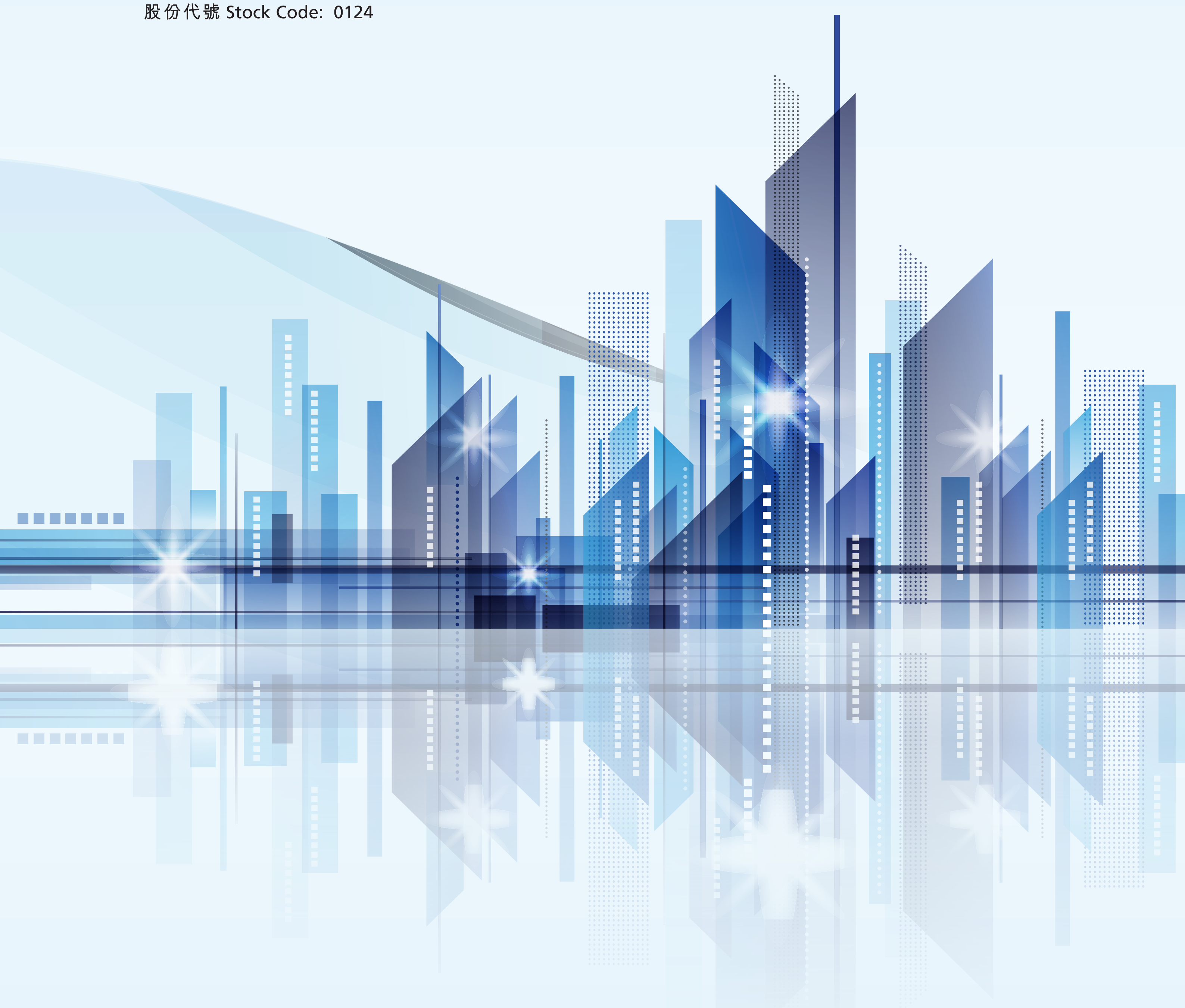
粵海置地控股有限公司
Guangdong Land Holdings Limited

（於百慕達註冊成立之有限公司）
(Incorporated in Bermuda with limited liability)
股份代號 Stock Code: 0124



2017
年報 Annual Report

Contents

Corporate Information

As at 27 March 2018

Board of Directors

Non-Executive Director
HUANG Xiaofeng *(Chairman)*

Executive Directors
ZHAO Chunxiao *(Chief Executive Officer)*
LI Wai Keung
WU Mingchang
ZENG Yi

Independent Non-Executive Directors
Alan Howard SMITH *JP*
Felix FONG Wo *BBS, JP*
Vincent Marshall LEE Kwan Ho *Deputy of the National People's Congress of PRC, BBS, Officer of the Order of the Crown (Belgium)*

Audit Committee

Vincent Marshall LEE Kwan Ho *Deputy of the National People's Congress of PRC, BBS, Officer of the Order of the Crown (Belgium)* *(Committee Chairman)*
Alan Howard SMITH *JP*
Felix FONG Wo *BBS, JP*

Remuneration Committee

Felix FONG Wo *BBS, JP* *(Committee Chairman)*
Alan Howard SMITH *JP*
Vincent Marshall LEE Kwan Ho *Deputy of the National People's Congress of PRC, BBS, Officer of the Order of the Crown (Belgium)*

Nomination Committee

HUANG Xiaofeng *(Committee Chairman)*
Alan Howard SMITH *JP*
Felix FONG Wo *BBS, JP*
Vincent Marshall LEE Kwan Ho *Deputy of the National People's Congress of PRC, BBS, Officer of the Order of the Crown (Belgium)*

Company Secretary

LI Wai Keung

Auditors

Ernst & Young

Website Address

http://www.gdland.com.hk

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited
China Merchants Bank
Shanghai Pudong Development Bank
Bank of China

Registered Office

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Head Office & Principal Place of Business in Hong Kong

18th Floor
Guangdong Investment Tower
148 Connaught Road Central
Hong Kong
Telephone: (852) 2165 6262
Facsimile: (852) 2815 2020

Principal Share Registrar

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM 08
Bermuda

Branch Share Registrar in Hong Kong

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

Share Information

Place of Listing:	Main Board of The Stock Exchange of Hong Kong Limited
Stock Code:	0124
Board Lot:	2,000 shares
Financial year end:	31st December

@ *The English name of the entity marked with an @ is a translation of its Chinese name, and is included herein for identification purposes only. In the event of any inconsistency, the Chinese name shall prevail.*

Highlights

	Year ended 31 December 2017	2016	Change
Revenue, in thousand HK$	**186,694**	1,091,941	-82.9%
Profit attributable to owners of the Company, in thousand HK$	**49,287**	17,734	+177.9%
Basic earnings per share, in HK cent	**2.88**	1.04	+176.9%

	As at 31 December 2017	2016	Change
Current ratio	**6.6 times**	2.6 times	+153.8%
Gearing ratio[1]	**net cash**	net cash	—
Total assets, in million HK$	**5,381**	6,474	-16.9%
Net asset value per share[2], in HK$	**2.64**	2.45	+7.8%
Number of employees	**225**	229	-1.7%

Notes:

1. Gearing ratio = (Interest-bearing debt – cash and bank balances) ÷ Net assets
2. Net asset value per share = Equity attributable to owners of the Company ÷ Number of issued shares

Chairman's Statement

Results

During the year under review, the Group is engaged in property development and investment. The Group currently holds certain investment properties and the Buxin Project (a property development project) in Shenzhen City, and the Ruyingju Project (a residential property project) in Panyu District, Guangzhou City in the People's Republic of China ("the PRC").

In 2017, the Group recorded a revenue of HK$187 million (2016: HK$1,092 million), representing a decrease of approximately 82.9% from last year. The Group recorded a profit attributable to owners of the Company for the year under review amounting to HK$49.29 million (2016: HK$17.73 million), representing an increase of approximately 177.9% from last year.

The main factors that affected the Group's revenue and results for the year ended 31 December 2017 as compared with 2016 include:

(a) In the fourth quarter of 2017, in order to provide funds for property project development, the Group disposed of certain properties which were held as staff quarters in previous years and recorded a revenue of approximately HK$154 million;

(b) In 2016, due to the depreciation of Renminbi ("RMB") against Hong Kong dollar, the Group consequently recorded net exchange losses of approximately HK$32.31 million. From 2016 onwards and in 2017, the Group injected its RMB deposits previously held in Hong Kong into a subsidiary established in the PRC which is responsible for the development of the Buxin Project, thereby significantly reducing the net exchange differences recognised in the consolidated statement of profit or loss in 2017. For the year ended 31 December 2017, the Group recorded net foreign exchange gains of HK$2.89 million; and

(c) a decrease in revenue and gross profit generated from the sale of residential units under the Ruyingju Project, which was mainly due to the fact that, in terms of the gross floor area ("GFA"), approximately 90.6% of the residential units under the Ruyingju Project were sold before the end of 2016 and the sale of the remaining residential units under the Ruyingju Project had to be postponed in view of the local government's relevant policies on property prices and the Group's intention of not lowering the selling prices of the remaining residential units under the Ruyingju Project.

The Board did not recommend the payment of a final dividend for the year ended 31 December 2017 (2016: nil) to save funds for future needs of business development of the Company.

Business Review

The Group holds a 100% interest in the Buxin Project, which is a multi-functional commercial complex with jewellery as the main theme, located in the Buxin Area, Luohu District, Shenzhen City in the PRC. The GFA included in the calculation of the plot ratio amounts to approximately 432,051 sq. m. In addition, an underground area of 30,000 sq. m. could be developed for commercial use. The Northwestern Land, which is under the first phase of the development of the Buxin Project, has a GFA of approximately 166,000 sq. m. Based on the Group's current development plan, except for the underground car-parking spaces, it is intended that properties built on the Northwestern Land will be for sale upon completion. During the year under review, construction of properties on the Northwestern Land was on track with construction of the basement and some floors have been completed. With regard to the Southern Land and the Northern Land, which are under the second phase of the development of the Buxin Project, the Group plans to build, among others, office buildings with a height of approximately 180 meters and 300 meters respectively as well as a shopping mall across the Southern Land and the Northern Land.

Chairman's Statement (continued)

Business Review (continued)

The Group holds an 80% interest in the Ruyingju Project, which is located in Panyu District, Guangzhou City in the PRC, with a GFA of approximately 126,182 sq. m. (adjusted after survey). The Ruyingju Project comprises residential units and car-parking spaces for sale. As at 31 December 2016, approximately 90.6% of the GFA of residential units under the Ruyingju Project were sold. For the year ended 31 December 2017, the GFA of residential units under the Ruyingju Project which had been delivered to the customers amounted to approximately 899 sq. m. (2016: 45,959 sq. m.), representing a decrease of approximately 98.0% from last year. As at 31 December 2017, the accumulated GFA of residential units under the Ruyingju Project sold represented approximately 91.5% of the GFA of the residential units in aggregate. During the year under review, based on the residential units sold, the contractual average selling price denominated in RMB increased by approximately 30.4% over the average contractual selling price in 2016.

Outlook

In 2017, the PRC government showed no signs of abating in tightening regulation and control over the property market, constantly launching new policies governing the real estate sector. It is expected that the PRC government would not relax its policies that regulate and control the property market whereas the continuity and steadiness of such policies would either stand firm or reinforce. Generally speaking, the PRC's steady economic development coupled with steady property development and investment would continue to propel the industry of residential properties and commercial properties to develop steadily.

The Company is optimistic about the outlook of the real estate industry's development in the first-tier cities of Mainland China. Development in the Guangdong-Hong Kong-Macau Greater Bay Area is currently in full swing. Subsequent to the implementation of plans and relevant policies for the Guangdong-Hong Kong-Macau Greater Bay Area, further integration and development of cities in the Greater Bay Area and subsequently enhanced economic position are in prospect. It is anticipated that the real estate industry in the area would benefit from the social and economic integration as a whole.

The Group's Buxin Project is currently under development and construction and would likewise benefit from the strong development momentum in the Guangdong-Hong Kong-Macau Greater Bay Area. Located in Luohu District, Shenzhen City, the Buxin Project has an enormous development potential. The Group will invest appropriate resources to create and release the value of the project, and will consider arranging external financing to support the development of the project. The business apartments and office premises under the first phase of the development of the Buxin Project are expected to meet pre-sale conditions in the fourth quarter of 2018 and pre-sales would commence upon the pre-sale permit is granted.

Through the development and construction of the Buxin Project, the Group has developed a sound cooperative relationship with the local government, accumulated experience in projects under the categories of urban re-development and revitalisation of old cities, laid the foundations for relevant industry research, mastered relevant industry information, and built an operating model for project development.

Outlook (continued)

At present, the Group has a strong financial position with a strong controlling shareholder and enjoys ample project and financial resources. Looking ahead, the Group aspires to capitalise on opportunities and take an active approach in contemplating and delving into first-tier and second-tier cities in Mainland China, particularly cities located in the Guangdong-Hong Kong-Macau Greater Bay Area and the Pearl River Delta, so as to seek out opportunities for real estate development and investment projects and procure the Company's stable and healthy development in the long run.

Last but not the least, on behalf of the Board, I would like to acknowledge the contribution by the management and its staff during the previous year. Under the leadership of the Board, the Group is confident in the prospect of its business development and will actively promote the development of its real estate business in order to create greater returns for its shareholders as we did in the past.

HUANG Xiaofeng
Chairman

Hong Kong, 27 March 2018

Management Discussion and Analysis

According to the information of the National Bureau of Statistics of the PRC, the preliminary statistics of the national gross domestic product ("GDP") for 2017 has a year-on-year increase of approximately 6.9%, and the national nominal disposable income per capita increased by 9.0% as compared to that of last year. According to the price index of newly built residential properties in 70 large to medium-sized cities in December 2017, the residential price index of Guangzhou had an increase of approximately 5.5% and that of Shenzhen had a decrease of approximately 2.9% as compared to the same month of last year. Growth in the prices of newly built commodity residential properties across the first-tier cities in Mainland China has eased off.

Results

The consolidated revenue of the Group for 2017 amounted to HK$187 million (2016: HK$1,092 million), representing a decrease of approximately 82.9% from last year. The decrease in revenue was mainly due to approximately 90.6% of the GFA of the residential units under the Ruyingju Project had been sold by the end of 2016. Also, in view of the local government's relevant policies on property prices and the Group's intention of not lowering the selling prices of the remaining residential units under the Ruyingju Project, the sale of the remaining residential units under the Ruyingju Project had to be postponed. During the year under review, the Group's profit attributable to owners of the Company was HK$49.29 million (2016: HK$17.73 million), representing an increase of approximately 177.9% from last year.

Apart from a decrease in revenue from the Ruyingju Project as described above, the Group recorded an revenue of approximately HK$154 million in 2017 from the sale of certain properties which were held as staff quarters in previous years. In addition, from 2016 onwards and in 2017, the Group injected its RMB deposits previously held in Hong Kong into a subsidiary established in the PRC which is responsible for the development of the Buxin Project, thereby significantly reducing the net exchange differences, arising from fluctuating exchange rates between RMB and Hong Kong dollar, recognised in the consolidated statement of profit or loss in 2017. The Group recorded net exchange gains of HK$2.89 million (2016: net exchange losses of HK$32.31 million) in 2017.

Business Review

The Buxin Project

The Group holds a 100% interest in the Buxin Project, which is a multi-functional commercial complex with jewelry as the main theme, located in the Buxin Area, Luohu District, Shenzhen City in the PRC. The total site area of the project amounts to approximately 66,526 sq. m, and the GFA included in the calculation of the plot ratio amounts to approximately 432,051 sq. m. In addition, an underground area of 30,000 sq. m. could be developed for commercial use. The Buxin Project, which is in close proximity to the urban highway and subway station as well as adjoining Weling Park, is surrounded by several municipal parks within a radius of 1.5 km, possessing convenient transport and superb landscape resources.

The Northwestern Land, which is under the first phase of the development of the Buxin Project, has a GFA of approximately 166,000 sq. m., of which the total saleable GFA is approximately 116,000 sq. m. In the second quarter of 2017, the Group completed the tender and engagement of the main contractor for the Northwestern Land development as detailed in the circular of the Company dated 19 June 2017. Based on the Group's current development plan, except for the underground car-parking spaces, properties built on the Northwestern Land will be for sale upon completion. During the year under review, construction of properties on the Northwestern Land was on track with construction of the basement and some floors have been completed. The Group has formed a sales management team and has been preparing to establish a sales center. Meanwhile, the Group continued to visit potential customers and promoted the Buxin Project vigorously, and positive feedback has been received. With regard to the Southern Land and the Northern Land which are under the second phase of the development of the Buxin Project, the Group plans to build, among others, office buildings with a height of approximately 180 meters and 300 meters, respectively, as well as a shopping mall across the Southern Land and the Northern Land.

Business Review (continued)

The Buxin Project (continued)

As at 31 December 2017, the cumulative development costs and fees of the Buxin Project amounted to approximately HK$3,038 million (31 December 2016: HK$2,666 million), representing a net increase of approximately HK$372 million during the year under review. As at 31 December 2017, approximately HK$1,909 million and HK$1,129 million were attributable to the"Properties under development" under the current assets and the "Investment properties" under the non-current assets, respectively.

On-site photo taken from the construction site of the Northwestern Land of the Buxin Project (taken on 6 March 2018)

An aerial view of the Buxin Project (for illustrative purpose)

The Ruyingju Project

The Group holds an 80% interest in the Ruyingju Project, which is located in Panyu District, Guangzhou City in the PRC, with a GFA of approximately 126,182 sq. m. (adjusted after survey). The Ruyingju Project includes residential units and car-parking spaces for sale. As at 31 December 2016, approximately 90.6% of the GFA of residential units under the Ruyingju Project were sold. For the year ended 31 December 2017, sales contracts of residential units under the Ruyingju Project with an aggregated GFA of approximately 140 sq. m. were signed (2016: 30,962 sq. m.), representing a decrease of approximately 99.5% from last year. As at 31 December 2017, the accumulated GFA of signed sales contract represented approximately 91.5% of the GFA of the residential units.

For the year ended 31 December 2017, the GFA of the delivered residential units of Ruyingju Project amounted to approximately 899 sq. m. (2016: 45,959 sq. m.), representing a decrease of approximately 98.0% from last year. As at 31 December 2017, the accumulated GFA of the Ruyingju Project's residential units sold represented approximately 91.5% of the GFA of the residential units in aggregate. During the year under review, based on the residential units sold, the contracted average selling price denominated in RMB increased by approximately 30.4% over 2016.

The Group acquired the equity interest in the Ruyingju Project in April 2015. As the acquisition price paid was determined with reference to the then market value of the Ruyingju Project (but acquired at a discount), the carrying value (and future cost of sales) of the Ruyingju properties consists of its development costs and the fair value increases as of the completion date of the acquisition.

