilities approximate their fair values.

The fair values of those rental deposits received which are classified as non-current liabilities have been determined by using discounted cash flow models and is classified as Level 3 in the fair value hierarchy. In the opinion of the directors, the carrying values of the Group's rental deposits received which are classified as non-current liabilities approximate their fair values.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

26 Summary of financial assets and financial liabilities by category (Continued)

(b) Financial instruments measured at fair value

As at 31 December 2017 and 2016, the Group did not have any financial assets or liabilities measured at fair value.

27 Financial risk management

(a) Financial risk management objectives

The management monitors and manages the financial risks arising from financial instruments entered into in the normal course of operations and in its investment activities through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures.

(b) Foreign currency risk

Before the disposal of subsidiaries as disclosed in note 10, several subsidiaries of the Company have foreign currency sales and purchases as well as investments denominated in foreign currencies, which expose the Group to foreign currency risk. After the disposal of subsidiaries, major operation of the Group is carried by the Company's subsidiaries in the PRC which are denominated in respective functional currency, and therefore the Group is not exposed to material foreign currency risk as at 31 December 2017 and 2016.

The currencies giving rise to this risk mainly include HK\$, USD and RMB. As HK\$ is pegged to USD, exposure in respect of these currencies is considered insignificant. The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities in net position (excluding HK\$ and USD) at the reporting date are as follows:

	2017 HK\$'000	2016 HK\$'000
Net monetary assets		
RMB	1,369	(705)

The sensitivity analysis is not performed for the reporting period, since the management considers the Group is not exposed to significant currency risk.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

27 Financial risk management (Continued)

(b) Foreign currency risk (Continued)

RMB is not a freely convertible currency and the PRC government may at its discretion restrict access to foreign currencies for current account transactions in the future. Changes in the foreign exchange control system may prevent the Group from satisfying sufficient foreign currency demands and the Group may not be able to pay dividends in foreign currencies to its shareholders.

(c) Interest rate risk

Non-derivative financial assets and financial liabilities

As at 31 December 2017 and 2016, the Group is exposed to cash flow interest rate risk in relation to bank balances.

The management considers the exposure to interest rate risk in relation to bank balances is insignificant due to the low level of deposit interest rate.

(d) Credit risk

As at 31 December 2017 and 2016, the Group's credit risk exposure which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties mainly arise from the respective recognised financial assets as stated in the consolidated statement of financial position.

In respect of trade and other receivables, 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. The Group asks for rental deposits received from tenants upon entering into leasing contracts and payment for rental in advance. For customers of fishmeal trading business, the Group normally does not obtain collateral from customers.

The Group has adopted a policy of only dealing with creditworthy counterparties, as a mean of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by credit limit allowed to counterparty that are reviewed and approved by the management annually.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

27 Financial risk management *(Continued)*

(d) Credit risk *(Continued)*

The credit risk on bank balances is limited because the counterparties are banks with good reputation. Investment in debt or equity securities are mainly listed or traded on recognised stock exchange. Accordingly, the directors do not expect any investment counterparty to fail to meet its obligations.

The Group's concentration of credit risk by geographical locations is mainly in the PRC, which accounted for approximately 100% (2016: 100%) of the total trade and other receivables as at 31 December 2017.

(e) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

The contractual undiscounted cash outflow of the financial liabilities as at 31 December 2017 and 2016 equals their carrying values.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

28 Statement of financial position of the Company

	Note	2017 HK\$'000	2016 HK\$'000
Non-current assets			
Interests in subsidiaries	23	80,079	80,079
Property, plant and equipment		1,562	2,024
Trademark	15	106	—
Trade and other receivables, prepayments and deposits		369	368
Deferred tax assets		153	—
		82,269	82,471
Current assets			
Trade and other receivables, prepayments and deposits		552	409
Amounts due from subsidiaries		300,593	300,183
Tax recoverable		269	269
Short-term bank deposits		115,220	—
Bank balances and cash		5,690	3,732
		422,324	304,593
Current liabilities			
Other payables and accrued expenses		2,500	1,964
Amounts due to subsidiaries		125,976	116,384
		128,476	118,348
Net current assets			
		293,848	186,245
Total assets less current liabilities			
		376,117	268,716
Non-current liability			
Deferred tax liabilities		—	147
		—	147
NET ASSETS			
		376,117	268,569
CAPITAL AND RESERVES			
Share capital	20(a)	193,246	71,853
Reserves	20(d)	182,871	196,716
TOTAL EQUITY			
		376,117	268,569

Approved and authorised for issue by the board of directors on 26 March 2018 and signed on its behalf by:

LAI Han
Director

HOU Yingxuan
Director

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

29 Immediate and ultimate controlling party

As at 31 December 2017 and 2016, the directors of the Company consider the immediate parent of the Group is Hopevision Group Ltd. and the ultimate controlling party of the Group is Mr. Jiang Tian. Hopevision Group Ltd. does not produce financial statements available for public use.

