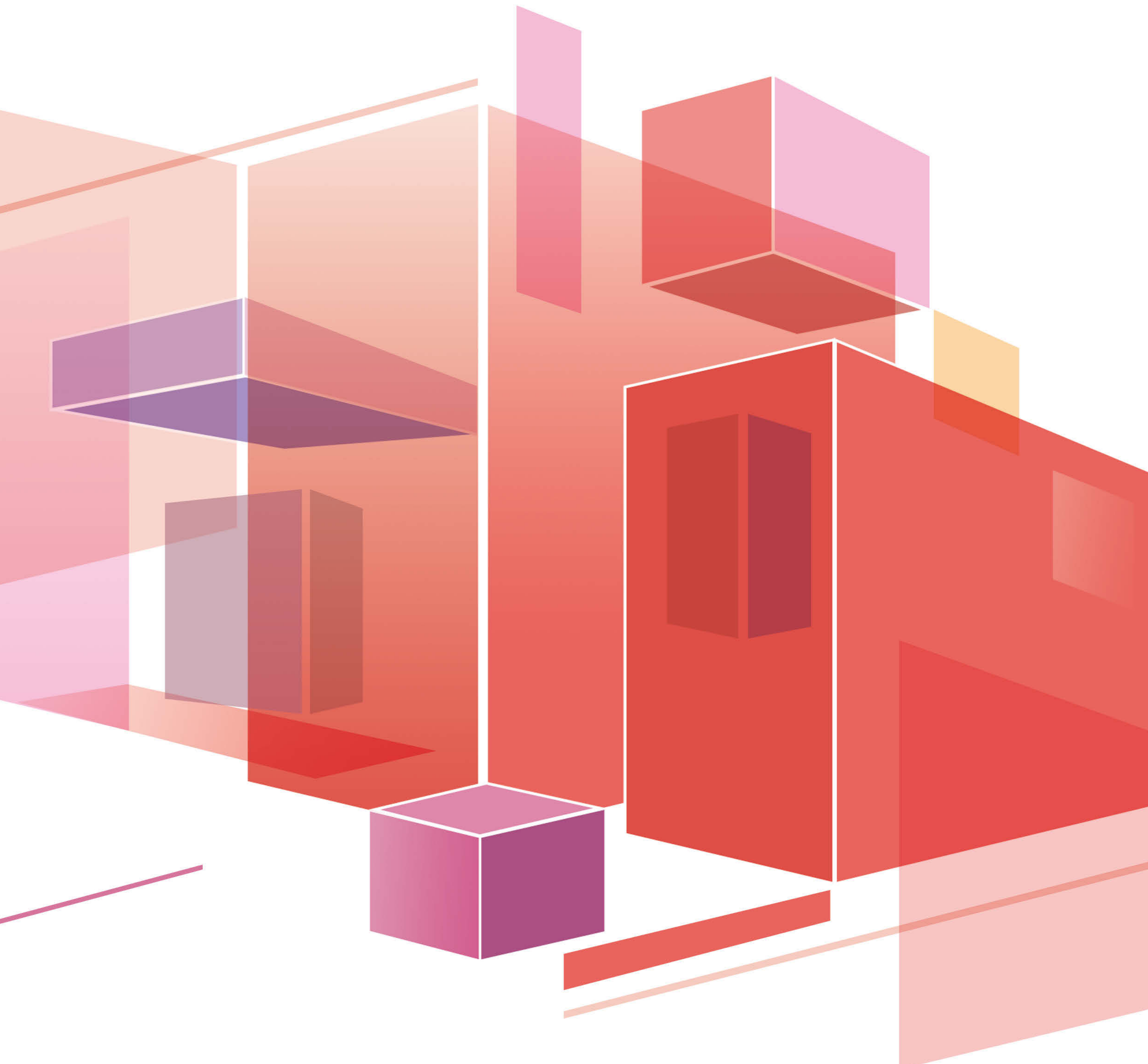
百仕達控股有限公司*

SINOLINK WORLDWIDE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code : 1168

ANNUAL REPORT 2017



* For identification purpose only

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Xiang Ya Bo
(Chairman and Chief Executive Officer)
Chen Wei

Non-executive Directors

Law Sze Lai
Ou Jin Yi Hugo
Ou Yaping
Tang Yui Man Francis

Independent Non-executive Directors

Tian Jin
Xiang Bing
Xin Luo Lin

AUTHORISED REPRESENTATIVES

Ou Jin Yi Hugo
Xiang Ya Bo

COMPANY SECRETARY

Lo Tai On

AUDIT COMMITTEE

Xin Luo Lin *(Chairman)*
Tian Jin
Xiang Bing

NOMINATION COMMITTEE

Tian Jin *(Chairman)*
Xiang Bing
Xiang Ya Bo
Xin Luo Lin

REMUNERATION COMMITTEE

Xin Luo Lin *(Chairman)*
Xiang Bing
Xiang Ya Bo

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
35th Floor, One Pacific Place
88 Queensway
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

28th Floor, Infinitus Plaza
199 Des Voeux Road Central
Hong Kong
Telephone : (852) 2851 8811
Facsimile : (852) 2851 0970
Stock Code : 1168
Website : http://www.sinolinkhk.com

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

HONG KONG BRANCH SHARE REGISTRAR

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

HONG KONG BRANCH SHARE TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712 – 1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

LEGAL ADVISORS

(As to Hong Kong Law)
Cleary Gottlieb Steen & Hamilton (Hong Kong)
Deacons
Guantao & Chow Solicitors & Notaries
JunHe Law Offices
Norton Rose Fulbright Hong Kong
Tsang, Chan & Wong

(As to Bermuda Law)
Conyers Dill & Pearman

PRINCIPAL BANKERS

Bank of China
Bank of China (Hong Kong) Limited
Hang Seng Bank Limited
Industrial and Commercial Bank of China
Ping An Bank

CONTENTS

CHAIRMAN'S STATEMENT

On behalf of the board of directors (the "Board") of Sinolink Worldwide Holdings Limited ("Sinolink" or the "Company"), I present the results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2017.

BUSINESS REVIEW

During the year ended 31 December 2017, the Group's core businesses remained focused on property development, commercial property investment and management, asset financing management, financial investment and securities trading. The Group recorded a turnover of HK$398.3 million for the year and profit attributable to owners of the Company of HK$110.1 million. Basic earnings per share amounted to HK3.11 cents. The Board does not recommend the payment of any final dividend for the year ended 31 December 2017 (2016: nil).

China's gross domestic product ("GDP") amounted to RMB82.7 trillion in 2017, up 6.9% year-over-year, which was higher than market expectations. This is a sign that the country's overall economic growth is improving within a reasonable range. On the back of proactive and effective policies such as cutting excessive production capacity, deleveraging and strengthening industrial monitoring, China's economy performed relatively well under pressure with growth resilience better than expected in 2017. In the meantime, the action plan focusing on major areas of economic reform brought forward at the Central Economic Work Conference was further put into practice, with a well-functioning policy regime taking shape.

Against this backdrop and macro environment, Sinolink has been exploring new growth approaches to capture potential opportunities arising from the new form of economic development, while seeking opportunities and launching initiatives for investing and participating in financial technology and new economy sectors and striving for greater room to expand its operations in pursuit of sustainable development and stable return.

PROSPECTS

Looking forward, the recovery of the global economy will remain steady in 2018 despite ongoing global and domestic uncertainties arising from trade protectionism, regional disputes and other factors. This will create a conducive external environment for stable national economic growth.

Retail shop at Y.W.C.A. Building, ROCKBUND, Shanghai

The Vi City, Shenzhen

Show/ Event, National Industrial Bank Building, ROCKBUND, Shanghai

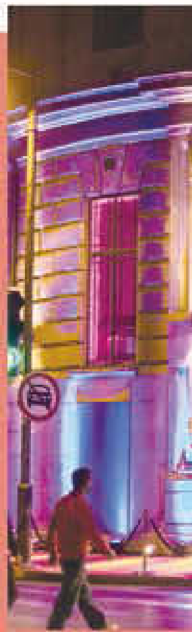
Given that China's economy is still at the preliminary stage of structural adjustment, certain policy-tightening measures will inevitably cause a modest slowdown in overall economic growth. In view of the stress resistance and growth resilience demonstrated by the country's macroeconomy in 2017, we still believe that a variety of business opportunities will emerge as the Chinese government continues to press ahead with the economic reform by improving the market regime, deepening its policy reform and pursuing innovation.

In light of the cautiously optimistic view on the economic trends, we are confident about the Group's business prospects in the long run. We are keeping a close watch on potential short-term fluctuations in the economy while maintaining a long-term vision in business planning. With an aim to create more value for the Company, we will take on market challenges in a prudent manner to explore potential business opportunities after careful analysis, sparing no effort in shaping the Company into a sustainable business with greater room and momentum for development.

APPRECIATION

On behalf of the Board, I would like to thank all our staff for their devoted work and give my sincere gratitude to all our shareholders for their continual support over the years.

Xiang Ya Bo
Chairman
Hong Kong, 15 March 2018



Retail shop at AMPIRE & CO. building & Yuanmingyuan Apartment, ROCKBUND, Shanghai

Rockbund Art Museum celebrates its 5th anniversary

Yuanmingyuan Road, ROCKBUND, Shanghai

Restaurant at O Hotel, Shenzhen

Show/ Event, National Industrial Bank Building, ROCKBUND, Shanghai

MANAGEMENT DISCUSSION AND ANALYSIS

In 2017, China's macroeconomic performance recorded steady growth, beating expectation. China's GDP was RMB82.7122 trillion, an increase of 6.9% compared to the same period of last year. By quarters, the first quarter increased by 6.9% from the same period of last year, 6.9% in the second, 6.8% in the third and 6.8% in the fourth. By industries, the primary industry increased by 3.9% over the previous year, the secondary industry by 6.1%, and the tertiary by 8.0%. After 6 consecutive years of slacking, 2017 saw the first rebound since 2010 in China's economy growth, which was higher than the target of 6.5% set at the beginning of the year and exceeded the average market expectation of 6.8% as well. Under the multi-pronged policy environment of limiting production for environmental protection, real estate regulation and control, financial de-leveraging and local government debt regulation, the Chinese economy showed greater resilience in 2017, with better-than-expected resilient growth.

Looking back at 2017, consumption consolidated its basic role in economic growth, coupled with significant improvement in external demand and a continued decline in investment growth. From a year-on-year perspective, the total retail sales of social consumer goods increased by 10.2%, a slight slowdown of 0.2 percentage point from the same period of 2016, maintaining a steady growth, with residents' income growth and consumption structure upgrade being the main reasons for the steady growth of consumption. In 2017, China's export of goods increased by 10.8% over the same period of last year, an increase of 12.8% over 2016. In 2017, net exports pushed up the economic growth in GDP calculation by 0.6%, a turnaround from -0.5% in the previous year. Net exports boosted the economic growth positively, making it a major factor for the rebound of GDP growth in 2017. In 2017, the total national investment in fixed assets increased by 7.2% year-on-year, down 0.9 percentage point from 2016. In view of the trend during the year, the investment growth in 2017 showed a steady slowdown. Among the three major types of investments, the growth of infrastructure investment in 2017 slightly slowed down compared with that in 2016, and real estate development investment and manufacturing investment growth slightly accelerated.

From an industrial perspective, the service industry maintained rapid growth, and the contribution of the tertiary industry to economic growth further improved. In 2017, the added value of the primary industry accumulatively increased by 3.9% compared to the same period of last year, while the contribution to GDP was 4.8%, up from 3.3% and 4.4% respectively in the same period of last year. The added value of the secondary industry accumulatively increased by 6.1% compared to the same period of last year and the contribution to GDP was 35.2%. The growth was the same as that of 2016 but the contribution rate dropped by 2.0 percentage points. The added value of the tertiary industry accumulatively increased by 8.0% over the same period of last year, contributing 60.0% to GDP, up from 7.8% and 58.4% respectively in the same period of last year.

Looking at the overall real estate industry, various cities presented different patterns due to the city-specific policies: first-tier cities have accelerated the supply of non-commercial housing, while the fall of commercial housing transactions has led to the drop in prices and the slowdown of deleveraging; in second-tier cities, although the overall sales of commercial housing slowed down, with some restriction lifts on real estate purchase, there is no shrinkage in both the volume and the price; third and fourth tier cities, with supportive policies, showed great strength in new constructions and deleveraging. The overall real estate price index decline was not significant and only first-tier cities fell period-on-period. From the details of the land transactions, transactions of land for medium and low-priced, small and medium-sized general commercial housing and other common commercial housing land saw a sharp rise in proportion in the year, while transactions of residential land obviously decreased, reflecting the trend that new constructions gravitated towards lower costs.

For the full year, real estate investment showed strong resilience in 2017 with a slight increase of 0.1 percentage point in growth from January to December comparing to the year 2016. From the trend during the year, the inflection point of the growth decline appeared in May, later than the general expectation, mainly due to the improvement of land supply and the increase of land reserve by enterprises and the support provided by notable destocking and high-level land purchases in third and fourth tier cities – the area of land purchased in 2017 increased by 15.8% over the same period of the previous year, up by 19.2 percentage points substantially over 2016.

From the policy perspective, the Central Economic Work Conference discussed two aspects of real estate: 1. to develop the housing rental market, especially long-term leasing to protect the legitimate rights and interests of leasing stakeholders, and to support the development of special and institutional housing rental businesses; 2. to improve the long-term mechanism of promoting the steady and healthy development of the real estate market, maintaining the continuity and stability of regulatory policies in the real estate market, clarifying the powers of the central and local authorities, and implementing differential control. This shows that the regulatory thinking will be consistent with the various policies in 2017 – real estate control policies will continue to tighten, and real estate sales growth will continue to slow down, thus affecting the price in the future. The next phase of real estate investment is expected to mainly show a gradual downtrend with great fluctuations.

For the year ended 31 December 2017, the Group's turnover increased by 20% year-over-year to HK$398.3 million. Gross profit increased by 24% to HK$187.9 million. The Group recorded profit attributable to the owners of the Company of HK$110.1 million for the year compared with loss of HK$245.5 million in the same period last year. Basic earnings per share amounted to HK3.11 cents for the year compared with loss per share of HK6.93 cents in last year.

PROPERTY RENTAL

For the year ended 31 December 2017, total rental income amounted to HK$181.1 million, representing an increase of 11% as compared to last year.

The rental income was mainly contributed by our commercial property portfolio, composed of The Vi City, Sinolink Garden Phase One to Four and Sinolink Tower.

Sinolink Tower

Located in Luohu district, Shenzhen, Sinolink Tower, composed of the hotel and office complex of Sinolink Garden Phase Five, has a total gross floor area ("GFA") of approximately 50,000 square meters, of which hotel space occupies 30,000 square meters and office space occupies 20,000 square meters.

As at 31 December 2017, the occupancy rate of the office portion of Sinolink Tower was 85%. Tenants are mainly engaged in jewelry, investment and real estate business.

O Hotel, the Group's first hotel that is dedicated to delivering a customized experience, has 188 rooms and suites, a stylish restaurant, a specialty coffee shop, a premium fitness club and other facilities. Our principle is to develop niche projects based on a differentiated operating model, focusing on quality but not quantity.

MANAGEMENT DISCUSSION AND ANALYSIS

Confronted by the economic slowdown in the PRC, O Hotel being a newly-opened brand boutique operation may see its average rent and occupancy rate under pressure. We acknowledge that a strong hotel brand takes time to build. Nevertheless, we are confident that holding a good quality asset for the long term will maximize its value. We will wait patiently for the investment return comprising a higher value of the asset and an increase in operating profit generated therein. There has been a gradual improvement in business conditions during the year.

Since the recoverable amount of the hotel buildings and the related building improvement is less than the carrying amount as at 31 December 2016, an impairment loss of HK$73.2 million is recognised in profit or loss during the year ended 31 December 2016.

As at 31 December 2017, the recoverable amount of the hotel buildings and the related building improvement is higher than the carrying amounts. Thus, a reversal of impairment loss of HK$56.6 million is recognised in profit or loss during the year ended 31 December 2017.

PROPERTIES UNDER DEVELOPMENT

As at 31 December 2017, the Group has the following properties under development:

1. Rockbund

Located at the Bund in Shanghai, Rockbund is an integrated property project jointly developed by the Group and The Rockefeller Group International, Inc. The project, comprising preserved heritage buildings and some new structures, has a total site area of 18,000 square meters with a GFA of 94,080 square meters. The Group intends to redevelop the historical site and structures into an upscale mixed-use neighborhood with residential, commercial, retail, food and beverages, offices and cultural facilities. The preserved heritage buildings have commenced operation with a portion already leased out. Capital works of the new building structures have been completed with structural works well under way. The entire project is expected to commence operation upon completion of the construction in 2019.

2. Ningguo Mansions

Located in Changning District, Shanghai, Ningguo Mansions is a residential project under construction. The project, with a total site area of 13,599.6 square meters and a plot ratio of 1.0, will be developed into 11 court houses boasting a fusion of Chinese and Western cultures, each with a GFA of 1,000 to 1,500 square meters. David Chipperfield Architects, a British architecture design company, is in charge of the construction, decoration and design of the project. Situated in one of the most accessible, low-density and tranquil luxury neighborhood in Shanghai, Ningguo Mansions is approximately 10-minute and 30-minute ride away from the airport and the downtown respectively.

The project is currently undergoing deluxe decoration for the garden area, façade renovation and other facility installation works. Due to the unstable market conditions, appropriate operational arrangements will be made based on the actual situation.

MAJOR ASSOCIATE – ROCKEFELLER GROUP ASIA PACIFIC, INC.

For the year ended 31 December 2017, the Group recorded a turnaround from share of loss of a major associate, Rockefeller Group Asia Pacific, Inc. ("RGAP"), of HK$164.4 million for the year ended 31 December 2016 to share of profit of HK$95.2 million in respect of the Rockbund project, which was mainly due to the change in exchange gain held by RGAP.

LOAN RECEIVABLE FROM ASSOCIATES

The loan receivable is an investment in RGAP by way of a shareholder's loan used for financing the Rockbund project, constituting part of the total investment of the Group in RGAP. As the loan receivable is in fact an investment, the Group has recognized its share of loss of RGAP in excess of the cost of investment against the loan receivable. Such amount is carried at the amortized cost based on the estimated future cash flows expected to be received by the Group as well as the estimated timing of such returns. The investment is unsecured and has no fixed term of repayment. The directors consider that the investment is a long-term investment, which should be classified as a non-current asset accordingly.

The directors of the Company reassessed the recoverable amount of such investment after taking into consideration the estimated future cash flows and timing of such cash flows discounted at its original effective interest rate. For the year ended 31 December 2017, impairment loss of HK$122,835,000 (2016: HK$230,000,000) was recognized in the profit or loss accordingly.

The directors of the Company have reviewed the carrying amount of loan receivable from associates of HK$1,207,906,000 (31 December 2016: HK$1,238,390,000) and amounts due from associates of HK$170,744,000 (31 December 2016: HK$154,706,000), and considered that these amounts are fully recoverable.

FINANCING SERVICES

眾聯融資租賃(上海)有限公司 (Zhong Lian Financial Leasing (Shanghai) Co., Ltd.*), 眾安國際融資租賃(天津)有限公司 (Zhong An International Financial Leasing Co., Ltd.*) and 眾安國際商業保理(天津)有限公司 (Zhong An International Commercial Factoring Co., Ltd.*), the wholly-owned subsidiaries newly established by the Group in the PRC at the end of 2016 principally engaged in asset financing business by providing various customers with financing services, including finance leasing, business factoring services and other financing services, have gradually commenced operation during the year.

For the year ended 31 December 2017, the income from financing services business was HK$38.6 million (31 December 2016: Nil) with effective interest rate ranging from 6.4% to 14.6% per annum. As at 31 December 2017, there were no overdue financing assets. The Group expects that further finance services business will be developed gradually in the coming year.

* *For identification purpose only*

Due to the lack of credit reference systems and the failure of providing standard collaterals by SME borrowers, domestic SMEs face long-term difficulties in obtaining financing from banks. In addition, the tightening of domestic monetary policies has resulted in further credit crunching, continuously limiting the financing channels available to SMEs and increasing their financing costs. Compared with business factoring companies, banks tend to carry out business with large-scale companies and adopt more prudent credit policies, and the approval process generally requires a longer time. This makes it difficult for SMEs to obtain financing in a timely manner for operation or business expansion, and so they will consider other financing channels, such as business factoring, which creates business opportunities for business factoring companies.

To further enrich our financial services portfolio and boost the synergy, during the year, the Group contributed RMB90 million for 30% equity interest of Chongqing ZhongAn Loan Co., Ltd., for offering small loans.

AVAILABLE-FOR-SALE INVESTMENTS

As at 31 December 2017, the available-for-sale investments amounted to HK$4,968.2 million (31 December 2016: HK$156.0 million), mainly represented ZhongAn Online P & C Insurance Co., Ltd. ("ZhongAn Online") (stock code: 6060) owned by the Group of HK$4,807.7 million, which was measured at fair value.

Investment in ZhongAn Online are measured at cost less impairment as at 31 December 2016 because the range of estimated reasonable fair value is so significant that the directors of the Company were of the opinion that its fair value cannot be measured reliably. During the year ended 31 December 2017, ZhongAn Online was listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Thus the investment in this entity is measured at its fair value since the year ended 31 December 2017. Dividend from available-for-sale investments are recognized in profit or loss upon confirmation of the Group's rights to receive dividend. Other changes in the carrying amount of available-for-sale investments are recognized in comprehensive income and accumulated under the investment revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified into profit or loss.

During the process of fair value estimation on investment in ZhongAn Online, the marketability discount on domestic shares and restriction on trading of shares within one year from the listing date (i.e. 28 September 2017) of ZhongAn Online are taken into consideration.

The key inputs of valuation of ZhongAn Online at fair value included (i) share price of ZhongAn Online as at the end of the reporting period; and (ii) discount for lack of marketability.

Financial technology is transforming the world in which we live. The insurance industry is now abuzz with phrases such as insurtech, big data and digitisation, as companies focus on their digital product offerings. Unsurprisingly, insurers are responding to digitisation by developing their online offerings. Digital channels are enabling insurers to get closer to their customers, while offering them 24/7 access to their finances. At the same time, the industry is using big data and advanced analytics to understand their customers, and anticipate their needs as well as product interests, creating a customized service of market updates and other insurance related news for them. We believe ZhongAn Online, the leading insurtech company providing a range of online insurance products and solutions in the PRC, is facing tailwind to capture the unique opportunity in the current market environment.

OTHER BUSINESSES

Other businesses within the Group include property, facility and project management. For the year ended 31 December 2017, the Group recorded a turnover of HK$178.6 million from other businesses, representing a year-over-year increase of 6%.

JOINT VENTURE – ZHONGAN TECHNOLOGIES INTERNATIONAL GROUP LIMITED

As stated in the Company's announcement dated 8 December 2017, the Company entered into the Joint Venture Agreement with ZhongAn Information and Technology Services Co., Ltd. ("ZhongAn Technology Services"), a wholly-owned subsidiary of ZhongAn Online, pursuant to which the Company and ZhongAn Technology Services agreed to jointly invest in ZhongAn Technologies International Group Limited ("ZhongAn Technologies") to enable the Company to partner with ZhongAn Technology Services to explore international business development, collaboration and investment opportunities in the areas of fintech and insurtech in overseas market. Pursuant to the Joint Venture Agreement, (a) the Company and ZhongAn Technology Services made a capital contribution in cash in the amount of RMB60 million and RMB50 million, respectively, to ZhongAn Technologies in consideration of its ordinary shares; and (b) the Company has conditionally agreed to make an additional capital contribution of RMB620 million in cash to ZhongAn Technologies in consideration of redeemable preference shares. The Company and ZhongAn Technology Services owns 49% and 51% of the voting interests in ZhongAn Technologies, respectively.

As at 31 December 2017, no redeemable preference shares are subscribed.

PROSPECTS

Looking into 2018, the global economy will continue to prosper, which will continue to benefit China's steady economic growth. In the short term, the tight overall policy environment for domestic macroeconomic operation will bring some downside pressure on economic growth. However, with the accelerated unleash of the benefits of the supply side reform and the new growth drivers, the Chinese economy will remain stable with medium to high growth.

It is estimated that the growth of China's fixed asset investment will slow down slightly in 2018. Among the three types of investment, real estate and infrastructure investments are expected to slow down, while manufacturing investment may accelerate slightly. Consumption growth will continue to be supported by the increase in resident income, the upgrading of the consumption structure and the promotion of urbanization. At the same time, with the cooling down of the real estate market plus limitations on housing leverage, the negative impact of real estate on consumption will be weakened. The basic role of overall consumption in economic growth will be further strengthened. As the global economic growth is expected to continue slightly upward, the momentum of China's export growth will sustain. However, with boosting effect of the external demand rebound on the export sector showing marginal weakening and the rising year-on-year base, we can expect that in 2018, while maintaining its growth, export growth will slow down comparing to that of 2017. Nevertheless, net exports in 2018 will still exert a certain positive pull on China's economic growth.

For the real estate industry, due to the current high general stock of real estate, the destocking and deleveraging trend will continue; and as the working-age population peak has passed, there is a continued decline in demand for housing; coupled with the governmental real estate control policies shifting from the demand side to investment, real estate investment records a continued drop, which will all build up pressure on the overall real estate industry, thereby exacerbating the downside pressure for China's overall economy.

Taking all factors together, strengthening financial supervision will remain the main theme of 2018. In economic development, China will continue to "promote quality development and enhance economic efficiency" as set out at the Central Economic Work Conference and fully implement the "Three Major Tough Fights" with prevention and control of major risks as the top mandate to continue to deepen the supply-side structural reforms. China's GDP growth is expected to slow slightly to about 6.7% in 2018.

FINANCIAL REVIEW

The Group's total borrowings increased from HK$90.3 million as at 31 December 2016 to HK$777.3 million as at 31 December 2017. As at 31 December 2017, the gearing ratio, calculated on the basis of total borrowings over shareholders' equity, was 8.1% compared with 1.4% as at 31 December 2016. The Group's financial position remains strong with net cash position.