Financial Review

Key Financial Ratios

The key financial ratios mainly reflect the Group's profit attributable to the owners of the Company and the return on equity during the year under review as well as the net assets at the end of the reporting period. Figures for the previous year were provided for comparison.

	Note	Year ended 31 December 2017	2016	Change
Profit attributable to owners of the Company, in HK$'000		**49,287**	17,734	+177.9%
Return on equity, %	*1*	**1.1%**	0.4%	0.7 ppt

		2017 31 December	2016 31 December	
Net assets, in million HK$		**4,677**	4,333	+7.9%

Note:

1. Return on equity = Profit attributable to owners of the Company ÷ average equity attributable to owners of the Company

During the year under review, the Group's profit attributable to owners of the Company increased year-on-year mainly because of the disposal of certain properties which were held as staff quarters in previous years and net foreign exchange gains. As a result, the two key financial ratios, profit attributable to the owners of the Company and the return on equity, both improved over that of last year. The Group's business and most of its assets are denominated in Renminbi. In addition to the positive profit attributable to owners of the Company recorded, the appreciation of RMB against Hong Kong dollar in 2017 was the main reason for an increase in the Group's net assets presented in Hong Kong dollar. The two aforementioned factors in aggregate contributed to a year-on-year increase of approximately 7.9% in the Group's net assets.

Operating Income, Expenses and Finance Costs

During the year under review, the Group's interest income from cash and bank balances and available-for-sale financial assets recorded an aggregate amount of HK$63.91 million (2016: HK$73.44 million), representing a decrease of approximately 13.0% from last year. The decrease in interest income in 2017 was mainly due to a decrease in the amount of bank deposits of the Group.

During the year under review, the Group recorded net foreign exchange gains of HK$2.89 million (2016: net exchange losses of HK$32.31 million), mainly resulting from the Group's injection of its RMB deposits previously held in Hong Kong into a PRC subsidiary which is responsible for the development of the Buxin Project, thereby reducing the impact of exchange rate changes on the Group's consolidated statement of profit or loss.

The Group's selling and distribution expenses in 2017 amounted to HK$7.57 million (2016: HK$13.55 million), representing a decrease of approximately 44.1% from last year, mainly due to a drop in relevant sales activities of the Ruyingju Project. The Group's administrative expenses in 2017 amounted to HK$74.37 million (2016: HK$72.73 million), representing an increase of approximately 2.3% from last year.

During the year under review and the last year, the Group did not have any bank and other loans and, therefore, did not record any finance costs.

Financial Review (continued)

Capital Expenditure

The Group's capital expenditure paid in 2017 was HK$541 million (2016: HK$479 million). The capital expenditure was mainly used for the Buxin Project's investment properties under development.

Financial Resources and Liquidity

As at 31 December 2017, the equity attributable to owners of the Company was HK$4.52 billion (2016: HK$4.19 billion), representing an increase of approximately 7.9% over that in 2016. Based on the number of shares in issue as at 31 December 2017, the net asset value per share at the end of the year was HK$2.64 (2016: HK$2.45) per share, representing an increase of approximately 7.8% over that in 2016.

As at 31 December 2017, the Group had cash and bank balances of HK$720 million (2016: HK$2.97 billion), representing a year-on-year decrease of approximately 75.8%. The aforementioned amount included restricted bank balances of HK$117 million (2016: HK$563 million) principally associated with amounts received from those sold but not yet delivered units under the Ruyingju Project. Other than the funds retained for daily operations, the Group purchased short-term principal-guaranteed wealth management products issued by commercial banks in the PRC classified as available-for-sale financial assets for the purpose of earning interest income and enhancing the return as compared with bank deposits, which resulted in a decrease in the Group's cash and bank balances as at the end of 2017. As at 31 December 2017, the Group had available-for-sale financial assets of HK$1,161 million (2016: HK$447 million).

Of the Group's cash and bank balances as at 31 December 2017, 78.0% was in RMB, 21.9% was in USD and 0.1% was in HKD. Net cash outflows used in operating activities for the year amounted to HK$1,076 million (2016: HK$278 million).

As most of the transactions from the Group's daily operations in Mainland China are denominated in Renminbi, currency exposure from these transactions is low. During the year under review, the Group did not take the initiative to perform currency hedge for such transactions.

As at 31 December 2017, the Group did not have any outstanding bank loan. Given the construction works on the Northwestern Land under the first phase of the development of the Buxin Project was and will be in full swing in 2017 and 2018, the Group will review its funding needs according to the progress of business development from time to time so as to ensure that adequate financial resources will be available to support its business development.

As at 31 December 2017, save for a pledged bank deposit of HK$44.32 million, none of the assets of the Group was pledged to any creditors. Except as disclosed in note 26 to the financial statements regarding the guarantees made to certain banks in relation to the mortgage of the property sold of approximately HK$783 million (2016: HK$914 million) as at 31 December 2017 and undertakings made in the master sales agreement relating to the disposal of the brewery subsidiaries, there were no material contingent liabilities recorded as at 31 December 2017.

Financial Review (continued)

Risks and Uncertainties

Given that the Group is engaged in the business of property development and investment in Mainland China, risks and uncertainties of its business are principally associated with the property market and property prices in Mainland China, and the Group's revenue in the future will be directly affected by such risks and uncertainties. The property market in Mainland China is affected by a number of factors which include, among others, economic environment, property supply and demand, the PRC government's fiscal and monetary and taxation policies and austerity measures on the real estate sector, etc. The GDP of Mainland China has maintained a year-on-year growth though the growth rate has slowed down gradually. Currently, the property projects of the Group are all located in first-tier cities, involving properties of different types and serving different purposes, so as to effectively diversify operational risks.

The Buxin Project in Shenzhen has a relatively prolonged development period, therefore the Company may need to seek external funds to partially finance its development. As such, the financing channels and financing costs will be subject to the prevailing market conditions, the level of loan interest rates and the Group's financial position. As at 31 December 2017, the Group did not have any outstanding interest-bearing loans.

As property development business has a relatively long product life cycle, the Group's future profit and cash flows will be relatively volatile.

Relationship with Customers and Suppliers

Holding the interest of every customer in high regard, the Group provided training to its sales staff members on a regular basis. The Group also provided its customers with adequate information about its products and responded to any issue and question raised by customers or potential customers regarding the products offered with an aim to further build up customers' confidence in the products of the Company.

The Group's properties in relation to the property business were largely designed or constructed by a variety of suppliers and constructors. The tender procedures for selecting the appropriate suppliers of major projects of the Group are conducted by adhering to the general principle of "openness, fairness and impartiality", establishing a database of supplier resources and brands, and managing the suppliers by conducting performance appraisal and review. Besides, the Group attached great importance to anti-graft and anti-corruption measures, met with the suppliers regularly, and conveyed such information to them.

Policy and Performance on Environmental Protection

The Group strictly complies with the laws and regulations enacted by the Mainland China and Hong Kong Governments, including those in relation to environmental protection, social and governance. The Company's internal management for environmental, social and governance integrates the views of various stakeholders and is supported by staff members from all levels and departments of the Company, especially for the important areas in relation to environmental, social and governance. Staff members jointly implement and execute relevant internal policies and promptly respond to the expectations of stakeholders.

In furtherance of on-going optimizing our environmental, social and governance policies, the Group has been communicating with stakeholders actively. Through surveys, group discussions and interviews with employees, customers, business partners, investors and governmental authorities, the Group identified important topics to envisage the changes in operational environment, and consequently achieving the goals of sustainable development and proper risk management.

Financial Review (continued)

Policy and Performance on Environmental Protection (continued)

The Group operates in the real estate business and it is very important to strictly comply with environmental laws and regulations on construction work. Any failure to observe the relevant environmental laws and regulations may result in the relevant authorities' rejection of the applications for construction projects. The Group strictly abided by relevant environmental laws and regulations at the construction site of each project, including but not limited to environmental protection, sewage treatment and environmental noise control, as well as engaged a professional greening company to relocate the trees near the site, sparing no efforts in contributing to environmental protection. In addition to environmental protection, the Group also participated in the "希望春蕾助學活動"(Spring Thunder Hope Student Assistance Activities) and the poverty alleviation activities of Dongbei Village to shoulder the social responsibility during the year.

The Company is currently in the process of preparing its environmental, social and governance report for the year ended 31 December 2017. The information contained in this report is based solely on the Company's environmental, social and governance policies, performance, along with information of internal management. As at the date of this report, the environmental, social and governance information of the Group for the year ended 31 December 2017 has yet to be finalised and may be subject to necessary adjustments. Such information, which may differ from the information contained in this report, is expected to be published on or before July 2018.

Human Resources

The Group had 225 (2016: 229) employees as at 31 December 2017. The total employee remuneration and provident fund contributions (excluding directors' remuneration) in 2017 was HK$69.12 million (2016: HK$68.65 million).

Various basic benefits were provided to the Group's staff with an incentive policy which was designed to remunerate staff by combined references to the Group's operating results as well as the performance of individual staff member. There was no share option scheme of the Company in operation during the year. The Group offers different training courses to its employees.

Report of the Directors

The directors (the "Directors") of Guangdong Land Holdings Limited (the "Company") herein present their report and the audited financial statements of the Company and its subsidiaries (together the "Group") for the year ended 31 December 2017.

Principal Activities

The principal activity of the Company is investment holding. The subsidiaries of the Company are principally engage in property development and investment.

There were no significant changes in the nature of the Group's principal activities during the year under review.

Business Review

A review of the business of the Group during the year under review and a discussion on the Group's future business development are set out in the section headed "Chairman's Statement" on pages 4 to 6 and in the section headed "Management Discussion and Analysis" on pages 7 to 12 of this report.

Principal risks and uncertainties that the Group may be facing are set out in the section headed "Management Discussion and Analysis" on page 11 of this report. The financial risk management objectives and policies of the Group are provided in note 30 to the financial statements on pages 98 to 101 of this report.

An analysis of the Group's performance during the year under review using financial key performance indicators is provided in the section headed "Management Discussion and Analysis" on page 9 of this report.

Discussion on the Group's environmental policy and compliance with the relevant laws and regulations that have a significant impact on the Company are set out in the section headed "Management Discussion and Analysis" on pages 11 and 12 of this report.

The Company's key relationships with its employees, customers and suppliers and business associates that have a significant impact on the Company and on which the Company's success depends are provided in the section headed "Management Discussion and Analysis" on page 11, in the section headed "Report of the Directors" on page 28, in the section headed "Corporate Governance Report" on page 39 and in note 2.4 to the financial statements on pages 68 and 69 of this report.

Financial Summary

A summary of the results and the financial position of the Group for the last five financial years, as extracted from the audited financial statements and reclassified as appropriate, is set out below:

Results

	Year ended 31 December				
	2017	2016	2015	2014	2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	**186,694**	1,091,941	857,937	3,422	—
Gain on bargain purchase	**—**	—	233,862	—	—
Profit attributable to owners of the Company	**49,287**	17,734	174,773	81,773	3,426,966
Dividend	**—**	—	—	—	1,711,537

Financial position

	As at 31 December				
	2017	2016	2015	2014	2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	**5,380,841**	6,473,653	5,840,539	4,618,249	5,483,215
Total liabilities	**(704,196)**	(2,140,223)	(1,230,732)	(280,464)	(1,224,631)
Net assets	**4,676,645**	4,333,430	4,609,807	4,337,785	4,258,584
Non-controlling interest	**(158,441)**	(145,623)	(178,451)	—	—
Equity attributable to owners of the Company	**4,518,204**	4,187,807	4,431,356	4,337,785	4,258,584

Major Properties held by the Group

Details of the particulars of major properties held by the Group as at 31 December 2017 are set out on page 104 of this report.

Results and Dividends

The results of the Group for the year ended 31 December 2017 and the financial position of the Group at that date are set out in the financial statements on pages 45 to 103.

No interim dividend was paid during the year under review and the Board of Directors did not recommend the payment of a final dividend for the year ended 31 December 2017.

The forthcoming annual general meeting of the Company will be held on Thursday, 7 June 2018 at 3:00 p.m. (the "2018 Annual General Meeting") and the register of members of the Company will be closed and no transfer of shares will be effected during the period from Monday, 4 June 2018 to Thursday, 7 June 2018, both days inclusive, for determining the shareholders' entitlement to attend and vote at the 2018 Annual General Meeting.

In order to qualify for attending and voting at the 2018 Annual General Meeting, unregistered holders of shares of the Company should ensure that all transfers documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, 1 June 2018.

Share Capital

There were no movements in the Company's share capital during the year.

Distributable Reserves

As at 31 December 2017, the Company's reserves available for distribution, calculated in accordance with the provision of the Companies Act 1981 of Bermuda, amounted to HK$12,389,000.

In addition, the Company's share premium of HK$1,688,606,000 may be distributed in the form of fully paid bonus shares.

Charitable Contributions

There were no charitable contributions made by the Group during the year under review.

Retirement Benefits Schemes

Particulars of the Group's retirement benefit schemes are set out in note 2.4 to the financial statements.

Principal Subsidiaries

Particulars of the Company's principal subsidiaries as at 31 December 2017 are set out in note 32 to the financial statements.

Directors

The Directors of the Company during the financial year and up to the date of this report are:

Non-Executive Director
HUANG Xiaofeng *(Chairman)*

Executive Directors
ZHAO Chunxiao *(Chief Executive Officer)*
LI Wai Keung
WU Mingchang
ZENG Yi

Independent Non-Executive Directors
Alan Howard SMITH *JP*
Felix FONG Wo *BBS, JP*
Vincent Marshall LEE Kwan Ho *Deputy of the National People's Congress of PRC, BBS, Officer of the Order of the Crown (Belgium)*

In accordance with Bye-law 87 of the Bye-Laws of the Company (the "Bye-Laws"), Mr. LI Wai Keung, Mr. Alan Howard SMITH and Mr. Felix FONG Wo will retire by rotation and, being eligible, they all offer themselves for re-election at the 2018 Annual General Meeting.

Mr. LI Wai Keung, Executive Director, Mr. Alan Howard SMITH and Mr. Felix FONG Wo, Independent Non-Executive Directors, being eligible, have offered themselves for re-election at the 2018 Annual General Meeting, and, if re-elected, they will hold office from the date of re-election, to the earlier of (a) the conclusion of the annual general meeting of the Company to be held in 2021; and (b) 30 June 2021, subject to earlier determination in accordance with the Bye-Laws and/or applicable laws and regulations.

Directors' and Senior Management's Profile

Non-Executive Director

Mr. HUANG Xiaofeng, aged 59, has been appointed a Non-Executive Director of the Company in October 2008 and acted as the Chairman of the Company since November 2010. He is also the chairman of the Nomination Committee of the Company. Mr. Huang graduated from South China Normal University, the PRC and holds a Bachelor's degree in History. He also holds a Master's degree in Public Administration from Sun Yat-Sen University, the PRC. From 1987 to 1999, Mr. Huang worked for the General Office of the Communist Party of China (the "CPC") Guangdong Provincial Committee in a number of positions. Between 1999 and 2003, Mr. Huang was the deputy director general of the General Office of the CPC Guangzhou Committee and thereafter the deputy secretary general of the CPC Guangzhou Committee. Between 2003 and 2008, Mr. Huang was the deputy director general of the General Office of the Guangdong Provincial Government and then the deputy secretary general of the Guangdong Provincial Government. Mr. Huang was appointed a director and a deputy general manager of 廣東粵海控股集團有限公司 (Guangdong Holdings Limited®) ("Guangdong Holdings") in April 2008 and was subsequently appointed an executive director and a deputy general manager of GDH Limited ("GDH"). He has been appointed the chairman of Guangdong Holdings and GDH in September 2010 and October 2010, respectively. Mr. Huang was the general manager of both Guangdong Holdings and GDH during the period from February 2009 to May 2012. Mr. Huang was appointed a non-executive director of Guangdong Investment Limited ("GDI") in June 2008 and subsequently has been appointed the chairman and re-designated as an executive director of GDI in November 2010. Guangdong Holdings and GDH are the ultimate controlling shareholder and the immediate controlling shareholder of GDI, respectively, which in turn is the immediate controlling shareholder of the Company. GDI is listed in Hong Kong.

Executive Directors

Ms. ZHAO Chunxiao, aged 48, has been appointed an Executive Director of the Company in December 2014 and has been appointed the Chief Executive Officer since August 2016. Ms. Zhao graduated from Liaoning Normal University, the PRC (Faculty of Chinese Studies) and the School of China Journalism and Communication (major in Domestic News) and obtained two Bachelor's degrees. She also holds a degree of Executive Master of Business Administration from The Hong Kong University of Science and Technology. From 1994 to 2002, she worked for the Guangdong Branch of Xinhua News Agency as director of the Finance Office and also director of the Featured News Division. Between 2003 and 2008, she held a number of positions in Asia Television Limited (Hong Kong) including director of Information Division of News and Public Relations Department and assistant vice president. Ms. Zhao joined GDH and Guangdong Holdings in December 2008 and January 2009, respectively. Ms. Zhao acts as a deputy general manager and the chief administration officer of Guangdong Holdings and an executive director, the chief administration officer and the company secretary of GDH. She has been appointed a non-executive director of GDI in August 2011. Guangdong Holdings and GDH are the ultimate controlling shareholder and the immediate controlling shareholder of GDI, respectively, which in turn is the immediate controlling shareholder of the Company. GDI is listed in Hong Kong.

Directors' and Senior Management's Profile (continued)

Executive Directors (continued)

Mr. LI Wai Keung, aged 61, was appointed a Non-Executive Director of the Company in October 2011 and was then re-designated as an Executive Director of the Company in March 2012. Mr. Li has also been appointed the Company Secretary of the Company since March 2017. He is also a director of certain subsidiaries of the Company. Mr. Li graduated from the Hong Kong Polytechnic and holds a Master's degree in Business Administration from the University of East Asia. He is a Fellow of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. Li has been appointed a member of the Chinese People's Political Consultative Conference Guangdong Provincial Committee on 17 January 2018 and has been subsequently appointed a standing committee member of that committee on 27 January 2018. Mr. Li had worked for Henderson Land Development Company Limited. Mr. Li is an executive director and the chief financial officer of GDH and also the chief financial officer of Guangdong Holdings. He is also a director of 永順泰麥芽(中國)有限公司 (Supertime Malting Company Limited[@]) ("Supertime") and GDH Finance Co., Ltd ("GDH Finance"). Supertime is a subsidiary of GDH and GDH Finance is a subsidiary of Guangdong Holdings. He is also an independent non-executive director of Shenzhen Investment Limited, Hans Energy Company Limited and China South City Holdings Limited (these three companies are listed in Hong Kong). Mr. Li is an advisor to the Management Accounting of the Ministry of Finance, the PRC, the chairman of the Council of the Hong Kong Chinese Orchestra Limited, a director of the China Overseas Friendship Association, the vice chairman and secretary of the Financial and Accounting Affairs Steering Committee of the Hong Kong Chinese Enterprises Association and the president of the Hong Kong Business Accountants Association. Mr. Li was appointed a non-executive director of GDI in May 2000. He acted as an executive director and the chief financial officer of GDI from July 2006 to April 2008 and has been re-designated as a non-executive director of GDI since April 2008. Guangdong Holdings and GDH are the ultimate controlling shareholder and the immediate controlling shareholder of GDI, respectively, which in turn is the immediate controlling shareholder of the Company. GDI is listed in Hong Kong.

