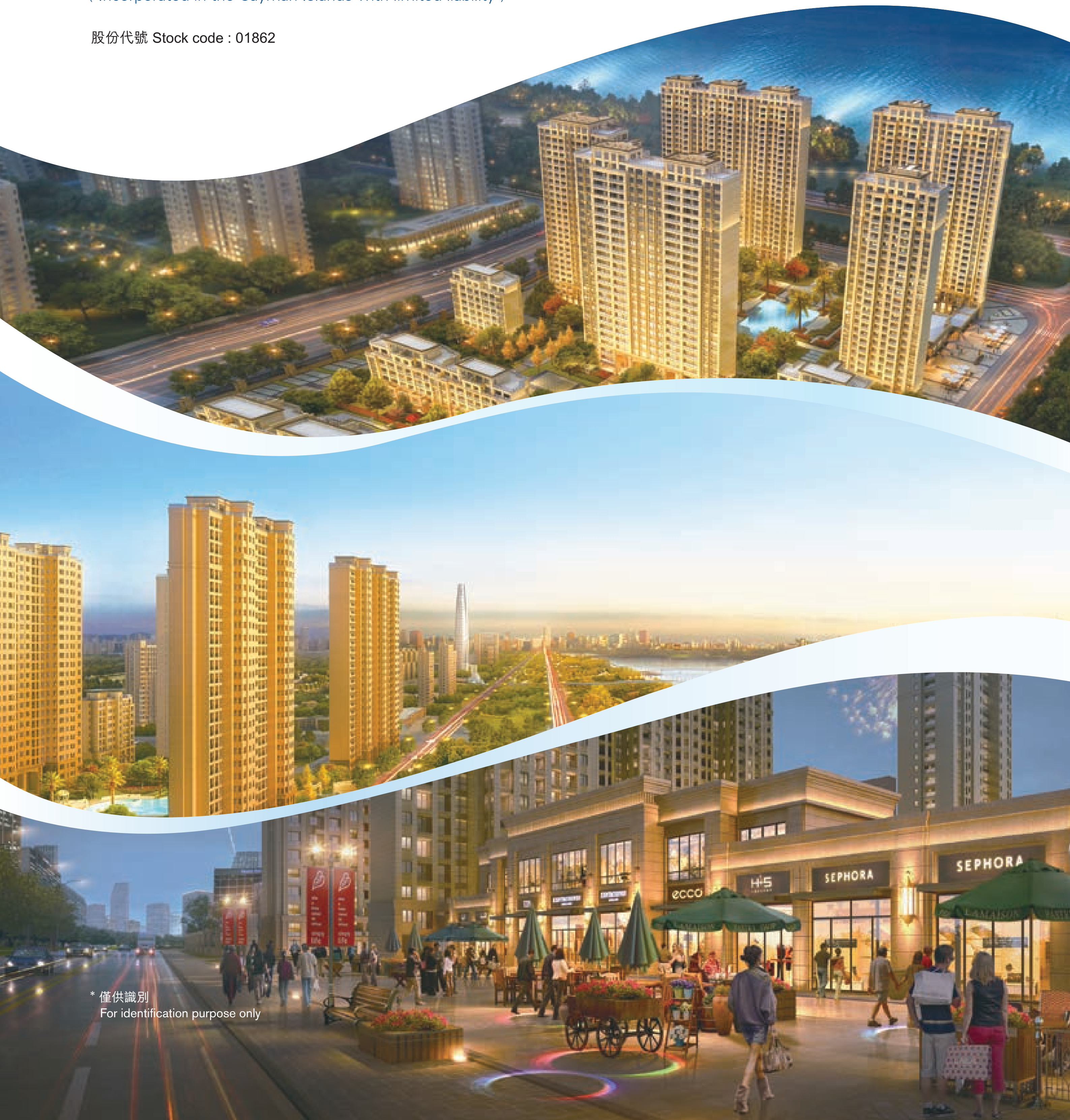
景瑞控股
JINGRUI HOLDINGS

2016年報
ANNUAL REPORT

景瑞控股有限公司*
JINGRUI HOLDINGS LIMITED

(於開曼群島註冊成立的有限公司)
(Incorporated in the Cayman Islands with limited liability)

股份代號 Stock code : 01862



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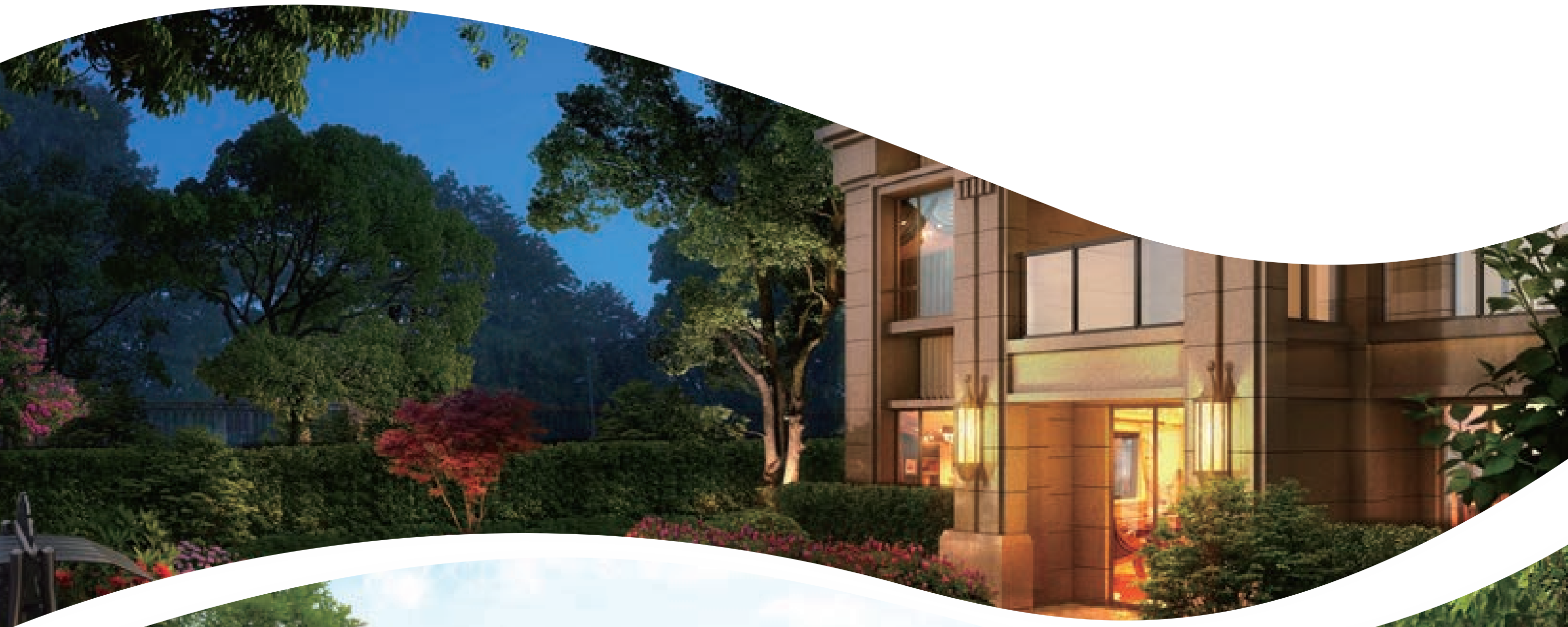