Schedule of Principal Properties

Schedule of Principal Properties

Details of the principal investment properties and properties held for sale of the Group as at 31 December 2017 are as follows:

A Investment properties

Location	Approximate net floor area (sq.ft.)	Use	Group's attributable interest	Lease term
Mainland China				
Apartment Nos. 404, 504, 604, 704 and 804 Block No. 2, Kingswell Garden Lane 3887 Hong Mei Road Changning District, Shanghai, the PRC	10,903	Residential apartments for rental	100%	Medium-term lease
Commercial floor on Level 2 and 3 of Block No. 1, Kingswell Garden Lane 3887 Hong Mei Road Changning District, Shanghai, the PRC	40,734	Shops for rental	100%	Medium-term lease
Club House on Level 4 and Car Parking Space Nos. 38, 39, 40, 41 and 60 on Basement of Block No. 1 Kingswell Garden Lane 3887 Hong Mei Road Changning District, Shanghai, the PRC	10,958 (Club House)	Shop and carparks for rental	100%	Medium-term lease
Shopping Arcade on 1st Level (ground floor) of Block No. 1, Kingswell Garden Lane 3887 Hong Mei Road Changning District, Shanghai, the PRC	16,685	Shop for rental	100%	Medium-term lease
Western Portion of level 1, Western Portion of Level 2, Western Portion of Level 3 and Western Portion of Basement Levels 1-3, Merry tower No. 396 Yanan Road West and No. 168 Zhenning Road Jingan District, Shanghai, the PRC	75,722	Shops and carparks for rental	100%	Medium-term lease

Schedule of Principal Properties

Schedule of Principal Properties (continued)

A Investment properties (continued)

Location	Approximate net floor area (sq.ft.)	Use	Group's attributable interest	Lease term
Units 6D, 6E, 14C, 23D, 23E, 27D and 27E, Merry Tower No. 396 Yanan Road West and No. 168 Zhenning Road Jingan District, Shanghai, the PRC	12,355	Residential apartments for rental	100%	Medium-term lease

B Properties held for sale

Location	Approximate net floor area (sq.ft.)	Use	Group's attributable interest	Lease term
Mainland China				
Apartment G on 12th Floor, Block 5, Silver Valley Garden Haikou, Hainan, the PRC	1,163	Residential apartment for sale	100%	Medium-term lease
Units 17A, 17D and 27C Merry Tower No. 396 Yanan Road West and No. 168 Zhenning Road Jingan District, Shanghai, the PRC	4,838	Residential apartments for sale	100%	Medium-term lease

Five-year Financial Summary

	Year ended 31 December				
	2017 HK\$'000	2016 HK\$'000	2015 HK\$'000 (Restated)	2014 HK\$'000 (Restated)	2013 HK\$'000 (Restated)
Continuing operations					
Revenue	22,448	21,336	20,279	22,284	21,474
Profit before income tax	61,589	17,467	45,024	108,253	16,630
Income tax expense	(15,003)	(3,253)	(7,917)	(9,980)	(2,495)
Profit for the year from continuing operations	46,586	14,214	37,107	98,273	14,135
Discontinued operations:					
Profit/(loss) from discontinued operations	—	45,476	(35,453)	75,130	41,566
Profit for the year attributable to equity shareholders of the Company	46,586	59,690	1,654	173,403	55,701

Assets and liabilities

	As at 31 December				
	2017 HK\$'000	2016 HK\$'000	2015 HK\$'000	2014 HK\$'000	2013 HK\$'000
Total assets	740,861	520,608	1,810,205	1,978,856	1,979,660
Total liabilities	(110,082)	(89,143)	(274,640)	(384,368)	(518,546)
Equity attributable to equity shareholders of the Company	630,779	431,465	1,535,565	1,594,488	1,461,114

Note: The Group disposed the operations of general trading and property investment in Hong Kong segments on 15 June 2016. The comparative figures for the years from 2013 to 2015 have been restated accordingly.