四海國際集團有限公司
Cosmopolitan
International Holdings Limited
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 120)

ANNOUNCEMENT OF 2017 GROUP FINAL RESULTS

FINANCIAL AND BUSINESS HIGHLIGHTS

	Year 2017 HK$'000	Year 2016 HK$'000	% Change
Revenue from continuing operations	**830,087**	9,748	**+8,415.5%**
Gross profit from continuing operations	**88,817**	9,748	**+811.1%**
Operating profit/(loss) before depreciation, finance costs and tax from continuing operations	**133,791**	(19,794)	**N/A**
Profit/(Loss) for the year attributable to equity holders of the parent	**13,709**	(115,253)	**N/A**
Basic earnings/(loss) per share (including ordinary share and convertible preference share) attributable to equity holders of the parent	**HK0.21 cent**	HK(1.75) cents	**N/A**

	As at 31st December, 2017	2016	
Net asset value per share (including ordinary share and convertible preference share) attributable to equity holders of the parent	**HK$0.19**	HK$0.17	**+11.8%**

- **Attained a profit attributable to shareholders in the amount of HK$13.7 million, as compared to a loss of HK$115.3 million recorded for the preceding financial year.**

- **The profit for the year was principally attributable to the realised profits from the sale of the residential units in the development project in Chengdu, China completed before the end of 2017 and, in addition, fair value gains on the Group's financial assets and the write-back of impairment loss previously provided on certain component part in the Chengdu project.**

- **The Group's two composite development projects in China, namely, the Regal Cosmopolitan City in Chengdu and the Regal Renaissance in Tianjin, are both progressing steadily.**

- **Most of the residential units in the first and second stages of the Chengdu project have been sold and handed over to the purchasers before the last year end. As the sale prices of the units presold in the early stages of the sale programme were at comparatively low levels, the profits so far recorded on these units sales and accounted for in the results under review have been relatively modest.**

- **The construction works of the four residential towers, the commercial complex and the associated car parking spaces in the Tianjin project have recently been completed. Of the total 512 units comprised in the four residential towers, 479 units have been presold to date, securing contracted sales of RMB1,498 million (HK$1,863 million). These units sales are expected to be duly completed within the first half of this year and will contribute substantial profit to the Group.**

- **The third stage of the Chengdu project will have ten residential towers with 1,555 apartment units and the presale programme is planned to be launched before the end of this year. The Group is optimistic that the selling prices and, consequently, the cash flow and profits to be generated from the sale of the third stage residential units of this Chengdu project will be significantly higher than those in the first two stages.**

- **The Group has strong financial resources and is actively looking for appropriate investment opportunities to expand the size and diversity of its business portfolio, with a view to establishing a solid platform for its future growth.**

FINANCIAL RESULTS

For the year ended 31st December, 2017, the Company attained a profit attributable to shareholders in the amount of HK$13.7 million, as compared to a loss of HK$115.3 million recorded for the preceding financial year. The profit for the year was principally attributable to the realised profits from the sale of the residential units in the Group's composite development project in Chengdu, China completed before the end of 2017 and, in addition, fair value gains on the Group's financial assets and the write-back of impairment loss previously provided on certain component part in the Group's Chengdu development project.

BUSINESS OVERVIEW

Presently, the core business of the Group is mainly focused on the two development projects in Chengdu, Sichuan Province and in Tianjin, China.

For the year under review, the economy in China expanded by 6.9 percent, which was higher than the previous forecast by most analysts, reflecting the positive effects of the continued fiscal support and economic reforms. The property market in China on the whole remained steady in 2017, with the transacted volume of the real estate commodities likely to set another new record. Property prices maintained a moderate uptrend, with the market in the third to fourth tier cities performing better than expected, due to the spill-over of buying demands from the prime cities.

In the wake of the various fiscal and administrative policies promulgated by the government authorities during the latter part of 2017 to curb speculative activities, the aggregate volume of property sales in 2018 would likely be suppressed. However, as the level of inventories held for sale in some of the first and second tier cities is now relatively low, a major downward adjustment in the property prices is not anticipated. To meet the strong underlying demand for residential accommodation in the prime cities, the central government is promoting the development of the leasing property sector, in an aim to building up a stable and healthy property market in China in the long term.

The Group's two composite development projects in China, namely, the Regal Cosmopolitan City in Chengdu and the Regal Renaissance in Tianjin, are both progressing steadily.

