



ZHONG HUA INTERNATIONAL HOLDINGS LIMITED
中華國際控股有限公司

(Incorporated in Bermuda with limited liability)

Stock Code: 1064

INTERIM REPORT
2017

BOARD OF DIRECTORS

Executive Director

Ho Kam Hung

Non-Executive Director

Young Kwok Sui

Independent Non-Executive Directors

Tam Kong, Lawrence

Wong Kui Fai

Wong Miu Ting, Ivy

COMPANY SECRETARY

Tsang Tsz Hung, CPA

REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 2911, West Tower

Shun Tak Centre

168-200 Connaught Road Central

Central

Hong Kong

PRINCIPAL OFFICE IN MAINLAND CHINA

Level 14, Gang Yu Square

Chiaodong Road

Chiaotianmen

Chongqing

AUDITORS

Ernst & Young

Certified Public Accountants

22/F, CITIC Tower

1 Tim Mei Avenue

Central

Hong Kong

LEGAL ADVISERS

As to Hong Kong Law

Hastings & Co.

5th Floor, Gloucester Tower

The Landmark

11 Pedder Street

Central

Hong Kong

董事會

執行董事

何鑑雄

非執行董事

楊國瑞

獨立非執行董事

譚剛

黃鉅輝

黃妙婷

公司秘書

曾志鴻(會計師)

註冊辦事處

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

香港總辦事處及主要營業地點

香港

中環

干諾道中168至200號

信德中心

西座2911室

中國大陸主要辦事處

重慶市

朝天門

朝東路

港渝廣場14樓

核數師

安永會計師事務所

執業會計師

香港

中環

添美道1號

中信大廈22樓

法律顧問

香港法律

希仕廷律師行

香港

中環

畢打街11號

置地廣場

告羅士打大廈5樓

As to Bermuda Law
Conyers Dill & Pearman
2901 One Exchange Square
8 Connaught Place
Central
Hong Kong

PROPERTY VALUERS

Savills Valuation and Professional Services
Limited
23rd Floor, Two Exchange Square
Central
Hong Kong

Vigers Appraisal and Consulting Limited
10th Floor, The Grande Building
398 Kwun Tong Road
Kwun Tong
Kowloon
Hong Kong

PRINCIPAL BANKERS

Wing Hang Bank (China) Limited,
Guangzhou Branch
Nanyang Commercial Bank, Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Corporate Services Limited
Rosebank Centre
11 Bermudiana Road
Pembroke
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

COMPANY WEBSITE

www.zhonghuagroup.com

STOCK CODE

1064

百慕達法律
Conyers Dill & Pearman
香港
中環
康樂廣場8號
交易廣場第一座2901室

物業估值師

第一太平戴維斯估值及專業顧問
有限公司
香港
中環
交易廣場第二座23樓

威格斯資產評估顧問有限公司
香港
九龍
觀塘
觀塘道398號
嘉域大廈10樓

主要往來銀行

永亨銀行(中國)有限公司，
廣州分行
南洋商業銀行有限公司

股份登記及過戶總處

Butterfield Corporate Services Limited
Rosebank Centre
11 Bermudiana Road
Pembroke
Bermuda

香港股份登記及過戶分處

卓佳登捷時有限公司
香港
皇后大道東183號
合和中心22樓

公司網址

www.zhonghuagroup.com

股份代號

1064

UNAUDITED INTERIM RESULTS

The Board of Directors (the “Directors”) of Zhong Hua International Holdings Limited (the “Company”) would like to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2017 (the “Interim Results”), together with the comparative figures for the corresponding period in 2016, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

未經審核中期業績

中華國際控股有限公司(「本公司」)董事會(「董事會」)謹此宣佈，本公司及其附屬公司(統稱「本集團」)截至二零一七年六月三十日止六個月未經審核綜合業績(「中期業績」)，連同二零一六年同期之比較數字，如下：

		For the six months ended 30 June 截至六月三十日止六個月		
		2017 二零一七年 (Unaudited) (未經審核) HK\$'000 千港元	2016 二零一六年 (Unaudited) (未經審核) HK\$'000 千港元	
		Notes 附註		
Revenue	收入	2	19,323	18,088
Other income	其他收入		182	191
Administrative expenses	行政開支		(12,907)	(11,726)
Finance costs	財務費用	3	(3,444)	(3,892)
PROFIT BEFORE TAX	稅前溢利	4	3,154	2,661
Income tax expense	所得稅開支	5	(2,670)	(2,366)
PROFIT FOR THE PERIOD	期間溢利		484	295
ATTRIBUTABLE TO:	歸屬於：			
Ordinary equity holders of the Company	本公司普通股權益持有人		(3,142)	(2,448)
Non-controlling interests	非控股權益		3,626	2,743
			484	295
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	本公司普通股權益持有人應佔每股虧損	7		
- Basic	- 基本		HK(0.52) cents港仙	HK(0.40) cents港仙
- Diluted	- 攤薄		HK(0.52) cents港仙	HK(0.40) cents港仙

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

簡明綜合全面收益表

For the six months ended 30 June

截至六月三十日止六個月

2017	2016
二零一七年	二零一六年
(Unaudited)	(Unaudited)
(未經審核)	(未經審核)
HK\$'000	HK\$'000
千港元	千港元

Profit for the period	期間溢利	484	295
Other comprehensive income/(expense)	其他全面收益/(開支)		
<i>Other comprehensive income/(expense) to be reclassified to income statement in subsequent periods:</i>	<i>於隨後期間重新分類至收益表之其他全面收益/(開支):</i>		
Exchange differences on translation of foreign operations	換算海外業務時計出的匯兌差額	101,998	(46,403)
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD	期間全面總收益/(開支)	102,482	(46,108)
Total comprehensive income/(expense) attributable to:	全面總收益/(開支)歸屬於:		
Ordinary equity holders of the Company	本公司普通股權益持有人	27,104	(16,291)
Non-controlling interests	非控股權益	75,378	(29,817)
		102,482	(46,108)

**CONDENSED CONSOLIDATED
STATEMENT OF FINANCIAL
POSITION**

簡明綜合財務狀況表

		30 June 2017 二零一七年 六月三十日 (Unaudited) (未經審核)	31 December 2016 二零一六年 十二月三十一日 (Audited) (經審核)
		HK\$'000 千港元	HK\$'000 千港元
		Notes 附註	
NON-CURRENT ASSETS	非流動資產		
Property, plant and equipment	物業、廠房及設備	4,960	4,912
Investment properties	投資物業	4,162,412	4,017,248
Total non-current assets	非流動資產總值	4,167,372	4,022,160
CURRENT ASSETS	流動資產		
Properties held for sale	持作待售物業	35,759	34,515
Trade receivables	貿易應收款項	12,131	1,151
Prepayments, deposits and other receivables	預付款項、按金及其他應 收款項	12,575	12,711
Cash and bank balances	現金及銀行結存	54,494	65,169
Total current assets	流動資產總值	114,959	113,546
CURRENT LIABILITIES	流動負債		
Trade payables	貿易應付款項	(2,001)	(1,931)
Other payables and accruals	其他應付款項及 應計負債	(35,783)	(35,130)
Tax payable	應付稅項	(45,416)	(41,976)
Interest-bearing bank borrowings	計息銀行借貸	(7,442)	(8,630)
Total current liabilities	流動負債總額	(90,642)	(87,667)
NET CURRENT ASSETS	流動資產淨值	24,317	25,879
TOTAL ASSETS LESS CURRENT LIABILITIES	總資產減流動負債	4,191,689	4,048,039

**CONDENSED CONSOLIDATED
STATEMENT OF FINANCIAL
POSITION (Cont'd)**

簡明綜合財務狀況表 (續)

		30 June 2017 二零一七年 六月三十日 (Unaudited) (未經審核) HK\$'000 千港元	31 December 2016 二零一六年 十二月三十一日 (Audited) (經審核) HK\$'000 千港元
NON-CURRENT LIABILITIES	非流動負債		
Loan from a director	董事貸款	(73,577)	(71,018)
Due to a director	應付董事款項	(166,618)	(160,160)
Long term other payables	其他長期應付款項	(132,100)	(128,351)
Interest-bearing bank borrowings	計息銀行借貸	(10,396)	(13,143)
Deferred tax liabilities	遞延稅項負債	(895,530)	(864,381)
Total non-current liabilities	非流動負債總額	(1,278,221)	(1,237,053)
Net assets	淨資產	2,913,468	2,810,986
EQUITY	權益		
Equity attributable to equity holders of the Company	本公司權益持有人應佔權益		
Issued capital	已發行股本	15,140	15,140
Reserves	儲備	834,827	807,723
		849,967	822,863
Non-controlling interests	非控股權益	2,063,501	1,988,123
Total equity	總權益	2,913,468	2,810,986

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

簡明綜合股本變動表

Atributable to equity holders of the Company
歸屬於本公司權益持有人

	Issued capital 已發行 股本 (Unaudited) (未經審核) HK\$'000 千港元	Share premium account 股份 溢價賬 (Unaudited) (未經審核) HK\$'000 千港元	Contributed surplus 繳入盈餘 (Unaudited) (未經審核) HK\$'000 千港元	Exchange fluctuation reserve 匯兌 溢虧儲備 (Unaudited) (未經審核) HK\$'000 千港元	Retained profits 保留溢利 (Unaudited) (未經審核) HK\$'000 千港元	Total Non- controlling interest 非控股 權益 (Unaudited) (未經審核) HK\$'000 千港元	Total reserves 儲備總額 (Unaudited) (未經審核) HK\$'000 千港元
At 1 January 2017 Total comprehensive income/(expense) for the period	15,140	398,726	80,258	67,729	261,010	1,986,123	2,810,986
於二零一七年一月一日 期間全面總收益/(開支)	-	-	-	30,246	(3,142)	75,378	102,482
At 30 June 2017 (Unaudited)	15,140	398,726	80,258	97,975	257,868	2,063,501	2,913,468
於二零一七年六月三十日 (未經審核)	15,140	398,726	80,258	119,829	202,382	1,915,698	2,732,033
At 1 January 2016 Total comprehensive expense for the period	-	-	-	(13,843)	(2,448)	(29,817)	(46,108)
於二零一六年一月一日 期間全面總開支	15,140	398,726	80,258	105,986	199,934	1,885,881	2,685,925
於二零一六年六月三十日 (未經審核)							

CONDENSED CONSOLIDATED
STATEMENT OF CASH FLOWS

簡明綜合現金流量報表

For the six months ended 30 June
截至六月三十日止六個月

2017	2016
二零一七年	二零一六年
(Unaudited)	(Unaudited)
(未經審核)	(未經審核)
HK\$'000	HK\$'000
千港元	千港元

CASH FLOWS FROM OPERATING ACTIVITIES		經營業務之現金流量	
Profit before tax	稅前溢利	3,154	2,661
Adjustments for:	調整項目：		
Finance costs	財務費用	3,444	3,892
Interest income	利息收入	(85)	(36)
Depreciation	折舊	127	188
		6,640	6,705
Increase in trade receivables	貿易應收款項增加	(10,980)	(2,944)
Decrease/(increase) in prepayments, deposits and other receivables	預付款項、按金及其他應收款項減少/(增加)	136	(172)
Increase/(decrease) in trade payables	貿易應付款項增加/(減少)	70	(35)
Increase in other payables and accruals	其他應付款項及應計負債增加	653	2,628
Exchange differences on translation of foreign operations	換算海外業務之匯兌差額	(642)	(195)
Cash generated from operations	經營業務所得之現金	(4,123)	5,987
Interest received	已收利息	85	36
Interest paid	已付利息	(617)	(915)
Overseas taxes paid	已付海外稅款	(776)	(475)
Net cash flows from/(used in) operating activities	經營活動所得/(所用)之現金淨額	(5,431)	4,633

**CONDENSED CONSOLIDATED
STATEMENT OF CASH FLOWS (Cont'd)**
簡明綜合現金流量報表 (續)
For the six months ended 30 June
 截至六月三十日止六個月

		2017 二零一七年 (Unaudited) (未經審核) HK\$'000 千港元	2016 二零一六年 (Unaudited) (未經審核) HK\$'000 千港元
CASH FLOWS FROM INVESTING ACTIVITIES	投資活動之現金流量		
Additions to investment properties	添置投資物業	(399)	(330)
Net cash flow used in an investing activity	用於一項投資活動之 現金流量淨額	(399)	(330)
CASH FLOWS FROM FINANCING ACTIVITIES	融資活動之現金流量		
Repayments of bank loans	償還銀行貸款	(4,720)	(4,247)
Increase/(decrease) in an amount due to a director	應付董事款項增加/(減少)	(2,141)	28,582
Increase/(decrease) in long term other payables	長期其他應付款項 增加/(減少)	104	(1,278)
Net cash flows from/(used in) financing activities	融資活動所得/(所用) 之現金流量淨額	(6,757)	23,057
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	現金及現金等值項目 增加/(減少)淨額	(12,587)	27,360
Cash and cash equivalents at beginning of year	年初之現金及 現金等值項目	65,169	18,584
Effect of foreign rate changes	外匯匯率變動之影響	1,912	(264)
CASH AND CASH EQUIVALENTS AT END OF YEAR	年末之現金及 現金等值項目	54,494	45,680
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS	現金及現金等值 項目結餘分析		
Cash and bank balances as stated in the condensed consolidated statement of financial position	簡明綜合財務狀況表 所述之現金及 銀行結存	54,494	45,680