Mr. WU Mingchang, aged 53, was appointed a Non-Executive Director of the Company in March 2016 and has been then re-designated as an Executive Director of the Company in June 2016.

Mr. Wu served as the deputy division chief, division chief and deputy director of the Guangzhou Urban Planning Bureau, the deputy chief executive of the Haizhu District Government of Guangzhou City, and the director and party secretary of the Legislative Affairs Office of Guangzhou Municipal Government. Mr. Wu is currently the general counsel of Guangdong Holdings and also an executive director and the general counsel of GDH. Guangdong Holdings and GDH are the ultimate controlling shareholder and the indirect controlling shareholder of the Company, respectively.

Mr. Wu holds a Bachelor of Laws degree and a Master of Laws degree in International Law from Sun Yat-Sen University, the PRC, a Master's degree in Human Geography from Sun Yat-Sen University, the PRC, and a Doctor's degree in Civil and Commercial Law from the School of Law of Wuhan University, the PRC.

Directors' and Senior Management's Profile (continued)

Executive Directors (continued)

Mr. ZENG Yi, aged 39, has been appointed an Executive Director of the Company in October 2016.

Mr. Zeng joined Guangdong Holdings in July 2006 and worked in strategic development department, office of board of directors and finance department of Guangdong Holdings and GDH, and was appointed as the assistant general manager from June 2015 to October 2016. He is currently the chief strategic development officer of Guangdong Holdings and GDH. He is also the chairman of Guangdong Yuegang Assets Management Co., Limited; a director of GDH Finance (both of which are subsidiaries of Guangdong Holdings, and Guangdong Holdings is the ultimate controlling shareholder of the Company); the chairman of Guangdong Assets Management Limited; and a director of Supertime Development Limited (both of which are subsidiaries of GDH, and GDH is the indirect controlling shareholder of the Company). He also acts as chairman or a director of other subsidiaries of Guangdong Holdings, and a director of other subsidiaries of GDH.

Mr. Zeng holds a Bachelor's degree in Taxation from the Faculty of Finance and Taxation and Computer and Application from the Faculty of Computer Science of Sun Yat-Sen University, the PRC, a Master's degree in Economics from The Center for Studies of Hong Kong, Macao and Pearl River Delta of Sun Yat-Sen University, the PRC and a Doctoral degree in Economics from Lingnan College of Sun Yat-Sen University, the PRC. He is a senior accountant and senior economist.

Independent Non-Executive Directors

Mr. Alan Howard SMITH, JP, aged 74, has been appointed an Independent Non-Executive Director of the Company in January 1999. He is the member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company.

Mr. Smith was the vice chairman, Pacific Region, of Credit Suisse First Boston ("CSFB"), a leading global investment bank from 1997 until he retired in December 2001. Prior to joining CSFB, he was chief executive of the Jardine Fleming group from 1983 to 1994 and was chairman of the Jardine Fleming group from 1994 to 1996. Mr. Smith has over twenty-seven years of investment banking experience in Asia. He was elected a council member of the Hong Kong Stock Exchange on two occasions. He was a member of the Economic Advisory Committee of the Government of HKSAR, and had for ten years been a member of the Hong Kong Government's Standing Committee on Company Law Reform. He was a trustee of the Hospital Authority Provident Fund Scheme from 2002 to 2014.

Mr. Smith is an independent non-executive director of Genting Hong Kong Limited and Wheelock and Company Limited, both of which are listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). He is also an independent non-executive director of ICBC Credit Suisse Asset Management Co., Ltd. Mr. Smith was an independent non-executive director of Noble Group Limited from March 2002 to April 2016 (which is listed on the Singapore Exchange Securities Trading Limited).

Mr. Smith graduated with an LLB (Honours) degree from Bristol University, England in 1964, and was admitted a solicitor in England in 1967 and in Hong Kong in 1970.

Directors' and Senior Management's Profile (continued)

Independent Non-Executive Directors (continued)

Mr. Felix FONG Wo, BBS, JP, aged 67, has been appointed an Independent Non-Executive Director of the Company in January 2007. He is the chairman of the Remuneration Committee, and a member of each of the Audit Committee and the Nomination Committee of the Company respectively.

Mr. Fong was the founding partner of Arculli Fong & Ng (now renamed as King & Wood Mallesons) and is a consultant of King & Wood Mallesons. He has practised law for over thirty-four years, eight of which in Toronto. Mr. Fong undertook a number of community and social roles, such as the former chairman of the Chinese Canadian Association of Hong Kong, the Liquor Licensing Board and the Advisory Council on Food and Environmental Hygiene. Mr. Fong is a member of Guangdong Provincial Committee of Chinese People's Political Consultative Conference (9th and 10th Sessions), a director of China Overseas Friendship Association and a director of Hong Kong Basic Law Institute Limited. Mr. Fong is a Justice of Peace and has been awarded a Bronze Bauhinia Star by the Government of the Hong Kong SAR in recognition of his public service. In the area of education, Mr. Fong is a founding member and the first director of the Canadian International School of Hong Kong, and an advisor to the Faculty of Business of University of Victoria in Canada. Mr. Fong is the honorary legal counsels of a number of nonprofit organizations in Hong Kong such as Hong Kong Institute of Professional Photographers Ltd. and The Chinese Manufacturers' Association of Hong Kong.

Mr. Fong is an independent non-executive director of a number of listed companies, namely Greenland Hong Kong Holdings Limited, Evergreen International Holdings Limited, China Investment Development Limited, Sheen Tai Holdings Group Company Limited, Xinming China Holdings Limited and WuXi Biologics (Cayman) Inc., the shares of the above six companies are listed on the Hong Kong Stock Exchange. Mr. Fong is also an independent non-executive director of Bank of Shanghai (Hong Kong) Limited. From May 2010 to May 2016, Mr. Fong was also an independent non-executive director of China Oilfield Services Limited (whose shares are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange).

Mr. Fong received his engineering degree in Canada in 1974 and his juris doctor from Osgoode Hall Law School in Toronto in 1978. Mr. Fong is a member of the law societies of Hong Kong, Upper Canada and England, and one of the China-appointed attesting officers in Hong Kong appointed by the Ministry of Justice of China.

Mr. Vincent Marshall LEE Kwan Ho, Deputy of the National People's Congress of PRC, BBS, Officer of the Order of the Crown (Belgium), aged 62, has been appointed an Independent Non-Executive Director of the Company in March 2009. He is the chairman of the Audit Committee, and member of the Remuneration Committee and the Nomination Committee of the Company.

Mr. Lee is the chairman of Tung Tai Group of Companies. He was an independent non-executive director of Hong Kong Exchanges and Clearing Limited between 2000 and April 2017 and was a non-executive director of LT Commercial Real Estate Limited between March 2013 and June 2017, the shares of the above two companies are listed on the Hong Kong Stock Exchange. Mr. Lee has over thirty years of experience in the securities and futures industry and has extensive experience in banking, corporate finance and investment. He worked for Coopers and Lybrand, Los Angeles & Boston from 1978 to 1981, and for HSBC group, Hong Kong & Vancouver from 1981 to 1990.

He has undertook a number of public service and community activities. Mr. Lee is at present a deputy of the National People's Congress of PRC, the chairman of the Sir Murray MacLehose Trust Fund Investment Advisory Committee and vice-chairman of Standing Committee of the Hong Kong Association for the Promotion of Peaceful Reunification of China. He is the chairman of Correctional Services Children's Education Trust Investment Advisory Board and is a non-official member of Financial Services Development Council. He is the chairman of Hong Kong Guangxi CPPCC Members Friendship Association Limited and a member of the Council of The Chinese University of Hong Kong.

Directors' and Senior Management's Profile (continued)

Independent Non-Executive Directors (continued)

He was also a part-time member of Central Policy Unit of the Government of the HKSAR from 2007 to 2008, a member of Academic and Accreditation Advisory Committee of Securities and Futures Commission from 2002 to 2006 and a member of Securities and Futures Appeals Tribunal from 2003 to 2009. He has been a founding member of Canadian International School of Hong Kong Limited since 1990 and acted as its chairman from 2006 to 2008 and chairman of the Institute of Securities Dealers Limited from 2005 to February 2009.

Mr. Lee graduated Magna Cum Laude in Accounting and International Finance from the University of Southern California, USA and received a Master of Economics from the London School of Economics and Political Science at the University of London, UK. He is a certified public accountant in State of California, USA and fellow member of Hong Kong Institute of Certified Public Accountants.

Senior Management

The senior management of the Group comprises the four Executive Directors above, namely, Ms. ZHAO Chunxiao, Mr. LI Wai Keung, Mr. WU Mingchang and Mr. ZENG Yi and the Chief Financial Officer of the Company, Mr. ZHOU Tao.

Mr. ZHOU Tao, aged 47, joined the Company in April 2010 and has been appointed as the Chief Financial Officer of the Company in September 2010.

Mr. Zhou worked in the Personnel and Appraisal Department and Finance Department of GDH from 2001 to 2005. GDH is the indirect controlling shareholder of the Company. He was a director and the chief financial officer of Guangdong (International) Hotel Management Holdings Limited (which is a subsidiary of GDI) from March 2005 to February 2008, a director and the chief financial officer of the production bases of Guangdong Tannery Limited ("GDT") in Xuzhou and also a deputy chief financial officer of GDT from March 2008 to March 2010. GDI and GDT are subsidiaries of GDH and are listed in Hong Kong. He possesses extensive experience in financial management, internal audit as well as management.

Mr. Zhou graduated from the faculty of accountancy of Zhongnan University of Economics and Law, and holds a Master's degree in Management. He is an accountant, auditor and economist, and a member of The Chinese Institute of Certified Public Accountants. Mr. Zhou obtained the qualification of senior accountant from the Department of Human Resources and Social Security of Guangdong Province in February 2016.

Directors' Service Contracts

None of the Directors proposed for re-election at the 2018 Annual General Meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Directors' Material Interests in Transactions, Arrangements or Contracts

Save as disclosed in the section headed "Related Party Transactions and Continuing Connected Transactions" on pages 94 and 95 of this report, no transactions, arrangements or contracts of significance in relation to the Group's business to which the Company, any of its holding companies, subsidiaries or fellow subsidiaries was a party and in which a Director or his/her connected entity had a material interest, whether directly or indirectly, subsisted at the end of or at any time during the year under review.

Permitted Indemnity Provision

Indemnity provision within the meaning of permitted indemnity provision under the Hong Kong Companies Ordinance for the benefit of the Directors of the Company is currently in force and was in force throughout the year ended 31 December 2017. In addition, the Company has taken out and kept in force appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Company.

Directors' Interests in Competing Business

The interests of Directors in the businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group (the "Competing Business") as required to be disclosed pursuant to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules") during the year ended 31 December 2017 and up to the date of this report are as follows:

I. Core Business Activities of the Group

Property development and investment

II. Interests in Competing Business

Name of director	Name of entity (Note)	Nature of interest (Note)	Competing Business
HUANG Xiaofeng	廣東粵海控股集團有限公司 (Guangdong Holdings Limited@)	chairman	Property development and investment
	GDH Limited	chairman	Property development and investment
	Guangdong Investment Limited	chairman and executive director	Property development and investment
ZHAO Chunxiao	GDH Limited	executive director	Property development and investment
	Guangdong Investment Limited	non-executive director	Property development and investment
LI Wai Keung	GDH Limited	executive director	Property development and investment
	Guangdong Investment Limited	non-executive director	Property development and investment
WU Mingchang	GDH Limited	executive director	Property development and investment

Note: The aforementioned entities are engaged in, among others, property development and investment. The interests of each of the aforementioned Directors in the businesses of the aforementioned entities may also arise through their respective directorships in its holding companies, subsidiaries, associated companies or other form of investment vehicles of such entities.

Management Contracts

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

Directors' Interests and Short Positions in Securities

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 and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be (a) notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were taken or deemed to have under such provisions of the SFO); (b) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (c) notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules, were as follows:

I. Shares

(i) The Company

Name of Director	Capacity/ Nature of interest	Number of shares held	Long/Short position	Approximate percentage of interests held (Note)
HUANG Xiaofeng	Personal	3,880,000	Long position	0.227%
Alan Howard SMITH	Personal	317,273	Long position	0.019%

Note: The approximate percentage of interests held was calculated on the basis of 1,711,536,850 shares of the Company in issue as at 31 December 2017.

(ii) GDI

Name of Director	Capacity/ Nature of interest	Number of ordinary shares held	Long/Short position	Approximate percentage of interests held (Note)
HUANG Xiaofeng	Personal	2,595,580	Long position	0.040%
ZHAO Chunxiao	Personal	582,170	Long position	0.009%
LI Wai Keung	Personal	1,927,160	Long position	0.029%

Note: The approximate percentage of interests held was calculated on the basis of 6,537,821,440 ordinary shares of GDI in issue as at 31 December 2017.

Directors' Interests and Short Positions in Securities (continued)

II. Share Options

(i) The Company

There was no share option scheme of the Company in operation during the year under review.

(ii) GDI

Interests in options relating to ordinary shares (Long positions)

(1) Share Option Scheme adopted by GDI on 24 October 2008 (the "2008 Scheme")

Name of Director	Date of grant of share options* *(dd.mm.yyyy)*	Number of share options: At date of grant	At 1 January 2017	Granted during the year	Exercised during the year	Cancelled/ Lapsed during the year	At 31 December 2017	Total consideration paid for share options granted *HK$*	Exercise price of share options** *HK$ (per share)*	Price of ordinary share at date immediately before date of grant*** *HK$ (per share)*	Price of ordinary share at date immediately before the exercise date*** *HK$ (per share)*
HUANG Xiaofeng	22.01.2013	2,693,,000	877,420	—	—	—	877,420	—	6.20	6.30	—
ZHAO Chunxiao	22.01.2013	2,268,000	778,630	—	—	—	778,630	—	6.20	6.30	—
LI Wai Keung	22.01.2013	2,243,000	815,840	—	—	—	815,840	—	6.20	6.30	—

Notes to the above share options granted pursuant to the 2008 Scheme:

(a) The option period of all the share options is five years and six months from the date of grant.

(b) Any share option is only exercisable during the option period after it has become vested.

(c) The normal vesting scale of the share options is as follows:

Date	***Percentage Vesting***
The date two years after the date of grant	*40%*
The date three years after the date of grant	*30%*
The date four years after the date of grant	*10%*
The date five years after the date of grant	*20%*

(d) The vesting of the share options is further subject to the achievement of such performance targets as determined by the board of directors of GDI upon grant and stated in the offer of grant.

Directors' Interests and Short Positions in Securities (continued)

II. Share Options (continued)

(ii) GDI (continued)

(e) The leaver vesting scale of the share options that would apply in the event of the grantee ceasing to be an eligible person under certain special circumstances (less the percentage which has already vested under the normal vesting scale or which has lapsed) is as follows:

Date on which event occurs	***Percentage Vesting***
Before the date which is four months after the date of grant	*0%*
On or after the date which is four months after but before the date which is one year after the date of grant	*10%*
On or after the date which is one year after but before the date which is two years after the date of grant	*25%*
On or after the date which is two years after but before the date which is three years after the date of grant	*40%*
On or after the date which is three years after but before the date which is four years after the date of grant	*70%*
On or after the date which is four years after the date of grant	*80%* *The remaining 20% also vests upon passing the overall performance appraisal for those four years*

(2) Notes to the reconciliation of share options outstanding during the year

* *Details of the vesting period of the share options granted under the 2008 Scheme are set out in the "Share Option Scheme adopted by GDI on 24 October 2008" section of this report.*

** *The exercise price of the share options is subject to adjustment in the case of rights or bonus issues or other similar changes in the share capital of GDI.*

*** *The price of the ordinary share of GDI disclosed as "at date immediately before date of grant" of the share options is the closing price on the Hong Kong Stock Exchange on the business day prior to which the share options were granted.*

The price of the ordinary share of GDI disclosed as "at date immediately before the exercise date" of the share options is the weighted average of the Hong Kong Stock Exchange closing prices immediately before the dates on which the share options were exercised by each of the directors of GDI or all other participants as an aggregate whole.

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

Arrangement to Acquire Shares or Debentures

Save as disclosed in the section headed "Directors' Interests and Short Position in Securities" of this report, at no time during the year was the Company, any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangements to enable Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporates.

Substantial Shareholders' Interests

As at 31 December 2017, so far as is known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had, or were taken or deemed to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register kept by the Company pursuant to Section 336 of the SFO:

Name of shareholder	Number of securities held	Type of securities	Long/Short position	Approximate percentage of interests held *(Note 1)*
廣東粵海控股集團有限公司 (Guangdong Holdings Limited@) *(Note 2)*	1,263,494,221	Shares	Long position	73.82%
GDH Limited *(Notes 2, 3)*	1,263,494,221	Shares	Long position	73.82%
Guangdong Investment Limited *(Note 3)*	1,263,494,221	Shares	Long position	73.82%

Notes:

1. *The approximate percentage of interests held was calculated on the basis of 1,711,536,850 shares of the Company in issue as at 31 December 2017.*

2. *The attributable interest which Guangdong Holdings has in the Company is held through its wholly-owned subsidiary, namely GDH.*

3. *Reference is made to the announcement of the Company dated 19 January 2017 in respect of the Transaction (as defined in such an announcement).*

   On 19 January 2017, GDH entered into an agreement with GDI under which, subject to the fulfillment (or waiver) of the relevant conditions precedent, GDI would acquire approximately 73.82% interest in the Company, being GDH's entire holding of the shares of the Company.

   On 20 March 2017, the Transaction was approved by the independent shareholders of GDI at its extraordinary general meeting held on the same date. For details, please refer to the announcement of GDI dated 20 March 2017.

   On 18 April 2017, all the conditions precedent to the Transaction had been fulfilled and the Transaction was completed, following which GDI has become the immediate holding company of the Company.

Save as disclosed above, as at 31 December 2017, so far as is known to any Director or chief executive of the Company, no other persons (other than a Director or chief executive of the Company) had, or was taken or deemed to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register kept by the Company pursuant to Section 336 of the SFO.

Connected Transactions

Details of the Group's connected transactions, including only the continuing connected transactions during the year, are disclosed in note 27 to the financial statements.