The nine residential towers comprising 1,296 residential units in the first and second stages of the Chengdu project have been completed, of which 1,258 units have been sold for aggregate sale proceeds of RMB828 million (HK$1,030 million). Most of the units sold have been handed over to the purchasers before the year end and the profits therefrom accounted for in the results for the year under review. As the sale prices of the units presold in the early stages of the sale programme were at comparatively low levels, the profits so far recorded on the units sales have been relatively modest. The other parts of the development, including a hotel, commercial and office space and ten residential towers comprising 1,555 units are proceeding as planned.

In the meanwhile, the construction works of the four residential towers, the commercial complex and the associated car parking spaces in the Tianjin project have recently been completed. Of the total 512 units comprised in the four residential towers, 479 units have been presold to date, securing contracted sales of RMB1,498 million (HK$1,863 million). The presold residential units are being handed over to the individual purchasers. The profits to be derived from the sales of these units will be accounted for in the first half of this year after the handover process is completed.

Further detailed information on these two development projects as well as the reforestation and land grant project in Urumqi, Xinjiang is contained in the section headed "Management Discussion and Analysis" in this announcement.

As explained in the Interim Report for 2017, the Group has disposed of the 60% interest previously held in a logistics group operating in Shanghai in June 2017. The convertible bonds in the aggregate nominal amount of HK$57.05 million, which were issued by the Group as part consideration for the Group's acquisition of the 60% interest, have been converted into ordinary shares of the Company before the year end in 2017.

OUTLOOK

The sale transactions of the residential units in the Tianjin development, which have been presold at satisfactory prices, are expected to be duly completed within the first half of this year and will contribute substantial profit to the Group. On the other hand, the development works of the ten residential towers in the third stage of the Chengdu project are under way and the presale programme is planned to be launched before the end of this year. Having regard to the favourable market response towards the residential units in the first and second stages of the project, the Group is optimistic that the selling prices and, consequently, the cash flow and profits to be generated from the sale of the third stage residential units of this Chengdu project will be significantly higher than those in the first two stages.

The Group has strong financial resources and is actively looking for appropriate investment opportunities to expand the size and diversity of its business portfolio, with a view to establishing a solid platform for its future growth.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in property development and investment, investment in financial assets, logistics operations (disposed of in June 2017) and other investments.

The performance of the Group's property and other investment businesses during the year under review, their operating performance and future prospects are contained in the sections headed "Business Overview" and "Outlook" above as well as in this sub-section.

The Group has no immediate plans for material investments or capital assets, other than those as disclosed in the above section headed "Business Overview" and this sub-section.

A brief review on the property projects currently undertaken by the Group in the People's Republic of China as well as an account of the disposal of the equity interest held in the logistics business in Shanghai is set out below.

Property Development

Chengdu Project – Regal Cosmopolitan City

Located in the Xindu District in Chengdu, Sichuan Province, the project is a mixed use development consisting of residential, hotel, commercial and office components, with an overall total gross floor area of approximately 497,000 square metres (5,350,000 square feet).

The nine residential towers comprising 1,296 residential units in the first and second stages of the Chengdu project have been completed, of which 1,258 units have been sold for aggregate sale proceeds of RMB828 million (HK$1,030 million). Most of the units sold have been handed over to the purchasers before the year end and the profits therefrom accounted for in the results for the year under review.

To cope with the changing market conditions, the business profile of the 317-room hotel has been revised and the corresponding interior design and guestroom mock-up works are in progress. The hotel is scheduled to open in phases from early 2019. The planning approval of the remaining ten residential towers in the third stage of the development has been obtained and the construction works are scheduled to commence shortly. The presale programme of these residential units is planned to be launched before the end of 2018. The planning approval of the other components within the development, comprising primarily commercial and office space, has also been obtained and the associated construction works are expected to commence in early 2019.

Tianjin Project – Regal Renaissance

Located in the Hedong District in Tianjin, this project entails a development site with total site area of about 31,700 square metres (341,000 square feet), which is planned for a mixed use development comprising residential, commercial and office components with total gross floor area of about 145,000 square metres (1,561,000 square feet).

The construction works of the four residential towers, the commercial complex and the associated car parking spaces have recently been completed. Of the total 512 units comprised in the four residential towers, 479 units have been presold to date, securing contracted sales of RMB1,498 million (HK$1,863 million). The presold residential units are being handed over to the individual purchasers. The presale of the commercial complex, comprising mainly shops of about 19,000 square metres (205,000 square feet), and 530 residential car parking spaces is continuing, with contracted sales to date of RMB139 million (HK$173 million). The superstructure works of the two office towers have been suspended due to the tightened government planning controls. The Group is devising contingent plans and conducting negotiations with the local government with an aim to minimize any adverse impacts on the design and to have the construction works resumed as soon as possible.