Total assets pledged for securing the above loans had a carrying value of HK$543.7 million as at 31 December 2017. The borrowings of the Group are denominated in RMB. As the entire operation of the Group is carried out in the PRC, substantial receipts and payments in relation to operation are denominated in RMB. No financial instruments have been used for hedging purposes; however, the Board will continue to evaluate and closely monitor the potential impact of RMB and interest rates movements on the Group.

The Group's cash and bank balances amounted to HK$2,952.6 million (including pledged bank deposits, structured deposits, short-term bank deposits, long-term bank deposits, and cash and cash equivalents) as at 31 December 2017, mostly denominated in RMB, HK$ and USD.

CAPITAL COMMITMENTS

As at 31 December 2017, the Group had capital commitments of HK$50.9 million in respect of properties under development.

CONTINGENT LIABILITIES

As at 31 December 2017, guarantees offered to banks as security for the mortgage loans arranged for the Group's property buyers amounted to HK$20.2 million.

FINAL DIVIDEND

In order to retain resources for the Group's business development, the Board does not recommend payment of a final dividend for the year ended 31 December 2017 (2016: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2017, the Group employed approximately 734 full time employees for its principal activities. The Group recognizes the importance of high calibre and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. Other various benefits, such as medical and retirement benefits, are also provided. In addition, share options may be granted to eligible employees of the Group in accordance with the terms of the approved share option scheme.

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

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries for the year ended 31 December 2017.

CORPORATE GOVERNANCE

During the year, the Company has complied with the code provisions as set out in the Corporate Governance Code in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") save as disclosed below.

Pursuant to code provision A.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. Mr. Xiang Ya Bo was appointed as the Chairman of the Board after the resignation of Mr. Tang Yui Man Francis as the Chairman of the Board on 28 June 2017. Since then, Mr. Xiang Ya Bo has undertaken both the roles of the Chairman of the Board and the Chief Executive Officer of the Group. Having considered the current business operation and the size of the Group, the Board is of the view that Mr. Xiang Ya Bo acting as both the Chairman of the Board and also as the Chief Executive Officer of the Group is acceptable and in the best interest of the Group. The Board will review this situation periodically.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that in respect of the year ended 31 December 2017, all Directors have complied with the required standard set out in the Model Code.

AUDIT COMMITTEE

The Company has an audit committee (the "Audit Committee") which was established in accordance with the requirements of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises three independent non-executive directors, namely, Mr. Tian Jin, Dr. Xiang Bing and Mr. Xin Luo Lin. The Audit Committee meets regularly with the Company's senior management and the Company's auditor to consider the Company's financial reporting process, effectiveness of internal controls, audit process and risk management.

The annual results of the Group for the year ended 31 December 2017 had been audited by the Company's auditor, Deloitte Touche Tohmatsu, and had been reviewed by the Audit Committee.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company (the "AGM") was scheduled to be held on Thursday, 31 May 2018. The notice of AGM will be published on the Company's website at www.sinolinkhk.com and the designated website of the Stock Exchange at www.hkexnews.hk in due course.

The register of members of the Company will be closed from Monday, 28 May 2018 to Thursday, 31 May 2018, both days inclusive, during which period no share transfer will be effected. In order to identify the entitlement for attending the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 25 May 2018.

EXECUTIVE DIRECTORS

Mr. Xiang Ya Bo, aged 61, was appointed as the chairman of the board of directors of the Company and a member of remuneration committee and nomination committee of the Company on 28 June 2017. He was appointed as an executive director of the Company in 2011 and the chief executive officer in August 2013. Mr. Xiang is the chairman and the general manager of Sinolink Properties Limited, a subsidiary of the Company. He is a brother of Mr. Ou Yaping, a non-executive director and a substantial shareholder of the Company and is an uncle of Mr. Ou Jin Yi Hugo, a non-executive director of the Company. He graduated with an engineering degree. Mr. Xiang has over 32 years of experience in the field of corporate management, investment management and technical administration on computer technologies and e-commerce. He was an executive director and a member of remuneration committee of Enerchina Holdings Limited, a company listed on The Stock Exchange of Hong Kong Limited (The "Stock Exchange"), from May 2002 to 15 June 2016. Save as disclosed above, Mr. Xiang has not held any directorship in other listed public companies in the past three years.

Mr. Chen Wei, aged 56, was appointed as an executive director of the Company in December 1997. He holds a Bachelor of Engineering Management degree from the Beijing Institute of Technology in the People's Republic of China (the "PRC"). Mr. Chen was previously employed by a number of large organisations and has over 32 years of experience in engineering, business administration, market development and management. Mr. Chen joined the Group in February 1992 and is responsible for the overall business development, management and strategic planning of the Group. He was an executive director, the chairman of the board of directors and a member of remuneration committee of Enerchina Holdings Limited, a company listed on the Stock Exchange, from May 2007 to 5 April 2017. Save as disclosed above, Mr. Chen has not held any directorship in other listed public companies in the past three years.

NON-EXECUTIVE DIRECTORS

Mr. Law Sze Lai, aged 75, was appointed as an executive director of the Company in December 1997 and re-designated as a non-executive director in September 2007. He is also the chairman of supervisory committee of Sinolink Properties Limited, a subsidiary of the Company. Mr. Law was employed by a number of real estate companies in the PRC. He is a qualified economist in the PRC and has over 27 years of experience in property development. Mr. Law joined the Group in 1992. Mr. Law did not hold any directorship in other listed public companies in the past three years.

PROFILES OF DIRECTORS

Mr. Ou Jin Yi Hugo, aged 25, was appointed as a non-executive director of the Company in January 2016. He was appointed as a non-executive director of ZhongAn Online P & C Insurance Co., Ltd., a company whose shares are listed on the Stock Exchange on 28 September, 2017 (SEHK: 6060), on 3 July 2017 and was re-designated as an executive director on 27 November, 2017. He obtained a Bachelor's degree in East Asian Studies from Princeton University. He worked as an associate of the investment team at Thrive Capital, a New York-based venture capital firm with investments in Instagram, Twitch, Spotify, and other software companies. He had served as an investment manager and the deputy director of the Corporate Development Department of the Company from 2010 to 2012 and 2012 to 2015, respectively. He has extensive experience in reviewing residential and commercial property development deals in the United States and portfolio managing of public and private equities, including stocks, bonds, startups, and private equity firms. Mr. Hugo Ou is a son of Mr. Ou Yaping who is a non-executive director and substantial shareholder of the Company. Mr. Hugo Ou is also a nephew of Mr. Xiang Ya Bo, the Chairman, chief executive officer and an executive director of the Company. Save as disclosed above, Mr. Hugo Ou has not held any directorship in other listed public companies in the past three years.

Mr. Ou Yaping, aged 56, was appointed as the chairman and an executive director of the Company in December 1997 and re-designated as a non-executive director and resigned as the chairman of the board of directors and a member of remuneration committee of the Company in August 2013. Mr. Ou is the founder of the Group and the substantial shareholder of the Company. He is the chairman of ZhongAn Online P&C Insurance Co., Ltd., a company whose shares are listed on the Stock Exchange on 28 September, 2017 (SEHK: 6060). Mr. Ou holds a Bachelor of Engineering Management degree from the Beijing Institute of Technology in the PRC. Mr. Ou is a brother of Mr. Xiang Ya Bo, an executive director, the Chairman and chief executive officer of the Company and the father of Mr. Ou Jin Yi Hugo, a non-executive director of the Company. He is also the director and shareholder of Asia Pacific Promotion Limited ("Asia Pacific"), a substantial shareholder of the Company, whose interest in shares of the Company is disclosed in the section of "Substantial Shareholder". Save as disclosed above, Mr. Ou has not held any directorship in other listed public companies in the past three years.

Mr. Tang Yui Man Francis, aged 55, was appointed as an executive director of the Company in September 2001 and the chief executive officer in 2002 and ceased to act as chief executive officer and appointed as the chairman of the board of directors and a member of the remuneration committee of the Company in August 2013. Mr. Tang was also appointed as a member of nomination committee of the Company since 27 March 2012. Mr. Tang was re-designated as a non-executive director and ceased to act as the chairman of the board of directors, a member of remuneration committee and nomination committee of the Company on 28 June 2017. He was an executive director of Enerchina Holdings Limited, a company listed on the Stock Exchange for the period from May 2002 to June 2017. Mr. Tang was appointed as the chief financial officer of ZhongAn Online P & C Insurance Co., Ltd., a company listed on the Stock Exchange, on 3 July 2017. Mr. Tang holds a Bachelor's degree in Computer Studies from the University of Victoria in Canada and a Master of Business Administration degree from The City University of New York in the United States. Mr. Tang has numerous years of experience in management, accounting and finance. Mr. Tang was responsible for corporate planning, strategic development and financial planning and management of the Group. Save as disclosed above, Mr. Tang has not held any directorship in other listed public companies in the past three years.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tian Jin, aged 60, was appointed as an independent non-executive director of the Company in May 2005. He is also a member of audit committee and chairman of nomination committee of the Company. Mr. Tian holds a Bachelor of Arts from Hunan University, Master of Arts from Wuhan University and Doctorate in Administration and Management from Auburn University. He is the Principal of Tur Partners LLC effective from 14 November 2011. Before joining Tur Partners LLC, Mr. Tian served as CEO of Morningstar Asia and chairman of Morningstar China and was a lecturer of Hunan University, visiting professor of Auburn University, director of Academic Technology Development of DePaul University, director of Institutional Planning and Research of DePaul University. Mr. Tian has not held any directorship in other listed public companies in the past three years.

Dr. Xiang Bing, aged 56, was appointed as an independent non-executive director of the Company in December 2008. He is also a member of audit committee, remuneration committee and nomination committee of the Company. Dr. Xiang obtained a Doctoral degree in accounting from the University of Alberta in Canada. Dr. Xiang is currently the founding dean and a professor of the Cheung Kong Graduate School of Business (長江商學院). He is an independent non-executive director and a member of audit committee and remuneration committee of Dan Form Holdings Company Limited and Longfor Properties Co., Ltd.; all of which are companies listed on the Stock Exchange. Dr. Xiang is also a director of HC International, Inc., a company listed on the Stock Exchange, until 12 September 2016. He was an independent non-executive director and a member of audit committee and remuneration committee of Perfect World Co., Ltd., a company listed on Nasdaq, until 28 July 2015; an independent non-executive director and a member of audit committee and strategic committee and the chairman of remuneration committee of Yunnan Baiyao Group Co., Ltd., a company listed on the Shenzhen Stock Exchange, until 27 November 2015. Dr Xiang was also an independent non-executive director and a member of audit committee, remuneration committee and nomination committee of Enerchina Holdings Limited, a company listed on the Stock Exchange, from December 2008 to May 2016; an independent non-executive director and a member of audit committee and chairman of the remuneration committee of China Dongxiang (Group) Co., Ltd., a company listed on the Stock Exchange, until 5 July 2017. Save as disclosed above, Dr. Xiang has not held any directorship in other listed public companies in the past three years.

PROFILES OF DIRECTORS

Mr. Xin Luo Lin, aged 69, was appointed as an independent non-executive director of the Company in June 2002. He is also the chairman of audit committee and remuneration committee and a member of nomination committee of the Company. Mr. Xin is a postgraduate from the Peking University in PRC. He was a research associate at the Waseda University in Japan, an honorary research associate at the University of British Columbia, Canada and a visiting fellow at the University of Adelaide, Australia from 1984 to 1985. He was appointed as a Justice of the Peace in New South Wales of Australia in 1991. Mr. Xin is a co-author of a book titled "China's iron and steel industry policy: implications for Australia". Mr. Xin is also an independent non-executive director, member of audit committee and remuneration committee of Central China Real Estate Limited; a non-executive director and honorary chairman of Asian Capital Holdings Limited and an independent non-executive director, member of audit committee, remuneration committee and nomination committee of Beijing Sports and Entertainment Industry Group Limited (formerly ASR Logistics Holdings Limited) and a non-executive director of China Trends Holdings Limited, all are listed companies on the Stock Exchange. Mr. Xin is a director of Mori Denki Mfg. Co., Ltd., a public company listed on the Tokyo Stock Exchange. Mr. Xin was an independent non-executive director of China Environmental Technology Holdings Limited, a company listed on the Stock Exchange, from 2011 to 2015; and he was a non-executive director of Enerchina Holdings Limited, a company listed on the Stock Exchange, until May 2016. Save as disclosed above, Mr. Xin has not held any directorship in other listed public companies in the past three years.

The directors of the Company (the "Directors") present the annual report and the audited consolidated financial statements for the year ended 31 December 2017.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of its principal subsidiaries and associates are set out in notes 42 and 17 respectively to the financial statements.

BUSINESS REVIEW

A fair review of the business of the Company and a discussion and analysis of the Group's performance during the year and the material factors underlying its results and financial position as well as the outlook of the Company's business are provided in the "Chairman's Statement" and "Management Discussion and Analysis" from pages 2 to 3 and pages 6 to 14 of this annual report. An analysis of the Group's performance during the year using financial key performance indicators is provided in the Financial Summary on page 148 of this annual report. Description of the principal risks and uncertainties facing the Company can be found throughout this annual report particularly in notes 31 and 32 to the consolidated financial statements and the "Management Discussion and Analysis" from pages 6 to 14 of this annual report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is subject to certain laws, rule and regulations concerning environmental protection in Hong Kong ("HK") and PRC including those in relation to the discharge of gaseous waste, liquid waste and solid waste, the disposal of hazardous substances and noise pollution during the construction and development of projects.

The Group emphasizes on complying with relevant environmental laws and regulations and requires its own staff and construction contractors to comply with the relevant laws and regulations relating to the operation and quality of construction including environmental, labour, social and safety regulations, as well as its own standards.

The Directors believe that the Group is compliance in all material respects with applicable environmental laws and regulations in HK and PRC.

The Group recognises environmental protection is of vital importance to the long-term development of the Group. In order to minimise the environmental impact, the Group will continue to review and improve the effectiveness of its management practices from time to time.

A report containing the prescribed information of environmental, social and governance matters will be published on the Company's website within 3 months after the publication of this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group's business are mainly carried out by the Company's subsidiaries established in Hong Kong, PRC and the British Virgin Islands while the Company itself is incorporated in Bermuda with its shares listed on the Main Board of the Stock Exchange. Our establishment and operations accordingly shall comply with relevant laws and regulations in Bermuda, PRC, the British Virgin Islands and Hong Kong.

During the year ended 31 December 2017 and up to the date of this Annual Report, the Group has complied in material aspects in the relevant applicable laws and regulations that have a significant impact on the businesses and operations of the Group during the year.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group has always paid great attention to and maintained a good working relationship with its suppliers of construction materials, and has been providing quality professional and customer-oriented services for its regional government, markets and customers. The aforementioned suppliers and customers are good working partners creating value for the Group. The Group also values the knowledge and skills of its employees, and continues to provide favourable career development opportunities for its employees.

The Group has not only been committed to providing safe and premium quality property projects to its tenants but also to improving the urban living environment and quality of life overall. Throughout the life-cycle of the property development projects, the Group persistently places its customers at the center of its products and services.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2017 are set out in the consolidated statement of profit or loss on page 52 of the annual report.

No interim dividend (2016: Nil) was paid to the shareholders during the year.

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

DISTRIBUTABLE RESERVES

Details of the movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 56 of this annual report.

The Company's reserves available for distribution to shareholders as at 31 December 2017 amounted to HK$674,760,000 (2016: HK$707,922,000).

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for each of the last five financial years is set out on page 148 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in the property, plant and equipment of the Group are set out in note 14 to the consolidated financial statements.

INVESTMENT PROPERTIES

Details of movements during the year in the investment properties of the Group are set out in note 16 to the consolidated financial statements.

SHARE CAPITAL

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

DIRECTORS

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

Executive Directors:

Xiang Ya Bo *(Chairman and Chief Executive Officer)* (appointed as Chairman on 28 June 2017)
Chen Wei

Non-executive Directors:

Law Sze Lai
Ou Jin Yi Hugo
Ou Yaping
Tang Yui Man Francis (re-designated from Executive Director to Non-executive Director and resigned as Chairman on 28 June 2017)

Independent Non-executive Directors:

Tian Jin
Xiang Bing
Xin Luo Lin

In accordance with Bye-law 87(1) of the Bye-laws, Mr. Ou Yaping, Dr. Xiang Bing and Mr. Law Sze Lai will retire by rotation at the forthcoming annual general meeting ("AGM"). Except Mr. Law Sze Lai, who notified the Company that he wishes to retire and will not offer himself for re-election, all other retiring Directors, namely Mr. Ou Yaping and Dr. Xiang Bing will, being eligible, offer themselves for re-election.

The Company has received annual confirmation from each of the Independent Non-executive Directors as regards their independence to the Company pursuant to Rule 3.13 of the Rules Governing the Listing of Securities ("Listing Rules") on the Stock Exchange. The Company considers that each of the Independent Non-executive Directors is independent to the Company.

DIRECTORS' INTERESTS OR SHORT POSITIONS IN SHARES AND SHARE OPTIONS

As at 31 December 2017, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required pursuant to: (a) divisions 7 to 9 of Part XV of the SFO, to be notified to the Company and the Stock Exchange; (b) Section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (c) the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company were as follows:

Long positions in shares of the Company

Name of Directors	Capacity	Interest in shares: Personal interest	Interest in shares: Corporate interest	Interest in shares: Family interest	Total interest in shares	Interest in underlying shares pursuant to share options	Aggregate interest	Approximate percentage of the issued shares of the Company as at 31.12.2017
Chen Wei	Beneficial owner	13,500,000	–	–	13,500,000	3,000,000	16,500,000	0.46%
Law Sze Lai	Beneficial owner	9,005,500	–	–	9,005,500	–	9,005,500	0.25%
Ou Yaping	Joint interest and interest of controlled corporation	–	1,590,283,250 (Note)	7,285,410	1,597,568,660	–	1,597,568,660	45.11%
Tang Yui Man Francis	Beneficial owner	21,375,000	–	–	21,375,000	35,000,000	56,375,000	1.59%
Tian Jin	Beneficial owner	–	–	–	–	2,000,000	2,000,000	0.05%
Xiang Bing	Beneficial owner	–	–	–	–	2,000,000	2,000,000	0.05%
Xiang Ya Bo	Beneficial owner	–	–	–	–	35,000,000	35,000,000	0.98%
Xin Luo Lin	Beneficial owner	–	–	–	–	2,000,000	2,000,000	0.05%

Note: These 1,590,283,250 shares of the Company are held by Asia Pacific Promotion Limited ("Asia Pacific"), a company incorporated in the British Virgin Islands, which is wholly-owned by Mr. Ou Yaping. Accordingly, Mr. Ou is deemed to be interested in the shares of the Company held by Asia Pacific under the SFO.

Details of the share options granted by the Directors are set out in the below section headed "Directors' Rights to Acquire Shares or Debentures of the Company and Associated Corporation".

Save as disclosed above, as at 31 December 2017, none of the Directors or chief executives of the Company had, nor were they taken to or deemed to have under such provisions of the SFO, any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporation or any interests which are required to be entered into the register kept by the Company pursuant to Section 352 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATION

Pursuant to the Company's share option scheme adopted in 2012, the Company has granted to certain Directors of the Company options to subscribe for the shares of the Company, details of which as at 31 December 2017 were as follows:

Name of Directors	Date of grant	Exercise period	Exercise price *HK$*	Number of shares subject to outstanding options as at 1.1.2017	Number of shares subject to outstanding options as at 31.12.2017	Percentage of the issued shares of the Company as at 31.12.2017
Chen Wei	15.05.2015	15.11.2015-14.05.2025	1.37	1,500,000	1,500,000	0.04%
		15.05.2016-14.05.2025	1.37	1,500,000	1,500,000	0.04%
Tang Yui Man Francis	15.05.2015	15.11.2015-14.05.2025	1.37	17,500,000	17,500,000	0.49%
		15.05.2016-14.05.2025	1.37	17,500,000	17,500,000	0.49%
Tian Jin	15.05.2015	15.11.2015-14.05.2025	1.37	1,000,000	1,000,000	0.02%
		15.05.2016-14.05.2025	1.37	1,000,000	1,000,000	0.02%
Xiang Bing	15.05.2015	15.11.2015-14.05.2025	1.37	1,000,000	1,000,000	0.02%
		15.05.2016-14.05.2025	1.37	1,000,000	1,000,000	0.02%
Xiang Ya Bo	15.05.2015	15.11.2015-14.05.2025	1.37	17,500,000	17,500,000	0.49%
		15.05.2016-14.05.2025	1.37	17,500,000	17,500,000	0.49%
Xin Luo Lin	15.05.2015	15.11.2015-14.05.2025	1.37	1,000,000	1,000,000	0.02%
		15.05.2016-14.05.2025	1.37	1,000,000	1,000,000	0.02%

Notes:

1. The vesting period of the share options is from the date of grant until the commencement date of the exercise period.

2. These options represent personal interest held by the Directors as beneficial owners.

Other than the share option scheme of the Company mentioned below, at no time during the year was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the Directors nor the chief executive of the Company, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

SHARE OPTION SCHEME OF THE COMPANY

A share option scheme was adopted by shareholders of the Company on 17 May 2012 ("Date of Adoption") (the "2012 Share Option Scheme"), under which the Board may, at its discretion, offer any Eligible Persons (as hereinafter mentioned) options to subscribe for shares in the Company subject to the terms and conditions stipulated therein. The 2012 Share Option Scheme has a life of 10 years from the Date of Adoption.

The 2012 Share Option Scheme is a share incentive scheme and is established to enable the Group to, (i) recognise and acknowledge the contributions that Eligible Persons have (or may have) made or may make to the Group (whether directly or indirectly); (ii) attract and retain and appropriately remunerate the best possible quality of employees and other Eligible Persons; (iii) motivate the Eligible Persons to optimise their performance and efficiency for the benefit of the Group; (iv) enhance its business, employee and other relations; and/or (v) retain maximum flexibility as to the range and nature of rewards and incentives which the Company can offer to Eligible Persons. The Eligible Persons include (a) any full time or part time employees of the Group or any Directors of the Company or any of its subsidiaries; (b) any customer, supplier or provider of services, landlord or tenant, agent, partner, consultant, or adviser of or a contractor to or person doing business with any member of the Group; (c) trustee of any trust the principal beneficiary of which is, or discretionary trust the discretionary objects of which include, any person referred to (a) or (b) above; (d) a company wholly beneficially owned by any person referred to in (a) or (b) above, and (e) such other persons (or classes of persons) as the Board may in its absolute discretion determine.

The share options are exercisable at any time for a period to be determined by the Directors, which shall not be more than 10 years from the date of grant. The minimum period for which a share option must be held before it can be exercised would be determined by the Board.

The total number of shares of the Company in respect of which options may be granted under the 2012 Share Option Scheme is not permitted to exceed 10% of the shares of the Company in issue on the Date of Adoption ("Scheme Mandate Limit"), without prior approval from the Company's shareholders. The Company may seek approval of its shareholders in general meeting to renew the Scheme Mandate Limit provided that the total number of shares of the Company in respect of which options may be granted under the 2012 Share Option Scheme and any other share option schemes of the Company must not exceeded 10% of the shares of the Company in issue as at the date of the approval to renew the Scheme Mandate Limit. The number of shares of the Company in respect of which options may be granted to any Eligible Person in any 12-month period is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. In addition, the number of shares of the Company in respect of which options may be granted to any Eligible Person (who is a substantial shareholder or an Independent Non-executive Director of the Company, or any of their associates (within the meaning as ascribed under the Listing Rules)) in any 12-month period is not permitted to exceed 0.1% of the total number of shares in issue and HK$5,000,000 in an aggregate value, based on the closing price of the shares of the Company at the date of each grant, without prior approval from the Company's shareholders.

The exercise price for the share options under the 2012 Share Option Scheme shall be a price determined by the Board at its sole discretion and notified to the Eligible Persons and shall be no less than the highest of (i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date on which an option is granted, (ii) the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date on which an option is granted; and (iii) the nominal value of a share of the Company on the date on which an option is granted.

Consideration of HK$1 is payable by each Eligible Person for acceptance of a grant of option.

As at the date of this annual report, a total of 354,111,283 shares (representing approximately 10% of the existing issued shares of the Company), as refreshed by shareholders at the annual general meeting held on 19 May 2016, may be granted under the 2012 Share Option Scheme and a total of 114,000,000 shares (representing approximately 3.22% of the existing issued shares of the Company) may be issued upon exercise of all options which had been granted and yet to be exercised under the 2012 Share Option Scheme.

Details of specific categories of options are as follows:

Option type	**Date of grant**	**Exercise period**	**Exercise price** *HK$*
2015A Option	15.05.2015	15.11.2015-14.05.2025	1.37
	15.05.2015	15.05.2016-14.05.2025	1.37
2015B Option	15.05.2015	15.11.2015-14.05.2025	1.37
	15.05.2015	15.05.2016-14.05.2025	1.37
	15.05.2015	15.11.2016-14.05.2025	1.37

The following table discloses movements in the Company's share options granted under the 2012 Share Option Scheme during the year:

	Option types	Outstanding at 1.1.2017	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 31.12.2017
Category 1: Directors						
Chen Wei	2015A Option	3,000,000	–	–	–	3,000,000
Tang Yui Man Francis	2015A Option	35,000,000	–	–	–	35,000,000
Tian Jin	2015A Option	2,000,000	–	–	–	2,000,000
Xiang Bing	2015A Option	2,000,000	–	–	–	2,000,000
Xiang Ya Bo	2015A Option	35,000,000	–	–	–	35,000,000
Xin Luo Lin	2015A Option	2,000,000	–	–	–	2,000,000
Total for Directors		79,000,000	–	–	–	79,000,000
Category 2: Employees						
	2015B Option	37,000,000	–	–	(2,000,000)	35,000,000
Total for employees		37,000,000	–	–	(2,000,000)	35,000,000
All categories		116,000,000	–	–	(2,000,000)	114,000,000

Notes:

1. The vesting period of the share options is from the date of grant until the commencement date of the exercise period.

2. During the year, no options were granted, exercised or cancelled under the 2012 Share Option Scheme.

3. During the year, 2,000,000 options were lapsed under the 2012 Share Option Scheme.

Additional information in relation to the Company's share option scheme are set out in note 34 to the consolidated financial statements.