Related Party Transactions

Details of the significant related party transactions are provided under note 27 to the financial statements. Details of the transactions described in note 27 to the financial statements constitute continuing connected transactions under the Listing Rules. In respect of these transactions, the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

Apart from the abovementioned continuing connected transactions, none of the related party transactions as disclosed in note 27 to the financial statements is subject to the reporting, announcement and independent shareholders' approval requirements of the Listing Rules.

Purchase, Sale and Redemption of Listed Securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of its listed securities during the year under review.

Equity-Linked Agreements

During the year ended 31 December 2017, the Company had not entered into any equity-linked agreements.

Significant Contracts with Controlling Shareholder or its Subsidiaries

Save as disclosed in note 27 to the financial statements, the Company and the controlling shareholders of the Company or its subsidiaries had not entered into any contracts of significance during the year under review.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Bye-laws and there are no restrictions against such rights under the laws of Bermuda, being the jurisdiction in which the Company is incorporated.

Public Float

As at the date of this report, the Company has maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Directors.

Major Customers and Suppliers

Sales to the Group's five largest customers accounted for less than 30% of the Group's total sales for the year under review.

Purchases from the Group's five largest suppliers accounted for approximately 65.9% of the Group's total purchases for the year and purchases from the Group's largest supplier included therein accounted for approximately 40.9% of the total purchases for the year under review.

None of the Directors, their respective associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the issued share of the Company) had any interest in the Group's five largest customers or suppliers.

Auditors

Ernst & Young will retire as the auditor of the Company with effect from the close of the 2018 Annual General Meeting and will not seek for re-appointment.

The Board resolved, with the recommendation from the Audit Committee of the Company, to propose the appointment of PricewaterhouseCoopers as the new independent auditors of the Company following the retirement of Ernst & Young, to hold office until the conclusion of the next annual general meeting of the Company. Such a proposed appointment is subject to the approval of the shareholders of the Company at the 2018 Annual General Meeting.

By Order of the Board
HUANG Xiaofeng
Chairman

Hong Kong, 27 March 2018

Corporate Governance Report

Corporate Governance Code

The Group recognises the importance of achieving the highest standard of corporate governance consistent with the needs and requirements of its businesses and the best interest of all of its stakeholders and is fully committed to doing so. It is also with these objectives in mind that the Group has applied the principles of the Code Provisions of the Corporate Governance Code (the "CG Code"), contained in Appendix 14 to the Listing Rules.

In the opinion of the Directors of the Company, the Company was in compliance with the applicable code provisions in the CG Code for the year ended 31 December 2017 and, where appropriate, the applicable recommended best practices of the CG Code.

Directors' Securities Transactions

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors and also implemented internal policy to govern the dealing in securities by the employees of the Group. Having made specific enquiry to all the Directors of the Company, all the Directors confirmed that they had complied with the required standards of dealings as set out in the Model Code during the year under review.

Board of Directors

The board of directors (the "Board") is responsible for the leadership and control of the Company and oversees the Group's businesses, strategic decisions and performances. The management is entrusted by the Board with the authority and responsibility for the day-to-day management of the Group. Major corporate matters that are specifically delegated by the Board to the management include the preparation of interim and annual reports and announcements for Board approval before publishing, execution of business strategies and initiatives adopted by the Board, implementation of adequate systems of internal controls and risk management procedures, and compliance with relevant statutory and regulatory requirements and rules and regulations. It is the responsibility of the Board to determine the appropriate corporate governance practices applicable to the Company's circumstances and to ensure processes and procedures are in place to achieve the Company's corporate governance objectives.

As of the date of this report, the Board comprises one Non-Executive Director, being Mr. HUANG Xiaofeng who is also the Chairman of the Board, four Executive Directors, being Ms. ZHAO Chunxiao who is also the Chief Executive Officer of the Company, Mr. LI Wai Keung who is also the Company Secretary, Mr. WU Mingchang and Mr. ZENG Yi, and three Independent Non-Executive Directors, being Mr. Alan Howard SMITH, Mr. Felix FONG Wo and Mr. Vincent Marshall LEE Kwan Ho.

The Board meets regularly to discuss the overall strategy as well as the operation and financial performance of the Company, and to review and approve the Company's annual, interim and quarterly results. During the year under review, five Board meetings were held and attendance of each Director at the Board meetings is set out in the section headed "Board and Committees Meetings" of this report.

The Company has devised the annual meeting schedule for next year before the end of the year, setting out all meeting dates of the Board and its committees, in order for the Directors to plan ahead. At least fourteen days' notice of a Board meeting is given to all Directors who are provided with an opportunity to include matters for discussion in the agenda. The Company Secretary assists the Chairman in preparing the agenda for meetings to comply with all applicable rules and regulations. The agenda and the accompanying Board papers are normally sent to Directors at least three days before the intended date of a Board meeting. Draft minutes of each Board meeting are circulated to Directors for their comment before being tabled at the next Board meeting for approval. All minutes are kept by the Company Secretary and are open for inspection at any reasonable time on reasonable notice by any Director.

Board of Directors (continued)

According to the current Board practice, if a Director has a conflict of interest in a matter to be considered by the Board, which the Board has determined to be material, the matter will be dealt with by the Board at a duly convened Board meeting. The Bye-laws also stipulate that save for the exceptions as provided therein, a Director shall abstain from voting and not be counted in the quorum at meetings for approving any contract or arrangement in which such Director or any of his/her associates has a material interest. Every Director is entitled to have access to the Board papers and related materials as well as to the advice and services of the Company Secretary.

Corporate Governance Functions

It is the responsibility of the Board to determine the appropriate corporate governance practices applicable to the Company's circumstances and to ensure processes and procedures are in place to achieve the Company's corporate governance objectives.

The duties of the Board performing corporate governance functions under CG Code include:

(a) to develop and review the Company's policies and practices on corporate governance;

(b) to review and monitor the training and continuous professional development of Directors and senior management of the Company;

(c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors of the Company; and

(e) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance report.

During the year under review, the Board considered, among other matters, the following corporate governance issues:

(a) reviewed the training and continuous professional development of Directors and senior management of the Company;

(b) monitored the complaint regarding possible improprieties in financial reporting and internal control (if any);

(c) reviewed the effectiveness of the risk management and internal control systems of the Company through the Internal Audit Department and the Audit Committee; and

(d) reviewed the Company's compliance with the CG Code and related disclosure.

Chairman and Chief Executive Officer

The Chairman of the Board is Mr. HUANG Xiaofeng and the Chief Executive Officer is Ms. ZHAO Chunxiao. Their roles are clearly defined and segregated to ensure independence, proper checks and balances. Mr. Huang as the Chairman of the Board, with his strategic vision and with a non-executive perspective, provides leadership to the Board and gives direction in the development of the Company, which is of added benefit to the check and balance mechanism of the Company. Ms. Zhao as the Chief Executive Officer focuses on the day-to-day management of the Group's business, and leads the management team of the Group.

Non-Executive Directors

All Directors, including Non-Executive Directors, appointed to fill a causal vacancy or as an addition to the existing Board, shall hold office only until the first general meeting after their appointment and shall then be eligible for re-election.

Moreover, each Non-Executive Director (including Independent Non-Executive Directors) of the Company is appointed for a term of not more than approximately three years expiring on the earlier of either (a) the conclusion of the annual general meeting of the Company in the year of the third anniversary of the appointment or re-election of that Director; or (b) the expiration of the period within which the annual general meeting of the Company is required to be held in the year of the third anniversary of the appointment or re-election of that Director and in any event, subject to earlier determination in accordance with the Bye-laws and/or applicable laws and regulations.

During the year under review, the Non-Executive Directors (including Independent Non-Executive Directors) provided the Company with a wide range of expertise and a balance of skills and brought independent judgment on issues of strategic direction, development, performance and risk management through their contribution at Board meetings and committee meetings.

Independence of Independent Non-Executive Directors

During the year under review and up to the date of this report, the Company has complied with the requirements under Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules. The Company has received annual confirmation of independence from the three Independent Non-Executive Directors, namely Mr. Alan Howard SMITH, Mr. Felix FONG Wo and Mr. Vincent Marshall LEE Kwan Ho in accordance with Rule 3.13 of the Listing Rules.

Mr. Alan Howard SMITH, Mr. Felix FONG Wo and Mr. Vincent Marshall LEE Kwan Ho have served the Board for more than nine years. They have clearly demonstrated their willingness to exercise independent judgement and to provide objective challenges and opinions to the management. There is no evidence that length of tenure is having an adverse impact on their independence. The Board therefore considers that Mr. Alan Howard SMITH, Mr. Felix FONG Wo and Mr. Vincent Marshall LEE Kwan Ho remain independent, notwithstanding the length of their tenure.

The Nomination Committee has assessed the independence of all the Independent Non-Executive Directors and has concluded that all of them are independent within the definition of the Listing Rules. Further, up to the date of this report, the Board is not aware of the occurrence of any events, which would cause it to believe that the independence of any of the Independent Non-Executive Directors has been impaired.

Relationship amongst Directors

The Board members do not have any financial, business, family or other material/relevant relationships with each other. Such balanced board composition also ensures that strong independence exists across the Board. The biographies of the Directors as at the date of this report as set out in pages 17 to 21 to this report, demonstrate a diversity of skills, expertise, experience and qualifications.

Directors' Continuous Professional Development

The Company encourages the Directors to enroll in a wide range of professional development courses and seminars relating to the Listing Rules, Hong Kong ordinances and corporate governance practices so that they can continuously develop and refresh their relevant knowledge and skills. Some Directors attended seminars and conferences organized by government authorities, professional bodies and industrial organizations in relation to corporate governance, updates on laws, rules and regulations, accounting, financial, management or other professional skills. The Company has organized a training seminar relating to environmental, social and governance reporting in October 2017 and provided the Directors with reading materials.

As of the date of this report, according to the records kept by the Company, the Directors attended the following trainings during the year under review:

Name of Director	Attending Directors' training organized by the Company or other professional organizations	Reading materials
Non-Executive Director		
HUANG Xiaofeng	✓	✓
Executive Directors		
ZHAO Chunxiao	✓	✓
LI Wai Keung	✓	✓
WU Mingchang	✓	✓
ZENG Yi	✓	✓
Independent Non-Executive Directors		
Alan Howard SMITH	✓	✓
Felix FONG Wo	✓	✓
Vincent Marshall LEE Kwan Ho	✓	✓

Board Diversity Policy

The Board has adopted a board diversity policy (the "Board Diversity Policy") on 27 August 2013 which sets out the approach to achieve diversity on the Board.

The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at Board level as an essential element in supporting the attainment of the Company's strategic objectives and sustainable development.

The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural background, educational level, length of service, professional experience, skills and knowledge. The Company will also take into consideration its own business model and specific needs from time to time. All Board appointments are based on meritocracy and candidates are considered against objective criteria, having due regard to the benefits of diversity on the Board.

The Nomination Committee has set the measurable objectives based on several focused areas: gender, age, cultural background, educational level, length of service, professional experience, skills and knowledge for the implementation of Board diversity of the Company. The Nomination Committee reviews the Board Diversity Policy, as appropriate, to ensure its continued effectiveness from time to time.

Board Diversity Policy (continued)

As at the date of this report, the Board comprises eight Directors, amongst them, three are Independent Non-Executive Directors, thereby promoting critical review and control of the management process. The Board is also characterized by significant diversity, whether considered in terms of age, professional experience, skills and knowledge.

Having reviewed the implementation of the Board Diversity Policy and the structure, size and composition of the Board, the Nomination Committee and the Board considered that the requirements of the Board Diversity Policy had been met.

Board Committees

The Board has established the Audit Committee, the Remuneration Committee and the Nomination Committee. Terms of Reference of those committees detailing their respective authorities and responsibilities are available on the Company's website.

Remuneration Committee

The Company established the Remuneration Committee in June 2005. The Remuneration Committee has been delegated responsibility from the Board to determine the remuneration packages of individual Executive Directors and senior management. Details of the authority and duties of the Remuneration Committee are available on the Company's website.

The Remuneration Committee comprises three Independent Non-Executive Directors, being Mr. Felix FONG Wo, Mr. Alan Howard SMITH and Mr. Vincent Marshall LEE Kwan Ho. Mr. Felix FONG Wo is the chairman of the Remuneration Committee.

The Remuneration Committee shall meet at least once a year in accordance with its terms of reference. One Remuneration Committee meeting was held in 2017 and the attendance of each member is set out in the section headed "Board and Committees Meetings" of this report.

In 2017, the Remuneration Committee reviewed and approved the remuneration package and performance bonus for senior management of the Company.

Details of the amount of Directors' and chief executive's remuneration for the year 2017 are set out in note 7 to the financial statements.

Nomination Committee

The Company established the Nomination Committee in March 2012. The Nomination Committee is responsible for, amongst other things, reviewing the structure, size and composition of the Board, identifying individuals suitably qualified to become Board members, assessing the independence of its Independent Non-Executive Directors in accordance with the criteria prescribed under the Listing Rules and the CG Code, considering the re-appointment of the retiring Directors and succession planning for Directors, reviewing the Board Diversity Policy and implementing the relevant measurable objectives and making recommendations to the Board in respect of the aforesaid matters. Details of the authority and duties of the Nomination Committee are available on the Company's website.

The Nomination Committee comprises Chairman of the Board and Non-Executive Director, Mr. HUANG Xiaofeng, and three Independent Non-Executive Directors, being Mr. Alan Howard SMITH, Mr. Felix FONG Wo and Mr. Vincent Marshall LEE Kwan Ho. Mr. HUANG Xiaofeng is the chairman of the Nomination Committee.

Nomination Committee (continued)

The Nomination Committee shall meet at least once a year in accordance with its terms of reference. One Nomination Committee meeting was held in 2017 and the attendance of each member is set out in the section headed "Board and Committees Meetings" of this report.

In 2017, the Nomination Committee performed the works as summarized below:

(a) assessed the independence of the Independent Non-Executive Directors;

(b) considered the re-appointment of the retiring Directors; and

(c) reviewed the implementation of the Board Diversity Policy and the structure, size and composition of the Board.

Audit Committee

The Audit Committee of the Company was established in September 1998. The Audit Committee oversees matters concerning the external auditors including making recommendations to the Board regarding the appointment of the external auditors, reviewing the scope of their audit and work and approving their fees. The Audit Committee further ensures that the management has put in place effective systems of the risk management and internal control and maintains an overview of the Group's risk management system and financial controls. It reviews the adequacy of resources, qualifications and experience of staff of the Company's accounting, internal audit and financial reporting functions and their training programmes and budget. In addition, it reviews the internal audit schedules of the Group, considers the Group's internal audit reports and monitors the effectiveness of the internal audit function. Details of the authority and duties of the Audit Committee are available on the Company's website.

The Audit Committee comprises three Independent Non-Executive Directors, being Mr. Vincent Marshall LEE Kwan Ho, Mr. Alan Howard SMITH and Mr. Felix FONG Wo. Mr. Vincent Marshall LEE Kwan Ho is the chairman of the Audit Committee.

The Company has complied with Rule 3.21 of the Listing Rules, which requires that at least one of the members of the Audit Committee (which must comprise a minimum of three members with Non-Executive Director only and must be chaired by an Independent Non-Executive Director) is an Independent Non-Executive Director who possesses appropriate professional qualifications or accounting or related financial management expertise.

The Audit Committee shall meet at least twice a year in accordance with its terms of reference. Four Audit Committee meetings were held in 2017 and the attendance of each member is set out in the section headed "Board and Committees Meetings" of this report. In addition to the Committee meetings, the Audit Committee also dealt with matters by way of circulation during the year under review. In addition to its four meetings as aforesaid, the Audit Committee also had one private meeting with the external auditors without the presence of the management to discuss any area of concern.

In 2017, the Audit Committee performed the works as summarized below:

(a) reviewed the annual caps on continuing connected transactions of the Company;

(b) reviewed and recommended 2016 final results, auditors' findings and draft final results announcement for the Board's approval;

(c) reviewed and considered various accounting issues and new accounting standards and their financial impacts;

Audit Committee (continued)

(d) reviewed the internal audit plan of 2017;

(e) reviewed and recommended 2017 interim and quarterly results, auditors' findings, draft interim and quarterly results announcements for the Board's approval;

(f) reviewed and recommended the internal audit reports for the Board's approval; and

(g) considered and approved the audit fee for 2017.

Auditors' Remuneration

During the year under review, the remuneration paid/payable to the Company's auditors, Ernst & Young, is set out as follows:

Services rendered	**Fee paid/payable** *HK$'000*
Audit of annual financial statements	2,035
Review of interim results	535
Agreed-upon procedures in respect of quarterly results	425
Review of statement of indebtedness and working capital sufficiency in a circular	395
Taxation compliance and consultancy services	20
Agreed-upon procedures in respect of continuing connected transactions	10
	3,420

Board and Committees Meetings

The individual attendance records of each Director at the meetings of the Board, Nomination Committee, Remuneration Committee, Audit Committee and general meeting of the Company during the year ended 31 December 2017 are set out below:

Name of Director	Board Meeting	Nomination Committee Meeting	Remuneration Committee Meeting	Audit Committee Meeting	Annual General Meeting
Non-Executive Director					
HUANG Xiaofeng	5/5	1/1	N/A	N/A	1/1
Executive Directors					
ZHAO Chunxiao	5/5	N/A	N/A	N/A	1/1
LI Wai Keung	5/5	N/A	N/A	N/A	1/1
WU Mingchang	5/5	N/A	N/A	N/A	0/1
ZENG Yi	5/5	N/A	N/A	N/A	1/1
Independent Non-Executive Directors					
Alan Howard SMITH	5/5	1/1	1/1	4/4	1/1
Felix FONG Wo	5/5	1/1	1/1	4/4	1/1
Vincent Marshall LEE Kwan Ho	5/5	1/1	1/1	4/4	1/1

Accountability and Audit

The Board is responsible for overseeing the preparation of financial statements for the year ended 31 December 2017, which give a true and fair view of the state of affairs of the Group and of the results and cash flows for that financial year. In preparing the financial statements for the year ended 31 December 2017, the Board has selected appropriate accounting policies, applied them consistently in accordance with the Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards which are pertinent to its operations and relevant to the financial statements, made judgements and estimates that are prudent and reasonable, and ensured the preparation of the financial statements on the going concern basis.

The Group endeavours to present a balanced, clear and comprehensible assessment of the Group's performance, position and prospects. The annual and interim results of the Company are announced in a timely manner within the limit of three months and two months respectively after the end of the relevant periods in accordance with the Listing Rules. To further enhance the Company's level of corporate governance and transparency, the Company has announced its unaudited financial information for the first and third quarters during the financial year ended 31 December 2017, and will continue to publish unaudited financial information for the two quarters in the future.