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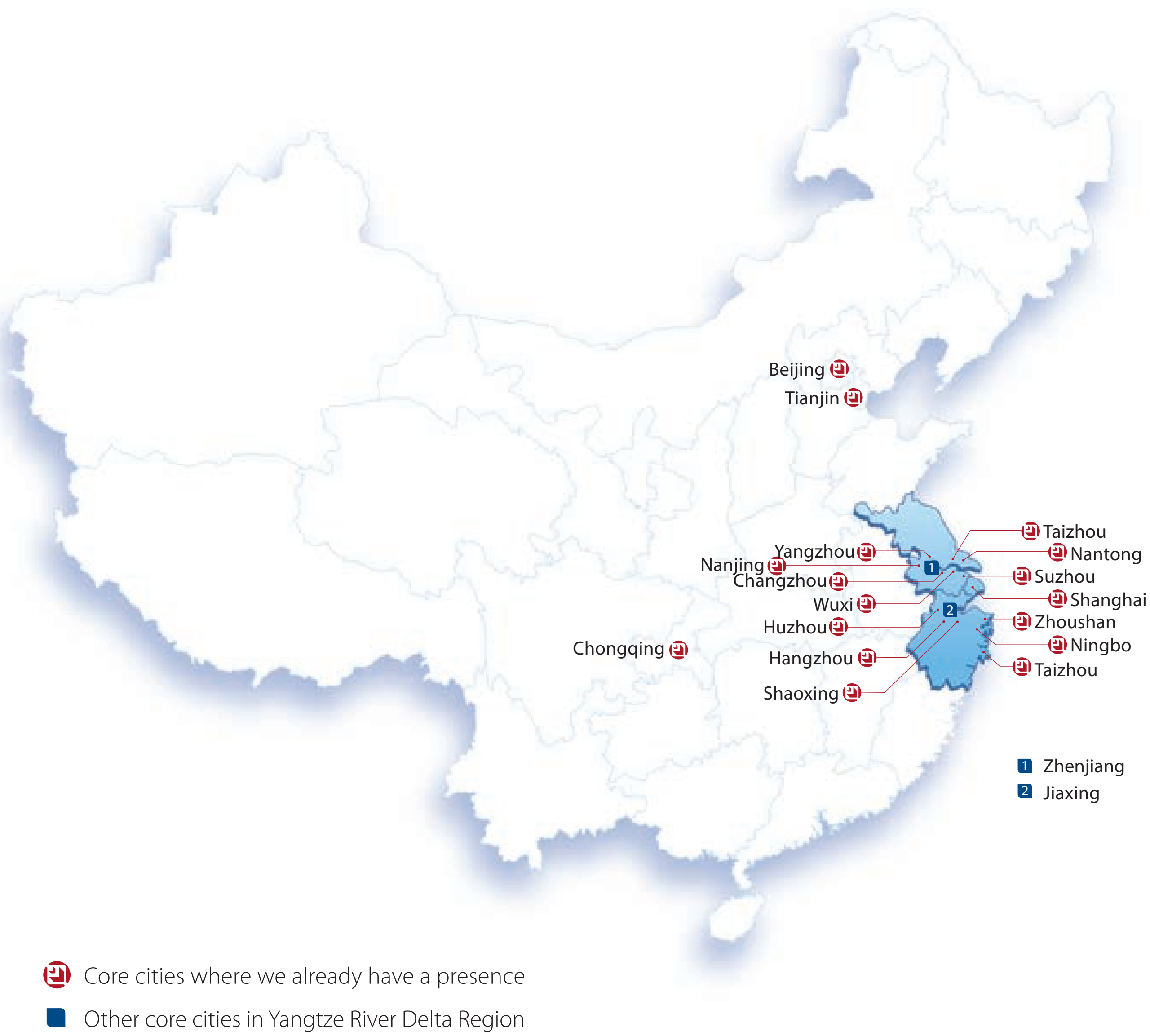
CORPORATE PROFILE



Jingrui Holdings Limited (stock code: 01862) (the "**Company**" or the "**Jingrui**") and together with its subsidiaries (the "**Group**") is one of the leading residential property developers in the Yangtze River Delta region of China.