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting”. The accounting policies and basis of preparation adopted in the preparation of the interim financial statements are the same as those used in the annual financial statements for the year ended 31 December 2016, except in relation to the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) which also include HKASs and Interpretations, that affect the Group and are mandatory for the accounting period beginning on or after 1 January 2017:

Amendments to HKAS 7 *Disclosure Initiative*
 Amendments to HKAS 12 *Recognition of Deferred Tax Assets for Unrealised Losses*

The adoption of these new and revised HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

1. 編製基準及主要會計政策

本簡明綜合中期財務報表是按照香港會計準則（「HKAS」）第34號「中期財務報告」編製的。除了以下會影響本集團且於二零一七年一月一日或之後開始的會計期間強制採用的新訂及經修訂的香港財務報告準則（「HKFRSs」，也包括HKASs和詮釋），編製本中期財務報表所採用的會計政策和編製基準均與截至二零一六年十二月三十一日止年度的全年財務報表一致：

HKAS 7(修訂本) 主動披露
 HKAS 12(修訂本) 就未變現虧損確認遞延稅項資產

採納新訂和經修訂HKFRSs對如何編製本會計期間或過往會計期間之業績及財務狀況並無重大影響。因此，毋須對過往期間作出調整。

2. OPERATING SEGMENT INFORMATION

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

- (a) the property investment segment, which invests in properties located in the Mainland of the People's Republic of China ("Mainland China") for generating potential income from letting; and
- (b) the corporate and other segment, which provides management services to group companies.

The accounting policies of the operating segments are the same as those described in the Group's financial statements for the year ended 31 December 2016.

No geographical segment information is presented as over 90% of the Group's revenue is derived from customers based in Mainland China.

2. 經營分類資料

就管理而言，本集團按所提供之服務劃分業務單位，兩個可報告經營分類如下：

- (a) 物業投資分類，就場地使用者產生收入潛力於中華人民共和國大陸（「中國大陸」）物業之投資；及
- (b) 企業及其他分類，向集團公司提供管理服務。

經營分類之會計政策與本集團截至二零一六年十二月三十一日止年度之財務報表所述者一致。

因本集團90%以上之收入源自中國大陸之客戶，故並無呈報地區分類資料。

2. OPERATING SEGMENT INFORMATION (Cont'd)

The following table presents revenue and results information for the Group's operating segments:

2. 經營分類資料(續)

下表為本集團按經營分類呈列之有關收入及業績之資料：

For the six months ended 30 June

截至六月三十日止六個月

	Property investment 物業投資		Corporate and others 公司及其他		Total 總計	
	2017 二零一七年 (Unaudited) (未經審核) HK\$'000 千港元	2016 二零一六年 (Unaudited) (未經審核) HK\$'000 千港元	2017 二零一七年 (Unaudited) (未經審核) HK\$'000 千港元	2016 二零一六年 (Unaudited) (未經審核) HK\$'000 千港元	2017 二零一七年 (Unaudited) (未經審核) HK\$'000 千港元	2016 二零一六年 (Unaudited) (未經審核) HK\$'000 千港元
Segment revenue: 分類收入： Sales to external customers 銷售予外界客戶	19,323	18,088	-	-	19,323	18,088
Segment results 分類業績	14,015	13,172	(7,599)	(6,810)	6,416	6,362
Other income 其他收入					182	191
Finance costs 財務費用					(3,444)	(3,892)
Profit before tax 稅前溢利					3,154	2,661
Income tax expense 所得稅開支					(2,670)	(2,366)
Profit for the period 期間溢利					484	295

2. OPERATING SEGMENT INFORMATION (Cont'd)

Information about major customers

For the six months ended 30 June 2017 (the "Period"), aggregate revenue from four customers (2016: four) with each of whom transactions had exceeded 10% of the Group's total revenue amounted to HK\$19,323,000 (2016: HK\$18,088,000).

2. 經營分類資料(續)

有關主要客戶之資料

截至二零一七年六月三十日止六個月(「期間」)，來自四名客戶(二零一六年：四名)之總收入為19,323,000港元(二零一六年：18,088,000港元)，而與各客戶進行之交易金額均已超過本集團總收入之10%。

3. FINANCE COSTS

3. 財務費用

For the six months ended 30 June

截至六月三十日止六個月

		2017	2016
		二零一七年	二零一六年
		(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)
		HK\$'000	HK\$'000
		千港元	千港元
Interest on:	利息：		
Bank loans	銀行貸款	617	915
Loan from a director	董事貸款	2,827	2,977
		3,444	3,892

4. PROFIT BEFORE TAX

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

		For the six months ended 30 June	
		截至六月三十日止六個月	
		2017	2016
		二零一七年	二零一六年
		(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)
		HK\$'000	HK\$'000
		千港元	千港元
Depreciation	折舊	127	188
Interest income	利息收入	(85)	(36)
Income from letting of investment properties	場地使用者予投資物業之收入	(19,323)	(18,088)

4. 稅前溢利

本集團之稅前溢利乃經扣除／(計入)：

5. INCOME TAX EXPENSE

		For the six months ended 30 June	
		截至六月三十日止六個月	
		2017	2016
		二零一七年	二零一六年
		(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)
		HK\$'000	HK\$'000
		千港元	千港元
Provision for the period:	期內撥備：		
Elsewhere	其他地區	2,670	2,366

5. 所得稅開支

No provision for Hong Kong profits tax had been made as the Group did not generate any taxable profits in Hong Kong during the Period (2016: Nil).

由於本集團於期間並無在香港產生任何應課稅溢利，故未就香港利得稅作出撥備(二零一六年：無)。

5. INCOME TAX EXPENSE (Cont'd)

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof. The subsidiaries established in Mainland China are subject to income taxes at the rate of 25% (2016: 25%).

6. INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the Period (2016: Nil).

7. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic loss per share for the Period is based on the loss attributable to ordinary equity holders of the Company of HK\$3,142,000 (2016: HK\$2,448,000) and the weighted average number of 605,616,520 (2016: 605,616,520) ordinary shares in issue during the Period.

During the six months ended 30 June 2017 and 2016, the Group had no potentially dilutive ordinary shares in issue.

5. 所得稅開支(續)

其他地區應課稅溢利稅項根據本集團經營業務所在國家之現行法例、詮釋及慣例，按該等國家之現行稅率計算。於中國大陸成立之附屬公司須按利得稅稅率25% (二零一六年：25%) 繳稅。

6. 中期股息

董事會不建議派付期間之中期股息(二零一六年：無)。

7. 本公司普通股權益持有人應佔每股虧損

期間每股基本虧損乃根據本公司普通股權益持有人應佔虧損3,142,000港元(二零一六年：2,448,000港元)及期間已發行普通股之加權平均數605,616,520股(二零一六年：605,616,520股)計算。

於截至二零一七年及二零一六年六月三十日止六個月，本集團並無已發行潛在攤薄普通股。

8. TRADE RECEIVABLES

An aged analysis of the Group's trade receivables at the end of the reporting period is as follows:

8. 貿易應收款項

本集團之貿易應收款項於報告期完結日之賬齡分析如下：

		30 June 2017 二零一七年六月三十日 (Unaudited) (未經審核)		31 December 2016 二零一六年十二月三十一日 (Audited) (經審核)	
		HK\$'000 千港元	% 百分比	HK\$'000 千港元	% 百分比
Within 6 months	6個月內	12,131	100	1,151	100

The Group generally grants a credit term of 3 months to 12 months to its customers.

本集團一般授予其客戶3個月至12個月信貸期。

The age of the Group's trade receivables is based on the date of recognition of turnover and the due date of instalments as stipulated in the sale contracts. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

本集團貿易應收款項之賬齡根據營業額確認日及銷售合同所列分期付款到期日計算。本集團並無就其貿易應收款項餘額持有任何抵押品或其他提升信貸質素之物品。貿易應收款項為免息項目。

9. TRADE PAYABLES

An aged analysis of the Group's trade payables at the end of the reporting period is as follows:

9. 貿易應付款項

本集團之貿易應付款項於報告期完結日之賬齡分析如下：

	30 June 2017 二零一七年六月三十日 (Unaudited) (未經審核)		31 December 2016 二零一六年十二月三十一日 (Audited) (經審核)	
	HK\$'000 千港元	% 百分比	HK\$'000 千港元	% 百分比
Within 1 year 一年內	2,001	100	1,931	100

The age of the Group's trade payables is based on the dates of the goods received or services rendered. The trade payables are non-interest-bearing.

本集團貿易應付款項之賬齡根據收取貨物或提供服務當日起計算。貿易應付款項為免息項目。

10. CONTINGENT LIABILITIES

At the end of the reporting period, the Group's contingent liabilities not provided for in the financial statements were as follows:

		30 June 2017 二零一七年 六月三十日 (Unaudited) (未經審核) HK\$'000 千港元	31 December 2016 二零一六年 十二月 三十一日 (Audited) (經審核) HK\$'000 千港元
Guarantees given for mortgage loans granted by banks to certain purchasers of the Group's properties	就銀行向本集團物業若干買家批出之按揭貸款所作之擔保	139	139

10. 或然負債

於報告期完結日，本集團並未於財務報表作出撥備之或然負債如下：

11. PLEDGE OF ASSETS

The Group had utilized bank loan facilities amounting to approximately HK\$17,838,000 (31 December 2016: HK\$21,773,000) as at 30 June 2017.

Certain investment properties and trade receivables of the Group were pledged to secure banking facilities utilised by the Group and an independent third party. In addition, the Company and one of its substantial shareholders also granted guarantees to these banking facilities.

As at 30 June 2017, the amount of investment properties and trade receivables under pledge were HK\$401,912,000 (31 December 2016: HK\$387,548,000) and HK\$56,000 (31 December 2016: HK\$1,151,000) respectively.

11. 資產抵押

於二零一七年六月三十日，本集團已動用銀行融資達約17,838,000港元（二零一六年十二月三十一日：21,773,000港元）。

本集團若干投資物業及貿易應收款項已作抵押以獲得本集團及一名獨立第三方動用的銀行融資。此外，本公司及其中一名主要股東亦就該等銀行融資提供擔保。

於二零一七年六月三十日，所抵押的投資物業及貿易應收款項之金額為401,912,000港元（二零一六年十二月三十一日：387,548,000港元）及56,000港元（二零一六年十二月三十一日：1,151,000港元）。

12. OPERATING LEASE COMMITMENTS

The Group leases its office properties in Hong Kong under operating lease arrangements with leases negotiated for terms ranging from one to two years.

At 30 June 2017, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

12. 經營租約承擔

本集團根據經營租約安排租用香港辦公室物業，所議定之租期介乎一至兩年。

於二零一七年六月三十日，根據於下列期間到期之不可撤銷經營租約，本集團之未來應付最低租金總額如下：

		Group 本集團	
		30 June 2017 二零一七年 六月三十日 (Unaudited) (未經審核) HK\$'000 千港元	31 December 2016 二零一六年 十二月三十一日 (Audited) (經審核) HK\$'000 千港元
Within one year	於一年內	1,999	2,039
In the second to fifth years, inclusive	第二至第五年 (包括首尾兩年)	-	818
		1,999	2,857

13. COMMITMENTS

At the end of the reporting period, the Group had contracted, but not provided for commitments in respect of construction works relating to investment properties amounting to approximately HK\$1,446,000 (31 December 2016: HK\$1,746,000).

13. 承擔

於報告完結日，本集團已就投資物業相關之建築工程已訂約，但尚未撥備之承擔約為1,446,000港元(二零一六年十二月三十一日：1,746,000港元)。

14. LITIGATIONS

(a) Pursuant to the terms of the relevant joint venture agreement, the joint venture period of Guangzhou Zheng Da Real Estate Development Company Limited (廣州市正大房地產開發有限公司) (“GZ Zheng Da”) was initially set for a term of 15 years commencing from 31 December 1993 to 31 December 2008 and can be further extended at the request of either foreign or sino partner upon maturity. In December 2008, both GZ Zheng Da and its foreign partner, Zheng Da Real Estate Development Company Limited (正大房地產開發有限公司) (“HK Zheng Da”), agreed to extend the joint venture period by 15 years with effect from 1 January 2009 in accordance with the provisions of the articles of GZ Zheng Da but its sino partner, 越秀房地產開發經營公司 (“越秀國企”) had then become dormant a couple of years ago and therefore its consent could not be obtained. On the other hand, it appeared that another enterprise namely 越秀房地產開發經營有限公司 (“越房私企”), a privately owned enterprise, which acquired certain assets (but interest in GZ Zheng Da not included) from 越秀國企 some years ago, claimed that it had taken up certain interest in GZ Zheng Da from 越秀國企, but that was not the case. As such, in late December 2008, GZ Zheng Da served a writ against 越房私企 at the Guangdong Provincial Guangzhou Municipal Yuexiu District People’s Court (廣東省廣州市越秀區人民法院) (“Yuexiu Court”) demanding for confirmation of disqualification of 越房私企 from the sino partnership (if any) of the subject joint venture.

