C C LAND HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 1224

ANNUAL REPORT 2016

MIX
Paper from responsible sources
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Contents

Corporate Information

DIRECTORS

Executive directors
Mr. Cheung Chung Kiu *(Chairman)*
Dr. Lam How Mun Peter
(Deputy Chairman & Managing Director)
Mr. Tsang Wai Choi *(Deputy Chairman)*
Mr. Wong Chi Keung *(Deputy Chairman)*
Mr. Leung Chun Cheong
Mr. Leung Wai Fai

Independent non-executive directors
Mr. Lam Kin Fung Jeffrey
Mr. Leung Yu Ming Steven
Dr. Wong Lung Tak Patrick

AUDIT COMMITTEE

Mr. Lam Kin Fung Jeffrey *(Chairman)*
Mr. Leung Yu Ming Steven
Dr. Wong Lung Tak Patrick

NOMINATION COMMITTEE

Mr. Cheung Chung Kiu *(Chairman)*
Dr. Lam How Mun Peter
Mr. Lam Kin Fung Jeffrey
Mr. Leung Yu Ming Steven
Dr. Wong Lung Tak Patrick

REMUNERATION COMMITTEE

Mr. Leung Yu Ming Steven *(Chairman)*
Mr. Cheung Chung Kiu
Dr. Lam How Mun Peter
Mr. Lam Kin Fung Jeffrey
Dr. Wong Lung Tak Patrick

AUTHORISED REPRESENTATIVES

Dr. Lam How Mun Peter
Mr. Leung Chun Cheong

COMPANY SECRETARY

Ms. Cheung Fung Yee

WEBSITE

www.ccland.com.hk

STOCK CODE

1224

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Rooms 3308-10, 33rd Floor
China Resources Building
26 Harbour Road
Wanchai, Hong Kong

INDEPENDENT AUDITORS

Ernst & Young
Certified Public Accountants

LEGAL ADVISORS

Hong Kong
Cheung, Tong & Rosa Solicitors

Bermuda
Conyers Dill & Pearman

SHARE REGISTRARS AND TRANSFER OFFICES

Principal share registrar and transfer office
MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM 08, Bermuda

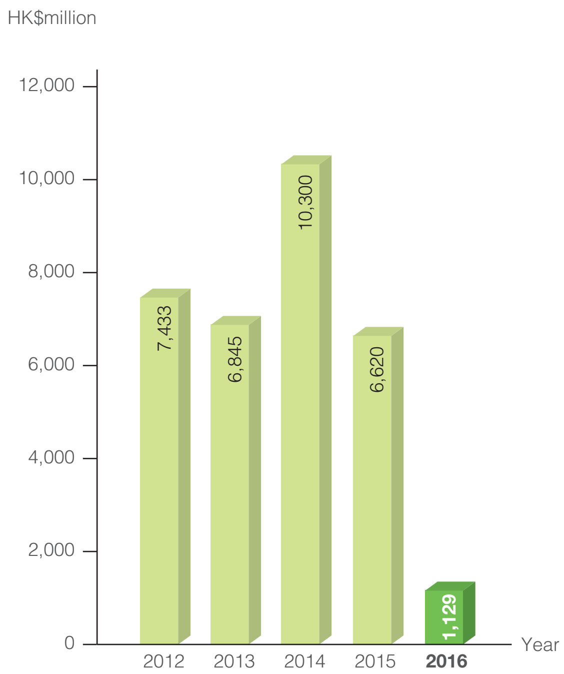
Hong Kong branch share registrar and transfer office
Tricor Secretaries Limited
Level 22
Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Chong Hing Bank Limited
Hang Seng Bank Limited
The Bank of East Asia, Limited
Wing Lung Bank Limited

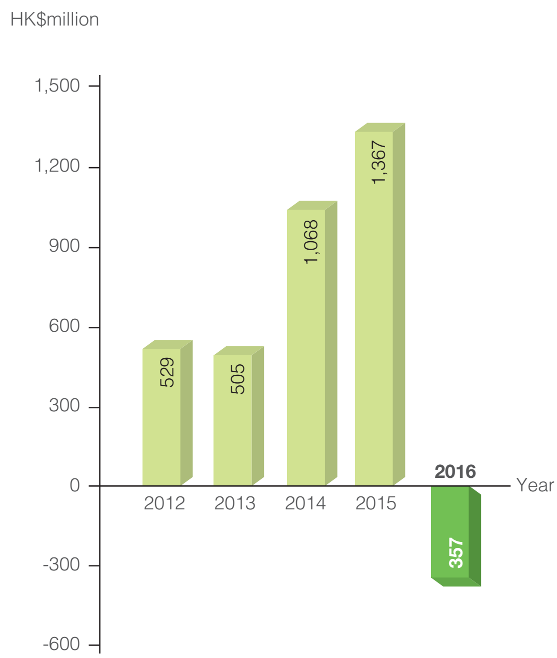
REVENUE

Year ended 31 December



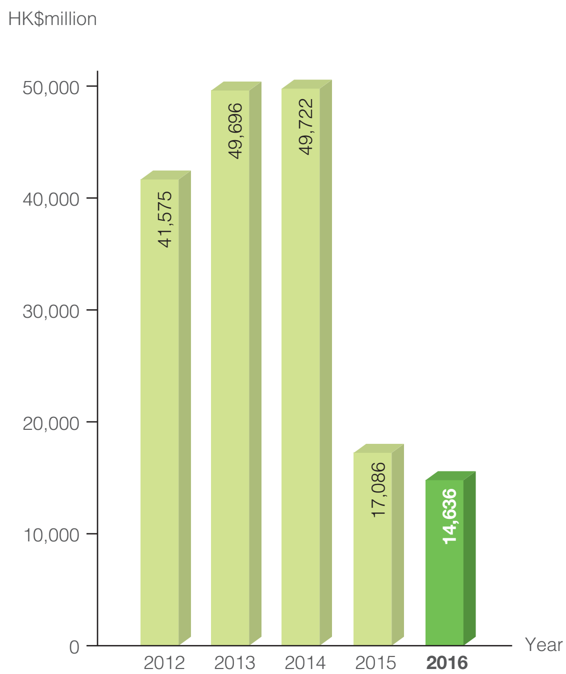
PROFIT/LOSS ATTRIBUTABLE TO SHAREHOLDERS

Year ended 31 December



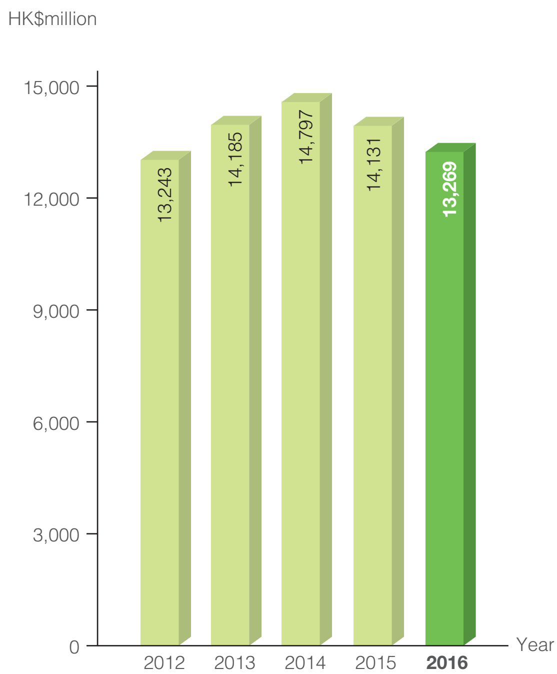
TOTAL ASSETS

As at 31 December



SHAREHOLDERS' EQUITY

As at 31 December



EXECUTIVE DIRECTORS

Mr. CHEUNG Chung Kiu, aged 52, was first appointed Executive Director of the Company on 22 June 2000 and became Chairman on 22 November 2006. He also serves as a Director of several subsidiaries of the Company. As Chairman, Mr. Cheung is mainly responsible for leading the Board and managing its work to ensure that the Board effectively operates and fully discharges its responsibilities. Mr. Cheung has a wide range of experience in investment and business management, including over 20 years of property development and investment experience mainly in Hong Kong and in the PRC as well as other mature cities globally. In addition, Mr. Cheung is the founder and Chairman of Yugang International Limited ("Yugang"), Chairman and Managing Director of Y. T. Realty Group Limited ("Y.T. Realty") and Chairman of The Cross-Harbour (Holdings) Limited ("Cross-Harbour"), the shares of all these companies are listed on the Stock Exchange. He is also a director of Regulator Holdings Limited, Yugang International (B.V.I.) Limited, Chongqing Industrial Limited, Palin Holdings Limited, Thrivetrade Limited and Fame Seeker Holdings Limited, which are companies disclosed under the section headed "Discloseable Interests and Short Positions of Shareholders under the SFO" on page 27.

Dr. LAM How Mun Peter, aged 69, was first appointed Executive Director of the Company on 3 June 1998 and became Managing Director and Deputy Chairman on 9 April 1999 and 22 November 2006 respectively. Dr. Lam was one of the founders of our Group in 1989. He also serves as a Director of several subsidiaries of the Company. As Managing Director, Dr. Lam is mainly responsible for overseeing the Group's day-to-day management, recommending strategies to the Board, and determining and implementing operational decisions. Dr. Lam graduated from the University of Hong Kong with a bachelor's degree in Medicine and Surgery in 1972. He is a fellow of the Royal College of Surgeons of Edinburgh and the American College of Surgeons. In addition to his extensive experience in medical practice, Dr. Lam has over 20 years of extensive experience in corporate management, real estate and investment.

Mr. TSANG Wai Choi, aged 68, was appointed Executive Director of the Company on 14 May 2007 and became Deputy Chairman on 1 June 2008. Graduated from the Sichuan Construction Material College（四川省建築材料學校）, Mr. Tsang has extensive experience in various segments of the construction industry in the PRC, including over 20 years of experience in property development as a professional project manager. As a front-runner in property development using private capital in the city of Chongqing, Mr. Tsang has been over-all in charge of a number of large-scale property projects in the city since 1991.

Mr. WONG Chi Keung, aged 61, was appointed Executive Director and Deputy Chairman of the Company on 1 March 2016. He also serves as a Director of several subsidiaries of the Company. Mr. Wong is mainly responsible for recommending investment strategies to the Board and overseeing the Group's property development and investment business. He holds a degree of Doctor of Philosophy in Business from Honolulu University and is a professional member of the Royal Institution of Chartered Surveyors, and a member of The Hong Kong Institute of Housing and the Chartered Institute of Housing. He is a fellow member of Hong Kong Institute of Real Estate Administrators and The Hong Kong Institute of Directors and an honorary fellow of Guangxi Academy of Social Sciences. Mr. Wong has held senior executive positions with various leading property companies and property consultant firms in Hong Kong in the past 30 years. In addition, Mr. Wong is currently an executive director of Cross-Harbour and an independent non-executive director of Water Oasis Group Limited, the shares of these two companies are listed on the Stock Exchange.

Mr. LEUNG Chun Cheong, aged 67, was appointed Executive Director of the Company on 3 June 1998. He also serves as a Director of several subsidiaries of the Company. Mr. Leung has joined the Group since 1995. He is mainly responsible for overseeing the Group's financial management and financial functions and governance. Prior to joining the Group, Mr. Leung had held senior positions in various companies and in the professional field in Hong Kong. He has over 35 years extensive experience in auditing and financial management. Mr. Leung is a fellow of the Association of Chartered Certified Accountants in the United Kingdom and an associate of the Hong Kong Institute of Certified Public Accountants.

Mr. LEUNG Wai Fai, aged 55, was appointed Executive Director of the Company on 3 December 1999. He also serves as a Director of several subsidiaries of the Company. Mr. Leung is mainly responsible for overseeing the Group's corporate finance and management. Graduated from the University of Wisconsin-Madison, the United States of America with a bachelor's degree in Business Administration in 1985, Mr. Leung is a fellow of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants in the United Kingdom. He has over 30 years of extensive experience in accounting and financial reporting. In addition, Mr. Leung is also an Executive Director of Cross-Harbour, and the Group Financial Controller of Yugang.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LAM Kin Fung Jeffrey, GBS, JP, aged 65, was appointed Independent Non-executive Director of the Company on 3 June 1998. Mr. Lam holds a Bachelor Degree in mechanical engineering from Tufts University in the United States. He has over 30 years of experience in the toy industry and is currently the Managing Director of Forward Winsome Industries Limited which is engaged in toy manufacturing. Mr. Lam was awarded a Gold Bauhinia Star by the Government of the HKSAR in 2011. He also holds a number of public and community service positions including Member of the National Committee of the Chinese People's Political Consultative Conference, Member of the Legislative Council and Non-Official Member of the Executive Council in Hong Kong, Chairman of Mega Events Funds Assessment Committee and Independent Commission Against Corruption Complaints Committee, Director of The Hong Kong Mortgage Corporation Limited, Board Member of the Airport Authority Hong Kong, General Committee Member of the Hong Kong General Chamber of Commerce and Members of the Fight Crime Committee. In addition, Mr. Lam is an Independent Non-executive Director of Wynn Macau, Limited, China Overseas Grand Oceans Group Ltd., Chow Tai Fook Jewellery Group Limited and HNA Holding Group Co. Limited, the shares of all these companies are listed on the Stock Exchange.

Mr. LEUNG Yu Ming Steven, aged 57, was appointed Independent Non-executive Director of the Company on 1 October 2007. Mr. Leung holds a Degree of Master in Accountancy from Charles Sturt University in Australia and a Degree of Bachelor of Social Sciences from the Chinese University of Hong Kong. He is an associate of the Institute of Chartered Accountants in England and Wales, a certified practicing accountant of CPA Australia and a fellow of the Association of Chartered Certified Accountants in the United Kingdom, the Hong Kong Institute of Certified Public Accountants and the Taxation Institute of Hong Kong. Mr. Leung is a practicing certified public accountant in Hong Kong. He previously worked in Nomura International (Hong Kong) Limited as Assistant Vice-President in the International Finance and Corporate Finance Department. He commenced public practice in auditing and taxation in 1990 and is currently the senior partner of a firm of certified public accountants. He has over 25 years of experience in assurance, accounting, taxation, financial management and corporate finance. Mr. Leung is an Independent Non-executive Director of Suga International Holdings Limited, Yugang, Y.T. Realty and Cross-Harbour, the shares of all these companies are listed on the Stock Exchange.

Dr. WONG Lung Tak Patrick, BBS, JP, aged 69, was appointed Independent Non-executive Director of the Company on 1 October 2007. Dr. Wong is a Certified Public Accountant (Practicing) and a Certified Tax Adviser in Hong Kong and also a Chartered Secretary in the United Kingdom and in Hong Kong. He is currently the Managing Practising Director of Patrick Wong CPA Limited. He has over 40 years experience in the accountancy profession. Dr. Wong holds a Doctor of Philosophy in Business degree, was awarded a Badge of Honour by the Queen of England in 1993 and was appointed a Justice of the Peace in 1998. He was also awarded a Bronze Bauhinia Star by the Government of the HKSAR in 2010. Dr. Wong is an Independent Non-executive Director of Galaxy Entertainment Group Limited, Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited, Water Oasis Group Limited, Real Nutriceutical Group Limited, Sino Oil and Gas Holdings Limited, National Arts Entertainment and Culture Group Limited, Winox Holdings Limited and 北京汽車股份有限公司 (BAIC Motor Corporation Limited) and Li Bao Ge Group Limited, the shares of all these companies are listed on the Stock Exchange.

Chairman's Statement

To our shareholders,

I am pleased to present the annual results of the Group for the year ended 31 December 2016.

For the year ended 31 December 2016, the Group achieved a consolidated revenue of HK$1,129.4 million, representing a decrease of approximately 83% compared to HK$6,620.2 million in 2015. The Group's net loss for the year was HK$356.8 million (2015: a net profit of HK$1,641.6 million). The loss attributable to shareholders for the year was HK$356.8 million (2015: a profit attributable to shareholders of HK$1,366.7 million). The basic loss per share for the year was HK13.78 cents (2015: a basic earnings per share of HK52.80 cents).

BUSINESS REVIEW

Almost 2 years ago, the Group, foreseeing the uncertainty and risks in the property market of the second tier cities in China, and the weakening of the Chinese economy, decided to revamp its business strategy to transform the company into being not just a China play story. As a result, the Group offloaded almost all of its property projects in Western China, to build up a significant war chest to enable the Group to pursue its goal to invest, not only in China, but also in major cities globally. The Group believes that its patience has been well rewarded as recent political and economic changes in the world have given rise to opportunities which would otherwise have been unavailable. The Group had looked hard far and wide at different propositions across the world, and was eventually successful in securing a couple of trophy assets with great satisfaction. The first, One Kingdom Street, with an area of approximately 265,000 square feet, comprising of Grade A office accommodation over two lower levels' podium and nine upper floors, is situated in London's Paddington area, which is undergoing a massive re-development programme. Together with the coming of the Crossrail, Paddington's status will be greatly elevated in London's West End. The second, the Leadenhall Building which opened in 2014, is a world renowned super iconic building in London's famous financial district. It took the developer 20 years to piece the land lots together and make it happen. It carries approximately 610,000 square feet of top Grade A office, retail and ancillary area over 46 floors. This acquisition is expected to be completed by the end of June 2017. These two buildings will generate a strong recurrent rental income for the Group as well as great long term capital appreciation potentials, and will form a firm base for the Group's investment in the United Kingdom. Other countries under consideration for investment include the USA, Japan, and Australia. Locally the Group has also actively participated, albeit not yet successfully, in bidding for development projects in Hong Kong. Opportunities in the first tier cities in China may also present themselves to the Group when the economic situation improves and Government policies for the property sector become favourable.

OUTLOOK

Based on the management's experience and expertise in the property industry, the Group will continue to consider project investment opportunities in tier one cities in China, in Hong Kong, and countries with matured economies where the rate of economic growth can sustain acceptable returns. A healthy balance sheet is also considered essential for the Group's operation. The Group understands the importance of expansion, and remains open to partnership especially in new cities meeting the criteria for investment and to ensure hands on management and control of the investment projects.

The Group's task is to deliver value to its shareholders, ensuring a balance between current and future returns in the context of changes in the global property markets.

ACKNOWLEDGEMENTS

I would like to express my sincere appreciation to the Board, management and staff for their diligence, loyalty and dedication. I am grateful to our shareholders, strategic partners and bankers for their support and trust which have contributed towards the Group's success.

Cheung Chung Kiu
Chairman

Hong Kong, 23 March 2017

RESULTS

The Group achieved a consolidated revenue of HK$1,129.4 million, representing a decrease of approximately 83% compared to HK$6,620.2 million in 2015. The Group's net loss for the year was HK$356.8 million (2015: a net profit of HK$1,641.6 million). The loss attributable to shareholders for the year was HK$356.8 million (2015: a profit attributable to shareholders of HK$1,366.7 million). The basic loss per share for the year was HK13.78 cents (2015: a basic earnings per share of HK52.80 cents).

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2016 (2015: HK$0.055 per ordinary share).

LAST SHARE REGISTRATION DATE FOR AGM

The AGM will be held on Thursday, 18 May 2017. A notice of the AGM will be published and despatched to the shareholders in the manner as required under the Listing Rules in due course.

For determining the right of shareholders to attend the AGM and to vote at the AGM, shareholders should ensure that all transfer documents and accompanying share certificates are lodged for registration with Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m., Friday, 12 May 2017.

BUSINESS REVIEW

The Group revenue for the year was HK$1,129.4 million, a decrease of 83%, as there were only three property projects for revenue recognition in the year. The full-year results recorded a loss of HK$356.8 million (2015: a profit of HK$1,641.6 million). This was caused by a decline in contributions from property projects, and lower contribution from the property units recognized after delivery in the year as a result of the strategic disposals of property projects in the previous years. In addition, the results were adversely affected by the significant fair value losses accounted for in relation to the Group's investment in equity investments at fair value through profit or loss of HK$195.3 million (2015: fair value gains of HK$168.6 million), and impairment loss on an available-for-sale investment of HK$152.4 million (2015: nil). The results for 2015 recorded a net gain on disposal of subsidiaries (net of tax) of HK$1,416.9 million, against the net gain (net of tax) for the current year of HK$25.5 million.

With a view to maximizing shareholders' value, the Group also disposed of the Xi'an project during the year. In November 2016, the Group entered into agreements to dispose, at a total consideration of approximately HK$621 million (RMB555 million), of all its entire interest in Xi'an Yuansheng Enterprises Limited（西安遠聲實業有限公司）("Xi'an Yuansheng"), which held the project, Zhongyu Metropol, in Xi'an. Zhongyu Metropol has a total completed and planned GFA of approximately 527,000 sqm consisting of residential, commercial, office areas, and car parks. The transaction was completed in November 2016, and provided a gain on disposal in the year of approximately HK$67 million. The Group also entered into an agreement on 21 February 2017 to dispose of, at a total consideration of approximately HK$206.7 million (RMB186 million), all its entire interest in Good Wave International Limited, which held two projects, Radiant Bay and Lagonda Gardens in Sichuan ("Sichuan Projects"). The Sichuan Projects have a total completed and planned GFA of approximately 251,000 sqm consisting of residential, commercial areas, and car parks. The transaction was completed in March 2017.

The substantial increase in the Group's share of the results of associate from HK$14.1 million in 2015 to HK$39.3 million in the year under review was attributable to the completion of a property project in Chongqing in which the Group has a minority equity stake.

Following the strategic property disposals since the middle of 2015, the strong cash position realized enabled the Group to look for potential investment opportunities proactively.

The Group participated in a joint venture investing indirectly in a property project, being an 8-storey building, in Sydney, Australia ("Australian Project"). The Group has 47% interest in the joint venture company and 34.55% attributable interest in the Australian Project. The investment cost of the Group is approximately HK$122 million. The Australian Project provides an office building with a GFA of approximately 11,100 sqm and 228 car bays. The refurbishment of the building is planned to commence in mid-2017 and its value in terms of long term capital appreciation potential and rental performance will be further enhanced.

Subsequent to the year ended 31 December 2016, the Group committed to acquire two investment properties, namely One Kingdom Street and, the Leadenhall Building in London, the United Kingdom.

London is a world class financial city which attracts investors from all over the world, particularly from the Asian countries. Despite the Brexit referendum in June last year, both leasing as well as investment demands in prime office buildings have remained strong. Devaluation of the pound sterling is one of the major factors to draw interests to this market. Prime fully let office buildings with long weighted average unexpired lease terms have proved to be very popular among investors who are looking for longer term income asset and transactions of this category of properties have been very active since the referendum.


One Kingdom Street

One Kingdom Street is positioned between a railway line, a major arterial road and two bridges with high traffic volume, and is within a few minutes' walking distance from the Paddington Station in Central London. It provides approximately 265,000 square feet of Grade A office accommodation and some car parking spaces. The Paddington area is undergoing major re-development, and with the coming of the Crossrail System, will be an important hub in London's West End. The acquisition consideration is approximately GBP290 million and the Group holds 100% interest in this project. As at the report date, all of the office space was leased. The rental yield is approximately 5% per annum.


The Leadenhall Building

The Leadenhall Building provides approximately 610,000 square feet of top Grade A office accommodation, retail, and ancillary spaces over 46 floors. It is world renowned super iconic and award-winning building situated in the prime financial and insurance districts of central London. The original developer needed 20 years to assimilate the land and finally completed the construction in 2014. The acquisition consideration is approximately GBP1,135 million and the Group will hold 100% interest after the completion of the acquisition. As at the report date, all of the office space was leased. The rental yield is approximately 3.5% per annum.

Given the list of their reputable tenants and nature of the leases, both these buildings will yield a strong recurring rental income for the Group, as well as potentials for long term capital growth. They will form a solid base for the Group's property investment in the United Kingdom and affirm the Group's presence in the international property markets and help foster the development of the Group in other major global cosmopolitan cities.