The Company established in Shanghai in 1993, Jingrui was listed on the Main Board of The Stock Exchange of Hong Kong Limited on 31 October 2013. After successfully setting its footprints in Nanjing in 2016, the geographic business allocation of Jingrui has comprehensively covered all the first-tier and second-tier cities in the Yangtze River Delta region. In February 2017, Jingrui made its presence in Beijing thus strategically penetrating into the four major municipalities of China. Jingrui now has business developments in 17 cities in China.

According to data from China Index Academy, the Group ranked as one of the top 10 property developers in the Yangtze River Delta region in 2012, 2013 and 2014. The Group ranked as one of the top 100 real estate companies in China for five consecutive years since 2011, and ranked 40th among the top 100 real estate companies in China for 2017 in 2017 according to the data from Enterprise Research Institute under the Development Research Center of the State Council (國務院發展研究中心企業研究所), Property Research Institute of Tsinghua University (清華大學房地產研究所) and China Index Academy.

The Group adhered to grasping market opportunities through reform and innovation, unceasingly optimising development concept, timely adjusting strategic deployment, and initially completing strategic transformation in 2016. Focusing on creating "customers' value" as our direction, the Group increased its efforts to create differentiated products tailored to core customer demand. Meanwhile, through accelerating the development mode of "light assets" and leveraging on the dual-drivers powered business model based on light-asset operation financed by funds and value-design capability based on the core value of customers' insight, the Group can achieve the target of growth in scale.

Looking ahead, Jingrui will continuously adjust and optimize its structure, proactively increase product and service model innovation, intensify mutual trust with customers through various ways of financing and cooperation, increase market communication, achieve an advanced model and capability in financing, and realize a quality and rapid expansion in scale, and strive to become the TISHMAN SPEYER, the world's leading real estate service company of China.

Corporate Information

Company Name
Jingrui Holdings Limited

Executive Directors
Mr. Yan Hao *(Co-chairman and Chief Executive Officer)*
Mr. Chen Xin Ge *(Co-chairman)*
Mr. Yang Tie Jun *(Executive President)*
Mr. Xu Chao Hui *(Vice President)*

Independent Non-Executive Directors
Mr. Han Jiong
Mr. Qian Shi Zheng
Dr. Lo Wing Yan William

Audit Committee
Mr. Qian Shi Zheng *(Chairman)*
Dr. Lo Wing Yan William
Mr. Han Jiong

Remuneration Committee
Mr. Han Jiong *(Chairman)*
Dr. Lo Wing Yan William
Mr. Chen Xin Ge

Nomination Committee
Mr. Yan Hao *(Chairman)*
Mr. Han Jiong
Dr. Lo Wing Yan William

Risk Management Committee
Mr. Qian Shi Zheng *(Chairman)*
Mr. Han Jiong
Dr. Lo Wing Yan William

Joint Company Secretaries
Mr. Lee Chian Jie
Ms. Lai Siu Kuen *(FCIS, FCS)*

Authorized Representatives
Mr. Xu Chao Hui
Mr. Lee Chian Jie

Company's Website
www.jingruis.com

Registered Office
190 Elgin Avenue
George Town
Grand Cayman KY1-9005
Cayman Islands

Principal Place of Business and Head Office in the PRC
8/F, Building B, BenQ Plaza, 207 Songhong Road, Shanghai
PRC

Principal Place of Business in Hong Kong
Room 09, 43/F
China Resources Building
26 Harbour Road
Hong Kong

Legal Advisers

As to Hong Kong law:
Simpson Thacher & Bartlett
35/F, ICBC Tower
3 Garden Road
Central, Hong Kong

As to PRC law:
Grandall Law Firm
23-25/F, Garden Square
968 Beijing West Road, Shanghai, China

As to Cayman Islands law:
Walkers
Suite 1501-1507, Alexandra House
18 Chater Road
Central, Hong Kong

Auditor
PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong

Stock Code
01862

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

Principal Banks
Hong Kong
Industrial and Commercial Bank of China (Asia) Limited
Bank of China (Hong Kong) Limited

China
Agricultural Bank of China (Shanghai Branch)
China Construction Bank (Shanghai Branch)
Bank of China (Shanghai Branch)
Bank of Shanghai (Shanghai Branch)

FINANCIAL HIGHLIGHTS

Key Financial Indicators:

	Year ended 31 December				
	2016		2015		Change
	RMB million	**Percentage to revenue %**	RMB million	Percentage to revenue %	%
Revenue	**15,051.3**	**100.0**	5,759.1	100.0	161.3
Gross profit	**610.3**	**4.1**	173.2	3.0	252.4
Profit/(loss) for the year					
– Including non-controlling interests	**163.4**	**1.1**	(289.3)	(5.0)	N/A
– Attributable to equity holders	**106.3**	**0.7**	(352.7)	(6.1)	N/A
Core net profit/(loss) (excluding fair value gains)					
– Including non-controlling interests	**102.6**	**0.7**	(441.4)	(7.7)	N/A
– Attributable to equity holders	**82.6**	**0.5**	(505.1)	(8.8)	N/A

Key Operation Indicators:

	Year ended 31 December		
	2016	2015	Change %
Contracted sales value (RMB million)	**16,784.9**	8,695.3	93.0
Contracted sales area (sq.m.)	**1,353,371.3**	810,816.9	66.9
Average contracted selling price (RMB/sq.m.)	**12,402.3**	10,724.1	15.7

Key Ratio Indicators:

	2016 %	2015 %
Gross profit margin (%)	**4.1**	3.0
Total assets turnover (%)(1)	**44.6**	20.6
Return on equity (%)(2)	**3.5**	(6.0)
Net debt-to-adjusted capital ratio (%)(3)	**51**	135

(1) Equal to revenue for the respective year divided by the average of total assets at the beginning and the end of the year

(2) Equal to profit/(loss) for the year divided by the average of total equity at the beginning and the end of the year and multiplied by 100%

(3) Equal to net debt (which represents total borrowings minus cash and cash equivalents and restricted cash), divided by the sum of total equity and amounts due to non-controlling interests of subsidiaries as at the end of the respective period and multiplied by 100%

Chairman's Statement

Looking ahead, Jingrui will strive to build a dual-drivers powered business model with "customers' value orientation", strengthen new additional residential development business, while expanding the existing business. Jingrui will gradually develop its core assets management capability with "fund raising, investment in projects, post-investment project management and capital withdrawal" and core value-design capability with "customer insights" and "excellent product strength".