14. 訴訟

(a) 按相關合作企業協議之條款，廣州市正大房地產開發有限公司(「廣州正大」)之合作期限由一九九三年十二月三十一日至二零零八年十二月三十一日止初步為期十五年，並可根據中外合作方任何一方於到期時提出續期之要求。於二零零八年十二月，廣州正大及其外資合作方正大房地產開發有限公司(「香港正大」)均已按廣州正大章程條文之規定，同意延長合作期限十五年，由二零零九年一月一日起生效，但越秀房地產開發經營公司(「越秀國企」)。(中方)當時在多年前已休止業務，因此無法獲得其同意。另一方面，據稱另一間名為越秀房地產開發經營有限公司(「越房私企」)之企業(該公司為私營公司，多年前曾向越秀國企購入若干資產(但不包括廣州正大之任何權益)聲稱其已從越秀國企取得廣州正大之權益，但這並非實情。有鑑於此，廣州正大於二零零八年十二月下旬入稟廣東省廣州市越秀區人民法院(「越秀區法院」)，要求確認取消越房私企在有關合作企業之中方資格(如有)。

14. LITIGATIONS (Cont'd)

(a) (Cont'd)

The relevant judgement was issued in July 2009 with rulings endorsing the forfeiture of the partnership qualification and legal entitlements of 越房私企 in the subject joint venture. 越房私企 then filed an appeal petition (the “Zheng Da Appeal”) at the Guangdong Provincial Guangzhou Municipal Intermediate People’s Court (廣東省廣州市中級人民法院) (“Guangzhou Court”) in August 2009. A hearing was made in October 2009 and no further hearings had been made since then. Both GZ Zheng Da and HK Zheng Da have not yet received a valid judgement in writing issued by the Guangzhou Court in accordance with the relevant PRC laws and due judicial procedures. Both GZ Zheng Da and HK Zheng Da had dialogues with the relevant court officials from time to time and are looking forward to receiving a formal and legally valid verdict, notice or directive in relation to the Zheng Da Appeal to be granted by the Guangzhou Court or its higher court in accordance with the relevant PRC laws and due judicial procedures, but no such verdict or directive in proper manner was received up-to-date.

14. 訴訟(續)

(a) (續)

有關裁決已於二零零九年七月公佈，認同越房私企已喪失有關合營企業中合作資格及法律權利。其後，越房私企於二零零九年八月向廣東省廣州市中級人民法院（「廣州市中院」）提出上訴（「正大上訴」）。於二零零九年十月進行了一次聆訊後並無進行任何聆訊。廣州正大及香港正大尚未收到廣州市中院根據相關中國法律及正當司法程序發出之書面有效裁決。廣州正大及香港正大不時與法院人員對話並現正等候廣州市中院或更高級法院按相關中國法律及正當司法程序就正大上訴作出正式而在法律上有效之判決、通知或指示，但至今尚未收到相關正式的判決或指示。

14. LITIGATIONS (Cont'd)

(a) (Cont'd)

Taking into account the rulings granted by the Yuexiu Court in July 2009, the facts and legal grounds substantiated at the first hearing of the Zheng Da Appeal, and the opinion given by the PRC legal counsels and advisers, the Company remains optimistic in obtaining a favourable judgement in the Zheng Da Appeal.

Further details about the developments of, and events incidental to, the Zheng Da Appeal were disclosed in the Company's announcements dated 25 March 2013 and 27 June 2017.

- (b) In October 2013, the Guangzhou Municipal Administration of National Resources and Property Bureau (廣州市國土資源和房屋管理局) (the "Property Administrative Bureau") issued two rulings on property demolition (房屋拆遷決定書) (the "Compensation Rulings") to GZ Zheng Da pertaining to two compensation and resettlement cases for property demolition (房屋拆遷補償安置個案). The Compensation Rulings concluded that GZ Zheng Da was liable to pay an one-off cash compensation in an aggregate amount of about RMB27,600,000 (equivalent to HK\$31,740,000 as at 30 June 2017) (the "Cash Compensation") to a group of claimants (the "Claimants").

14. 訴訟(續)

(a) (續)

考慮到越秀區法院於二零零九年七月作出之裁決、首次上訴聆訊上所有經證實的事實及法律理據以及中國律師及法律顧問作出的意見，本公司對在正大上訴案件中獲得有利判決仍然樂觀。

正大上訴之進展詳情及後續事項已於日期為二零一三年三月二十五日及二零一七年六月二十七日之本公司公告內披露。

- (b) 於二零一三年十月，廣州市國土資源和房屋管理局(「房管局」)就兩宗房屋拆遷補償安置個案，向廣州正大發出兩份房屋拆遷決定書(「補償決定」)。補償決定認為，廣州正大須向一千申索人(「申索人」)等支付一次性總額約人民幣27,600,000元(於二零一七年六月三十日相當於31,740,000港元)的現金補償(「現金補償」)。

14. LITIGATIONS (Cont'd)

(b) (Cont'd)

In March 2014, the Guangzhou Municipal People's Government (廣州市人民政府) (the "Guangzhou Government") issued two rulings on administrative review (行政覆議決定書) revoking the Compensation Rulings. As a result, GZ Zheng Da's obligation of paying the Cash Compensation was discharged.

In June 2015, the Guangzhou Court issued two rulings on administrative proceedings (行政裁定書) declining the appeal made by the Claimants against the Guangzhou Government's rulings.

In December 2015, Guangdong Provincial Higher People's Court (廣東省高級人民法院) (the "Guangdong Court") issued two rulings on administrative proceedings (行政裁定書) to the effect that (i) the Guangzhou Court's rulings were withdrawn; and (ii) the Guangzhou Court was ordered to re-hear the Claimants' appeal against the Guangzhou Government's rulings. As at the date of this report, the re-trial was not yet heard.

14. 訴訟(續)

(b) (續)

於二零一四年三月，廣州市人民政府(「廣州市政府」)發佈兩份行政覆議決定書，撤銷補償決定。因此，廣州正大支付現金補償之責任已解除。

於二零一五年六月，廣州市中院頒佈兩項行政裁定書，駁回申索人針對廣州市政府裁定的上訴。

於二零一五年十二月，廣東省高級人民法院(「廣東省高院」)頒佈兩項行政裁定書，宣佈(i)撤回廣州市中院的裁決；及(ii)命令廣州市中院再審申索人針對廣州市政府裁定的上訴。於本報告日期，再審尚未開審。

14. LITIGATIONS (Cont'd)

(b) (Cont'd)

Taking into account the latest rulings granted by the Guangzhou Government, the facts and legal grounds substantiated, and the opinion given by the PRC legal counsels and adviser, the Company remains optimistic in obtaining a favourable judgement in the re-trial.

- (c) In 2011, two plaintiffs, together with Chongqing Smart Hero Real Estate Development Company Limited ("CQ Smart Hero"), an indirect wholly-owned subsidiary of the Company, in its capacity as the third plaintiff, served a writ of summons against a third party (the "Third Party") at the Yuexiu Court in relation to a contract dispute (合同糾紛). The case was subsequently redirected to the Guangzhou Court for trial for the reason of jurisdiction of court. In September 2013, the Guangzhou Court ruled that CQ Smart Hero was liable to pay an accrued interest in an aggregate amount of approximately RMB10,500,000 to the Third Party. Subsequently, CQ Smart Hero, together with two plaintiffs, filed an appeal against the Guangzhou Court's rulings at the Guangdong Court.

14. 訴訟(續)

(b) (續)

經考慮廣州市政府頒佈的最新裁定，經證實的事實及法律依據，以及中國法律顧問給出的意見，本公司對在再審中獲得有利裁決表示樂觀。

- (c) 於二零一一年，兩名原告，連同重慶超霸房地產開發有限公司（「重慶超霸」）（彼為本公司之間接全資附屬公司）以第三原告身份，就一宗合同糾紛在越秀區法院向第三方（「第三方」）提出起訴。該案件隨後因法院管轄權限理由被轉介至廣州市中院審理。於二零一三年九月，廣州市中院裁定，重慶超霸須向第三方支付應計利息約人民幣10,500,000元。重慶超霸連同兩名原告隨後於廣東省高院針對廣州市中院的判決提起上訴。

14. LITIGATIONS (Cont'd)

(c) (Cont'd)

In June 2015, the Guangdong Court upheld the Guangzhou Court's rulings but the claim that was liable to be borne by CQ Smart Hero was reduced to approximately RMB4,200,000. The Guangdong Court's rulings are final and absolute unless being revoked by judicial review (復審).

The PRC legal counsel of CQ Smart Hero was of the view that judicial errors were made in the Guangdong Court's rulings and therefore were justifiable for pursuing judicial review (復審) with an aim to revoking its rulings. However, CQ Smart Hero, after careful and due considerations, concluded that additional management time and legal costs to be incurred would probably override the economic benefits to be derived from a favourable verdict of judicial review, if any, and resolved not to pursue the case further.

In February 2016, the Guangzhou Court confined the claim amount to approximately RMB3,743,000, and a provision of the same amount has been fully made in the Company's consolidated financial statements for the year ended 31 December 2015.

Since then, CQ Smart Hero is in the process of negotiation with the Third Party for settlement arrangement, and hence the claim remained unsettled as at 30 June 2017.

14. 訴訟(續)

(c) (續)

於二零一五年六月，廣東省高院維持廣州市中院的原判，但重慶超霸承擔的申索減少至約人民幣4,200,000元。廣東省高院的裁定是最終決定，除非經復審撤銷。

重慶超霸的中國法律顧問認為，廣東省高院的裁定存在司法錯誤，因此尋求復審以撤銷其裁定是合理的。然而，重慶超霸經過審慎考慮後最終認為，所產生的額外時間成本及法律費用可能超過復審有利裁決帶來的經濟利益(如有)，並決定不再繼續尋求復審。

於二零一六年二月，廣州市中院將申索金額控制在約人民幣3,743,000元，以及於本公司於截至二零一五年十二月三十一日止年度綜合財務報表已全數撥備相同金額。

自此，重慶超霸正在就償付安排與第三方磋商，因此，於二零一七年六月三十日，該申索金額仍未結清。

14. LITIGATIONS (Cont'd)

- (d) In April 2014, two civil claims were filed against CQ Smart Hero by a third party (the “CQ Third Party”) at Chongqing Municipal Yuzhong District People’s Court (重慶市渝中區人民法院) (the “Yuzhong Court”) for an aggregate amount of about RMB5,167,000 plus accrued interests and costs. According to the writs, the CQ Third Party claimed certain damages in relation to a tenancy agreement executed between CQ Smart Hero and another third party in 2007 (the “Lease”). The CQ Third Party is neither a party to the Lease nor the beneficial or registered owner of the subject property under the Lease but claims to be the assignee of the Lease.

In February and March 2015, the Yuzhong Court respectively ruled that CQ Smart Hero was liable to compensate to the CQ Third Party in respect of both claims (the “Claims”). CQ Smart Hero then filed two appeals against the Yuzhong Court’s rulings at the Chongqing Municipal Fifth Intermediate People’s Court (重慶市第五中級人民法院) (the “Chongqing Court”).

In May and August 2015, both appeals raised by CQ Smart Hero were turned down by the Chongqing Court. The Chongqing Court’s rulings are final and absolute unless being revoked by judicial review (復審).

14. 訴訟(續)

- (d) 於二零一四年四月，一名第三方(「重慶第三方」)於重慶市渝中區人民法院(「渝中區法院」)就總額約人民幣5,167,000元加應計利息及成本對重慶超霸提起兩項民事索賠。根據該等令狀，重慶第三方就重慶超霸與另一名第三方於二零零七年簽訂之租賃合同(「租約」)申索若干損害賠償。重慶第三方既非租約之訂約一方，亦非租約項下標的物業之實益或註冊擁有人，但其自稱為租約之受讓人。

於二零一五年二月及三月，渝中區法院分別裁定，重慶超霸須就兩項申索(「該等申索」)向重慶第三方作出賠償。重慶超霸在重慶市第五中級人民法院(「重慶法院」)對渝中區法院的裁決提出兩項上訴。

於二零一五年五月及八月，重慶超霸提起的上訴遭重慶法院駁回。重慶法院的裁定是最終決定，除非經復審撤銷。

14. LITIGATIONS (Cont'd)

(d) (Cont'd)

The PRC legal counsel of CQ Smart Hero was of the view that judicial errors were made in the Chongqing Court's rulings and therefore were justifiable for pursuing judicial reviews with an aim to revoking its rulings. However, CQ Smart Hero, after careful and due considerations, concluded that additional management time and legal costs to be incurred would probably override the economic benefits to be derived from a favourable verdict of judicial review, if any, and resolved not to pursue the case further.