The acquisition of these two investment properties is in line with the business strategy of the Group to invest in quality properties in mature cities globally.

Recognized Revenue

The property sales revenue was HK$881.7 million (RMB751.5 million) (2015: HK$6,370.8 million (RMB5,109.2 million)) against a total booked GFA sales of 164,400 sqm (2015: 683,500 sqm). The revenue from property sales and booked GFA represented a decrease of 86% and 76% respectively from those of last year. The ASP was RMB4,570 for 2016 (2015: RMB7,480), representing a decrease of 38.9% when compared with that in 2015. The booked gross profit margin for 2016 was 17% (2015: 25%). The projects contributing to recognized revenue in the year were Zhongyu Metropol in Xi'an, and Radiant Bay and Lagonda Gardens in Sichuan.

Contract Sales

The contract sales for the year was RMB691.1 million (2015: RMB5,089.0 million) against a total of GFA 131,300 sqm at an ASP of RMB5,260 per sqm, a decrease of 21.8% compared to that in 2015. The decrease in contract sales was due to the strategic disposal of projects in 2015 which substantially reduced the number of projects available for sale. The projects from which these contract sales were recorded have been disposed of as at the report date.

Land Bank

As at the report date, the Group has nil land bank for property development. The Group is currently actively looking for acquisition opportunities to replenish its land bank in tier one cities in China, Hong Kong, and mature cities globally.

Treasury Investment Business

The treasury investment segment contributed a revenue of HK$247.8 million and recorded a loss of HK$172.1 million (2015: a profit of HK$369.3 million). The dividends and interests earned from investments and loans receivable totalled HK$233.5 million (2015: HK$16.8 million). The realized gains and unrealized losses on equity investments at fair value through profit of loss amounted to HK$14.3 million and HK$195.3 million respectively (2015: realized and unrealized gains on equity investments at fair value through profit of loss of HK$217.7 million and HK$168.6 million respectively). A net loss of HK$48.1 million (2015: HK$3.0 million) was realized on the disposal of available-for-sale investments held by the Group. Impairment loss of HK$152.4 million was recorded (2015: nil) on a listed security classified as available-for-sale investments as a result of significant/prolonged decline in the fair value of the investments.

CORPORATE STRATEGY AND OUTLOOK

It is expected that bank interest rate will go up globally in 2017. This may cool off the hot property market although challenges are still ahead. General conditions are expected to remain favourable in the major economies in 2017. The transaction volume on the core investment market for commercial real estate remained active in 2016. It is expected investment activity in these markets will remain strong in the coming year as a result of capital inflows and foreign investors entering into these markets.

The Group is building a real estate portfolio of investment properties for steady recurring rental income and property development for property sales revenue. It is believed that a balance property portfolio can generate income and protect against the property market risks in the long run.

The Group is currently actively looking for acquisition opportunities, and focuses on investing selectively in tier one cities in China, Hong Kong, and mature cities globally. The cash position amounted to HK$7.5 billion as at 31 December 2016. The Group's financial strength and management structure has enabled it to respond quickly, after much patience, to take advantage of the recent political and financial changes in the world and snapped up two of what the Group considers to be dream acquisitions. Based on the management's experience and expertise in the property business, the Group is confident of solid future expansion, thereby creating value for its shareholders along with importantly a healthy balance sheet.


One Kingdom Street

FINANCIAL REVIEW

Investments

The objectives of the Group's investment policy are to minimize risk while retaining liquidity, and to achieve a competitive rate of return.

The Group invested surplus cash in a diversified portfolio of listed equity securities, perpetual security and unlisted investment funds. At 31 December 2016, the portfolio of investments comprised of listed equity securities, perpetual security and unlisted investment funds with an aggregate carrying value of HK$3,545.0 million (2015: HK$4,245.6 million) which is listed in the table below:

	31 December 2016 HK$ million	31 December 2015 HK$ million
Equity investments at fair value through profit or loss		
Listed equity securities	**581.3**	756.5
Available-for-sale investments		
Listed equity securities	**433.4**	1,571.1
Perpetual security	**930.0**	1,305.0
Unlisted investment funds	**1,600.3**	613.0
	2,963.7	3,489.1
Total	**3,545.0**	4,245.6

The carrying principal amount of the perpetual security of US$120 million was fully redeemed by China Evergrande Group (formerly known as Evergrande Real Estate Group Limited), a leading PRC property developer listed on the main board of the Stock Exchange in January 2017.

Included in the unlisted investment funds was an investment in December 2016 of approximately HK$835.6 million (RMB752 million). Please refer to the Company's announcement dated 29 December 2016 for details.

In terms of performance, the Group recognized from its portfolio of investments during the year a total fair value losses of HK$347.7 million (2015: fair value gains of HK$168.6 million) in the consolidated statement of profit or loss and HK$406.3 million (2015: fair value gains of HK$390.4 million) in the consolidated statement of other comprehensive income. The realized losses on the portfolio of investments for the year was HK$33.9 million (2015: realized gains of HK$214.7 million), whereas the amount of dividends and interest income from investments and loans receivable for the year was HK$233.5 million (2015: HK$16.8 million). In terms of future prospects of the Group's investments, the performance of the listed equity securities and unlisted investment funds held is to a large extent subject to the corresponding performances of the relevant financial markets which are liable to change rapidly and unpredictably.

The Group will continuously adopt a prudent and cautious investment strategy and will from time to time assess the performance of its portfolio of investments and make timely and appropriate adjustments to fine-tune its investments holding with a view to generating favourable returns for its shareholders.

Liquidity and Financial Resources

The Group continues to maintain a high level of liquidity. At 31 December 2016, cash and cash equivalents balances held at major banks and financial institutions totalled HK$7.5 billion, as compared to HK$3.1 billion at 31 December 2015. On 14 March 2017, the Company announced to raise not less than approximately HK$2,588.2 million, before expenses, and not more than approximately HK$2,651.5 million, before expenses, by way of a rights issue at the subscription price of HK$2 per rights share. The Group's general working capital will be significantly enhanced following the rights issue, which will provide the Group with immediate financial resources to capture any investment opportunities in the global property markets and/or other investments that are presented to the Company from time to time, including the acquisition of Leadenhall Building. Please refer to the Company's announcement dated 14 March 2017 for details.

Total assets as at the end of December 2016 were HK$14.6 billion, of which approximately 76% was current in nature. Net current assets were HK$9.8 billion and accounted for approximately 73% of the net assets of the Group as at 31 December 2016.

As at the report date, the Group has outstanding consideration receivables from the disposal of property projects of approximately HK$1.95 billion in aggregate.

At 31 December 2016, the Group was at net cash position. The owners' equity was HK$13.3 billion (2015: HK$14.1 billion) and the net assets value per share was HK$5.13 (2015: HK$5.46).

Contingent Liabilities/Financial Guarantees

At 31 December 2016, the Group had the following contingent liabilities/financial guarantees:

(i) Guarantee given to banks in respect of mortgage facilities granted to certain purchasers of the Group's property units in the amount of HK$83.3 million (2015: HK$695.0 million); and

(ii) Guarantees given to a bank in connection with a facility granted to joint ventures in the amount of HK$256.3 million (2015: Nil).

Pledge of Assets

At 31 December 2015, cash and bank balances and time deposits in the aggregate amount of HK$303.5 million has been pledged as security for general banking facilities granted to the Group. The subject security was released upon the full repayment of all bank borrowings as at 31 December 2016.

Foreign Currency Risks

During the year, the revenue from the Group's property business in the PRC is denominated in RMB, and most of its expenses are also denominated in RMB. As a result, the property business is not exposed to material foreign exchange risk. As at 31 December 2016, the Group's outstanding consideration receivables from the disposal of subsidiaries denominated in RMB amounted to RMB961 million. To the extent this portion of consideration receivables may be converted into Hong Kong or other currencies, there is exposure to fluctuations in foreign exchange rates. As at 31 December 2016, the Group has not entered into any currency swaps hedge of RMB against HK$.

As at the report date, the Group has purchased investment properties in London for investment purposes. For hedging purpose, the Group has entered into a revolving loan banking facility with a limit of GBP800 million with security over an equivalent amount of HK$/US$ cash deposits placed with the bank. The exposure to foreign exchange risk of the GBP is therefore minimal. The Management will monitor the situation closely and will introduce suitable hedging measures for these assets if there are any adverse changes.

London City, United Kingdom

EMPLOYEES

As at 31 December 2016, the Group had a total of 152 employees in Hong Kong and China and incurred employee costs in the amount of approximately HK$144 million for the year. The Group remunerates its staff based on their merit, qualifications, performance, competence and the prevailing market wage level. In order to attract, retain and motivate employees, an incentive bonus scheme has been established to reward employees based on their performance. Employees are also eligible to be granted share options under the Company's share option scheme at the discretion of the Board. For 2016 and 2015, no equity-settled share option expense was charged off to the consolidated statement of profit or loss. Other benefits include contributions of mandatory provident funds, medical insurance, on-the-job training and external seminars organized by professional bodies.

Investor Relations Report

The Group adopts a proactive approach on investor relations and strives to provide investors with updates and accurate information on the Group's latest development. The Group has an open-minded attitude and believes effective communication is two-ways and therefore also encourages investors to give feedback to the Group. To enable easy access to information on the Company's latest major development, measures have been taken to ensure all necessary information and appropriate updates are made available to investors in a timely manner through the Company's website, www.ccland.com.hk, under the column of "Investor Relations".

INVESTOR RELATIONS ACTIVITIES

To facilitate on-going and timely dialogues with the investment community, the Group held analyst briefings after each results announcement. The management of the Group also participated in investment forums organized by leading international investment banks.

The Group has maintained a long-term and close relationship with the investment community, keeping an updated distribution list of investors to provide them with corporate news and announcements through e-mails. The Group believes continuous communication between investors is extremely important.

ACHIEVEMENT AND AWARD

The Group is glad to receive the 飛騰企業獎 (Ranked No. 1) of "Top 100 Hong Kong Awards" 2015 co-organized by Tencent Holdings Limited and Finet Group Limited.

Looking ahead, the Company will continue to maintain a strong relationship with investors in order to enhance the Company's strength and corporate governance quality, promoting the long-term development of the Company.

2016 Annual General Meeting

1. INTRODUCTION

This Environmental and Social Responsibilities ("ESR") Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide set out in Appendix 27 to the Listing Rules.

This report provides information on our policies, commitments and endeavours in relation to the incorporation of ESR issues undertaken at our offices located in Hong Kong for the year ended 31 December 2016.

For disclosures on our corporate governance as required under the Listing Rules, please refer to the section headed "Corporate Governance Report" on pages 16 to 22.

2. OBJECTIVE

It is our primary objective regarding our ESR to promote sustainable development that meets our business goals without compromising the needs of the environment, society and economy. This coincides with our recognition that environmental, social and economic concerns are all indispensably linked to the businesses which we operate and our long term development.

Our priority within the ESR scope is to incorporate such objective into our daily operation and to devise measures and monitoring system to enhance our sustainability performance as a part of our business development strategy. In meeting such objective, our approach to ESR management is to ensure consistency and acceptable balances between our corporate actions and the interests of the environment, society and sustainable development.

3. ENVIRONMENTAL

3.1 Emissions

We are committed to reducing air and greenhouse gas emissions, discharges into water and land, generation of hazardous and non-hazardous waste in compliance with applicable laws and regulations.

We support the "Indoor Temperature Energy Saving Charter" to improve energy efficiency of our operations. Our employees are encouraged to reduce frequency of business trips and to make use of alternatives such as telephone and video conferences instead of attending face-to-face meetings as and when practicable.

During the reporting year, we are not aware of any non-compliance with relevant laws and regulations that have a significant impact on the Group relating to air and greenhouse gas emissions, discharges into water and land, generation of hazardous and non-hazardous waste.

3.2 Use of Resources

We strive to use our resources, particularly energy and paper which are the major resources consumed in our offices, in an efficient manner. We adhere to the principles of reducing, reusing and recycling. We encourage our employees to use electronic copies instead of printed copies of materials and to adopt double-sided printing or copying practice. Designated collection points have been set up in our offices to facilitate recycling of paper and other office recyclable consumables on a continuous basis. Employees are also encouraged to switch off lights and electrical appliances whenever they are not in use. We also promote adoption of energy-efficient electrical appliances in our offices.

3.3 The Environment and Natural Resources

We are committed to minimizing our operation impact on the environment and natural resources. In addition to using resources in an efficient manner, we have adopted a policy of using environmental friendly materials. Beginning from 2016, our interim and annual reports will be printed on Forest Stewardship Council certified papers.

We understand the inevitable impact of property development and operations on climate and local environment, and as such, we opt for environmentally friendly architectural designs and operational measures wherever practicable to improve the environmental performance of our property development and investment.

4. SOCIAL

4.1 Employment and Labour Practices

4.1.1 Employment

We believe that our employees are vital to our continual business success and are committed to the development of our employees. We are dedicated to attract, retain and deploy high-calibre talent to support our growth.

We are committed to adhering to relevant employment laws and regulations, adopting employment procedures and practices which promote fair treatment when dealing with our employees' compensation (including fringe benefits and welfare) and dismissal, recruitment and promotion, working hours and rest periods, providing equal opportunities, promoting diversity and fostering non-discrimination practices.

We have adopted remuneration policies setting out principles and guidance on remuneration of our directors and employees and a policy setting out the approach to achieve a diverse board. Further details of the remuneration policy for our directors and board diversity policy are set out in the section headed "Corporate Governance Report" on pages 16 to 22, and those of the remuneration policy for our employees are set out in the section headed "Director's Report" on pages 23 to 28.

Apart from being offered competitive compensation, our employees also receive a range of fringe benefits including medical and dental insurance coverage, paid annual leave, maternity leave and paternity leave. During festive occasions, we offer gifts to our employees for their sharing of the festive joy with their family and friends.

We promote work life balance among our employees. We also organize various recreational activities including annual dinner and birthday parties to strengthen the bonding among our employees and promote their sense of belonging.

During the reporting year, there was no material non-compliance with relevant laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

4.1.2 Health and Safety

We strive to provide a safe working environment in our offices, free from any occupational hazards, to our employees in compliance with relevant laws and regulations.

In our offices, we have taken steps to ensure a safe working environment such as cleaning of air-conditioning system and disinfection treatments of carpets on a regular basis. Our employees are aware of the emergency procedures to be used in case of fire by participating regular fire drills organized by the building management.

During the reporting year, there was no material non-compliance with relevant laws and regulations that have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards.

4.1.3 Development and Training

We encourage our employees to improve their knowledge and skills for discharging duties at work through external and internal training opportunities that meet the needs of our business.

We provide our Directors with regular updates on changes to and developments of the Group's business, and on the latest developments in the laws, rules and regulations relating to directors' duties and responsibilities to help them make informed decisions and discharge their duties and responsibilities as directors of the Company. Speakers with professional background are invited to deliver presentation to our directors and management on topics relating to their duties from time to time. We also offer subsidies to our employees who attend training courses to assist them in further developing their job-related knowledge and skills. For a summary of training received by Directors, please refer to the section headed "Corporate Governance Report" on pages 16 to 22.

4.1.4 Labour Standards

We prohibit and are against the employment of child and forced labour.

During the reporting year, there was no non-compliance with relevant laws and regulations that have a significant impact on the Group relating to preventing child and forced labour.

4.2 Operating Practices

4.2.1 Supply Chain Management

We endeavour to extend our influence on our stakeholders for managing potential environmental and social risks of the supply chain and promote our ESR policies and practices among them.

We seek to work with our suppliers in pursuit of continuous improvement in social and environmental performance. We are also committed to ensuring that environmental considerations are an integral part of our project development through cooperation with our suppliers and contractors to provide high-quality properties and services to our customers.

4.2.2 Product Responsibility

We strive to adhere to applicable laws and regulations with regard to health and safety, advertising and labelling and privacy matters for product and services we offer in our business, and to maintain effective communication channels for redress.

During the reporting year, there was no non-compliance with relevant laws and regulations that have a significant impact on the Group relating to health and safety, advertising, labelling and privacy matters relating to products and services provided.

4.2.3 Anti-corruption

We are committed to conducting our business in compliance with applicable laws and regulations against bribery, extortion, fraud and money laundering.

We have in place a code of conduct applicable to all directors and employees of the Group setting out the standards of behaviour that the Company expects from them, guidelines on how they should handle different situations in business dealings with the Group, and measures on bribery. We have also adopted a policy for employees to raise concerns about any improprieties, suspected misconduct or malpractice within the Group.

During the reporting year, there was no non-compliance with relevant laws and regulations that have a significant impact on the Group relating to bribery, extortion, fraud and money laundering.

4.3 Community

4.3.1 Community Investment

We are committed to engaging in the community in which we operate so as to understand their needs and to ensure our activities taking into consideration the interests of our communities.

We make donations to various charitable organizations. During the year, we had made charitable contributions amounting to HK$1,392,000. We also encourage our staff to make personal donations to charities and participate in various charity events such as the Salvation Army Recycling Programme, China Resources Building – Annual Recycling Programme and Dress Causal Day of the Community Chest.

The Company is committed to maintaining a high standard of corporate governance. The Board considers that sound corporate management and governance practices are essential to the Company's healthy growth under all business environments.

CORPORATE GOVERNANCE PRACTICES

During the year, the Company has complied with the code provisions of the CG Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding securities transactions by directors. Specific enquiries have been made on all directors who have confirmed that they have complied with the required standard set out in the Model Code throughout the year.

BOARD OF DIRECTORS

Currently, the Board is chaired by Mr. Cheung Chung Kiu. It consists of six executive directors and three independent non-executive directors. Names and other biographical details of the existing members of the Board are set out under the heading of "Directors' Profile" on pages 4 to 5. The Board determines and keeps under review the objectives of the Group. It makes decisions on overall strategies and actions necessary for achieving these objectives, monitors and controls financial and operating performance, formulates appropriate policies, and identifies and ensures best practices of corporate governance. The current structure and composition of the Board have provided it with an appropriate mix of skills, knowledge, experience and diversity. The Board reviews its structure and composition from time to time to ensure that appropriate expertise and independence are maintained.

The Company has received confirmation from each director that he has given sufficient time and attention to the affairs of the Company during the year. Directors have also disclosed to the Company the changes, if any, in the number and nature of offices they hold in public companies or organizations and other significant commitment, including the identity of the public companies or organizations and an indication of the time involved.

Set out below are details of directors' attendance of meetings in 2016:

	Attendance/ Number of meetings held				
Name of Directors	**Regular Board Meeting**	**Audit Committee Meeting**	**Remuneration Committee Meeting**	**Nomination Committee Meeting**	**Annual General Meeting**
Executive Directors					
Cheung Chung Kiu *(Chairman)*	4/4	–	2/2	2/2	1/1
Lam How Mun Peter *(Deputy Chairman & Managing Director)*	4/4	–	2/2	2/2	1/1
Tsang Wai Choi *(Deputy Chairman)*	4/4	–	–	–	1/1
Wong Chi Keung *(Deputy Chairman)*	4/4	–	–	–	1/1
Leung Chun Cheong	4/4	–	–	–	1/1
Leung Wai Fai	4/4	–	–	–	1/1
Independent Non-executive Directors					
Lam Kin Fung Jeffrey	4/4	3/3	2/2	2/2	1/1
Leung Yu Ming Steven	4/4	3/3	2/2	2/2	1/1
Wong Lung Tak Patrick	4/4	3/3	2/2	2/2	1/1
Non-executive Director					
Wong Yat Fai *(resigned with effect from 1 March 2016)*	–	–	–	–	–

During 2016, the independent non-executive directors have met once with the Chairman without the presence of the executive directors, to consider and discuss various matters in respect of the management and corporate governance of the Company.

The Chairman takes the primary responsibility for ensuring that good corporate governance practices and procedures are established. He sets the agenda for the Board and takes the lead in the formulation of objectives, strategies and actions at the directorate level. He ensures that members of the Board receive accurate, timely and clear information, and that matters to be taken into consideration are given their due weight, so that sound decisions can be made. With the assistance of the Company Secretary, the Chairman ensures that the Board properly exercises its powers, holds its meetings and implements procedures in compliance with all rules and requirements, and full and proper records are maintained. Procedures are also put in place for each director to have access to supporting papers and relevant information for each scheduled meeting. All directors also have access to the services of the Company Secretary and her team, and may take independent professional advice upon request, at the Company's expense.

The day-to-day management of the Group is delegated by the Board to the Managing Director who is supported by the various committees of the Board and management of the Company for recommending strategies to the Board, and determining and implementing operational decisions. The Managing Director assumes full accountability for the day-to-day management of the Group. All committees of the Board have specific terms of reference clearly defining their respective powers and responsibilities. All committees are required by their terms of reference to report to the Board in relation to their decisions or recommendations. Through participating in the Company's board meetings and committees meetings, attending general meetings, and participating in continuous professional development, all directors are able to make contribution required from them to the Board and to the development of the Company.

The Company provides directors with regular updates on changes to and developments of the Group's business, and on the latest developments in the laws, rules and regulations relating to directors' duties and responsibilities to help them make informed decisions and discharge their duties and responsibilities as directors of the Company.

During 2016, all directors have participated in continuous professional development to develop and refresh their knowledge and skills as listed company directors. They have provided the Company with their records of the training they received for the year. A summary of the records is as follows:

Name of Directors	**Training Received**
Cheung Chung Kiu	Attending seminar regarding updates on rules and regulations relating to listed companies and corporate governance; and reading materials regarding updates on rules and regulations relating to listed companies, operation and management of listed companies, finance and relevant industry
Lam How Mun Peter	Attending seminars regarding updates on rules and regulations relating to listed companies, corporate governance and finance
Tsang Wai Choi	Attending seminars regarding corporate governance and finance; e-learning regarding ethics and code of conduct and operation and management of listed companies; and reading materials regarding relevant industry
Wong Chi Keung	Attending seminars regarding updates on rules and regulations relating to listed companies, corporate governance, operation and management of listed companies and relevant industry
Leung Chun Cheong	Attending seminars regarding updates on rules and regulations relating to listed companies, corporate governance and operation and management of listed companies; e-learning regarding updates on rules and regulations relating to listed companies, corporate governance, operation and management of listed companies and finance
Leung Wai Fai	Attending seminars regarding updates on rules and regulations relating to listed companies, corporate governance, ethics and code of conduct, operation and management of listed companies and finance; and e-learning regarding corporate governance, operation and management of listed companies and finance
Lam Kin Fung Jeffrey	Attending seminar regarding updates on rules and regulations relating to listed companies, ethics and code of conduct and operation and management of listed companies; and reading materials regarding updates on rules and regulations relating to listed companies, corporate governance and operation and management of listed companies
Leung Yu Ming Steven	Attending seminars regarding updates on rules and regulations relating to listed companies, corporate governance, ethics and code of conduct, operation and management of listed companies, finance and relevant industry
Wong Lung Tak Patrick	Attending seminars regarding updates on rules and regulations relating to listed companies, corporate governance, operation and management of listed companies and finance

CHAIRMAN AND MANAGING DIRECTOR

The roles of Chairman and Managing Director are separate. The main responsibility of Chairman is to lead the Board and manage its work to ensure that it effectively operates and fully discharges its responsibilities. Supported by the members of the committees of the Board, Managing Director is responsible for the day-to-day management of the Group, recommending strategies to the Board, and determining and implementing operational decisions.

NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive directors an annual written confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Board has reviewed their independence based on such confirmation and considers all of them remaining independent. All non-executive directors are appointed for a specific term of not more than three years and are subject to retirement by rotation and re-election at the annual general meeting at least once every three years pursuant to the Bye-laws.