In the future, Jingrui will transform from the "heavily extensive" real estate development mode to the "asset-light and sophisticated" service mode, so as to achieve the vision of becoming the assets management service provider and value designer with best customer insights to bring continuous momentum for better performance and create value for our shareholders and investors.

Mr. Yan Hao
Mr. Chen Xin Ge
Co-chairmen

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Jingrui Holdings Limited ("**Jingrui**" or the "**Company**"), I am pleased to present the business review and outlook of the Company, and its subsidiaries (the "**Group**", "**we**" or "**us**" or "**our**") for the year ended 31 December 2016 (the "**Reporting Period**" or the "**Year**").

Market review

Looking back on 2016, the global economy was dragged down by various factors and economic growth was sluggish with black swan events occurring one after another. China's economy has entered into a critical period of "New Normal", leading to a slower pace of economic growth, coupled with the continuous deepening of the supply-side reform. Under the "de-stocking strategic guidance of the China's government, a series of favorable policies were introduced to aid the real estate industry, including lower down initial payments, loosening home purchase policy by tapping on provident fund loans, cutting down deed and business tax rates and replacing the business tax with value-added tax, etc.

Benefiting from a series of policies that have brought signs of positive effects, the real estate market, experienced a "rocketing" growth leveraging on the foundation laid in 2015. Data released by National Bureau of Statistics showed that the transaction volume of China's commodity housing in 2016 has hit a record high, with transaction volume of residential properties across the country reaching approximately 1.3 billion square meters. Contracted sales of residential properties across China reached RMB11.76 trillion, representing a year-on-year increase of 34.8%. Property prices of first-tier cities soared dramatically, with some popular cities such as Shanghai and Hangzhou experiencing an increase of over 20%, which have not only pushed up property prices of third and fourth-tier cities but also greatly stimulated the de-stocking process in these cities.

As regards industry players, the number of domestic property developers with assets over RMB10 billion has increased to 138 during 2016, which in aggregate accounted for 50% of the market share. Industry consolidation has accelerated, thereby opening up a new era for scale development of property developers.

As regards land acquisition financing, the loosened monetary policy has facilitated the financing of property developers and the significantly reduced interest rates have increased property developers' eagerness to acquire lands. First-tier and second-tier cities have always been the hotspots for land acquisition where the prices of land parcels have been moving upward rapidly.

2016 was a year of strategic transformation and upgrading and internal change for Jingrui. In the future, Jingrui will readily take on challenges, upholding integrity and innovation. The Company has realized the transformation towards the "light" operation. Through seizing market opportunities, the Company achieved a rapid quality growth. By placing emphasis on selling price and profit margin, the Company registered increase in profits. More importantly, we have to adhere to the essence of good products and customer services, fulfilling the mission of "Creating Wonderful Life Wholeheartedly".

Results of the Company

During the Year, Jingrui mapped out its strategy to grasp opportunities brought about by the continuous upward market trend. At the beginning of the year, Jingrui set an annual sales target of RMB10 billion and the Group achieved 61% of the target by the first half of the year. Jingrui recorded contracted sales of approximately RMB9.84 billion as at 31 August 2016 with sales hitting a record high for the same period. For the year ended 31 December 2016, Jingrui achieved aggregate contracted sales of approximately RMB16.78 billion, representing a significant year-on-year increase of 93%, and exceeding the sales target of RMB12.5 billion adjusted in the middle of year by 34%. Jingrui could never have achieved the leap-frog growth in its annual results without the careful analysis of macro market and in-depth insight into the real estate market.

In addition, the record high results achieved by Jingrui were also attributable to its strategy to penetrate into first-tier and second-tier cities. While seizing the

Chairman's Statement

opportunities arising from land transfer and acquiring the premium land parcels located in key cities such as Hangzhou, Ningbo and Suzhou through a public bidding process, the Group achieved a breakthrough in its penetration into property market by way of mergers, acquisitions and collocations. During the Year, Jingrui completed merger and acquisition projects including Shanghai Jingrui Upper Riverside (上海景瑞•尚濱江), Hangzhou Jingrui Shenhua County (杭州景瑞•申花郡), Tianjin Jingrui Hyatt Mansion (天津景瑞•悦府) and Nanjing Jingrui The Spring Lake (南京景瑞•春風十里). For the year ended 31 December 2016, the first tier and second tier cities accounted for 80% of the saleable property value of the Group, as compared to 55% in the past, with a land bank of approximately 3.023 million square meters, which was expected to provide a momentum for the Group's development over the next two to three years, facilitating the steady development of the Group's performance.

In addition, with the rapid development of real estate market during the past two decades, first-tier and some second-tier cities saw the shift from "incremental markets" to "stock market". With this in mind, Jingrui carried out urban renewal in Shanghai and Beijing where it successfully acquired Shanghai Jingrui Upper Riverside (上海景瑞•尚濱江) and Beijing Sanquan apartment project (北京三全公寓項目). In the future, Jingrui will continue to focus on high-quality operating assets of office buildings and serviced apartments in first-tier cities such as Beijing and Shanghai as well as those in strong second tier cities as the core. Focusing on the fund-based operation, Jingrui fully mobilized multi-channel funds through the establishment of fund structure, actively tapping the stock assets.