The aggregate amount payable by CQ Smart Hero for the Claims would be approximately RMB2,467,000, and a provision of the same amount has been fully made in the Company's consolidated financial statements for the year ended 31 December 2015.

In September 2016, CQ Smart Hero fully settled the Claims to the CQ Third Party for discharging its legal obligations in full.

14. 訴訟(續)

(d) (續)

重慶超霸的中國法律顧問認為，重慶法院的裁定存在司法錯誤，因此尋求複審以撤銷其裁定是合理的。然而，重慶超霸經過審慎考慮後最終認為，所產生的額外時間成本及法律費用可能超過復審有利裁決帶來的經濟利益(如有)，並決定不再繼續尋求復審。

重慶超霸應付申索總金額將約為人民幣2,467,000元，以及於本公司於截至二零一五年十二月三十一日止年度綜合財務報表已全數撥備相同金額。

於二零一六年九月，重慶超霸向重慶第三方悉數結算索賠金額以充分履行其法律責任。

14. LITIGATIONS (Cont'd)

- (e) During the year ended 31 December 2015, the Guangzhou Urban Management Integrated Enforcement Bureau Yuexiu Sub-Bureau (廣州市城市管理綜合執法局越秀分局) (the “Enforcement Bureau”) issued a ruling on administrative disposition of illegal erection (違法建築行政處理決定書) (the “Ruling”) to GZ Zheng Da to the effect that a 2-storey non-permanent commercial podium with a total usable area of about 14,700 square meter situated in the Yuexiu District was required to be demolished by GZ Zheng Da. In the Ruling, the Enforcement Bureau concluded, inter alia, that the subject property was deemed as an illegal erection as its occupancy permit had been expired. The Ruling, however, did not elaborate further why the renewal of the occupancy permit was not granted.

14. 訴訟(續)

- (e) 截至二零一五年十二月三十一日止年度，廣州市城市管理綜合執法局越秀分局(「執法局」)向廣州正大發出違法建築行政處理決定書(「決定書」)，要求廣州正大拆除位於越秀區可用總面積約14,700平方米的2層高非永久商業裙樓。在決定書中，執法局認定(其中包括)因其佔用許可證已屆滿，標的物業被視作違法建築。然而，決定書並未詳細解釋佔用許可證沒有獲批續期的原因。

14. LITIGATIONS (Cont'd)

(e) (Cont'd)

Notwithstanding the subject property is classified as non-permanent erection pending for re-development, it had obtained approvals and permits for town planning, construction, inspection, occupancy and fire safety from all relevant government authorities up-to-date and hence its standards for building and fire safety are comparable to those standards for permanent erections. In addition, GZ Zheng Da is of the view that the subject property would not be deemed as illegal erection if the occupancy permit could be reasonably renewed as permitted under the relevant laws and regulations and hence the prosecution in question should be immune.

As such, GZ Zheng Da, together with six co-operative parties, served a writ against the Ruling at the Yuexiu Court in November 2015. The petition was declined by the Yuexiu Court in May 2016. GZ Zheng Da, together with six co-operative parties, filed an appeal against the Yuexiu Court's ruling at the Guangzhou Railway & Transportation Intermediate Court (廣州鐵路運輸中級法院) ("GZ Railway Court") in June 2016. In May 2017, the GZ Railway Court made a ruling and rescinded both the Yuexiu Court's verdict and the Ruling. Accordingly, the 2-storey non-permanent commercial podium owned by GZ Zheng Da is not subject to demolition at this stage.

14. 訴訟(續)

(e) (續)

儘管標的物業被分類為待重建的非永久建築物，其已從所有相關政府部門獲得城鎮規劃、建設、驗收、佔用及防火安全的最新批准及許可，因此其建築及防火安全標準與永久建築物的標準並無兩樣。此外，廣州正大認為，倘若根據相關法律及法規所允許的條件，佔用許可證得以合理獲得續期，則標的物業不會被視作違法建築物，這樣，上述起訴應可免除。

因此，廣州正大，連同六名合作方，於二零一五年十一月向越秀區法院送達針對決定書的令狀。呈請遭越秀區法院於二零一六年五月拒絕受理。廣州正大，連同六名合作方，於二零一六年六月在廣州鐵路運輸中級法院(「廣州鐵路法院」)對越秀區法院的判決提起上訴。於二零一七年五月，廣州鐵路法院作出判決及撤銷越秀區法院的裁決及決定書。因此，廣州正大擁有的2層高非永久商業裙樓現階段不須拆除。

15. RELATED PARTY TRANSACTIONS

In addition to the related party transactions and balances with related parties as detailed elsewhere in the financial statements, the Group also incurred an interest expense of HK\$2,827,000 in respect of a loan from a director during the Period. Currently, the interest rate of that loan from a director is 7.821% per annum.

15. 關連人士交易

除本財務報表其他詳述之關連人士交易及關連人士結存外，本集團亦於期間產生董事貸款之利息支出2,827,000港元。現時，董事貸款的利率為每年7.821厘。



REVIEW OF RESULTS

The Group's consolidated turnover for the Period was HK\$19,323,000, which is almost the same level compared with the same period last year (30 June 2016: HK\$18,088,000). The Group's profit for the Period was HK\$484,000 (30 June 2016: HK\$295,000). The Group's loss attributable to equity shareholders was HK\$3,142,000 for the Period (30 June 2016: loss of HK\$2,448,000).

BUSINESS REVIEW

The Company is an investment holding company. Its subsidiaries are principally engaged in property investment and development in Mainland China and have two property interests, one in Chongqing (重慶市) and the other in Guangzhou (廣州市).

Guang Yu Square (港渝廣場), a 15-storey commercial building, is situated at the most prime commercial area at Chaotianmen (朝天門), Yuzhong District (渝中區), Chongqing (重慶市). Chaotianmen is one of the major clothing wholesale points in Chongqing while Guang Yu Square is the most popular men's clothing and footwear wholesale centre in the region.

業績回顧

本集團期間之綜合營業額為19,323,000港元，與去年同期(二零一六年六月三十日：18,088,000港元)相比幾乎相同。本集團於期間之溢利為484,000港元(二零一六年六月三十日：295,000港元)。權益持有人於期間應佔本集團之虧損為3,142,000港元(二零一六年六月三十日：虧損2,448,000港元)。

業務回顧

本公司為一間投資控股公司。其附屬公司主要於中國大陸從物業投資及發展，並擁有兩項物業權益，一項位於重慶市及另一項位於廣州市。

港渝廣場為一幢15層商業樓宇，位於重慶市渝中區朝天門之黃金商業地段。朝天門為重慶市主要服裝批發集散點之一，而港渝廣場則為該地區最火紅的男士服裝及鞋類批發中心。

BUSINESS REVIEW (Cont'd)

The property interest in Guangzhou (廣州市) is situated at the most prime commercial area in Yuexiu District (越秀區), Guangzhou. It is planned that the development site will be developed into a versatile grade A commercial building complex with wholesale and exhibition hall facilities and with an objective to be the landmark of the Yuexiu District. The development site is comprised of three contiguous land parcels located at the east of Jiefang Road South (解放南路), to the south of Daxin Road (大新路), to the north of Yede Road (一德路) and to the west of Xieen Road (謝恩里), Yuexiu District and is wholly owned by Guangzhou Zheng Da Real Estate Development Company Limited (廣州市正大房地產開發有限公司) ("Guangzhou Zheng Da") which in turn Zheng Da Real Estate Development Co. Ltd. ("HK Zheng Da"), a private company incorporated in Hong Kong, has 100% interest.

Guangzhou Zheng Da was set up as a Sino-foreign joint venture by HK Zheng Da as the foreign partner and 越秀房地產開發經營公司 ("越秀國企"), a state-owned enterprise, as the Sino partner in Guangzhou in December 1993. Since its formation, 越秀國企 has not provided any capital or management support to Guangzhou Zheng Da to a material extent. Pursuant to the terms of the Enforcement Rules of the Joint Venture Agreement (合作合同實施細則) (the "Enforcement Rules") executed in 1994, 越秀國企 agreed to surrender its entire interest in Guangzhou Zheng Da except those benefits specified in the Enforcement Rules and therefore HK Zheng Da assumed 100% interest in Guangzhou Zheng Da. 越秀國企 is an independent third party.

業務回顧(續)

廣州市物業權益位於廣州市越秀區黃金商業地區。該地盤將發展多功能甲級商業樓宇，並設有批發及展銷廳設施，並可望成為越秀區之地標建築。該地盤包括三幅位於越秀區解放南路以東、大新路以南、一德路以北及謝恩里以西之相連土地塊，由廣州市正大房地產開發有限公司（「廣州正大」）全資擁有，而廣州正大則由正大房地產開發有限公司（「香港正大」，一間於香港成立的私人公司）擁有100%權益。

廣州正大乃由香港正大（外資合作方）及越秀房地產開發經營公司（「越秀國企」，國有企業）作為中方合作方於一九九三年十二月在廣州成立之中外合作企業。自其成立以來，越秀國企基本上未曾向廣州正大出資或在管理上作出配合。根據於一九九四年簽訂之合作合同實施細則（「實施細則」）之條款，除實施細則中所指定之可獲分配利益外，越秀國企同意放棄其於廣州正大之所有權益，因此，香港正大取得廣州正大100%權益。越秀國企為獨立第三方。

BUSINESS REVIEW (Cont'd)

The Group acquired a 25% indirect interest in HK Zheng Da in December 2007 while the remaining 75% interest to be completed by the Group not later than 30 June 2018 at an aggregate consideration of RMB1,361,100,000 (approximately HK\$1,565,265,000 as at 30 June 2017). Details of the intended acquisition, including terms and conditions, consideration and settlement mechanism, and their amendments thereafter were disclosed in the Company's circular dated 26 November 2007 and the Company's subsequent announcements, latest of which dated 26 May 2017 (primarily refers to the deferment of the long stop date for completion of the acquisition from 31 March 2009 to 30 June 2018).

Pending for re-developing into a commercial complex, the development site is presently comprised of a 2-storey non-permanent commercial podium and a car park for loading and offloading inventory. With a history of over one century for footwear business in the area surrounding the development site, the commercial podium is regarded as the most popular footwear boutique showcase and wholesale centre in Guangzhou.

業務回顧(續)

本集團於二零零七年十二月收購香港正大25%之間接權益，餘下75%之權益擬由本集團於不遲於二零一八年六月三十日完成收購，總代價為人民幣1,361,100,000元（於二零一七年六月三十日約相當於1,565,265,000港元）。建議收購事項之詳情（包括條款及條件、代價及支付方式以及彼等其後之修訂）乃披露於本公司於二零零七年十一月二十六日刊發之通函及本公司隨後公告，最近公告為於二零一七年五月二十六日發表之公告（主要提述將完成收購之最後截止日期從二零零九年三月三十一日遞延至二零一八年六月三十日）。

在商場落成之前，該地盤目前包括一幢兩層高之非永久性商場及方便裝卸貨存之停車場。由於該地盤周圍地區已有過百年鞋業集散地之歷史，該商場現成為廣州最暢旺的鞋類批發中心。

BUSINESS REVIEW (Cont'd)

The development project was initially planned to be completed within a period of 15 years but its progress was interrupted by the modifications of municipal planning in the region from time to time in the past years. Pursuant to the terms of the relevant joint venture agreement, the joint venture period of Guangzhou Zheng Da is from 31 December 1993 to 31 December 2008 and can be further extended at the request of either foreign or sino partner upon maturity. In December 2008, both Guangzhou Zheng Da and its foreign partner, HK Zheng Da, agreed to extend the joint venture period by 15 years with effect from 1 January 2009 in accordance with the provisions of the articles of Guangzhou Zheng Da but 越秀國企, its sino partner and a state-owned enterprise, had become dormant a couple of years ago and therefore its consent could not be obtained. On the other hand, it appeared that another enterprise named 越秀房地產開發經營有限公司 (“越房私企”), a privately owned enterprise which acquired certain assets (but interest in Guangzhou Zheng Da not included) from 越秀國企 some years ago, claimed that it had taken up the interest in Guangzhou Zheng Da from 越秀國企, but that was not the case. As such, In late December 2008, Guangzhou Zheng Da, served a writ against 越房私企 at the Yuexiu District People's Court (越秀區人民法院) demanding for confirmation of disqualification of 越房私企 from the sino partnership (if any) of the subject joint venture. Details of which are disclosed in Note 14(a) to the unaudited consolidated results of the Company above.