EQUITY-LINKED AGREEMENTS

Save as disclosed in this annual report relating to "Share Option Scheme of the Company", no equity-linked agreements were entered into during the year or subsisted at the end of the year.

PERMITTED INDEMNITY PROVISION

The Bye-Laws of the Company provides that for the time being acting in relation to any of the affairs of the Company, every director shall be indemnified and secured harmless out of the assets and profits of the Company from and against all losses, damages and expenses which he shall or may incur or sustain by or by reason of any act done about the execution of duties of his office or otherwise in relation thereto.

The Company has arranged appropriate directors' and officers' liability insurance coverage for the directors and officers of the Group.

DIRECTORS' SERVICE CONTRACT

There is no unexpired directors' service contract which is not terminable by the Company within one year of any Director proposed for re-election at the forthcoming AGM.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, no transactions, arrangements or contracts of significance to which the Company or any related company (holding companies, subsidiaries, or fellow subsidiaries) was a party and in which a Director or his connected entities had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

So far as is known to any Director or chief executive of the Company, shareholders of the Company (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company as at 31 December 2017 which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions and short positions in shares or underlying shares of the Company

Name of shareholder	Capacity/ Nature of Interest	Interest in Shares	Interest in Derivatives	Total Interests	Approximate percentage of the Company's issued shares at 31.12.2017
Asia Pacific (Note 1)	Beneficial owner/ Beneficial interest	1,590,283,250 (Long)	–	1,590,283,250	44.90%
Karst Peak Capital Limited (Note 2)	Investment Manager/ Other interest	171,988,000 (Long)	150,998,000 (Long)	322,986,000	9.12%
Adam Gregory LEITZES (Note 2)	Interest in controlled corporation/ corporate interest	171,988,000 (Long)	150,998,000 (Long)	322,986,000	9.12%

Notes:

1. The 1,590,283,250 shares of the Company are held by Asia Pacific, a company incorporated in the British Virgin Islands, which is wholly-owned by Mr. Ou Yaping, Non-executive Director of the Company. Accordingly, Mr. Ou is deemed to be interested in the shares of the Company held by Asia Pacific under the SFO.

2. Subsequent to the approval of this annual report, the Company received a notification of disclosure of interests from Karst Peak Capital Limited ("Karst Peak") and Adam Gregory LEITZES. Karst Peak, as investment manager through a number of 100% controlled funds, holds these 322,986,000 shares of the Company, including unlisted derivative interests of 150,998,000 shares of the Company with cash settled. Adam Gregory LEITZES controlled 100% interests in Karst Peak. Accordingly, Adam Gregory LEITZES is deemed to be interested in those shares of the Company held by Karst Peak under the SFO.

Save as disclosed above, as at 31 December 2017, the Company has not been notified of any other interests or short positions in the shares and underlying shares of the Company which had been recorded in the register required to be kept under Section 336 of the SFO.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Details of the connected transactions/continuing connected transactions of the Company during the year were as follows:

(a) Connected transactions

During the year, save as disclosed below, there were no transactions which need to be disclosed as connected transactions pursuant to Chapter 14A of the Listing Rules.

(b) Continuing connected transactions

On 1 April 2014, Enerchina Holdings Limited ("Enerchina") and the Company entered into a Master Agreement for the purpose of regulating the Individual Lease Agreements for leasing of the properties by Enerchina and its subsidiaries from the Company and its subsidiaries, for a fixed term of three years from 1 April 2014 to 31 March 2017 (the "Master Agreement"). The annual cap amount for each of the financial year ended/ending 31 December 2014, 2015, 2016 and 2017 are HK$6,000,000, HK$8,000,000, HK$8,000,000 and HK$2,000,000 respectively. The total amount of the transactions for the year ended 31 December 2017 was HK$891,000.

On 1 April 2014, Enerchina and the Company were owned as to approximately 36.40% and 44.08% respectively by Asia Pacific Promotion Limited ("Asia Pacific"). Therefore, Asia Pacific is a substantial shareholder of Enerchina and the Company and thus a connected person of both Enerchina and the Company under the Listing Rules. As Asia Pacific owns more than 30% in both Enerchina and the Company, Enerchina and the Company are the associates of Asia Pacific under the Listing Rules.

Accordingly, the Master Agreement between Enerchina and the Company constitutes continuing connected transactions for both Enerchina and the Company under Chapter 14A of the Listing Rules.

As all the relevant percentage ratios for the Master Agreement calculated on an annual basis were more than 0.1% and less than 5% for both Enerchina and the Company, in accordance with Rule 14A.34 of the then Listing Rules (Rule 14A.76(2) of the Listing Rules), the Master Agreement was only subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the then Listing Rules (Rule 14A.68 and 14A.71 of the Listing Rules) and was exempted from the independent shareholders' approval requirements. The Company had accordingly published an announcement in respect of the aforesaid continuing connected transactions on 1 April 2014.

Pursuant to Rule 14A.56 of the Listing Rules, the Board engaged the auditor of the Company to perform certain agreed upon procedures in respect of the continuing connected transactions of the Group. The auditor has reported the factual findings on these procedures to the Board. The Independent Non-executive Directors of the Company have reviewed the continuing connected transactions pursuant to Rule 14A.55 of the Listing Rules and confirmed that the transactions have been entered into:

(1) in the ordinary and usual course of business of the Group;

(2) on normal commercial terms or better; and

(3) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditor was engaged to report on the above continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued unqualified letter containing findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules.

RELATED PARTY TRANSACTIONS

Details of the related party transactions are set out in note 33 to the consolidated financial statements. Those related party transactions did not constitute connected transactions under the Listing Rules.

MANAGEMENT CONTRACT

No contract concerning the management and administration of the whole or any substantial part of any business of the Company were entered into during the year or subsisted at the end of the year.

DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES

As at 31 December 2017, the aggregate amount of financial assistance to associated companies by the Group in aggregate exceeded 8% of the assets ratios as defined in Rule 14.07(1) of the Listing Rules.

In accordance with the requirements under Rule 13.22 of the Listing Rules, a proforma combined statement of financial position of the associated companies as at 31 December 2017 is presented as follows:

	HK$'000
Non-current assets	5,598,096
Current assets	1,391,007
Current liabilities	(770,402)
Non-current liabilities	(7,351,762)
Net liabilities	(1,133,061)

The Group's attributable interest in the associated companies as at 31 December 2017 comprised net liabilities of HK$604,190,000.

The proforma combined statement of financial position of the associated companies has been prepared by combining their statement of financial position, after making adjustments to conform with the Group's significant accounting policies as 31 December 2017.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Director's as at the date of this report, there is sufficient public float of not less than 25% of the Company's issued share as required under the Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the Group's largest supplier accounted for approximately 5% of the Group's total purchases and the Group's largest five suppliers accounted for approximately 11% of the Group's total purchases.

As the Group had no significant sales during the year, the information on major customers is not present.

None of the Directors, their close associates or any shareholders, which to the knowledge of the Directors owned more than 5% of the Company's issued shares, had an interest in the share capital of any of the five largest suppliers and customers.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws although there are no restrictions against such rights under the laws of Bermuda.

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

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries for the year ended 31 December 2017.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up on the basis of their merit, qualifications and competence.

The emoluments of the Directors are determined having regard to the Company's operating results, individual performance and comparable market statistics. No Director, or any of his associates, and executive is involved in dealing his own remuneration.

The Company has adopted share option scheme as an incentive to Directors and eligible employees, details of the scheme are set out in note 34 to the consolidated financial statements and under the heading "Share Option Scheme of the Company" of this report.

AUDITOR

The consolidated financial statements of the Company for the year ended 31 December 2017 have been audited by Messrs. Deloitte Touche Tohmatsu. A resolution will be submitted to the forthcoming AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board
Sinolink Worldwide Holdings Limited

Xiang Ya Bo
Chairman & Chief Executive Officer
Hong Kong, 15 March 2018

CORPORATE GOVERNANCE PRACTICES

Having established a good, credible and dynamic foundation for corporate governance practices in the Company since 2005, the Company continues to ensure the transparency and protection of shareholders' interest, as well as the stakeholders' interests.

The Company has adopted all the code provisions as set out in the Corporate Governance Code (the "Code") set out in Appendix 14 to the Listing Rules as its own corporate governance practices.

The Company understood the importance on sound corporate governance practices and recognized the changing regulatory environment. Therefore, the theme of the corporate governance practices in the Company has gone through an evolving process, from implementing the existing Code, evaluating the effectiveness of the Code, and responding to the rapid changes and continuous development in our corporate governance practices, if necessary.

During the year, the Company has complied with the code provisions as set out in the Code in Appendix 14 of the Listing Rules save as disclosed below.

Pursuant to code provision A.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. Mr. Xiang Ya Bo was appointed as the Chairman of the Board after the resignation of Mr. Tang Yui Man Francis as the Chairman of the Board on 28 June 2017. Since then, Mr. Xiang Ya Bo has undertaken both the roles of the Chairman of the Board and the Chief Executive Officer of the Group.

Having considered the current business operation and the size of the Group, the Board is of the view that Mr. Xiang Ya Bo acting as both the Chairman of the Board and also as the Chief Executive Officer of the Group is acceptable and in the best interest of the Group. There are adequate balance of power and safeguards in place. The Board will review and monitor this situation periodically and would ensure that the present structure would not impair the balance of power of the Company.

BOARD OF DIRECTORS

Composition

Mr. Xiang Ya Bo was appointed as the Chairman of the Board and a member of remuneration committee and nomination committee of the Company on 28 June 2017. Mr. Tang Yui Man Francis was re-designated as a Non-executive director of the Company from an executive director of the Company and resigned as the Chairman of the Board, a member of remuneration committee and nomination committee of the Company on 28 June 2017. Save for these changes, there was no change in directorship of the Company during the year 2017.

As at the date of this report, the Board comprises 9 members (each member of the Board, a "Director"). Mr. Xiang Ya Bo acts as the Chairman and Chief Executive Officer of the Company. Other Executive Director is Mr. Chen Wei and Non-executive Directors are Mr. Law Sze Lai, Mr. Ou Jin Yi Hugo, Mr. Ou Yaping and Mr. Tang Yui Man Francis. The Company has 3 Independent Non-executive Directors, namely Mr. Tian Jin, Dr. Xiang Bing and Mr. Xin Luo Lin, and all Independent Non-executive Directors possess appropriate professional accounting experience and related financial management expertise and represent at least one-third of the Board.

All Directors have distinguished themselves in their field of expertise, and have exhibited high standards of personal and professional ethics and integrity. The biographical details of each Director are disclosed on pages 15 to 18 of this annual report.

Each of the Independent Non-executive Director has confirmed, in accordance with Rule 3.13 of the Listing Rules, that he is independent of the Company and the Company also considers that they are independent.

Except for the family relationship between Mr. Ou Yaping, Mr. Xiang Ya Bo and Mr. Ou Jin Yi Hugo as disclosed in biographical details on pages 15 to 18 of this annual report, there is no other relationship (including financial, business, family or other material/relevant relationship) between any other members of the Board and in particular, between the Chairman and the Chief Executive Officer.

Pursuant to the Bye-laws of the Company (the "Bye-laws"), the Directors shall hold office subject to retirement by rotation at the annual general meeting of the Company at least once every three years. In addition, any Director appointed by the Board during a year, whether to fill a casual vacancy or as additional member to the Board, shall hold office only until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the Board) and shall then be eligible for re-election in that meeting. The term of office of each Non-executive Director (including Independent Non-executive Director) is for a period of 1 year from 1 January 2018 to 31 December 2018 subject to retirement by rotation and re-election in accordance with the Bye-laws.

Responsibilities of the Board and Management

The Board, headed by the Chairman and Chief Executive Officer, is responsible for providing high-level guidance and effective oversight of the management of the Company, formulation and approval of the Group's development, business strategies, policies, annual budgets and business plans, recommendation of any dividend and supervision of management in accordance with the regulations governing the meetings of the Board and the Bye-laws.

Executive Director is responsible for day-to-day management of the Company's operations. The Executive Director conduct regular meetings with the management of the Group, at which operational issues and financial performance are evaluated.

The Company considers that internal control system and risk management function are essential and that the Board plays an important role in implementing and monitoring internal financial control and risk management.

Matters specifically decided by the Board and those reserved for the management, such as daily management, administration and operation of the Company, etc., are reviewed by the Board on a periodic basis. The management shall report back to the Board.

The procedures to enable the Directors to seek independent professional advice in appropriate circumstances at the Company's expenses, was established.

The Bye-laws state the responsibilities and operational procedures of the Board. The Board meets at least 4 times a year at regular intervals to consider operational reports and financial results of the Company and policies.

During the year 2017, the Board held 4 regular Board meetings (within the meanings of the Code) at approximately quarterly intervals and any Board meetings convened when necessary. Due notice and Board papers were given to all Directors prior to each meeting in accordance with the Code and the Bye-laws. An annual general meeting was also held during the year. Details of individual attendance of the Directors in respect of regular Board meetings and annual general meeting are set out below:

	No. of meeting(s) attended	
	Regular Board Meeting	**Annual General Meeting**
Executive Directors		
Xiang Ya Bo *(Chairman and Chief Executive Officer)*	4	1
Chen Wei	4	1
Non-executive Directors		
Law Sze Lai	4	1
Ou Jin Yi Hugo	4	1
Ou Yaping	4	1
Tang Yui Man Francis	4	1
Independent Non-executive Directors		
Tian Jin	4	1
Xiang Bing	3	1
Xin Luo Lin	4	0

Directors' Induction and Continuous Professional Development

On appointment to the Board, each newly appointed 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 management to enrol in a wide range of professional development courses and seminars relating to the Listing Rules, companies ordinance/act 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, the Directors are provided with written materials to develop and refresh their professional skills; the Company also organises and arranges seminars on the latest development of applicable laws, rules and regulations for the Directors to assist them in discharging their duties. During the year, the Company organised for the Directors and management an in-house workshop on the new disclosure of financial information under the Listing Rules and Companies Ordinance of Hong Kong and environmental, social and governance reporting.

According to the records maintained by the Company, the Directors received the following training with an emphasis on the roles, functions and duties of a director of a listed company in compliance with the Code on continuous professional development during the year:

	Corporate Governance/Updates on laws, rules and regulations	
	Read materials	**Attend briefings/ in-house workshop**
Executive Directors		
Xiang Ya Bo *(Chairman and Chief Executive Officer)*	✓	✓
Chen Wei	✓	✓
Non-executive Directors		
Law Sze Lai	✓	✓
Ou Jin Yi Hugo	✓	✓
Ou Yaping	✓	✓
Tang Yui Man Francis	✓	✓
Independent Non-executive Directors		
Tian Jin	✓	✓
Xiang Bing	✓	✓
Xin Luo Lin	✓	✓

Chairman and Chief Executive Officer

Having considered the current business operation and the size of the Group, the Board is of the view that Mr. Xiang Ya Bo acting as both the Chairman of the Board and the Chief Executive Officer of the Group from 28 June, 2017 onward is acceptable and in the best interest of the Group. The Board will review this situation periodically.

Pursuant to code provision A.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. Mr. Xiang Ya Bo was appointed as the Chairman of the Board after the resignation of Mr. Tang Yui Man Francis as the Chairman of the Board on 28 June 2017. Since then, Mr. Xiang Ya Bo has undertaken both the roles of the Chairman of the Board and the Chief Executive Officer of the Group. Having considered the current business operation and the size of the Group, the Board is of the view that Mr. Xiang Ya Bo acting as both the Chairman of the Board and also as the Chief Executive Officer of the Group is acceptable and in the best interest of the Group. The Board will review this situation periodically.

The Chairman and Chief Executive Officer provides leadership for the Board and oversees the Board so that it acts in the best interests of the Group. The Chairman and Chief Executive Officer is responsible for deciding the agenda of each Board meeting, taking into account matters proposed by other Directors. The Chairman and Chief Executive Officer has overall responsibility for providing leadership, vision and direction regarding business development of the Group. During the year, the Chairman and Chief Executive Officer had met the Non-executive Directors and Independent Non-executive Directors without the presence of Executive Director.

The Chairman and Chief Executive Officer, assisted by other Executive Director, is responsible for the day-to-day business management and operations of the Group for formulating and successfully implementing policies and for maintaining an effective executive support team. The Chairman and Chief Executive Officer is accountable to the Board for keeping all Directors fully informed of all major business developments and issues.

Responsibilities of Directors

In the course of discharging their duties, the Directors act in good faith, with due diligence and care, and in the best interests of the Company and its shareholders. Their responsibilities include:

— attending regular Board meetings and focusing on business development and strategy, operational issues and financial performance;

— review, approval and the monitoring of of all material policies, including risk management, internal control, dividend policy and other significant financial and operational matters;

— active participation on the respective board of directors of the subsidiaries and associated companies of the Company;

— approval of annual budgets and business plan for each operating company covering strategy, financial and business performance, key risks and opportunities;

— monitoring the quality, timeliness, relevance and reliability of internal and external reporting;

— monitoring and managing potential conflicts of interest of senior management, Board and shareholders of the Company;

— considering misuse of corporate assets and abuse of related party transactions; and

— ensuring processes in place to maintain the overall integrity of the Company, including financial statements, relationships with suppliers, customers and other stakeholders, and compliance with all laws and ethics.

To enable the Directors to fulfill their obligations, an appropriate organizational structure is in place with clearly defined responsibilities and limits of authority.

Corporate Governance functions

The Board is responsible for performing the following corporate governance duties as required under the Code:

— to develop and review the Company’s policies and practices on corporate governance;

— to review and monitor the training and continuous professional development of the Directors and senior management;

— to review and monitor the Company’s policies and practices on compliance with legal and regulatory requirements;

— to develop, review and monitor the code of conduct and compliance manual applicable to employees and the Directors; and

— to review the Company’s compliance with the Code and disclosure in the Corporate Governance Report.

During the year, the Board considered the following corporate governance matters:

- review of the policies and practices adopted by the Company, training for the Directors and senior management and code of conduct and compliance manual etc.;

- review of the usage of annual caps on continuing connected transactions of the Group;

- review of the compliance with the Code and disclosure of the corporate governance report; and

- review of the effectiveness of the risk management and internal control systems of the Company with the assistance of the Audit Committee.

Board Committees

A number of committees of the Board, including the Audit Committee, Nomination Committee and Remuneration Committee, have been set up by the Company, with specific terms of reference relating to authority and duties, to strengthen the Board's functions and enhance its expertise.

Remuneration Committee

As at the date of this annual report, the Remuneration Committee comprises one Executive Director, being Mr. Xiang Ya Bo, and two Independent Non-executive Directors, being Dr. Xiang Bing and Mr. Xin Luo Lin and is chaired by Mr. Xin Luo Lin.

The terms of reference of the Remuneration Committee have complied with the Code which are posted on the website of the Company at www.sinolinkhk.com.

The Remuneration Committee's responsibilities include reviewing, considering and making recommendations to the Board on (i) the Company's remuneration policy for the Directors and senior management, (ii) remuneration packages for individual Executive Directors and senior management including benefits in kind, pension rights and compensation payments (under code provision B.1.2(c)(ii)), and (iii) remuneration of Non-executive Directors etc.

During the year 2017, the Remuneration Committee:

- reviewed the remuneration policy for 2017/2018;

- reviewed the remuneration of Mr. Xiang Ya Bo, the Chairman and Chief Executive Officer and Mr. Tang Yui Man Francis, the Non-executive director;

- reviewed the remuneration of the Executive Directors, Non-executive Directors and the Independent Non-executive Directors and management year-end bonus;

- reviewed and approved the services agreement of Executive Directors; and

- made recommendations to the Board on the above matters.

The Remuneration Committee held 2 meetings during 2017 with individual attendance as follows:

Members of Remuneration Committee	No. of meeting(s) attended
Xin Luo Lin *(Chairman of the Remuneration Committee)*	2
Xiang Bing	2
Xiang Ya Bo *(appointed as member on 28 June 2017)*	1
Tang Yui Man Francis *(ceased as member on 28 June 2017)*	2

The Group recognises the importance of high caliber and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. Other benefits, such as medical and retirement benefits, are also provided. In addition, share options may be granted to eligible employees of the Group (including the Directors) in accordance with the terms of the approved share option scheme adopted by the Group.

The remuneration of the members of the senior management (including all Executive Directors) by band for the year ended 31 December 2017 is set out below:

Remuneration bands (HK$)	Number of person(s)
1,000,001 to 2,000,000	1
4,000,001 to 5,000,000	1

Further particulars regarding the Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in note 10 to the consolidated financial statements.

Audit Committee

As at the date of this annual report, the Audit Committee comprises three Independent Non-executive Directors, namely Mr. Tian Jin, Dr. Xiang Bing and Mr. Xin Luo Lin and is chaired by Mr. Xin Luo Lin.

The Audit Committee reports directly to the Board and reviews financial statements and internal controls in order to protect the interests of the Company's shareholders.

The Audit Committee meets regularly with the Company's external auditor, at least twice a year, to discuss accounting issues, and reviews effectiveness of internal controls and risk evaluation. Written terms of reference, which describe the authority and duties of the Audit Committee are regularly reviewed and updated by the Board. The terms of reference of the Audit Committee have complied with the Code which are posted on the website of the Company at www.sinolinkhk.com.

During the year 2017, the Audit Committee:

- reviewed the financial statements for the year ended 31 December 2016 and for the six months ended 30 June 2017;
- reviewed the effectiveness of the risk management and internal control systems;
- reviewed the internal and external auditor's findings;
- reviewed the continuing connected transactions and annual cap;
- reviewed and approved remuneration of auditor for financial year of 2016 and recommended the re-appointment of external auditor; and
- reviewed the implementation of policy for employees of the Group to raise concerns about possible improprieties in financial reporting, internal control or other matters, and the whistleblowing policy.

As at 31 December 2017, the arrangement for employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters was in place. No reporting has been received by the Audit Committee during the year.

The Audit Committee held 3 meetings during the year 2017 with individual attendance as follows:

Members of Audit Committee	**No. of meeting(s) attended**
Xin Luo Lin *(Chairman of the Audit Committee)*	3
Tian Jin	3
Xiang Bing	2

Nomination Committee

As at the date of this annual report, a Nomination Committee comprises one Executive Director, being Mr. Xiang Ya Bo and three Independent Non-executive Directors, being Mr. Tian Jin, Dr. Xiang Bing and Mr. Xin Luo Lin and is chaired by Mr. Tian Jin.

The terms of reference of the Nomination Committee have complied with the Code which are posted on the website of the Company at www.sinolinkhk.com.

The Nomination Committee's responsibilities include reviewing and recommending the structure, size and composition of the Board and any change thereon; assessing the independence of Independent Non-executive Directors and recommending the re-election of Directors, etc.

During the year 2017, the Nomination Committee:

— reviewed and nominated the appointment of Mr. Xiang Ya Bo as the Chairman and re-designation of Mr. Tang Yui Man Francis from Executive Director to Non-Executive Director;

— reviewed the structure, size and composition (including the skills, knowledge, diversity and experience) of the Board;

— reviewed the board diversity policy;

— assessed the independence of Independent Non-executive Directors; and

— reviewed and made recommendations to the Board on re-election of retiring directors at the 2018 annual general meeting.

The Nomination Committee held 2 meetings during the year 2017 with individual attendance as follows:

Members of Nomination Committee	**No. of meeting(s) attended**
Tian Jin *(Chairman of the Nomination Committee)*	2
Xiang Bing	2
Xin Luo Lin	2
Xiang Ya Bo *(appointed as member on 28 June 2017)*	1
Tang Yui Man Francis *(ceased as member on 28 June 2017)*	2

The Nomination Committee nominated and the Board recommended Mr. Ou Yaping and Dr. Xiang Bing, being the Directors who have been longest in office since their last re-election, and Mr. Law Sze Lai, who wishes to retire and not to offer for re-election, to retire by rotation. Except Mr. Law Sze Lai, all other retiring Directors, namely Mr. Ou Yaping and Dr. Xiang Bing, being eligible, will offer themselves for re-election by shareholders of the Company at the forthcoming 2018 annual general meeting.

BOARD DIVERSITY POLICY

The Company has formulated the board diversity policy in August 2013 aiming at setting out the approach on diversity of the Board of the Company.

The Board recognizes the importance of having a diverse Board in enhancing the Board effectiveness and corporate governance. A diverse Board will include and make good use of differences in the skills, industry knowledge and experience, education, background and other qualities, etc. of Directors and does not discriminate on the ground of race, age, gender or religious belief. These differences will be taken into account in determining the optimum composition of the Board and when possible should be balanced appropriately.

The Nomination Committee has responsibility for identifying and nominating for approval by the Board, candidates for appointment to the Board. It takes responsibility in assessing the appropriate mix of experience, expertise, skills and diversity required on the Board and assessing the extent to which the required skills are represented on the Board and reviewing effectiveness of the Board.

The Nomination Committee is also responsible for reviewing and reporting to the Board in relation to Board diversity.

Board appointments will be based on merit and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

The Board considers that Board diversity, including gender diversity, is a vital asset to the business.

At present, the Nomination Committee has not set any measurable objectives to implement the board diversity policy. However, it will consider and review the board diversity policy and setting of any measurable objectives from time to time.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that in respect of the year ended 31 December 2017, all Directors have complied with the required standard set out in the Model Code.

The Company also has written guidelines regarding securities transactions on terms no less exacting than the required standard set out in the Model Code for management and any individuals who may have access to inside information in relation to the securities of the Company.

EXTERNAL AUDITOR

The external auditor of the Company is Messrs. Deloitte Touche Tohmatsu ("Deloitte"). Deloitte provided professional services in respect of the audit of Company's consolidated financial statements prepared under Hong Kong Financial Reporting Standards ("HKFRSs") for the year ended 31 December 2017. Deloitte also reviewed the 2017 unaudited interim financial report of the Company prepared under HKFRSs.