As regards financing, in March 2016, the Company's indirect wholly-owned subsidiary, Jingrui Properties (Group) Co., Ltd. ("**Jingrui Properties** (**Group**)") successfully carried out public issuance of the first tranche of domestic corporate bonds of RMB1.5 billion in the PRC for the first time, with a term of five years and a coupon rate of 5.88%. In September 2016, Jingrui Properties (Group) successfully carried out non-public issuance of the first tranche of domestic corporate bonds. The first tranche comprises a base offering of RMB500.0 million and an over-allotment option of RMB500.0 million, with an aggregate amount of RMB1.0 billion, with a term of three years and a coupon rate of 6.75%. The declining rates of financing, the improving debt structure, the declining debt ratio and a solid financial strategy will undoubtedly provide strong capital support for Jingrui's presence in Shanghai, the facilitation of deployment of first-tier and second-tier cities nationwide as well as business growth.

Transformation into Dual drivers powered by the "Customer Insight" and "Asset-light Operation" strategies

Jingrui noted that although the real estate industry remained stable thanks to persistent demand, profits have gone downhill after entering the "Silver Era". The trend of industry consolidation and polarization has become irreversible, prompting small and medium-sized property developers to seek innovation and transformation in order to maintain a sustainable growth. Meanwhile, the capital market has also seen a change in the perspective towards the development of the real estate industry, gradually shifting its spotlight to the enterprises that are making big strides to transform into asset-light and customer service-oriented business.

Responding to the change over time, Jingrui continued to actively adjust its development strategy, optimized its development philosophy and re-defined the direction of strategic transformation and objective, i.e. creating an "asset-light and sophisticated" service mode based on fund operations and "customer value" oriented value design, aiming to become the assets management service provider and value designer with best customer insights.

In 2016, Jingrui clearly specified its three major business segments, namely Jingrui Asset Management, Jingrui Real Estate and Co-Fortune Capital (合福資本). As a result, the Group has intensified its core capabilities to consolidate real estate development in all aspects and accelerated the integration of capital and real estate business while continuously strengthening the customer-oriented core real estate development business, with a view to pushing our value-added services for real estate and property finance to the next level so as to outperform its rivals.

Asset-light operations help enterprises to enhance financial attributes

In 2016, the reorganization carried out by central and state-owned enterprises intensified the trend of industry consolidation, and thereby the integration of property industry and capital became a new direction for a large number of property developers seeking transformation. There are many successful cases worldwide concerning this transformation. For example, Tishman Speyer, who started as a real estate developer, closely kept pace with the market situation by leveraging on the opportunities brought about by the maturing US property market, and built up core competencies such as pre-acquisition and construction to leasing and property management at a later stage as well as mature capital market operations, successfully transforming itself from a real estate developer into a asset-light manager.

Chairman's Statement

The case of Tishman Speyer served as a good lesson for Jingrui to learn from. As an old brand of real estate with 24 years of history, Jingrui has extensive experience in real estate development. However, to achieve a better development for the Company in the future and break through the bottleneck in current development, Jingrui should gradually cultivate the managing capacity focusing on "Fund-raising, Investment in projects, Post-investment project management and Capital withdrawal" (募投管退), targeting new companies that are service-oriented. Transforming from the real estate development model of "heavily extensive" into the "real estate + financial" and "asset-light" business models, Jingrui explored a wide range of investment and financing channels, with a view to reducing financing costs and improving return on profits while consolidating its core business in the real estate, thereby connecting finance and real estate in a true sense and achieving the Company's future sustainable development.

During the Year, Jingrui entered into a strategic cooperation agreement with China Orient Asset Management Co., Ltd ("**COAMC**"), marking a first step for Jingrui to transform into "asset-light" operations. The agreement indicated that the two parties should carry out in-depth strategic cooperation in real estate investment and financing, assets management, fund-based cooperation. Leveraging on its operation strength, Jingrui improved its efficiency and output while reducing investment risk.

Customer value -oriented to enhance servicing capabilities

Jingrui is fully aware that as time changes, "home" is not just a place of shelter, it is a mainstay of comfortable life. Jingrui has been maintaining a customers' value-oriented philosophy to capture consumer demand in a refined and diversified manner. Placing an emphasis on the needs of individual, Jingrui executed against the products of heavily extensive real estate development mode, recognizing "customization" as its core breakthrough point strategy, and providing customers with differentiated products and services based on their needs.

2016 was a year of the implementation of "customization" of Jingrui. Adhering to the customer-foremost approach, we focus on "customers' value designing". Identifying customers and recognizing their perspective of needs, we draw on customer insight when providing products, services and quality to provide customers with a full set of end to end solutions, achieving differentiated products and one-stop services.

At present, Jingrui, gradually leveraging on its strength in providing differentiated brands characterized by the integration with "customer's needs" and "brand value", rapidly opened up the market, achieving a customized fine decoration rate of more than 30% during the Year. Hangzhou Jingrui Shenhua No. One (杭州景瑞•申花壹號院), the Group's first completed customized project, has adopted the "ePLUS customized system" more comprehensively and thoroughly, contributing stable sales performance for the Group sustainably. Shanghai Jingrui The French Lakeside Villa (上海景瑞•法蘭雲廷), a customized product in Shanghai, was completed and successfully delivered to the buyers. This project underwent two rounds of market launches, and was sold out upon both launches, delivering strong performance in sales, which helped strengthening Jingrui's market share and brand benefits in its base city Shanghai. The Hangzhou Jingrui Majestic Mansion (杭州景瑞•天賦),being the first completed project with customized space design and sophisticated styling architecture, will be put on the market in 2017.