LITIGATIONS

Details of the litigations are disclosed in note 14 to the unaudited results of the Company above.

業務回顧 (續)

該項目原訂於十五年內完成，但由於過去多年越秀區政府不時修訂區內市政規劃以致工程進度受到延誤。按相關合作企業協議之條款，廣州正大之合作期限由一九九三年十二月三十一日至二零零八年十二月三十一日止，並可根據中外合作方任何一方於到期時提出續期之要求。於二零零八年十二月，廣州正大及其外資合作方香港正大均已按廣州正大章程條文之規定，同意延長合作期限十五年，由二零零九年一月一日起生效，但越秀國企(中資合作方及國有企業)在多年前已休止業務，因此無法獲得其同意。另一方面，據稱另一間名為越秀房地產開發經營有限公司(「越房私企」)之企業(該公司為私營公司，多年前曾向越秀國企購入若干資產(但不包括廣州正大之任何權益)聲稱其已從越秀國企取得廣州正大之部份權益，但這並非實情。有鑑於此，於二零零八年十二月底，廣州正大入稟廣東省廣州市越秀區人民法院(「越秀區法院」)，要求確認取消越房私企在有關標的合作企業之中方資格(如有)，詳情載於上文本公司未經審核綜合業績附注14(a)。

訴訟

有關訴訟之詳情乃於上文本公司未經審核業績附註14內披露。

ALLEGED “LIQUIDATION PETITION” AGAINST GZ ZHENG DA

Public Database of GZ Zheng Da Corporation Information indicates information of alleged “Liquidation Provisional Filed (清算備案)”

Pursuant to the Provisional Rules of Public Notice of Corporate Information of People’s Republic of China (中華人民共和國企業信息公示暫行條例) newly enacted in October 2014, the Public Database of National Enterprise Credit Information (Guangdong) (全國企業信用信息公示系統 (廣東)) on GZ Zheng Da downloaded in March 2015 reveals certain newly appeared information under the Provisional Filing Information Column (備案信息欄目) viz “Liquidation Information (清算信息)”, “Liquidation Officer-In-Charge He Wei (清算負責人何偉)” and “Member of Liquidation Committee Guangdong Guoding Law Firm (清算組成員廣東國鼎律師事務所)”. With effect from August 2016, the Public Database of National Enterprise Credit Information (Guangdong) (全國企業信用信息公示系統 (廣東)) was restructured as the National Enterprise Credit Information Publicity System (國家企業信用信息公示系統) with a more user friendly reporting format. Since August 2016, the Guangzhou Administration for Industry & Commerce Bureau (廣州市工商行政管理局) (the “AIC Bureau”) ceased to provide public search service for Business Record Information (商事登記信息). The new National Enterprise Credit Information Publicity System (國家企業信用信息公示系統) on GZ Zheng Da downloaded in March 2017 contained similar information as disclosed in former reports including “Member of Liquidation Committee Guangdong Guoding Law Firm (清算組成員廣東國鼎律師事務所)”. In addition, the new report reveals that the registration status (登記狀態) of GZ Zheng Da is “enterprise in business (open) (在營 (開業) 企業)” and the authorised representative (法定代表人) is “Ho Kam Hung”.

對廣州正大發出之所謂「清算呈請」

廣州正大企業信息公示系統出現所謂「清算備案」信息

根據二零一四年十月新制定的中華人民共和國企業信息公示暫行條例，於二零一五年三月下載的在全國企業信用信息公示系統 (廣東) 的公示資料庫顯示，廣州正大的備案信息欄目下出現若干新信息，即「清算信息」、「清算負責人何偉」及「清算組成員廣東國鼎律師事務所」。由二零一六年八月起，全國企業信用信息公示系統 (廣東) 調整為國家企業信用信息公示系統，報告格式更加互助。自二零一六年八月以來，廣州市工商行政管理局 (「工商局」) 不再提供商事登記信息公共搜尋服務。二零一七年三月在新的國家企業信用信息公示系統下載有關廣州正大的資料，包含舊報告所討論的相同資料，包括「清算組成員廣東國鼎律師事務所」。此外，新報告顯示，廣州正大的登記狀態為「在營 (開業) 企業」以及法定代表人為「何鑑雄」。

ALLEGED “LIQUIDATION PETITION” AGAINST GZ ZHENG DA (cont’d)

Public Database of GZ Zheng Da Corporation Information indicates information of alleged “Liquidation Provisional Filed (清算備案)” (cont’d)

According to the Corporate Registration Information Memorandum (企業登記資料包) obtained from the AIC Bureau by GZ Zheng Da (being exclusive information to the subject corporation), a third party namely Guangdong Guoding Law Firm (廣東國鼎律師事務所) (“Guoding”) filed an Application Form for Notification of Change (Provisional Filing) of Foreign Investment Enterprise (外商投資企業變更 (備案) 登記申請書) (the “Application Form”), together with a copy of purported order of the Guangzhou Court (廣東省廣州市中級人民法院決定書) (the “Purported Court Order”) as supporting document, to the AIC Bureau without the prior acknowledgment nor consent of GZ Zheng Da in September 2011. The Application Form requested for filing of “Provisional Filing of Member of the Liquidation Committee (清算組成員備案)” and “Provisional Filing of Liquidation Officer-In-Charge (清算負責人備案)” in the corporate information database of GZ Zheng Da at the AIC Bureau. Copy of the Purported Court Order stated that “the court has nominated Guoding as the liquidation committee to proceed with the liquidation of GZ Zheng Da in accordance with the law (已指定國鼎組成清算組，依法對廣州正大進行清算)”.

對廣州正大發出之所謂「清算呈請」(續)

廣州正大企業信息公示系統出現所謂「清算備案」信息 (續)

根據從工商局獲得的廣州正大企業登記資料包(該主體公司的獨有信息)披露，一名第三方，即廣東國鼎律師事務所(「國鼎」)在未有事前通知廣州正大及未獲廣州正大同意下於二零一一年九月向工商局提交了外商投資企業變更(備案)登記申請書(「申請書」)，並附上廣東省廣州市中級人民法院決定書(「所謂法院決定」)副本作為證明文件，該申請書要求工商局在廣州正大企業信息中將「清算組成員備案」和「清算負責人備案」備案。該所謂法院決定副本引稱：「法院已指定國鼎組成清算組，依法對廣州正大進行清算」。

ALLEGED “LIQUIDATION PETITION” AGAINST GZ ZHENG DA (cont’d)

Public Database of GZ Zheng Da Corporation Information indicates information of alleged “Liquidation Provisional Filed (清算備案)” (cont’d)

GZ Zheng Da confirmed to the Company that it had never authorised, appointed or instructed Guoding or He Wei to file or handle such application, nor granted consent to such application thereafter. GZ Zheng Da and HK Zheng Da, being the equity holder of GZ Zheng Da holding 100% interest therein, also confirmed to the Company that they had never been served any statements of instigation of proceedings, notice of summons or notice of judgement, orders (including the Purported Court Order or order of a similar nature) or written judgement(s) in relation to liquidation petition or of a similar nature (the “Purported Liquidation Petition Case”) from the Guangzhou Court in accordance with the prevailing PRC laws and regulations and due judicial procedures. Both the Company and GZ Zheng Da further confirmed that they were unable to find any “public official record” about the Purported Liquidation Petition Case (not even the relevant case number) from the official database or public notice board of the Guangzhou Court so far.

According to the Purported Court Order, it appears that the purported liquidation petition was instituted by 越房私企, a third party neither had any equity or any other interests in GZ Zheng Da nor was a creditor of GZ Zheng Da. Hence, the PRC legal counsel of GZ Zheng Da considers that 越房私企 unlikely meets the pre-requisite conditions for filing a liquidation petition against GZ Zheng Da pursuant to the prevailing company laws and regulations of PRC.

對廣州正大發出之所謂「清算呈請」(續)

廣州正大企業信息公示系統出現所謂「清算備案」信息(續)

廣州正大向本公司確認，其從未授權、委任或指示國鼎或何偉呈交或處理類似申請，事後亦沒有同意類似申請。廣州正大及香港正大(作為廣州正大100%權益持有人)亦向本公司確認，從來沒有收到按中華人民共和國現行法律和法規及正當司法程序，由廣州市中院發出的有關清算呈請或類似(「所謂清算呈請案件」)的起訴書、傳票或判決、命令(包括所謂法院決定或類似性質的命令)或書面裁定書。本公司及廣州正大均進一步證實，彼等至今無法從廣州市中院官方網站或公告板找到有關所謂清算呈請案件的任何「公開官方記錄」(甚至沒有相關案號)。

根據所謂法院決定，所謂清算呈請顯然是由越房私企(一名第三方，既沒有在廣州正大擁有任何權益或任何其他利益，亦不是廣州正大的債權人)提起的。因此，廣州正大的中國法律顧問認為，根據現行的中國公司法及法規，越房私企並不具備先決條件向廣州正大呈交清算呈請。

ALLEGED “LIQUIDATION PETITION” AGAINST GZ ZHENG DA (cont’d)

Public Database of GZ Zheng Da Corporation Information indicates information of alleged “Liquidation Provisional Filed (清算備案)” (cont’d)

Based on the record and facts known to the Company and GZ Zheng Da and having taken PRC legal advice, both the Company and GZ Zheng Da are of the view that (i) the legal proceedings of the Purported Liquidation Petition Case (if any) do not conform to the legal provisions and judicial procedures in PRC; (ii) the Purported Court Order (if any) is not effective disposition of the matter to which it purportedly relates and thus is invalid and void; and (iii) the purported authority of the so-called liquidation committee of GZ Zheng Da is derived from the Purported Court Order which is invalid and void. Therefore, Guoding does not have the lawful authority to proceed with liquidation of GZ Zheng Da or file corporate information about GZ Zheng Da with the AIC Bureau (or for any other purposes) for and on behalf of GZ Zheng Da.

對廣州正大發出之所謂「清算呈請」(續)

廣州正大企業信息公示系統出現所謂「清算 備案」信息 (續)

基於本公司及廣州正大的記錄及所知事實並經採納中國法律意見後，本公司及廣州正大均認為(i)所謂清算呈請案件(如有)的法律程序並不符合中國法律規定及司法程序；(ii)所謂法院決定(如有)並非對其所指稱事項的有效裁決，因此屬依法無據及無法律效力；及(iii)該所謂廣州正大清算組的所謂授權源自依法無據及無法律效力的所謂法院決定。因此國鼎沒有合法授權對廣州正大進行清算及代表廣州正大向工商局呈交企業信息(或任何其他目的)。

ALLEGED “LIQUIDATION PETITION” AGAINST GZ ZHENG DA (cont’d)

Public Database of GZ Zheng Da Corporation Information indicates information of alleged “Liquidation Provisional Filed (清算備案)” (cont’d)

According to the relevant provisions of the Rules of Administration of Company Registration of People’s Republic of China (中華人民共和國公司登記管理條例) (the “Company Registration Rules”), the provisional filing of liquidation information with the AIC Bureau requires the consent of the subject company (with company chop shown on the application form) and other requisite legal documents, such as company dissolution documents (公司解散證明文件), as supporting documents. No such supporting documents nor GZ Zheng Da’s company chop were found on the Application Form submitted by Guoding. After taking PRC legal advice, both the Company and GZ Zheng Da consider that the Application Form submitted to the AIC Bureau by Guoding violates the relevant provisions of the Company Registration Rules to a material extent and the provisional filing under concern should be rendered “application declined (申請退回)”.

The business of GZ Zheng Da remains as usual and GZ Zheng Da’s latest tax return was filed in June 2017. Mr. Ho Kam Hung, an executive director of the Company, has been the legal representative of GZ Zheng Da since 1993.

Shareholders of the Company are urged to read the Company’s announcement dated 25 March 2013 about the lawful authority of the purported “liquidation committee of GZ Zheng Da” in question.