Xinjiang Project

This is a re-forestation and land grant project for a land parcel with site area of about 7,600 mu in accordance with the relevant laws and policies in Urumqi, Xinjiang Uygur Autonomous Region. The Group has re-forested an aggregate area of about 4,300 mu within the project site and in accordance with the relevant government policies of Urumqi, a parcel of land with an area of about 1,843 mu (equivalent to approximately 1,228,700 square metres) within the project site will be available for real estate development after the requisite inspection, land grant listing and tender procedures are completed.

The Group has completed the site survey on the parcels of land within the project site which have been illegally occupied by trespassers and has commenced communications with the relevant government authority to initiate appropriate measures to settle the land disputes. Based on the legal advice obtained, the legitimate interests of the Group in this re-forestation and land grant contract remain valid and effective. The Group has carried out the required remedial re-forestation works, such that the inspection and measurement of the reforested area by the relevant government authorities can be resumed and the final procedures leading to the land grant listing and tender of the development land may be concluded.

Logistics Business

Shanghai Logistics Project

As mentioned in the 2016 Annual Report, the Group entered into a framework agreement in January 2016 to acquire 60% effective interests in a group of companies (the "Logistics Group") operating logistics and related business in the PRC and the remaining 40% interests in the Logistics Group was held by an affiliate of the seller (the "JV Partner"). The acquisition was completed in May 2016 and as consideration therefor, the Group issued convertible bonds in the aggregate principal amount of HK$57.05 million.

Having operated the logistics business for a period of about one year and after undertaking a review of all relevant circumstances including, in particular, the performance and development progress of the Logistics Group and the difference in the management style of the joint venture parties, the Group has agreed, after amicable negotiations with the JV Partner, to accept his proposal to buy back the Group's interest in the Logistics Group.

Accordingly, on 30th June, 2017, the Group entered into a deed of arrangement with the JV Partner for the disposal of its entire interests in the Logistics Group for an aggregate consideration of HK$71.0 million, details of which were disclosed in the circular of the Company dated 18th August, 2017. The Group received HK$45.6 million in cash upon completion of the disposal on 30th June, 2017. The balance of the consideration in the sum of HK$25.4 million has also been received by the Group in the second half of 2017. The Group ceased to have any interest in the Logistics Group after completion of the related transactions and the results of the logistics business were presented as a discontinued operation in the Group's consolidated statement of profit or loss for the year under review. The aforesaid convertible bonds have been converted into ordinary shares of the Company before the year end in 2017.

FINANCIAL REVIEW

ASSETS VALUE

As at 31st December, 2017, the Group's net assets attributable to equity holders of the parent amounted to HK$1,312.6 million, representing approximately HK$0.19 per share (including ordinary share and convertible preference share).

CAPITAL RESOURCES AND FUNDING

Funding and Treasury Policy

The Group adopts a prudent funding and treasury policy with regard to its overall business operations. Cash balances are mostly placed on bank deposits, and treasury and yield enhancement products are deployed when circumstances are considered to be appropriate.

The acquisition of the two ongoing development projects in the PRC in 2013 had been financed by the vendors by way of deferred payment of the considerations payable for a period of 3 years, subject to the terms of the relevant sale and purchase agreements. With an objective to align the due dates of the considerations payable with the latest progress and completion schedules of the two development projects, by virtue of the agreements entered into between the Group and the vendors and completed in 2016, (i) the consideration payables owing to one of the vendors were refinanced by new 5-year loan facilities, and (ii) the consideration payable owing to the other vendor was repaid through its subscription of the optional convertible bonds issued by the Group.

Construction and related costs for the property projects for the time being are principally financed by internal resources and proceeds from the presale of the units. Project financing may be arranged on appropriate terms to cover a portion of the land cost and/or the construction cost, with the loan maturity matching with the estimated project completion date.

Cash Flows

Net cash flows generated from operating activities during the year under review amounted to HK$779.5 million (2016 – HK$343.6 million). Net interest payment for the year amounted to HK$96.8 million (2016 – HK$160.6 million).

Borrowings and Gearing

As at 31st December, 2017, the Group had cash and bank balances and deposits of HK$668.0 million (2016 – HK$897.8 million) and the Group's borrowings including convertible bonds, net of cash and bank balances and deposits, amounted to HK$1,346.2 million (2016 – HK$1,848.2 million).