Prospects

In 2017, challenges as well as opportunities will co-exist in the real estate industry. Following more stringent control over major first-tier and second-tier cities, together with fiercer competition in the land market, the market will once again see a short-cycle turning point. However, with moderately easing monetary policy, inevitable trend of rapid urbanization, as well as customized needs in the Industry 4.0 era, the real estate industry will be further promoted to transform from excessive development to industrial capacity upgrade, and it is no doubt that there is still tremendous potential for the development of the real estate industry in the PRC. Jingrui will carefully analyse and

assess the situation, consolidate and develop the core development strategy based on "customer insights" and "asset-light", so as to enhance the overall development capability and potential of the Company.

Looking ahead, Jingrui will strive to build a dual-drivers powered business model with "customers' value orientation", strengthen new additional residential development business, while expanding the existing business. Jingrui will gradually develop its core assets management capability with "fund raising, investment in projects, post-investment project management and capital withdrawal" and core value-design capability with "customer insights" and "excellent product strength".

Jingrui will gradually deploy the "asset-light" approach to its operation model and profitability model comprehensively. In the long run, through exploring development projects thoroughly in cities with great potential under the fund operation model, as well as office buildings, service apartments and other quality operational assets in first-tier cities such as Beijing and Shanghai, Jingrui will also build a fund structure to fully tap funds from various channels for investment in new additional and existing assets, so as to develop and consolidate its assets management service and customers' value-oriented service with the core "fund raising, investment in projects, post-investment project management and capital withdrawal" strategy.

Meanwhile, Jingrui will provide professional services by focusing on "customers' value design", with an aim to create and give play to a systematic capability. It will build product R&D and business models with customers as the core from five aspects, being "customers", "value", "exchange price", "interaction" and "implementation", form a methodology, a series of tool kits and specific products and solutions so as to provide its customers with a full range of services, manifesting our mission of "Creating Wonderful Life Wholeheartedly".

In the future, Jingrui will transform from the "heavily extensive" real estate development mode to the "asset-light and sophisticated" service mode, so as to achieve the vision of becoming the assets management service provider and value designer with best customer insights to bring continuous momentum for better performance and create value for our shareholders and investors.

Yan Hao
Chen Xin Ge
Co-chairmen
Jingrui Holdings Limited

Breakdown of Major Properties

Completed and Partially Completed Projects

Project Name	Project Type	GFA Available for Sale, Lease or Use by the Group	Percentage of Interest in the Project attributable to the Group	Attributable GFA
		sq.m.	%	sq.m.
Shanghai Jingrui Life Square	Commercial	25,442	100	25,442
Shanghai Jingrui City Park	Composite	8,395	80	6,716
Phase 1		8,395		
Shanghai Jingrui Upper Riverside	Commercial	19,273	100	19,273
Chongqing Jingrui Royal Bay	Residential	21,545	100	21,545
Hangzhou Jingrui Shenhua No. One	Residential	11,315	100	11,315
Phase 1		11,315		
Hangzhou Jingrui Shenhua County	Residential	7,500	100	7,500
Hangzhou Jingrui Royal Mansion	Residential	10,868	51	5,543
Hangzhou Jingrui Royal Bay	Residential	6,618	100	6,618
Phase 1		4,379		
Phase 2		2,239		
Huzhou Jingrui Dignity Mansion	Residential	21,269	100	21,269
Ningbo Jingrui Dignity Mansion	Residential	3,752	100	3,752
Ningbo Jingrui The Mansion	Residential	2,434	100	2,434
Ningbo Jingrui Harbour City	Commercial	65,422	50	32,711
Zhoushan Jingrui Peninsula Bay	Residential	6,349	100	6,349
Shaoxing Jingrui Dignity Mansion	Residential	109,460	100	109,460
Phase 1		1,834		
Phase 2		16,840		
Phase 3		17,801		
Phase 4		72,985		

Breakdown of Major Properties

Project Name	Project Type	GFA Available for Sale, Lease or Use by the Group	Percentage of Interest in the Project attributable to the Group	Attributable GFA
		sq.m.	%	sq.m.
Shaoxing Jingrui Nobility Mansion	Residential	5,549	100	5,549
Taizhou Jingrui Dignity Mansion	Residential	2,484	100	2,484
Suzhou Jingrui Dignity Mansion	Residential	299	100	299
Phase 2		299		
Suzhou Jingrui Jade Bay	Residential	6,295	70	4,407
Phase 2		6,295		
Wuxi Jingrui Dignity Mansion	Residential	50,932	100	50,932
Phase 1		3,602		
Phase 2		47,330		
Changzhou Jingrui Dignity Mansion	Residential	44,584	51	22,738
Phase 1		696		
Phase 2		43,888		
Changzhou Jingrui Dawn City	Residential	9,814	100	9,814
Nantong Jingrui Dignity Mansion	Residential	2,019	100	2,019
Phase 1		1,246		
Phase 2		773		
Nantong Jingrui Nobility Mansion	Residential	14,393	100	14,393
Yangzhou Jingrui Dignity Mansion	Residential	3,015	100	3,015
Taizhou Jingrui Royal Bay	Residential	1,483	100	1,483
Total		**460,509**		**397,060**

Breakdown of Major Properties

Projects under Development and under Planning

Project	Project Type	Expected Completion Date	GFA under Development	GFA under Planning	Percentage of Interest in the Project attributable to the Group	Attributable GFA
			sq.m.	sq.m.	%	sq.m.
Shanghai Jingrui City Park[1]	Composite		151,175	39,628	80	152,642
Phase 2		2018/4/30	151,175			
Phase 3		2018/12/20		39,628		
Tianjin Jingrui Hyatt Mansion	Residential	2017/11/30	112,366		70	78,656
Chongqing Jingrui Online Family	Residential	2017/11/15	32,916		51	16,787
Hangzhou Jingrui Majestic Mansion	Residential	2018/9/30	114,038		51	58,159
Hangzhou Jingrui Shenhua No. One	Residential		102,251		100	102,251
Phase 2		2017/8/30	102,251			
Ningbo Jingrui Titian Garden	Residential	2018/8/25	121,628		47	57,408
Ningbo Jingrui Majestic Mansion	Residential	2017/10/30	120,594		100	120,594
Ningbo Jingrui Headream Mansion	Residential	2018/10/30	123,047		50	61,524
Ningbo Jingrui, Lot 3, Jianshan, Ningbo	Residential	2019/9/30		111,188	100	111,188
Zhoushan Jingrui HOPSCA	Residential			63,659	100	63,659
Phase 3		2018/12/1		63,659		
Shaoxing Jingrui Dignity Mansion	Residential		17,696	36,306	100	54,002
Phase 5		2017/11/30	17,696	36,306		
Shaoxing Jingrui Nobility Mansion	Residential		71,850		100	71,850
Phase 2		2017/12/8	71,850			