對廣州正大發出之所謂「清算呈請」(續)

廣州正大企業信息公示系統出現所謂「清算備案」信息 (續)

根據中華人民共和國公司登記管理條例(以下簡稱「公司登記條例」)的相關規定，於工商局作臨時清算備案，需得到有關公司的同意(即在申請書上蓋有公司的公章)和其他必要的法律文件(如公司解散證明文件)作為證明文件。在國鼎提交的申請書中並沒有相關證明文件及廣州正大的公章。經採納中國法律意見，本公司及廣州正大均認為，國鼎向工商局提交申請書嚴重違反了公司登記條例的相關規定，此有問題的臨時備案應被「申請退回」。

廣州正大的業務仍然正常，並已於二零一七年六月提交了報稅表。本公司之執行董事何鑑雄先生自一九九三年起一直為廣州正大之法定代表。

本公司促請股東參閱本公司於二零一三年三月二十五日有關所謂「廣州正大清算組」合法性一事的公告。

ALLEGED “LIQUIDATION PETITION” AGAINST GZ ZHENG DA (cont’d)

The second and unqualified Person appearing on the Demolition Permit and the Demolition Extension Notice

Since 2003, GZ Zheng Da has been granted the Qualified Person for Demolition and Relocation (拆遷人) (the “Qualified Person”) (which was required to demonstrate substantial capital resources, property development plan on hand, concrete property demolition and relocation plan pursuant to the provisions of Rules of Management of Urban Property Demolition and Relocation of Guangzhou Municipality (廣州市城市房屋拆遷管理條例) (the “Demolition Management Rules”)) and the Qualified Contractor for Demolition and Relocation (拆遷實施單位) (the “Qualified Contractor”) (which was required to demonstrate substantial hands-on experience in property demolition and relocation projects and hiring extensive construction and engineering professionals pursuant to the provisions of the Demolition Management Rules) by the Property Administration Bureau to the effect that GZ Zheng Da was empowered to demolish a property located in Yuexiu District, Guangzhou within about one year under the license of a property demolition and relocation permit (房屋拆遷許可證) (the “Demolition Permit”). Since then, GZ Zheng Da applied for extension of the Demolition Permit once every year and the Property Administration Bureau customarily renewed the Demolition Permit and the notice of extension of property demolition and relocation (房屋拆遷延期公告) (the “Demolition Extension Notice”) every subsequent year.

對廣州正大發出之所謂「清算呈請」(續)

拆遷許可證及拆遷延期公告出現第二及不合資質拆遷人

自二零零三年以來，廣州正大已獲房管局授予拆遷合資質拆遷人(「拆遷人」)(根據廣州市城市房屋拆遷管理條例(「拆遷管理條例」)的規定，此需要證明擁有豐厚資金、具體物業發展計劃、詳細拆遷計劃)及合資格拆遷承包商(「拆遷實施單位」)(根據拆遷管理條例的規定，此需要證明擁有豐富物業拆遷項目操作經驗，並聘請資深的施工及工程專業人員)，訂明廣州正大有權根據房屋拆遷許可證(「拆遷許可證」)於約一年內拆除位於廣州市越秀區的某些物業。此後，廣州正大每年申請延長拆遷許可證一次，且房管局通常於此後每年更新拆遷許可證及房屋拆遷延期公告(「拆遷延期公告」)。

ALLEGED “LIQUIDATION PETITION” AGAINST GZ ZHENG DA (cont’d)

The second and unqualified Person appearing on the Demolition Permit and the Demolition Extension Notice (cont’d)

The Demolition Extension Notices issued since 2014 contained new clauses which included, inter alia, an entity named “the liquidation committee of GZ Zheng Da (廣州正大清算組)” (the so-called “Liquidator”) as the secondary Qualified Person (第二拆遷人) and the secondary Qualified Contractor (第二拆遷實施單位) in addition to GZ Zheng Da which remained as the primary Qualified Person (第一拆遷人) and primary Qualified Contractor (第一拆遷實施單位). The Demolition Extension Notices also put a remark that “pursuant to the Purported Court Order, the Guangzhou Court nominated Guoding as the liquidation committee to proceed with the liquidation of GZ Zheng Da in accordance with the laws, and the demolition activities should be executed by the liquidation committee” (collectively the “New Clauses”).

GZ Zheng Da confirmed to the Company that it had no acknowledge of the New Clauses until the renewal of the said extension notices nor concurred with such New Clauses thereafter and hence raised objection to the Property Administration Bureau about the imposition of the New Clauses. No formal reply was obtained from the Property Administration Bureau so far.

對廣州正大發出之所謂「清算呈請」(續)

拆遷許可證及拆遷延期公告出現第二及不合 資質拆遷人(續)

自二零一四年頒佈之拆遷延期公告中載有新條款，包括(但不限於)除廣州正大仍作為第一拆遷人及第一拆遷實施單位外，一個名為「廣州正大清算組」(所謂「清算人」)作為第二拆遷人及第二拆遷實施單位。拆遷延期公告亦指出：「根據所謂法院決定，廣州市中院已指定國鼎組成清算組，依法對廣州正大進行清算，拆遷行為必須由清算組行使。」(統稱為「新條款」)。

廣州正大向本公司確認，其於上述延期公告更新前並不知悉新條款，且於其後亦不贊同該新條款，因此對房管局強加新條款提出反對。至今未收到房管局的正式回覆。

ALLEGED “LIQUIDATION PETITION” AGAINST GZ ZHENG DA (cont’d)

The second and unqualified Person appearing on the Demolition Permit and the Demolition Extension Notice (cont’d)

As such, an inhabitant to be vacated (被拆遷人) (the “Plaintiff”) filed administrative pleadings (行政訴訟) against the Property Administration Bureau at the Yuexiu Court in May 2014. The administrative pleadings demanded for the revocation of the Demolition Extension Notice on the ground that the Property Administration Bureau should not grant the demolition extension to both GZ Zheng Da and the so-called Liquidator simultaneously as it is against the common legal principle if GZ Zheng Da (which is subject to liquidation (if that is the case)) and the so-called Liquidator co-exist to engage in demolition activities. GZ Zheng Da, as one of the litigant participants, opposed to the grant of the qualified licenses to the so-called Liquidator as it was not lawfully constituted and the Property Administration Bureau would have breached the relevant provisions of the Demolition Management Rules if licenses were granted to unqualified entities for participating in the demolition business. The Yuexiu Court dismissed the petition of the Plaintiff in August 2014.

Both GZ Zheng Da and the Plaintiff then filed administrative appeals (行政上訴) against the Property Administration Bureau at the Guangzhou Court (the “Administrative Appeals”) thereafter based on similar grounds above. In June 2015, the Guangzhou Court issued the ruling on administrative proceedings (行政判決書) upheld the Yuexiu Court’s ruling. The Plaintiff then lodged a judicial review (行政申訴) against the Guangzhou Court’s ruling at the Guangdong Court, but the judicial review was declined by the Guangdong Court.

對廣州正大發出之所謂「清算呈請」(續)

拆遷許可證及拆遷延期公告出現第二及不合資質拆遷人(續)

因此，一名被拆遷人(「原告」)於二零一四年五月在越秀法院，對房管局提起行政訴訟。該行政訴訟要求撤回拆遷延期公告，訴求理由是房管局不應向廣州正大及所謂清算人同時授出拆遷延期，因為倘若接受清算(倘於此情況下)的廣州正大與所謂清算人並存從事拆遷活動，則有違正常法律原則。廣州正大作為訴訟與訟人反對向所謂清算人授出合資質許可證，乃因其並非合法組成，且倘若向不具合資質實體授出許可證參與拆遷業務，則房管局可能違反拆遷管理條例的相關規定。越秀法院於二零一四年八月駁回原告呈請。

廣州正大及原告隨後根據上述類似理據向廣州市中院對房管局提出行政上訴(「行政上訴」)。於二零一五年六月，廣州市中院發出行政判決書，維持越秀法院的原判。隨後原告於廣東省高院針對廣州市中院的裁定提交行政申訴，行政申訴遭廣東省高院拒絕受理。

ALLEGED “LIQUIDATION PETITION” AGAINST GZ ZHENG DA (cont’d)

The second and unqualified Person appearing on the Demolition Permit and the Demolition Extension Notice (cont’d)

After seeking PRC legal advice, both the Company and GZ Zheng Da consider that (i) both the Demolition Permits and the Demolition Extension Notices granted to GZ Zheng Da are legally valid permit and notice respectively despite their legal defects; (ii) the Yuexiu Court, the Guangzhou Court and the Property Administration Bureau all accept GZ Zheng Da as a separate legal entity; (iii) GZ Zheng Da remains as the Qualified Person and the Qualified Contractor and therefore can continue the demolition and relocation activities pursuant to the Demolition Permit; (iv) the purported authority of the so-called Liquidator is derived from the Purported Court Order which is invalid and void (please refer to the section headed “Public Database of GZ Zheng Da Corporation Information indicates information of alleged “Liquidation Provisional Filed (清算備案)”” above for further details); (v) the capacity of the so-called Liquidator does not exist until and when Guoding removes the legal representative of GZ Zheng Da; (vi) the so-called Liquidator technically cannot co-exist with GZ Zheng Da to engage in same business activities; (vii) a liquidator is not empowered to engage in the businesses other than those specified under Clause 184 of Companies Law of People’s Republic of China (中華人民共和國公司法), which do not include demolition and relocation businesses; (viii) a liquidator does not possess the pre-requisite qualifications (特定資質) and hands-on expertise in engaging in demolition and relocation businesses pursuant to the provisions of the Demolition Management Rules; and (ix) it appears that the Purported Court Order fundamentally does not provide that “the demolition activities should be executed by the liquidation committee”.

對廣州正大發出之所謂「清算呈請」(續)

拆遷許可證及拆遷延期公告出現第二及不合 資質拆遷人(續)

經尋求中國法律意見後，本公司及廣州正大認為：(i)儘管存有法律瑕疵，但授予廣州正大的拆遷許可證及拆遷延期公告乃屬合法有效的許可證及公告；(ii)越秀法院、廣州市中院及房管局仍視廣州正大為獨立法人實體；(iii)廣州正大仍然為拆遷人及拆遷實施單位，因此可根據拆遷許可證繼續從事拆遷活動；(iv)所謂清算人的所謂授權源自依法無據及無法律效力的所謂法院決定(有關進一步詳情請參考上文「廣州正大企業信息公示系統出現所謂「清算備案」信息」一節)；(v)直至及當廣州正大的法定代表被國鼎開除前，所謂清算人的身份並不存在；(vi)所謂清算人技術上不能與廣州正大共存而從事相同的業務活動；(vii)清算人無權從事除依據中華人民共和國公司法第184條指定者(其不包括拆遷業務)以外之業務；(viii)根據拆遷管理條例之規定，清算人不具備從事拆遷業務的特定資質及參與拆遷的專業經驗；及(ix)所謂法院決定顯然根本並無規定「拆遷活動應由清算組負責」指示。

FINANCIAL REVIEW

Liquidity and financial resources

The Group generally financed its businesses with internally generated cash flows and banking facilities during the Period. Cash and bank balances of the Group as at 30 June 2017 amounted to HK\$54,494,000 (31 December 2016: HK\$65,169,000). As at 30 June 2017 and 31 December 2016, there were no pledged deposits.

As at 30 June 2017, the Group had outstanding borrowings of approximately HK\$91,415,000 (31 December 2016: HK\$92,791,000) comprising interest-bearing bank loans amounted to HK\$17,838,000 (31 December 2016: HK\$21,773,000), and loan from a director amounted to HK\$73,577,000 (31 December 2016: HK\$71,018,000). Of the Group's interest-bearing bank loans, 42%, 38% and 20% respectively were repayable within one year or on demand, in the second year, and in the third to fifth years, inclusive.

As at 30 June 2017, the secured bank loans of HK\$17,838,000 (31 December 2016: HK\$21,773,000) of the Group bore interest at floating interest rate, out of which HK\$1,040,000 (31 December 2016: HK\$2,630,000) and HK\$16,798,000 (31 December 2016: HK\$19,143,000) were denominated in Hong Kong dollars and in Renminbi ("RMB"), respectively.

財務回顧

流動資金及財務資源

於期間內，本集團一般以內部產生之現金流及銀行信貸作為其運作所需資金。於二零一七年六月三十日，本集團之現金及銀行結存達54,494,000港元（二零一六年十二月三十一日：65,169,000港元）。於二零一七年六月三十日及二零一六年十二月三十一日，本集團並沒有已抵押存款。

於二零一七年六月三十日，本集團有未償還貸款約91,415,000港元（二零一六年十二月三十一日：92,791,000港元），包括計息銀行貸款17,838,000港元（二零一六年十二月三十一日：21,773,000港元）及董事貸款73,577,000港元（二零一六年十二月三十一日：71,018,000港元）。本集團的計息銀行貸款中，其中42%、38%及20%分別須於一年內或按要求、第二年及第三至第五年（包括首尾兩年）內。

於二零一七年六月三十日，本集團17,838,000港元（二零一六年十二月三十一日：21,773,000港元）有抵押銀行貸款以浮息計算利息。本集團1,040,000港元（二零一六年十二月三十一日：2,630,000港元）有抵押銀行貸款以港元定值以及16,798,000港元（二零一六年十二月三十一日：19,143,000港元）有抵押銀行貸款以人民幣定值。



FINANCIAL REVIEW (Cont'd)

Liquidity and financial resources (Cont'd)

The Group's gearing ratio as at 30 June 2017 was 0.02 (31 December 2016: 0.02), calculated based on the Group's interest-bearing bank and other borrowings and loan from a director of HK\$73,577,000 (31 December 2016: HK\$71,018,000) over total assets of HK\$4,282,331,000 (31 December 2016: HK\$4,135,706,000). The Group's gearing was maintained at a relatively low level during the Period.