As at 31st December, 2017, the gearing ratio of the Group was 23.0% (2016 – 30.5%), representing the Group's borrowings including convertible bonds, net of cash and bank balances and deposits of HK$1,346.2 million (2016 – HK$1,848.2 million), as compared to the total assets of the Group of HK$5,855.3 million (2016 – HK$6,053.8 million).

Details of the maturity profile of the borrowings of the Group as of 31st December, 2017 are shown in the consolidated financial statements ("Financial Statements") contained in the annual report of the Company for the year ended 31st December, 2017 (the "2017 Annual Report") to be published on or before 30th April, 2018.

Pledge of Assets

The Group's equity interests in the relevant holding companies of the Group's property development projects were pledged to secure the other borrowings and the related interest payable in respect of a loan facility from a fellow subsidiary.

Capital Commitments

Details of the capital commitments of the Group as at 31st December, 2017 are shown in the Financial Statements.

Contingent Liabilities

Details of the contingent liabilities of the Group as at 31st December, 2017 are shown in the Financial Statements.

DIVIDEND

The Directors have resolved not to recommend the payment of a final dividend for the year ended 31st December, 2017 (2016 – Nil). No interim dividend was paid for the year ended 31st December, 2017 (2016 – Nil).

ANNUAL GENERAL MEETING

An Annual General Meeting of the Company will be convened to be held on Monday, 4th June, 2018. The Notice of the Annual General Meeting will be published on the websites of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the Company and sent to the shareholders of the Company, together with the Company's 2017 Annual Report, in due course.

CLOSURE OF REGISTER

For the purpose of ascertaining shareholders' entitlement to attend and vote at the 2018 Annual General Meeting, the Register of Ordinary Shareholders of the Company will be closed from Wednesday, 30th May, 2018 to Monday, 4th June, 2018, both days inclusive, during which period no transfers of ordinary shares will be effected. In order to be entitled to attend and vote at the 2018 Annual General Meeting, all transfers of ordinary shares and/or conversions of the convertible securities, duly accompanied by the relevant share certificates and/or the certificates of the convertible securities, together with, where appropriate, the relevant conversion notices, must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, no later than 4:30 p.m. on Tuesday, 29th May, 2018.

YEAR END RESULTS

Consolidated Statement of Profit or Loss

	Year ended 31st December, 2017 HK$'000	Year ended 31st December, 2016 HK$'000
CONTINUING OPERATIONS		
REVENUE (Notes 2 & 3)	**830,087**	9,748
Cost of sales	**(741,270)**	–
Gross profit	**88,817**	9,748
Other income (Note 3)	**17,714**	18,290
Fair value gain on derivative financial instruments in relation to convertible bonds, net	–	48,953
Fair value gains/(losses) on other financial assets at fair value through profit or loss, net	**52,635**	(4,083)
Loss arising from the modification of the terms of convertible bonds	–	(12,479)
Write-back of impairment loss on property under development	**57,000**	–
Property selling and marketing expenses	**(24,175)**	(18,616)
Administrative expenses	**(58,200)**	(61,607)
OPERATING PROFIT/(LOSS) BEFORE DEPRECIATION	**133,791**	(19,794)
Depreciation	**(12,340)**	(12,387)
OPERATING PROFIT/(LOSS) (Note 2)	**121,451**	(32,181)
Finance costs (Note 4)	**(79,065)**	(104,709)
Share of profit/(loss) of a joint venture	**(3)**	23,006
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**42,383**	(113,884)
Income tax (Note 5)	**(25,609)**	–
Profit/(Loss) for the year from continuing operations	**16,774**	(113,884)
DISCONTINUED OPERATION		
Loss for the year from a discontinued operation (Note 11)	**(4,975)**	(2,535)
PROFIT/(LOSS) FOR THE YEAR BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	**11,799**	(116,419)

Consolidated Statement of Profit or Loss (Cont'd)

	Year ended 31st December, 2017 HK$'000	Year ended 31st December, 2016 HK$'000
Attributable to:		
Equity holders of the parent		
- For profit/(loss) from continuing operations	**16,774**	(113,884)
- For loss from a discontinued operation	**(3,065)**	(1,369)
- For profit/(loss) for the year	**13,709**	(115,253)
Non-controlling interests	**(1,910)**	(1,166)
	11,799	(116,419)
EARNINGS/(LOSS) PER SHARE (INCLUDING ORDINARY SHARE AND CONVERTIBLE PREFERENCE SHARE) ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (Note 7)		
Basic		
- For profit/(loss) from continuing operations	**HK0.25 cent**	HK(1.73) cents
- For loss from a discontinued operation	**HK(0.04) cent**	HK(0.02) cent
- For profit/(loss) for the year	**HK0.21 cent**	HK(1.75) cents
Diluted		
- For profit/(loss) from continuing operations	**HK0.25 cent**	HK(2.19) cents
- For loss from a discontinued operation	**HK(0.04) cent**	HK(0.02) cent
- For profit/(loss) for the year	**HK0.21 cent**	HK(2.21) cents