Fees charged by Deloitte in respect of audit services for the year 2017 amounted to HK$2,300,000. Non-audit services fees charged by Deloitte are as follows:

	Fee *HK$'000*
Description of services performed	
Review of the interim financial report of the Company for the six months ended 30 June 2017	470

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility to ensure the Company maintains a sound and effective risk management and internal control systems and to review their effectiveness on an ongoing basis. The Group's risk management and internal control systems are designed to safeguard assets against misappropriation and unauthorized disposition and to manage operational risks. Review of the Group's internal controls covers major financial, operational and compliance controls, as well as risk management functions. The controls built into the risk management and internal control systems are designed to manage, not eliminate, the risks of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group's risk management framework includes the following elements:

- identify significant risks in the Group's operation environment and evaluate the impacts of those risks on the Group's business;

- develop necessary measures to manage those risks; and

- monitor and review the effectiveness of such measures.

The implementation of risk management framework of the Group was assisted by the Group's internal audit team, representatives from major departments of the Company, and by engaging independent professional adviser, as a whole, to perform internal audit function. During the year ended 31 December 2017, Vision & Co. CPA Limited was engaged to conduct independent review of certain internal control matters and no significant deficiency was found during the review. On this basis, the Group could ensure new and emerging risks relevant to the Group's operation are promptly identified by management, assess the adequacy of action plans to manage these risks and monitor and evaluate the effectiveness of the action plans. These are on-going processes and the Audit Committee and the Board review at least annually the Group's risk management and internal control systems.

Audit committee reported to the Board the implementation of the Group's risk management and internal control policies which, among other things, included the determination of risk factors, evaluation of risk level and internal controls the Group could take the effectiveness of risk management and internal control measures. Based on the reports from the Group's internal audit team, representatives from major departments of the Company and independent professional adviser, and the Audit Committee, the Board considers the Group's risk management and internal control systems are adequate and effective and the Group has complied with the provisions on risk management and internal controls as set out in the Code.

During the year, the Audit Committee and the Board have conducted a review of the effectiveness of the risk management and internal control systems of the Group. The review covered all material controls, including financial, operational and compliance controls and risk management system and consideration of adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions. Based on the results of the review, the systems were satisfactory with no major irregularities reported and the Group would take steps to further enhance the effectiveness of the risk management and internal control systems.

Handling and dissemination of inside information

For the purposes of handling and disseminating inside information, the Group has taken various procedures and measures, including arousing the awareness to preserve confidentiality of inside information within the Group, sending blackout period and securities dealing restrictions notification to all Directors and the relevant employees regularly, disseminating information to specified persons on a need-to-know basis and regarding closely to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission in June 2012.

The Company has a policy of open communication which allows strong access to both internally and externally generated information. Pertinent information is identified, captured and communicated in a timely manner. The policy has been reviewed by the board in November 2017.

The Company provides each employee with an employee manual, which states how employees can communicate with the Company in case any problem arises. The Company considers this as a mechanism to help encourage communications between the Company and employees. Moreover, regular meetings are held to provide an avenue for mutual understanding between the Company and employees. The Company has also made arrangements for employees of the Company to raise concerns about possible improprieties in financial reporting, internal control and other matters.

The Company attaches great importance to fair disclosure as it is considered a key means by which to enhance corporate governance standards and provide necessary information to shareholders and other stakeholders, to enable them to form their own judgments, as well as providing feedback to the Company. The Company also understands that the integrity of the information provided is essential in building market confidence.

With respect to procedures and internal controls for the handling and dissemination of inside information, the Company:

- is well aware of its obligations under the Securities and Futures Ordinance, the Listing Rules and the overriding principle that information which is considered as inside information should be announced promptly when it is the subject of a decision

- conducts its affairs with close regard to the "Guidelines on Disclosure of Inside Information"

- informs all directors, senior management and related staff of the latest regulations and requirements according to the letters issued or announcements published by the Securities and Futures Commission and the Stock Exchange

- has developed procedures and mechanisms for the disclosure of inside information and established the working team to evaluate whether disclosure of the inside information is required

- has established and implemented procedures for responding to external enquiries about the Company's affairs. Only directors and delegated management of the Company can act as the Company's spokespersons and respond to enquiries on designated areas

GOING CONCERN

The Directors, having made appropriate enquiries, consider that the Company has adequate resources to continue its operational existence for a foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

COMPANY SECRETARY

The Company has engaged and appointed a representative from an external secretarial services provider as the company secretary of the Company. The primary contact person of the Company with the company secretary is Mr. Xiang Ya Bo, the Chairman, Chief Executive Officer and Executive Director of the Company. The company secretary of the Company has duly complied with the relevant training requirement under Rule 3.29 of the Listing Rules.

CONSTITUTIONAL DOCUMENTS

There was no change in the memorandum of association and bye-laws of the Company during the year.

A copy of memorandum of association and bye-laws of the Company is posted on the website of the Company at www.sinolinkhk.com.

SHAREHOLDER RIGHTS AND INVESTOR RELATIONS

(a) Procedures for requisitioning a special general meeting

Shareholder(s) of the Company ("Shareholder(s)") holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right to vote at general meetings of the Company may, by written requisition to the Board or the company secretary of the Company signed and deposited in accordance with the bye-laws of the Company and Bermuda Companies Act 1981, require the Directors to call a special general meeting for the transaction of business specified in the requisition.

(b) Procedures for putting forward proposals at general meetings

Shareholder(s) holding not less than one-twentieth of the paid-up capital of the Company carrying the right to vote at general meetings of the Company or not less than 100 shareholders may, at their expense, provide a written request to the attention of the company secretary of the Company signed and deposited in accordance with the Bermuda Companies Act 1981.

(c) Communication with Shareholders and investors

Shareholders are provided with detailed information about the Company set out in the interim/annual report and/or the circular so that they can exercise their rights in an informed manner.

The Company uses a range of communication tools, such as the annual general meeting, the annual report, interim report, various notices, announcements and circulars, to ensure the shareholders are kept well informed of key business imperatives. Procedures for conducting a poll are explained by the chairman of the meeting at the general meetings of the Company.

General meetings of the Company provide a direct forum of communication between shareholders and the Board. Shareholders are welcome to put forward enquiries to the Board or the management thereat and the Chairman of the Board, or in his absence, an Executive Director of the Company, as well as chairmen of the Nomination Committee, Remuneration Committee and Audit Committee, or in their absence, other members of the respective committees, and where applicable, the Independent Board Committee, will commonly be present and available to answer questions and shareholders may also contact the company secretary of the Company to direct their written enquires.

At the 2017 annual general meeting, a resolution was proposed by the chairman of the meeting in respect of each separate issue itemized in the notice, including re-election of retiring Directors. The Chairman of the Board and certain members of all committees or their respective duly appointed delegates and representatives of Deloitte participated the 2017 annual general meeting and answered questions from Shareholders. No other general meeting was held during the year.

The Company is committed to enhancing communications and relationships with its investors. Designated management maintains an open dialogue with institutional investors and analysts to keep them abreast of the Company's developments.

The Company also maintains a website at www.sinolinkhk.com, where updates on the Company's business developments and operations, financial information and news can always be found.

Shareholders may at any time send their enquiries and concerns to the Board in writing through the company secretary of the Company whose contact details are as follows:

28/F, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong
Fax: (852) 2851 0970
Email: group@sinolinkhk.com

In addition, procedures for shareholders to propose a person for election as a director of the Company is available on the Company's website at www.sinolinkhk.com.

The above procedures are subject to the bye-laws of the Company and applicable laws and regulations.

DIRECTORS' AND AUDITOR'S RESPONSIBILITY IN PREPARING AND REPORTING THE FINANCIAL STATEMENTS

The Directors acknowledge that it is their responsibility to prepare the financial statements which give a true and fair view of the state of affairs of the Group and of the profit and cash flows of the Group for the year. The statement of the auditor regarding their reporting responsibility for the financial statements is set out in the Independent Auditor's Report on pages 45 to 51.

Deloitte. 德勤

TO THE MEMBERS OF SINOLINK WORLDWIDE HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

Opinion

We have audited the consolidated financial statements of Sinolink Worldwide Holdings Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 52 to 146, which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance.

Basis for Opinion

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

Key Audit Matters

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

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of available-for-sale investment – ZhongAn Online P&C Insurance Co., Ltd. ("ZhongAn Online")	
We identified the valuation of the available-for-sale investment in ZhongAn Online as a key audit matter due to the inherent level of subjective judgements and estimates required by the management in the fair value measurement of the investment in ZhongAn Online. As set out in note 18 to the consolidated financial statements, the available-for-sale investment in ZhongAn Online is measured at fair value since the listing of shares of ZhongAn Online on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The fair value is HK$4,807,679,000 as at 31 December 2017. As set out in notes 4 and 32 to the consolidated financial statements, the domestic shares of ZhongAn Online are measured at fair value, which is based on a valuation performed by an independent professional valuer. The fair values of the available-for-sale investment in ZhongAn Online is assessed based on the share price of the publicly-traded ordinary share capital of ZhongAn Online, which is listed on the Stock Exchange, discounted for lack of marketability based on estimation through Average-price Asian Put Option model with key inputs including expected time for conversion of domestic shares to listed shares, volatility of the comparable entities in the same industry and expected dividend yield.	Our procedures in relation to the valuation of the investment in ZhongAn Online included: • Understanding the rationale of the management in assessing the valuation of the investment in ZhongAn Online; • Assessing the competence, capabilities, and objectivity of the independent professional valuer and checking the qualification of independent professional valuer; • Discussing the scope of work of the valuer with management of the Group and reviewing the terms of engagement to determine that there were no matters that affected the valuer's objectivity or imposed scope limitations upon the valuer; • Obtaining an understanding from the valuer about the methodologies used and the key inputs, including time for conversion of domestic shares to listed shares, volatility of comparable entities in the same industry and expected dividend yield with available market data; and • Assessing whether the disclosures of the valuation in the consolidated financial statements are sufficient and appropriate.

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
Impairment of loan receivable from associates and amounts due from associates	
We identified the impairment of loan receivable from associates and amounts due from associates to be a key audit matter due to the judgment associated with determining the recoverability of the loan receivable from associates and the amounts due from associates. As discussed in notes 4, 17 and 19 to the consolidated financial statements, the carrying amount of loan receivable from associates and amounts due from associates were HK$1,207,906,000 and HK$170,744,000 respectively. As further disclosed in notes 17 and 19, the Group's major associates are principally engaged in property development and property investment in Shanghai. The Group has a loan receivable which represents a shareholder's loan advanced to the Group's associate for financing the associate's property development and property investment project in Shanghai. In determining whether an impairment for loan receivable from associates and amounts due from associates is required, the management has taken into account the development status of the property development and property investment project, the expected time to sell the residential properties, the expected market price and the future rental income of the properties, where appropriate, in order to determine the recoverability of the loan receivable from associates and the amounts from associates. During the year, the associate delayed the construction plan of its property development and property investment project. As such, the Group has revised its estimates as to when the amounts due from associates and loan receivable from associates can be received. An impairment loss of HK$122,835,000 is recognised in profit or loss during the year ended 31 December 2017.	Our procedure in relation to the impairment of loan receivable from associates and amounts due from associates included: • Understanding the rationale of the management in assessing the recoverability of the loan receivable from associates and amounts due from associates and procedures for making impairments to write down the loan receivable from associates and amounts due from associates to its recoverable amount; • Discussing with the management of the associate and performing site visit to evaluate the development status of the property development and property investment project; • Reviewing the detailed budget report and the cash flow forecast of the property development and property investment project and comparing the budgeted revenue to their expected market prices and future rental income from the properties; • Assessing the appropriateness of the expected market prices and future rental income used by the management with reference to market prices achieved in the same projects or by comparable properties, including an evaluation of the appropriateness of the comparable properties used by the management of the Group based on our knowledge of the Group's business and real estate industry in the People's Republic of China; and • Evaluating the cash flow projection prepared by the management of the Group in respect of the expected repayments by the associate, including assessing the reasonableness of the assumptions applied, including the timing of the repayments and the discount rate applied to the forecast.

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of property, plant and equipment related to hotel operation	
We identified the valuation of property, plant and equipment related to hotel operation to be a key audit matter due to the judgment associated with determining the recoverable amount. As disclosed in notes 4 and 14 to the consolidated financial statements, the carrying amount of the Group's property, plant and equipment related to hotel operation as at 31 December 2017 amounted to HK$183,712,000; and a reversal of impairment losses in respect of these assets recognised for the year then ended amounted to HK$56,558,000. During the year ended 31 December 2017, the actual results of the hotel operation in Shenzhen are better than the management's expectation. There is a reversal of impairment loss indication in respect of the hotel buildings and hotel improvements. A review of the recoverable amount of the hotel buildings and the related building improvement was therefore carried out based on value in use assessment by an independent qualified professional valuer (the "Valuer"). The value in use assessment involves the application of subjective estimation about future business performance. Certain assumptions made by the management in the impairment assessment are considered to be key areas of judgement, including the occupancy rates, growth rates, market rents and the discount rates applied.	Our procedures in relation to the valuation of property, plant and equipment included: • Assessing the competence, capabilities and objectivity of the Valuer, and checking the qualifications of the Valuer; • Discussing the scope of work of the Valuer with the management of the Company and reviewing the terms of engagement to determine that there were no matters that affected the Valuer's objectivity or imposed scope limitations upon the Valuer; • Obtaining an understanding from the Valuer about the methodologies used and the key inputs, such as discount rates, occupancy rates, growth rates and market rents, adopted in the valuation model and assessing the appropriateness of these methodologies and inputs based on our knowledge of the hotel operation of the Group; • Comparing these inputs to market data and entity-specific historical information to confirm the appropriateness of using these inputs in the valuation models; • Engaging our valuation specialist to assess the appropriateness of the discount rate used; • Evaluating the historical accuracy of the financial budget by comparing the historical budget to actual results; and • Assessing whether the disclosures related to the impairment in the consolidated financial statements are sufficient and appropriate.

Other Information

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

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

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

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

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

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

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

The engagement partner on the audit resulting in the independent auditor's report is Chau Chi Ka.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
15 March 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2017

	NOTES	2017 *HK$'000*	2016 *HK$'000*
Turnover	5	**398,261**	331,867
Cost of sales		**(210,390)**	(180,617)
Gross profit		**187,871**	151,250
Other income	6	**125,092**	103,805
Selling expenses		**(3,199)**	(2,748)
Administrative expenses		**(105,482)**	(107,705)
Other expenses	6	**(18,244)**	(8,987)
Other gains and losses	7	**(81,735)**	110,675
Increase in fair value of investment properties	16	**52,486**	107,351
Fair value gain (loss) on financial assets at fair value through profit or loss ("FVTPL") and derivative financial instruments		**35,042**	(23,923)
Impairment loss on loan receivable from associates	19	**(122,835)**	(230,000)
Reversal of impairment loss (impairment loss) on property, plant and equipment	14	**56,558**	(73,152)
Share of results of associates		**95,227**	(164,371)
Finance costs	8	**(8,070)**	(5,067)
Profit (loss) before taxation	9	**212,711**	(142,872)
Taxation	11	**(66,817)**	(72,963)
Profit (loss) for the year		**145,894**	(215,835)
Attributable to:			
Owners of the Company		**110,088**	(245,527)
Non-controlling interests		**35,806**	29,692
		145,894	(215,835)
		HK cents	*HK cents*
Profit (loss) per share	13		
Basic		**3.11**	(6.93)
Diluted		**3.11**	(6.93)

	2017 *HK$'000*	2016 *HK$'000*
Profit (loss) for the year	**145,894**	(215,835)
Other comprehensive income (expense)		
Item that will not be reclassified to profit or loss:		
Exchange differences arising on translation to presentation currency	**580,558**	(426,496)
Item that may be reclassified subsequently to profit or loss:		
Fair value gain on available-for-sale investments, net of tax	**3,414,642**	–
Other comprehensive income (expense) for the year, net of tax	**3,995,200**	(426,496)
Total comprehensive income (expense) for the year	**4,141,094**	(642,331)
Total comprehensive income (expense) attributable to:		
Owners of the Company	**3,323,397**	(604,053)
Non-controlling interests	**817,697**	(38,278)
	4,141,094	(642,331)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2017

	NOTES	**2017** **HK$'000**	2016 HK$'000
Non-current assets			
Property, plant and equipment	14	**314,444**	306,161
Prepaid lease payments	15	**62,492**	59,574
Investment properties	16	**2,698,723**	2,470,127
Amounts due from associates	17	**170,744**	154,706
Interests in associates	17	**177,115**	–
Loan receivable from associates	19	**1,207,906**	1,238,390
Available-for-sale investments	18	**4,968,197**	155,978
Other receivables	11	**158,399**	158,399
Loans receivables	22	**466,091**	50,000
Long-term bank deposits	25	**63,400**	59,220
		10,287,511	4,652,555
Current assets			
Stock of properties	20	**887,987**	820,682
Trade and other receivables, deposits and prepayments	21	**53,594**	31,629
Loans receivables	22	**600,560**	26,336
Finance lease receivables	23	**111,463**	–
Prepaid lease payments	15	**1,285**	1,201
Financial assets at FVTPL	24	**256,720**	420,788
Derivative financial instruments	24	**–**	3,138
Short-term bank deposits	25	**382,177**	531,256
Structured deposits	26	**577,751**	1,078,212
Pledged bank deposits	25	**629**	586
Cash and cash equivalents	25	**1,928,596**	1,385,627
		4,800,762	4,299,455

	NOTES	**2017** **HK$'000**	2016 HK$'000
Current liabilities			
Trade payables, deposits received and accrued charges	27	**543,982**	515,940
Derivative financial instruments	24	**–**	9,256
Taxation payable		**736,052**	673,639
Borrowings – due within one year	28	**752,572**	33,575
		2,032,606	1,232,410
Net current assets		**2,768,156**	3,067,045
Total assets less current liabilities		**13,055,667**	7,719,600
Non-current liabilities			
Borrowings – due after one year	28	**24,731**	56,732
Deferred taxation	29	**1,574,019**	353,045
		1,598,750	409,777
		11,456,917	7,309,823
Capital and reserves			
Share capital	30	**354,111**	354,111
Reserves		**9,269,937**	5,946,540
Equity attributable to owners of the Company		**9,624,048**	6,300,651
Non-controlling interests		**1,832,869**	1,009,172
		11,456,917	7,309,823

The consolidated financial statements on pages 52 to 146 were approved and authorised for issue by the Board of Directors on 15 March 2018 and are signed on its behalf by:

Xiang Ya Bo
CHAIRMAN & CHIEF EXECUTIVE OFFICER

Chen Wei
EXECUTIVE DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Attributable to owners of the Company										
	Share capital HK$'000	Share premium HK$'000	Translation reserve HK$'000	Share option reserve HK$'000	General reserves HK$'000 (note a)	Contributed surplus HK$'000 (note b)	Investments revaluation reserve HK$'000	Retained earnings HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2016	354,111	1,824,979	566,308	65,628	182,497	367,782	-	3,526,616	6,887,921	1,047,450	7,935,371
(Loss) profit for the year	-	-	-	-	-	-	-	(245,527)	(245,527)	29,692	(215,835)
Other comprehensive expense for the year	-	-	(358,526)	-	-	-	-	-	(358,526)	(67,970)	(426,496)
Total comprehensive expense for the year	-	-	(358,526)	-	-	-	-	(245,527)	(604,053)	(38,278)	(642,331)
Recognition of equity-settled share based payments	-	-	-	16,783	-	-	-	-	16,783	-	16,783
Share option lapsed	-	-	-	(1,817)	-	-	-	1,817	-	-	-
Transfers	-	-	-	-	211	-	-	(211)	-	-	-
At 31 December 2016	354,111	1,824,979	207,782	80,594	182,708	367,782	-	3,282,695	6,300,651	1,009,172	7,309,823
Profit for the year	-	-	-	-	-	-	-	110,088	110,088	35,806	145,894
Other comprehensive income for the year	-	-	481,596	-	-	-	2,731,713	-	3,213,309	781,891	3,995,200
Total comprehensive income for the year	-	-	481,596	-	-	-	2,731,713	110,088	3,323,397	817,697	4,141,094
Contribution from a non-controlling shareholder of a non-wholly owned subsidiary	-	-	-	-	-	-	-	-	-	6,000	6,000
Share option lapsed	-	-	-	(1,294)	-	-	-	1,294	-	-	-
Transfers	-	-	-	-	94	-	-	(94)	-	-	-
At 31 December 2017	354,111	1,824,979	689,378	79,300	182,802	367,782	2,731,713	3,393,983	9,624,048	1,832,869	11,456,917

Notes:

a. General reserves represent the enterprise expansion fund and general reserve fund set aside by certain subsidiaries in accordance with the relevant laws and regulations of the People's Republic of China (the "PRC"), which are not available for distribution.

b. Contributed surplus of the Group represents the difference between the nominal value of the shares of the acquired subsidiaries and the nominal value of the Company's shares issued for the acquisition at the time of the group reorganisation prior to the listing of the Company's shares in 1998.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	NOTE	2017 HK$'000	2016 HK$'000
OPERATING ACTIVITIES			
Profit (loss) before taxation		**212,711**	(142,872)
Adjustments for:			
Share of results of associates		**(95,227)**	164,371
Depreciation of property, plant and equipment		**78,381**	75,184
Release of prepaid lease payments		**1,242**	1,254
Interest income		**(140,878)**	(97,096)
Interest expenses		**8,070**	5,067
Dividend income		**(1,939)**	(4,542)
Increase in fair value of investment properties		**(52,486)**	(107,351)
Impairment loss on loan receivable from associates		**122,835**	230,000
(Reversal of impairment loss) impairment loss on property, plant and equipment		**(56,558)**	73,152
Share-based payment expense		**–**	16,783
Gain on disposal of property, plant and equipment		**(57)**	(290)
Impairment loss on available-for-sale investments		**17,021**	8,619
Operating cash flows before movements in working capital		**93,115**	222,279
Increase in stock of properties		**(9,071)**	(23,970)
Increase in loans receivables		**(982,567)**	–
Increase in finance lease receivables		**(107,726)**	–
(Increase) decrease in trade and other receivables, deposits and prepayments		**(20,188)**	23,907
Decrease (increase) in financial assets at FVTPL		**164,068**	(31,133)
(Increase) decrease in derivative financial instruments		**(6,118)**	6,118
Increase (decrease) in trade payables, deposits received and accrued charges		**8,089**	(789)
Cash (used in) generated from operations		**(860,398)**	196,412
Taxation paid		**(34,065)**	(30,452)
Purchase of tax reserve certificates	11	**–**	(35,750)
Interest received from financing services		**25,010**	–
NET CASH (USED IN) FROM OPERATING ACTIVITIES		**(869,453)**	130,210

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 HK$'000	2016 HK$'000
INVESTING ACTIVITIES		
Other interest received	**116,323**	98,495
Dividend received	**1,939**	4,542
Placement of long-term bank deposits	**–**	(61,846)
Placement of short-term bank deposits	**(1,156,104)**	(2,170,532)
Withdrawal of short-term bank deposits	**1,336,421**	2,128,391
Placement of structured deposits	**(1,379,190)**	(1,585,821)
Withdrawal of structured deposits	**1,936,415**	458,727
Proceeds from disposal of property, plant and equipment	**139**	312
Purchase of property, plant and equipment	**(9,735)**	(11,224)
Loan advances to independent third parties	**–**	(80,433)
Repayment of loan advances from independent third parties	**26,336**	2,929
Investment in associates	**(174,239)**	–
Advances to associates	**(16,038)**	(15,863)
Purchase of available-for-sale investments	**(114,276)**	(9,859)
Proceed from disposal of available-for-sale investments	**3,835**	–
NET CASH FROM (USED IN) INVESTING ACTIVITIES	**571,826**	(1,242,182)
FINANCING ACTIVITIES		
New borrowing raised	**1,049,891**	–
Repayment of borrowings	**(392,087)**	(35,064)
Interest paid	**(8,070)**	(5,067)
Contribution from a non-controlling shareholder of a non-wholly owned subsidiary	**6,000**	–
NET CASH FROM (USED IN) FINANCING ACTIVITIES	**655,734**	(40,131)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**358,107**	(1,152,103)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**1,385,627**	2,745,617
Effect of foreign exchange rate changes	**184,862**	(207,887)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**1,928,596**	1,385,627

1. GENERAL

Sinolink Worldwide Holdings Limited ("the Company") is a public limited company incorporated in Bermuda as an exempted company and its shares listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The substantial shareholder of the company is Asia Pacific Promotion Limited, a company incorporated in the British Virgin Islands, which is wholly owned by Mr. Ou Yaping, a non-executive director of the Company. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The consolidated financial statements are presented in Hong Kong dollars ("HK$") while the functional currency of the Company is Renminbi ("RMB"). The reason for selecting HK$ as its presentation currency is that the Company is a public company with its shares listed on the Stock Exchange.

The Company is an investment holding company. The activities of its subsidiaries are set out in note 42.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Company and its subsidiaries (collectively referred to as the "Group") has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKAS 7	Disclosure initiative
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses
Amendments to HKFRS 12	As part of the annual improvements to HKFRSs 2014 – 2016 cycle

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

Amendments to Hong Kong Accounting Standards ("HKAS") 7 Disclosure initiative

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

Amendments to Hong Kong Accounting Standards ("HKAS") 7 Disclosure initiative (Continued)

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

A reconciliation between the opening and closing balances of these items is provided in note 41. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure in note 41, the application of these amendments has had no impact on the Group's consolidated financial statements.