The Directors have acknowledged their responsibility for preparing all information and representations contained in the financial statements of the Company for the year ended 31 December 2017.

Risk Management and Internal Control

The Board has overall responsibilities for maintaining and ensuring effective implementation of the risk management and internal control systems of the Group. Such systems are designed to prudently manage the Group's risks within an acceptable risk profile. The Board has delegated to management the implementation of such systems of risk management and internal controls as well as the review of relevant financial, operational and compliance controls and risk management procedures.

The management under the supervision of the Board has established an on-going process for identifying, evaluating and managing the significant risks faced by the Group and this process includes updating the systems of risk management and internal control when there are changes to business environment or regulatory guidelines.

The management assists the Board with the implementation of all relevant policies and procedures on risk and control by identifying and assessing the risk faced and designing, operating and monitoring suitable risk management and internal control to mitigate and control these risks. The key processes that have been established in reviewing the adequacy and integrity of the systems of risk management and internal control include the following:

A defined management structure is maintained with specified limits of authority and control responsibilities, which is designed to (a) safeguard assets from inappropriate use; (b) maintain proper accounts; (c) ensure compliance with regulations; and (d) identify, manage and mitigate key risks to the Group.

In addition to the duties of the Audit Committee as mentioned above, the Audit Committee, inter alia, reviews the financial controls, risk management, internal control systems of the Group and any significant internal control issues identified by the internal audit department, the external auditors and the management. It also conducts review of the internal audit functions with particular emphasis on the scope and quality of the internal audits and independence of the internal audit department. During its annual review, the Audit Committee also considers the adequacy of resources, qualifications and experience of staff of the Group's accounting, financial reporting and internal audit functions, and their training programmes and budgets.

Risk Management and Internal Control (continued)

The internal audit department monitors compliance with policies and procedures and the effectiveness of the risk management and internal control systems and highlights significant findings in respect of any non-compliance. It plays an important role in the Group's risk management and internal control framework, and provides objective assurance to the Board that the sound internal control system is maintained and operated in compliance with the established processes and standards by performing periodic checking. The internal audit department issues reports to the Board and relevant management covering various operational and financial processes of the Group and provides summary reports to the Audit Committee together with the status of implementation of their recommendation in each Audit Committee meeting.

An Inside Information Policy was adopted by the Company which sets out guidelines to the Directors, officers and all relevant employees of the Group to ensure inside information (as defined in the Listing Rules) of the Group would be disseminated to the public in equal and timely manner in accordance with applicable laws and regulations.

The Board is satisfied that the risk management and internal control systems in place covering all material controls including financial, operational and compliance controls and risk management functions for the year under review and, up to the date of this report, are reasonably effective and adequate.

Company Secretary

The Company Secretary reports to the Chairman and the Chief Executive Officer of the Company and was responsible for advising the Board on corporate governance matters.

Since Ms. Vanessa WONG Kin Yan resigned on 6 March 2017, Mr. LI Wai Keung, an Executive Director of the Company, has been appointed as the Company Secretary of the Company in her place. For the year under review, the Company Secretary of the Company undertook relevant professional training as required by the Listing Rules to update his/her skills and knowledge.

Shareholders' Rights

The following procedures are subject to the Bye-laws, the Companies Act 1981 of Bermuda and applicable legislation and regulation.

Procedures for shareholders to convene a special general meeting

Registered shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition sent to the registered office of the Company at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda for the attention of the Board or the Company Secretary, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such special general meeting shall be held within two months after the deposit of such requisition. To ensure that the requisition is received by the Company at the earliest opportunity, a copy of the signed requisition should also be deposited at the head office of the Company in Hong Kong at 18th Floor, Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong marked for the attention of the Board or the Company Secretary.

Shareholders' Rights (continued)

Procedures for shareholders to convene a special general meeting (continued)

The written requisition must state the purpose of the general meeting, signed by the registered shareholders concerned and may consist of several documents in like form, each signed by one or more of those shareholders. The written requisition will be verified with the Company's share registrars and upon their confirmation that the requisition is proper and in order, the Company Secretary will ask the Board to convene a special general meeting by serving sufficient notice in accordance with the statutory and regulatory requirements to all the registered shareholders. On the contrary, if the written requisition is invalid, the shareholders concerned will be advised of this outcome and accordingly, a special general meeting will not be convened as requested.

If within 21 days from the date of deposit of the requisition the Board fails to proceed to convene a special general meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a special general meeting, but any meeting so convened shall not be held after the expiration of three months from the said date.

Procedures for shareholder to put forward proposals at general meetings

The Company holds an annual general meeting every year, and may hold a general meeting known as a special general meeting whenever necessary.

Registered shareholder(s) of the Company holding (a) not less than one-twentieth of the total voting rights of all shareholders having the right to vote at the general meeting; or (b) not less than 100 shareholders, can submit a written request stating the resolution intended to be moved at the next annual general meeting; or a statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at a particular general meeting.

The written request/statements must be signed by the shareholder(s) concern and deposited at the Company's registered office at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda for the attention of the Company Secretary, not less than six weeks before the annual general meeting in the case of a requisition requiring notice of a resolution and not less than one week before the general meeting in the case of any other requisition. To ensure that the requisition is received by the Company at the earliest opportunity, a copy of the signed requisition should also be deposited at the head office of the Company in Hong Kong at 18th Floor, Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong marked for the attention of the Board or the Company Secretary.

If the written request is in order, the Company Secretary will ask the Board (a) to include the resolution in the agenda for the annual general meeting; or (b) to circulate the statement for the general meeting, provided that the shareholder(s) concerned have deposited a sum of money reasonably determined by the Board sufficient to meet the Company's expenses in serving the notice of the resolution and/or circulating the statement submitted by the shareholder(s) concerned in accordance with the statutory requirements to all the registered shareholders. On the contrary, if the requisition is invalid or the shareholder(s) concerned have failed to deposit sufficient money to meet the Company's expenses for the said purposes, the shareholder(s) concerned will be advised of this outcome and accordingly, the proposed resolution will not be included in the agenda for the annual general meeting; or the statement will not be circulated for the general meeting.

Shareholders' Rights (continued)

Shareholders' enquiries

Shareholders should direct their enquiries about their shareholdings to the Company's Hong Kong branch share registrar and transfer office, Tricor Tengis Limited, via its online holding enquiry service at www.tricoris.com, or send email to is-enquiries@hk.tricorglobal.com or call its hotline at (852) 2980 1333, or go in person to its public counter at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

Shareholders may also send written enquiries to the Company, for the attention of the Chief Financial Officer or the Company Secretary by mail to 18th Floor, Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong or by fax to (852) 2815 2020.

In addition, the Company is committed to maximizing the use of its website as a channel to provide updated information in a timely manner and to strengthen the communications with both the public and the shareholders. The Company has formulated the "Shareholders Communication Policy" which enables shareholders to exercise their rights in an informed manner.

Investor Relations

During the year under review, there were no significant changes in the Company's Memorandum and Bye-laws. An up-to-date consolidated version of the Company's Memorandum and Bye-laws is available on the Company's website.

Relationship with Stakeholders

The Company recognizes that our employees, customers and suppliers and business associates are key stakeholders to the Company's success. We strive to achieve corporate sustainability through engaging our employees, providing quality services to our customers, collaborating with business partners (including suppliers and contractors) to deliver quality sustainable products and services and supporting our community.

By Order of the Board
HUANG Xiaofeng
Chairman

Hong Kong, 27 March 2018

Independent Auditor's Report

EY 安永

To the shareholders of Guangdong Land Holdings Limited
(Incorporated in Bermuda with limited liability)

Opinion

We have audited the consolidated financial statements of Guangdong Land Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 45 to 103, which comprise the consolidated balance sheet as at 31 December 2017, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for opinion

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

Key audit matters

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

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Fair value measurement of investment properties under development	
It is the Group's accounting policy to measure all of its investment properties at fair value, except for those properties, the fair values of which are not reliably measurable. If the fair values of investment properties under development are not reliably measurable, the Group measures those properties at cost until their fair values become reliably measurable or the development is completed, whichever is earlier. The determination of whether the fair values of investment properties under development are reliably measurable on a continuing basis requires significant management judgement. This includes determination as to whether the market for comparable properties is inactive and whether alternative reliable measurements of fair values are available. As at 31 December 2017, the Group had recorded investment properties under development measured at cost amounting to approximately HK$1,129 million. The directors of the Company concluded that the fair values of the investment properties under development could not be measured reliably at the end of the current reporting period and, therefore, such investment properties under development continue to be measured at cost until fair value can be reliably measured. The accounting policies and disclosures for the investment properties under development are included in notes 2.4, 3 and 12 to the consolidated financial statements.	Our audit procedures included evaluating the judgement and assessment of management. We have also considered the development progress of the relevant investment properties under development at year end to determine whether the fair value of the investment properties under development could be reliably measured.
Estimation of net realisable values of completed properties held for sale	
As at 31 December 2017, the Group recorded completed properties held for sale of approximately HK$270 million. Completed properties held for sale are stated at the lower of cost and net realisable value. The determination of net realisable values involves significant judgement on estimated sales proceeds and selling expenses. The accounting policies and disclosures for the completed properties held for sale are included in notes 2.4 and 3 to the consolidated financial statements.	Our audit procedures included evaluating management's impairment assessment on completed properties held for sale with reference to selling prices of property sales during the year and after the end of the reporting period and market transactions of similar properties nearby. We have also reviewed the calculation of estimated selling expenses based on marketing expenses, sales staff salaries and sales commission incurred previously.

Other information included in the Annual Report

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

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

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

Responsibilities of the directors for the consolidated financial statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the 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 of the Company 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 of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, 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 judgement and maintain professional scepticism throughout the audit. We also:

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

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

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

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

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

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

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

The engagement partner on the audit resulting in this independent auditor's report is Ip Hing Lam.

Ernst & Young
Certified Public Accountants

22/F Citic Tower
1 Tim Mei Avenue
Central
Hong Kong

27 March 2018

Consolidated Statement of Profit or Loss

Year ended 31 December 2017

	Notes	2017 HK$'000	2016 HK$'000
REVENUE	5	**186,694**	1,091,941
Cost of sales		**(21,073)**	(901,049)
Gross profit		**165,621**	190,892
Other income and gains	5	**65,387**	83,983
Selling and distribution expenses		**(7,570)**	(13,552)
Administrative expenses		**(74,372)**	(72,729)
Other operating expenses, net		**(2,780)**	(32,578)
PROFIT BEFORE TAX	6	**146,286**	156,016
Income tax expense	9	**(94,487)**	(125,690)
PROFIT FOR THE YEAR		**51,799**	30,326
Attributable to:			
Owners of the Company		**49,287**	17,734
Non-controlling interest		**2,512**	12,592
		51,799	30,326
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	10		
Basic and diluted		**HK2.88 cents**	HK1.04 cents

Consolidated Statement of Comprehensive Income

Year ended 31 December 2017

	2017 HK$'000	2016 HK$'000
PROFIT FOR THE YEAR	**51,799**	30,326
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**291,416**	(278,756)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**343,215**	(248,430)
Attributable to:		
Owners of the Company	**330,397**	(243,549)
Non-controlling interest	**12,818**	(4,881)
	343,215	(248,430)

Consolidated Balance Sheet

31 December 2017

	Notes	2017 HK$'000	2016 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	**5,413**	8,112
Investment properties	12	**1,156,891**	1,057,327
Deferred tax assets	19	**80,315**	70,047
Total non-current assets		**1,242,619**	1,135,486
CURRENT ASSETS			
Completed properties held for sale		**269,669**	265,386
Properties under development	13	**1,908,882**	1,633,600
Prepayments, deposits and other receivables	14	**34,624**	26,108
Available-for-sale financial assets	15	**1,161,178**	447,160
Pledged bank deposit	16	**44,316**	—
Restricted bank balances	16	**116,804**	563,073
Cash and bank balances	16	**602,749**	2,402,840
Total current assets		**4,138,222**	5,338,167
CURRENT LIABILITIES			
Trade payables	17	**(16,925)**	(1,528,040)
Other payables, accruals and provisions	18	**(150,636)**	(155,310)
Receipts in advance		**(57,847)**	(20,245)
Due to a non-controlling shareholder	27(c)	**—**	(27,948)
Tax payable		**(405,282)**	(336,502)
Total current liabilities		**(630,690)**	(2,068,045)
NET CURRENT ASSETS		**3,507,532**	3,270,122
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,750,151**	4,405,608
NON-CURRENT LIABILITIES			
Deferred tax liabilities	19	**(73,506)**	(72,178)
Net assets		**4,676,645**	4,333,430
EQUITY			
Equity attributable to owners of the Company			
Issued capital	20	**171,154**	171,154
Reserves	21	**4,347,050**	4,016,653
		4,518,204	4,187,807
Non-controlling interest		**158,441**	145,623
Total equity		**4,676,645**	4,333,430

ZHAO Chunxiao
Director

LI Wai Keung
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2017

	Attributable to owners of the Company										
	Issued capital *HK$'000*	Share premium account* *HK$'000*	Capital reserve* *HK$'000*	Property revaluation reserve* *HK$'000*	Enterprise development funds* *HK$'000*	Reserve funds* *HK$'000*	Exchange fluctuation reserve* *HK$'000*	Retained profits* *HK$'000*	Total *HK$'000*	Non-controlling interest *HK$'000*	Total equity *HK$'000*
At 1 January 2016	171,154	1,688,606	13,824	6,984	216	48,298	153,349	2,348,925	4,431,356	178,451	4,609,807
Profit for the year	–	–	–	–	–	–	–	17,734	17,734	12,592	30,326
Other comprehensive loss for the year:											
Exchange differences on translation of foreign operations	–	–	–	–	–	–	(261,283)	–	(261,283)	(17,473)	(278,756)
Total comprehensive income/(loss) for the year	–	–	–	–	–	–	(261,283)	17,734	(243,549)	(4,881)	(248,430)
Transfer to reserve funds	–	–	–	–	–	46,724	–	(46,724)	–	–	–
Dividend declared to a non-controlling shareholder	–	–	–	–	–	–	–	–	–	(27,947)	(27,947)
At 31 December 2016	171,154	1,688,606*	13,824*	6,984*	216*	95,022*	(107,934)*	2,319,935*	4,187,807	145,623	4,333,430

	Attributable to owners of the Company										
	Issued capital *HK$'000*	Share premium account* *HK$'000*	Capital reserve* *HK$'000*	Property revaluation reserve* *HK$'000*	Enterprise development funds* *HK$'000*	Reserve funds* *HK$'000*	Exchange fluctuation reserve* *HK$'000*	Retained profits* *HK$'000*	Total *HK$'000*	Non-controlling interest *HK$'000*	Total equity *HK$'000*
At 1 January 2017	171,154	1,688,606	13,824	6,984	216	95,022	(107,934)	2,319,935	4,187,807	145,623	4,333,430
Profit for the year	–	–	–	–	–	–	–	49,287	49,287	2,512	51,799
Other comprehensive income for the year:											
Exchange differences on translation of foreign operations	–	–	–	–	–	–	281,110	–	281,110	10,306	291,416
Total comprehensive income for the year	–	–	–	–	–	–	281,110	49,287	330,397	12,818	343,215
Transfer to reserve funds	–	–	–	–	–	1,883	–	(1,883)	–	–	–
At 31 December 2017	171,154	1,688,606*	13,824*	6,984*	216*	96,905*	173,176*	2,367,339*	4,518,204	158,441	4,676,645

* These reserve accounts comprise the consolidated reserves of HK$4,347,050,000 (2016: HK$4,016,653,000) in the consolidated balance sheet.

Consolidated Statement of Cash Flows

Year ended 31 December 2017

	Notes	2017 HK$'000	2016 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**146,286**	156,016
Adjustments for:			
Interest income	5	**(63,913)**	(73,436)
Changes in fair value of investment properties	5	**(773)**	(1,006)
Loss/(gain) on disposal of items of property, plant and equipment	6	**375**	(4,822)
Depreciation	6	**1,591**	1,228
		83,566	77,980
Decrease in completed properties held for sale		**15,676**	896,442
Increase in properties under development		**(154,979)**	(643,248)
Decrease/(increase) in prepayments, deposits and other receivables		**(16,378)**	56,858
Decrease in trade payables		**(1,038,737)**	(53,786)
Decrease in other payables, accruals and provisions		**(14,462)**	(171,967)
Increase/(decrease) in receipts in advance		**34,891**	(283,858)
Cash used in operations		**(1,090,423)**	(121,579)
Interest received		**73,697**	63,422
Overseas tax paid		**(59,685)**	(219,975)
Net cash flows used in operating activities		**(1,076,411)**	(278,132)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of items of property, plant and equipment		**—**	5,210
Purchases of items of property, plant and equipment	11	**(718)**	(918)
Additions to investment properties		**(541,064)**	(479,320)
Increase in a pledged bank deposit		**(42,734)**	—
Decrease/(increase) in restricted bank balances		**468,408**	(128,348)
Consideration received for the disposal of the previous brewery subsidiaries		**—**	638,507
Additions of available-for-sale financial assets		**(667,692)**	(467,720)
Decrease/(increase) in time and structured deposits with maturity of over three months when acquired		**346,291**	(344,944)
Net cash flows used in investing activities		**(437,509)**	(777,533)

Consolidated Statement of Cash Flows (continued)

Year ended 31 December 2017

	Notes	2017 HK$'000	2016 HK$'000
CASH FLOW FROM A FINANCING ACTIVITY			
Dividend paid to a non-controlling shareholder and cash flow used in a financing activity		**(29,016)**	—
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(1,542,936)**	(1,055,665)
Cash and cash equivalents at beginning of year		**2,073,059**	3,209,733
Effect of foreign exchange rate changes, net		**72,626**	(81,009)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**602,749**	2,073,059
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**432,007**	323,396
Non-pledged time and structured deposits with original maturity of less than three months when acquired	*16*	**170,742**	1,749,663
Non-pledged time and structured deposits with original maturity of over three months when acquired	*16*	**—**	329,781
Cash and bank balances as stated in the consolidated balance sheet		**602,749**	2,402,840
Less: Non-pledged time and structured deposits with original maturity of over three months when acquired	*16*	**—**	(329,781)
Cash and cash equivalents as stated in the consolidated statement of cash flows		**602,749**	2,073,059

1. Corporate and Group Information

Guangdong Land Holdings Limited is a limited liability company incorporated in Bermuda. The principal place of business of the Company is located at 18th Floor, Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong.

On 19 January 2017, GDH Limited entered into a sale and purchase agreement with Guangdong Investment Limited ("GDI"), a then fellow subsidiary of the Company with its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), to sell its 73.82% equity interest of the Company for a consideration of RMB3,358,000,000, which was completed on 18 April 2017, and on the same date, GDI became the immediate holding company of the Company. In the opinion of the directors, the ultimate holding company of the Company is 廣東粵海控股集團有限公司 (Guangdong Holdings Limited), a company established in the People's Republic of China (the "PRC").