Currency structure

The Group had limited exposure to foreign exchange rate fluctuations as most of its transactions, including borrowings, were mainly conducted in Hong Kong dollars or Renminbi and the exchange rates of these currencies were relatively stable throughout the Period.

財務回顧(續)

流動資金及財務資源(續)

本集團於二零一七年六月三十日之資本負債比率為0.02(二零一六年十二月三十一日: 0.02), 乃按本集團計息銀行貸款及其他借款及董事貸款73,577,000港元(二零一六年十二月三十一日: 71,018,000港元)除以資產總值4,282,331,000港元(二零一六年十二月三十一日: 4,135,706,000港元)計算。於期間, 本集團之資產負債比率維持在相對較低之水平。

貨幣結構

由於本集團大部份交易(包括借款)主要以港元或人民幣進行, 而該等貨幣匯率在本期間內相對穩定, 故本集團於期間內所面對之外幣匯率波動不大。

FINANCIAL REVIEW (Cont'd)

Pledge of assets

The Group had utilized bank loan facilities amounting to approximately HK\$17,838,000 (31 December 2016: HK\$21,773,000) as at 30 June 2017. The loans were charged by the Group's investment properties and corporate guarantee executed by the Company.

Contingent liabilities

As at 30 June 2017, guarantees given for mortgage loans granted by banks to certain purchasers of the Group's properties amounted to HK\$139,000 (31 December 2016: HK\$139,000).

財務回顧(續)

資產抵押

於二零一七年六月三十日，本集團已動用之銀行信貸額約為17,838,000港元(二零一六年十二月三十一日：21,773,000港元)。該貸款以本集團若干投資物業及本公司所作之企業擔保作為支持。

或然負債

於二零一七年六月三十日，就銀行向本集團物業若干買家批出之按揭貸款而作出之擔保達139,000港元(二零一六年十二月三十一日：139,000港元)。



FINANCIAL REVIEW (Cont'd)

Material acquisition

On 26 October 2007, it was announced that the Group entered into a conditional sale and purchase agreement on 9 October 2007 (as amended on 26 October 2007) (the "Agreement") with the private companies wholly owned by Messrs. Ho Pak Hung, Ho Tsam Hung and Ho Kam Hung (collectively the "Vendors"), pursuant to which, amongst other things, the Vendors agreed to sell and an indirectly wholly-owned subsidiary of the Company (the "Purchaser") agreed to acquire 100% equity interest in Zheng Da Real Estate Development Company Limited ("Zheng Da") at a consideration of RMB1,814,800,000 (the "Acquisition"). The principal asset held by Zheng Da is the indirect entire interest in a property interest situated in Guangzhou. Details of the Acquisition had been set out in a circular of the Company dated 26 November 2007 (the "Circular").

財務回顧(續)

重大收購

於二零零七年十月二十六日，本集團宣佈與由何伯雄先生、何湛雄先生及何鑑雄先生（統稱「賣方」）全資擁有之私人公司於二零零七年十月九日訂立有條件買賣協議（於二零零七年十月二十六日修訂）（「協議」）。據此，其中包括，賣方同意出售及本公司間接全資附屬公司（「買方」）同意收購正大房地產開發有限公司（「正大」）100%股權，代價為人民幣1,814,800,000元（「收購事項」）。正大持有之主要資產為擁有位於廣州市之物業權益之間接全部權益。收購事項之詳情載於本公司於二零零七年十一月二十六日刊發之通函（「該通函」）。

FINANCIAL REVIEW (Cont'd)

Material acquisition (Cont'd)

Pursuant to the terms and conditions of the Agreement, the Purchaser may at its sole discretion elect to defer completion of one or more tranches (except the First Tranche) to a date later than the expected completion date of the relevant tranche but in any event not later than 31 March 2009. If the Purchaser does not complete any of the tranches on or before the relevant expected completion date, the Purchaser is obliged to pay to the Vendors a deferred interest payment (the "Deferred Interest") calculated at the rate of 4% p.a. on the consideration for such tranche for the period commencing from the relevant original expected completion date and ending on and excluding the day when the relevant consideration is settled by the Purchaser or 31 March 2009, whichever the earlier. In the event that the entire Agreement does not complete by 31 March 2009 (the "Long Stop Date"), the Agreement shall lapse (save for any part of completed tranches) and the Purchaser shall have no liabilities save for the Deferred Interest obligations.

財務回顧 (續)

重大收購 (續)

根據該協議之條款及條件，買方可按其全權酌情決定選擇將一個或多個部分（第一部分除外）之完成日期遞延至相關部分之預期完成日期後之日期，惟於任何情況下不遲於二零零九年三月三十一日。倘買方未能於相關預期完成日期或之前完成相關部分之任何一部分，買方須向賣方支付遞延利息（「遞延利息」）。遞延利息乃就有關部分之相關原預期完成日期至買方支付相關代價或二零零九年三月三十一日（以較早者為準）（不包括該日）止期間之相關代價按年利率4厘計算。倘整體協議於二零零九年三月三十一日（「最後截止日期」）尚未完成，則該協議將告失效（已完成部分之任何部分除外），買方將不承擔任何責任，惟其須支付遞延利息之責任除外。

FINANCIAL REVIEW (Cont'd)

Material acquisition (Cont'd)

Completion of the First Tranche took place on 17 December 2007. As at 31 March 2009, the Second Tranche, the Third Tranche and the Fourth Tranche had not been completed. As such, the Purchaser was obliged to pay to Vendors the Deferred Interest of the Second Tranche and the Third Tranche, which was RMB22,927,000 (approximately HK\$25,837,000) in total. No Deferred Interest was required to be paid by the Purchaser in respect of the Fourth Tranche as the original expected completion date for the Fourth Tranche was on 31 March 2009. The Purchaser and the Vendors then executed supplementary agreements and extension agreement to the effect that the Long Stop Date was deferred to 30 June 2017.

In June 2017, the Purchaser and the Vendors, entered into the Second Extension Agreement on 26 May 2017 to further extend the Long Stop Date to 30 June 2018 in order to give additional time for the parties to the Agreement to explore any opportunity to arrive at any revised terms for settlement of the consideration for, and completion timetable in relation to the uncompleted tranches, under the Agreement. For the avoidance of doubt, despite the extension of the Long Stop Date, no additional Deferred Interest shall be chargeable for the period from 1 April 2009 to 30 June 2018, both days inclusive.

財務回顧 (續)

重大收購 (續)

第一部分已經於二零零七年十二月十七日完成。於二零零九年三月三十一日，第二部分、第三部分及第四部分尚未完成。因此，買方須向賣方支付第二部分及第三部分之遞延利息，總額估計為數人民幣22,927,000元（約25,837,000港元）。買方無須就第四部分支付任何遞延利息，原因為第四部分之原預期完成日期為二零零九年三月三十一日。買賣雙方其後訂立補充協議及延期協議，使最後截止日期延遲至二零一七年六月三十日。

於二零一七年六月，買方與賣方於二零一七年五月二十六日訂立第二份延期協議，將最後截止日期進一步延遲至二零一八年六月三十日，給予該協議有關各方更多時間探討任何機會以達成有關該協議內未完成部份之支付代價及完成時間表之任何經修訂條款。為免生疑問，儘管延遲最後截止日期，惟二零零九年四月一日至二零一八年六月三十日止期間（首尾兩天包括在內）並不需要收取任何額外遞延利息。

EMPLOYEES AND REMUNERATION POLICY

The total staff cost for the Period was HK\$3,460,000. The Group employed about 30 full time staff in Hong Kong, Chongqing and Guangzhou as at 30 June 2017. Employees are remunerated according to the nature of their job and market trend, with built-in merit components incorporated in the annual increment to reward and motivate individual performance. In Chongqing and Guangzhou, the Group provided staff welfare and bonuses to its employees in accordance with the prevailing labour law. In Hong Kong, other staff benefits included medical schemes, Mandatory Provident Fund Scheme and employee share option scheme.

BUSINESS PROSPECTS

Looking ahead to 2017, all eyes are on the new Trump administration of the United States (“US”) for his “America First” policy and the Federal rate hikes that may impact on global markets. The “America First” policy may change the rules of international trades, particularly trades with Mainland China. The Federal rates may rise at a faster pace than forecast given that the US economy looks robust. Nevertheless, US dollar will remain strong for the coming year.

In Asia Pacific region, uncertainties rest on sino-US relations under the new US president and the political tension in the region due to North Korean nuclear weapon crisis and deployment of Terminal High Altitude Area Defense system in South Korea. All these factors will foreshadow the investment sentiment in the region.

僱員及薪酬政策

本期間之員工成本總額為3,460,000港元。於二零一七年六月三十日，本集團在香港、重慶及廣州共僱用約30名全職僱員。本集團根據員工之工作性質及市場趨勢釐定酬金，每年加薪亦考慮個別員工之優異表現，以獎勵及激勵員工爭取表現。就重慶及廣州而言，本集團按現行勞動法為員工提供福利及花紅，而在香港則提供醫療計劃、強制性公積金計劃及僱員購股權計劃等其他員工福利。

業務前景

展望二零一七年，全球目光聚焦於美國特朗普新政府的「美國優先」政策及聯儲局加息，可能會影響全球市場。「美國優先」政策可能會改變國際貿易（特別是與中國大陸的貿易）規則。由於美國經濟有復甦跡象，聯儲局加息步伐可能快於預測。儘管如此，美元於來年將繼續走強。

在亞太地區，新任美國總統上台、北韓核武器危機導致地區政治局勢緊張以及在南韓部署終端高空防御飛彈系統為中美關係增添不確定因素。所有這些因素預示了地區內的投資氣氛暗淡。

BUSINESS PROSPECTS (Cont'd)

The economy of Mainland China will show signs of further improvement in 2017. The Ministry of Finance has set the growth target of GDP at 6.5-6.8% for the year, which is still an encouraging growth rate for such a large and complex economy. The State Council will continue its efforts on supply-side structural reforms as well as curbs on capital outflows and overleveraging. Renminbi will continue to be soft in coming year. However, the property market in Tier-1 cities remains strong, and the e-commerce continues to play the lead role in the consumer market.

Having considered these matters, the Directors will keep on a cautious approach in its property development projects on hand and re-mapping its business directions for the coming three years and are of the view that the Group should diversify its business. It is anticipated that the engagement in renewable energy and related industries will be a new business model all over the world in the forthcoming years.

業務前景 (續)

二零一七年，中國大陸經濟將有進一步改善的跡象。財政部已將本年度的國內生產總值增長目標定在6.5%至6.8%，對於如此龐大及複雜的經濟體而言，這仍然是不俗的增速。國務院將繼續努力開展供給側結構改革，以及抑制資本外流及過度槓桿化。人民幣於來年將繼續疲弱。然而，一線城市的房地產市場仍然熾熱，以及電子商務在消費市場繼續發揮主要角色。

考慮到以上事項，董事會對其手頭上的物業發展項目採取審慎態度，並重新規劃未來三年之業務方向。董事認為應將本集團業務分散。預期從事可再生能源及相關行業將會成為往後數年之全球商業新趨勢。



BUSINESS PROSPECTS (Cont'd)

With strong asset backing and low gearing ratio for the Group's financial position, the Group may take these advantages to explore new business opportunities in 2017 and 2018. The Directors will also strengthen its management expertise and redeploy the Group's resources for meeting these new challenges.

Looking ahead, the Directors are confident and optimistic about the Group's future prospects.

DIRECTORS'/CHIEF EXECUTIVE'S INTERESTS IN THE SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2017, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), the Model Code for Securities Transactions by Directors and which were required to be entered into the register pursuant to Section 352 of the SFO, were as follows:

業務前景(續)

由於本集團之財務狀況擁有優質資產及低負債比率，本集團可善用該等優勢，在二零一七年及二零一八年發掘新商機。董事會將致力壯大其管理團隊，及重新劃撥本集團資源以應付新挑戰。

展望未來，董事會對本集團前景充滿信心並感樂觀。

董事／主要行政人員於本公司及其相聯法團之股份中之權益

於二零一七年六月三十日，根據證券及期貨條例（「證券及期貨條例」）第XV部第7及8分部規定及根據董事進行證券交易標準守則須知會本公司及香港聯合交易所有限公司（「聯交所」），以及須根據證券及期貨條例第352條規定載入登記冊之本公司董事及主要行政人員於本公司或其任何相聯法團（定義見證券及期貨條例第XV部）之股份、相關股份或債券中之權益及淡倉（包括根據該等證券及期貨條例規定被認為或被視為擁有之權益及淡倉）如下：

**DIRECTORS'/CHIEF EXECUTIVE'S
INTERESTS IN THE SHARES OF THE
COMPANY AND ITS ASSOCIATED
CORPORATIONS (Cont'd)**

董事／主要行政人員於本公司及其相聯
法團之股份中之權益(續)

Long position in shares of the Company

於本公司股份之好倉

Name of Director 董事姓名	Capacity and nature of interest 身份及權益性質	Number of shares held 所持股份數目	Percentage of the issued share capital 佔已發行 股本百分比
Ho Kam Hung 何鑑雄	Through controlled corporation 透過受控法團持有	110,600,000 (Note 1) (附註1)	18.26%

Note:

附註:

1. Ho Kam Hung is deemed (by virtue of the SFO) to be interested in these shares in the following capacities:
 - (i) 10,800,000 shares are held by Morcambe Corporation, a company beneficially owned by him.
 - (ii) 87,120,000 shares are held by EC Fair Limited, which he has 33 $\frac{1}{3}$ % interest.
 - (iii) 12,680,000 shares are held by High Rank Enterprises Limited, which he has approximately 31.6% interest.