New and revised HKFRSs in issue but not yet effective

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

HKFRS 9	Financial instruments[1]
HKFRS 15	Revenue from contracts with customers and the related amendments[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance contracts[4]
HK(IFRIC) – Int 22	Foreign currency transactions and advance consideration[1]
HK(IFRIC) – Int 23	Uncertainty over income tax treatments[2]
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial instruments with HKFRS 4 Insurance contracts[1]
Amendments to HKFRS 9	Prepayment features with negative compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[3]
Amendments to HKAS 28	Long-term interests in associates and joint ventures[2]
Amendments to HKAS 28	As part of the annual improvements to HKFRSs 2014 – 2016 cycle[1]
Amendments to HKAS 40	Transfers of investment property[1]
Amendments to HKFRSs	Annual improvements to HKFRSs 2015 – 2017 cycle[2]

[1] Effective for annual periods beginning on or after 1 January 2018
[2] Effective for annual periods beginning on or after 1 January 2019
[3] Effective for annual periods beginning on or after a date to be determined
[4] Effective for annual periods beginning on or after 1 January 2021

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

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

HKFRS 9 Financial instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are:

- all recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income ("FVTOCI"). All other financial assets are measured at their fair value at subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss;

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

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

HKFRS 9 Financial instruments (Continued)

Based on analysis of the Group's financial assets and financial liabilities as at 31 December 2017, application of HKFRS 9 in the future may have a material impact on the classification and measurement of the Group's financial assets as disclosed as follows:

(i) Listed equity securities classified as available-for-sale investments carried at fair value as disclosed in note 18: these securities qualified for designation as measured at FVTOCI under HKFRS 9, the Group elected the option for the designation and will measure these securities at fair value with subsequent fair value gains or losses to be recognised in other comprehensive income. Also, the fair value gains or losses accumulated in the investments revaluation reserve amounting to approximately HK$2,731,713,000 as at 1 January 2018 will no longer be subsequently reclassified to profit or loss under HKFRS 9, which is different from the current treatment. This will affect the amounts recognised in the Group's profit or loss and other comprehensive income but will not affect total comprehensive income.

(ii) Equity securities classified as available-for-sale investments carried at cost less impairment as disclosed in note 18: these securities qualified for designation as measured at FVTOCI under HKFRS 9 and the Group will measure these securities at fair value at date of initial application and the end of subsequent reporting periods with fair value gains or losses to be recognised as other comprehensive income and accumulated in the investments revaluation reserve.

(iii) Structure deposits as disclosed in note 26: The contractual cash flows of the structured deposits are not solely payments of principal and interest on principal outstanding and therefore are measured at fair value through profit or loss.

(iv) Loan receivable from associates as disclosed in note 19: the loan receivable was considered as a net investment in the associate and it absorbs losses in excess of the equity investment in accordance with HKAS 28 "Investments in Associates and Joint Ventures". The loan from associate is currently measured at amortised cost. The Group will continue to measure the loan receivable at amortised cost if the contractual terms give rise to cash flows that are solely payments of principal and interest on principal outstanding or otherwise, at fair value through profit or loss. Any remeasurement, if applicable, would be adjusted to opening retained earnings as at 1 January 2018.

In addition, the expected credit loss model may result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost.

The loan receivable from associates, amounts due from associates, trade receivables, loans receivables and finance lease receivables measured at amortised cost will be subject to the impairment provisions of HKFRS 9.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

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

HKFRS 9 Financial instruments (Continued)

Based on the assessment by the directors of the Company, if the expected credit loss model were to be applied by the Group, the accumulated amount of impairment loss to be recognised by the Group as at 1 January 2018 would be increased as compared to the accumulated amount recognised under HKAS 39 mainly attributable to expected credit losses provision on loans receivables and finance lease receivables. Such further impairment recognised under expected credit loss model would reduce the opening retained earnings and increase in deferred tax assets as at 1 January 2018.

All other financial assets and financial liabilities will continue to be measured on the same bases as are currently measured under HKAS 39.

HKFRS 15 Revenue from contracts with customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. When HKFRS 15 becomes effective, HKFRS 15 will supersede HKAS 18 "Revenue", HKAS 11 "Construction contracts" and the related Interpretations.

HKFRS 15 introduces a 5-step approach to revenue recognition:

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

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

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

HKFRS 15 Revenue from contracts with customers (Continued)

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

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, the directors of the Company do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

HKFRS 16 Leases

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

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

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

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

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

HKFRS 16 Leases (Continued)

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 December 2017, the Group has non-cancellable operating lease commitments of HK$18,261,000 as disclosed in note 38. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases.

The Group currently considers refundable rental deposits paid of HK$1,730,000 and refundable rental deposits received of HK$55,440,000 as at 31 December 2017 as obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost upon application of HKFRS 16 and such adjustments are considered as additional lease payments. Adjustments to refundable rental deposits paid would be included in the carrying amount of right-of-use assets. Adjustments to refundable rental deposits received would be considered as advance lease payments from lessees. The directors of the Company are in the process of assessing the impact on the application of HKFRS 16 in the foreseeable future.

Furthermore, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above.

The directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the consolidated financial statements in the future.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the assets in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based payment", leasing transactions that are within the scope of HKAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of assets".

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The principal accounting policies are set out below.

Basis of consolidation

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

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

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

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

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

Where necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All inter-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interests in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's interests in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 "Impairment of assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of HKAS 39, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over that associate.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

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

Sales of properties

Revenue from the sale of properties in the ordinary course of business is recognised when the respective properties have been completed and delivered to the buyers. Deposits and instalments received from purchasers prior to meeting the above criteria for revenue recognition are included in the consolidated statement of financial position under current liabilities.

Rental income

The Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy below.

Service income

Service income including project management fee income, property management services and other financing services is recognised when services are provided.

Hotel operation income from room rentals, food and beverage sale and other ancillary service is recognised when services are provided.

Finance lease interest income

Finance lease interest income represents interest income from financial leasing business, is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Interest income

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

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment

Property, plant and equipment including leasehold land (classified as finance leases) and buildings held for use in the production or supply of goods or services, or for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

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

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

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties include land held for undetermined future use, which is regarded as held for capital appreciation purpose.

Investment properties are measured initially at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair values. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing

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

The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset.

The Group as lessee

Operating lease payments, including the cost of acquiring land held under operating lease, are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

Leasehold land and building

When the Group makes payments for a property interest which includes both leasehold land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire property is accounted as an operating lease. Specifically, the entire consideration (including any lump-sum upfront payments) is allocated between the leasehold land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model. When the lease payments cannot be allocated reliably between the leasehold land and building elements, the entire property is generally classified as if the leasehold land is under a finance lease.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Stock of properties

Stock of properties includes properties under development for sale.

The carrying value of properties under development comprises the land cost together with development expenditure, which includes construction costs, capitalised interest and ancillary borrowing costs. The stock of properties are stated at the lower of cost and net realisable value.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Impairment losses on tangible assets

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into one of the three categories, including financial assets at FVTPL, loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

Interest income is recognised on an effective interest basis.

Financial assets at FVTPL

Financial assets at FVTPL are mainly those classified as financial assets held for trading or it is designated as FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at FVTPL (Continued)

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in the "fair value gain/loss on financial assets at FVTPL and derivative financial instruments" line item in the consolidated statement of profit or loss. Fair value is determined in the manner described in note 32.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including loan receivable from associates, loans receivables, trade and other receivables, amounts due from associates, long-term and short-term bank deposits, pledged bank deposits, liability component of structured deposits and cash and cash equivalents) are measured at amortised cost using the effective interest method, less any impairment losses.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or are not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

Equity and debt securities held by the Group that are classified as available-for-sale financial assets and traded in an active market are measured at fair value at the end of each reporting period except for unquoted equity investments whose fair value cannot be reliably measured. Changes in the carrying amount of available-for-sale debt instruments relating to interest income calculated using the effective interest method are recognised in profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period.

When, subsequently, a reliable measure becomes available for an equity instrument that was previously held at cost, the asset is measured at fair value. The difference between the financial asset's carrying amount and its fair value is recognised in other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets

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

For available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

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

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments and observable changes in national or local economic conditions that correlate with default on receivables.

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

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods (see the accounting policy below).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

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

In respect of available-for-sale equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve.

Financial liabilities and equity instruments

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

Equity instruments

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Financial liabilities at amortised cost

Financial liabilities, other than derivative financial instruments, including borrowings, trade payables, deposits received and accrued charges are subsequently measured at amortised cost using the effective interest method.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value through profit or loss. Generally, multiple embedded derivatives in a single instrument are treated as a single compound embedded derivative unless those derivatives relate to different risk exposures and are readily separable and independent of each other.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Derecognition (Continued)

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation, in which case, such exchange differences are recognised in other comprehensive income and accumulated in equity and will be reclassified from equity to profit or loss on disposal of the foreign operation. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

Taxation

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

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

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

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with the above general principles set out in HKAS 12 (i.e. based on the expected manner as to how the properties will be recovered).

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

Retirement benefits costs

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

Short-term and other long-term employee benefits

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

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

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payment arrangements

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share option reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option reserve.

When share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained earnings.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates 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.

Critical judgements in applying accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Critical judgements in applying accounting policies (Continued)

Deferred taxation on investment properties

For the purposes of measuring deferred taxation liabilities arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. The investment properties held by the Group's associates are also held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in determining deferred taxation on investment properties, the directors of the Company have determined that the presumption set out in HKAS 12 "Income Taxes" that investment properties measured using the fair value model are recovered through sale is rebutted. Thus, the Group has recognised deferred tax liabilities on the fair value change of the Group's investment properties based on the enterprise income tax ("Enterprise Income Tax") in the PRC.

Key sources of estimation uncertainty

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

Fair value of the available-for-sale investment in ZhongAn Online P&C Insurance Co., Ltd. ("ZhongAn Online")

During the assessment of the fair value of equity interest of ZhongAn Online, the directors of the Company use their judgment in selecting appropriate valuation inputs for the valuation of domestic share of ZhongAn Online owned by the Group, which is different from the publicly-traded ordinary share capital of ZhongAn Online ("ZhongAn Online H Shares"). The Group engaged an independent professional valuer to perform the valuation. The fair value of the available-for-sale investment in ZhongAn Online is assessed based on share price of ZhongAn Online H Shares and discount for lack of marketability based on estimation through Average-price Asian Put Option model with key inputs including expected time for conversion of domestic shares to listed shares, volatility of the comparable entities in the same industry and expected dividend yield. The valuation involves certain estimations. Where there are any changes in the assumptions due to the market conditions, the estimate of fair value of equity interest in ZhongAn Online may be significantly affected. As at 31 December 2017, the fair value of equity interest in ZhongAn Online classified as available-for-sale investment was approximately HK$4,807,679,000. Details of the valuation methodology are disclosed in note 32.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Impairment of loan receivable from associates

Loan receivable from associates is measured at initial recognition at fair value, and are subsequently measured at amortised cost using effective interest method. Appropriate impairment for estimated irrecoverable amounts are recognised in profit and loss when there is objective evidence that the asset is impaired.

The Group has a loan receivable from associates (see note 19) which represents a shareholder's loan advanced to the Group's associate for financing a property development and property investment project in Shanghai and amounts due from associates (see note 17) represent receivables from associates which are mainly arisen from provision of project management services by the Group. The recoverability of these amounts is dependent on the cashflow to be generated from the property development and property investment project. Where the actual future cash flows are less than expected, an impairment loss may arise.

In determining whether an impairment for loan receivable from associates and amounts due from associates is required, the management has taken into account the development status of the property development and property investment project, the expected time to sell the residential properties and the expected market price and the future rental income of the properties, where appropriate, in order to determine the recoverability of the loan receivable from associates and the amounts due from associates. As at 31 December 2017, the carrying amount of loan receivable from associates with accumulated interest receivables and amounts due from associates are HK$1,207,906,000 (2016: HK$1,238,390,000) and HK$170,744,000 (2016: HK$154,706,000) respectively. An impairment loss of HK$122,835,000 (2016: HK$230,000,000) was recognised during the year ended 31 December 2017.

Impairment of property, plant and equipment

Assessing impairment of the hotel building and the related building improvement requires an estimation of its recoverable amounts which is the higher of value in use and fair value less costs of disposal. If there is any indication that an asset may be impaired, recoverable amount shall be estimated for individual asset when there are no recent transaction prices for similar properties in similar location. The Group determines the recoverable amount of the individual asset based on the value in use calculation. The value in use assessment involves the application of subjective estimation about future business performances. Certain assumptions made by the management in the impairment assessment are considered to be key areas of judgement, including the occupancy rates, growth rates, market rents and the discount rates applied. The discount rate represents a rate that reflects current market assessments of time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. Where the actual future cash flows are less than expected or there is a downward revision of future estimated cash flows due to unfavourable changes in facts and circumstances, a material impairment loss may arise. Details of the recoverable amount calculation of the asset are disclosed in note 14. During the year ended 31 December 2017, the Group has reversal of impairment loss on property, plant and equipment of HK$56,558,000.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Fair value measurement and valuation process

The chief financial officer of the Company is responsible to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engaged third party qualified valuers to perform the valuation. The chief financial officer works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. Chief financial officer reports to executive directors semi-annually to explain the cause of fluctuations in the fair value of the assets.

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of financial instruments and investment properties. Notes 32 and 16 provide detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of financial instruments and investment properties, respectively.

Investment properties

Investment properties are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have based on a method of valuation which involves certain estimates of market conditions such as market evidence of transaction prices for similar properties in the same locations and conditions or, when appropriate, by considering the capitalised income to be derived from the existing tenancies and the reversionary potential of the properties. In relying on the valuation report, the directors of the Company have exercised their judgment and are satisfied that the assumptions used in the valuation are reflective of the current market conditions and the current condition of the properties. Changes to these assumptions would result in changes in the fair values of the Group's and the associates' investment properties and the corresponding adjustments to the amount of fair value gain or loss of the Group's investment properties and share of results of associates reported in the consolidated statement of profit or loss. As at 31 December 2017, the carrying amount of investment properties is HK$2,698,723,000 (2016: HK$2,470,127,000) and the carrying amount of investment properties held by an associate is HK$5,458,685,000 (2016: HK$4,972,067,000).

5. TURNOVER AND SEGMENT INFORMATION

(A) Turnover

Turnover primarily represents revenue arising from property management income, rental income, interest income from financing business and other service income, after deducting discounts and other sales related taxes. An analysis of the Group's revenue for the year is as follows:

	2017	2016
	HK$'000	*HK$'000*
Property management income	**118,357**	119,732
Rental income	**181,059**	163,295
Interest income from financing business	**25,010**	–
Service income from finance leasing and loan financing services	**13,555**	–
Others	**60,280**	48,840
	398,261	331,867

(B) Segment information

In prior year, the Group was organised into three operating divisions for management purposes – property development and sale of properties ("property development"), property management and property investment. During the year ended 31 December 2017, the Group has expanded its business in the provision of finance leasing and loan financing services in the PRC. Thus, the executive directors of the Company consider that these financial service related businesses as a new reportable and operating segment namely as "Financing services". These divisions are the basis on which the Group reports to the executive directors of the Company, the Group's chief operating decision makers ("CODM"), for performance assessment and resource allocation.

5. TURNOVER AND SEGMENT INFORMATION (Continued)

(B) Segment information (Continued)

The following is an analysis of the Group's revenue and results by reportable and operating segment.

For the year ended 31 December 2017

	Property development HK$'000	Property management HK$'000	Property investment HK$'000	Financing services HK$'000	Total for reportable segments HK$'000	Others HK$'000	Consolidated HK$'000
TURNOVER							
External sales	–	118,357	181,059	38,565	337,981	60,280	398,261
RESULT							
Segment results	(3,442)	5,484	204,010	13,717	219,769	10,990	230,759
Other income							125,092
Unallocated corporate expenses							(48,311)
Other gains and losses							(81,735)
Fair value gain on financial assets at FVTPL and derivative financial instruments							35,042
Impairment loss on loan receivable from associates							(122,835)
Impairment loss on available-for-sales investments							(17,021)
Share of results of associates							95,227
Unallocated finance costs							(3,507)
Profit before taxation							212,711

5. TURNOVER AND SEGMENT INFORMATION (Continued)

(B) Segment information (Continued)

For the year ended 31 December 2016

	Property development *HK$'000*	Property management *HK$'000*	Property investment *HK$'000*	Total for reportable segments *HK$'000*	Others *HK$'000*	Consolidated *HK$'000*
TURNOVER						
External sales	–	119,732	163,295	283,027	48,840	331,867
RESULT						
Segment results	(3,910)	16,034	242,153	254,277	(126,122)	128,155
Other income						103,805
Unallocated corporate expenses						(45,363)
Other gains and losses						110,675
Fair value loss on financial assets at FVTPL and derivative financial instruments						(23,923)
Share-based payments						(16,783)
Impairment loss on loan receivable from associates						(230,000)
Share of results of associates						(164,371)
Finance costs						(5,067)
Loss before taxation						(142,872)

The accounting policies of the reportable and operating segments are the same as the Group's accounting policies described in note 3. Segment results represent the profit earned/loss incurred by each segment without allocation of other income, other gains and losses, central administration costs, share-based payments, impairment loss on loan receivable from associates and available-for-sale investments, directors' salaries, share of results of associates, change in fair value of financial assets at FVTPL and derivative financial instruments, certain finance costs and taxation.

No analysis of the Group's assets and liabilities by reportable and operating segments is disclosed as it is not regularly provided to the CODM for review.

5. TURNOVER AND SEGMENT INFORMATION (Continued)

(B) Segment information (Continued)

Other segment information

	Property development *HK$'000*	Property management *HK$'000*	Property investment *HK$'000*	Financing services *HK$'000*	Others in operating segments *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
For the year ended 31 December 2017							
Amounts included in measure of segment results:							
Depreciation of property, plant and equipment	-	2,767	1,987	-	60,569	13,058	78,381
Reversal of impairment loss of property, plant and equipment	-	-	-	-	56,558	-	56,558
Increase in fair value of investment properties	-	-	52,486	-	-	-	52,486
Interest income from financing services	-	-	-	25,010	-	-	25,010
Amounts regularly provided to chief operating decision but not included in the measure of segment results:							
Release of prepaid lease payments	-	-	-	-	1,242	-	1,242
Impairment loss on loan receivable from associates	-	-	-	-	-	122,835	122,835
Share of results of associates	-	-	-	-	-	95,227	95,227
Interest income (other than interest income from financing services)	-	-	-	-	-	115,868	115,868
Fair value gain on financial assets at FVTPL and derivative financial instruments	-	-	-	-	-	35,042	35,042
Finance costs	-	-	-	-	-	3,507	3,507

5. TURNOVER AND SEGMENT INFORMATION (Continued)

(B) Segment information (Continued)

Other segment information (Continued)

	Property development *HK$'000*	Property management *HK$'000*	Property investment *HK$'000*	Others in operating segment *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
For the year ended 31 December 2016						
Amounts included in measure of segment results:						
Depreciation of property, plant and equipment	–	545	2,420	58,941	13,278	75,184
Impairment loss of property, plant and equipment	–	–	–	73,152	–	73,152
Increase in fair value of investment properties	–	–	107,351	–	–	107,351
Amounts regularly provided to chief operating decision but not included in the measure of segment results:						
Release of prepaid lease payments	–	–	–	1,254	–	1,254
Impairment loss on loan receivable from associates	–	–	–	–	230,000	230,000
Share of results of associates	–	–	–	–	164,371	164,371
Interest income	–	–	–	–	96,397	96,397
Fair value loss on financial assets at FVTPL and derivative financial instruments	–	–	–	–	23,923	23,923
Finance costs	–	–	–	–	5,067	5,067

All the Group's turnover for both years is generated from the PRC (based on where the properties are located) and substantially all the Group's non-current assets other than financial instruments (loans receivables, other receivables, amounts due from associates and available-for-sale investments) are also located in the PRC (place of domicile of the group entities that hold such assets). No individual customer of the Group has contributed sales over 10% of the turnover of the Group during each of the year ended 31 December 2017 or 2016.

6. OTHER INCOME/OTHER EXPENSES

Other income

	2017	2016
	HK$'000	*HK$'000*
Dividends from investments held-for-trading and available-for-sale investments	**1,939**	4,542
Interest income from bank deposits	**86,301**	85,826
Interest income on listed senior notes classified as investments held-for-trading	**8,911**	8,404
Interest income from financial assets designated at FVTPL	**7,890**	2,167
Interest income from loans receivables (note)	**12,766**	–
Others	**7,285**	2,866
	125,092	103,805

Note: The amount represents the interest income from loans receivables granted on or before year ended 31 December 2016, which is not part of the operating segment of financing services.

Other expenses

	2017	2016
	HK$'000	*HK$'000*
Impairment loss on available-for-sale investments	**17,021**	8,619
Donations	**1,156**	–
Others	**67**	368
	18,244	8,987

7. OTHER GAINS AND LOSSES

	2017	2016
	HK$'000	*HK$'000*
Gain on disposal of property, plant and equipment, net (note i)	**57**	290
Net exchange (loss) gain (note ii)	**(81,792)**	110,385
	(81,735)	110,675

7. OTHER GAINS AND LOSSES (Continued)

Notes:

(i) During the year ended 31 December 2016, gain on disposal of property, plant and equipment of HK$290,000 and net exchange gain of HK$110,385,000 are included in other income. During the year ended 31 December 2017, these balances are reclassified to other gains and losses so as to conform with current year presentation.

(ii) The net exchange loss/gain mainly arose on the translation of the loan receivable from associates denominated in United States Dollar ("USD") for both years.

8. FINANCE COSTS

	2017	2016
	HK$'000	*HK$'000*
Interest on borrowings	**8,070**	5,067

9. PROFIT (LOSS) BEFORE TAXATION

	2017	2016
	HK$'000	*HK$'000*
Profit (loss) before taxation has been arrived at after charging:		
Auditor's remuneration	**2,300**	1,980
Staff costs including directors' remuneration		
Salaries	**109,789**	109,841
Retirement contributions	**10,482**	10,080
Share-based payments	**–**	16,783
	120,271	136,704
Depreciation of property, plant and equipment	**78,381**	75,184
Minimum operating lease rentals in respect of land and buildings	**6,781**	3,125
Release of prepaid lease payments	**1,242**	1,254
and after crediting:		
Rental income from investment properties of HK$181,059,000 (2016: HK$163,295,000), net of outgoings that generate rental income of HK$1,328,000 (2016: HK$3,528,000)	**179,731**	159,767

10. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' REMUNERATION

The emoluments paid or payable to each of the 9 (2016: 9) directors of the Company were as follows:

	Year ended 31 December 2017									
	Executive directors		Non-executive directors				Independent non-executive directors			
	Mr. Xiang Ya Bo HK$'000 (note h)	Mr. Chen Wei HK$'000	Mr. Law Sze Lai HK$'000	Mr. Ou Yaping HK$'000	Mr. Ou Jin Yi Hugo HK$'000	Mr. Tang Yui Man Francis HK$'000 (note g)	Mr. Xin Luo Lin HK$'000	Mr. Tian Jin HK$'000	Dr. Xiang Bing HK$'000	Total HK$'000
Fees (Note a)	**-**	**-**	**-**	**-**	**-**	**-**	**250**	**250**	**250**	**750**
Other emoluments										
Salaries and other benefits (Notes b and c)	**3,024**	**1,920**	**1,463**	**4,023**	**650**	**2,398**	**-**	**-**	**-**	**13,478**
Bonuses (Note c)	**1,200**	**-**	**-**	**-**	**-**	**1,200**	**-**	**-**	**-**	**2,400**
Retirement benefits scheme contributions	**18**	**42**	**29**	**42**	**18**	**18**	**-**	**-**	**-**	**167**
Total emoluments	**4,242**	**1,962**	**1,492**	**4,065**	**668**	**3,616**	**250**	**250**	**250**	**16,795**

	Year ended 31 December 2016									
	Executive directors			Non-executive directors			Independent non-executive directors			
	Mr. Tang Yui Man Francis HK$'000	Mr. Xiang Ya Bo HK$'000	Mr. Chen Wei HK$'000	Mr. Law Sze Lai HK$'000	Mr. Ou Yaping HK$'000	Mr. Ou Jin Yi Hugo HK$'000 (note f)	Mr. Xin Luo Lin HK$'000	Mr. Tian Jin HK$'000	Dr. Xiang Bing HK$'000	Total HK$'000
Fees (Note a)	-	-	-	-	-	247	250	250	250	997
Other emoluments										
Salaries and other benefits (Notes b and c)	2,398	2,167	1,120	1,463	4,023	-	-	-	-	11,171
Bonuses (Note c)	500	-	-	-	-	-	-	-	-	500
Retirement benefits scheme contributions	18	18	42	29	42	-	-	-	-	149
Share-based payments (Note e)	4,712	4,712	404	-	-	-	269	269	269	10,635
Total emoluments	7,628	6,897	1,566	1,492	4,065	247	519	519	519	23,452

10. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' REMUNERATION (Continued)

Notes:

a. The director's fee of independent non-executive directors is determined by the board of directors and the remuneration committee of the Company with reference to their duties and responsibilities with the Group, the Group's performance and the prevailing market situation and to be authorised by the shareholders of the Company at the annual general meeting.

b. The emoluments of the directors are covered by their respective service contracts and/or supplemental agreements or letters of appointment entered into with the Group.

c. The annual salary increment and year-end discretionary bonus (if any) of executive directors and non-executive directors are based on the review and recommendation from the remuneration committee of the Company with reference to their duties and responsibilities within the Group, the Group's performance and the prevailing market situation.

d. The executive directors' emoluments (including Mr. Xiang Ya Bo, Mr. Chen Wei and Mr. Tang Yui Man Francis before redesignation to non-executive director) shown above were for their services in connection with the management of the affairs of the Company and the Group. The directors' emoluments of the non-executive directors (including Mr. Ou Yaping, Mr. Law Sze Lai, Mr. Ou Jin Yi Hugo and Mr. Tang Yui Man Francis upon his redesignation to non-executive director) were mainly for their services as directors of the Company and certain subsidiaries undertaking. The independent non-executive directors' emoluments were mainly for their services as directors of the Company.

e. During the year ended 31 December 2015, the Group granted 35,000,000, 35,000,000, 3,000,000 shares options to Mr. Tang Yui Man Francis, Mr. Xiang Ya Bo and Mr. Chen Wei, respectively. Also, the Group granted 2,000,000 share options to each of the independent non-executive directors. The amounts represented the share-based payment expenses recognised in profit or loss in the year ended 31 December 2016 with reference to the number of share options granted to these directors and their respective fair value at grant date as described further in note 34.

f. Mr. Ou Jin Yi Hugo was appointed as a non-executive director on 5 January 2016.

g. Mr. Tang Yui Man, Francis was redesignated as a non-executive director on 28 June 2017.

h. Mr. Xiang Ya Bo is also the chief executive of the Company and his remuneration disclosed above included these services rendered by him as chief executive.