Breakdown of Major Properties

Project	Project Type	Expected Completion Date	GFA under Development	GFA under Planning	Percentage of Interest in the Project attributable to the Group	Attributable GFA
			sq.m.	sq.m.	%	sq.m.
Shaoxing Jingrui Lake of Dawn[2]	Residential	2017/8/31	274,120		51	139,801
Suzhou Jingrui Jade Bay	Residential		87,967		70	61,577
Phase 4		2018/5/15	87,967			
Suzhou Jingrui Dignity Mansion	Residential		70,578		100	70,578
Phase 5		2017/12/15	70,578			
Suzhou Jingrui Nobility Mansion	Residential		53,747		100	53,747
Phase 3		2017/8/30	53,747			
Suzhou Jingrui Happy Family Garden	Residential	2017/12/15	137,362		100	137,362
Suzhou Jingrui Majestic Mansion	Residential	2018/12/15	141,761		100	141,761
Wuxi Jingrui Dignity Mansion	Residential		116,691		100	116,691
Phase 3		2017/8/30	116,691			
Changzhou Jingrui Dignity Mansion	Residential			114,233	51	58,259
Phase 3		2018/12/1		114,233		
Nanjing Jingrui The Spring Lake	Residential	2017/10/31	37,291		100	37,291
Nantong Jingrui Royal Mansion[3]	Residential		310,034		100	310,034
Phase 1		2017/12/20	123,115			
Phase 2		2017/12/26	186,919			
Total			**2,197,112**	**365,014**		**2,075,821**

Notes:

(1) The project is situated in Lane 588, Cheng Zhong North Road, Qingpu District, Shanghai, the PRC.

(2) The project is situated in West Side of No. 3 Guihua Road and South Side of Wangjiazhuang Road, Yuecheng District, Shaoxing City, Zhejiang Province, the PRC.

(3) The project is Situated at No. 82 Tongfu South Road, Nantong Development Zone, Jiangsu Province, the PRC.

Management Discussion and Analysis

Business Overview

In 2016, the Group achieved contracted sales of approximately RMB16,784.9 million and total contracted gross floor area ("**GFA**") sold of approximately 1,353,371 square meters ("**sq.m.**"). At the same time, the Group implemented strong sales receivables collection management, and the amount collected from property sales was RMB16,128.6 million for the Year, accounting for approximately 96.1% of our contracted sales for the Year.

During the Year, our contracted sales were mainly distributed across 26 development projects in 12 cities in the PRC accounting for approximately 94.0% of the total contracted sales. In 2016, we successively launched 10 new development projects pre-sold for the first time, mainly including Shanghai Jingrui Upper Riverside (上海景瑞•尚濱江), Shanghai Jingrui The French Lakeside Villa (上海景瑞•法蘭雲廷), Shanghai Jingrui @WAY Across (上海景瑞•@WAY遇道), Tianjin Jingrui Hyatt Mansion (天津景瑞•悦府), Hangzhou Jingrui Shenhua County (杭州景瑞•申花郡), Ningbo Jingrui Titian Garden (寧波景瑞•緹香郡), Ningbo Jingrui Headream Mansion (寧波景瑞•海志府), Chongqing Jingrui Online Family (重慶景瑞•西聯社), Suzhou Jingrui Happy Family Garden (蘇州景瑞•東環之歌) and Nanjing Jingrui The Spring Lake (南京景瑞•春風十里), the contracted sales of which accounted for approximately 27.3% of the total contracted sales. In the meantime, sales of existing projects continued to perform well, accounting for approximately 72.7% of the total contracted sales, mainly including Shanghai Jingrui City Park (上海景瑞•城中公園), Hangzhou Jingrui Shenhua No. One (杭州景瑞•申花壹號院), Ningbo Jingrui Majestic Mansion (寧波景瑞•紅翎台), Suzhou Jingrui Dignity Mansion (蘇州景瑞•望府), Suzhou Jingrui Nobility Mansion (蘇州景瑞•御江山), Wuxi Jingrui Dignity Mansion (無錫景瑞•望府) and Nantong Jingrui Royal Mansion (南通景瑞•御府). We adhered to our operating strategy of rapid turnover and sales, and strong sales receivables collection management, which have not only led to high investment return, improved cash flow and lower liquidity risks, but also brought about strong growth and sustainable development of the Group.

During the Year, income from property sales recognized by the Group amounted to RMB14,737.4 million, representing an increase of 162.8% as compared to last year. This was mainly attributable from the growth in property sales in projects such as Shanghai Jingrui The French Lakeside Villa (上海景瑞•法蘭雲廷), Suzhou Jingrui Nobility Mansion (蘇州景瑞•御江山), Suzhou Jingrui Dignity Mansion (蘇州景瑞•望府), Nantong Jingrui Dignity Mansion (南通景瑞•望府), Nantong Jingrui Nobility Mansion (南通景瑞•御江山), Taizhou Jingrui Dignity Mansion (台州景瑞•望府), Ningbo Jingrui Dignity Mansion (寧波景瑞•望府), Ningbo Jingrui The Mansion (寧波景瑞•上府), Ningbo Jingrui Harbour City (寧波景瑞•海港城), Hangzhou Jingrui Royal Bay (杭州景瑞•御藍灣), Hangzhou Jingrui Royal Mansion (杭州景瑞•御華府), Hangzhou Jingrui Shenhua No. One (杭州景瑞•申花壹號院) and Hangzhou Jingrui Shenhua County (杭州景瑞•申花郡). Revenue from property sales of the Group accounted for approximately 97.9% of our total revenue for the Year, and property sales was the principal operating business of the Group. We also provided property management services for all our self-developed projects to enhance project value, establish good reputation and brand image for our projects and increase customer loyalty and satisfaction.