BOARD COMMITTEES

The Board has set up the Executive Committee which comprises all executive directors on the Board. Under its terms of reference, the Executive Committee is responsible for overseeing the management and daily operations of the Group and any other matters delegated by the Board. In addition to the Executive Committee, the Board has set up the Audit Committee, the Remuneration Committee and the Nomination Committee. The Board does not have a Corporate Governance Committee and its functions would be carried out by the Board as a whole.

AUDIT COMMITTEE

The Audit Committee currently comprises three independent non-executive directors, Mr. Lam Kin Fung Jeffrey, Mr. Leung Yu Ming Steven and Dr. Wong Lung Tak Patrick. It is chaired by Mr. Lam Kin Fung Jeffrey. The major roles and functions of the Audit Committee are set out in its terms of reference which include duties specified in the CG Code and are posted on the Company's website in the section of "Corporate Governance"under the column of "Investor Relations" and on the Stock Exchange's website.

The Audit Committee has reviewed together with the management and independent auditors the accounting policies and practices adopted by the Group and discussed auditing, internal control and financial reporting matters, including reviewing the Group's consolidated results for the year ended 31 December 2016. When reviewing the Company's interim and annual reports, the Audit Committee has focused not only on the impact of the changes in accounting policies and practices, but also on the compliance with applicable accounting standards, the Listing Rules and relevant legal requirements. It has also reviewed the financial statements before submission to the Board.

The Audit Committee has reviewed with the management, among other matters, the risk management and internal control systems covering all material controls, including financial, operational and compliance controls and risk management functions and the arrangements for employees to raise concerns in confidence about possible improprieties in financial reporting, internal control and other matters. The Audit Committee has reviewed the engagement of independent auditors and the effectiveness of the audit process.

REMUNERATION COMMITTEE

The Remuneration Committee currently comprises two executive directors, Mr. Cheung Chung Kiu and Dr. Lam How Mun Peter, and three independent non-executive directors, Mr. Lam Kin Fung Jeffrey, Mr. Leung Yu Ming Steven and Dr. Wong Lung Tak Patrick. It is chaired by Mr. Leung Yu Ming Steven. The major roles and functions of the Remuneration Committee are set out in its terms of reference which include duties specified in the CG Code and are posted on the Company's website in the section of "Corporate Governance" under the column of "Investor Relations" and on the Stock Exchange's website.

The Remuneration Policy for executive directors of the Company is determined with reference to the Group's operating results, duties and level of responsibility of the executive directors and the prevailing market conditions which are reviewed annually in order to provide remuneration and compensation packages competitive to attract, retain and motivate high quality executives to serve the Group. The fee for non-executive directors is determined with reference to each of their duties and level of responsibility with the Company and is reviewed on an annual basis. Details of the directors' remuneration for 2016 are set out in note 9 to the financial statements on pages 60 to 61.

During 2016, the Remuneration Committee has assessed the performance of the executive directors, reviewed and discussed, among other matters, the remuneration packages (including the annual performance bonus policy) of the executive directors, the remuneration of the non-executive directors, the existing share option scheme, the retirement benefit scheme and the long-term incentive arrangement. It has also reviewed the Remuneration Policy and its implementation. Being given the delegated responsibility, the Remuneration Committee has determined the remuneration packages of the executive directors of the Company.

NOMINATION COMMITTEE

The Nomination Committee currently comprises two executive directors, Mr. Cheung Chung Kiu and Dr. Lam How Mun Peter, and three independent non-executive directors, Mr. Lam Kin Fung Jeffrey, Mr. Leung Yu Ming Steven and Dr. Wong Lung Tak Patrick. It is chaired by Mr. Cheung Chung Kiu. The major roles and functions of the Nomination Committee are set out in its terms of reference which include duties specified in the CG Code and are posted on the Company's website in the section of "Corporate Governance" under the column of "Investor Relations" and on the Stock Exchange's website.

The Nomination Policy for directors is formulated with reference to the skills and experience of the Board appropriate for the requirements of the Group's business. The Nomination Committee will review the Board's structure, size and composition (including the skills, knowledge and experience) and diversity. It will assess the independence of independent non-executive directors. It will also make recommendations on any proposed changes to the Board to complement the Company's corporate strategy, and make recommendations on the appointment or re-appointment of directors and succession planning for directors, including the Chairman as appropriate. It is responsible for identifying individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships.

The Company has adopted a Board Diversity Policy setting out the approach to achieve a diverse Board. Taking into account factors including the size of the Board, its composition of executive and non-executive directors, and the Company's principal activities and needs, election of candidates shall be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

During 2016, the Nomination Committee has reviewed and discussed, among other matters, the structure, size and composition including the skills, knowledge, experience and diversity of the Board and also assessed the independence of independent non-executive directors of the Board. It has also reviewed the Nomination Policy and the Board Diversity Policy and their implementation.

CORPORATE GOVERNANCE FUNCTION

The Board does not have a Corporate Governance Committee. The functions that would be carried out by a Corporate Governance Committee are performed by the Board as a whole and are as follows:

1. to develop and review the Company's policies and practices on corporate governance;
2. to review and monitor the training and continuous professional development of directors and senior management;
3. to review and monitor the Company's policies and practices in compliance with legal and regulatory requirements;
4. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and
5. to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

The Corporate Governance Policy is formulated with an emphasis on the Board's quality, effective internal control, stringent disclosure practices and transparency and accountability to all shareholders of the Company. The Board strives to comply with the code provisions and reviews its Corporate Governance Policy regularly in order to maintain high standards of business ethics and corporate governance, and to ensure the full compliance of our operations with applicable laws and regulations.

During 2016, members of the Board have reviewed and discussed, among other things, the Company's policies and practices on corporate governance at regular board meetings. They have also reviewed and monitored the training and continuous professional development of directors, and the Company's policies and practices on compliance with legal and regulatory requirements as well as its disclosure in the Corporate Governance Report. The Board has reviewed the code of conduct applicable to employees and directors setting out the standards of behaviour that the Company expects from them and the guidelines on how they should handle different situations in business dealings with the Group.

INDEPENDENT AUDITORS' REMUNERATION

During 2016, the remuneration paid/payable to the Company's independent auditors, Messrs. Ernst & Young amounted to a total of HK$3,895,000, of which HK$3,200,000 was for audit services and HK$695,000 for non-audit services including agreed-upon procedures on the interim financial report, review and report on the financial information on circulars to shareholders and tax services.

COMPANY SECRETARY

The Company Secretary has undertaken not less than 15 hours of relevant professional training during 2016.

SHAREHOLDERS' RIGHTS

The following is a brief summary of certain rights of shareholders, which are subject to applicable laws and regulations, including without limitation, the Companies Act, the Listing Rules and the Bye-laws.

1. Convening special general meeting

Members of the Company may, by a written requisition, require the Directors to convene an SGM for the transaction of any business specified in such requisition. A valid requisition may be made by a member or members of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company which at that date carries voting rights at general meetings of the Company. The requisition must state the purpose(s) of the requisitioned SGM, and must be signed by the requisitionist(s). The requisition may consist of several documents in like form each signed by one or more requisitionists, which must be deposited at the Company's registered office in Bermuda at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. To ensure that it is received by the Company at the earliest opportunity, a copy of the signed requisition may also be deposited at the Company's principal place of business in Hong Kong at Rooms 3308-10, 33rd Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong, for the attention of the Board or the Company Secretary.

If the Directors fail to proceed to convene an SGM within 21 days from the date of deposit of the requisition, the requisitionist(s) (or any of them representing more than one-half of their total voting rights) may himself/themselves convene an SGM, which must be held within 3 months of the date of deposit of the requisition. The SGM must be convened by the requisitionist(s) in the same manner as nearly as possible as that in which SGM is to be convened by the Directors. The requisitionist(s) is/are entitled to be repaid any reasonable expenses he/they incur(s) as a result of the failure of Directors duly to convene an SGM. These expenses will be payable by the Company and any sum so repaid shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration to such defaulting Directors in respect of their services.

2. Putting forward proposals at shareholders' meetings

Members of the Company may by a written requisition and at their expense (unless the Company otherwise resolves) require the Company to:

(a) give to members of the Company entitled to receive notice of the next annual general meeting notice of any resolution which may properly be moved and is intended to be moved at the next annual general meeting of the Company; and/or
(b) circulate to members of the Company entitled to receive notice of any general meeting any 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 that general meeting.

A valid requisition may be made by either:

(a) any number of members of the Company representing not less than one-twentieth of the total voting rights of all the members having at the date of the requisition the right to vote at the meeting to which the requisition relates; or
(b) not less than 100 members of the Company.

The requisition signed by the requisitionists (or two or more copies which between them bear the signatures of all the requisitionists) must be deposited at the Company's registered office in Bermuda at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. To ensure that it is received by the Company at the earliest opportunity, a copy of the signed requisition may also be deposited at the Company's principal place of business in Hong Kong at Rooms 3308-10, 33rd Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong, for the attention of the Board or the Company Secretary and,

(a) in the case of a requisition requiring notice of a resolution to be moved at an annual general meeting, not less than six weeks before the annual general meeting; and
(b) in the case of any other requisition, not less than one week before the general meeting.

The requisitionists must deposit or tender with the requisition a sum which is reasonably sufficient to meet the Company's expenses in giving effect to the requisition.

3. Proposing a person for election as director

Shareholders may propose a person for election as director, the procedures for which are available on the Company's website in the section of "Corporate Governance" under the column of "Investor Relations".

4. Sending enquiries to the Board

Shareholders may send any enquiries to the Board by mail, email or telephone to the Company's Head of Investor Relations, whose contact details are as follows:

Address:	Rooms 3308-10, 33rd Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong
Email:	ccland@ccland.com.hk
Telephone:	+852 2820 7315

INVESTOR RELATIONS

The Company has adopted a Shareholders Communication Policy. The use and effectiveness of such policy are monitored and reviewed regularly by the Board. The Company recognises the importance of shareholders' privacy and therefore will not disclose shareholders' information without their consent, unless required by law to do so. To achieve equal access to information on the Company's latest major developments, measures have been taken to ensure all necessary information and appropriate updates are made available to investors in a timely manner through the Company's website under the column of "Investor Relations". In addition to financial reports, all announcements and circulars of the Company including results announcements, notices of general meetings and associated explanatory documents released by the Company to the Stock Exchange are posted on the Company's website. Other information such as presentation materials and press releases to be issued to shareholders and potential investors of the Company will also be made available on the Company's website. Shareholders should direct their questions about their shareholdings to the Company's share registrars. For enquiry about the information of the Company, shareholders may contact our Head of Investor Relations, whose contact details are set out under the heading of "Sending enquiries to the Board" above. Shareholders are encouraged to participate in the Company's general meetings where members of the Board will be available to answer their questions.

The Company has also adopted a Disclosure of Inside Information Policy. It sets out a framework for the release and control of inside information to ensure that the Company is able to meet its legal and regulatory obligations and requirements as a listed corporation. The Board is generally responsible for ensuring that the Group complies with its disclosure obligations regarding inside information and has established a disclosure group comprising certain directors and management to assist it in determining whether any particular information is inside information and overseeing and coordinating disclosure of inside information of the Group. Inside information should be disclosed by way of an announcement in accordance with the requirements of the SFO and the Listing Rules. Before relevant information is fully disclosed to the public, the disclosure group will help the Board to ensure that such information is kept strictly confidential.

The Company's constitutional documents are made available on the Company's website in the section of "Corporate Governance" under the column of "Investor Relations" and on the Stock Exchange's website. During the year, there was no significant change in them.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for the Group's risk management and internal control systems and for reviewing their effectiveness. The Board recognizes that the Group's risk management and internal control systems play a key role in the identification, evaluation and management of risks faced by the Group, the assurance of continued compliance with laws and regulations by the Group, and the provision of reasonable assurance on the Group against material misstatement, error, loss or fraud. The Board appreciates that the Group is exposed to risks in achieving its business objectives and strives to maintain such risks at acceptable level through the design, implementation and monitoring of effective risk management and internal control systems.

The risk management and internal control systems are established within the Company and its subsidiaries for facilitating effective and efficient operations, for safeguarding assets against unauthorized use, for maintaining proper accounting records, for ensuring the reliability of financial reporting and information, and for ensuring compliance with applicable laws and regulations. The establishment of risk management and internal control systems involves identifying the key functions carried out by the Group, the individual activities undertaken within those functions, the risks associated with each activity and in achieving the Group's business objectives, evaluating the potential impact and acceptable level of such risks, developing and monitoring the effectiveness of policies and procedures to address and to minimise the identified risks, having regard to the particular circumstances of the Group including business operations, operating environment, compliance with applicable laws and regulations and financial reporting requirements. As part of the risk management and internal control systems, functional reporting and financial reporting procedures appropriate to the business of the Company's subsidiaries are established for application within the Group. These procedures are designed to enable timely and reliable functional and financial reporting by subsidiaries of the Group, to facilitate proper handling and dissemination of inside information, and to provide reasonable assurance against material misstatement, error, loss or fraud. A formal annual review of these procedures is carried out by the Board. In addition, the Board also receives updates from the Internal Audit department on areas that specifically affect the Company.

The Company has maintained an internal audit function which forms part of the permanent establishment of the Group and is internally resourced and staffed by qualified accounting personnel with suitable experience. The internal audit function carries out analysis and independent appraisal on the adequacy and effectiveness of the Group's risk management and internal control systems. These procedures are designed to manage rather than eliminate risk and, by their nature, can only provide reasonable, but not absolute, assurance against material misstatement or loss. The Board is responsible for ensuring that recommendations made by the internal audit function are properly implemented.

The Audit Committee has kept under review the Group's risk management and internal control systems and the effectiveness of the internal audit function. Based on its review, the Audit Committee advises the Board on the effectiveness of the Group's risk management and internal control systems, including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function.

The Board has also conducted an annual review of the effectiveness of the Group's risk management and internal control systems, and considered the work of the internal audit function and advice from the Audit Committee in this regard. During the year under review, the Board considers that the Group has complied with the provisions on risk management and internal controls as stipulated in the CG Code. The Board is satisfied that the Group's risk management and internal control systems including financial, operational and compliance controls as appropriate to the Group have been put in place, effective and adequate, and that no significant areas of improvement have been revealed.

DIRECTORS' RESPONSIBILITY FOR PREPARING THE FINANCIAL STATEMENTS

The Board acknowledges that it is responsible for the preparation of financial statements of the Group and for ensuring that financial statements are prepared in accordance with statutory requirements and applicable accounting standards. The Board also ensures the timely publication of financial statements of the Group. The directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditors of the Company, Messrs. Ernst & Young, about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on pages 29 to 32.

The Directors present their report and the audited financial statements of the Company and of the Group for the year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of corporate management services. The principal activities of its subsidiaries focus on property development and investment, as well as treasury investments, details of which are set out in note 1 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2016 and the Group's financial position at that date are set out in the financial statements on pages 33 to 95.

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

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited financial statements, is set out on page 96. The summary does not form part of the audited financial statements.

BUSINESS REVIEW

A fair review of the business of the Group during the year and a description of possible risks and uncertainties facing the Group are set out in Management Discussion and Analysis on pages 7 to 11. An indication of the likely future development in the Group's business is set out in the Chairman's Statement on page 6 and Management Discussion and Analysis on pages 7 to 11 respectively. An analysis of the Group's performance during the year using financial key performance indicators is set out in the Financial Highlights on page 3 and the Five-Year Financial Summary on page 96. Discussions on the Group's compliance with the relevant laws and regulations that have a significant impact on the Group are set out in Corporate Governance Report on pages 16 to 22 and Environmental and Social Responsibilities Report on pages 13 to 15. An account of the Group's environmental policies and performance, the Group's key relationships with its employees, customers and suppliers and others that have a significant impact on the Group and on which the Group's success depends are set out in the Environmental and Social Responsibilities Report on pages 13 to 15. These discussions form part of this Directors' Report.

SHARE CAPITAL

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

PRE-EMPTIVE RIGHTS

There is no pre-emptive rights provision in the Companies Act or in the Bye-laws.

PERMITTED INDEMNITY

The Bye-laws provides that Directors and other officers shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts. Such provision was in force during the year. In addition, the Company has maintained appropriate directors' and officers' liability insurance in respect of relevant legal actions against the Directors and officers.

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

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

RESERVES

Details of movements in the reserves of the Company and of the Group during the year are set out in note 44 to the financial statements and in the consolidated statement of changes in equity respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2016, the Company's reserves available for distribution to shareholders, calculated in accordance with the Companies Act, amounted to HK$308,853,000. In addition, the Company's share premium account in the amount of HK$9,524,823,000 may be distributed in the form of fully paid bonus shares.

CHARITABLE CONTRIBUTIONS

During the year, the Group had made charitable contributions amounting to HK$1,392,000.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, less than 30% of the Group's revenues and less than 30% of the Group's purchases were attributable to the Group's five largest customers and five largest suppliers, respectively.

During the year, none of the Directors, their close associates or shareholders, who to the knowledge of the Directors own more than 5% of the Company's issued share capital, had any interest in any of the Group's five largest customers and suppliers.

The Group understands that customers and suppliers are important to the sustainable and stable development of its business. The Group conducts assessment process from time to time to evaluate the performance of its contractors and implement third-party certification to ensure the performance of its suppliers. Our work relating to social and environmental with our suppliers was set out "Environmental and Social Responsibilities Report" on pages 13 to 15.

DIRECTORS

The Directors during the year and for the period from 1 January 2017 to the date of this report were as follows:

Executive directors:
Mr. Cheung Chung Kiu *(Chairman)*
Dr. Lam How Mun Peter *(Deputy Chairman and Managing Director)*
Mr. Tsang Wai Choi *(Deputy Chairman)*
Mr. Wong Chi Keung *(Deputy Chairman) (appointed with effect from 1 March 2016)*
Mr. Leung Chun Cheong
Mr. Leung Wai Fai

Independent non-executive directors:
Mr. Lam Kin Fung Jeffrey
Mr. Leung Yu Ming Steven
Dr. Wong Lung Tak Patrick

Non-executive director:
Mr. Wong Yat Fai *(resigned with effect from 1 March 2016)*

In accordance with Bye-law 87 of the Bye-laws, Dr. Lam How Mun Peter, Mr. Leung Chun Cheong and Dr. Wong Lung Tak Patrick will retire and, being eligible, will offer themselves for re-election at the AGM. All other Directors will continue to be in office.

The Company has received from each of the independent non-executive directors, Messrs. Lam Kin Fung Jeffrey, Leung Yu Ming Steven and Wong Lung Tak Patrick, an annual written confirmation of their independence pursuant to Rule 3.13 of the Listing Rules. The Board has reviewed their independence based on such confirmation and considers all of them remaining independent.

DIRECTORS' BIOGRAPHIES

The Company has received the following notifications from Directors relating to the change in their information:

Dr. Wong Lung Tak Patrick ceased to be an Independent Non-executive Director of China Precious Metal Resources Holdings Co., Ltd. (currently known as Munsun Capital Group Limited), the shares of which are listed on the Stock Exchange, from 3 October 2016.

Mr. Lam Kin Fung Jeffrey ceased to be a council member of the Hong Kong Trade Development Council from 3 December 2016. Mr. Lam also ceased to be an Independent Non-executive director of Bracell Limited, the shares of which were delisted on the Stock Exchange on 24 October 2016, from 1 November 2016.

Dr. Lam How Mun Peter ceased to be a Non-executive Director and Chairman of China Touyun Tech Group Limited (formerly known as China Optoelectronics Holding Group Co., Limited and China Opto Holdings Limited), the shares of which are listed on the Stock Exchange, from 23 January 2017.

Updated biographical details of the Directors existing as at the date of this report are set out on pages 4 to 5.

DIRECTORS' SERVICE CONTRACTS

No Director offering for re-election at the AGM has a service contract with any company in the Group which is not terminable by such company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with the Director is or was materially interested in, either directly or indirectly, was subsisting during the year or at the end of the year.

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.

REMUNERATION DETAILS

Details of the Directors' remuneration and the five highest-paid individuals in the Group are set out in notes 9 and 10 to the financial statements respectively.

REMUNERATION POLICY

The remuneration policy for employees of the Group is formulated based on the merit, qualifications, performance and competence of individual employee which are reviewed regularly in order to provide competitive compensation packages at market rates sufficient to reward satisfactory performance and attract, retain and motivate employees. The Company has adopted share option scheme as a long-term incentive to eligible employees and directors to recognize and reward their contribution to the Group, details of which are set out in note 34 to the financial statements. Remuneration policy for Directors is set out in Corporate Governance Report on pages 16 to 22.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS

As at 31 December 2016, details of the interests and short positions of each of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) required to be recorded in the register kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Interests in shares of the Company (long positions)

Name of Directors	Interests in shares		Interests in underlying shares pursuant to share options granted by the Company [3]	Aggregate interests	Approximate percentage [4]
	Personal interests	Corporate interests			
Cheung Chung Kiu	–	1,565,121,497 [1&2]	–	1,565,121,497	60.47
Lam How Mun Peter	324,502	–	43,039,000	43,363,502	1.68
Tsang Wai Choi	3,394,242	–	–	3,394,242	0.13
Leung Chun Cheong	666,948	–	1,500,000	2,166,948	0.08
Leung Wai Fai	–	–	3,000,000	3,000,000	0.12

Notes:

1. 1,070,810,231 of such shares were held through Thrivetrade Limited ("Thrivetrade"), a company wholly-owned by Mr. Cheung Chung Kiu ("Mr. Cheung"). Accordingly, Mr. Cheung was deemed to be interested in the same number of shares held through Thrivetrade.

   233,915,707 of such shares were held through Fame Seeker Holdings Limited ("Fame Seeker"), a company wholly-owned by Mr. Cheung. Accordingly, Mr. Cheung was deemed to be interested in the same number of shares held through Fame Seeker.

2. 260,395,559 of such shares were held through Regulator Holdings Limited ("Regulator"), a direct wholly-owned subsidiary of Yugang International (B.V.I.) Limited ("Yugang-BVI"), which is in turn a direct wholly-owned subsidiary of Yugang International Limited ("Yugang"). Yugang was owned by Chongqing Industrial Limited ("CIL"), Timmex Investment Limited ("Timmex") and Mr. Cheung as to approximately 44.06% in aggregate. CIL was owned as to 35%, 30%, 5% and 30% by Mr. Cheung, Peking Palace Limited ("Peking Palace"), Miraculous Services Limited ("Miraculous Services") and Prize Winner Limited ("Prize Winner") respectively. Mr. Cheung had 100% beneficial interest in Timmex. Prize Winner was beneficially owned by Mr. Cheung and his associates. Peking Palace and Miraculous Services were held by Palin Holdings Limited ("Palin") as the trustee for Palin Discretionary Trust, a family discretionary trust, the objects of which included Mr. Cheung and his family. Accordingly, Mr. Cheung was also deemed to be interested in the same number of shares held through Regulator.

3. Details of the Directors' interests in the underlying shares of the Company pursuant to share options granted by the Company are set out in the section headed "Share Options" below.

4. Approximate percentage refers to the aggregate interests of the director in the shares of the Company expressed as a percentage (rounded to two decimal places) of the issued share capital of the Company as at 31 December 2016.

Save as disclosed above, as at 31 December 2016, the Company had not been notified of 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) required to be recorded in the register kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the sections headed "Directors' and Chief Executive's Interests and Short Positions" above and "Share Options" below, and in the share option scheme disclosures set out in note 34 to the financial statements, at no time during the year was the Company, or any of its subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors, or any of their associates, had any rights to subscribe for shares of the Company, or had exercised any such rights during the year.