Of the five individuals with the highest emoluments in the Group, five (2016: five) were directors of the Company whose emoluments are included in the disclosures above.

During the year, no remuneration was paid by the Group to the five highest paid individuals or directors of the Group as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived any remunerations for the years ended 31 December 2017 and 2016.

11. TAXATION

	2017 HK$'000	2016 HK$'000
The charge comprises:		
Current tax		
PRC Enterprise Income Tax	**49,072**	47,959
Underprovisions in PRC Enterprise Income Tax in prior years	**–**	3,176
Deferred taxation (note 29)	**17,745**	21,828
	66,817	72,963

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the amount involved was insignificant for both years.

Taxation for subsidiaries of the Group, which were established and principally operated in the Shenzhen Special Economic Zone, is calculated at the rate of 25% of their assessable profits for the year ended 31 December 2017 (2016: 25%) according to the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law.

Under the EIT Law of the PRC, withholding tax is imposed on the dividend declared to non-PRC tax residents in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. During the year ended 31 December 2016, withholding tax amounted to HK$9,677,000 was charged by the PRC tax authority which levied on the dividends paid to overseas group entities.

In addition, Land Appreciation Tax (the "LAT") shall be levied at progressive rates ranging from 30% to 60% on the appreciation of land value, represented by the excess of sales proceeds of properties over prescribed direct costs. Prescribed direct costs are defined to include costs of land, development and construction costs, as well as certain costs relating to the property development. According to the State Administration of Taxation's official circulars, LAT shall be payable provisionally upon entering into pre-sales contracts of the properties, followed by final ascertainment of the gain at the completion of the properties development.

11. TAXATION (Continued)

The taxation for the year can be reconciled to the profit (loss) before taxation per the consolidated statement of profit or loss as follows:

	2017	2016
	HK$'000	*HK$'000*
Profit (loss) before taxation	**212,711**	(142,872)
Tax at the applicable tax rate of 25% (2016: 25%)	**53,178**	(35,718)
Tax effect of expenses not deductible for tax purpose	**764**	3,156
Tax effect of income not taxable for tax purpose	**(3,767)**	(14,205)
Tax effect of share of results of associates	**(23,807)**	41,093
Underprovision in prior years	**–**	3,176
Tax effect on deferred tax liabilities resulting from withholding tax on undistributed profits of subsidiaries	**4,624**	4,667
Tax effect of tax losses not recognised	**39,717**	20,465
Tax effect of deductible temporary differences not recognised	**30,709**	75,788
Utilisation of tax losses previously not recognised	**(20,462)**	(25,459)
Utilisation of deductible temporary difference previously not recognised	**(14,139)**	–
Taxation for the year	**66,817**	72,963

Since prior years, Hong Kong Inland Revenue Department ("IRD") queried against a subsidiary of the Group regarding the chargeability of notional interest income received from an associate of the Group in the tax returns for the years of assessment 2005/06 to 2012/13. Up to 31 December 2017, the IRD has issued estimated/additional assessments demanding final tax (the "Assessments") for the years of assessment 2006/2007 to 2012/2013 and the Group has purchased tax reserve certificates of approximately HK$134,750,000 (2016: HK$134,750,000) for conditional standover order of objection against the notices of Assessments for the years of assessment 2006/2007 to 2012/2013 and the amount is presented as "other receivables" in the Group's consolidated statement of financial position. During the year ended 31 December 2016, the IRD issued a letter informing the Group would put up the case for Commissioner's determination. Up to the date of issuance of these consolidated financial statements, the statements of facts to be issued by commissioner are yet to be received. Having considered advices from tax representatives, the directors of the Company are of the view that there were ample grounds to contest the tax positions of the subsidiary of the Group for the relevant years of assessments and hence it is not probable that an outflow of resources will be required to settle this obligation and thus no provision is recognised.

11. TAXATION (Continued)

Also, since prior years, IRD queried against another subsidiary of the Group regarding the offshore income on the transactions between group entities in the tax returns for the year of assessment 2007/2008. Up to 31 December 2017, the Group has purchased tax reserve certificate of approximately HK$23,649,000 (2016: HK$23,649,000) for conditional standover order of objection and the amount is presented as "other receivables" in the Group's consolidated statement of financial position. During the year ended 31 December 2016, the IRD issued a letter informing the Group would put up the case for Commissioner's determination. Up to the date of issuance of these consolidated financial statements, the statements of facts to be issued by commissioner are yet to be received. Having considered advices from tax representatives, the directors of the Company are of the view that there were ample grounds to contest the tax positions of the subsidiary of the Group for the relevant year of assessment and hence it is not probable that an outflow of resources will be required to settle this obligation and thus no provision is recognised.

12. DIVIDENDS

No dividends were paid, declared or proposed during both years.

The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2017 (2016: nil).

13. PROFIT (LOSS) PER SHARE

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

	2017	2016
	HK$'000	*HK$'000*
Profit (loss) for the purpose of basic and diluted profit (loss) per share (being profit (loss) for the year attributable to owners of the Company)	**110,088**	(245,527)

	Number of shares	
	2017	2016
Number of shares for the purpose of basic and diluted profit (loss) per share	**3,541,112,832**	3,541,112,832

The computation of diluted profit (loss) per share does not assume the exercise of the Company's share options because the exercise price of those share options was higher than the average market price of shares for both 2017 and 2016.

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings	Hotel buildings	Building improvement in hotel	Furniture, fixtures and equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
COST						
At 1 January 2016	184,562	262,782	192,708	78,617	14,957	733,626
Currency realignment	(11,891)	(16,977)	(12,273)	(3,617)	(778)	(45,536)
Additions	8,918	–	–	2,305	1	11,224
Disposals	–	–	–	(174)	(108)	(282)
At 31 December 2016	181,589	245,805	180,435	77,131	14,072	699,032
Currency realignment	12,981	17,347	12,734	3,957	798	47,817
Additions	4,757	–	–	4,684	294	9,735
Disposals	–	–	–	(134)	(691)	(825)
At 31 December 2017	199,327	263,152	193,169	85,638	14,473	755,759
DEPRECIATION AND IMPAIRMENT						
At 1 January 2016	69,336	64,986	77,833	47,696	7,492	267,343
Currency realignment	(5,032)	(6,929)	(7,483)	(2,667)	(437)	(22,548)
Provided for the year	12,460	16,408	37,763	6,553	2,000	75,184
Eliminated on disposals	–	–	–	(163)	(97)	(260)
Impairment losses recognised	–	51,373	21,779	–	–	73,152
At 31 December 2016	76,764	125,838	129,892	51,419	8,958	392,871
Currency realignment	5,888	8,130	9,926	2,919	501	27,364
Provided for the year	15,040	14,708	40,673	6,544	1,416	78,381
Eliminated on disposals	–	–	–	(121)	(622)	(743)
Reversal of impairment losses recognised	–	(37,789)	(18,769)	–	–	(56,558)
At 31 December 2017	97,692	110,887	161,722	60,761	10,253	441,315
CARRYING VALUES						
At 31 December 2017	101,635	152,265	31,447	24,877	4,220	314,444
At 31 December 2016	104,825	119,967	50,543	25,712	5,114	306,161

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

The carrying amount of the Group's leasehold land and buildings and hotel buildings comprises properties situated in the PRC.

The above items of property, plant and equipment are depreciated on a straight-line basis after taking into account their estimated residual values, at the following rates per annum:

Leasehold land and buildings	Over the shorter of the lease term and 20 years
Hotel buildings	Over the shorter of the lease term and 20 years
Building improvement in hotel	20%
Furniture, fixtures and equipment	20% to 30%
Motor vehicles	20% to 30%

During the second half of the year ended 31 December 2015, the Group commenced its hotel operation in Shenzhen, while the actual results was worse than the management's expectation with regard to occupancy rate and the operating results. In the opinion of the directors of the Company, the low occupancy rate of the Group's hotel is resulting from the downturn in hotel industry in the PRC especially on the newly-opened brand boutique hotel in the PRC. As at 31 December 2016, the aggregate impairment losses on hotel buildings and related building improvement was HK$144,769,000.

As the actual results during the year ended 31 December 2017 are better than previous budget, there is a reversal of impairment loss indication.

The Group carried out a review of the recoverable amount of the hotel buildings and the related building improvement. The recoverable amount of the hotel buildings and the related building improvement at 31 December 2017 and 2016 has been arrived at on the basis of a valuation carried out by Messrs. Cushman & Wakefield Limited ("C&W"), independent qualified professional valuers which are not connected with the Group, who are the members of The Hong Kong Institute of Surveyors.

As there has been no recent sales transaction of comparable hotel properties, the recoverable amount of hotel buildings and the related building improvement was assessed based on value in use. It was determined based on the discounted cash flow approach with a discount rate of 9% (2016: 9%), 5-year net cash flow projection assuming occupancy rate ranging from 20% to 35% (2016: 15% to 40%), and net cash flows beyond the 5-year period until end of the land use term using an annual growth rate of 1%. These assumptions are determined based on expectations for the market development in the PRC and is not expected to exceed the average long-term growth rate for the hotel industry. These cash flow projections represent management's best estimates achievable from operating the hotel itself, and the resulting recoverable amount of the hotel and the related buildings approximates that as determined by the external valuers assuming the hotel is operated by market participants.

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

Since the recoverable amount of the hotel buildings and the related building improvement determined based on the above is less than the carrying amount as at 31 December 2016, an impairment loss of HK$73,152,000 is recognised in profit or loss during the year ended 31 December 2016. No deferred tax asset is recognised due to unpredictability of future profit streams to recover such impairments.

As at 31 December 2017, the recoverable amount of the hotel buildings and the related building improvement is higher than the carrying amounts. Thus, a reversal of impairment loss of HK$56,558,000 is recognised in profit or loss during the year ended 31 December 2017.

15. PREPAID LEASE PAYMENTS

	2017	2016
	HK$'000	*HK$'000*
The Group's prepaid lease payments comprise:		
Leasehold land outside Hong Kong		
Non-current assets	**62,492**	59,574
Current assets	**1,285**	1,201
	63,777	60,775

16. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 1 January 2016	2,528,361
Exchange realignment	(165,585)
Increase in fair value of investment properties	107,351
At 31 December 2016	2,470,127
Exchange realignment	176,110
Increase in fair value of investment properties	52,486
At 31 December 2017	2,698,723
Unrealised gain on property revaluation included in profit or loss:	
For the year ended 31 December 2017	52,486
For the year ended 31 December 2016	107,351

16. INVESTMENT PROPERTIES (Continued)

The fair values of the completed investment properties at 31 December 2017 and 2016 have been arrived at on the basis of a valuation carried out on those dates by C&W.

The fair values of office and retail premises were determined based on the income capitalisation approach, where the market rentals of all lettable units of the properties are assessed and discounted at the market yield expected by investors for this type of properties. The market rentals are assessed based on estimates of future cash flows, supported by the terms of existing lease and the market rentals of the similar properties in the neighbourhood. The capitalisation rate is determined by reference to the yields derived from analysing the sales transactions of similar commercial properties in Shenzhen and adjusted to take into account the market expectation from property investors to reflect factors specific to the Group's investment properties.

The fair value of car parks was determined based on direct comparison approach making reference to comparable market observable transactions of similar locations and conditions as available in the relevant market. There has been no change from the valuation technique used in the prior year.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The management of the Group works closely with the independent qualified professional valuer to establish and determine the appropriate valuation techniques and inputs. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the management of the Group.

The fair value of investment properties as disclosed below are determined (in particular, the valuation techniques and input used), as well as the fair value hierarchy in which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which significant inputs used in the fair value measurement is observable.

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

16. INVESTMENT PROPERTIES (Continued)

Information about fair value measurements using significant unobservable inputs

The following table shows the valuation techniques used in the determination of fair values for investment properties and unobservable inputs used in the valuation models.

Description	Fair value *HK$'000*	Fair value hierarchy	Valuation techniques	Key inputs	Range of significant inputs	Relationship of inputs to fair value
As at 31 December 2017						
Office and retail premises	1,983,173	Level 3	Income capitalisation approach	(i) Capitalisation rate taking into account the capitalisation of existing contracts rent, market rent and nature of property	4.75% – 7.25% (a) Office: RMB130 to RMB150 per month per square meter (b) Retails: RMB90 to RMB180 per month per square meter	(i) The higher the capitalisation rate, the lower the fair value. (ii) The higher the market rent, the higher the fair value.
Car parks	715,550	Level 3	Direct comparison approach	(i) Market price	RMB80,000 to RMB220,000 per lot	The higher the market price, the higher the fair value
				(ii) Location adjustment	80% – 90%	The higher the adjustment, the higher the fair value
	2,698,723					

16. INVESTMENT PROPERTIES (Continued)

Information about fair value measurements using significant unobservable inputs (Continued)

Description	Fair value	Fair value hierarchy	Valuation techniques	Key inputs	Range of significant inputs	Relationship of inputs to fair value
	HK$'000					
As at 31 December 2016						
Office and retail premises	1,818,994	Level 3	Income capitalisation approach	(i) Capitalisation rate taking into account the capitalisation of existing contracts rent, market rent and nature of property	5% – 7.5%	(i) The higher the capitalisation rate, the lower the fair value.
					(a) Office: RMB130 to RMB150 per month per square meter	(ii) The higher the market rent, the higher the fair value.
					(b) Retail: RMB90 to RMB180 per month per square meter	
Car parks	651,133	Level 3	Direct comparison approach	(i) Market price	RMB80,000 to RMB171,000 per lot	The higher the market price, the higher the fair value
				(ii) Location adjustment	80% – 90%	The higher the adjustment, the higher the fair value
	2,470,127					

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

The investment properties are situated in the PRC.

At 31 December 2017, the Group's investment properties with a carrying value of HK$543,062,000 (2016: HK$535,800,000) were pledged to secure general banking facilities granted to the Group.

17. INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM ASSOCIATES

	2017 HK$'000	2016 HK$'000
Cost of unlisted interests in associates	**174,243**	4
Share of post-acquisition results	**2,872**	(4)
	177,115	–
Amounts due from associates (note)	**170,744**	154,706

Note: At 31 December 2017 and 2016, amounts due from associates were unsecured, interest-free and repayable on demand. Due to the delay of the construction plan of the property project of Rockefeller Group Asia Pacific, Inc. ("RGAP") as disclosed in note 19, the directors of the Company do not expect that the repayment will take place within twelve months from the end of the reporting period, and hence the amount is classified as a non-current asset.

Details of the Group's principal associates as at 31 December 2017 and 2016 are as follows:

Name of associate	Place of incorporation/ establishment and form of business structure	Principal place of operation	Percentage of equity interest attributable to the Group 2017	2016	Principal activities
Interest directly held by the Group					
RGAP	The British Virgin Islands ("BVI") – limited liability company	Hong Kong	**49%**	49%	Investment holding
ZhongAn Technologies International Group Limited ("ZhongAn Technologies")	Hong Kong – limited liability company	Hong Kong	**49%**	–	Financial technology and insurance technology investment
Chongqing ZhongAn Loan Co., Ltd. ("Chongqing ZhongAn")	PRC – sino-foreign equity joint venture	PRC	**30%**	–	Money lending in the PRC
Subsidiaries of RGAP					
Shanghai Bund de Rockefeller Group Master Development Co., Ltd. ("Shanghai Rockefeller")	PRC – equity interest venture	PRC	**44.57%***	44.57%*	Property development and property investment
Shanghai Rockbund Property Management Limited	PRC – limited liability company	PRC	**44.57%***	44.57%*	Property management

* The percentage represented the effective interest in these entities by the Group. RGAP has 90.96% interest in Shanghai Rockefeller and Shanghai Rockbund Property Management Limited.

17. INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM ASSOCIATES (Continued)

Summarised financial information in respect of each of the Group's material associates is set out below:

RGAP and its subsidiaries (collectively known as RGAP Group)

The functional currency of RGAP is RMB. For financial reporting purpose, the assets and liabilities of RGAP Group are translated into HK$ using exchange rates prevailing at the end of the reporting period, while income and expenses items are translated at the average exchange rate for the year.

	2017	2016
	HK$'000	*HK$'000*
Non-current assets	**5,598,096**	5,099,132
Current assets (mainly represented by properties under development for sale)	**1,391,007**	1,047,479
Current liabilities	**(770,402)**	(653,562)
Long-term borrowings	**(2,283,249)**	(1,949,510)
Deferred tax liabilities	**(495,901)**	(461,307)
Amounts due to shareholders – due after one year	**(4,572,612)**	(4,266,937)
Other non-current liabilities	**–**	(65,200)
Net liabilities	**(1,133,061)**	(1,249,905)
Deficiency in equity attributable to owners of RGAP	**(1,233,040)**	(1,338,175)
Non-controlling interests of RGAP's subsidiaries	**99,979**	88,270
	(1,133,061)	(1,249,905)
Revenue	**149,585**	97,872
(Decrease) increase in fair value of investment properties	**(142,119)**	2,878
Administrative expenses and other income	**(118,492)**	(74,428)
Net exchange gain (loss)	**307,852**	(268,086)
Tax charge	**(8,355)**	(93,689)
Profit (loss) for the year (note)	**188,471**	(335,453)
Group's share of profit (loss) of associates for the year	**92,351**	(164,371)

Note: Based on the agreement between RGAP and non-controlling shareholder of Shanghai Rockefeller, non-controlling shareholder of Shanghai Rockefeller would not share any of the losses incurred by Shanghai Rockefeller. Subsequent profits earned by Shanghai Rockefeller will be used first to recover the losses borne by RGAP, and then be shared by RGAP and non-controlling shareholder of Shanghai Rockefeller based on their profit sharing ratio.

17. INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM ASSOCIATES (Continued)

Reconciliation of the above summarised consolidated financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2017	2016
	HK$'000	*HK$'000*
Net liabilities of RGAP Group attributable to owners of RGAP	**(1,233,040)**	(1,338,175)
Proportion of the Group's ownership interest in RGAP Group	**49%**	49%
Carrying amount of the Group's interest in RGAP Group	**–**	–

The cumulative loss in excess of cost of interest in RGAP recognised against loan receivable from RGAP is disclosed in note 19.

The main non-current assets of RGAP Group are investment properties in the PRC. The following table shows the valuation techniques and inputs used in the determination of fair values for investment properties of RGAP Group as well as fair value hierarchy in which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which significant inputs used in the fair value measurement is observable.

Description	Fair value	Fair value hierarchy	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
	HK$'000					
As at 31 December 2017						
Investment properties under construction (note)	2,416,859	Level 3	Residual approach	Market unit sales rate with an expected profit margin of 7%	Market unit sale rate: RMB100,000 to RMB140,000 per square meter	The higher the market unit sales rate, the higher the fair value.
Completed office and retail premises	3,041,826	Level 3	Income capitalisation approach	(i) Capitalisation rate	5.5% – 7%	The higher the capitalisation rate, the lower the fair value.
				(ii) Market rent	RMB275 – RMB1,200 per month per square meter	The higher the market rent, the higher the fair value.
	5,458,685					

17. INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM ASSOCIATES (Continued)

Description	Fair value	Fair value hierarchy	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
	HK$'000					
As at 31 December 2016						
Investment properties under construction	2,716,201	Level 3	Residual approach	Market unit sales rate with an expected profit margin of 7%	Market unit sale rate: RMB100,000 to RMB140,000 per square meter	The higher the market unit sales rate, the higher the fair value.
Completed office and retail premises	2,255,866	Level 3	Income capitalisation approach	(i) Capitalisation rate	5.5% – 7%	The higher the capitalisation rate, the lower the fair value.
				(ii) Market rent	RMB270 – RMB1,200 per month per square meter	The higher the market rent, the higher the fair value.
	4,972,067					

Note: During the year ended 31 December 2017, RGAP Group completed certain construction on investment properties. As at 31 December 2017, fair value of these investment properties of HK$633,971,000 is then classified as completed office and retail premises.

The valuations of investment properties under construction were arrived at with adoption of the residual approach on the basis that they will be developed and completed in accordance with the latest development proposals and taking into account the construction costs that will be expended to complete the development to reflect the quality of the completed development, as well as developer's profit margin which reflects the risk associated with the development of properties and the return the developer would require so as to complete the properties.

There has been no change from the valuation technique used in prior year. In estimating the fair value of the properties, management of RGAP has taken the highest and best use of the properties into account.

17. INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM ASSOCIATES (Continued)

Chongqing ZhongAn

During the year ended 31 December 2017, the Group has entered into a joint venture formation agreement with ZhongAn Information and Technology Services Co., Ltd. ("ZAIT"), which is a wholly-owned subsidiary of ZhongAn Online. The Group and ZAIT agreed that the Group contributed RMB90,000,000 to Chongqing ZhongAn in cash for 30% equity interest of Chongqing ZhongAn.

The functional currency of Chongqing ZhongAn is RMB. For financial reporting purpose, the assets and liabilities of Chongqing ZhongAn are translated into HK$ using exchange rates prevailing at the end of the reporting period, while income and expenses items are translated at the average exchange rate for the year. Details of the financial information of Chongqing ZhongAn are as follows:

	2017
	HK$'000
Current assets	**360,007**
Current liabilities	**(2,154)**
Net assets	**357,853**
Revenue	**1,071**
Administrative expenses	**(2,037)**
Loss for the year	**(966)**
Group's share of loss of associate for the year	**(290)**

17. INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM ASSOCIATES (Continued)

Chongqing ZhongAn (Continued)

Reconciliation of the above summarised financial information of Chongqing ZhongAn to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2017
	HK$'000
Net assets attributable to owners of Chongqing ZhongAn	**357,853**
Proportion of the Group's ownership interest in Chongqing ZhongAn	**30%**
	107,356
Other adjustment (note)	**(1,692)**
Carrying amount of the Group's interest in Chongqing ZhongAn	**105,664**

Note: The adjustment represented exchange differences arising on translation to presentation currency of Chongqing ZhongAn not share by the Group due to same functional currency of Chongqing ZhongAn and the Group.

ZhongAn Technologies

During the year ended 31 December 2017, the Group has entered into another joint venture formation agreement (the "2nd JV Agreement") with ZAIT. The Group and ZAIT agreed that the Group contributed RMB60,000,000 to ZhongAn Technologies in cash for 49% equity interest of ZhongAn Technologies. Pursuant to the 2nd JV Agreement, the Group has the right to appoint one out of the three directors of ZhongAn Technologies. The relevant activities of ZhongAn Technologies are controlled by the board of directors of ZhongAn Technologies and the decisions of the board of directors of ZhongAn Technologies are made through the majority vote in the meetings of board of directors. Accordingly, the Group is able to exercise significant influence over ZhongAn Technologies.

Furthermore, the Group agreed to invest RMB620 million in consideration for redeemable preference shares of ZhongAn Technologies ("Redeemable Preference Shares"). Details of the terms of Redeemable Preference Shares are disclosed in the announcement of the Company dated 10 December 2017.

As at 31 December 2017, no Redeemable Preference Shares are issued.

17. INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM ASSOCIATES (Continued)

ZhongAn Technologies (Continued)

Details of the financial information of ZhongAn Technologies are as follows:

	2017
	HK$'000
Current assets	**134,442**
Current liabilities	**(1,254)**
Net assets	**133,188**
Revenue	**2,862**
Administrative expenses	**(1,253)**
Net exchange gain	**4,851**
Profit for the year	**6,460**
Group's share of profit of associate for the year	**3,166**

Reconciliation of the above summarised financial information of ZhongAn Technologies to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2017
	HK$'000
Net assets attributable to owners of ZhongAn Technologies	**133,188**
Proportion of the Group's ownership interest in ZhongAn Technologies	**49%**
	65,262
Other adjustment (note)	**6,189**
Carrying amount of the Group's interest in ZhongAn Technologies	**71,451**

Note: Other adjustment represented the Group's contribution to ZhongAn Technologies which is not in proportion to equity interest shared by the Group.

18. AVAILABLE-FOR-SALE INVESTMENTS

	2017 HK$'000	2016 HK$'000
Available-for-sale investments comprise:		
Domestic shares of an equity listed in Hong Kong, at fair value (note i)	**4,807,679**	–
Unlisted equity securities in Hong Kong and the PRC, at cost (note ii)	**118,257**	138,632
Unlisted equity securities in overseas, at cost (note ii)	**–**	3,835
Unlisted fund investment in overseas, at fair value (note ii)	**28,750**	–
Club debentures, at fair value	**13,511**	13,511
Total	**4,968,197**	155,978

Notes:

(i) Investment in ZhongAn Online with carrying amount of HK$90,503,000 (included in unlisted equity securities in Hong Kong and the PRC, at cost in above table) is measured at cost less impairment as at 31 December 2016 because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that its fair value cannot be measured reliably. During the year ended 31 December 2017, ZhongAn Online was listed on the Stock Exchange. Thus, the investment in this entity is measured at its fair value since the year ended 31 December 2017.

The Group held domestic share of ZhongAn Online, which the marketability of domestic shares is different comparing with ZhongAn Online H Shares. Also, pursuant to the Company Law of the PRC, the shares of ZhongAn Online issued prior to its listing shall not be transferred within one year from the listing date (i.e. 28 September 2017). The fair value of investment in ZhongAn Online at 31 December 2017 has been arrived at on the basis of a valuation carried out by an independent professional valuer not connected with the Group. Details of the fair value estimation are set out in note 32.

During the year ended 31 December 2017, the Group purchased credit insurance over the loans receivables and finance lease receivables (as disclosed in notes 22 and 23) through ZhongAn Online of HK$12,458,000 (2016: HK$3,158,000) as part of the credit management over financing services operation of the Group.

18. AVAILABLE-FOR-SALE INVESTMENTS (Continued)

Notes: (Continued)

(ii) During the year ended 31 December 2017, the Group additionally invested in four entities in the PRC (2016: additional three in Hong Kong, PRC and overseas) for an aggregate consideration of HK$85,526,000 (2016: HK$16,273,000). The Group also additionally invested in four unlisted fund investments in overseas of HK$28,750,000 (2016: nil) during the year ended 31 December 2017. They are classified as available-for-sale investments.

During the year ended 31 December 2017, the Group disposed of certain unlisted equity securities with carrying amount of HK$3,835,000, which had been carried at cost less impairment before the disposal, at cash consideration of HK$3,835,000 to an independent third party.