During the year, the Group was involved in property development and investment.

Particulars of the Company's principal subsidiaries are disclosed in note 32 to the financial statements.

2.1 Basis of Preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain investment properties and available-for-sale financial assets which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2017. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

2.1 Basis of Preparation (continued)

Basis of consolidation (continued)

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are 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. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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 described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 Changes in Accounting Policies and Disclosures

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKAS 7	*Disclosure Initiative*
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Amendments to HKFRS 12 included in *Annual Improvements to HKFRSs 2014-2016 Cycle*	*Disclosure of Interests in Other Entities: Clarification of the Scope of HKFRS 12*

2.2 Changes in Accounting Policies and Disclosures (continued)

Other than as explained below regarding the impact of amendments to HKAS 7, the adoption of the above revised standards has had no significant financial effect on these financial statements.

The nature and the impact of the amendments are described below:

(a) Amendments to HKAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Disclosure of the changes in liabilities arising from financing activities is provided in note 23 to the financial statements.

(b) Amendments to HKAS 12 clarify that an entity, when assessing whether taxable profits will be available against which it can utilise a deductible temporary difference, needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The amendments have had no impact on the financial position or performance of the Group as the Group has no deductible temporary differences or assets that are in the scope of the amendments.

(c) Amendments to HKFRS 12 clarify that the disclosure requirements in HKFRS 12, other than those disclosure requirements in paragraphs B10 to B16 of HKFRS 12, apply to an entity's interest in a subsidiary, a joint venture or an associate, or a portion of its interest in a joint venture or an associate that is classified as held for sale or included in a disposal group classified as held for sale. The amendments have had no impact on the Group's financial statements as the Group does not have any subsidiaries, associates or joint ventures classified as a disposal group held for sale as at 31 December 2017 and so no additional information is required to be disclosed.

2.3 Issued but not yet Effective Hong Kong Financial Reporting Standards

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

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]
HKFRS 9	*Financial Instruments*[1]
Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 15	*Revenue from Contracts with Customers*[1]
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*[1]
HKFRS 16	*Leases*[2]
HKFRS 17	*Insurance Contracts*[3]
Amendments to HKAS 28	*Long-Term Interests in Associates and Joint Ventures*[2]
Amendments to HKAS 40	*Transfers to Investment Property*[1]
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*[1]
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*[2]
Annual Improvements 2014-2016 Cycle	Amendments to HKFRS 1 and HKAS 28[1]
Annual Improvements 2015-2017 Cycle	Amendments to a number of HKFRSs[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 1 January 2021
4 No mandatory effective date yet determined but available for adoption

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

The HKICPA issued amendments to HKFRS 2 in August 2016 that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding a certain amount in order to meet an employee's tax obligation associated with the share-based payment; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. The amendments clarify that the approach used to account for vesting conditions when measuring equity-settled share-based payments also applies to cash-settled share-based payments. The amendments introduce an exception so that a share-based payment transaction with net share settlement features for withholding a certain amount in order to meet the employee's tax obligation is classified in its entirety as an equity-settled share-based payment transaction when certain conditions are met. Furthermore, the amendments clarify that if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction from the date of the modification. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if they elect to adopt for all three amendments and other criteria are met. The Group will adopt the amendments from 1 January 2018. The amendments are not expected to have any significant impact on the Group's financial statements.

2.3 Issued but not yet Effective Hong Kong Financial Reporting Standards (continued)

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group will adopt HKFRS 9 from 1 January 2018. The Group will not restate comparative information and will recognise any transition adjustments against the opening balance of equity at 1 January 2018. During 2017, the Group has performed a detailed assessment of the impact of the adoption of HKFRS 9. The expected impacts relate to the classification and measurement and the impairment requirements and are summarised as follows:

(a) Classification and measurement

The Group does not expect that the adoption of HKFRS 9 will have a significant impact on the classification and measurement of its financial assets. It expects to continue measuring at fair value all financial assets currently held at fair value. Equity investments currently held as available for sale will be measured at fair value through profit or loss and the Group expects to apply the option to present fair value changes in profit or loss.

(b) Impairment

HKFRS 9 requires an impairment on debt instruments recorded at amortised cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under HKFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group will apply the general approach and record twelve-month expected credit losses that are estimated based on the possible default events on its other receivables within the next twelve months.

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of the amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

2.3 Issued but not yet Effective Hong Kong Financial Reporting Standards (continued)

HKFRS 15, issued in July 2014, establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. Either a full retrospective application or a modified retrospective adoption is required on the initial application of the standard. In June 2016, the HKICPA issued amendments to HKFRS 15 to address the implementation issues on identifying performance obligations, application guidance on principal versus agent and licenses of intellectual property, and transition. The amendments are also intended to help ensure a more consistent application when entities adopt HKFRS 15 and decrease the cost and complexity of applying the standard. The Group plans to adopt the transitional provisions in HKFRS 15 to recognise the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2018. In addition, the Group plans to apply the new requirements only to contracts that are not completed before 1 January 2018. The Group expects that the transitional adjustment to be made on 1 January 2018 upon initial adoption of HKFRS 15 will not be material. However, the expected changes in accounting policies, as further explained below, will have impacts on the Group's financial statements from 2018 onwards. During 2017, the Group has performed a detailed assessment on the impact of the adoption of HKFRS 15.

The Group's principal activities consist of the property development and investment. The expected impacts arising from the adoption of HKFRS 15 on the Group are summarised as follows:

(a) Sale of properties

Currently, revenue from the sale of properties is recognised upon delivery of the respective properties to buyers at which time the risks and rewards of ownership of the relevant properties transferred to buyers. Upon the adoption of HKFRS 15, revenue from the sale of properties will be recognised at a point in time when control of the asset is transferred to the customer, generally on delivery of the properties.

(b) Incremental costs of obtaining a contract

Upon the adoption of HKFRS 15, the Group shall recognise as an asset the incremental costs of obtaining a contract with a customer if the entity expects to recover those costs. The incremental costs of obtaining a contract are those costs that an entity incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained (for example, sales commission). The Group expects that the sales commission of the pre-sales of properties would be recognised as an asset and amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates.

2.3 Issued but not yet Effective Hong Kong Financial Reporting Standards (continued)

(c) Presentation and disclosure

The presentation and disclosure requirements in HKFRS 15 are more detailed than those under the current HKAS 18. The presentation requirements represent a significant change from current practice and will significantly increase the volume of disclosures required in the Group's financial statements. Many of the disclosure requirements in HKFRS 15 are new and the Group has assessed that the impact of some of these disclosure requirements will be significant. In particular, the Group expects that the notes to the financial statements will be expanded because of the disclosure of significant judgements made on determining the transaction prices of those contracts that include variable consideration, how the transaction prices have been allocated to the performance obligations, and the assumptions made to estimate the stand-alone selling price of each performance obligation. In addition, as required by HKFRS 15, the Group will disaggregate revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. It will also disclose information about the relationship between the disclosure of disaggregated revenue and revenue information disclosed for each reportable segment.

HKFRS 16, issued in May 2016, replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases — Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two recognition exemptions for lessees — leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of use asset meets the definition of investment property in HKAS 40, or relates to a class of property, plant and equipment to which the revaluation model is applied. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under HKFRS 16 is substantially unchanged from the accounting under HKAS 17. Lessors will continue to classify all leases using the same classification principle as in HKAS 17 and distinguish between operating leases and finance leases. HKFRS 16 requires lessees and lessors to make more extensive disclosures than under HKAS 17. Lessees can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group expects to adopt HKFRS 16 from 1 January 2019. The Group is currently assessing the impact of HKFRS 16 upon adoption and is considering whether it will choose to take advantage of the practical expedients available and which transition approach and reliefs will be adopted. As disclosed in note 24 to the financial statements, at 31 December 2017, the Group had future minimum lease payments under non-cancellable operating leases in aggregate of approximately HK$6,054,000. Upon adoption of HKFRS 16, certain amounts included therein may need to be recognised as new right-of-use assets and lease liabilities. Further analysis, however, will be needed to determine the amount of new rights of use assets and lease liabilities to be recognised, including, but not limited to, any amounts relating to leases of low-value assets and short term leases, other practical expedients and reliefs chosen, and new leases entered into before the date of adoption.

2.3 Issued but not yet Effective Hong Kong Financial Reporting Standards (continued)

Amendments to HKAS 40, issued in April 2017, clarify when an entity should transfer property, including property under construction or development, into or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments should be applied prospectively to the changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at the date that it first applies the amendments and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application is only permitted if it is possible without the use of hindsight. The Group expects to adopt the amendments prospectively from 1 January 2018. The amendments are not expected to have any significant impact on the Group's financial statements.

HK(IFRIC)-Int 22, issued in June 2017, provides guidance on how to determine the date of the transaction when applying HKAS 21 to the situation where an entity receives or pays advance consideration in a foreign currency and recognises a non-monetary asset or liability. The interpretation clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset (such as a prepayment) or non-monetary liability (such as deferred income) arising from the payment or receipt of the advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the entity must determine the transaction date for each payment or receipt of the advance consideration. Entities may apply the interpretation on a full retrospective basis or on a prospective basis, either from the beginning of the reporting period in which the entity first applies the interpretation or the beginning of the prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation. The Group expects to adopt the interpretation prospectively from 1 January 2018. The amendments are not expected to have any significant impact on the Group's financial statements.

HK(IFRIC)-Int 23, issued in July 2017, addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. The interpretation is to be applied retrospectively, either fully retrospectively without the use of hindsight or retrospectively with the cumulative effect of application as an adjustment to the opening equity at the date of initial application, without the restatement of comparative information. The Group expects to adopt the interpretation from 1 January 2019. The amendments are not expected to have any significant impact on the Group's financial statements.

2.4 Summary of Significant Accounting Policies

Fair value measurement

The Group measures certain of its investment properties and available-for-sale financial assets at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than completed properties held for sale, properties under development, deferred tax assets, investment properties and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

2.4 Summary of Significant Accounting Policies (continued)

Impairment of non-financial assets (continued)

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);

2.4 Summary of Significant Accounting Policies (continued)

Related parties (continued)

(b) the party is an entity where any of the following conditions applies: (continued)

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Properties under development

Properties under development are stated at the lower of cost and net realisable value. Cost of properties under development comprises cost of land, development expenditure and other direct costs attributable to the development. Net realisable value is based on estimated selling prices less estimated cost to be incurred to completion and disposal.

Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost is determined by apportionment of total development cost, including capitalised borrowing cost, attributable to the unsold units. Net realisable value is determined on the basis of anticipated sales proceeds estimated by management based on the prevailing market conditions less all estimated costs to completion and selling expenses, on an individual property basis.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	3% — 6%
Plant, machinery and equipment	18% — 20%
Furniture and fixtures	18% — 20%
Motor vehicles	18% — 20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

2.4 Summary of Significant Accounting Policies (continued)

Property, plant and equipment and depreciation (continued)

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investment properties

Investment properties are interests in land and buildings (including leasehold interest under an operating lease for a property which otherwise meets the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Properties under construction or development for further use as investment properties are classified as investment properties under development. If the fair value cannot be reliably determined, the investment properties under development will be measured at cost until such time as fair value can be determined or construction is completed. The Group concluded that the fair value of its investment properties under development cannot be measured reliably at the end of the reporting period, and therefore, the Group's investment properties under development are measured at cost.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

2.4 Summary of Significant Accounting Policies (continued)

Investments and other financial assets (continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in other operating expenses for receivables.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the statement of profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to the statement of profit or loss in other gains or losses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in the statement of profit or loss as other income in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

2.4 Summary of Significant Accounting Policies (continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated balance sheet) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the assets or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

2.4 Summary of Significant Accounting Policies (continued)

Impairment of financial assets (continued)

Financial assets carried at amortised cost (continued)
The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other operating expenses in the statement of profit or loss.

Available-for-sale financial investments
For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statement of profit or loss, is removed from other comprehensive income and recognised in the statement of profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss — is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through the statement of profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. Impairment losses on debt instruments are reversed through the statement of profit or loss if the subsequent increase in fair value of the instruments can be objectively related to an event occurring after the impairment loss was recognised in the statement of profit or loss.

2.4 Summary of Significant Accounting Policies (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, certain accruals and other payables and an amount due to a non-controlling shareholder.

Subsequent measurement

The subsequent measurement of loans and borrowings is as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement or profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits and short term highly liquid investments that are readily convertible into known amounts of cash; are subject to an insignificant risk of changes in value; and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated balance sheet, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

2.4 Summary of Significant Accounting Policies (continued)

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2.4 Summary of Significant Accounting Policies (continued)

Income tax (continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) income from the sale of properties, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the properties sold;

(b) rental income, on a time proportion basis over the lease terms; and

(c) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Employee benefits

Retirement benefit schemes

The Company and certain of its subsidiaries operate a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

2.4 Summary of Significant Accounting Policies (continued)

Employee benefits (continued)

Retirement benefit schemes (continued)

Employees of the Group's certain subsidiaries which operate in Mainland China are required to participate in a local pension scheme (the "LPS") operated by the local municipal government. These subsidiaries are required to contribute 21% to 23% of their payroll costs to the LPS. The contributions under the LPS are charged to the statement of profit or loss as they become payable in accordance with the rules of the LPS.

Termination benefits

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the costs of those assets. The capitalisation of such borrowing costs ceases when 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 capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and bye-laws grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

2.4 Summary of Significant Accounting Policies (continued)

Foreign currencies (continued)

The functional currencies of subsidiaries not operating in Hong Kong are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of subsidiaries not operating in Hong Kong are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of subsidiaries not operating in Hong Kong which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. Significant Accounting Judgements and Estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Classification between investment properties and properties under development

The Group determines whether a property qualifies as an investment property or a property under development, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both.

Properties under development are properties held by the Group with intention for sale in the Group's ordinary course of business. Judgement is made on an individual property basis to determine whether properties are classified as investment properties or properties under development.

3. Significant Accounting Judgements and Estimates (continued)

Judgements (continued)

Investment properties under development

Properties under construction or development for future use as investment properties are classified as investment properties under development. If the fair value cannot be reliably determined, the investment properties under development will be measured at cost until such time as fair value can be reliably determined.

The Group has to exercise judgement in determining when the fair value of investment properties under development can be reliably measured, which might include the consideration of (i) whether the construction permits have been obtained; (ii) whether the development plans have been approved; and (iii) the remaining construction cost can be accurately estimated. Other indications may also be appropriate in light of the facts and circumstances of individual developments.

The directors concluded that the fair value of investment properties under development continues to be measured at cost until the development plans have been approved or the remaining construction cost can be accurately estimated.

Estimation uncertainty

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

Land appreciation tax

Under the Detailed Rules for the Implementation of Provisional Regulations on Land Appreciation Tax ("LAT"), all gains arising from the transfer of real estate properties in Mainland China are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including amortisation of land use rights, borrowing costs and all property development expenditures.

The subsidiaries of the Group that recorded sales of property assets in Mainland China are subject to LAT, which has been included in income tax. However, the implementation of LAT varies amongst various Mainland China cities and the Group has not finalised certain of its LAT returns with various tax authorities. Accordingly, significant judgement is required in determining the amount of land appreciation and its related taxes. The ultimate tax determination is uncertain during the ordinary course of business. The Group recognises these liabilities based on management's best estimates. When the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact income tax and provisions for LAT in the period in which such determination is made.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets relating to provision for LAT at 31 December 2017 was HK$80,315,000 (2016: HK$70,047,000). The amount of unrecognised tax losses at 31 December 2017 was HK$392,510,000 (2016: HK$435,426,000). Further details are contained in note 19 to the financial statements.

3. Significant Accounting Judgements and Estimates (continued)

Estimation uncertainty (continued)

Estimation of net realisable values of completed properties held for sale and properties under development

Properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. The estimated net realisable value is the estimated selling price less selling expenses, which are estimated based on the best available information including selling prices of property sales during the year and after the end of the reporting period, market transactions of similar properties nearby.

Estimation of total budgeted costs and costs to completion for properties under development and investment properties under development

Total budgeted costs for properties under development and investment properties under development comprise (i) prepaid land lease payments; (ii) building costs; and (iii) any other direct costs attributable to the development of the properties. In estimating the total budgeted costs for properties under development and investment properties under development, management makes reference to information such as (i) current offers from contractors and suppliers; (ii) recent offers agreed with contractors and suppliers; and (iii) professional estimation on construction and material costs.

4. Operating Segment Information

For management purposes, the Group is organised into business units based on their products and activities and has two reportable segments as follows:

(a) the property development and investment segment consists of property development and property investment; and

(b) the other segment consists of corporate and other income and expense items.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about the resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income is excluded from such measurement.

Segment assets exclude deferred tax assets as these assets are managed on a group basis.

Segment liabilities exclude deferred tax liabilities as these liabilities are managed on a group basis.

During the current and prior years, there were no intersegment transactions.

4. Operating Segment Information (continued)

	Property development and investment HK$'000	Other HK$'000	Total HK$'000
Year ended 31 December 2017			
Segment revenue:			
Sales to external customers	186,694	—	186,694
Segment results	103,651	(21,278)	82,373
Reconciliation:			
Interest income			63,913
Profit before tax			146,286
Segment assets	5,139,685	160,841	5,300,526
Reconciliation:			
Unallocated assets			80,315
Total assets			5,380,841
Segment liabilities	(610,796)	(19,894)	(630,690)
Reconciliation:			
Unallocated liabilities			(73,506)
Total liabilities			(704,196)
Other segment information:			
Changes in fair value of investment properties	(773)	—	(773)
Depreciation	1,324	267	1,591
Capital expenditure*	24,280	171	24,451

* Capital expenditure consists of additions to property, plant and equipment and investment properties.

4. Operating Segment Information (continued)

	Property development and investment HK$'000	Other HK$'000	Total HK$'000
Year ended 31 December 2016			
Segment revenue:			
Sales to external customers	1,091,941	—	1,091,941
Segment results	143,684	(61,104)	82,580
Reconciliation:			
Interest income			73,436
Profit before tax			156,016
Segment assets	5,997,460	406,146	6,403,606
Reconciliation:			
Unallocated assets			70,047
Total assets			6,473,653
Segment liabilities	(2,041,067)	(26,978)	(2,068,045)
Reconciliation:			
Unallocated liabilities			(72,178)
Total liabilities			(2,140,223)
Other segment information:			
Changes in fair value of investment properties	(1,006)	—	(1,006)
Depreciation	1,003	225	1,228
Capital expenditure*	1,088,372	280	1,088,652

* Capital expenditure consists of additions to property, plant and equipment and investment properties.