Consolidated Statement of Comprehensive Income

	Year ended 31st December, 2017 HK$'000	Year ended 31st December, 2016 HK$'000
PROFIT/(LOSS) FOR THE YEAR BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	**11,799**	(116,419)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translating foreign operations	**145,147**	(118,907)
Reclassification adjustment on disposal of foreign operations	**1,560**	–
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**158,506**	(235,326)
Attributable to:		
Equity holders of the parent	**159,617**	(232,737)
Non-controlling interests	**(1,111)**	(2,589)
	158,506	(235,326)

Consolidated Statement of Financial Position

	31st December, 2017	31st December, 2016
	HK$'000	HK$'000
NON-CURRENT ASSETS		
Property, plant and equipment	**10,990**	25,513
Properties under development	**1,312,495**	1,292,964
Investment in a joint venture	**2,431**	2,434
Contingent consideration receivable	–	10,268
Deposits and prepayments (Note 8)	**81,123**	66,943
Other asset	–	5,051
Goodwill	**235,090**	235,090
Intangible assets	–	97,076
Total non-current assets	**1,642,129**	1,735,339
CURRENT ASSETS		
Properties under development	**2,934,845**	3,082,705
Properties held for sale	**215,024**	–
Debtors, deposits and prepayments (Note 8)	**188,408**	162,798
Financial assets at fair value through profit or loss	**206,938**	175,146
Restricted cash	**71,503**	368,604
Time deposits	**31,187**	56,885
Cash and bank balances	**565,298**	472,295
Total current assets	**4,213,203**	4,318,433
CURRENT LIABILITIES		
Creditors and accruals (Note 9)	**(254,628)**	(185,950)
Other borrowings (Note 10)	**(60,000)**	(500,000)
Deposits received	**(1,889,507)**	(1,572,064)
Tax payable	**(44,219)**	(2,811)
Total current liabilities	**(2,248,354)**	(2,260,825)
NET CURRENT ASSETS	**1,964,849**	2,057,608
TOTAL ASSETS LESS CURRENT LIABILITIES	**3,606,978**	3,792,947

Consolidated Statement of Financial Position (Cont'd)

	31st December, 2017	31st December, 2016
	HK$'000	HK$'000
NON-CURRENT LIABILITIES		
Creditors and accruals	**(29,136)**	(32,782)
Other borrowings (Note 10)	**(1,062,000)**	(1,350,000)
Convertible bonds	**(892,159)**	(895,965)
Deferred tax liabilities	**(311,059)**	(374,543)
Total non-current liabilities	**(2,294,354)**	(2,653,290)
Net assets	**1,312,624**	1,139,657
EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	**13,519**	13,193
Reserves	**1,299,079**	1,094,329
	1,312,598	1,107,522
Non-controlling interests	**26**	32,135
Total equity	**1,312,624**	1,139,657

Notes:

1. Basis of Preparation and Accounting Policies

The financial statements of the Group 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, 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 financial assets at fair value through profit or loss and contingent consideration receivable 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.

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

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

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

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

2. 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 from continuing operations as follows:

(a) the property development and investment segment comprises the development and sale of properties and the leasing of properties; and

(b) the financial assets investments segment engages in trading of financial assets at fair value through profit or loss and other financial assets investments.

Prior to the classification as a discontinued operation, the provision of logistics and related services was reported as a separate operating segment "Logistics operations". Further details of the results of the discontinued operation are disclosed in note 11.

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

Segment assets exclude restricted cash, time deposits, cash and bank balances, tax recoverable and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude convertible bonds, tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's operating segments for the years ended 31st December, 2017 and 2016:

	Property development and investment		Financial assets investments		Consolidated	
	2017	2016	2017	2016	2017	2016
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Segment revenue:						
Sales to external customers	825,896	-	4,191	9,748	830,087	9,748
Segment results before depreciation	84,038	(35,716)	56,824	4,514	140,862	(31,202)
Depreciation	(11,866)	(11,929)	-	-	(11,866)	(11,929)
Segment results	72,172	(47,645)	56,824	4,514	128,996	(43,131)
Unallocated interest income and unallocated non-operating and corporate gains					17,714	53,957
Unallocated non-operating and corporate expenses					(25,259)	(43,007)
Operating profit/(loss)					121,451	(32,181)
Finance costs	(19,299)	(65,088)	-	-	(19,299)	(65,088)
Unallocated finance costs					(59,766)	(39,621)
Share of profit/(loss) of a joint venture	(3)	23,006	-	-	(3)	23,006
Profit/(Loss) before tax from continuing operations					42,383	(113,884)
Income tax					(25,609)	-
Profit/(Loss) for the year from continuing operations					16,774	(113,884)
Loss for the year from a discontinued operation					(4,975)	(2,535)
Profit/(Loss) for the year before allocation between equity holders of the parent and non-controlling interests					11,799	(116,419)
Attributable to:						
Equity holders of the parent					13,709	(115,253)
Non-controlling interests					(1,910)	(1,166)
					11,799	(116,419)

	Property development and investment		Financial assets investments		Consolidated	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**
Segment assets	4,973,518	4,831,386	209,598	196,226	5,183,116	5,027,612
Investment in a joint venture	2,431	2,434	-	-	2,431	2,434
Cash and unallocated assets					669,785	900,040
Assets related to a discontinued operation					-	123,686
Total assets					5,855,332	6,053,772
Segment liabilities	(3,291,267)	(3,630,522)	(33)	-	(3,291,300)	(3,630,522)
Unallocated liabilities					(1,251,408)	(1,278,173)
Liabilities related to a discontinued operation					-	(5,420)
Total liabilities					(4,542,708)	(4,914,115)
Other segment information:						
Capital expenditure	571,682	568,533	-	-		
Fair value losses/(gains) on other financial assets at fair value through profit or loss, net	-	-	(52,635)	5,201		
Interest income	-	-	(796)	(979)		
Write-back of impairment loss on property under development	(57,000)	-	-	-		

Geographical information

(a) Revenue from external customers

	2017	2016
	HK$'000	HK$'000
Hong Kong	**6,704**	9,748
Mainland China	**823,383**	–
	830,087	9,748

The revenue information of continuing operations above is based on the locations of the customers.

(b) Non-current assets

	2017	2016
	HK$'000	HK$'000
Hong Kong	**968**	1,442
Mainland China	**1,641,045**	1,617,465
	1,642,013	1,618,907

The non-current assets information of continuing operations above is based on the locations of assets and excludes financial instruments.

Information about a major customer

No further information about a major customer is presented as no more than 10% of the Group's revenue was derived from sales to any single customer.

3. An analysis of revenue and other income from continuing operations is analysed as follows:

	2017 HK$'000	2016 HK$'000
Revenue		
Proceeds from sale of properties	**825,896**	–
Net gain/(loss) from sale/settlement of financial assets at fair value through profit or loss*	**(2,545)**	3,279
Dividend income from listed investments	**5,940**	5,490
Interest income from corporate bonds	**796**	979
	830,087	9,748
Other income		
Bank interest income	**17,197**	3,859
Others	**517**	14,431
	17,714	18,290

* Inclusive of dividend income from fund investments of HK$155,889,000 (2016 – Nil) and net loss on disposal of fund investments of HK$158,402,000 (2016 – Nil). These fund investments were purchased and sold during the year and were considered as linked transactions. The Directors are of the opinion that offsetting of the amounts better reflects the substance of these linked transactions.

4. Finance costs of the Group from continuing operations are as follows:

	2017 HK$'000	2016 HK$'000
Interest on convertible bonds	**59,753**	39,621
Interest on a bank loan	**13**	–
Interest on other borrowings	**76,858**	20,527
Interest on other payables	**–**	109,894
	136,624	170,042
Less: Finance costs capitalised	**(57,559)**	(65,333)
	79,065	104,709

5. The income tax charge/(credit) for the year arose as follows:

	2017 HK$'000	2016 HK$'000
Current – Hong Kong		
Overprovision in prior years	**(837)**	–
Current – PRC		
Corporate income tax	**59,119**	–
Land appreciation tax	**4,554**	–
Deferred	**(37,227)**	–
Total tax charge for the year from continuing operations	**25,609**	–
Total tax credit for the year from a discontinued operation	**(1,088)**	(224)
	24,521	(224)

No provision for Hong Kong profits tax has been made as the Group has available tax losses brought forward from prior years to offset the assessable profits generated during the year.

No provision for Hong Kong profits tax had been made in the prior year as the Group did not generate any assessable profits arising in Hong Kong during that year.

Taxes on the profits of subsidiaries operating overseas are calculated at the rates prevailing in the respective jurisdictions in which they operate.