SHARE OPTIONS

The Company adopted a share option scheme on 29 April 2005 ("2005 Scheme"), which expired on 29 April 2015. Details of the 2005 Scheme were disclosed in the Company's circular dated 13 April 2005 and are set out in note 34 to the financial statements. Movements of the 2005 Scheme during the year were set out below:

Name or category of participants	Number of share options: At 1 January 2016	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	At 31 December 2016	Date of grant [1] (dd-mm-yyyy)	Exercise period (dd-mm-yyyy)	Exercise price [2] HK$ per share	Closing price immediately before date of grant HK$ per share
Directors										
Lam How Mun Peter	17,500,000	–	–	–	–	17,500,000	07-05-2009	07-05-2009 to 06-05-2019	3.27	3.47
	21,539,000	–	–	–	–	21,539,000	03-09-2010	03-09-2010 to 02-09-2020	3.31	3.19
	4,000,000	–	–	–	–	4,000,000	03-09-2010	01-01-2011 to 02-09-2020	3.31	3.19
	43,039,000	–	–	–	–	43,039,000				
Leung Chun Cheong	1,500,000	–	–	–	–	1,500,000	03-09-2010	03-09-2010 to 02-09-2020	3.31	3.19
Leung Wai Fai	3,000,000	–	–	–	–	3,000,000	03-09-2010	03-09-2010 to 02-09-2020	3.31	3.19
	47,539,000	–	–	–	–	47,539,000				
Employees	10,100,000	–	–	–	–	10,100,000	03-09-2010	03-09-2010 to 02-09-2020	3.31	3.19
	800,000	–	–	–	–	800,000	03-09-2010	01-01-2011 to 02-09-2020	3.31	3.19
In aggregate	10,900,000	–	–	–	–	10,900,000				
Others										
In aggregate	4,800,000	–	–	–	–	4,800,000	03-09-2010	03-09-2010 to 02-09-2020	3.31	3.19
Total	63,239,000	–	–	–	–	63,239,000				

Notes:

1. Certain share options granted are subject to a vesting period beginning from the date of grant until the commencement of the exercise period.

2. The exercise price of the share options is subject to adjustment in case of any rights issues or bonus issues, or any other changes in the Company's share capital.

On 21 May 2015, the Company adopted a share option scheme ("2015 Scheme"), details of which were disclosed in the Company's circular dated 16 April 2015 and are set out in note 34 to the financial statements. No share options have been granted under 2015 Scheme since its adoption and up to 31 December 2016.

DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER THE SFO

As at 31 December 2016, details of the interests and short positions of every person, other than directors or the chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of shareholders	Capacity in which interests are held	Number of shares held	Approximate percentage [3]
Thrivetrade	Beneficial owner	1,070,810,231 [1]	41.37
Fame Seeker	Beneficial owner	233,915,707 [1]	9.04
Regulator	Beneficial owner	260,395,559 [2]	10.06
Yugang-BVI	Interest of controlled corporation	260,395,559 [2]	10.06
Yugang	Interest of controlled corporation	260,395,559 [2]	10.06
CIL	Interest of controlled corporation	260,395,559 [2]	10.06
Palin	Interest of controlled corporation	260,395,559 [2]	10.06

Notes:

1. These shares were included in the interests of Mr. Cheung in the shares of the Company as disclosed under the paragraph "Interests in shares of the Company (long positions)" of the section headed "Directors' and Chief Executive's Interests and Short Positions" above.

2. The interests held by Regulator, Yugang-BVI, Yugang, CIL and Palin respectively as shown above refer to interests in the same block of shares. The said shares were also included in the interests of Mr. Cheung in the shares of the Company as disclosed under the paragraph "Interests in shares of the Company (long positions)" of the section headed "Directors' and Chief Executive's Interests and Short Positions" above.

3. Approximate percentage refers to the aggregate interests which the shareholder held or had short positions in the shares of the Company expressed as a percentage (rounded to two decimal places) of the issued share capital of the Company as at 31 December 2016.

4. All of the interests disclosed above represent long positions.

Save as disclosed above, as at 31 December 2016, the Company had not been notified of any interests or short positions of any other person, other than directors or the chief executive of the Company, in the shares or underlying shares of the Company required to be recorded in the register kept by the Company under Section 336 of the SFO.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the year, the following directors held interests in business which competed or was likely to compete, either directly or indirectly, with the businesses of the Group.

Mr. Cheung was an executive director of Y. T. Realty Group Limited ("Y.T. Realty") (shares of which are listed on the Main Board of the Stock Exchange) and was deemed to be interested in 34.14% of the shareholding in Y.T. Realty. Y.T. Realty is an investment holding company and the principal activities of its subsidiaries include property investment and property trading. Mr. Cheung also had personal interests in private companies engaged in property investment and property management services businesses. As such, Mr. Cheung is regarded as being interested in a business which may compete with the business of the Group. In addition, Mr. Tsang Wai Choi, an executive director of the Company, had personal interests in private companies engaged in property development and investment and related businesses. He is also regarded as being interested in a business which may compete with the business of the Group.

The Directors are aware of their fiduciary duties to the Company and that they must, in the performance of their duties as directors, avoid actual and potential conflicts of interest and duty, and not to profit themselves to the detriment of the Company. Further, there are provisions in the Bye-laws prohibiting a Director from voting, or being counted in the quorum, on any resolution of the Board approving any contract or arrangement or any other proposal in which the Director or any of his/her associate(s) is materially interested in except for certain permitted matters. The Directors are therefore of the view that the Company is capable of carrying on the Group's business independently of, and at arm's length from, such business in which Mr. Cheung or Mr. Tsang is regarded as being interested and which may compete with the business of the Group.

RELATED PARTY TRANSACTIONS

During the year, the Group entered into certain transactions with parties regarded as "related parties" under the applicable accounting principles. Details of these transactions are set out in note 39 to financial statements.

EVENTS AFTER THE REPORTING PERIOD

Details of significant events which took place subsequent to the reporting period are set out in note 43 to the financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float throughout the year and up to the date of this report as required under the Listing Rules.

INDEPENDENT AUDITORS

Ernst & Young will retire and a resolution for their re-appointment as independent auditors of the Company will be proposed at the AGM.

On behalf of the Board

Cheung Chung Kiu
Chairman

Hong Kong, 23 March 2017

EY 安永

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

OPINION

We have audited the consolidated financial statements of C C Land Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 33 to 95, which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("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 matter	**How our audit addressed the key audit matter**
Impairment assessment of loans and interest receivables and consideration receivables	
As at 31 December 2016, the Group had loans and interest receivables and consideration receivables amounting to HK$237,522,000 and HK$1,910,875,000, respectively, which in total represented approximately 15% of the total assets of the Group. Significant management judgement and estimates are required in determining the recoverability of the loans and interest receivables and the consideration receivables with reference to the background and repayment capacity of the debtors, the likelihood of default and the existence of any collateral. The accounting judgements and estimates and details of the Group's loans and interest receivables and consideration receivables are included in notes 3, 21 and 22 to the consolidated financial statements, respectively.	We evaluated the Group's processes and controls over the approvals and recording of the loans and other receivables and reviewed management's procedures in identifying a loss event. We also evaluated management's impairment assessment by (i) examining the background information and repayment capacity of the debtors such as reviewing the latest available financial information of the debtors and/or public information about the liquidity and business performance of the debtors; (ii) checking the ownership and making reference to the values of the collateral provided by the debtors; and (iii) reviewing the repayment history and settlements received subsequent to the reporting period.

KEY AUDIT MATTERS *(continued)*

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of properties portfolio	
As at 31 December 2016, the Group had properties under development and completed properties held for sale (collectively the "Properties Portfolio") amounting to HK$246,595,000 and HK$306,947,000, respectively, which in total represented approximately 4% of the total assets of the Group. Significant management judgement and estimates are required in determining the estimated net realisable values of the properties in the Properties Portfolio with reference to latest selling prices of the relevant properties or current prices of properties with similar locations and conditions. Significant estimates are also required to determine costs to completion for properties under development when determining the related estimated net realisable values. The accounting judgements and estimates and disclosures for impairment of the Group's Properties Portfolio are included in notes 3, 20.1 and 20.3 to the consolidated financial statements, respectively.	We understood management's procedures on identifying properties whose net realisable values may be lower than their carrying amounts. We evaluated the methodologies and inputs used in the estimation of net realisable values, including latest selling prices of the relevant properties and current prices of properties with similar locations and conditions, and reviewed the calculation for the impairment assessment performed by management. For properties under development, we reviewed the estimated costs to completion by way of reviewing the budget of each project which included the comparison of actual costs incurred with budgets, sample checking on contracts concluded with or quotations obtained from contractors and comparison of other estimated costs with actual costs incurred by similar projects completed by the Group.
Impairment assessment on available-for-sale investments	
As at 31 December 2016, the Group had listed and unlisted equity/debt investments classified as available-for-sale investments with an aggregate carrying amount of HK$2,963,697,000, which in total represented approximately 20% of the total assets of the Group. Significant management judgement is required in determining whether or not objective evidence of impairment exists for these available-for-sale investments, in particular, whether the decline in value below cost for each investment constitutes a significant or prolonged decline which requires impairment provision. The accounting judgements and estimates and disclosures for the recognition of the impairment of the available-for-sale investments are included in notes 3 and 19 to the consolidated financial statements.	We evaluated the assumptions and methodologies used by management in the impairment assessment of available-for-sale investments, including (i) comparing the fair value and the purchase cost for each individual investment; (ii) evaluating the duration and extent to which the fair value of an investment is less than its cost; and (iii) reviewing the latest financial information and business performance of each investment. We also tested the calculation of the impairment amount provided by management.

KEY AUDIT MATTERS *(continued)*

Key audit matter	How our audit addressed the key audit matter
Tax provision	
The Group is subject to various taxes, including corporate income tax and capital gain tax, for its property development business in Mainland China. As at 31 December 2016, the aggregate amount of tax provision in respect of these taxes amounted to HK$854,895,000, representing approximately 96% and 63% of the total tax liabilities and total liabilities of the Group, respectively. The interpretation and application of the rules and regulations of these taxes vary amongst different entities and the Group has also not finalised its tax liabilities for some of its property development projects and disposal transactions with the relevant tax authorities. Significant management judgement and estimates are required in determining the appropriate amount of the provision in respect of different tax obligations and potential tax exposures based on currently enacted laws, regulations and other related policies and the current practices of and past experiences with local tax bureaus. The accounting judgements and estimates and disclosures for the amounts of the Group's tax provision are included in notes 3 and 11 to the consolidated financial statements, respectively.	We evaluated the estimations made by management in arriving at the provision for different tax obligations, including (i) reviewing correspondence with and tax returns submitted to local tax bureaus; (ii) comparing the tax rates and computation methodologies applied by management to those currently enacted by tax laws and current practices of local tax bureaus; and (iii) sample checking the underlying data used in the tax computation. We also involved our internal tax specialists to evaluate the Group's exposures to different tax obligations and evaluate the underlying computation of the provision for major tax obligations.

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.

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.

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 Mr. Wong Cheuk Keung.

Ernst & Young
Certified Public Accountants
Hong Kong

23 March 2017

	Notes	2016 HK$'000	2015 HK$'000
REVENUE	5	**1,129,416**	6,620,237
Cost of sales		**(733,438)**	(4,758,076)
Gross profit		**395,978**	1,862,161
Other income and gains	5	**143,038**	2,679,940
Selling and distribution expenses		**(20,007)**	(280,076)
Administrative expenses		**(201,955)**	(414,235)
Other expenses	6	**(602,494)**	(344,206)
Finance costs	7	**(10,641)**	(158,452)
Share of profits and losses of:			
Joint ventures		**(33,078)**	(35,312)
Associates		**39,270**	14,100
PROFIT/(LOSS) BEFORE TAX	8	**(289,889)**	3,323,920
Income tax expense	11	**(66,867)**	(1,682,307)
PROFIT/(LOSS) FOR THE YEAR		**(356,756)**	1,641,613
Attributable to:			
Owners of the parent		**(356,756)**	1,366,665
Non-controlling interests		**–**	274,948
		(356,756)	1,641,613
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	13		
Basic and diluted		**(HK13.78 cents)**	HK52.80 cents

Consolidated Statement of Comprehensive Income

Year ended 31 December 2016

	Notes	**2016 HK$'000**	2015 HK$'000
PROFIT/(LOSS) FOR THE YEAR		**(356,756)**	1,641,613
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Available-for-sale investments:			
Changes in fair value		**(558,672)**	390,372
Deferred tax		**–**	(16,689)
Reclassification adjustment for losses included in the consolidated statement of profit or loss			
– losses on disposal, net	19	**48,142**	3,834
– impairment loss	19	**152,420**	–
Release upon disposal of subsidiaries	33	**–**	(177,720)
		(358,110)	199,797
Exchange fluctuation reserve:			
Release upon disposal of subsidiaries	33	**54,511**	(1,774,953)
Exchange differences related to foreign operations		**(50,443)**	(333,528)
		4,068	(2,108,481)
Release of other comprehensive income of an associate upon disposal of subsidiaries	33	**(2,166)**	–
Share of other comprehensive income of joint ventures		**(2,298)**	(198)
Share of other comprehensive income of associates		**(4,800)**	(65,067)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**(363,306)**	(1,973,949)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**(363,306)**	(1,973,949)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(720,062)**	(332,336)
Attributable to:			
Owners of the parent		**(720,062)**	(536,454)
Non-controlling interests		**–**	204,118
		(720,062)	(332,336)

	Notes	2016 HK$'000	2015 HK$'000
NON-CURRENT ASSETS			
Property and equipment	14	**103,837**	21,977
Golf club membership		**10,540**	10,540
Investments in joint ventures	17	**319,907**	125,992
Investments in associates	18	**142,666**	283,550
Available-for-sale investments	19	**2,963,697**	3,489,172
Properties under development	20.1	**–**	671,340
Consideration receivables on disposal of subsidiaries	22	**–**	1,140,382
Deferred tax assets	29	**–**	12,440
Total non-current assets		**3,540,647**	5,755,393
CURRENT ASSETS			
Properties under development	20.1	**246,595**	997,117
Completed properties held for sale	20.3	**306,947**	300,935
Loans and interest receivables	21	**237,522**	–
Prepayments, deposits and other receivables	22	**1,982,375**	6,113,444
Equity investments at fair value through profit or loss	23	**581,295**	756,456
Prepaid income tax and land appreciation tax		**22,328**	15,927
Deposits with brokerage companies	24	**168,989**	3,916
Pledged deposits	25	**–**	303,522
Restricted bank balances	25	**38,926**	65,009
Cash and cash equivalents	25	**7,510,847**	2,774,285
Total current assets		**11,095,824**	11,330,611
CURRENT LIABILITIES			
Trade payables	26	**116,352**	269,441
Other payables and accruals	27	**222,704**	830,527
Interest-bearing bank and other borrowings	28	**112,208**	450,000
Tax payable		**892,523**	1,033,887
Total current liabilities		**1,343,787**	2,583,855
NET CURRENT ASSETS		**9,752,037**	8,746,756
TOTAL ASSETS LESS CURRENT LIABILITIES		**13,292,684**	14,502,149
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	28	**–**	350,000
Deferred tax liabilities	29	**23,896**	20,947
Total non-current liabilities		**23,896**	370,947
Net assets		**13,268,788**	14,131,202
EQUITY			
Equity attributable to owners of the parent			
Issued capital	30	**258,822**	258,822
Reserves	31	**13,009,966**	13,872,380
Total equity		**13,268,788**	14,131,202

Cheung Chung Kiu
Director

Lam How Mun Peter
Director

		Attributable to owners of the parent									
	Notes	Issued capital HK$'000	Share premium account HK$'000	Exchange fluctuation reserve HK$'000	Available-for-sale investment revaluation reserve HK$'000	Capital reserve** HK$'000	Retained profits HK$'000	Share option reserve HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2015		258,822	9,524,823	2,107,508	152,475	-	2,588,167	165,272	14,797,067	1,747,058	16,544,125
Profit for the year		–	–	–	–	–	1,366,665	–	1,366,665	274,948	1,641,613
Other comprehensive income for the year:											
Changes in fair value of available-for-sale investments, net of tax		–	–	–	373,683	–	–	–	373,683	–	373,683
Share of other comprehensive income of joint ventures		–	–	(198)	–	–	–	–	(198)	–	(198)
Share of other comprehensive income of associates		–	–	(67,233)	–	2,166	–	–	(65,067)	–	(65,067)
Reclassification adjustment for a loss on disposal of available-for-sale investments included in the consolidated statement of profit or loss		–	–	–	3,834	–	–	–	3,834	–	3,834
Release of reserves upon disposal of subsidiaries	33	–	–	(1,774,953)	(177,720)	–	–	–	(1,952,673)	–	(1,952,673)
Exchange differences related to foreign operations		–	–	(262,698)	–	–	–	–	(262,698)	(70,830)	(333,528)
Total comprehensive income for the year		–	–	(2,105,082)	199,797	2,166	1,366,665	–	(536,454)	204,118	(332,336)
Dividends paid to non-controlling shareholders		–	–	–	–	–	–	–	–	(194,912)	(194,912)
Disposal of subsidiaries	33	–	–	–	–	–	–	–	–	(1,756,264)	(1,756,264)
Final 2014 dividend approved		–	–	–	–	–	(129,411)	–	(129,411)	–	(129,411)
At 31 December 2015 and 1 January 2016		**258,822**	**9,524,823***	**2,426***	**352,272***	**2,166***	**3,825,421***	**165,272***	**14,131,202**	**–**	**14,131,202**
Loss for the year		**–**	**–**	**–**	**–**	**–**	**(356,756)**	**–**	**(356,756)**	**–**	**(356,756)**
Other comprehensive income for the year:											
Available-for-sale investments:											
Changes in fair value		**–**	**–**	**–**	**(558,672)**	**–**	**–**	**–**	**(558,672)**	**–**	**(558,672)**
Reclassification adjustment for losses included in the consolidated statement of profit or loss											
– Losses on disposal, net		**–**	**–**	**–**	**48,142**	**–**	**–**	**–**	**48,142**	**–**	**48,142**
– Impairment loss		**–**	**–**	**–**	**152,420**	**–**	**–**	**–**	**152,420**	**–**	**152,420**
Share of other comprehensive income of joint ventures		**–**	**–**	**(2,298)**	**–**	**–**	**–**	**–**	**(2,298)**	**–**	**(2,298)**
Share of other comprehensive income of associates		**–**	**–**	**(4,800)**	**–**	**–**	**–**	**–**	**(4,800)**	**–**	**(4,800)**
Release of reserves upon disposal of subsidiaries	33	**–**	**–**	**54,511**	**–**	**(2,166)**	**–**	**–**	**52,345**	**–**	**52,345**
Exchange differences related to foreign operations		**–**	**–**	**(50,443)**	**–**	**–**	**–**	**–**	**(50,443)**	**–**	**(50,443)**
Total comprehensive income for the year		**–**	**–**	**(3,030)**	**(358,110)**	**(2,166)**	**(356,756)**	**–**	**(720,062)**	**–**	**(720,062)**
Final 2015 dividend approved	12	**–**	**–**	**–**	**–**	**–**	**(142,352)**	**–**	**(142,352)**	**–**	**(142,352)**
At 31 December 2016		**258,822**	**9,524,823***	**(604)***	**(5,838)***	**–***	**3,326,313***	**165,272***	**13,268,788**	**–**	**13,268,788**

* These reserve accounts comprise the consolidated reserves of HK$13,009,966,000 (2015: HK$13,872,380,000) in the consolidated statement of financial position.

** The capital reserve represented the Group's share of capital reserve of its associate arising from its capital injection.

	Notes	2016 HK$'000	2015 HK$'000 (restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		**(289,889)**	3,323,920
Adjustments for:			
Write-down of completed properties held for sale to net realisable value	8	**3,305**	8,269
Write-down of properties under development to net realisable value	8	**1,910**	20,146
Depreciation	8	**3,938**	18,676
Amortisation of prepaid land lease payments	8	**–**	1,280
Impairment of an available-for-sale investment	6	**152,420**	–
Finance costs	7	**10,641**	158,452
Share of profits and losses of joint ventures	4	**33,078**	35,312
Share of profits and losses of associates	4	**(39,270)**	(14,100)
Bank interest income	5	**(29,967)**	(84,699)
Other interest income	5	**(54,927)**	(84,633)
Fair value losses/(gains) on equity investments at fair value through profit or loss, net	5,6	**195,271**	(168,558)
Fair value losses on investment properties	6	**–**	2,777
Losses on disposal of available-for-sale investments	6	**48,142**	2,981
Loss on deemed partial disposal of investment in an associate	6	**–**	3,421
Loss/(gain) on disposal of items of property and equipment	5,6	**(186)**	27
Compensation to an acquirer of a subsidiary disposed of in the prior year	6	**95,377**	–
Gain on disposal of investment properties	5	**–**	(5,525)
Gain on disposal of subsidiaries, net	5	**(57,566)**	(2,305,272)
		72,277	912,474
Increase in properties under development		**(305,147)**	(5,481,721)
Decrease in completed properties held for sale	20.3	**728,223**	4,727,713
Increase in loans and interest receivables		**(237,522)**	–
Decrease/(increase) in prepayments, deposits and other receivables		**15,846**	(633,524)
Decrease/(increase) in equity investments at fair value through profit or loss		**(20,110)**	260,159
Decrease/(increase) in deposits with brokerage companies		**(165,073)**	54,114
Increase in restricted bank balances		**(89,284)**	(332,680)
Increase/(decrease) in trade and other payables and accruals		**(113,271)**	2,122,115
Cash generated from/(used in) operations		**(114,061)**	1,628,650
Tax paid, net		**(192,134)**	(689,792)
Interest paid		**(16,372)**	(518,941)
Net cash flows from/(used in) operating activities		**(322,567)**	419,917

Consolidated Statement of Cash Flows

Year ended 31 December 2016

	Notes	2016 HK$'000	2015 HK$'000 (restated)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of subsidiaries that are not a business		**–**	(17,747)
Loans to a joint venture		**(229,291)**	(49,955)
Decrease/(increase) in balances with associates		**73,812**	(454,654)
Decrease in pledged time deposits		**300,073**	1,274,053
Increase in loans to non-controlling shareholders		**–**	(102,100)
Payment of land premium and related transaction costs		**–**	(599,953)
Purchases of items of property and equipment	14	**(87,720)**	(10,480)
Purchases of unlisted equity investments		**(1,089,470)**	(200,000)
Purchases of listed equity investments		**(115,115)**	(1,277,176)
Subscription of a perpetual security	19	**–**	(1,305,049)
Interest received from bank deposits		**29,967**	84,699
Other interest received		**–**	31,886
Compensation to an acquirer of a subsidiary disposed of in the prior year	6	**(95,377)**	–
Proceeds from disposal of items of property and equipment		**188**	2,848
Proceeds from disposal of subsidiaries	33	**5,962,599**	5,039,472
Proceeds from disposal of investment properties		**–**	44,011
Proceeds from disposal of available-for-sale investments		**1,171,388**	39,642
Net cash flows from investing activities		**5,921,054**	2,499,497
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		**(142,352)**	(129,411)
Dividend paid to a non-controlling shareholder		**–**	(194,912)
Increase in loans from non-controlling shareholders		**–**	108,004
New bank and other borrowings		**112,208**	–
Repayment of bank and other borrowings		**(800,000)**	(5,952,445)
Net cash flows used in financing activities		**(830,144)**	(6,168,764)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**4,768,343**	(3,249,350)
Cash and cash equivalents at beginning of year		**2,774,285**	6,280,933
Effect of foreign exchange rate changes, net		**(31,781)**	(257,298)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**7,510,847**	2,774,285
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**7,011,812**	1,634,285
Non-pledged time deposits with original maturity of less than three months when acquired	25	**499,035**	1,140,000
Cash and cash equivalents as stated in the consolidated statement of cash flows		**7,510,847**	2,774,285

1. CORPORATE AND GROUP INFORMATION

C C Land Holdings Limited (the "Company") is incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda (as amended). The address of the principal place of business of the Company is Rooms 3308-10, 33/F., China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

During the year, the Company and its subsidiaries (collectively referred to as the "Group") were involved in the following principal activities:

(i) property development and investment; and

(ii) treasury investment.