Geographical information

Revenue and non-current assets information is based on the locations of the customers and the locations of the assets. As the Group's major operations are principally located in Mainland China, no further geographical segment information is provided.

Information about major customers

No revenue from the Group's sales to a single customer amounted to 10% or more of the Group's total revenue for each of the years ended 31 December 2017 and 2016.

5. Revenue, Other Income and Gains

Revenue represents sales of completed properties held for sale and rental income received during the year.

An analysis of revenue and other income and gains is as follows:

	2017 *HK$'000*	2016 *HK$'000*
Revenue		
Sale of properties	184,554	1,090,261
Rental income	2,140	1,680
	186,694	1,091,941
Other income		
Bank interest income	12,293	72,828
Interest income from available-for-sale financial assets	51,620	608
Others	701	1,769
	64,614	75,205
Gains		
Changes in fair value of investment properties	773	1,006
Gain on disposal of items of property, plant and equipment	—	4,822
Others	—	2,950
	773	8,778
	65,387	83,983

6. Profit Before Tax

The Group's profit before tax is arrived at after charging/(crediting):

	Note	2017 HK$'000	2016 HK$'000
Cost of properties sold		**21,073**	901,049
Depreciation	11	**1,591**	1,228
Minimum lease payments under operating leases		**3,159**	2,499
Auditor's remuneration		**2,570**	2,453
Employee benefit expense (excluding directors' Remuneration *(note 7)*):			
Wages and salaries		**59,569**	59,285
Pension scheme contributions*		**9,577**	9,367
Less: Forfeited contributions		**(23)**	(3)
Net pension scheme contributions		**9,554**	9,364
		69,123	68,649
Less: Amounts capitalised under property development project		**(23,445)**	(28,726)
		45,678	39,923
Loss/(gain) on disposal of items of property, plant and equipment		**375**	(4,822)
Foreign exchange differences, net#		**(2,891)**	32,306

* At 31 December 2017, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2016: Nil).

\# Included in "other operating expenses, net" on the face of the consolidated statement of profit or loss.

7. Directors' and Chief Executive's Remuneration

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited (the "Listing Rules"), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2017 HK$'000	2016 HK$'000
Fees:		
Independent Non-Executive Directors	**1,640**	1,640
Non-Executive Directors	**—**	—
Executive Directors	**—**	—
	1,640	1,640
Other emoluments:		
Salaries, allowances and benefits in kind	**—**	1,215
Performance-related bonuses*	**—**	463
Pension scheme contributions	**—**	133
	—	1,811
	1,640	3,451

* Certain executive directors of the Company are entitled to bonus payments which are determined based on the Group's performance.

(a) Independent Non-Executive Directors

The fees paid or payable to Independent Non-Executive Directors during the year were as follows:

	2017 HK$'000	2016 HK$'000
Alan Howard SMITH	**520**	520
Felix FONG Wo	**560**	560
Vincent Marshall LEE Kwan Ho	**560**	560
	1,640	1,640

There were no other emoluments payable to the Independent Non-Executive Directors during the year (2016: Nil).

7. Directors' and Chief Executive's Remuneration (continued)

(b) Executive Directors and Non-Executive Directors

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Performance-related bonuses HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2017					
Executive Directors:					
ZHAO Chunxiao					
(Chief Executive Officer)	—	—	—	—	—
LI Wai Keung	—	—	—	—	—
WU Mingchang	—	—	—	—	—
ZENG Yi	—	—	—	—	—
	—	—	—	—	—
Non-Executive Director:					
HUANG Xiaofeng *(Chairman)*	—	—	—	—	—
	—	—	—	—	—
	—	—	—	—	—
2016					
Executive Directors:					
ZHAO Chunxiao *(note a)*					
(Chief Executive Officer)	—	—	—	—	—
YE Xuquan *(note b)*	—	1,215	463	133	1,811
LI Wai Keung	—	—	—	—	—
WU Mingchang *(note c)*	—	—	—	—	—
ZENG Yi *(note d)*	—	—	—	—	—
	—	1,215	463	133	1,811
Non-Executive Directors:					
HUANG Xiaofeng *(Chairman)*	—	—	—	—	—
HUANG Zhenhai *(note e)*	—	—	—	—	—
LUO Fanyu *(note f)*	—	—	—	—	—
	—	—	—	—	—
	—	1,215	463	133	1,811

Notes:

(a) ZHAO Chunxiao was appointed as the Chief Executive Officer of the Company effective from 25 August 2016.

(b) YE Xuquan resigned as an Executive Director and the Chief Executive Officer of the Company effective from 1 May 2016.

7. Directors' and Chief Executive's Remuneration (continued)

(b) Executive Directors and Non-Executive Directors (continued)

Notes: (continued)

(c) WU Mingchang was appointed as a Non-Executive Director of the Company on 17 March 2016 and re-designated as an Executive Director of the Company effective from 7 June 2016.

(d) ZENG Yi was appointed as an Executive Director of the Company effective from 27 October 2016.

(e) HUANG Zhenhai resigned as a Non-Executive Director of the Company effective from 27 January 2016.

(f) LUO Fanyu resigned as a Non-Executive Director of the Company effective from 17 March 2016.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2016: Nil).

8. Five Highest Paid Employees

The five highest paid employees during the year did not include any (2016: one) directors. Details of directors' and chief executives' remuneration are set out in note 7 above. Details of the remuneration for the year of the five (2016: four) highest paid employees who are neither directors nor chief executive of the Company are as follows:

	2017	2016
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**2,529**	3,133
Performance-related bonuses	**5,202**	3,015
Pension scheme contributions	**835**	636
	8,566	6,784

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2017	2016
HK$1,000,001 to HK$1,500,000	**2**	2
HK$1,500,001 to HK$2,000,000	**2**	1
HK$2,000,001 to HK$2,500,000	**1**	—
HK$2,500,001 to HK$3,000,000	**—**	1
	5	4

9. Income Tax

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the year (2016: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

LAT has been provided in accordance with the requirements set forth in the relevant PRC laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation values, with certain allowable deductions.

	2017	2016
	HK$'000	*HK$'000*
Current – Hong Kong	**—**	—
Current – Elsewhere	**13,024**	169,342
LAT in Mainland China	**90,229**	223,753
Deferred *(note 19)*	**(8,766)**	(267,405)
Total tax charge for the year	**94,487**	125,690

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	2017		2016	
	HK$'000	**%**	*HK$'000*	%
Profit before tax	**146,286**		156,016	
Tax at the statutory tax rates	**38,144**	**26.1**	41,779	26.8
Effect of withholding tax at 5% on the dividend distribution made by a PRC subsidiary	**—**	**—**	5,590	3.6
Income not subject to tax	**(22,398)**	**(15.3)**	(36,291)	(23.3)
Expenses not deductible for tax	**5,235**	**3.6**	65,950	42.3
Utilisation of previously unrecognised tax losses	**(16,030)**	**(11.0)**	(42,899)	(27.5)
Tax losses not recognised	**1,861**	**1.3**	155	0.1
LAT in Mainland China	**90,229**	**61.7**	223,753	143.4
Release of deferred LAT liabilities	**(2,554)**	**(1.8)**	(132,347)	(84.8)
Tax charge at the Group's effective rate	**94,487**	**64.6**	125,690	80.6

10. Earnings Per Share Attributable to Ordinary Equity Holders of the Company

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company and the number of ordinary shares of 1,711,536,850 (2016: 1,711,536,850) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2017 and 2016.

11. Property, Plant and Equipment

	Note	Buildings HK$'000	Plant, machinery and equipment HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Total HK$'000
31 December 2017						
At 31 December 2016 and at 1 January 2017:						
Cost		23,850	6,322	1,006	1,747	32,925
Accumulated depreciation		(20,478)	(2,970)	(546)	(819)	(24,813)
Net carrying amount		3,372	3,352	460	928	8,112
At 1 January 2017, net of accumulated depreciation		3,372	3,352	460	928	8,112
Additions		—	718	—	—	718
Disposals		(375)	—	—	—	(375)
Depreciation provided during the year	6	(200)	(997)	(201)	(193)	(1,591)
Transfer to properties held for sale		(1,859)	—	—	—	(1,859)
Exchange realignment		147	203	—	58	408
At 31 December 2017, net of accumulated depreciation		1,085	3,276	259	793	5,413
At 31 December 2017:						
Cost		8,341	7,484	1,006	1,869	18,700
Accumulated depreciation		(7,256)	(4,208)	(747)	(1,076)	(13,287)
Net carrying amount		1,085	3,276	259	793	5,413

11. Property, Plant and Equipment (continued)

	Note	Buildings HK$'000	Plant, machinery and equipment HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Total HK$'000
31 December 2016						
At 31 December 2015 and at 1 January 2016:						
Cost		34,034	5,830	1,006	1,865	42,735
Accumulated depreciation		(30,045)	(2,342)	(345)	(675)	(33,407)
Net carrying amount		3,989	3,488	661	1,190	9,328
At 1 January 2016, net of accumulated depreciation		3,989	3,488	661	1,190	9,328
Additions		—	918	—	—	918
Disposals		(135)	(253)	—	—	(388)
Depreciation provided during the year	6	(245)	(587)	(201)	(195)	(1,228)
Exchange realignment		(237)	(214)	—	(67)	(518)
At 31 December 2016, net of accumulated depreciation		3,372	3,352	460	928	8,112
At 31 December 2016:						
Cost		23,850	6,322	1,006	1,747	32,925
Accumulated depreciation		(20,478)	(2,970)	(546)	(819)	(24,813)
Net carrying amount		3,372	3,352	460	928	8,112

12. Investment Properties

	Completed investment properties at fair value HK$'000	Investment properties under development at cost HK$'000	Total HK$'000
2017			
Carrying amount at 1 January 2017	**25,276**	**1,032,051**	**1,057,327**
Additions	**—**	**23,733**	**23,733**
Net gain from a fair value adjustment	**773**	**—**	**773**
Exchange realignment	**1,800**	**73,258**	**75,058**
Carrying amount at 31 December 2017	**27,849**	**1,129,042**	**1,156,891**
2016			
Carrying amount at 1 January 2016	27,930	—	27,930
Additions	—	1,087,734	1,087,734
Net gain from a fair value adjustment	1,006	—	1,006
Disposal	(1,929)	—	(1,929)
Exchange realignment	(1,731)	(55,683)	(57,414)
Carrying amount at 31 December 2016	25,276	1,032,051	1,057,327

As at 31 December 2017, land use right certificate of a leasehold land with a carrying amount of HK$818,004,000 (2016: HK$764,396,000) has not been issued. The Group is in the process of obtaining the certificate.

The Group's completed investment properties consist of one warehouse and one residential/non-residential properties in Mainland China. The directors of the Company determined that the completed investment properties consist of two classes of assets, i.e., warehouse and residential/non-residential, based on the nature, characteristics and risks of each property. The Group's completed investment properties were revalued on 31 December 2017 by Vigers Appraisal and Consulting Limited, independent professionally qualified valuers, at HK$27,849,000. Each year, the Group's finance manager and the chief financial officer decide to appoint which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria includes market knowledge, reputation, independence and whether professional standards are maintained. The Group's finance manager and the chief financial officer have discussions with the valuers on the valuation assumptions and valuation results twice a year when the valuation is performed for interim and annual financial reporting.

Investment properties under development are measured at cost until such time as fair value can be determined reliably. The Group has concluded that the fair value of these investment properties under development cannot be reliably determined and they were therefore measured at cost in the consolidated balance sheet.

12. Investment Properties (continued)

Further particulars of the Group's investment properties are included on page 104.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's completed investment properties:

	Fair value measurement as at 31 December 2017 using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Recurring fair value measurement for:				
Warehouse property	**—**	**—**	**16,556**	**16,556**
Residential/non-residential property	**—**	**—**	**11,293**	**11,293**
	—	**—**	**27,849**	**27,849**

	Fair value measurement as at 31 December 2016 using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Recurring fair value measurement for:				
Warehouse property	—	—	15,047	15,047
Residential/non-residential property	—	—	10,229	10,229
	—	—	25,276	25,276

During the year, there were no transfers of fair value measurement between Level 1 and Level 2 and no transfers into or out of Level 3 (2016: Nil).

12. Investment Properties (continued)

Fair value hierarchy (continued)

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	Industrial property HK$'000	Warehouse property HK$'000	Residential/ non-residential property HK$'000
Carrying amount at 1 January 2016	2,220	14,753	10,957
Net gain/(loss) from a fair value adjustment recognised in profit or loss	(246)	1,285	(33)
Disposal	(1,929)	—	—
Exchange realignment	(45)	(991)	(695)
Carrying amount at 31 December 2016 and 1 January 2017	—	15,047	10,229
Net gain from a fair value adjustment recognised in profit or loss	—	438	335
Exchange realignment	—	1,071	729
Carrying amount at 31 December 2017	**—**	**16,556**	**11,293**

Below is a summary of the valuation techniques used and the key inputs to the valuation of completed investment properties:

	Valuation techniques	Significant unobservable inputs	Range or weighted average 2017	2016
Warehouse and residential/ non-residential properties	Market approach	Land value (per sq.m.)	**HK$424.7 to HK$480.9**	HK$396.9 to HK$449.4
	Depreciated replacement cost method	Estimated cost of construction (per sq.m.)	**HK$2,452.4 to HK$2,909.4**	HK$2,210.1 to HK$2,622.6

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

12. Investment Properties (continued)

Fair value hierarchy (continued)

The warehouse and residential/non-residential properties were assessed by adopting a combination of the market and depreciated replacement cost approaches in assessing the land portions of the properties and the buildings and structures standing on the land. The sum of the two results represents the market value of the properties as a whole. In the valuation of the land portions, reference has been made to the standard land price in Shenzhen City. As the nature of the buildings and structures cannot be valued on the basis of market value; they have therefore been valued on the basis of their depreciated replacement cost. The depreciated replacement cost approach considers the cost to reproduce or replace in new condition the property appraised in accordance with current construction costs for similar property in the locality, with allowance for accrued depreciation as evidenced by observed condition or obsolescence, whether arising from physical, functional or economic causes. The depreciated replacement cost approach generally furnishes the most reliable indication of value for properties in the absence of a known market based on comparable sales.

A significant increase (decrease) in the land value and estimated cost of construction would result in a significant increase (decrease) in the fair values of completed investment properties.

13. Properties Under Development

At the end of the reporting period, properties under development of HK$1,908,882,000 (2016: HK$1,633,600,000) were not scheduled for completion within twelve months.

14. Prepayments, Deposits and Other Receivables

	2017 ***HK$'000***	2016 *HK$'000*
Prepayments	**22,532**	5,417
Deposits and other receivables	**12,092**	20,691
	34,624	26,108

Included in the Group's balance at 31 December 2017 were amounts due from fellow subsidiaries of HK$909,000 (2016: Nil).

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

15. Available-For-Sale Financial Assets

	2017 HK$'000	2016 HK$'000
Unlisted wealth management products, at fair value	**1,161,178**	447,160

The above investments represent wealth management products issued by banks in the PRC which were designated as available-for-sale financial assets.

During the year, there was no gain or loss in respect of the Group's available-for-sale financial assets recognised in other comprehensive income.

16. Cash and Bank Balances, Restricted Bank Balances and Pledged Bank Deposit

	Notes	2017 HK$'000	2016 HK$'000
Cash and bank balances		**593,127**	886,469
Time and structured deposits with original maturity of less than three months when acquired		**170,742**	1,749,663
Time and structured deposits with original maturity of over three months when acquired		**—**	329,781
		763,869	2,965,913
Less: Restricted bank balances	*(i)*	**(116,804)**	(563,073)
Pledged bank deposit	*(ii)*	**(44,316)**	—
		602,749	2,402,840

Notes:

(i) Balance at 31 December 2017 represented pre-sale proceeds from the Group's completed properties held for sale placed at designated bank accounts under supervision pursuant to relevant regulations in the PRC amounting to approximately HK$116,622,000 (2016: HK$562,903,000) and a cash deposit made by China Resources Snow Breweries Co., Ltd. to a designated bank account for specific use in relation to the disposal of the entire equity capital of nine previous brewery subsidiaries amounting to HK$182,000 (2016: HK$170,000).

(ii) Balance at 31 December 2017 represented a pledged deposit placed for an irrevocable guarantee issued by a bank in favour of a contractor in respect of the payment of the consideration under a construction agreement, of up to a maximum amount of HK$44,316,000. Details were set out in the Company's circular dated 19 June 2017.

At the end of the reporting period, cash and bank balances (excluding restricted bank balances and pledged bank deposit) of the Group denominated in Renminbi ("RMB") amounted to HK$444,388,000 (2016: HK$2,226,271,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

16. Cash and Bank Balances, Restricted Bank Balances and Pledged Bank Deposit (continued)

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time and structured deposits are made for varying periods of between seven days and six months depending on the immediate cash requirements of the Group, and earn interest at the respective short term deposit rates. The bank balances and time and structured deposits are deposited with creditworthy banks with no recent history of default.

Structured deposits held at 31 December 2016 were HK$1,907,819,000. The principal and interest amounts of the structured deposits held as at the end of the reporting period are guaranteed. The Group uses the structured deposits primarily to enhance its return on fixed deposits. Structured deposits are made for varying periods of between one month and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The structured deposits are made with creditworthy banks with no recent history of default.

17. Trade Payables

An aging analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2017	2016
	HK$'000	*HK$'000*
Within 1 month	**107**	483
1 to 2 months	**244**	—
2 to 3 months	**—**	—
Over 3 months	**16,574**	1,527,557
	16,925	1,528,040

The trade payables are non-interest bearing.

18. Other Payables, Accruals and Provisions

Included in the Group's balance at 31 December 2017 were amounts due to fellow subsidiaries of HK$125,000 (2016: HK$167,000). Included in the Group's balance at 31 December 2016 was an amount due to the then immediate holding company of HK$32,000.

Amounts directly related to liabilities associated with the disposal of the brewery subsidiaries of HK$5,722,000 (2016: HK$5,733,000), are as follows:

	2017 HK$'000	2016 HK$'000
Other payables and accruals	545	896
Provisions#	5,177	4,837
	5,722	5,733

According to the master sales agreement relating to the disposal of brewery subsidiaries in 2013, the Group had undertaken to bear any losses arising from the brewery subsidiaries disposed of for additional obligations on, but not limited to, taxes, government levy, staff welfare and uncollectible trade receivables that occurred prior to the date of disposal. At 31 December 2017, provisions of HK$5,177,000 (2016: HK$4,837,000) were recorded in relation to such undertaking. The movements during the current and prior years are as follows:

	2017 HK$'000	2016 HK$'000
At 1 January	4,837	41,145
Settlement during the year	—	(35,593)
Exchange realignment	340	(715)
At 31 December	5,177	4,837

Financial liabilities included in other payables and accruals at the end of the reporting period are non-interest-bearing and are either due within one year or have no fixed terms of repayment.