1. 根據證券及期貨條例，何鑑雄被視為以下列身份於該等股份中擁有權益：
 - (i) Morcambe Corporation (一間由彼實益擁有之公司) 持有之10,800,000股股份。
 - (ii) 易致富有限公司(彼擁有33 $\frac{1}{3}$ %權益)持有之87,120,000股股份。
 - (iii) High Rank Enterprises Limited(彼持有約31.6%權益)持有之12,680,000股股份。

SHARES IN ASSOCIATED CORPORATIONS OF THE COMPANY

本公司相聯法團股份

At 30 June 2017, the following Director of the Company had interests in the non-voting deferred shares in certain of the Company's subsidiaries:

於二零一七年六月三十日，下列本公司董事所擁有之本公司若干附屬公司無投票權遞延股之權益如下：

Long position in shares of the associated corporations

於相聯法團股份之好倉

Name of director	Name of associated corporation	Relationship with the Company	Shares/equity derivatives	Numbers of shares/equity derivatives	Capacity and nature of interest	Percentage of the associated corporation's issued share capital	
董事姓名	相聯法團名稱	與本公司關係	股份/ 股本衍生工具	股份/ 股本衍生 工具數目	身份及 權益性質	佔相聯法團 已發行股本 百分比	
				Long position 好倉	Short position 淡倉		
Ho Kam Hung	Smart Hero (Holdings) Limited	Company's subsidiary	Non-voting deferred shares	91	-	Directly beneficially owned	30.13
何鑑雄	超霸控股有限公司	本公司之附屬公司	無投票權遞延股份	91	-	直接實益擁有	30.13
	China Realty Investment Limited	Company's subsidiary	Non-voting deferred shares	91	-	Directly beneficially owned	30.13
	中華置業地產投資有限公司	本公司之附屬公司	無投票權遞延股份	91	-	直接實益擁有	30.13

SHARES IN ASSOCIATED CORPORATIONS OF THE COMPANY (Cont'd)

Long position in shares of the associated corporations (Cont'd)

All the above mentioned non-voting deferred shares carry no rights to dividends, to receive notice of or to attend or vote at any general meeting of the relevant company, or to participate in any distribution on winding-up.

Save as disclosed above, as at 30 June 2017, to the knowledge of the Company, none of the directors or chief executive of the Company had or was deemed to have any interest or short position in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO and the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Apart from as disclosed under the heading "Directors'/chief executive's interests in the shares of the Company and its associated corporations" above, at no time during the Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate granted to any director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors or their respective spouse or children under 18 years of age to acquire such rights in any other body corporate.

本公司相聯法團股份(續)

於相聯法團股份之好倉(續)

上述所有無投票權遞延股份無權獲派股息、接收有關公司之股東大會通告或出席任何大會或於大會上投票，或參與任何清盤資產分派。

除上文所披露者外，據本公司所知，於二零一七年六月三十日，根據證券及期貨條例第352條規定設置之登記冊所記錄，概無任何本公司董事或主要行政人員於本公司或其任何相聯法團（定義見證券及期貨條例第XV部）之股份、相關股份及債券中擁有或被視為擁有任何權益或淡倉，或根據證券及期貨條例第XV部第7及8分部及標準守則須知會本公司及聯交所之任何權益或淡倉。

董事購買股份之權利

除上文「董事／主要行政人員於本公司及其相聯法團之股份中之權益」所披露者外，於本期間內任何時間，概無將可藉購入本公司或任何其他法人團體之股份或債券而獲得利益之權利授予任何董事、彼等各自之配偶或18歲以下子女，而彼等亦概無行使該等權利。本公司或其任何附屬公司亦無參與訂立任何安排，使董事、彼等各自之配偶或18歲以下子女可自任何其他法人團體獲得該等權利。

SHARE OPTION SCHEME

The Company's share option scheme which was adopted on 11 June 2002 was expired on 10 June 2012 and a new share option scheme was adopted at the special general meeting held on 19 December 2012 (the "Scheme").

The purposes of the Scheme are to: (a) provide a way of recognition of the contributions or services or expected contributions or services of employees, executive and non-executive directors and others; (b) strengthen the relationships between the Group and its employees and directors and others; (c) attract and retain high quality employees and executives and providers of goods and services; and (d) motivate eligible participants to assist in development and expansion of the Group.

The detailed terms of the Scheme were disclosed in the Company's 2016 annual report. No share options were issued during the Period.

購股權計劃

本公司於二零零二年六月十一日採納之購股權計劃已於二零一二年六月十日屆滿，並於二零一二年十二月十九日舉行之股東特別大會上採納新購股權計劃（「計劃」）取代。

計劃之目的為(a)提供一種方法認同僱員、行政人員及非執行董事及其他人士之貢獻或服務或預期之貢獻或服務；(b)加強本集團與其僱員及董事以及其他人士之關係；(c)招攬並挽留優質僱員及行政人員以及商品及服務之供應商；及(d)鼓勵合資格參與者協助本集團日後之發展及擴充。

計劃之詳細條款於本公司二零一六年度年報內披露。本期間內並無發行購股權。

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2017, as far as is known to the Directors or the chief executive of the Company, the following persons (other than Directors or chief executive of the Company) had interests or short positions in the shares and underlying share as recorded in the register required to be kept under section 336 of the SFO:

主要股東

於二零一七年六月三十日，據本公司任何董事或主要行政人員所知，以下人士（本公司之董事或主要行政人員除外）擁有登記於根據證券及期貨條例第336條之規定存置之登記冊之股份及相關股份中之權益或淡倉如下：

Long position in shares of the Company**於本公司股份之好倉**

Name 名稱	Capacity and nature of interest 身份及權益性質	Number of Shares held 所持股份數目	Percentage of the issued share capital 佔已發行 股本百分比
Ye Jia Li (Note 1) 葉家禮(附註1)	Spouse 配偶	110,600,000	18.26
Ho Tsam Hung (Note 2) 何湛雄(附註2)	Through controlled corporation 透過受控法團持有	105,600,000	17.44
Ho Pak Hung (Note 3) 何伯雄(附註3)	Through controlled corporation 透過受控法團持有	99,800,000	16.48
Liang Gui Fen (Note 4) 梁桂芬(附註4)	Spouse 配偶	99,800,000	16.48
EC Fair Limited 易致富有限公司	Directly beneficially owned 直接實益擁有	87,120,000	14.39
Strong Hero Holdings Limited (Note 5)(附註5)	Directly beneficially owned 直接實益擁有	100,000,000	16.51
Xie Xiaoxiang (Note 5) (附註5)	Through controlled corporation 透過受控法團持有	100,000,000	16.51
Hero Grand Investments Limited (Note 6)(附註6)	Directly beneficially owned 直接實益擁有	30,800,000	5.09
Leung Po Wa (Note 6) (附註6)	Through controlled corporation 透過受控法團持有	30,800,000	5.09

SUBSTANTIAL SHAREHOLDERS (Cont'd)

Long position in shares of the Company (Cont'd)

Notes:

1. As Ye Jia Li is deemed (by virtue of the SFO) to be interested in these shares in the capacity as the spouse of Ho Kam Hung, a Director.
2. Ho Tsam Hung is deemed (by virtue of the SFO) to be interested in these shares in the following capacities:
 - (i) 5,800,000 shares are held by Morgan Estate Assets Limited, which is beneficially owned by him.
 - (ii) 87,120,000 shares are held by EC Fair Limited, a company which he has 33 $\frac{1}{3}$ % interest.
 - (iii) 12,680,000 shares are held by High Rank Enterprises Limited, which he has approximately 31.6% interest.
3. Ho Pak Hung is deemed (by virtue of the SFO) to be interested in these shares in the following capacities:
 - (i) 87,120,000 shares are held by EC Fair Limited, which he has 33 $\frac{1}{3}$ % interest.
 - (ii) 12,680,000 shares are held by High Rank Enterprises Limited, which he has approximately 31.6% interest.
4. Liang Gui Fen is deemed (by virtue of the SFO) to be interested in these shares in the capacity as the spouse of Ho Pak Hung.
5. Strong Hero Holdings Limited is wholly-owned by Xie Xiaoxiang.
6. Hero Grand Investments Limited is wholly-owned by Leung Po Wa.

主要股東(續)

於本公司股份之好倉(續)

附註：

1. 根據證券及期貨條例，葉家禮作為董事何鑑雄之妻子，被視為於該等股份中擁有權益。
2. 根據證券及期貨條例，何湛雄被視為以下列身份於該等股份中擁有權益：
 - (i) Morgan Estate Assets Limited(一間由彼實益擁有之公司)持有之5,800,000股股份。
 - (ii) 易致富有限公司(一間由彼擁有33 $\frac{1}{3}$ %權益之公司)持有之87,120,000股股份。
 - (iii) High Rank Enterprises Limited(彼持有約31.6%權益)持有之12,680,000股股份。
3. 根據證券及期貨條例，何伯雄被視為以下列身份於該等股份中擁有權益：
 - (i) 易致富有限公司(彼擁有33 $\frac{1}{3}$ %權益)持有之87,120,000股股份。
 - (ii) High Rank Enterprises Limited(彼持有約31.6%權益)持有之12,680,000股股份。
4. 根據證券及期貨條例，梁桂芬被視為以何伯雄之妻子之身份於該等股份中擁有權益。
5. Strong Hero Holdings Limited由Xie Xiaoxiang全資擁有。
6. Hero Grand Investments Limited由Leung Po Wa全資擁有。

SUBSTANTIAL SHAREHOLDERS (Cont'd)

Save as disclosed above, as at 30 June 2017, no person, other than the directors of the Company, whose interests are set out in the section "Directors' interests and short positions in shares and underlying shares" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

CODE ON CORPORATE GOVERNANCE PRACTICE

In the opinion of the Directors, the Company complied with the Code on Corporate Governance Practice (the "Code") as set out in Appendix 14 of the Listing Rules from time to time throughout the Period, except for the following deviation:

Code Provision A.4.2

The second part of Code A.4.2 stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The Managing Director of the Company, though without a specific term, had retired and voluntarily offered himself for re-election at general meetings in the past years. The Directors consider that this practice, though is voluntary by nature, is in line with the spirit of the Code's practice.

主要股東(續)

除上文所披露者外，於二零一七年六月三十日，概無除本公司董事（其權益載於上文「董事於股份及相關股份之權益及淡倉」一節）外之任何人士擁有根據證券及期貨條例第336條規定須予登記之本公司股份及相關股份之權益或淡倉。

企業管治常規守則

董事會認為，除有下列偏離外，本公司於該段期間符合上市規則附錄十四所載不時之企業管治常規守則（「守則」）：

守則條文A.4.2條

守則A.4.2條第二部分訂明，每名董事（包括有指定任期之董事）應輪值退任，至少每三年一次。

儘管本公司董事總經理並無指定任期，彼於過往年度均在股東大會上辭任並自願重選。董事會認為儘管此慣例屬自願性質，其符合守則常規之精神。

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company had adopted the Model Code set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by its directors. Having made specific enquiry of the Directors, the Company confirmed that the Directors had complied with required standard set out in the Model Code throughout the accounting period covered by the Company's interim report.

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

During the Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

REVIEW BY AUDIT COMMITTEE

The Interim Results had been reviewed by the Audit Committee of the Company.

證券交易之標準守則

本公司已採納上市規則附錄十所載之標準守則作為董事進行證券交易之操守守則。經向董事作出特定查詢後，本公司確認董事於本公司中期報告所涵蓋之會計期間一直遵守標準守則所規定之準則。

買賣或贖回本公司上市證券

期內，本公司或其任何附屬公司概無買賣或贖回任何本公司之上市證券。

由審核委員會審閱

中期業績已由本公司之審核委員會審閱。

By order of the Board
Ho Kam Hung
Executive Director

Hong Kong, 21 August 2017

承董事會命
執行董事
何鑑雄

香港，二零一七年八月二十一日