The PRC land appreciation tax is levied on the sale or transfer of state-owned land use rights, buildings and their attached facilities in Mainland China at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for the sale of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

No provision for tax was required for the joint venture as no assessable profits were earned by the joint venture during the year (2016 – Nil).

6. Dividend

No dividend was paid or proposed during the year ended 31st December, 2017, nor has any dividend been proposed since the end of the reporting period (2016 – Nil).

7. (a) Basic earnings/(loss) per share

The calculation of the basic earnings per share is based on the profit for the year attributable to equity holders of the parent of HK$13,709,000 (2016 – loss of HK$115,253,000) and on the weighted average of 6,649,269,000 (2016 – 6,596,414,000) shares of the Company in issue during the year ended 31st December, 2017 (including ordinary shares and convertible preference shares).

The calculation of the basic earnings per share from continuing operations is based on the profit from continuing operations for the year attributable to equity holders of the parent of HK$16,774,000 (2016 – loss of HK$113,884,000) and on the weighted average of 6,649,269,000 (2016 – 6,596,414,000) shares of the

Company in issue during the year ended 31st December, 2017 (including ordinary shares and convertible preference shares).

The calculation of the basic loss per share from a discontinued operation is based on the loss from a discontinued operation for the year attributable to equity holders of the parent of HK$3,065,000 (2016 – HK$1,369,000) and on the weighted average of 6,649,269,000 (2016 – 6,596,414,000) shares of the Company in issue during the year ended 31st December, 2017 (including ordinary shares and convertible preference shares).

(b) Diluted earnings/(loss) per share

No adjustment has been made to the basic earnings per share, basic earnings per share from continuing operations and basic loss per share from a discontinued operation amounts presented for the year ended 31st December, 2017 in respect of a dilution, as the impact of the convertible bonds outstanding during the year has an anti-dilutive effect on the basic earnings/(loss) per share amounts presented.

The calculations of the diluted loss per share and the diluted loss per share from continuing operations for the year ended 31st December, 2016 were based on the loss and loss from continuing operations, respectively, for that year attributable to equity holders of the parent, adjusted to reflect the fair value gain on derivative financial instruments in relation to convertible bonds of HK$51,735,000. The weighted average number of shares used in the calculation was the aggregate of the number of ordinary shares and convertible preference shares in issue during that year, as used in the basic loss per share calculation, and the weighted average number of 973,361,000 shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculation of the diluted loss per share from a discontinued operation for the year ended 31st December, 2016 was based on the loss from a discontinued operation for that year attributable to equity holders of the parent. The weighted average number of shares used in the calculation was the aggregate of the number of ordinary shares and convertible preference shares in issue during that year, as used in the basic loss per share calculation, and the weighted average number of 973,361,000 shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

8. Debtors, deposits and prepayments are analysed as follows:

	2017 HK$'000	2016 HK$'000
Non-current		
Prepayments (Note (a))	**81,007**	66,827
Deposits	**116**	116
	81,123	66,943
Current		
Trade debtors (Note (b))	–	6,459
Prepayments	**179,830**	130,378
Deposits	**1,839**	1,169
Other receivables	**6,739**	24,792
	188,408	162,798

Notes:

(a) The amount related to the costs incurred in relation to a re-forestation project in Urumqi, Xinjiang Uygur Autonomous Region, the PRC. In accordance with the prevailing relevant policies and regulations, upon the agreed completion (which has to be certified by the relevant government authorities) of re-forestation works in respect of that land, as well as the completion of the land listing and tender procedures in accordance with the relevant rules and regulations, the Group shall be either entitled to the land use right of 30% of the overall project area of such land for development purposes or reimbursed for the costs incurred in the re-forestation project.

In the prior years, the Group completed the milestones required by the relevant PRC government authorities and obtained affirmations to confirm the fulfillments of the conditions agreed with the relevant policies and regulations. Despite the delay in the progress of the re-forestation works, based on the latest legal opinion obtained, the legitimate interests of the Group in this re-forestation and land grant contract remain valid and effective and the Directors of the Company are of the opinion that costs incurred for the re-forestation works are fully recoverable in future in accordance with the applicable policies and regulations.

(b) The ageing analysis of the trade debtors of the Group as at 31st December, 2016, based on the invoice date, was as follows:

	2016
	HK$'000
Outstanding balances with ages:	
Within 3 months	5,229
Between 4 to 6 months	901
Between 7 to 12 months	329
	6,459

Trade debtors of the Group in the prior year related to the discontinued operation and had credit terms of 30 to 90 days. The Group did not hold any collateral or other credit enhancements over these balances. The disposal of the discontinued operation was completed during the year and the related trade debtors were also derecognised by the Group.