19. Deferred Tax

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax liabilities

	Revaluation of properties HK$'000	Fair value adjustments arising from acquisition of subsidiaries HK$'000	Total HK$'000
At 1 January 2016	(5,860)	(312,407)	(318,267)
Deferred tax credited to the statement of profit or loss during the year *(note 9)*	326	215,526	215,852
Exchange realignment	318	29,919	30,237
At 31 December 2016 and at 1 January 2017	(5,216)	(66,962)	(72,178)
Deferred tax credited/(charged) to the statement of profit or loss during the year *(note 9)*	(323)	3,924	3,601
Exchange realignment	(378)	(4,551)	(4,929)
At 31 December 2017	**(5,917)**	**(67,589)**	**(73,506)**

Deferred tax assets

	Provision for LAT HK$'000
At 1 January 2016	22,165
Deferred tax credited to the statement of profit or loss during the year *(note 9)*	51,553
Exchange realignment	(3,671)
At 31 December 2016 and at 1 January 2017	70,047
Deferred tax credited to the statement of profit or loss during the year *(note 9)*	5,165
Exchange realignment	5,103
At 31 December 2017	**80,315**

The Group has tax losses arising in Hong Kong of HK$196,604,000 (2016: HK$196,604,000) that are available indefinitely for offsetting against future taxable profits. The Group also has tax losses arising in Mainland China of HK$195,906,000 (2016: HK$238,822,000) that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as the directors considered it is not considered probable that sufficient taxable profits will be available against which the tax losses can be utilised.

19. Deferred Tax (continued)

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 December 2017, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of a subsidiary of the Group established in Mainland China. In the opinion of the directors, it is not probable that the subsidiary will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with unremitted earnings that are subject to withholding taxes of the Group's subsidiary in Mainland China for which deferred tax liabilities have not been recognised totalled approximately HK$327,584,000 at 31 December 2017 (2016: HK$310,008,000).

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

20. Share Capital

Shares

	2017	2016
	HK$'000	*HK$'000*
Authorised:		
5,000,000,000 (2016: 5,000,000,000) ordinary shares of HK$0.10 each	**500,000**	500,000
Issued and fully paid:		
1,711,536,850 (2016: 1,711,536,850) ordinary shares of HK$0.10 each	**171,154**	171,154

21. Reserves

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 48 of the financial statements.

Pursuant to the relevant PRC laws and regulations, a portion of the profits of the Group's subsidiaries which are registered in the PRC has been transferred to the enterprise development funds and the reserve funds which are restricted as to use and are not available for distribution. When the balances of these reserves reach 50% of each company's share capital, any further appropriation is optional. The amounts transferred from the retained profits are determined by the board of directors of these subsidiaries.

On 23 April 1998, a special resolution was passed in a special general meeting of the Company for a reduction of its share premium account in the amount of HK$140,234,000. This amount was credited to the Group's capital reserve account against which goodwill arising on the acquisitions of subsidiaries was eliminated.

22. Partly-Owned Subsidiary with Material Non-Controlling Interest

Details of the Group's subsidiary that has material non-controlling interest are set out below:

	2017	2016
Percentage of equity interest held by non-controlling interest:		
廣州市番禺粵海房地產有限公司 ("GPY")	20%	20%

	2017 HK$'000	2016 HK$'000
Profit for the year allocated to non-controlling interest:		
GPY	2,512	12,592
Dividends declared to non-controlling interest of GPY	—	27,947
Accumulated balance of non-controlling interest at the reporting date:		
GPY	158,441	145,623

The following tables illustrate the summarised financial information of the above subsidiary. The amounts disclosed are before any inter-company eliminations:

GPY	2017 HK$'000	2016 HK$'000
Revenue	32,036	1,090,261
Total expenses	(19,475)	(1,027,303)
Profit for the year	12,561	62,958
Total comprehensive income/(loss) for the year	64,090	(24,403)
Current assets	1,219,848	1,326,862
Non-current assets	80,688	70,484
Current liabilities	(440,741)	(602,268)
Non-current liabilities	(67,589)	(66,962)
Net cash flows from/(used in) operating activities	(49,106)	556,561
Net cash flows from/(used in) investing activities	229,243	(27)
Net cash flows used in financing activities	(140,316)	—
Net increase in cash and cash equivalents	39,821	556,534

23. Note to the Consolidated Statement of Cash Flows

Changes in liabilities arising from financing activities

	Due to a non-controlling shareholder HK$'000
At 1 January 2017	27,948
Changes from financing cash flows (dividend paid to a non-controlling shareholder)	(29,016)
Exchange realignment	1,068
At 31 December 2017	—

24. Operating Lease Arrangements

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to three years (2016: one to three years).

At 31 December 2017, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2017 HK$'000	2016 HK$'000
Within one year	**3,159**	3,159
In the second to fifth years, inclusive	**2,895**	6,054
	6,054	9,213

25. Commitments

In addition to the operating lease commitments detailed in note 24 to these financial statements, the Group had the following commitments at the end of the reporting period:

	2017 HK$'000	2016 HK$'000
Contracted, but not provided for:		
Property development expenditure	**684,452**	82,092

26. Contingent Liabilities

As at 31 December 2017, the Group provided guarantees to certain banks in respect of mortgages granted by banks relating to the mortgage loans arranged for purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with the accrued interest and penalties owed by the defaulting purchasers to the banks and the Group is entitled but not limited to take over the legal titles and possession of the related properties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon issuance of the real estate ownership certificates. As at 31 December 2017, the Group's outstanding guarantees amounted to HK$782,654,000 (2016: HK$914,039,000) for these guarantees.

26. Contingent Liabilities (continued)

According to the master agreement dated 5 February 2013 relating to the disposal of the Group's then brewery business, the Group had undertaken to bear any losses arising from the brewery subsidiaries disposed of for additional obligations in relation to, among others, taxes, government levies, staff welfare and uncollectible trade receivables that occurred prior to the date of completion of the said disposal. The financial impact of the contingent liabilities that may arise from such arrangement is not disclosed as, in the opinion of the directors of the Company, the estimate of which is not practicable to do so.

27. Related Party Transactions and Continuing Connected Transactions

Related party transactions

(a) In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following related party transactions during the year:

	2017 ***HK$'000***	2016 *HK$'000*
Rental expenses paid to a fellow subsidiary	**3,155**	2,495

The rental was based on normal commercial terms agreed between the respective parties.

At the end of the reporting period, the Group had total future minimum lease commitments to its fellow subsidiary of HK$6,047,000 (2016: HK$9,202,000) for a lease arrangement ending on 30 November 2019.

(b) Compensation of key management personnel of the Group:

	2017 ***HK$'000***	2016 *HK$'000*
Short term employee benefits	**1,493**	2,853
Post-employment benefits	**112**	235
Total compensation paid to key management personnel	**1,605**	3,088

Further details of the directors' emoluments are included in note 7 to the financial statements.

(c) Outstanding balance with related parties

The Group had outstanding gross balances due from fellow subsidiaries of HK$909,000 (2016: Nil) and gross balances due to fellow subsidiaries of HK$125,000 (2016: HK$167,000). As at 31 December 2016, the Group also had an outstanding balance due to its then immediate holding company of HK$32,000 and a non-controlling shareholder of a subsidiary of HK$27,948,000. These balances are unsecured, interest-free and have no fixed terms of repayment.

The related party transactions in respect of items disclosed in note (a) above also constituted continuing connected transactions as defined in Chapter 14A of the Listing Rules.

27. Related Party Transactions and Continuing Connected Transactions (continued)

Continuing connected transactions

During the year, the Group had the following continuing connected transactions that are disclosed below as required by Chapter 14A of the Listing Rules.

Leasing of the Company's office premises

On 29 November 2013, the Company entered into a tenancy agreement with Guangdong Power (International) Limited ("GPIL"), a non-wholly owned subsidiary of GDI, a then fellow subsidiary of the Company, which became effective for the period from 1 December 2013 to 30 November 2016 in relation to the leasing of the whole floor of the 18th Floor of Guangdong Investment Tower as the Company's office premises as its head office and principal place of business in Hong Kong at a monthly rent of HK$247,000 (the "Old Tenancy Agreement").

On 28 November 2016, the Company renewed the tenancy agreement with GPIL, a non-wholly owned subsidiary of GDI, a then fellow subsidiary of the Company, which became effective for the period from 1 December 2016 to 30 November 2019 in relation to the leasing of the whole floor of the 18th Floor of Guangdong Investment Tower as the Company's office premises as its head office and principal place of business in Hong Kong at a monthly rent of HK$263,000 (the "New Tenancy Agreement").

The Board of the Company, including the Independent Non-Executive Directors, have reviewed the continuing connected transactions under the New Tenancy Agreement set out above and have confirmed that these continuing connected transactions were entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) in accordance with the New Tenancy Agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Ernst & Young, the Company's auditors, were engaged to report on the Group's 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 HKICPA. Ernst & Young have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions under the New Tenancy Agreement disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

28. Financial Instruments by Category

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

2017

	Loans and receivables *HK$'000*	Available-for-sale financial assets *HK$'000*	Total *HK$'000*
Available-for-sale financial assets	—	1,161,178	1,161,178
Financial assets included in prepayments, deposits and other receivables	12,092	—	12,092
Pledged bank deposit	44,316	—	44,316
Restricted bank balances	116,804	—	116,804
Cash and bank balances	602,749	—	602,749
	775,961	1,161,178	1,937,139

2016

	Loans and receivables *HK$'000*	Available-for-sale financial assets *HK$'000*	Total *HK$'000*
Available-for-sale financial asset	—	447,160	447,160
Financial assets included in prepayments, deposits and other receivables	20,691	—	20,691
Restricted bank balances	563,073	—	563,073
Cash and bank balances	2,402,840	—	2,402,840
	2,986,604	447,160	3,433,764

Financial liabilities

	Financial liabilities at amortised cost	
	2017 *HK$'000*	2016 *HK$'000*
Trade payables	16,925	1,528,040
Financial liabilities included in other payables, accruals and provisions	106,219	118,567
Due to a non-controlling shareholder	—	27,948
	123,144	1,674,555

29. Fair Value and Fair Value Hierarchy of Financial Instruments

Management has assessed that the fair values of cash and bank balances, restricted bank balances, a pledged bank deposit, financial assets included in prepayments, deposits and other receivables, trade payables, financial liabilities included in other payables, accruals and provisions and an amount due to a non-controlling shareholder approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair value of the available-for-sale financial assets have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2017

	Fair value measurement as at 31 December 2017 using			
	Quoted prices in active markets (Level 1) *HK$'000*	Significant observable inputs (Level 2) *HK$'000*	Significant unobservable inputs (Level 3) *HK$'000*	Total *HK$'000*
Available-for-sale financial assets	—	1,161,178	—	1,161,178

29. Fair Value And Fair Value Hierarchy Of Financial Instruments (continued)

Fair value hierarchy (continued)

Assets measured at fair value: (continued)

As at 31 December 2016

	Fair value measurement as at 31 December 2016 using			
	Quoted prices in active markets (Level 1) *HK$'000*	Significant observable inputs (Level 2) *HK$'000*	Significant unobservable inputs (Level 3) *HK$'000*	Total *HK$'000*
Available-for-sale financial asset	—	447,160	—	447,160

The Group did not have any financial liabilities measured at fair value as at 31 December 2017 and 2016.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for the financial asset (2016: Nil).

30. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as other receivables and other payables and accruals, which arise directly from its operations.

It is, and has been, throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

(i) Foreign currency risk

The Group has transactional currency exposures. These exposures arise from revenue or expenses by operating units in currencies other than the units' functional currencies. The Group's monetary assets, financing and transactions are principally denominated in RMB and HK$. The Group is exposed to the foreign exchange risk arising from changes in the exchange rate of HK$ against RMB. At present, the Group does not intend to seek to hedge its exposure to foreign exchange fluctuations. However, the Group will constantly review the economic situation and its foreign exchange risk profile, and will consider appropriate hedging measures in future as may be necessary.

30. Financial Risk Management Objectives and Policies (continued)

(i) Foreign currency risk (continued)

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the RMB exchange rate, with all other variables held constant, of the Group's profit before tax and equity (due to changes in the fair value of monetary assets and liabilities).

	Increase/ (decrease) in RMB rate %	Increase/ (decrease) in profit before tax HK$'000	Increase/ (decrease) in equity HK$'000
2017			
If HK$ weakens against RMB	**3**	**(166)**	**(166)**
If HK$ strengthens against RMB	**(3)**	**166**	**166**
2016			
If HK$ weakens against RMB	3	6,620	6,620
If HK$ strengthens against RMB	(3)	(6,620)	(6,620)

(ii) Credit risk

Receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. The credit risk of the Group's other financial assets, which comprise cash and bank balances, restricted bank balances, a pledged bank deposit, available-for-sale financial assets and financial assets included in prepayments, deposits and other receivables, arises from default of the counterparty, with the maximum exposure equal to the carrying amounts of these instruments.

(iii) Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., other receivables) and projected cash flows from operations. The Group's objective is to maintain a balance between continuity of funding and flexibility.

Management of the Group has carried out a detailed review of the cash flow forecast of the Group for the next twelve months from the end of the reporting period. Based on this forecast, the directors of the Company have determined that adequate liquidity exists to finance the working capital and capital expenditure requirements of the Group during the forecast period. In preparing the cash flow forecast, the directors of the Company have considered historical cash requirements of the Group as well as other key factors, including the availability of loans financing which may impact the operations of the Group prior to the end of the next twelve months after the end of the reporting period. The directors of the Company are of the opinion that the assumptions and sensitivities which are included in the cash flow forecast are reasonable. However, as with all assumptions in regard to future events, these are subject to inherent limitations and uncertainties and some or all of these assumptions may not be realised.

30. Financial Risk Management Objectives And Policies (continued)

(iii) Liquidity risk (continued)

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

	On demand *HK$'000*	Less than 3 months *HK$'000*	3 to less than 12 months *HK$'000*	Total *HK$'000*
2017				
Trade payables	**—**	**—**	**16,925**	**16,925**
Financial liabilities included in other payables, accruals and provisions	**12,483**	**59,033**	**34,703**	**106,219**
	12,483	**59,033**	**51,628**	**123,144**
2016				
Trade payables	223	260	1,527,557	1,528,040
Financial liabilities included in other payables, accruals and provisions	—	80,296	38,271	118,567
Due to a non-controlling shareholder	27,948	—	—	27,948
	28,171	80,556	1,565,828	1,674,555

30. Financial Risk Management Objectives and Policies (continued)

(iv) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2017 and 2016.

The Group monitors capital using a gearing ratio, which is total debt divided by equity plus total debt. The Group's policy is to maintain the ratio at less than 100%. Total debt includes interest-bearing bank borrowings. Equity represents equity attributable to owners of the Company. The gearing ratios as at the end of the reporting periods were as follows:

	2017 ***HK$'000***	2016 *HK$'000*
Total debt	**—**	—
Equity attributable to owners of the Company	**4,518,204**	4,187,807
Equity and total debt	**4,518,204**	4,187,807
Gearing ratio	**0%**	0%

31. Balance Sheet of the Company

Information about the balance sheet of the Company at the end of the reporting period is as follows:

	2017 HK$'000	2016 HK$'000
NON-CURRENT ASSETS		
Property, plant and equipment	**621**	716
Investments in subsidiaries	**968,560**	943,203
Total non-current assets	**969,181**	943,919
CURRENT ASSETS		
Due from subsidiaries	**4,859,161**	4,525,771
Prepayments, deposits and other receivables	**582**	1,427
Restricted bank balances	**182**	170
Cash and bank balances	**11,642**	5,226
Total current assets	**4,871,567**	4,532,594
CURRENT LIABILITIES		
Due to subsidiaries	**(3,814,821)**	(3,629,823)
Other payables, accruals and provision	**(13,544)**	(13,546)
Total current liabilities	**(3,828,365)**	(3,643,369)
NET CURRENT ASSETS	**1,043,202**	889,225
Net assets	**2,012,383**	1,833,144
EQUITY		
Issued capital	**171,154**	171,154
Reserves *(note)*	**1,841,229**	1,661,990
Total equity	**2,012,383**	1,833,144

Note:

A summary of the Company's reserves is as follows:

	Share premium account HK$'000	Capital reserve* HK$'000	Retained profits/ (accumulated losses) HK$'000	Total HK$'000
At 1 January 2016	1,688,606	140,234	45,291	1,874,131
Loss for the year and total comprehensive loss for the year	—	—	(212,141)	(212,141)
At 31 December 2016 and 1 January 2017	1,688,606	140,234	(166,850)	1,661,990
Profit for the year and total comprehensive income for the year	—	—	179,239	179,239
At 31 December 2017	**1,688,606**	**140,234**	**12,389**	**1,841,229**

* On 23 April 1998, a special resolution was passed in a special general meeting of the Company for a reduction of its share premium account in the amount of HK$140,234,000.

32. Information about Principal Subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Company	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
廣州市番禺粵海房地產有限公司*	PRC/ Mainland China	RMB 187,300,000	—	80	Property development
粵海科技(深圳)有限公司#*	PRC/ Mainland China	US$50,000,000	—	100	Property investment
粵海置地(深圳)有限公司#*	PRC/ Mainland China	RMB 4,000,000,000	—	100	Property development and investment
Silver Coin Limited	Hong Kong	HK$1	—	100	Investment holding

The subsidiaries were registered as wholly-foreign-owned enterprises under PRC law.

* Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

33. Approval of the Financial Statements

The financial statements were approved and authorised for issue by the board of directors on 27 March 2018.

Particulars of Properties

31 December 2017

Investment Properties

Location	Use	Tenure	Attributable interest of the Group
Biao Ma Ling, Buji Town, Longgang District, Shenzhen City, Guangdong, PRC	Commercial	Vacant	100%
No. 5 Da Feng Industrial Area, Shiyan Town, Baoan District, Shenzhen City, Guangdong, PRC	Commercial	Vacant	100%

Properties Under Development and Investment Properties Under Development

Location	Use	Site area *(sq.m.)*	Gross floor area *(sq.m.)*	Attributable interest of the Group
No.1, Dongchang Road, Luohu District, Shenzhen City, Guangdong, PRC	—	66,526	432,051	100%

Completed Properties Held for Sale

Location	Use	Site area *(sq.m.)*	Gross floor area *(sq.m.)*	Attributable interest of the Group
Ruyingju, South of Sanzhi Xiangshui Road Dongxiang Village, Panyu District, Guangzhou City, Guangdong, PRC	Residential	38,771	126,182	80%

粵海置地控股有限公司
Guangdong Land Holdings Limited