Information about subsidiaries

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

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company	Principal activities
C C Land Finance Limited	Hong Kong	Ordinary HK$2	100	Treasury investment
C C Land Management Limited	Hong Kong	Ordinary HK$1	100	Corporate management
C C Land Portfolio Inc.#	British Virgin Islands ("BVI")	Ordinary US$1	100	Treasury investment
Cheer Profit Investments Limited#	BVI	Ordinary US$1	100	Investment holding
Ever Channel Investments Limited#	BVI	Ordinary US$1	100	Investment holding
Excel Sky (Hong Kong) Limited#/@	Hong Kong	Ordinary HK$1	100	Investment holding
Global Palace Investments Limited	BVI/Hong Kong	Ordinary US$1,000	100	Property holding
Good Wave International Limited#/@	BVI	Ordinary US$1	100	Investment holding
Hugo Delight Limited	Hong Kong	Ordinary HK$1	100	Property holding
Join Wise Enterprises Limited	Hong Kong	Ordinary HK$1	100	Treasury management
Jubilee Summer Limited#	BVI	Ordinary US$1	100	Investment holding
Marvel Leader Investments Limited#	BVI	Ordinary US$50,000	100	Investment holding
Massive Vast Group Limited#	BVI	Ordinary US$1	100	Investment holding
Mega Star International Investment Limited#	Hong Kong	Ordinary HK$1	100	Investment holding
Mighty Gain Enterprises Limited#	BVI	Ordinary US$1	100	Investment holding
Profit Vast Investment Limited	Hong Kong	Ordinary HK$1	100	Treasury investment
Super Honorable Limited#	BVI	Ordinary US$1	100	Treasury investment
Worthwell Investments Limited	BVI/Hong Kong	Ordinary US$50,000	100	Treasury investment
Sichuan Senxin Real Estate Company Limited*/##/@ (四川森信置業有限公司)	People's Republic of China ("PRC")/ Mainland China	Registered US$29,800,000	100	Property development and investment

1. CORPORATE AND GROUP INFORMATION *(continued)*

Information about subsidiaries *(continued)*

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company	Principal activities
Sichuan Zhong Yu Real Estate Company Limited*/## (四川中渝置地有限公司)	PRC/Mainland China	Registered US$15,000,000	100	Property development and investment
Sichuan Yongqiao Land Company Limited*/@ (四川雍橋置業有限公司)	PRC/Mainland China	Registered RMB100,000,000	100	Property development and investment
Tibet Huixing Yuejing Corporate Management Services Limited* (西藏滙星悦景企業管理服務有限公司)	PRC/Mainland China	Registered RMB20,000,000	100	Investments holding and management

These are investment holding companies which have no specific principal place of operations.

These companies are registered as wholly-owned foreign enterprises under PRC law.

* The English names of these companies are not official. They are direct translation from the Chinese names and are for identification purposes only.

@ Disposed of by the Group subsequent to 31 December 2016 (note 43(c)).

Except for Marvel Leader Investments Limited and Mighty Gain Enterprises Limited, the equity interests of all principal subsidiaries are indirectly held by the Company.

During the years ended 31 December 2015 and 2016, the Group disposed of certain subsidiaries to independent third parties. Further details of these disposals are included in note 33 to the financial statements.

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.

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 equity and debt investments which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") 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 for the year ended 31 December 2016. 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 parent of the Group 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 new and revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*
HKFRS 14	*Regulatory Deferral Accounts*
Amendments to HKAS 1	*Disclosure Initiative*
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs

Except for the amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011), amendments to HKFRS 11 and HKFRS 14, amendments to HKAS 16 and HKAS 41, and *Annual Improvements 2012-2014 Cycle*, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the amendments are described below:

(a) Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

(i) the materiality requirements in HKAS 1;

(ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;

(iii) that entities have flexibility as to the order in which they present the notes to financial statements; and

(iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The amendments have had no significant impact on the Group's financial statements.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

(b) Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are applied prospectively. The amendments have had no impact on the financial position or performance of the Group as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

(c) Amendments to HKAS 27 (2011) allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying HKFRSs and electing to change to the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements are required to apply the change retrospectively. The amendments are not applicable to the Group's consolidated financial statements.

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*[2]
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*[2]
HKFRS 9	*Financial Instruments*[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*[2]
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*[2]
HKFRS 16	*Leases*[3]
Amendments to HKAS 7	*Disclosure Initiative*[1]
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*[1]

1 Effective for annual periods beginning on or after 1 January 2017
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019
4 No mandatory effective date is 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 the 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. The Group expects to adopt the amendments from 1 January 2018. The amendments are not expected to have any significant impact on the Group's financial statements.

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 expects to adopt HKFRS 9 from 1 January 2018. During 2016, the Group performed a high-level assessment of the impact of the adoption of HKFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future. The expected impacts arising from the adoption of HKFRS 9 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 other comprehensive income as the investments are intended to be held for the foreseeable future and the Group expects to apply the option to present fair value changes in other comprehensive income. Gains and losses recorded in other comprehensive income for the equity investments cannot be recycled to profit or loss when the investments are derecognised.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(continued)*

(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 expects to apply the simplified approach and record lifetime expected losses that are estimated based on the present value of all cash shortfalls over the remaining life of all of its trade and other receivables. The Group will perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements, for estimation of expected credit losses on its trade and other receivables upon the adoption of HKFRS 9.

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 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 application now.

HKFRS 15 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. 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 licences 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 expects to adopt HKFRS 15 on 1 January 2018 and is currently assessing the impact of HKFRS 15 upon adoption.

HKFRS 16 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. 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. The Group expects to adopt HKFRS 16 on 1 January 2019 and is currently assessing the impact of HKFRS 16 upon adoption.

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. The amendments will result in additional disclosure to be provided in the financial statements. The Group expects to adopt the amendments from 1 January 2017.

Amendments to HKAS 12 were issued with the purpose of addressing the recognition of deferred tax assets for unrealised losses related to debt instruments measured at fair value, although they also have a broader application for other situations. The amendments 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 Group expects to adopt the amendments from 1 January 2017.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combinations and goodwill *(continued)*

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its investment properties, available-for-sale investments and equity investments 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 properties under development, completed properties held for sale 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.

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 in those expense categories consistent with the function of the impaired 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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);

(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.

Property and equipment and depreciation

Property and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property 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 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 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 and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Land and buildings	2% to 5% or over the unexpired terms of the leases if less than 50 years
Leasehold improvements	20% or over the unexpired terms of the leases if less than 5 years
Furniture, fixtures and equipment	10% to 20%
Motor vehicles	20% to 25%

Where parts of an item of property 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.

An item of property 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet 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.

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.

Golf club membership

Golf club membership acquired is measured on initial recognition at cost and its useful life is assessed to be indefinite.

Golf club membership is tested for impairment annually and not amortised. Its useful life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

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 net of any incentives received from the lessor 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.

Properties under development

Properties under development are stated at the lower of cost and net realisable value and comprise construction costs, borrowing costs, professional fees, payments for land use rights and other costs directly attributable to such properties incurred during the development period.

Properties under development are classified as current assets unless the construction of the relevant property development project is expected to complete beyond the normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

Sales deposits/instalments received and receivable from purchasers in respect of pre-sale of properties under development prior to completion of the development are included in current liabilities.

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 an apportionment of the total land and building costs attributable to unsold properties. Net realisable value is estimated by the directors based on the prevailing market prices on an individual property basis.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 investments, 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.

Subsequent measurement

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by HKAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as revenue in the statement of profit or loss. These net fair value changes do not include any dividends on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition" below.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated as at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

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 finance costs for loans and in other 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 revenue in accordance with the policies set out for "Revenue recognition" below.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments and other financial assets *(continued)*

Available-for-sale financial investments *(continued)*

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.

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 statement of financial position) 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 asset 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 yet 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).

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 and all collateral has been realised or has been transferred to the Group.

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 expenses in the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of financial assets *(continued)*

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 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 revenue. 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.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings.

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, other payables and accruals, financial guarantee contracts and interest-bearing bank and other borrowings.

Subsequent measurement

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

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate 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 of profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 statement of financial position 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 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 statement of financial position, 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.

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, associates and joint ventures, 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income tax *(continued)*

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, associates and joint ventures, 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.

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 asset 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 asset 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 a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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) from the sale of properties, when the significant risks and rewards of the properties are transferred to the purchasers, which is when the construction of the relevant properties has been completed and the properties have been delivered to the purchasers pursuant to the sales agreement, and the collectibility of related receivables is reasonably assured;

(b) rental income from properties, in the period in which the properties are let and on a straight-line basis over the lease terms;

(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;

(d) dividend income, when the shareholders' right to receive payment has been established; and

(e) income from the sale of listed securities, on the trade date.

Share-based payments

The Company operates share option schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 34 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Share-based payments *(continued)*

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or services conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Pension schemes

The Group operates 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' basic 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.

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

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 cost 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 an entity incurs in connection with the borrowing of funds. Where funds have been borrowed generally, and used for the purpose of obtaining qualifying assets, a capitalisation rate of 3.54% (2015: 5.99%) has been applied to the expenditure on the individual assets.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Interim dividends are simultaneously proposed and declared, because the 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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).

The functional currencies of certain subsidiaries, joint ventures and associates in Mainland China 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 an operation in Mainland China, the component of other comprehensive income relating to that particular 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 in Mainland China are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of subsidiaries in Mainland China 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 held for sale

The Group develops properties held for sale and properties held to earn rentals and/or for capital appreciation. Judgement is made by management on determining whether a property is designated as an investment property or a property held for sale. The Group considers its intention for holding the properties at the early development stage of the related properties. During the course of construction, the related properties under construction are accounted for as properties under development included in current assets if the properties are intended for sale after its completion, whereas the properties are accounted for as investment properties under construction included in investment properties if the properties are intended to be held to earn rentals and/or for capital appreciation. Upon completion of the properties, the properties held for sale are transferred to completed properties held for sale and are stated at cost, while the properties held to earn rental and/or for capital appreciation are transferred to completed investment properties. Investment properties, both under construction or completed, are subject to revaluation at the end of each reporting period.

Deferred tax assets

Deferred tax assets are recognised for all 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. Further details are disclosed in note 29 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

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.

Valuation of properties under development and completed properties held for sale

Properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. The cost of each unit in each phase of development is determined using the weighted average method. The estimated net realisable value is the estimated selling price less selling expenses, which are estimated based on the best available information such as latest selling prices of the relevant properties or current prices of properties with similar locations and conditions. For properties under development, estimated costs to completion are budgeted with reference to contracts concluded with and quotation provided by contractors and actual costs incurred by similar projects previously completed by the Group.

During the year, write-down of properties under development and completed properties held for sale amounted to HK$1,910,000 (2015: HK$20,146,000) and HK$3,305,000 (2015: HK$8,269,000), respectively. Further details of the Group's properties under development and completed properties held for sale are given in notes 20.1 and 20.3 to the financial statements, respectively.

Impairment loss on loans and other receivables

The Group assesses at the end of the reporting period whether there is any objective evidence that a loan or a receivable is impaired. In determining whether there is objective evidence of impairment, the Group takes into consideration the aging status and the likelihood of collection by reference to the background and repayment history of the debtors and the occurrence of any default or disputes. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on such factors as repayment plans committed by debtors, subsequent collections and estimated values of collaterals. An impairment loss is made for loans and other receivables that the present values of future cash flows are less than their carrying amounts.

At 31 December 2016, the carrying amount of loans and other receivables aggregated to HK$2,216,228,000 (2015: HK$7,211,280,000). Further details of the Group's loans and other receivables are given in notes 21 and 22 to the financial statements.

Impairment of available-for-sale financial assets

The Group classifies certain assets as available for sale and recognises movements of their fair values in equity. When the fair value declines, management makes judgement about the decline in value to determine whether there is objective evidence that an impairment loss should be recognised in the statement of profit or loss. In making this judgement, management evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its original cost; and the financial health of and short term business outlook for the investee, including factors such as industry/sector performance, changes in operational and financing cash flows.

During the year, an impairment of HK$152,420,000 (2015: Nil) was recognised in the statement of profit or loss for the Group's available-for-sale investments. Further details of the Group's available-for-sale investments are given in note 19 to the financial statements.

Income taxes

The Group is subject to income taxes in the PRC, such as corporate income tax and capital gain tax. As a result of the fact that the interpretation and application of the rules and regulations of these taxes vary amongst different entities and certain matters relating to income taxes have not been confirmed by the local tax bureaus, significant estimates and judgements based on currently enacted tax laws, regulations and other related policies and the current practices of local tax bureaus are required in determining the provision for income taxes. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realise.

During the year, the current charge of PRC corporate income tax and capital gain tax aggregated HK$39,589,000 (2015: HK$1,264,179,000). Further details of the Group's income taxes are given in note 11 to the financial statements. As at 31 December 2016, provision of PRC corporate income tax and capital gain tax included in the Group's tax payable amounted to HK$854,895,000 (2015: HK$1,013,637,000).

Land appreciation taxes

Land appreciation tax in the PRC is levied 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 land costs, borrowing costs and other property development expenditures.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Estimation uncertainty *(continued)*

Land appreciation taxes *(continued)*

The subsidiaries of the Group engaging in the property development business in the PRC are subject to land appreciation tax. However, the interpretation and application of the rules and regulations of land appreciation tax vary amongst different entities, particularly on the deductibility of expenditures and determination of applicable progressive rates, and the Group has not finalised its land appreciation tax returns for some of its completed property development projects with various tax authorities. Accordingly, significant judgement and estimates are required in determining the amount of land appreciation and its related taxes. The Group recognises these liabilities based on latest financial information available to management and according to management's understanding of the requirements set forth in the relevant PRC tax laws and regulations and the current practices of local tax bureaus. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the statement of profit or loss and the provision for land appreciation tax in the period in which such determination is made.

During the year, land appreciation tax credited to profit or loss amounted to HK$13,198,000 (2015: tax charged to profit or loss of HK$305,097,000). Further details of the Group's land appreciation tax are given in note 11 to the financial statements.

4. OPERATING SEGMENT INFORMATION

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

Property development and investment segment	–	Development and investment of properties
Treasury investment segment	–	Investments in securities and notes receivable, and provision of financial services

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

Information regarding the reportable segments is presented below.

Reportable segment information

Year ended 31 December 2016

	Property development and investment HK$'000	Treasury investment HK$'000	Total HK$'000
Segment revenue			
Sales to external customers	881,660	247,756	1,129,416
Segment results	(70,732)	(154,305)	(225,037)
Corporate and unallocated expenses			(54,211)
Finance costs			(10,641)
Loss before tax			(289,889)
Other segment information:			
Share of profits and losses of:			
Joint ventures	(33,078)	–	(33,078)
Associates	39,270	–	39,270
Capital expenditure in respect of items of property and equipment	87,720	–	87,720
Depreciation	4,169	–	4,169
Fair value losses on equity investments at fair value through profit or loss, net	–	195,271	195,271
Impairment of an available-for-sale investment	–	152,420	152,420
Write-down of completed properties held for sale to net realisable value	3,305	–	3,305
Write-down of properties under development to net realisable value	1,910	–	1,910
Investments in joint ventures	319,907	–	319,907
Investments in associates	142,666	–	142,666

4. OPERATING SEGMENT INFORMATION *(continued)*

Reportable segment information *(continued)*

Year ended 31 December 2015

	Property development and investment HK$'000	Treasury investment HK$'000	Total HK$'000
Segment revenue			
Sales to external customers	6,385,760	234,477	6,620,237
Segment results	3,138,776	393,132	3,531,908
Corporate and unallocated income			319
Corporate and unallocated expenses			(49,855)
Finance costs			(158,452)
Profit before tax			3,323,920
Other segment information:			
Share of profits and losses of:			
Joint ventures	(35,312)	–	(35,312)
Associates	14,100	–	14,100
Capital expenditure in respect of items of property and equipment	10,480	–	10,480
Depreciation	20,289	–	20,289
Amortisation of prepaid land lease payments	1,280	–	1,280
Fair value losses on investment properties	2,777	–	2,777
Fair value gains on equity investments at fair value through profit or loss, net	–	168,558	168,558
Write-down of completed properties held for sale to net realisable value	8,269	–	8,269
Write-down of properties under development to net realisable value	20,146	–	20,146
Investments in joint ventures	125,992	–	125,992
Investments in associates	283,550	–	283,550

Geographical information

(a) Revenue from external customers

Over 78% (2015: 90%) of the Group's revenue is derived from external customers of the Group's operations in Mainland China.

(b) Non-current assets

	2016 HK$'000	2015 HK$'000
Mainland China	**144,817**	959,853
Hong Kong	**432,133**	153,546
	576,950	1,113,399

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about a major customer

For the years ended 31 December 2015 and 2016, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

5. REVENUE, OTHER INCOME AND GAINS

Revenue represents gross proceeds from sales of properties, net of business tax and other sales related taxes from the sales of properties; gains on disposal of equity investments at fair value through profit or loss, net; gross rental income received and receivable from leased properties; dividend and interest income from listed and unlisted investments; and interest income from loans receivable during the year.

An analysis of the Group's revenue, other income and gains is as follows:

	2016 HK$'000	2015 HK$'000
Revenue		
Sales of properties	**881,660**	6,370,817
Gross rental income	**–**	14,943
Gains on disposal of equity investments at fair value through profit or loss, net	**14,272**	217,726
Dividend income from listed equity investments	**93,580**	16,703
Interest income from debt investments	**102,183**	48
Interest income from loans receivable	**37,721**	–
	1,129,416	6,620,237
Other income and gains		
Bank interest income	**29,967**	84,699
Other interest income	**54,927**	84,633
Compensation for the termination of a joint venture project	**–**	22,797
Gain on disposal of subsidiaries, net (note 33)	**57,566**	2,305,272
Gain on disposal of investment properties	**–**	5,525
Gain on disposal of items of property and equipment	**186**	–
Fair value gains on equity investments at fair value through profit or loss, net	**–**	168,558
Others	**392**	8,456
	143,038	2,679,940

6. OTHER EXPENSES

An analysis of other expenses is as follows:

	2016 HK$'000	2015 HK$'000
Fair value losses on investment properties (note 15)	**–**	2,777
Fair value losses on equity investments at fair value through profit or loss, net	**195,271**	–
Impairment of an available-for-sale investment (note 19)	**152,420**	–
Loss on deemed partial disposal of investment in an associate	**–**	3,421
Losses on disposal of available-for-sale investments	**48,142**	2,981
Loss on disposal of items of property and equipment	**–**	27
Compensation to an acquirer of a subsidiary disposed of in the prior year*	**95,377**	–
Exchange losses, net	**111,284**	335,000
	602,494	344,206

* In November 2016, the Group paid a compensation of RMB85,000,000 (equivalent to HK$95,377,000) to the acquirer of Starthigh International Limited ("Starthigh", and together with its subsidiaries, the "Starthigh Group"), which was disposed of by the Group in 2015 (note 33(B)(a)), as a full settlement of additional land premium payable by the Starthigh Group to the local land bureau in 2016 for a parcel of land held by the Starthigh Group.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2016 HK$'000	2015 HK$'000
Interest on bank loans and other loans	**16,372**	598,362
Less: Interest capitalised	**(5,731)**	(439,910)
	10,641	158,452

8. PROFIT/(LOSS) BEFORE TAX

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

	Notes	2016 HK$'000	2015 HK$'000
Cost of properties sold	20.3	**728,223**	4,727,713
Write-down of completed properties held for sale to net realisable value*	20.3	**3,305**	8,269
Write-down of properties under development to net realisable value*	20.1	**1,910**	20,146
Depreciation	14	**4,169**	20,289
Less: Amount capitalised		**(231)**	(1,613)
		3,938	18,676
Amortisation of prepaid land lease payments	16	**–**	1,280
Minimum lease payments under operating leases		**8,735**	9,856
Auditor's remuneration		**3,200**	5,080
Employee benefit expense (including directors' remuneration (note 9)):			
Wages and salaries		**139,331**	306,748
Pension scheme contributions		**4,390**	11,304
Less: Amount capitalised		**(7,023)**	(83,564)
		136,698	234,488
Foreign exchange differences, net	6	**111,284**	335,000
Gross rental income, net of business tax		**–**	(14,943)
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties		**–**	1,948
Net rental income		**–**	(12,995)

* These amounts are included in "Cost of sales" in the consolidated statement of profit or loss.

9. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to 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:

	2016 **HK$'000**	2015 HK$'000
Fees	**1,960**	2,320
Other emoluments:		
Salaries, allowances and benefits in kind	**24,500**	19,060
Performance related bonuses*	**22,800**	22,150
Pension scheme contributions	**1,085**	852
	48,385	42,062
	50,345	44,382

* Certain executive directors of the Company are entitled to bonus payments which are determined with reference to the Company's operating results, individual performance of the directors and comparable market statistics during the year.

During the year, the Group provided a leasehold property in Hong Kong as staff quarters for one of the executive directors of the Company. The estimated monetary value of such accommodation, included in the amount disclosed above, using the rateable value as an approximation, was HK$600,000 (2015: HK$600,000).

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2015: Nil).

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year are as follows:

	2016 **HK$'000**	2015 HK$'000
Mr. Lam Kin Fung Jeffrey	**700**	670
Mr. Leung Yu Ming Steven	**580**	550
Dr. Wong Lung Tak Patrick	**580**	550
	1,860	1,770

There were no other emoluments payable to the independent non-executive directors during the year (2015: Nil).

9. DIRECTORS' REMUNERATION *(continued)*

(b) Executive directors and a non-executive director

	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
2016					
Executive directors:					
Mr. Cheung Chung Kiu	–	–	–	–	–
Dr. Lam How Mun Peter	–	**9,570**	**8,000**	**414**	**17,984**
Mr. Tsang Wai Choi	–	**5,525**	**3,000**	**255**	**8,780**
Mr. Leung Chun Cheong	–	**2,600**	**2,000**	**120**	**4,720**
Mr. Leung Wai Fai	–	**2,470**	**3,800**	**114**	**6,384**
Mr. Wong Chi Keung#	–	**4,335**	**6,000**	**182**	**10,517**
	–	**24,500**	**22,800**	**1,085**	**48,385**
Non-executive director:					
Mr. Wong Yat Fai##	**100**	–	–	–	**100**
	100	**24,500**	**22,800**	**1,085**	**48,485**
2015					
Executive directors:					
Mr. Cheung Chung Kiu	–	–	–	–	–
Dr. Lam How Mun Peter	–	9,050	11,000	390	20,440
Mr. Tsang Wai Choi	–	5,200	6,000	240	11,440
Mr. Leung Chun Cheong	–	2,470	1,850	114	4,434
Mr. Leung Wai Fai	–	2,340	3,300	108	5,748
	–	19,060	22,150	852	42,062
Non-executive director:					
Mr. Wong Yat Fai##	550	–	–	–	550
	550	19,060	22,150	852	42,612

Mr. Wong Chi Keung was appointed as Executive Director and Deputy Chairman of the Company with effect from 1 March 2016.

Mr. Wong Yat Fai resigned as the Non-executive Director of the Company with effect from 1 March 2016.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three (2015: three) directors, details of whose remuneration are set out in note 9 above. Details of the remuneration for the year of the remaining two (2015: two) non-director, highest paid employees are as follows:

	2016 HK$'000	2015 HK$'000
Salaries, allowances, and benefits in kind	**5,655**	5,070
Performance related bonuses	**12,500**	12,500
Pension scheme contributions	**261**	234
	18,416	17,804

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

	No. of individuals 2016	 2015
HK$7,000,001 to HK$7,500,000	**–**	1
HK$7,500,001 to HK$8,000,000	**1**	–
HK$10,000,001 to HK$10,500,000	**–**	1
HK$10,500,001 to HK$11,000,000	**1**	–
	2	2

11. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable in Mainland China have been calculated at the rates of tax prevailing in Mainland China.