9. As at 31st December, 2016, included in creditors and accruals was an amount of HK$855,000 representing the trade creditors of the Group from the discontinued operation. The ageing analysis of these creditors as at 31st December, 2016, based on the invoice date, was as follows:

	2016
	HK$'000
Outstanding balances with ages:	
Within 3 months	514
Between 4 to 6 months	229
Between 7 to 12 months	112
	855

10. Other borrowings are analysed as follows:

	2017	**2016**
	HK$'000	**HK$'000**
Non-current		
Other borrowings	**1,062,000**	1,350,000
Current		
Other borrowings	**60,000**	500,000

Other borrowings, comprising term loan of HK$1,062 million (2016 – HK$1,350 million) and revolving loan of HK$60 million (2016 – HK$500 million) from a fellow subsidiary, are secured by the pledge over the equity interests in the relevant holding companies of the Group's property development projects and bear interest at 5% per annum. The loans are repayable on 12th October, 2021 but the revolving loan of HK$60 million (2016 – HK$500 million) is classified as a short term borrowing.

11. Disposal of subsidiaries and discontinued operation

Pursuant to a deed of arrangement entered into between the Group and the co-venturer, the Group completed the disposal of its 60% effective equity interest in 上海禾允投資咨詢有限公司 and its wholly owned subsidiary (the "SH Logistics Group") at a total consideration of HK$71,000,000. The Group ceased to engage in the provision of logistics and related services in Shanghai, the PRC with effect from 30th June, 2017. The related gain on disposal of subsidiaries amounted to approximately HK$152,000.

For the year ended 31st December, 2017 and 2016, the logistics business was classified as a discontinued operation and it is no longer included in the note for operating segment information. Prior to the classification as a discontinued operation, the operation of the SH Logistics Group was reported as a separate operating segment "Logistics operations".

The results of the discontinued operation for the year are presented below:

	2017	2016
	HK$'000	HK$'000
Revenue	**9,100**	13,930
Cost of sales	**(5,716)**	(7,597)
Gross profit	**3,384**	6,333
Other income	**13**	7
Gain on disposal of subsidiaries	**152**	–
Gain on bargain purchase	**–**	3,073
Administrative expenses	**(1,543)**	(2,777)
Operating profit before depreciation and amortisation	**2,006**	6,636
Depreciation and amortisation	**(8,069)**	(9,395)
Loss before tax from the discontinued operation	**(6,063)**	(2,759)
Income tax	**1,088**	224
Loss for the year from the discontinued operation	**(4,975)**	(2,535)

12. Comparative Amounts

The comparative consolidated statement of profit or loss has been re-presented as if the operation discontinued during the current year had been discontinued at the beginning of the comparative period (note 11).

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the year ended 31st December, 2017.

REVIEW OF RESULTS

The Audit Committee has reviewed the Group’s consolidated financial statements for the year ended 31st December, 2017, including the accounting principles and practices adopted by the Group, in conjunction with the Company’s external auditors.

CORPORATE GOVERNANCE

The Company has complied with the Code Provisions in the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange during the year ended 31st December, 2017, except that:

(1) The roles of the Chairman and Chief Executive Officer are not separated and performed by two different individuals, due to practical necessity to cater to the Group’s corporate operating structure.

(2) The Non-Executive Director and Independent Non-Executive Directors of the Company were not appointed for specific terms, but in accordance with the provisions of the Articles of Association of the Company, all Directors (including the Non-Executive Director and the Independent Non-Executive Directors) of the Company are subject to retirement by rotation at least once every three years, and the retiring Directors are eligible for re-election.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises the following members:

Executive Directors:
Mr. LO Yuk Sui
(Chairman and Chief Executive Officer)
Mr. Jimmy LO Chun To
(Vice Chairman and Managing Director)
Miss LO Po Man
(Vice Chairman)
Mr. Kenneth WONG Po Man
(Chief Operating Officer)
Mr. Kelvin LEUNG So Po
(Chief Financial Officer)
Mr. Kenneth NG Kwai Kai

Non-Executive Director:
Mr. Francis BONG Shu Ying

Independent Non-Executive Directors:
Ms. Alice KAN Lai Kuen
Mr. LEE Choy Sang
Mr. David LI Ka Fai
Hon Abraham SHEK Lai Him, GBS, JP

By Order of the Board
LO YUK SUI
Chairman

Hong Kong, 26th March, 2018