During the year ended 31 December 2017, an impairment loss of HK$17,021,000 (2016: HK$8,619,000) in aggregate has been recognised to write down the carrying amount of certain unlisted equity securities in the PRC due to their insolvent financial positions. Other than this, the directors of the Company consider no impairment is required in respect of the other unlisted investments in both years.

The above unlisted equity investments are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

19. LOAN RECEIVABLE FROM ASSOCIATES

	2017	2016
	HK$'000	*HK$'000*
Shareholder's loan receivable	**1,771,260**	1,894,095
Less: Share of loss and other comprehensive expenses of associates in excess of cost of investment	**(563,354)**	(655,705)
	1,207,906	1,238,390

19. LOAN RECEIVABLE FROM ASSOCIATES (Continued)

The amount represents a shareholder's loan receivable from RGAP for financing a property development and property investment project in Shanghai, which carries a 20% coupon interest rate per annum and forms part of the net investment in RGAP. As the loan receivable was considered as a net investment, the Group has recognised its share of loss of RGAP in excess of the cost of investment against the loan receivable. The amount is carried at amortised cost based on the estimated future cash flows that are expected to be received by the Group as well as the estimated timing of such receipts. The loan receivable including principal and interest is unsecured and has no fixed repayment terms. The directors of the Company consider that the loan receivable will not be repayable within one year from the end of the reporting period, it is classified as non-current asset accordingly.

The directors of the Company assessed the recoverable amount of the loan receivable (including the interest receivable from the loan receivable) taking into consideration the estimated future cash flows and timing of such cash flows discounted at its original effective interest rate.

During the year, RGAP has delayed the construction plan of its property project. As such, the Group has revised its estimates as to when the amounts due from associates and loan receivable from associates can be received. An impairment loss of HK$122,835,000 (2016: HK$230,000,000), which represented an adjustment to the loan receivable from associates to reduce its carrying amount to its estimated recoverable amount, is recognised in profit or loss during the year ended 31 December 2017.

The directors of the Company have reviewed the carrying amount of the loan receivable from associates of HK$1,207,906,000 (2016: HK$1,238,390,000) and amounts due from associates of HK$170,744,000 (2016: HK$154,706,000) and considered that these amounts are fully recoverable.

20. STOCK OF PROPERTIES

	2017	2016
	HK$'000	*HK$'000*
Properties under development	**887,987**	820,682

As at 31 December 2017, properties under development of HK$887,987,000 (2016: HK$820,682,000) represent the carrying amount of the properties expected to be completed within one year from the end of the reporting period.

21. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2017 HK$'000	2016 HK$'000
Trade receivables from property management and property investment services	**2,241**	1,492
Trade receivables from financing services	**11,694**	–
Interest receivables	**9,393**	9,848
Other receivables, deposits and prepayments (note)	**30,266**	20,289
	53,594	31,629

Note: As at 31 December 2017, the Group has prepayment of credit insurance over the loans receivables and finance lease receivables (as disclosed in notes 22 and 23) through ZhongAn Online of HK$5,222,000 (2016: nil).

The Group allows an average credit period ranging from 0 to 60 days to its customers of property management and property investment business from the invoices issuance dates. The following is an aged analysis of trade receivables from property management and property investment services presented based on invoice dates at the end of reporting period.

	2017 HK$'000	2016 HK$'000
Aged:		
0 to 60 days	**1,960**	1,318
61 to 180 days	**263**	154
Over 181 days	**18**	20
	2,241	1,492

The Group allows a credit period of 30 days to its customers of financing business. The following is an aged analysis of trade receivables from financing services presented based on invoice dates at the end of reporting period.

	2017 HK$'000	2016 HK$'000
Aged:		
0 to 30 days	**11,694**	–

All trade receivables from financing services are neither past due nor impaired.

21. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

Management of the Group closely monitors the credit quality of trade receivables and considers the trade receivables that are neither past due nor impaired to be of a good credit quality.

Included in the Group's trade receivables from property management and property investment are debtors with aggregate carrying amount of HK$281,000 (2016: HK$174,000) which are past due at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

Ageing of trade debtors from property management and property investment services which are past due but not impaired:

	2017	2016
	HK$'000	*HK$'000*
61-180 days	**263**	154
Over 181 days	**18**	20
	281	174

The Group has not provided fully for all receivables from property management and property investment aged over 60 days based on the historical experience of the Group that receivables are past due but not impaired are generally recoverable.

22. LOANS RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Factoring loans receivables with recourse (note (i))	**527,395**	–
Purchased loans receivables (note (ii))	**357,955**	–
Designated loan receivable through a trust (note (iii))	**119,617**	–
Other loans receivables (note (iv))	**61,684**	76,336
Total	**1,066,651**	76,336

For the purpose of financial report, the loans receivables analysed as follows:

Non-current	**466,091**	50,000
Current	**600,560**	26,336
Total	**1,066,651**	76,336

22. LOANS RECEIVABLES (Continued)

Notes:

(i) During the year ended 31 December 2017, the Group granted factoring loans receivables to independent third parties, which the independent third parties have a portfolio of the receivables from providing loan to the underlying customers. According to the factoring agreements signed between the independent third parties and the Group, the legal title of the receivables of the underlying customers were transferred to the Group and the independent third parties are responsible for the management of the underlying customer receivables, including the collection of receivables from the underlying customers. Also, such receivable is guaranteed by the independent third parties and repayable by instalment based on the terms of the factoring agreement. In the event of default of repayment by the underlying customers, the Group has the right to request independent third parties to repurchase the outstanding receivables of the underlying customers plus accrued interest. The independent third parties are obliged to repay to the Group within 5 days upon their collection of money from the underlying customers, and the Group expects to realise such amounts by collecting the repayments from the independent third parties. The effective interest rates of the factoring loans receivables range mainly from 6.4% to 14.6% per annum as at 31 December 2017. The management of the Group reviews and assesses for impairment individually and continues to monitor any significant changes.

As at 31 December 2017, entire factoring loans receivables are neither past due nor impaired.

(ii) During the year ended 31 December 2017, the Group purchased a portfolio of unsecured receivables from providing loan to the underlying customers with the principal amount of RMB230,000,000 from an independent third party without recourse at a cash consideration of RMB230,000,000 (equivalent to HK$275,120,000). The portfolio of the loans receivables is managed by a financial institution. The financial institution acted as the trustee and charged 0.1% per month on the loans receivables as trustee fee. This portfolio of loans receivables carried fixed interest rate ranged from 6.5% to 18% per annum and is repayable by instalment within 1 year. Based on the purchase agreement, the independent third party guaranteed the Group interest return of 6.5% per annum. The credit risk of this unsecured loan receivable is insured by ZhongAn Online.

Also, the Group purchased a portfolio of loans receivables to the underlying customers with the principal amount of RMB69,250,000 from an independent third party without recourse at a cash consideration of RMB69,250,000 (equivalent to HK$82,835,000). This portfolio of loans receivables, is secured by the properties held by underlying customers, carried fixed interest rate of 7.5% per annum and is repayable by instalment within 1 year. The credit risk of loans receivables is insured by ZhongAn Online. Upon the transfer, the insured person is then transferred to the Group.

22. LOANS RECEIVABLES (Continued)

Notes: (Continued)

(iii) During the year ended 31 December 2017, the Group entered into a trust loan agreement with a trustee, which is an independent third party. Pursuant to the agreement, the Group entrusted an amount of RMB100,000,000 (equivalent to HK$119,617,000) to a specific corporate borrower, which is also an independent third party, at an interest rate of 7.0% per annum. The trustee charged 0.1% per month on the loan receivable as trustee fee. This loan receivable is unsecured and will be matured in September 2019.

(iv) Other loans receivables to independent third parties are unsecured and carried interest rate ranged from 6.0% to 16.0% per annum.

Deposits of HK$33,543,000 (2016: nil) have been received from the independent third parties by the Group to secure certain loans receivables and classified into current liabilities based on the final loan instalment due date stipulated in the loan agreements. The deposits are non-interest bearing and repayable by the Group upon the full settlement of the loans receivables by independent third parties.

Transfers of financial assets

The followings were the loans receivables as at 31 December 2017 that were transferred to financial institutions by factoring loans receivables on a full recourse basis. As the Group has retained substantially all the risks and rewards of ownership of these loans receivables, it continues to recognise the full carrying amount of the loans receivables and has recognised the cash received on the transfer as secured factoring loan (see note 28). These financial assets are carried at amortised cost in consolidated statement of financial position.

	2017	2016
	HK$'000	*HK$'000*
Carrying amount of transferred assets	**362,130**	–
Carrying amount of associated liabilities	**(357,716)**	–

23. FINANCE LEASE RECEIVABLES

Certain of the Group's equipment are leased out under finance leases. All leases are denominated in RMB. The term of finance leases entered into is one year.

	Minimum lease payments As at 31 December		Present value of minimum lease payments As at 31 December	
	2017	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Not later than one year	**117,893**	–	**111,463**	–
Less: Unearned finance income	**(6,430)**	–	**N/A**	–
Present value of lease obligations	**111,463**	–	**111,463**	–

The Group's finance lease receivables are denominated in RMB. The effective interest rates of the finance leases as at 31 December 2017 range from 8.7% to 10.6% per annum.

As at 31 December 2017, entire finance lease receivables were guaranteed by related parties of customers and secured by the leased assets and customers' deposits. The title of the leased assets will be transferred to the customers with minimal consideration at the end of the term of leases.

There was no unguaranteed residual value in connection with finance lease arrangements or contingent lease arrangements that needed to be recorded as at the end of the reporting period.

Deposits of HK$15,431,000 (2016: nil) have been received by the Group to secure certain finance lease receivables and classified into current liabilities based on the final lease instalment due date stipulated in the finance lease agreements. The deposits are non-interest bearing. In addition, the finance lease receivables are secured over the leased assets, mainly machinery leased, as at 31 December 2017. The Group is not permitted to sell, or repledge the collateral of the finance lease receivables without consent from the lessee in the absence of default by the lessee.

Fair value of collateral are estimated during the credit approval process. These estimates of valuations are made at the inception of finance lease, and generally not updated except when the receivable is individually impaired. When a finance lease receivable is identified as impaired, the corresponding fair value of collateral of that receivable is reassessed by reference to market value such as recent transaction price of the assets.

The finance lease receivables at the end of the reporting period are neither past due nor impaired.

24. FINANCIAL ASSETS AT FVTPL AND DERIVATIVE FINANCIAL INSTRUMENTS

	2017	2016
	HK$'000	*HK$'000*
Financial assets at FVTPL		
Investments held-for-trading, at fair value		
– Equity securities listed in Hong Kong	**24,418**	66,732
– Equity securities listed in the PRC	**39,116**	100,371
– Equity securities listed in the United States of America ("USA")	**–**	21,097
– Senior notes listed in Hong Kong	**24,085**	59,596
– Senior notes listed overseas	**37,446**	103,374
Designated at FVTPL		
– Coupon notes linked with listed equity securities	**131,655**	69,618
	256,720	420,788

The fair value of the above listed equity securities and senior notes were determined based on the quoted market bid prices of the listed securities available on the relevant exchanges.

Derivative financial instruments

As at 31 December 2016, derivative financial instruments comprise gross-settled option contracts linked with equity securities listed in Hong Kong and the USA.

25. LONG-TERM BANK DEPOSITS, SHORT-TERM BANK DEPOSITS, PLEDGED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

Long-term bank deposits

Long-term bank deposits are deposits with banks with a maturity period of more than twelve months at the date of inception. Long-term bank deposits will mature after 12 months from the end of the reporting period and are therefore classified as non-current assets as at 31 December 2017 and 2016. The deposits carry interest at prevailing market rate 3.58% per annum.

25. LONG-TERM BANK DEPOSITS, SHORT-TERM BANK DEPOSITS, PLEDGED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS (Continued)

Short-term bank deposits/pledged bank deposits/cash and cash equivalents

	2017	2016
	HK$'000	*HK$'000*
Cash and cash equivalents consist of:		
Bank balances and cash	**952,083**	799,039
Deposits in the brokers' house that can be withdrawn anytime with no penalty	**976,513**	586,588
Total	**1,928,596**	1,385,627

Short-term bank deposits are deposits with banks with a maturity period of more than three months at the date of inception. Short-term bank deposits will mature within 12 months from the end of the reporting period and are therefore classified as current assets as at 31 December 2017 and 2016. The deposits carry interest at prevailing market rate ranging from 3.22% to 4.5% (2016: 2.55% to 3.50%) per annum.

The Group's pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group.

Bank balances and pledged bank deposits carry interest at prevailing market rates which range from 0.00% to 3.47% (2016: 0.00% to 2.90%) per annum at 31 December 2017.

Deposits in the brokers' house are for securities trading purpose. The deposits are interest-free, have no maturity date and there is no restriction on withdrawal of the deposits.

At the end of the reporting period, the Group has the following pledged bank deposits, long-term and short-term bank deposits and cash and cash equivalents denominated in foreign currencies of the relevant group entities:

	2017	2016
	HK$'000	*HK$'000*
USD	**54,250**	86,510
HK$	**4,455**	43,344
RMB	**36,014**	17,951

26. STRUCTURED DEPOSITS

The Group entered into deposit placement with banks in the PRC. The bank guaranteed 100% of the invested principal amount and returns of which are determined by reference to the change in certain exchange rates or interest rates quoted in the market or the performance of financial indicator as specified in the relevant agreements.

Major terms of the structured deposits at the end of the reporting period are as follows:

At 31 December 2017

Principal amount	Maturity	Annual interest rate	Notes
RMB483,000,000	January 2018 to March 2018	from 1.1% to 4.6%	(i)

At 31 December 2016

Principal amount	Maturity	Annual interest rate	Notes
RMB915,000,000	January 2017 to December 2017	from 0.3% to 3.4%	(i)
RMB50,000,000	June 2017	from 1.5% to 3.8%	(ii)

Notes:

(i) The annual interest rate is dependent on whether 3 month London Inter Bank Offered Rate for deposits in USD falls within ranges as specified in the relevant deposits placement during the year from inception date to maturity date of the relevant agreements.

(ii) The annual interest rate is dependent on whether the spot rate for conversion of Australian dollar for USD as prevailing in the international foreign exchange market falls within ranges as specified in the relevant deposits placement during the year from inception date to maturity date of the relevant agreements.

The varying coupon payment of the structured deposits is regarded as a non-closely related derivative embedded in the host contract but the fair value of the embedded derivative has not been separately disclosed in the consolidated statement of financial position as the directors of the Company consider that its value is insignificant at initial recognition and the end of the reporting period.

27. TRADE PAYABLES, DEPOSITS RECEIVED AND ACCRUED CHARGES

	2017 HK$'000	2016 HK$'000
Trade payables	**47,798**	45,001
Other payables for construction work	**205,545**	245,451
Deposits and receipts in advance for rental and management fee	**111,040**	115,384
Deposits received from customers of loans receivables	**33,543**	–
Deposits received from customers of finance lease receivables	**15,431**	–
Other tax payables	**25,097**	21,157
Salaries payable and staff welfare payables	**52,740**	50,979
Other payables and accrued charges	**52,788**	37,968
	543,982	515,940

The following is an aged analysis of trade payables, based on the invoice date, at the end of the reporting period:

	2017 HK$'000	2016 HK$'000
Aged:		
0 to 90 days	**11,926**	10,412
91 to 180 days	**1,783**	3,409
181 to 360 days	**3,582**	2,404
Over 360 days	**30,507**	28,776
	47,798	45,001

As at year end, the Group has outstanding payables in relation to acquisition and/or construction of property, plant and equipment, investment properties and stock of properties amounting to HK$57,520,000 (2016: HK$86,950,000), HK$17,728,000 (2016: HK$34,895,000) and HK$130,297,000 (2016: HK$123,606,000) respectively which are included in other payables for construction work respectively.

28. BORROWINGS

	2017 HK$'000	2016 HK$'000
Bank borrowings – secured	**927**	922
Bank borrowings – unsecured	**59,809**	89,385
Other borrowings – secured	**358,851**	–
Factoring loans – secured	**357,716**	–
	777,303	90,307
Carrying amounts repayable based on a schedule repayment term:		
Within one year	**394,855**	33,575
More than one year but not exceeding two years	**24,104**	33,631
More than two years but not exceeding five years	**538**	22,849
More than five years	**90**	252
	419,587	90,307
Carrying amounts of factoring loans that contain a repayment on demand clause (shown under current liabilities) but repayable:		
Within one year	**357,716**	–
	777,303	90,307
Less: Amount classified as current liabilities	**(752,572)**	(33,575)
Amount due after one year and classified as non-current liabilities	**24,731**	56,732

At 31 December 2017, the bank borrowings carried interest at benchmark interest rate as stipulated by the People's Bank of China plus or minus a certain percentage. The unsecured bank borrowings are also guaranteed by Shenzhen Mangrove West Coast Property Development Co., Ltd. ("SMWC"), one of the subsidiaries of the Group.

The other borrowings of RMB300,000,000 (equivalent to HK$358,851,000) (2016: nil) as at 31 December 2017 represented a secured borrowing from a non-bank financial institution in the PRC carrying interest at 7.90% per annum and repayable within one year. According to the loan agreement, the other borrowings are secured by an insurance policy, which is purchased by the Group with ZhongAn Online.

28. BORROWINGS (Continued)

The Group's factoring loans as at 31 December 2017 represented the loans receivables of the Group discounting to financial institutions of the PRC on a full recourse basis with fixed interest rate. Details of loans receivables are disclosed in note 22.

The interest rates as at the end of the reporting period for the loans range from 4.41% to 7.90% (2016: 4.41% to 5.90%) per annum.

29. DEFERRED TAXATION

	Revaluation on investment properties	Revaluation of available-for-sales investments	Undistributed profits of subsidiaries	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2016	312,836	–	41,900	354,736
Currency realignment	(21,063)	–	(2,456)	(23,519)
Charge (credit) to profit or loss	26,838	–	(5,010)	21,828
At 31 December 2016	318,611	–	34,434	353,045
Currency realignment	22,940	39,484	2,591	65,015
Charge to profit or loss	13,121	–	4,624	17,745
Charge to other comprehensive income	–	1,138,214	–	1,138,214
At 31 December 2017	354,672	1,177,698	41,649	1,574,019

At the end of the reporting period, the Group has estimated unused tax losses of HK$230,004,000 (2016: HK$152,984,000) available to offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams and such losses may be carried forward indefinitely.

At the end of the reporting period, the Group has deductible temporary differences of HK$568,518,000 (2016: HK$502,241,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred taxation on undistributed profits of subsidiaries has been recognised taking into account the dividends to be distributed from profits earned by the subsidiaries in the PRC starting from 1 January 2008 under the New Law of the PRC that requires withholding tax with tax rate ranging from 5% to 10% upon the distribution of such profits to the shareholders. Deferred taxation has not been recognised in respect of certain undistributable retained profits earned by the subsidiaries in the PRC starting from 1 January 2008 amounting to HK$2,034,256,000 (2016: HK$2,044,577,000) as the directors of the Company are of the opinion that the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

30. SHARE CAPITAL

	Number of shares	Amount
		HK$'000
Shares of HK$0.10 each		
Authorised:		
At 1 January 2016, 31 December 2016 and 31 December 2017	6,000,000,000	600,000
Issued and fully paid:		
At 1 January 2016, 31 December 2016 and 31 December 2017	3,541,112,832	354,111

There was no movement in the Company's share capital for both years.

31. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of debts, which include the borrowings disclosed in note 28, and equity attributable to owners of the Company, comprising issued share capital, reserves including retained earnings.

The directors of the Company review the capital structure on a semi-annual basis. As part of this review, the directors of the Company consider the cost of capital and the risks associates with each class of capital. Based on recommendations of the directors of the Company, 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.

32. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2017	2016
	HK$'000	*HK$'000*
Financial assets		
Financial assets at FVTPL	**256,720**	420,788
Derivative financial instruments	**–**	3,138
Loan and receivables (including cash and cash equivalents)	**5,548,212**	4,545,550
Available-for-sale financial assets	**4,968,197**	155,978
Financial liabilities		
Amortised cost	**1,258,881**	562,406
Derivative financial instruments	**–**	9,256

Financial risk management objectives and policies

The Group's major financial instruments include available-for-sale investments, loan receivable from associates, loans receivables, finance lease receivables, trade and other receivables, amounts due from associates, financial assets at FVTPL, long-term and short-term bank deposits, structured deposits, pledged bank deposits, cash and cash equivalents, borrowings, trade payables, deposits received and accrued charges and derivative financial instruments. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

Currency risk refers to the risk that movement in foreign currency exchange rate which will affect the Group's financial results and its cash flows. The management of the Group considers the Group is not exposed to significant foreign currency risk as majority of its transactions are denominated in RMB (the functional currency of the Group's major subsidiaries). There were certain bank balances are denominated in foreign currencies other than the functional currency of the relevant group entities, which expose the Group to foreign currency risk.

32. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Currency risk (Continued)

Since the exchange rate of HK$ is pegged with USD, the Group does not expect any significant movements in USD/HK$ exchange rates. Therefore, the following sensitivity analysis does not include the effect between USD and HK$. The Group's sensitivity is based on 5% increase and decrease in the functional currency of the respective group entity against relevant foreign currencies and all other variables were held constant. 5% is the sensitivity rate used by management in the assessment of the reasonably possible change in foreign exchange rates.

At the end of the reporting period, the Group has the following financial assets denominated in foreign currencies of the relevant group entities:

	2017	2016
	HK$'000	*HK$'000*
Cash and cash equivalents denominated in:		
USD against RMB as functional currency	**423**	2,932
USD against HK$ as functional currency	**53,827**	83,578
HK$ against RMB as functional currency	**4,455**	43,344
RMB against HK$ as functional currency	**36,014**	17,951
Loan receivable from associates denominated in USD against RMB as functional currency	**1,207,906**	1,238,390
Amounts due from associates denominated in USD against RMB as functional currency	**170,744**	154,706
Other receivables denominated in HK$ against RMB as functional currency	**2,405**	2,538
Available-for-sale investments denominated in:		
Japanese Yen against RMB as functional currency	**–**	3,835
HK$ against RMB as functional currency	**12,500**	12,500
USD against HK$ as functional currency	**28,750**	–

If foreign currencies had weakened/strengthened 5% against the respective functional currencies and all other variables were held constant, the Group's profit after taxation for the year ended 31 December 2017 would decrease/increase by HK$53,792,000 (2016: loss after taxation would increase/decrease by HK$55,357,000). This is mainly attributable to the Group's exposure to foreign currency exchange rate on the bank balances and loan receivable from associates.

32. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate loan receivable from associates, loans receivables and the investment in senior notes listed overseas as at 31 December 2017 and 2016 and fixed-rate finance lease receivables, other borrowing and factoring loans as at 31 December 2017. The Group is also exposed to cash flow interest rate risk in relation to variable-rate long-term and short-term bank deposits, structured deposits, bank balances and pledged bank deposits and bank borrowings as at 31 December 2017 and 2016. The Group currently does not have any policy on cash flow hedges of interest rate risk. However, the management of the Group monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

Sensitivity analysis

The management of the Group considers that the Group's exposure to cash flow interest rate risk on variable-rate bank balances and pledged bank deposits as a result of the change of market interest rate is insignificant due to its short-term maturity and thus no sensitivity analysis is prepared for interest rate risk.

The sensitivity analyses below have been determined based on the exposure to cash flow interest rate risk for financial instruments at the end of the reporting period. For variable-rate financial instruments, the analysis is prepared assuming the stipulated changes took place at the beginning of the financial year with other variables held constant throughout the reporting period. A 50 basis points increase or decrease is used which represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit after taxation for the year ended 31 December 2017 would increase/decrease by HK$1,939,000 (2016: loss after taxation would decrease/increase by HK$3,705,000). This is mainly attributable to the Group's exposure to interest rates on variable-rate structured deposits and bank borrowings in the PRC.

Other price risk

The Group is exposed to equity price risk through its available-for-sale investments, investments held-for-trading, financial assets at FVTPL and derivative financial instruments. The Group has concentration risk on its investments held-for-trading which were mainly investments in the construction and insurance sector and has equity price risk on equity instruments quoted in the Stock Exchange, New York Stock Exchange, Shenzhen Stock Exchange and Shanghai Stock Exchange. The Group has a team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks.

32. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Sensitivity analysis (Continued)

If the prices of the respective equity instruments and listed senior notes had been 10% higher/lower, profit after taxation for the year ended 31 December 2017 increase/decrease by HK$10,443,000 (2016: loss after taxation would decrease/increase HK$35,136,000) as a result of the changes in fair value of financial assets at FVTPL and investments revaluation reserve for the year ended 31 December 2017 increase/decrease by HK$360,576,000 (2016: nil) as a result of the change in fair value of available-for-sale investments.

No sensitivity analysis is provided on the derivative financial instruments as the management of the Group considers that the price fluctuation on derivative financial instruments is minimal and the impact from the exposure to interest rate risk sensitivity is considered insignificant.

Credit risk

As at 31 December 2017, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees issued by the Group arising from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position; and
- the amount of contingent liabilities disclosed in note 36.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade and other receivables, loans receivables from independent third parties and finance lease receivables at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

In respect of loan receivable from associates and amounts due from associates, the management of the Group has regularly reviewed the development status of the property development and property investment project of the associates and the expected market price and the rental income of the properties. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

In respect of the finance lease receivables, the management of the Group has regularly reviewed the collateral from the customers so as to ensure adequate collateral is received from these counterparties and taken effective measures to ensure timely collection of outstanding balances.

32. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk (Continued)

Other than the above, the management of the Group also managed the credit risk of loans receivables and finance lease receivables through the purchase of credit insurance through ZhongAn Online. In this regard, the directors of the Company consider that the Group's credit risk of loans receivables and finance lease receivables is significantly reduced.

The credit risk on liquid funds is limited because majority of the counterparties are banks with good reputation.

Other than concentration of credit risk on loan receivable from associates and amounts due from associates, the Group does not have any other significant concentration of credit risk.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and bank balances (including pledged bank deposits, structured deposits, short-term bank deposits and cash and cash equivalents) which is expected adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management of the Group monitors the utilisation of borrowings and ensures compliance with loan covenants.