	2016 HK$'000	2015 HK$'000
Current – Hong Kong		
Charge for the year	**22,528**	15,891
Current – Mainland China		
Charge for the year	**65,981**	1,263,880
Underprovision/(overprovision) in prior years	**(26,392)**	299
Land appreciation tax charge/(credit)	**(13,198)**	305,097
	26,391	1,569,276
Deferred tax (note 29)	**17,948**	97,140
Total tax charge for the year	**66,867**	1,682,307

11. INCOME TAX *(continued)*

A reconciliation of the tax expense applicable to profit/(loss) 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 rates is as follows:

	2016 HK$'000	2015 HK$'000
Profit/(loss) before tax	**(289,889)**	3,323,920
Tax at the statutory tax rates of different jurisdictions	**(38,074)**	658,101
Adjustments in respect of current tax of previous periods	**(26,392)**	299
Profits and losses attributable to joint ventures	**5,458**	5,597
Profits and losses attributable to associates	**(6,634)**	(3,210)
Income not subject to tax	**(61,249)**	(435,713)
Expenses not deductible for tax	**172,988**	208,689
Effect of withholding tax at 10% on the distributable profit of the Group's PRC subsidiaries	**5,180**	132,217
Effect of withholding tax at 10% on the disposal of the Group's PRC subsidiaries	**32,115**	888,334
Tax losses utilised from previous periods	**(7,532)**	(6,483)
Tax losses not recognised	**905**	5,653
Land appreciation tax	**(13,198)**	305,097
Tax effect of land appreciation tax	**3,300**	(76,274)
Tax expense at the Group's effective rate	**66,867**	1,682,307

There was no share of tax expense attributable to joint ventures during the year ended 31 December 2016 (2015: Nil).

The share of tax expense attributable to associates amounting to HK$2,348,000 (2015: HK$9,878,000) is included in "Share of profits and losses of associates" on the face of the consolidated statement of profit or loss.

12. DIVIDENDS

	2016 **HK$'000**	2015 HK$'000
Proposed final – HK$Nil (2015: HK$0.055) per ordinary share	**–**	142,352

The board of directors (the "Board") does not recommend the payment of any dividend in respect of the year ended 31 December 2016.

No interim dividend was declared in respect of the years ended 31 December 2015 and 2016.

13. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings/(loss) per share amount is based on the profit/(loss) for the year attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the year.

No adjustment has been made to the basic earnings/(loss) per share amounts presented for the years ended 31 December 2015 and 2016 in respect of a dilution as the share options outstanding had no dilutive effect on the basic earnings/(loss) per share amounts presented.

The calculations of basic and diluted earnings/(loss) per share are based on:

	2016 **HK$'000**	2015 HK$'000
Earnings/(loss)		
Profits/(loss) attributable to ordinary equity holders of the parent, used in the basic and diluted earnings/(loss) per share calculation	**(356,756)**	1,366,665

	Number of shares **2016**	2015
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings/(loss) per share calculation	**2,588,223,112**	2,588,223,112

14. PROPERTY AND EQUIPMENT

	Land and buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
31 December 2016					
At 1 January 2016:					
Cost	**18,550**	**1,935**	**9,264**	**18,818**	**48,567**
Accumulated depreciation	**(5,009)**	**(1,830)**	**(5,983)**	**(13,768)**	**(26,590)**
Net carrying amount	**13,541**	**105**	**3,281**	**5,050**	**21,977**
At 1 January 2016, net of accumulated depreciation	**13,541**	**105**	**3,281**	**5,050**	**21,977**
Additions	**83,528**	**–**	**605**	**3,587**	**87,720**
Disposals	**–**	**–**	**(2)**	**(265)**	**(267)**
Depreciation provided during the year	**(371)**	**(63)**	**(1,371)**	**(2,364)**	**(4,169)**
Disposal of a subsidiary (note 33(A))	**–**	**–**	**(986)**	**(185)**	**(1,171)**
Exchange realignment	**–**	**–**	**(99)**	**(154)**	**(253)**
At 31 December 2016, net of accumulated depreciation	**96,698**	**42**	**1,428**	**5,669**	**103,837**
At 31 December 2016:					
Cost	**102,078**	**1,935**	**6,282**	**19,365**	**129,660**
Accumulated depreciation	**(5,380)**	**(1,893)**	**(4,854)**	**(13,696)**	**(25,823)**
Net carrying amount	**96,698**	**42**	**1,428**	**5,669**	**103,837**

	Land and buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
31 December 2015					
At 1 January 2015:					
Cost	172,618	1,935	66,046	72,631	313,230
Accumulated depreciation	(44,406)	(1,765)	(39,043)	(43,917)	(129,131)
Net carrying amount	128,212	170	27,003	28,714	184,099
At 1 January 2015, net of accumulated depreciation	128,212	170	27,003	28,714	184,099
Additions	2,824	–	5,785	1,871	10,480
Disposals	(2,235)	–	(381)	(259)	(2,875)
Depreciation provided during the year	(3,274)	(65)	(5,952)	(10,998)	(20,289)
Disposal of subsidiaries (note 33(B))	(111,816)	–	(22,283)	(13,416)	(147,515)
Exchange realignment	(170)	–	(891)	(862)	(1,923)
At 31 December 2015, net of accumulated depreciation	13,541	105	3,281	5,050	21,977
At 31 December 2015:					
Cost	18,550	1,935	9,264	18,818	48,567
Accumulated depreciation	(5,009)	(1,830)	(5,983)	(13,768)	(26,590)
Net carrying amount	13,541	105	3,281	5,050	21,977

15. INVESTMENT PROPERTIES

	2016 HK$'000	2015 HK$'000
Carrying amount at 1 January	–	421,666
Disposals	–	(38,486)
Net loss from a fair value adjustment (note 6)	–	(2,777)
Disposals of subsidiaries (note 33(B))	–	(380,542)
Exchange realignment	–	139
Carrying amount at 31 December	–	–

16. PREPAID LAND LEASE PAYMENTS

	2016 HK$'000	2015 HK$'000
Carrying amount at 1 January	–	123,633
Amortised during the year (note 8)	–	(1,280)
Disposal of subsidiaries (note 33(B))	–	(122,391)
Exchange realignment	–	38
Carrying amount at 31 December	–	–

17. INVESTMENTS IN JOINT VENTURES

	2016 HK$'000	2015 HK$'000
Share of net assets	**72,663**	108,039
Loans to joint ventures	**247,244**	17,953
	319,907	125,992

The loans to joint ventures are unsecured, interest-free and have no fixed terms of repayment. In the opinion of the directors, these loans are considered as part of the Group's net investments in the joint ventures.

Particulars of the Group's material joint ventures are as follows:

Name	Particulars of issued shares held	Place of incorporation/ registration and business	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing
Mass Luck Investments Limited ("Mass Luck")*	Ordinary shares of US$1 each	BVI	50	50	50
Crystal Way Investments Limited ("Crystal Way")*	Ordinary shares of US$1 each	BVI	50	50	50
Flourish Time Limited ("Flourish Time")*	Ordinary shares of US$1 each	BVI	50	50	50
Joyous Era Limited ("Joyous Era")*	Ordinary shares of US$1 each	BVI	50	50	50
Sun Vessel Global Limited ("Sun Vessel")	Ordinary shares of US$1 each	BVI	50	50	50

Mass Luck is an investment holding company which holds the entire 100% equity interest of Crystal Way, Flourish Time and Joyous Era (collectively "Mass Luck Group") and was newly invested by the Group during the year. Flourish Time and Joyous Era are property holding companies. Sun Vessel is a vessel holding company. All these joint ventures are unlisted and indirectly held by the Company.

17. INVESTMENTS IN JOINT VENTURES *(continued)*

Mass Luck Group and Sun Vessel are considered as material joint ventures of the Group and are accounted for using the equity method.

* Subsequent to the reporting period, these joint ventures were disposed of by the Group through the disposal of Mass Luck in January 2017. Further details of the disposal is disclosed in note 43(a) to the financial statements.

The following tables illustrate the summarised financial information in respect of Mass Luck Group and Sun Vessel and reconciled to the carrying amount in the consolidated financial statements:

Mass Luck Group

	2016 HK$'000
Current assets	**4,996**
Non-current assets	**825,441**
Current financial liabilities, excluding trade and other payables	**(424,715)**
Current liabilities	**(424,715)**
Non-current financial liabilities, excluding trade and other payables and provisions	**(408,033)**
Non-current liabilities	**(408,033)**
Net liabilities	**(2,311)**
Reconciliation to the Group's interests	
Proportion of the Group's ownership	**50%**
Group's share of net liabilities	**(1,156)**
Due from Mass Luck Group	**212,092**
Carrying amount of the investment	**210,936**
Interest expense	**(1,035)**
Loss for the year	**(2,311)**
Total comprehensive income for the year	**(2,311)**

Sun Vessel

	2016 HK$'000	2015 HK$'000
Current assets	**218**	249
Non-current assets	**202,544**	229,691
Current financial liabilities, excluding trade and other payables	**(1,031)**	(892)
Current liabilities	**(1,031)**	(892)
Net assets	**201,731**	229,048
Reconciliation to the Group's interests		
Proportion of the Group's ownership	**50%**	50%
Group's share of net assets	**100,866**	114,524
Due from Sun Vessel	**550**	220
Carrying amount of the investment	**101,416**	114,744
Depreciation	**(27,328)**	(27,295)
Loss for the year	**(27,903)**	(27,868)
Other comprehensive income for the year	**587**	(464)
Total comprehensive income for the year	**(27,316)**	(28,332)

17. INVESTMENTS IN JOINT VENTURES *(continued)*

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2016 **HK$'000**	2015 HK$'000
Share of the joint ventures' loss for the year	**(17,971)**	(21,932)
Share of the joint ventures' other comprehensive income	**(2,592)**	34
Share of the joint ventures' total comprehensive income	**(20,563)**	(21,898)
Aggregate carrying amount of the Group's investments in joint ventures	**7,555**	11,248

18. INVESTMENTS IN ASSOCIATES

	2016 **HK$'000**	2015 HK$'000
Share of net assets	**254,989**	326,430
Due from an associate	**–**	16,381
Due to associates	**(112,323)**	(59,261)
	142,666	283,550

The amounts due from and due to associates are unsecured, interest-free and have no fixed terms of repayment.

Particulars of the material associates are as follows:

Name	Place of incorporation/ registration and business	Particulars of shares held	Percentage of ownership interest attributable to the Group **2016**	2015	Principal activities
Benefit East Investments Limited ("Benefit East")**	BVI	Ordinary shares of US$1 each	**–**	–	Investment holding
Chongqing Verakin Wenhao Real Estate Company Limited ("Verakin Wenhao")*/** (重慶同景文浩置業有限公司)	PRC/Mainland China	Registered RMB100,000,000	**–**	–	Property development and investment
Chongqing Verakin Wenhong Real Estate Company Limited ("Verakin Wenhong")*/** (重慶同景文宏置地有限公司)	PRC/Mainland China	Registered RMB20,000,000	**–**	–	Property development and investment
China Technology Financial Leasing Company Limited ("China Technology Financial Leasing")*** (華科融資租賃有限公司)	PRC/Mainland China	Registered RMB400,000,000	**–**	18.75	Finance leasing business
PRECP Development Venture I Limited ("PRECP")	Cayman Islands	Ordinary shares of US$1 each	**31.75**	31.75	Investment holding

* The English names of these companies are not official. They are direct translations from the Chinese names and are for identification purposes only.

** These associates were disposed of in the disposal of subsidiaries during the year ended 31 December 2015 (note 33(B)).

*** This associate was disposed of during the year ended 31 December 2016 in the disposal of Wonder Splendid Limited ("Wonder Splendid") (note 33(A)(b)).

The Group's shareholdings in these associates comprise equity shares held through subsidiaries of the Company.

As at 31 December 2015, the Group's voting power held in relation to China Technology Financial Leasing is 16.67%.

18. INVESTMENTS IN ASSOCIATES *(continued)*

Benefit East, Verakin Wenhao and its wholly-owned subsidiary, Verakin Wenhong (collectively the "Verakin Wenhao Group"), China Technology Financial Leasing and PRECP are considered as material associates of the Group and are accounted for using the equity method during the years ended 31 December 2016 and 2015.

The following table illustrates the summarised financial information in respect of Benefit East and reconciled to the carrying amount in the consolidated financial statements:

	2016 **HK$'000**	2015# HK$'000
Loss for the year	–	(35,923)
Other comprehensive income for the year	–	(241,869)
Total comprehensive income for the year	–	(277,792)

The following table illustrates the summarised financial information in respect of Verakin Wenhao Group and reconciled to the carrying amount in the consolidated financial statements:

	2016 **HK$'000**	2015# HK$'000
Profit for the year	–	31,867
Total comprehensive income for the year	–	31,867

The following table illustrates the summarised financial information in respect of China Technology Financial Leasing and reconciled to the carrying amount in the consolidated financial statements:

	2016## **HK$'000**	2015 HK$'000
Current assets	–	1,221,419
Non-current assets	–	2,033,702
Current liabilities	–	(1,140,438)
Non-current liabilities	–	(1,585,308)
Net assets	–	529,375
Reconciliation to the Group's interest in China Technology Financial Leasing:		
Proportion of the Group's ownership	–	18.75%
Group's share of net assets of China Technology Financial Leasing	–	99,258
Due from China Technology Financial Leasing	–	16,381
Carrying amount of the investment in China Technology Financial Leasing	–	115,639
Revenue	**189,885**	156,953
Profit for the year	**61,086**	26,608
Other comprehensive income for the year	**(25,601)**	(23,690)
Total comprehensive income for the year	**35,485**	2,918

18. INVESTMENTS IN ASSOCIATES *(continued)*

The following table illustrates the summarised financial information in respect of PRECP and reconciled to the carrying amount in the consolidated financial statements:

	2016 HK$'000	2015 HK$'000
Current assets	**354,171**	189,553
Non-current assets	**455,386**	532,409
Current liabilities	**(6,442)**	(6,458)
Net assets	**803,115**	715,504
Reconciliation to the Group's interest in PRECP:		
Proportion of the Group's ownership	**31.75%**	31.75%
Group's share of net assets of PRECP	**254,989**	227,172
Due to PRECP	**(112,323)**	(59,261)
Carrying amount of the investment in PRECP	**142,666**	167,911
Profit/(loss) for the year	**87,611**	(8,327)
Total comprehensive income for the year	**87,611**	(8,327)

\# Benefit East and the Verakin Wenhao Group were disposed of during the year ended 31 December 2015 in the disposal of Merry Full Investments Limited ("Merry Full", and together with its associate, the "Merry Full Group") (note 33(B)(d)) and Win Peak Group Limited ("Win Peak", and together with its subsidiaries, the "Win Peak Group") (note 33(B)(c)), respectively, and therefore, details of their summarised financial information set out above only include their results of profit or loss up to their respective dates of disposal.

\#\# China Technology Financial Leasing was disposed of during the year ended 31 December 2016 in the disposal of Wonder Splendid (note 33(A)(b)) and therefore, details of its summarised financial information set out above only include its results of profit or loss up to the date of disposal.

19. AVAILABLE-FOR-SALE INVESTMENTS

	Notes	2016 HK$'000	2015 HK$'000
Listed equity investments, at fair value		**433,354**	1,571,107
Unlisted equity investments, at fair value		**764,748**	613,016
Perpetual Security, at fair value	(i)	**930,000**	1,305,049
Privately-offered Fund, at fair value	(ii)	**835,595**	–
Carrying amount at 31 December		**2,963,697**	3,489,172

During the year, the gross loss in respect of the Group's available-for-sale investments recognised in other comprehensive income amounted to HK$558,672,000 (2015: gross gain HK$390,372,000), of which HK$200,562,000 (2015:HK$3,834,000) was reclassified from other comprehensive income to the statement of profit or loss for the year.

There was a significant decline in the market value of a listed equity investment during the year. The directors consider that such a decline indicates that the listed equity investment has been impaired and an impairment loss of HK$152,420,000 (2015: Nil), which was included in the reclassification adjustment of HK$200,562,000 above, has been recognised in the statement of profit or loss for the year.

The above investments consist of investments in equity and debt securities which were designated as available-for-sale financial assets with no fixed maturity date or coupon rate except for the Perpetual Security and the Privately-offered Fund mentioned below.

19. AVAILABLE-FOR-SALE INVESTMENTS *(continued)*

Notes:

(i) In December 2015, the Group subscribed for a perpetual security at a net consideration of US$168,300,000 (equivalent to HK$1,305,049,000) (the "Perpetual Security") issued by a company (the "Issuer") listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Perpetual Security is unsecured and confers a right to receive distribution at 9% per annum semi-annually in arrears. There is no maturity of the Perpetual Security and the payment of distribution can be deferred at the discretion of the Issuer provided that the Issuer does not declare any dividend to its equity shareholders within the 12 month period ending on the day before the date of the distribution. The Perpetual Security was fully redeemed by the Issuer subsequent to the reporting period in January 2017.

(ii) In December 2016, the Group subscribed for a privately-offered fund at an aggregate consideration of RMB1,000,000,000 (equivalent to HK$1,111,358,000) (the "Privately-offered Fund"). The Privately-offered Fund has a maturity of 5 years since the date of establishment, comprising an investment period of 2 years and a return period of 3 years. The return period may be extended by 1 year each time for not more than twice with the approval of subscribers in a general meeting. As at 31 December 2016, an aggregate subscription price amounting to RMB751,868,000 (equivalent to HK$835,595,000) was paid by the Group.

20.1 PROPERTIES UNDER DEVELOPMENT

	2016 **HK$'000**	2015 HK$'000
At beginning of year	**1,668,457**	26,318,597
Additions (including development costs and capitalised interest and expenses)	**311,110**	5,923,244
Transfer from interests in land use rights for property development (note 20.2)	**–**	1,223,600
Transfer to completed properties held for sale (note 20.3)	**(1,032,446)**	(11,280,591)
Disposal of subsidiaries (note 33)	**(666,089)**	(19,759,289)
Write-down to net realisable value (note 8)	**(1,910)**	(20,146)
Exchange realignment	**(32,527)**	(736,958)
At end of year	**246,595**	1,668,457

Properties under development expected to be completed:

	2016 **HK$'000**	2015 HK$'000
Beyond normal operating cycle included under non-current assets	**–**	671,340
Within normal operating cycle included under current assets	**246,595**	997,117
	246,595	1,668,457

Properties under development expected to be completed within the normal operating cycle and recovered:

	2016 **HK$'000**	2015 HK$'000
Within one year	**246,595**	997,117

20.2 INTERESTS IN LAND USE RIGHTS FOR PROPERTY DEVELOPMENT

	2016 HK$'000	2015 HK$'000
At beginning of year	–	961,336
Additions	–	599,953
Transfer to properties under development (note 20.1)	–	(1,223,600)
Disposal of subsidiaries (note 33(B))	–	(305,763)
Exchange realignment	–	(31,926)
At end of year	–	–

20.3 COMPLETED PROPERTIES HELD FOR SALE

	2016 HK$'000	2015 HK$'000
At beginning of year	**300,935**	6,084,612
Transfer from properties under development (note 20.1)	**1,032,446**	11,280,591
Properties sold (note 8)	**(728,223)**	(4,727,713)
Write-down to net realisable value (note 8)	**(3,305)**	(8,269)
Disposal of subsidiaries (note 33)	**(266,593)**	(12,307,365)
Exchange realignment	**(28,313)**	(20,921)
At end of year	**306,947**	300,935

21. LOANS AND INTEREST RECEIVABLES

	2016 HK$'000	2015 HK$'000
Loans and interest receivables, secured	**136,503**	–
Loans and interest receivables, unsecured	**101,019**	–
	237,522	–

Note:

These loans receivable are stated at amortised cost at effective interest rates ranging from 12% to 18% per annum. The credit terms of these loans receivable range from 6 months to 12 months. As these loans receivable relate to a number of different borrowers, the directors are of the opinion that there is no concentration of credit risk over these loans receivable. The carrying amounts of these loans receivable approximate to their fair values.

At 31 December 2016, all the loans and interest receivables are not past due, and not individually nor collectively considered to be impaired, and relate to a number of independent loan borrowers for whom there was no recent history of default. These balances were aged within 6 months as at the end of the reporting period.

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	2016 HK$'000	2015 HK$'000
Non-current			
Consideration receivables on disposal of subsidiaries	(a)	–	1,140,382
Current			
Prepayments	(b)	**3,669**	42,546
Deposits and other receivables		**67,831**	17,364
Consideration receivables on disposal of subsidiaries	(a)	**1,910,875**	6,053,534
		1,982,375	6,113,444

Notes:

(a) As at 31 December 2016, the consideration receivables on disposal of subsidiaries are non-interest-bearing and of which HK$543,806,000 was secured by the pledge of equity interests in Full Jolly Investments Limited ("Full Jolly") and Wealthy New Limited ("Wealthy New"). Further details of these consideration receivables are disclosed in note 33(B) to the financial statements.

As at 31 December 2015, the consideration receivables on disposal of subsidiaries are non-interest-bearing and of which HK$1,887,988,000 was secured by the pledge of equity interests in Win Peak, Full Jolly, Harbour Crest Holdings Limited ("Harbour Crest") and Wealthy New. Further details of these consideration receivables are disclosed in note 33(B) to the financial statements.

(b) As at 31 December 2016, business tax and other tax surcharges on deposits received from the pre-sale of properties levied by the relevant PRC tax authorities amounted to HK$1,268,000 (2015: HK$38,837,000). Such tax and surcharges are classified as and included in "Prepayments" above.

None of the above assets is either past due or impaired, except for a consideration receivable of HK$218,310,000 (2015: Nil) which has been past due for 10 months but was not impaired. Receivables that were neither past due nor impaired relate to a number of diversified parties for whom there was no recent history of default. The consideration receivable that was past due but not impaired relates to an independent party that has a good track record with the Group and the entire balance was fully settled subsequent to the year end.

23. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2016 HK$'000	2015 HK$'000
Listed equity investments, at market value	**581,295**	756,456

The above investments at 31 December 2015 and 2016 were, upon initial recognition, designated by the Group as financial assets at fair value through profit or loss.

Assuming the portfolio of the Group's listed equity investments remained unchanged, the market value of the Group's equity investments at fair value through profit or loss at the date of approval of these financial statements was HK$493,693,000.

24. DEPOSITS WITH BROKERAGE COMPANIES

Deposits with brokerage companies are carried at an average interest rate of 0.004% per annum (2015: 0.025% per annum).

25. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	Notes	2016 HK$'000	2015 HK$'000
Cash and bank balances		**7,050,738**	1,699,294
Time deposits		**499,035**	1,443,522
		7,549,773	3,142,816
Less: Pledged bank balances and time deposits	(a)	**–**	(303,522)
Restricted bank balances	(b)	**(38,926)**	(65,009)
Cash and cash equivalents		**7,510,847**	2,774,285

Notes:

(a) The bank balances and time deposits were pledged to banks to secure general banking facilities granted to the Group in the prior year (note 28(a)).

(b) The restricted bank balances represent deposits placed with certain PRC banks and the usages of which are restricted to PRC property development activities.

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK$163,290,000 (2015: HK$947,233,000). 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.

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

26. TRADE PAYABLES

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

	2016 HK$'000	2015 HK$'000
Within 1 year	**116,352**	269,441

The trade payables are non-interest-bearing and repayable within the normal operating cycle.

27. OTHER PAYABLES AND ACCRUALS

	2016 HK$'000	2015 HK$'000
Deposits received	**154,505**	741,966
Other payables	**8,921**	31,374
Accruals	**59,278**	57,187
	222,704	830,527

Other payables are non-interest-bearing and are normally settled within one year.

28. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2016			2015		
	Contractual interest rate	**Maturity**	**HK$'000**	Contractual interest rate	Maturity	HK$'000
Current						
Bank loans – secured	**N/A**	**N/A**	**–**	HIBOR + 3.15% to HIBOR + 3.5%	2016	450,000
Other loan – unsecured	**12%**	**2017**	**112,208**	N/A	N/A	–
			112,208			450,000
Non-current						
Bank loans – secured	**N/A**	**N/A**	**–**	HIBOR + 3.15%	2017	350,000
			112,208			800,000
Analysed into:						
Bank and other borrowings repayable:						
Within one year or on demand			**112,208**			450,000
In the second year			**–**			350,000
			112,208			800,000

(a) Certain of the Group's bank borrowings are secured by certain of the Group's assets with aggregate carrying amounts as listed below:

	Note	**2016 HK$'000**	2015 HK$'000
Pledged bank balances and time deposits	25(a)	**–**	303,522

(b) As at 31 December 2016, other borrowing bears interest at a fixed interest rate. As at 31 December 2015, all bank borrowings bore interest at floating interest rates.

(c) The carrying amounts of the Group's bank and other borrowings which are denominated in the following currencies are as follows:

	2016 HK$'000	2015 HK$'000
HK$	**–**	800,000
RMB	**112,208**	–
	112,208	800,000

29. DEFERRED TAX

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

Deferred tax liabilities

	Revaluation of properties HK$'000	Depreciation allowance in excess of related depreciation HK$'000	Development cost HK$'000	Revaluation of available-for-sale investments HK$'000	Withholding tax on dividend HK$'000	Unrealised gain HK$'000	Provision for land appreciation tax HK$'000	Total HK$'000
At 1 January 2015	1,476,769	332	29,902	56,704	–	–	–	1,563,707
Deferred tax charged to other comprehensive income during the year	–	–	–	16,689	–	–	–	16,689
Deferred tax charged/(credited) to the statement of profit or loss during the year (note 11)	(11,240)	(42)	24,807	–	132,217	7,920	–	153,662
Disposal of subsidiaries (note 33(B))	(1,461,904)	–	(51,823)	(73,412)	(119,480)	–	–	(1,706,619)
Exchange realignment	(3,625)	–	(2,886)	19	–	–	–	(6,492)
At 31 December 2015 and 1 January 2016	**–**	**290**	**–**	**–**	**12,737**	**7,920**	**–**	**20,947**
Deferred tax charged/(credited) to the statement of profit or loss during the year (note 11)	**–**	**7**	**–**	**–**	**5,180**	**(4,702)**	**4,721**	**5,206**
Disposal of a subsidiary (note 33(A))	**–**	**–**	**–**	**–**	**–**	**–**	**(1,552)**	**(1,552)**
Exchange realignment	**–**	**–**	**–**	**–**	**(705)**	**–**	**–**	**(705)**
At 31 December 2016	**–**	**297**	**–**	**–**	**17,212**	**3,218**	**3,169**	**23,896**

Deferred tax assets

	Provision for land appreciation tax HK$'000	Losses available for offsetting taxable profits HK$'000	Total HK$'000
At 1 January 2015	519,508	54,373	573,881
Deferred tax credited to the statement of profit or loss during the year (note 11)	15,367	41,155	56,522
Disposal of subsidiaries (note 33(B))	(528,061)	(80,235)	(608,296)
Exchange realignment	(5,527)	(4,140)	(9,667)
At 31 December 2015 and 1 January 2016	**1,287**	**11,153**	**12,440**
Deferred tax charged to the statement of profit or loss during the year (note 11)	**(1,508)**	**(11,234)**	**(12,742)**
Exchange realignment	**221**	**81**	**302**
At 31 December 2016	**–**	**–**	**–**

29. DEFERRED TAX *(continued)*

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2016 HK$'000	2015 HK$'000
Deferred tax assets recognised in the consolidated statement of financial position	–	12,440
Deferred tax liabilities recognised in the consolidated statement of financial position	**(23,896)**	(20,947)
	(23,896)	(8,507)

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% or 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries and associates established in Mainland China in respect of earnings generated from 1 January 2008.

There was no temporary differences associated with investments in these subsidiaries in Mainland China for which deferred tax liabilities have not been recognised as at 31 December 2016 (2015: HK$78,034,000).

The Group has tax losses arising in Hong Kong of HK$74,859,000 (2015: HK$74,656,000), subject to the agreement by the Hong Kong Inland Revenue Department, that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The Group also has tax losses arising in Mainland China of HK$51,392,000 (2015: HK$78,034,000) that will expire in five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

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

30. SHARE CAPITAL

Shares

	2016 HK$'000	2015 HK$'000
Authorised:		
5,000,000,000 (2015: 5,000,000,000) ordinary shares of HK$0.10 (2015: HK$0.10) each	**500,000**	500,000
Issued and fully paid:		
2,588,223,112 (2015: 2,588,223,112) ordinary shares of HK$0.10 (2015: HK$0.10) each	**258,822**	258,822

There was no movement in share capital during the year. Details of the proposed rights issue of the Company subsequent to the reporting period are set out in note 43(e) to the financial statements.

Share options

Details of the Company's share option schemes are set out in note 34 to the financial statements.

31. 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 36.

32. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

Name of subsidiary	Percentage of equity interests held by non-controlling interests		Profit/(loss) for the year allocated to non-controlling interests		Dividends paid to non-controlling interests		Accumulated balances of non-controlling interests at the reporting date	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015
	%	%	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Chongqing Verakin Real Estate Company Limited ("Chongqing Verakin")*	**–**	–	**–**	100,407	**–**	183,500	**–**	–
Chengdu Guojia Cheer Gain Property Company Limited ("Chengdu Guojia")*	**–**	–	**–**	185,435	**–**	–	**–**	–
Chongqing Verakin Gonghao Real Estate Company Limited ("Chongqing Gonghao")*	**–**	–	**–**	(8,093)	**–**	–	**–**	–
Win Harbour Investments Limited ("Win Harbour")*	**–**	–	**–**	(2,203)	**–**	–	**–**	–
Starthigh*	**–**	–	**–**	(2,482)	**–**	–	**–**	–

* All these subsidiaries were disposed of during the year ended 31 December 2015 (note 33(B)) and therefore, details of their summarised financial information set out below only include their profit or loss and cash flows up to their respective dates of disposal.

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

Chongqing Verakin

	2016 **HK$'000**	2015 HK$'000
Revenue	**–**	1,908,121
Total expenses	**–**	(1,832,928)
Profit for the year	**–**	158,162
Total comprehensive income for the year	**–**	158,162
Net cash flows from operating activities	**–**	139,354
Net cash flows from investing activities	**–**	340,966
Net cash flows used in financing activities	**–**	(798,364)
Net decrease in cash and cash equivalents	**–**	(318,044)

32. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS *(continued)*

Chengdu Guojia

	2016 HK$'000	2015 HK$'000
Revenue	–	2,088,807
Total expenses	–	(1,719,613)
Profit for the year	–	378,438
Total comprehensive income for the year	–	279,534
Net cash flows from operating activities	–	173,480
Net cash flows from investing activities	–	8,768
Net cash flows used in financing activities	–	(596,564)
Net decrease in cash and cash equivalents	–	(414,316)

Chongqing Gonghao

	2016 HK$'000	2015 HK$'000
Revenue	–	587,511
Total expenses	–	(610,584)
Loss for the year	–	(16,517)
Total comprehensive income for the year	–	(16,517)
Net cash flows used in operating activities	–	(347,095)
Net cash flows from investing activities	–	271,397
Net cash flows from financing activities	–	49,497
Net decrease in cash and cash equivalents	–	(26,201)

Win Harbour

	2016 HK$'000	2015 HK$'000
Revenue	–	616,371
Total expenses	–	(652,566)
Loss for the year	–	(34,678)
Total comprehensive income for the year	–	(83,793)
Net cash flows from operating activities	–	482,095
Net cash flows used in investing activities	–	(599,162)
Net cash flows from financing activities	–	237,858
Net increase in cash and cash equivalents	–	120,791

32. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS *(continued)*

Starthigh

	2016 HK$'000	2015 HK$'000
Revenue	–	351,386
Total expenses	–	(402,769)
Loss for the year	–	(30,640)
Total comprehensive income for the year	–	17,967
Net cash flows used in operating activities	–	(546,621)
Net cash flows from investing activities	–	355,695
Net cash flows from financing activities	–	68,035
Net decrease in cash and cash equivalents	–	(122,891)

33. DISPOSAL OF SUBSIDIARIES

(A) Year ended 31 December 2016

Details of the net assets of the subsidiaries disposed of and their financial impacts are summarised below:

	Notes	**The Xian Project HK$'000 (note a)**	**The Wonder Splendid Group HK$'000 (note b)**	**Total HK$'000**
Net assets disposed of:				
Property and equipment	14	**1,171**	–	**1,171**
Investments in associates		–	**101,542**	**101,542**
Properties under development	20.1	**666,089**	–	**666,089**
Completed properties held for sale	20.3	**266,593**	–	**266,593**
Prepayments, deposits and other receivables		**15,144**	–	**15,144**
Restricted bank balances		**108,841**	–	**108,841**
Cash and cash equivalents		**51,782**	**101**	**51,883**
Trade payables		**(75,763)**	–	**(75,763)**
Other payables and accruals		**(517,391)**	–	**(517,391)**
Tax payable		**(4,550)**	–	**(4,550)**
Deferred tax liabilities	29	**(1,552)**	–	**(1,552)**
		510,364	**101,643**	**612,007**
Exchange fluctuation reserve released upon disposal		**43,580**	**10,931**	**54,511**
Release of other comprehensive income of an associate upon disposal		–	**(2,166)**	**(2,166)**
Gain/(loss) on disposal of subsidiaries	5	**66,986**	**(9,420)**	**57,566**
Satisfied by cash		**620,930**	**100,988**	**721,918**

An analysis of the net inflow of cash and cash equivalents for the year in respect of the disposal of subsidiaries is as follows:

	The Xian Project HK$'000 (note a)	**The Wonder Splendid Group HK$'000 (note b)**	**Total HK$'000**
Cash consideration	**620,930**	**100,988**	**721,918**
Consideration receivables	**(520,154)**	–	**(520,154)**
Cash and cash equivalents disposed of	**(51,782)**	**(101)**	**(51,883)**
Net inflow of cash and cash equivalents in respect of disposal of subsidiaries	**48,994**	**100,887**	**149,881**

33. DISPOSAL OF SUBSIDIARIES *(continued)*

(A) Year ended 31 December 2016 *(continued)*

Notes:

(a) On 14 November 2016, the Group entered into two sale and purchase agreements with two independent third parties to dispose of its entire 100% equity interests in Billion Sino Investments Limited and Xian Zhongyu Real Estate Company Limited (collectively, the "Xian Project") and two shareholder's loans owed by the Xian Project to the Group for an aggregate consideration of RMB555,000,000 (equivalent to HK$620,930,000). The disposal of the Xian Project was completed on 28 November 2016.

(b) On 5 December 2016, the Group entered into a sale and purchase agreement with an independent third party to dispose of its entire 100% equity interest in Wonder Splendid (together with its subsidiaries, the "Wonder Splendid Group") and a shareholder's loan owed by the Wonder Splendid Group to the Group for a total consideration of RMB90,000,000 (equivalent to HK$100,988,000). The disposal of the Wonder Splendid Group was completed on 15 December 2016.

(B) Year ended 31 December 2015

Details of the net assets of the subsidiaries disposed of and their financial impacts are summarised below:

	Notes	The Starthigh Group HK$'000 (note a)	The Joyview Group HK$'000 (note b)	The Win Peak Group HK$'000 (note c)	The Merry Full Group HK$'000 (note d)	The Full Jolly Group HK$'000 (note e)	The Harbour Crest Group HK$'000 (note f)	The Wealthy New Group HK$'000 (note g)	Total HK$'000
Net assets disposed of:									
Property and equipment	14	123,205	2,924	16,342	–	4,528	180	336	147,515
Investment properties	15	380,542	–	–	–	–	–	–	380,542
Prepaid land lease payments	16	122,391	–	–	–	–	–	–	122,391
Investments in joint ventures		328,400	–	–	–	–	–	–	328,400
Investments in associates		51,721	–	(46,314)	1,604,110	–	–	–	1,609,517
Available-for-sale investments		373,974	–	–	–	–	–	–	373,974
Properties under development	20.1	7,361,209	3,377,127	4,972,693	–	3,734,762	313,498	–	19,759,289
Interests in land use rights for property development	20.2	222,398	–	83,365	–	–	–	–	305,763
Consideration receivable on disposal of a subsidiary		–	–	–	–	–	–	269,994	269,994
Deferred tax assets	29	–	91,359	16,987	–	16,989	–	–	125,335
Completed properties held for sale	20.3	4,673,524	5,642,239	931,876	–	650,620	337,178	71,928	12,307,365
Prepayments, deposits and other receivables		424,050	1,574,556	1,064,335	–	264,747	434,040	605,796	4,367,524
Prepaid income tax and land appreciation tax		–	52,652	43,919	–	19,415	–	–	115,986
Pledged deposits		19,462	–	244,839	–	–	–	–	264,301
Restricted bank balances		509,510	424,817	297,147	–	247,909	101,106	2,647	1,583,136
Cash and cash equivalents		526,938	188,198	487,489	–	139,342	421,739	32,045	1,795,751
Trade and bills payables		(1,400,941)	(1,405,320)	(1,481,394)	–	(658,157)	(343,058)	(56,080)	(5,344,950)
Other payables and accruals		(2,778,934)	(4,942,285)	(2,661,882)	–	(1,940,430)	(399,587)	(227,039)	(12,950,157)
Loans from non-controlling shareholders of subsidiaries		(11,470)	(30,270)	(631,238)	–	–	–	–	(672,978)
Interest-bearing bank and other borrowings		(337,936)	(1,596,504)	(2,192,764)	–	(1,034,437)	–	–	(5,161,641)
Tax payable		(1,482,152)	(647,812)	(394,455)	–	(61,897)	(155,225)	(75,348)	(2,816,889)
Deferred tax liabilities	29	(1,073,364)	–	(77,389)	–	–	(41,634)	(31,271)	(1,223,658)
Non-controlling interests		(400,467)	(903,194)	(267,945)	–	(184,658)	–	–	(1,756,264)
		7,632,060	1,828,487	405,611	1,604,110	1,198,733	668,237	593,008	13,930,246
Exchange fluctuation reserve released upon disposal		(1,336,417)	(66,049)	(116,186)	(123,251)	917	(138,180)	4,213	(1,774,953)
Available-for-sale investment revaluation reserve released upon disposal		(177,720)	–	–	–	–	–	–	(177,720)
Gain on disposal of subsidiaries	5	741,530	800,756	252,907	205,322	126,666	177,490	601	2,305,272
Effect of discounting		–	–	–	63,819	–	–	23,732	87,551
Satisfied by cash		6,859,453	2,563,194	542,332	1,750,000	1,326,316	707,547	621,554	14,370,396

33. DISPOSAL OF SUBSIDIARIES *(continued)*

(B) Year ended 31 December 2015 *(continued)*

An analysis of the net inflow of cash and cash equivalents for the year in respect of the disposal of subsidiaries is as follows:

	The Starthigh Group HK$'000 (note a)	The Joyview Group HK$'000 (note b)	The Win Peak Group HK$'000 (note c)	The Merry Full Group HK$'000 (note d)	The Full Jolly Group HK$'000 (note e)	The Harbour Crest Group HK$'000 (note f)	The Wealthy New Group HK$'000 (note g)	Total HK$'000
Cash consideration	6,859,453	2,563,194	542,332	1,750,000	1,326,316	707,547	621,554	14,370,396
Consideration receivables	(4,115,446)	–	(272,203)	(1,423,681)	(601,303)	(589,623)	(445,366)	(7,447,622)
Effect of discounting	–	–	–	(63,819)	–	–	(23,732)	(87,551)
Cash and cash equivalents disposed of	(526,938)	(188,198)	(487,489)	–	(139,342)	(421,739)	(32,045)	(1,795,751)
Net inflow/(outflow) of cash and cash equivalents in respect of the disposal of subsidiaries	2,217,069	2,374,996	(217,360)	262,500	585,671	(303,815)	120,411	5,039,472

(a) On 2 June 2015, the Group entered into a sale and purchase agreement with an independent third party to dispose of its entire 92% equity interest in Starthigh and a shareholder's loan owed by the Starthigh Group to the Group for a total consideration of RMB5,500,000,000 (equivalent to HK$6,859,453,000). The disposal of the Starthigh Group was completed on 17 July 2015.

(b) On 24 July 2015, the Group entered into a sale and purchase agreement with an independent third party to dispose of its entire 100% equity interest in Joyview Group Limited ("Joyview", and together with its subsidiaries, the "Joyview Group") and a shareholder's loan owed by the Joyview Group to the Group for a total consideration of RMB2,103,053,000 (equivalent to HK$2,563,194,000). The disposal of the Joyview Group was completed on 26 October 2015.

(c) On 4 September 2015, the Group entered into a sale and purchase agreement with an independent third party to dispose of its entire 100% equity interest in Win Peak and a shareholder's loan owed by the Win Peak Group to the Group for a total consideration of RMB450,000,000 (equivalent to HK$542,332,000). The disposal of the Win Peak Group was completed on 27 October 2015.

(d) On 19 October 2015, the Group entered into a sale and purchase agreement with an independent third party to dispose of its entire 100% equity interest in Merry Full and a shareholder's loan owed by the Merry Full Group to the Group for a total consideration of HK$1,750,000,000. The disposal of the Merry Full Group was completed on 27 October 2015.

(e) On 17 November 2015, the Group entered into a sale and purchase agreement with an independent third party to dispose of its entire 100% equity interest in Full Jolly (and together with its subsidiaries, the "Full Jolly Group") and a shareholder's loan owed by the Full Jolly Group to the Group for a total consideration of RMB1,100,000,000 (equivalent to HK$1,326,316,000). The disposal of the Full Jolly Group was completed on 1 December 2015.

(f) On 4 December 2015, the Group entered into a sale and purchase agreement with an independent third party to dispose of its entire 100% equity interest in Harbour Crest (and together with its subsidiaries, the "Harbour Crest Group") and a shareholder's loan owed by the Harbour Crest Group to the Group for a total consideration of RMB600,000,000 (equivalent to HK$707,547,000). The disposal of the Harbour Crest Group was completed on 7 December 2015.

(g) On 14 December 2015, the Group entered into a sale and purchase agreement with an independent third party to dispose of its entire 100% equity interest in Wealthy New (and together with its subsidiaries, the "Wealthy New Group") and a shareholder's loan owed by the Wealthy New Group to the Group for a total consideration of RMB530,000,000 (equivalent to HK$621,554,000). The disposal of the Wealthy New Group was completed on 21 December 2015.

34. SHARE OPTION SCHEMES

(A) 2005 Scheme

The Company adopted a share option scheme on 29 April 2005 ("2005 Scheme") which expired on 29 April 2015. Summary of the 2005 Scheme is set out below:

For the purpose of section (A) 2005 Scheme, reference to the "Eligible Group" means (i) the Company and each of its substantial shareholders; (ii) each associate or substantial shareholder or direct or indirect associated company or joint venture of the Company or any substantial shareholder referred to in (i) above; (iii) each associate or substantial shareholder or direct or indirect associated company or joint venture of any of the foregoing entities referred to in (ii) above; (iv) each associate or substantial shareholder or direct or indirect associated company or joint venture of any of the foregoing entities referred to in (iii) above; and (v) each associate or substantial shareholder or direct or indirect associated company or joint venture of any of the foregoing entities referred to in (iv) above; and reference to "Employee" means any full-time or part-time employee (including any executive and non-executive director, proposed executive and non-executive director) of any member of the Eligible Group.

Purpose

The purposes of the 2005 Scheme are to recognise the contribution of and to motivate Employees and other person(s) who may make a contribution to the Group, to provide incentives and to help the Group retain its existing Employees and recruit additional Employees and to provide them with a direct economic interest in attaining the long-time business objectives of the Group.

Participants

The participants include any director, officer and Employee of any member of the Eligible Group; and any executive, officer or employee of any business, consultant, professional and other advisers to any member of the Eligible Group or any person proposed to be appointed to any of the aforesaid positions who, in the sole opinion of the Board, has contributed or is expected to contribute to the Group.

Total number of shares available for issue and the percentage of the issued shares that it represents as at the date of this report

As at the date of this report, there was no share available for issue under the 2005 Scheme as the scheme expired on 29 April 2015.

Maximum entitlement of each participant

Unless approved by the shareholders of the Company at a general meeting, the total number of shares issued and to be issued upon the exercise of options granted to each participant (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the issued share capital of the Company.

Period within which the shares must be taken up under an option

An option may be exercised in accordance with the terms of the 2005 Scheme at any time during a period to be notified by the Board to each grantee. Such period of time shall not exceed 10 years from the date of grant of the option.

Minimum period for which an option must be held before exercise

Such period as may be determined by the Board pursuant to the terms of the 2005 Scheme.

The amount, if any, payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be repaid

A consideration of HK$1 is payable on acceptance of the offer of grant of an option.

Basis of determining the exercise price

The exercise price per share shall be determined by the Board and shall be at least the higher of:

(i) the closing price of shares as stated in the daily quotation sheet of the Stock Exchange on the date on which the option is offered, which must be a trading day;

(ii) the average closing price of shares as stated in daily quotation sheets of the Stock Exchange for the five trading days immediately preceding the date as mentioned in (i) above; and

(iii) the nominal value of the shares.

Life of the 2005 Scheme

The Scheme shall remain in force for a period of 10 years from 29 April 2005 to 28 April 2015.

34. SHARE OPTION SCHEMES *(continued)*

(B) 2015 Scheme

On 21 May 2015, the Company adopted a share scheme ("2015 Scheme"). Summary of the 2015 Scheme is set out below:

For the purpose of section (B) 2015 Scheme, reference to the "Eligible Group" means (i) the Company and each of its substantial shareholders; and (ii) each associate or substantial shareholder or direct or indirect subsidiary, associated company or joint venture of any of the Company or of a substantial shareholder referred to in (i) above; and (iii) each associate or substantial shareholder or direct or indirect subsidiary, associated company or joint venture of any of the foregoing entities referred to in (ii) above; and (iv) each associate or substantial shareholder or direct or indirect subsidiary, associated company or joint venture of any of the foregoing entities referred to in (iii) above; and (v) each associate or substantial shareholder or direct or indirect subsidiary, associated company or joint venture of any of the foregoing entities referred to in (iv) above.

Purpose

To provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the participants and to serve such other purposes as the Board may approve from time to time.

Participants

Any director (or any persons proposed to be appointed as such, whether executive or non-executive), officer or employee (whether full-time or part-time) of each member of the Eligible Group; any business consultant, professional or other advisers (in the areas of legal, technical, financial or corporate managerial) (including any executive, officer or employee of such business consultant, professional and other advisers) to each member of the Eligible Group (or persons proposed to be appointed as such) who has rendered service or will render service to the Group, as absolutely determined by the Board.

Total number of shares available for issue and the percentage of the issued shares that it represents as at the date of this report

258,822,311 shares, representing 10% of the issued shares as at 23 March 2017.

Maximum entitlement of each participants

Subject to the terms of the 2015 Scheme, not exceeding 1% of the total number of issued shares in any 12-month period.

Period within which the shares must be taken up under an option

Such period as determined by the Board pursuant to the 2015 Scheme, which shall expire not later than 10 years from the date of grant of the option.

Minimum period for which an option must be held before exercise

Such period as may be determined by the Board pursuant to the terms of the 2015 Scheme.

The amount, if any, payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be repaid

HK$1.00, if demanded by the Company, within 7 days of the date of the demand.