The Group relies on borrowings as a source of liquidity.

The following table details the Group's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average interest rate	On demand or less than 1 month	1 month to 1 year	1 to 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount at 31.12.2017
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2017							
Trade payables, deposits received and accrued charges	-	228,235	253,343	-	-	481,578	481,578
Financial guarantees (Note)	-	20,220	-	-	-	20,220	-
Borrowings	7.13	715,178	68,127	25,823	92	809,220	777,303
		963,633	321,470	25,823	92	1,311,018	1,258,881

32. FINANCIAL INSTRUMENTS (Continued)
Financial risk management objectives and policies (Continued)
Liquidity risk (Continued)

	Weighted average interest rate %	On demand or less than 1 month *HK$'000*	1 month to 1 year *HK$'000*	1 to 5 years *HK$'000*	Over 5 years *HK$'000*	Total undiscounted cash flows *HK$'000*	Carrying amount at 31.12.2016 *HK$'000*
2016							
Trade payables, deposits received and accrued charges	–	192,059	280,040	–	–	472,099	472,099
Financial guarantees (Note)	–	20,415	–	–	–	20,415	–
Borrowings	4.43	3,131	34,441	60,085	317	97,974	90,307
		215,605	314,481	60,085	317	590,488	562,406
Derivative – net settlement							
– Derivative financial instruments		416	8,840	–	–	9,256	9,256

Note: The amounts included above for financial guarantee contracts were the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if the mortgage loans are defaulted by the counterparties. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under that arrangement. However, this estimate is subject to change depending on the probability of the counterparties would default on the relevant loans under the guarantee which is a function of the likelihood that the financial receivables held by banks which are guaranteed suffer credit losses. Details refer to note 36.

Factoring loans with a repayment on demand clause are included in the "on demand or less than 1 month" time band in the above maturity analysis. As at 31 December 2017, the aggregate undiscounted principal amounts of these bank loans amounted to HK$357,716,000 (2016: nil). Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the financial institutions will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such factoring loans will be repaid within one year after the end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements, details of which are set out in the table below:

	Weighted average interest rate %	**On demand or less than 1 month** *HK$'000*	**1 month to 1 year** *HK$'000*	**1 to 5 years** *HK$'000*	**Over 5 years** *HK$'000*	**Total undiscounted cash flows** *HK$'000*	**Carrying amount at 31.12.2017** *HK$'000*
Borrowings							
As at 31 December 2017	6.81	38,982	331,322	–	–	370,304	357,716

32. FINANCIAL INSTRUMENTS (Continued)

Fair value measurements of financial instruments

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s)
	31.12.2017	31.12.2016		
Available-for-sale investments domestic shares of an entity listed in Hong Kong	**HK$4,807,679,000**	–	Level 3	Average-price Asian Put Option model (note)
Available-for-sale investments on unlisted fund	**HK$28,750,000**	–	Level 2	Net asset value of fund (i.e. fair value of the portfolio included in the fund)
Investment in listed equity securities held-for-trading	**HK$63,534,000**	HK$188,200,000	Level 1	Quoted bid prices in an active market
Investment senior notes listed overseas	**HK$61,531,000**	HK$162,970,000	Level 2	Recent transaction prices
Financial assets designated at FVTPL	**HK$131,655,000**	HK$69,618,000	Level 3	Quoted prices from financial institutions
Derivative financial instruments	**-**	Assets: HK$3,318,000 Liabilities: HK$9,256,000	Level 3	Quoted prices from financial institutions

Note: The key inputs of valuation of available-for-sale investments at fair value included (i) share price of ZhongAn Online H Shares as at the end of the reporting period of HK$69.3 per share; and (ii) discount for lack of marketability. The discount for lack of marketability is determined based on Average-price Asian put option model with unobservable inputs of (i) expected time for conversion of domestic shares to listed shares of 3 years, (ii) volatility of comparable entities in the same industry of ZhongAn Online of 35.0%; and (iii) expected dividend yield of 0%. The higher of expected volatility caused, the lower the fair value. An increase in the discount for lack of marketability used in isolation would result in a decrease in the fair value measurement of the fair value on ZhongAn Online's domestic shares, and vice versa. An 1% increase in the discount for lack of marketability holding all other variables constant would decrease the fair value on ZhongAn Online's domestic shares by HK$55,903,000.

There were no transfers between Level 1 and 2 during both years.

32. FINANCIAL INSTRUMENTS (Continued)

Fair value measurements of financial instruments (Continued)

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

The management of the Group estimates the fair value of its financial assets and financial liabilities measured at amortised cost using the discounted cash flows analysis.

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate their fair values.

Reconciliation of Level 3 fair value measurements of financial assets and financial liabilities

	Financial assets designated at FVTPL	Available-for-sales investments	Derivative financial instruments – (liabilities) assets	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2016	–	–	–	–
Purchase	132,873	–	–	132,873
Disposal	(60,309)	–	–	(60,309)
Fair value change to profit or loss	(2,946)	–	(5,938)	(8,884)
At 31 December 2016	69,618	–	(5,938)	63,680
Transfer	–	90,503	–	90,503
Purchase	325,377	–	–	325,377
Disposal	(266,154)	–	–	(266,154)
Currency realignment	–	164,320	–	164,320
Fair value change to profit or loss	2,814	–	5,938	8,752
Fair value change to other comprehensive income	–	4,552,856	–	4,552,856
At 31 December 2017	131,655	4,807,679	–	4,939,334

33. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with its related parties during the year.

Name of related party	Nature of transaction	2017	2016
		HK$'000	*HK$'000*
Shanghai Rockefeller	Project management fee income	**26,195**	26,195

The key management personnel are the executive directors of the Company. The details of the remuneration paid to them are set out in note 10.

34. SHARE OPTIONS

A share option scheme was adopted by shareholders of the Company on 17 May 2012 (the "2012 Share Option Scheme"), under which the board of directors may, at its discretion, offer any employee (including any executive director) of the Company or its subsidiaries options to subscribe for shares in the Company subject to the terms and conditions stipulated therein. The 2012 Share Option Scheme has a life of 10 years.

On 15 May 2015, the Group granted 79,000,000 share options to the directors of the Company and 40,000,000 share options to the employees of the Group.

The table below discloses movement of the Company's share options held by the directors and the employees:

	Number of share options
At 1 January 2016	119,000,000
Lapsed during the year	(3,000,000)
At 31 December 2016	116,000,000
Lapsed during the year	(2,000,000)
At 31 December 2017	114,000,000
Exercisable at the end of the reporting period	
At 31 December 2017	114,000,000
At 31 December 2016	116,000,000

As at 31 December 2017, the number of shares in respect of which options had been granted and remained outstanding under the 2012 Share Option Scheme was 114,000,000 (2016: 116,000,000), representing 3.2% (2016: 3.3%) of the shares of the Company in issue at that date.

34. SHARE OPTIONS (Continued)

In relation to the options granted to directors of the Company during the period, 50% of the options will vest six months after the grant date and remaining 50% of the options will vest twelve months after the grant date. In relation to the options granted to employees during the period, 50% of the options will vest 6 months after the grant date, 25% of the options will vest twelve months after the grant date and remaining 25% of the options will vest eighteen months after the grant date. The share option is exercisable from the completion of vesting period to 14 May 2025 with exercise price of HK$1.37.

The fair value of each tranche of the share options granted to the directors of the Company determined at the date of grant using the Binomial model was approximately HK$28,303,000 and HK$28,361,000, respectively. The fair value of each tranche of share options granted to the employees determined at the date of grant using the Binomial model were approximately HK$12,807,000, HK$6,475,000 and HK$6,589,000, respectively.

During the year ended 31 December 2016, total share-based payments of HK$16,783,000 has been recognised in the profit or loss and recorded in administrative expense. The corresponding amount of HK$16,783,000 has been credited to share option reserve.

35. RETIREMENT BENEFITS SCHEMES

The Group's subsidiaries operating in the PRC have participated in defined contribution retirement schemes organised by the relevant local government authorities in the PRC. All PRC employees are entitled to an annual pension equal to a fixed portion of their basic salaries at their retirement dates. The Group is required to make specific contributions to the retirement schemes at a rate of 7 to 25 percent of basic salary of its PRC employees and have no further obligation for post-retirement benefits beyond the annual contributions made.

The Group has joined a Mandatory Provident Fund ("MPF") Scheme for all its non-PRC employees. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. The retirement benefits scheme contributions arising from the MPF Scheme charged to the consolidated statement of profit or loss represent contributions payable to the funds by the Group at rates specified in the rules of the scheme.

During the year ended 31 December 2017, the Group made contributions to the retirement benefits schemes amounting to HK$10,482,000 (2016: HK$10,080,000).

36. CONTINGENT LIABILITIES

	2017	2016
	HK$'000	*HK$'000*
Guarantees given to banks for the mortgage loans arranged for the purchasers of the Group's properties	**20,220**	20,415

No financial liabilities were recorded as, in the opinion of the directors of the Company, the fair values of the financial guarantee contracts at initial recognition and at the end of reporting period were not significant during both years and it is not probable that the counter parties would default on the relevant loans.

37. COMMITMENTS

Saved as disclosed elsewhere in the consolidated financial statements, the Group has following commitment at the end of each reporting period.

	2017	2016
	HK$'000	*HK$'000*
Commitments in respect of properties under development for sale:		
– contracted for but not provided in the consolidated financial statements	**50,949**	44,354

38. OPERATING LEASE COMMITMENTS

The Group as lessor

At the end of the reporting period, the Group had contracted with tenants for future minimum lease receipts in respect of investment properties under non-cancellable operating leases which fall due as follows:

	2017	2016
	HK$'000	*HK$'000*
Within one year	**114,146**	108,066
In the second to fifth year inclusive	**149,260**	146,071
Over five years	**–**	1,597
	263,406	255,734

The properties held have committed tenants for periods up to five years after the end of the reporting period.

38. OPERATING LEASE COMMITMENTS (Continued)

The Group as lessee

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

	2017	2016
	HK$'000	*HK$'000*
Within one year	**8,116**	2,235
In the second to fifth years inclusive	**10,145**	177
	18,261	2,412

Operating lease payments represent rental payable by the Group for certain of its office properties.

Leases are negotiated for terms ranging from one to three years.

39. PLEDGE OF ASSETS

At 31 December 2017, bank deposits of HK$629,000 (2016: HK$586,000) and investment properties with an aggregate carrying amount of HK$543,062,000 (2016: HK$535,800,000) were pledged to banks to secure general banking facilities granted to the Group.

40. MAJOR NON-CASH TRANSACTION

During the year ended 31 December 2016, the Group subscribed the shares of an investee, which is then classified as available-for-sale investments, with the consideration of the loan receivable from an investee of HK$6,414,000.

41. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Bank borrowings
	HK$'000
As at 1 January 2017	90,307
Financing cash flow (note)	649,734
Interest expenses	8,070
Currency realignment	29,192
As at 31 December 2017	777,303

Note: The financing cash flow represents the repayment of borrowings and interests and new borrowings raised.

42. LIST OF SUBSIDIARIES

Details of the Company's subsidiaries at 31 December 2017 and 2016 are as follows:

Name of subsidiary	Place of incorporation/ establishment/ operation	Issued and fully paid up share capital/ registered capital	Attributable proportion of nominal value of issued/registered capital held by the Company		Principal activities
			Directly	Indirectly	
Cnhooray Internet Technology Co., Ltd. ("Cnhooray Internet") 深圳日訊網絡科技股份有限公司	PRC – Sino-foreign equity joint venture	RMB40,000,000	–	80%	Consultancy services in relation to information, multimedia and communication technologies
Ease Win International Limited	BVI/Hong Kong	USD1	100%	–	Investment holding
Firstline Investment Limited	BVI/Hong Kong	USD1	–	100%	Investment holding
Global Mark Investments Limited	BVI/Hong Kong	USD1	–	100%	Investment holding
Hu Qin Investments Management Limited	BVI/Hong Kong	USD100	–	60%	Investment holding

42. LIST OF SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Issued and fully paid up share capital/ registered capital	Attributable proportion of nominal value of issued/registered capital held by the Company Directly	Indirectly	Principal activities
Knatwood Limited	BVI/Hong Kong	USD1	–	100%	Investment holding
Link Capital Investments Limited	BVI/Hong Kong	USD50,000	–	100%	Investment holding
Mei Long Investments Limited	Hong Kong	HK$1	–	100%	Investment holding
Moreluck Enterprises Limited	BVI/Hong Kong	USD1	100%	–	Investment holding
Ocean Diamond Limited	BVI/Hong Kong	USD50,000	–	100%	Investment holding
Real Achieve Limited	BVI/Hong Kong	USD1	100%	–	Investment holding
Shanghai Sinolink Xijiao Property Development Co., Ltd. ("Shanghai Sinolink Xijiao") 上海百仕達西郊地產發展有限公司	PRC – Limited liability company	RMB190,000,000	–	80%	Property development
上海百仕達蘇河灣地產發展有限公司 ("百仕達蘇河灣")	PRC – Limited liability company	RMB5,000,000	–	80%	Property development
深圳市百仕達置地有限公司 ("百仕達置地")	PRC – Limited liability company	RMB10,000,000	–	80%	Property development
Shenzhen Mangrove West Coast Property Development Co., Ltd ("SMWC") 深圳紅樹西岸地產發展有限公司	PRC – Sino-foreign equity joint venture	RMB200,000,000	–	87%	Property development
深圳百仕達商業管理有限公司 ("百仕達商業")	PRC – Limited liability company	RMB1,000,000	–	80%	Property management
深圳百仕達酒店管理有限公司 ("百仕達酒店管理")	PRC – Limited liability company	RMB1,000,000	–	80%	Property management

42. LIST OF SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Issued and fully paid up share capital/ registered capital	Attributable proportion of nominal value of issued/registered capital held by the Company		Principal activities
			Directly	Indirectly	
Shenzhen Sinolink Property Management Co., Ltd. ("Sinolink Management") 深圳百仕達物業管理有限公司	PRC – Limited liability company	RMB5,000,000	–	80%	Property management
Sino Support Holdings Limited 漢承控股有限公司	BVI/Hong Kong	USD3,000	100%	–	Investment holding
Sinolink Assets Management Limited	BVI/Hong Kong	USD2	100%	–	Investment holding
Sinolink LPG Development Limited	BVI/Hong Kong	USD1	–	100%	Investment holding
Sinolink Petrochemical Investment Limited	BVI/Hong Kong	USD1	–	100%	Investment holding
Sinolink Progressive Limited	BVI/Hong Kong	USD47,207	100%	–	Investment holding
Sinolink Properties Agent Limited 百仕達物業代理有限公司	Hong Kong	HK$10,000	–	100%	Dormant
Sinolink Properties Limited ("Sinolink Properties") 百仕達地產有限公司	PRC – Foreign equity joint venture	RMB375,000,000	–	80%	Property development and property investment
Sinolink Shanghai Investments Ltd.	BVI/Hong Kong	USD1	100%	–	Investment holding

42. LIST OF SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Issued and fully paid up share capital/ registered capital	Attributable proportion of nominal value of issued/registered capital held by the Company Directly	Indirectly	Principal activities
Sinolink Worldwide (HK) Company Limited 香港百仕達有限公司	Hong Kong	HK$10,000,000	–	100%	Investment holding
Smart Orient Investments Limited	BVI/Hong Kong	USD1	100%	–	Investment holding
Timeway Holdings Limited	Hong Kong	HK$10,000	100%	–	Investment holding
Winner Idea Limited	BVI/Hong Kong	USD1	100%	–	Investment holding
眾聯融資租賃(上海)有限公司	PRC – Limited liability company	RMB300,000,000	100%	–	Financial leasing
眾安國際融資租賃(天津)有限公司	PRC – Limited liability company	RMB1,000,000,000	100%	–	Financial leasing
眾安國際商業保理(天津)有限公司	PRC – Limited liability company	RMB50,000,000	100%	–	Financial leasing
深圳市百仕達信息諮詢有限公司*	PRC – Limited liability company	RMB1,000,000	100%	–	Consultancy services in relation to information, investment and corporate management
Credence Online Group Limited* 眾誠互聯網集團有限公司	Hong Kong	HK$20,000,000	–	70%	Investment holding

* These subsidiaries are newly incorporated/established during the year ended 31 December 2017

42. LIST OF SUBSIDIARIES (Continued)

Except for the investment holding companies or dormant companies which have no definite place of operation, all the above subsidiaries operate principally in their respective place of incorporation/establishment.

None of the subsidiaries had issued any debt securities at the end of the year.

The table below shows details of non-wholly-owned subsidiaries of the Group that has material non-controlling interests:

Name of subsidiaries	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit (loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2017	2016	**2017**	2016	**2017**	2016
				HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Sinolink Properties and its subsidiaries (note)	Hong Kong/ PRC	**20%**	20%	**45,764**	29,331	**1,024,263**	910,090
Cnhooray Internet	PRC	**20%**	20%	**(246)**	361	**812,318**	99,082
Individual immaterial subsidiaries with non-controlling interests				**(9,712)**	–	**(3,712)**	–
				35,806	29,692	**1,832,869**	1,009,172

Note: The subsidiaries of Sinolink Properties include Shanghai Sinolink Xijiao, 百仕達蘇河灣, 百仕達置地, 百仕達商業, 百仕達酒店管理 and Sinolink Management.

42. LIST OF SUBSIDIARIES (Continued)

Summarised consolidated financial information for the years ended 31 December 2017 and 2016 in respect of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised consolidated financial information below represents amounts before intragroup eliminations.

Sinolink Properties and its subsidiaries

	2017	2016
	HK$'000	*HK$'000*
Non-current assets	**3,607,620**	2,882,628
Current assets	**3,653,204**	3,728,843
Non-current liabilities	**(421,053)**	(409,777)
Current liabilities	**(1,722,650)**	(1,652,587)
Total equity	**5,117,121**	4,549,107
Equity attributable to owners of the Company	**4,092,858**	3,639,017
Non-controlling interests of Sinolink Properties	**1,024,263**	910,090
Total	**5,117,121**	4,549,107
Revenue	**346,160**	317,975
Increase in fair value of investment properties	**52,486**	107,351
Other income	**93,068**	114,384
Expenses	**(240,151)**	(381,128)
Profit for the year	**251,563**	158,582
Other comprehensive income (expense) for the year	**316,451**	(302,739)
Total comprehensive income (expense) for the year	**568,014**	(144,157)
Profit for the year attributable to:		
– owners of the Company	**205,799**	129,251
– non-controlling interest of Sinolink Properties	**45,764**	29,331
Profit for the year	**251,563**	158,582
Other comprehensive income (expense) for the year attributable to:		
– owners of the Company	**248,042**	(241,500)
– non-controlling interest of Sinolink Properties	**68,409**	(61,239)
Other comprehensive income (expense) for the year	**316,451**	(302,739)
Total comprehensive income (expense) for the year attributable to:		
– owners of the Company	**453,841**	(112,249)
– non-controlling interest of Sinolink Properties	**114,173**	(31,908)
Total comprehensive income (expense) for the year	**568,014**	(144,157)

Note: The amount of non-controlling interests included 13% effective interest of SMWC. SMWC is 65% owned by Sinolink Properties and 35% owned by other group entities, which are wholly-owned by the Group.

42. LIST OF SUBSIDIARIES (Continued)

Sinolink Properties and its subsidiaries (Continued)

	2017 HK$'000	2016 HK$'000
Net cash outflow from operating activities	**(242,235)**	(124,761)
Net cash inflow (outflow) from investing activities	**1,032,991**	(1,135,439)
Net cash outflow from financing activities	**(79,155)**	(25,538)
Net cash inflow (outflow)	**711,601**	(1,285,738)

Cnhooray Internet

	2017 HK$'000	2016 HK$'000
Non-current assets	**4,834,202**	116,509
Current assets	**523,774**	485,324
Current liabilities	**(118,688)**	(106,422)
Non-current liabilities	**(1,177,698)**	–
Total equity	**4,061,590**	495,411
Equity attributable to owners of the Company	**3,249,272**	396,329
Non-controlling interests of Cnhooray Internet	**812,318**	99,082
Total	**4,061,590**	495,411
Other income	**4,142**	3,175
Expenses	**(5,373)**	(1,369)
(Loss) profit for the year	**(1,231)**	1,806
Other comprehensive income (expense) for the year	**3,567,410**	(33,710)
Total comprehensive income (expense) for the year	**3,566,179**	(31,904)
Loss (profit) for the year attributable to:		
– the owners of the Company	**(985)**	1,445
– non-controlling interests of Cnhooray Internet	**(246)**	361
	(1,231)	1,806
Other comprehensive income (expense) for the year attributable to:		
– owners of the Company	**2,853,928**	(26,969)
– non-controlling interests of Cnhooray Internet	**713,482**	(6,741)
	3,567,410	(33,710)
Total comprehensive income (expense) for the year attributable to:		
– owners of the Company	**2,852,943**	(25,524)
– non-controlling interests of Cnhooray Internet	**713,236**	(6,380)
	3,566,179	(31,904)
Net cash inflow (outflow) from operating activities	**16,108**	(2,303)
Net cash inflow (outflow) from investing activities	**1,190**	(6,871)
Net cash (outflow) inflow from financing activities	**(11,669)**	16,093
Net cash inflow	**5,629**	6,919

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2017	2016
	HK$'000	*HK$'000*
Non-current assets		
Plant and equipment	**25**	34
Unlisted investments in subsidiaries	**614,507**	614,507
Amount due from subsidiaries	**4,037,022**	4,179,137
Available-for-sale investments	**12,500**	12,500
Interests in associates	**69,124**	–
	4,733,178	4,806,178
Current assets		
Other receivables, deposits and prepayments	**2,907**	8,013
Bank balances and cash	**8,293**	45,885
Financial assets at FVTPL	**6,849**	18,623
	18,049	72,521
Current liabilities		
Other payables and accrued charges	**1,281**	161
Net current assets	**16,768**	72,360
Total assets less current liabilities	**4,749,946**	4,878,538
Non-current liabilities		
Amounts due to subsidiaries	**1,816,796**	1,910,932
Net assets	**2,933,150**	2,967,606
Capital and reserves		
Share capital	**354,111**	354,111
Reserves (Note)	**2,579,039**	2,613,495
	2,933,150	2,967,606

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

Reserves

	Share premium HK$'000	Contributed surplus HK$'000	Share option reserve HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 January 2016	1,824,979	572,174	65,628	172,674	2,635,455
Loss and total comprehensive expense for the year	–	–	–	(38,743)	(38,743)
Recognition of equity-settled share based payments	–	–	16,783	–	16,783
Share option lapsed	–	–	(1,817)	1,817	–
At 31 December 2016	1,824,979	572,174	80,594	135,748	2,613,495
Loss and total comprehensive expense for the year	–	–	–	(34,456)	(34,456)
Share option lapsed	–	–	(1,294)	1,294	–
At 31 December 2017	1,824,979	572,174	79,300	102,586	2,579,039

PROPERTY HELD FOR DEVELOPMENT/SALE

Description	Type of use	GFA (M2)	Effective % held	Stage of completion	Anticipated completion
1. Land lot No. 240 of Xinjingzhen, Changning District, Shanghai	Residential	13,600	80%	Construction in progress	2018

PROPERTIES HELD FOR INVESTMENT

Property	Type of use	GFA (M2)	Effective % held
1. 518 car parks at Residence Club House Phase 1, Sinolink Garden Taining Road Luohu District Shenzhen	Car parks	16,500	80%
2. Unit Nos. 101,102 ad 103 Ancillary Building West District, Phase 4, Sinolink Garden Taining Road Luohu District Shenzhen	Commercial	20,232	80%
3. 4 lorry parking spaces and 1,070 car parks Phase 4, Sinolink Garden Taining Road Luohu District Shenzhen	Car parks	44,000	80%
4. 1,700 car parks at Residence Club House Mangrove West Coast Land lot No. T207-0026 Bin Hai Da Dao Bay Sha He Dong Road, Nanshan District Shenzhen	Car parks	84,834	80%
5. Levels 1 to 3 of commercial podium The Vi City, Phase 5, Sinolink Garden Taining Road Luohu District Shenzhen	Commercial	39,434	80%
6. 1,942 car parks Phase 5, Sinolink Garden Taining Road Luohu District Shenzhen	Car parks	72,381	80%
7. Levels 24 to 36 of office portion and 115 car parks Sinolink Tower Taining Road Luohu District	Commercial and car parks	20,075	80%

FINANCIAL SUMMARY

FOR THE YEAR ENDED 31 DECEMBER 2017

	For the year ended 31 December				
	2013	2014	2015	2016	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
RESULTS					
Turnover	348,840	301,373	335,956	331,867	**398,261**
Profit (loss) before taxation	81,236	121,961	(343,018)	(142,872)	**212,711**
Taxation	(104,289)	(60,360)	(48,241)	(72,963)	**(66,817)**
(Loss) profit for the year	(23,053)	61,601	(391,259)	(215,835)	**145,894**
Attributable to:					
Owners of the Company	(75,350)	27,745	(409,456)	(245,527)	**110,088**
Non-controlling interests	52,297	33,856	18,197	29,692	**35,806**
	(23,053)	61,601	(391,259)	(215,835)	**145,894**
	HK cents	*HK cents*	*HK cents*	*HK cents*	***HK cents***
(Loss) earnings per share					
Basic	(2.13)	0.78	(11.56)	(6.93)	**3.11**
Diluted	N/A	N/A	(11.56)	(6.93)	**3.11**

	As at 31 December				
	2013	2014	2015	2016	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
ASSETS AND LIABILITIES					
Total assets	10,853,564	10,632,904	9,665,103	8,952,010	**15,088,273**
Total liabilities	(2,230,223)	(1,974,411)	(1,729,732)	(1,642,187)	**(3,631,356)**
	8,623,341	8,658,493	7,935,371	7,309,823	**11,456,917**
Equity attributable to owners of the Company	7,553,994	7,558,719	6,887,921	6,300,651	**9,624,048**
Non-controlling interests	1,069,347	1,099,774	1,047,450	1,009,172	**1,832,869**
	8,623,341	8,658,493	7,935,371	7,309,823	**11,456,917**