Basis of determining the exercise price

Subject to the terms of the 2015 Scheme, the exercise price shall be a price solely determined by the Board and shall not less than the highest of:

(i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option which must be a business day;

(ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five consecutive business days immediately preceding the date of grant of the option; and

(iii) the nominal value of a Share on the date of grant of the option.

Life of the 2015 Scheme

Subject to the terms of the 2015 Scheme, 10 years commencing on 21 May 2015.

34. SHARE OPTION SCHEMES *(continued)*

No share options were granted under the 2015 Scheme since its adoption and up to 31 December 2016. The movement of share options under the 2005 Scheme during the year is as follows:

	2016		2015	
	Weighted average exercise price HK$ per share	**Number of options '000**	Weighted average exercise price HK$ per share	Number of options '000
At 1 January	**3.30**	**63,239**	3.30	63,239
Forfeited during the year	**N/A**	**–**	N/A	–
At 31 December	**3.30**	**63,239**	3.30	63,239

There were no share options exercised under the 2005 Scheme during the years ended 31 December 2015 and 2016.

The exercise prices and exercise periods of the share options outstanding under the 2005 Scheme as at the end of the reporting period are as follows:

2016

Number of options '000	**Exercise price* HK$ per share**	**Exercise period**
17,500	**3.27**	07-05-2009 to 06-05-2019
40,939	**3.31**	03-09-2010 to 02-09-2020
4,800	**3.31**	01-01-2011 to 02-09-2020
63,239		

2015

Number of options '000	Exercise price* HK$ per share	Exercise period
17,500	3.27	07-05-2009 to 06-05-2019
40,939	3.31	03-09-2010 to 02-09-2020
4,800	3.31	01-01-2011 to 02-09-2020
63,239		

* 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 Company's share capital.

No share option expense was recognised by the Group during the year (2015: Nil).

At the end of the reporting period, the Company had 63,239,000 (2015: 63,239,000) share options outstanding under the 2005 Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 63,239,000 (2015: 63,239,000) additional ordinary shares of the Company and additional share capital of HK$6,324,000 (2015: HK$6,324,000) and share premium of HK$202,297,000 (2015: HK$202,297,000) (before issue expenses).

At the date of approval of these financial statements, the Company had 63,239,000 share options outstanding under the 2005 Scheme, which represented approximately 2.4% of the Company's shares in issue as at that date.

35. OPERATING LEASE ARRANGEMENTS

As lessee

The Group leases certain of its office properties and staff quarters under operating lease arrangements. The leases for the office properties and staff quarters are negotiated for terms of one to three years.

As at 31 December 2016, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2016 **HK$'000**	2015 HK$'000
Within one year	**5,568**	6,093
In the second to fifth years, inclusive	**6,177**	3,060
	11,745	9,153

36. COMMITMENTS

In addition to the operating lease commitments detailed in note 35 above, the Group had the following commitments at the end of the reporting period:

	2016 **HK$'000**	2015 HK$'000
Contracted, but not provided for:		
Property development expenditure	**66,241**	452,545
Investment in Privately-offered Fund (note 19(ii))	**275,763**	–
	342,004	452,545

37. CONTINGENT LIABILITIES

At the end of the reporting period, the Group has given guarantee to a bank in connection with a facility granted to Mass Luck Group up to HK$256,250,000 (2015: Nil), and the banking facilities guaranteed by the Group to Mass Luck Group were utilised to the extent of HK$206,250,000 (2015: Nil). The guarantee has been released through the disposal of Mass Luck in January 2017. Further details of the disposal is disclosed in note 43(a) to the financial statements.

38. FINANCIAL GUARANTEES

At the end of the reporting period, the Group had the following financial guarantees:

	2016 **HK$'000**	2015 HK$'000
Guarantees in respect of mortgage facilities provided for certain customers	**83,345**	694,957

The Group have arranged bank financing for certain purchasers of their property units and provided guarantees to secure the obligations of these purchasers for repayments. The guarantees terminate upon the earlier of (i) the issuance of the real estate ownership certificates which will generally be available within one year upon the completion of guarantee registration; and (ii) the satisfaction of mortgaged loans by the purchasers of 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 any accrued interest and penalty owed by the defaulted purchasers to the banks and the banks are entitled to take over the legal titles and possession of the related properties. The guarantee period starts from the dates of grant of the mortgages. The Directors consider that the fair value of the guarantees is not significant and in case of default on payments, the net realisable value of the related properties will exceed the repayment of the outstanding mortgage principals together with the accrued interest and penalties. Therefore, no provision has been made in the financial statements for the guarantees.

39. RELATED PARTY TRANSACTIONS

(a) Details of the Group's loans to its joint ventures and balances with associates as at the end of the reporting period are set out in notes 17 and 18 to the financial statements, respectively.

(b) During the year ended 31 December 2015, certain of the Group's buildings and prepaid land lease payments with an aggregate carrying amount of HK$11,361,000 were provided to a family member of a director for the operation of a school free of charge. Those buildings and prepaid land lease payments had been disposed of in the disposal of Starthigh during the prior year. Further details of the disposal of Starthigh are disclosed in note 33(B)(a) to the financial statements.

(c) The Group has given guarantee to a bank in connection with facilities granted to certain joint ventures, further details of the guarantee is disclosed in note 37 to the financial statements.

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

	2016	2015
	HK$'000	HK$'000
Short term employee benefits paid to key management personnel	**50,345**	44,382

Further details of directors' emoluments are included in note 9 to the financial statements.

40. FINANCIAL INSTRUMENTS BY CATEGORY

Except for available-for-sale investments and equity investments at fair value through profit or loss, which are measured at fair value, the financial assets and liabilities of the Group as at 31 December 2015 and 2016 are loans and receivables and financial liabilities at amortised cost.

41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, restricted bank balances, time deposits with original maturity over three months, deposits with brokerage companies, trade payables, financial assets included in prepayments, deposits and other receivables, loans and interest receivables, financial liabilities included in other payables and accruals and the current portion of interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the director is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the directors 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 directors. 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 methods and assumptions used to estimate the fair values are summarised below.

The fair values of the non-current portion of interest-bearing bank and other borrowings has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. Management has assessed that the fair values of the non-current portion of interest-bearing bank and other borrowings approximate to their carrying amounts.

The fair values of listed available-for-sale equity investments and unlisted available-for-sale debt investments are based on quoted market prices. For the rest of the unlisted equity available-for-sale investments measured at fair value, their fair values are derived from the net asset value per share of the investments. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Fair value hierarchy

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

Assets measured at fair value:

	Fair value measurement 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
As at 31 December 2016				
Available-for-sale investments:				
Equity investments	**1,198,102**	**835,595**	**–**	**2,033,697**
Debt investments	**–**	**930,000**	**–**	**930,000**
Equity investments at fair value through profit or loss	**581,295**	**–**	**–**	**581,295**
	1,779,397	**1,765,595**	**–**	**3,544,992**
As at 31 December 2015				
Available-for-sale investments:				
Equity investments	2,184,123	–	–	2,184,123
Debt investments	–	1,305,049	–	1,305,049
Equity investments at fair value through profit or loss	756,456	–	–	756,456
	2,940,579	1,305,049	–	4,245,628

The movements in fair value measurements within Level 3 during the year are as follows:

	Available-for-sale investments HK$'000
At 1 January 2015	307,117
Total gains recognised in other comprehensive income	66,756
Disposal of subsidiaries (note 33(B))	(373,974)
Exchange realignment	101
At 31 December 2015, 1 January 2016 and 31 December 2016	–

The Group did not have any financial liabilities measured at fair value as at 31 December 2015 and 2016.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments include equity investments at fair value through profit or loss, available-for-sale investments, loans and interest receivables, consideration receivables on disposal of subsidiaries, deposits and other receivables, trade and other payables, interest-bearing bank and other borrowings, and cash and bank balances. Details of the major financial instruments and the Group's relevant accounting policies are disclosed in note 2.4 to the financial statements.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, equity price risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's cash and bank balances and bank borrowings with floating interest rates. The Group has not used any interest rate swaps to hedge its interest rate risk, and will consider hedging significant interest rate risk should the need arise.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit/loss before tax. There is no material impact on other components of the Group's equity.

	Increase/ (decrease) in basis points	Decrease/ (increase) in loss before tax HK$'000
2016		
HK$	**100**	**68,144**
RMB	**150**	**2,449**
HK$	**(100)**	**(68,144)**
RMB	**(150)**	**(2,449)**

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax HK$'000
2015		
HK$	100	13,112
RMB	150	14,208
HK$	(100)	(13,112)
RMB	(150)	(14,208)

Foreign currency risk

The Group's property development and investment business is mainly operated in Mainland China and sales transactions and all major cost items are denominated in RMB. RMB is not a freely convertible currency. The PRC Government imposes controls on the convertibility of RMB into foreign currencies and in certain cases the remittance of currency out of Mainland China.

The Group currently does not have any foreign currency hedging policy. However, management of the Group monitors the foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the exchange rates of currencies other than the functional currencies of the relevant operating units, with all other variables held constant, of the Group's profit/loss before tax (due to changes in the fair value of monetary assets and liabilities). There is no material impact on other components of the Group's equity.

	Increase/ (decrease) in rates	Decrease/ (increase) in loss before tax HK$'000
2016		
If HK$ weakens against RMB	**3%**	**45,053**
If HK$ strengthens against RMB	**(3%)**	**(45,053)**

	Increase/ (decrease) in rates	Increase/ (decrease) in profit before tax HK$'000
2015		
If HK$ weakens against RMB	3%	201,978
If HK$ strengthens against RMB	(3%)	(201,978)

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk

No credit terms are granted to the customers of the Group's property development and investment business.

The Group has arranged bank financing for certain purchasers of property units and provided guarantees to secure the obligations of such purchasers for repayments. Details of these guarantees are disclosed in note 38 to the financial statements.

Further details in respect of the Group's exposure to credit risk arising from loans and interest receivables are disclosed in note 21 to the financial statements.

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual listed equity investments classified as available-for-sale investments (note 19) and equity investments at fair value through profit or loss (note 23) as at 31 December 2016. The Group's listed investments are listed on the Stock Exchange and are valued at quoted market prices at the end of the reporting period.

The market equity indices for the Stock Exchange at the close of business of the nearest trading day in the year to the end of the reporting period, and their respective highest and lowest points during the year are as follows:

	31 December 2016	**High/low 2016**	31 December 2015	High/low 2015
Hong Kong – Hang Seng Index	**22,001**	**24,364/ 18,279**	21,914	28,589/ 20,368

The following table demonstrates the sensitivity to every 10% decrease (2015: 10% decrease) in the fair values of the listed equity investments, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period. For the purpose of this analysis, the impact on the available-for-sale investments is on the available-for-sale investment revaluation reserve and no account is given for factors such as impairment which might impact on the consolidated statement of profit or loss.

	Carrying amount of equity investments HK$'000	**Increase in loss before tax HK$'000**	**Decrease in other components of equity HK$'000**
2016			
Equity investments listed in Hong Kong:			
– Equity investments at fair value through profit or loss	**581,295**	**(58,130)**	**–**
– Available-for-sale investments	**433,354**	**–**	**(43,335)**
Total	**1,014,649**	**(58,130)**	**(43,335)**

	Carrying amount of equity investments HK$'000	**Decrease in profit before tax HK$'000**	**Decrease in other components of equity HK$'000**
2015			
Equity investments listed in Hong Kong:			
– Equity investments at fair value through profit or loss	756,456	(75,646)	–
– Available-for-sale investments	1,571,107	–	(157,111)
Total	2,327,563	(75,646)	(157,111)

The Group's management manages the above exposure by maintaining a well-diversified investment portfolio.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Liquidity risk

Management of the Group aims to maintain sufficient cash and cash equivalents and available funding through an adequate amount of committed credit facilities to meet its construction commitments and other business operations.

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:

	2016		
	On demand or less than 1 year HK$'000	**1 to less than 2 years HK$'000**	**Total HK$'000**
Interest-bearing other borrowings	**124,197**	**–**	**124,197**
Trade payables	**116,352**	**–**	**116,352**
Financial liabilities included in other payables	**8,921**	**–**	**8,921**
	249,470	**–**	**249,470**
Financial guarantees issued:			
Maximum amount guaranteed	**289,595**	**–**	**289,595**

	2015		
	On demand or less than 1 year HK$'000	1 to less than 2 years HK$'000	Total HK$'000
Interest-bearing bank borrowings	471,823	357,933	829,756
Trade payables	269,441	–	269,441
Financial liabilities included in other payables	31,374	–	31,374
	772,638	357,933	1,130,571
Financial guarantees issued:			
Maximum amount guaranteed	694,957	–	694,957

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and 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 or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2015 and 2016.

The Group monitors capital using net gearing ratio, which is net debts divided by equity attributable to owners of the parent. Net debts include interest-bearing bank and other borrowings less cash and bank balances and time deposits. The net gearing ratios as at the end of the reporting periods were as follows:

	2016 HK$'000	2015 HK$'000
Interest-bearing bank and other borrowings (note 28)	**112,208**	800,000
Less: Cash and bank balances and time deposits (note 25)	**(7,549,773)**	(3,142,816)
Net cash	**(7,437,565)**	(2,342,816)
Equity attributable to owners of the parent	**13,268,788**	14,131,202
Net gearing ratio	**N/A**	N/A

43. EVENTS AFTER REPORTING PERIOD

(a) On 16 January 2017, the Group entered into a sale and purchase agreement to dispose of its 50% interest in Mass Luck, a 50% joint venture of the Group, together with a shareholder's loan owed by Mass Luck to the Group, to the joint venture partner for a total consideration of HK$296,150,000.

(b) On 27 January 2017, the Group acquired the entire 100% equity interest in KS Leasehold S.à r.l. ("KS Leasehold") and 100% issued units in Paddington Central III Unit Trust ("Unit Trust"), which are engaged in property investment in the United Kingdom. The total consideration of GBP290,028,000 (equivalent to HK$2,832,268,000) (the "Cash Consideration") for the acquisitions was in the form of cash and was paid on 27 January 2017.

Pursuant to the relevant sale and purchase agreements, the Cash Consideration will be subsequently adjusted based on the final completion accounts of KS Leasehold and Unit Trust as at 27 January 2017 (the "Final Completion Accounts"). As at the date of this report, the Final Completion Accounts are subject to finalisation and agreement by both the Group and the vendors.

Based on the draft Final Completion Accounts, the Cash Consideration will be adjusted to GBP289,848,000 (equivalent to HK$2,830,509,000) and the provisional fair values of the identifiable assets and liabilities of KS Leasehold and Unit Trust as at the date of acquisition were as follows:

	KS Leasehold HK$'000	**Unit Trust HK$'000**	**Total HK$'000**
Investment property	**1,397,248**	**1,454,278**	**2,851,526**
Trade receivables	**7,366**	**–**	**7,366**
Cash and cash equivalents	**1,063**	**–**	**1,063**
Other payables	**(10,908)**	**(11,091)**	**(21,999)**
Tax payable	**(7,447)**	**–**	**(7,447)**
Total identifiable net assets at fair value	**1,387,322**	**1,443,187**	**2,830,509**
Satisfied by the Cash Consideration	**1,387,322**	**1,443,187**	**2,830,509**

The Group incurred transaction costs of approximately HK$19,659,000 for this acquisition. These transaction costs have been expensed and will be included in the consolidated statement of profit or loss for the coming year's financial statements.

43. EVENTS AFTER REPORTING PERIOD *(continued)*

(c) On 21 February 2017, the Group entered into a sale and purchase agreement to dispose of its entire interest in Good Wave International Limited ("Good Wave", together with its subsidiaries, the "Good Wave Group"), a wholly-owned subsidiary of the Group as at 31 December 2016, to an independent third party for a total consideration of RMB186,000,000 (equivalent to HK$206,713,000). This transaction was completed on 10 March 2017.

(d) On 1 March 2017, the Group entered into an acquisition agreement (the "Acquisition Agreement") with two independent parties to acquire the 100% equity interests in Leadenhall Holding Co (Jersey) Ltd ("Leadenhall Holding") and its subsidiary, Leadenhall Property Co (Jersey) Ltd ("Leadenhall Property"), together with the related shareholders' loans, for an aggregate consideration of GBP1,135 million (equivalent to HK$11,010 million) subject to adjustment in accordance with the Acquisition Agreement. Leadenhall Holding is an investment holding company and Leadenhall Property is principally engaged in property investment and is the beneficial owner of a commercial property located at 122 Leadenhall Street, London EC3V 4PE.

Completion of the Acquisition Agreement is subject to and conditional upon, among others, the passing of the resolution by the shareholders of the Company for approving the Acquisition Agreement and the transactions contemplated thereunder in a general meeting of the Company

Further details of this acquisition are set out in the Company's announcement dated 1 March 2017.

(e) On 14 March 2017, the Company announced a rights issue of one rights shares for every two existing shares held by qualifying shareholders on 30 March 2017 at an issue price of HK$2 per rights share (the "Rights Issue").

Fame Seeker Holdings Limited ("Fame Seeker") and Thrivetrade Limited ("Thrivetrade"), both are 100% owned by Mr. Cheung Chung Kiu (Chairman of the Company), and are respectively interested in 9.04% and 41.37% of the issued capital of the Company, have expressed their intention to take up their respective assured entitlements under the Rights Issue.

The Company has also entered into an underwriting agreement with Haitong International Securities Company Limited (the "Underwriter") pursuant to which the Rights Issue will be fully underwritten by the Underwriter other than the rights shares expected to be taken up by Fame Seeker and Thrivetrade.

The Rights Issue is expected to be completed on 28 April 2017 and details of the Rights Issue are disclosed in the Company's announcement dated 14 March 2017.

44. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2016 HK$'000	2015 HK$'000
NON-CURRENT ASSETS		
Property and equipment	**98**	157
Golf club membership	**10,540**	10,540
Investments in subsidiaries	**1,000,390**	1,000,390
Total non-current assets	**1,011,028**	1,011,087
CURRENT ASSETS		
Prepayments, deposits and other receivables	**627**	691
Due from subsidiaries	**9,267,560**	10,262,263
Cash and cash equivalents	**125**	177
Total current assets	**9,268,312**	10,263,131
CURRENT LIABILITIES		
Other payables and accruals	**21,570**	24,028
Interest-bearing bank borrowings	**–**	450,000
Total current liabilities	**21,570**	474,028
NET CURRENT ASSETS	**9,246,742**	9,789,103
TOTAL ASSETS LESS CURRENT LIABILITIES	**10,257,770**	10,800,190
NON-CURRENT LIABILITY		
Interest-bearing bank borrowings	**–**	350,000
Net assets	**10,257,770**	10,450,190
EQUITY		
Issued capital	**258,822**	258,822
Reserves (Note)	**9,998,948**	10,191,368
Total equity	**10,257,770**	10,450,190

Cheung Chung Kiu
Director

Lam How Mun Peter
Director

44. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Note:

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

	Note	Share premium account HK$'000	Share option reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 January 2015		9,524,823	165,272	676,578	10,366,673
Total comprehensive income for the year		–	–	(45,894)	(45,894)
Final 2014 dividend approved		–	–	(129,411)	(129,411)
At 31 December 2015 and 1 January 2016		**9,524,823**	**165,272**	**501,273**	**10,191,368**
Total comprehensive income for the year		**–**	**–**	**(50,068)**	**(50,068)**
Final 2015 dividend approved	12	**–**	**–**	**(142,352)**	**(142,352)**
At 31 December 2016		**9,524,823**	**165,272**	**308,853**	**9,998,948**

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payments in note 2.4 to the financial statements. The amount will either be transferred to the share premium account when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited after the vesting period.

45. COMPARATIVE AMOUNTS

Certain comparative amounts in the consolidated statement of cash flows have been reclassified and restated to conform with the current year's presentation.

46. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board on 23 March 2017.

Five-Year Financial Summary

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years as extracted from the published audited financial statements is set out below.

RESULTS

	Year ended 31 December				
	2016 HK$'000	2015 HK$'000	2014 HK$'000	2013 HK$'000	2012 HK$'000
CONTINUING OPERATIONS					
REVENUE	**1,129,416**	6,620,237	10,299,888	6,844,850	7,432,699
PROFIT/(LOSS) BEFORE TAX	**(289,889)**	3,323,920	2,479,035	1,618,367	1,955,939
Income tax expense	**(66,867)**	(1,682,307)	(1,388,923)	(955,449)	(1,295,913)
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	**(356,756)**	1,641,613	1,090,112	662,918	660,026
DISCONTINUED OPERATIONS					
Profit for the year from discontinued operations	**–**	–	–	–	12,220
PROFIT/(LOSS) FOR THE YEAR	**(356,756)**	1,641,613	1,090,112	662,918	672,246
Attributable to:					
Owners of the parent	**(356,756)**	1,366,665	1,068,280	505,395	529,237
Non-controlling interests	**–**	274,948	21,832	157,523	143,009
	(356,756)	1,641,613	1,090,112	662,918	672,246

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December				
	2016 HK$'000	2015 HK$'000	2014 HK$'000	2013 HK$'000	2012 HK$'000
Property and equipment	**103,837**	21,977	184,099	169,884	170,685
Investment properties	**–**	–	421,666	411,330	379,946
Prepaid land lease payments	**–**	–	121,068	124,048	1,136,304
Golf club membership	**10,540**	10,540	10,540	10,540	–
Investments in joint ventures	**319,907**	125,992	439,947	30,576	34,971
Investments in associates	**142,666**	283,550	1,503,311	1,280,688	1,244,445
Available-for-sale investments	**2,963,697**	3,489,172	690,448	593,865	514,207
Properties under development	**–**	671,340	7,324,735	8,817,886	7,736,592
Interests in land use rights for property development	**–**	–	961,336	2,169,803	2,737,739
Consideration receivable on disposal of subsidiaries	**–**	1,140,382	290,922	–	–
Deferred tax assets	**–**	12,440	147,076	63,724	16,557
Non-current assets	**3,540,647**	5,755,393	12,095,148	13,672,344	13,971,446
Current assets	**11,095,824**	11,330,611	37,626,378	36,023,444	27,603,438
Current liabilities	**(1,343,787)**	(2,583,855)	(24,111,061)	(24,916,397)	(22,134,450)
Net current assets	**9,752,037**	8,746,756	13,515,317	11,107,047	5,468,988
Non-current liabilities	**(23,896)**	(370,947)	(9,066,340)	(8,928,981)	(4,488,900)
Non-controlling interests	**–**	–	(1,747,058)	(1,665,251)	(1,708,727)
Equity attributable to owners of the parent	**13,268,788**	14,131,202	14,797,067	14,185,159	13,242,807

PROPERTY INTEREST HELD BY THE GROUP FOR INVESTMENT

Property Location	Usage	Attributable Area (square feet)	Tenure	The Group's Interest
One Kingdom Street, London W2 6BD, the United Kingdom	Office and Car parking spaces	265,000	Freehold Interest	100%

Definitions

"AGM"	the annual general meeting of the Company to be held on 18 May 2017
"ASP"	average selling price
"Board"	the board of Directors
"Bye-laws"	the bye-laws of the Company
"CG Code"	Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"Companies Act"	Companies Act 1981 of Bermuda as amended from time to time
"Company"	C C Land Holdings Limited
"Director(s)"	the director(s) of the Company
"GBP"	British Pound Sterling, the lawful currency of the United Kingdom of Great Britain and Northern Ireland
"GFA"	gross floor area
"Group"	the Company and its subsidiaries
"Hong Kong" or "HKSAR"	the Hong Kong Special Administrative Region of the PRC
"HIBOR"	Hong Kong Inter-bank Offered Rate
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers as set out in the Appendix 10 to the Listing Rules
"PRC" or "China" or "Mainland China"	The People's Republic of China
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	the special general meeting of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"sqm"	square meters
"US$"	United States dollars, the lawful currency of the United States of America
"%"	per cent