We continued to adhere to the development strategy of intensively penetrating into the Yangtze River Delta region, with special focus on first-tier and second-tier core cities in this region. In 2016, we acquired 10 projects in cities such as Shanghai, Hangzhou, Suzhou, Ningbo, Nanjing and Tianjin, at a total consideration of approximately RMB7,376 million, thereby increasing our total GFA of land reserves by approximately 986,150 sq.m., with the land cost per sq.m. (calculated based on the expected total GFA) amounting to approximately RMB7,480 per sq.m.. As at 31 December 2016, the total GFA of the land reserves held by us in aggregate amounted to approximately 3,022,635 sq.m.. The decrease in GFA as compared with last year was mainly due to (i) the GFA delivered during the Year increased by 92.9% as compared with last year; (ii) the decrease in GFA by approximately 468,939 sq.m. due to the disposal of Tianjin Jingrui England County (天津景瑞•英郡) and Shanghai Jingrui Hongkou Project (上海景瑞•虹口項目) during the Year and (iii) fierce competition in primary land market in the PRC in the second half of the year and prices of land stood at a high level, thereby the Company considered that it should remain cautious in making investment decision. We expect our land reserves to be sufficient to meet our development needs for the next two to three years. We believe a majority of our land reserves are situated in first-tier and second-tier core cities in the Yangtze River Delta region in the PRC, which will be more beneficial to our development strategy of intensively penetrating into the Yangtze River Delta region.

We have consistently applied the principle of steady financial management, with a view to maintain healthy cash flows and guarantee capital safety. In March 2016, the Company's indirect wholly-owned subsidiary in the PRC, Jingrui Properties (Group) issued domestic public corporate bonds of RMB1.5 billion at coupon rate of 5.88% with a term of 5 years (with the issuer's right to adjust the coupon rate and investors' option to require the issuer to repurchase the bonds, at the end of third year after the issue). In September 2016, Jingrui Properties (Group) non-publicly issued the first tranche of domestic corporate bonds of RMB1.0 billion at coupon rate of 6.75% with a term 3 years (with the issuer's right to adjust the coupon rate and a right of redemption exercisable by the holders at the end of the first year). We believe that the two issuances will reduce our finance costs effectively and further optimize our debt structure.

The strong performance of contracted property sales further strengthened our financial position during the Year. As at 31 December 2016, our cash at bank and on hand (including restricted cash) reached RMB10,724.6 million. At the same time, unutilized bank facilities amounted to approximately RMB3,123.0 million. As at 31 December 2016, our net debt-to-adjusted-capital ratio was approximately 51%. We believe that the current liability level is within a reasonable range given our current development stage and also matches our operations. We will continue to improve our liability level and structure for sound risk control so as to lay a solid foundation for our sustained operations and steady future growth.

Management Discussion and Analysis

We are a customer driven residential property developer that focuses on developing properties catering to the demand of our target customers. Our products are designed to meet the needs of first-time home purchasers and those who intend to improve their existing living conditions, who currently constitute a significant portion of all property purchasers in the PRC. As a result, our products have been positioned in accordance with current market trends and government policies. We believe our strategic product positioning will help expand our potential customer base as a result of rapid economic growth and accelerating urbanization in the Yangtze River Delta region, and our rapid asset turnover model has been contributing and will continue to contribute to our growth in scale.

Business Review

Property Development

In 2016, we achieved contracted sales of approximately RMB16,784.9 million and the total contracted GFA sold was approximately 1,353,371 sq.m.. Our contracted sales were primarily generated from the Zhejiang and Jiangsu regions. The contracted sales (excluding car parks) generated from the Zhejiang and Jiangsu regions was approximately RMB6,494.9 million and RMB7,358.8 million, representing 38.7% and 43.8% of the total contracted sales, respectively.

Details of the Group's contracted sales in 2016

The following table sets out the geographic breakdown of the Group's contracted sales in 2016:

Project Name	Contracted GFA Sold	Contracted Sales	Contracted Average Selling Price ("ASP")
	sq.m.	RMB million	RMB/sq.m.
Shanghai			
Shanghai Jingrui City Park	14,069	419	29,781
Shanghai Jingrui Upper Riverside	411	46	111,922
Shanghai Jingrui The French Lakeside Villa	28,554	807	28,262
Shanghai Jingrui@WAY Across	5,919	289	48,826
Tianjin			
Tianjin Jingrui Sunny City	512	3	5,859
Tianjin Jingrui England County	45,933	233	5,073
Tianjin Jingrui Hyatt Mansion	55,468	579	10,438
Chongqing			
Chongqing Jingrui Royal Bay	22,351	161	7,203
Chongqing Jingrui Online Family	15,958	137	8,585
Sub-total of centrally direct-controlled municipalities	**189,175**	**2,674**	**14,135**

Project Name	Contracted GFA Sold sq.m.	Contracted Sales RMB million	Contracted Average Selling Price ("ASP") RMB/sq.m.
Hangzhou			
Hangzhou Jingrui Royal Bay	14,168	107	7,552
Hangzhou Jingrui Royal Mansion	61,677	559	9,063
Hangzhou Jingrui Shenhua No. One	40,048	1,350	33,710
Hangzhou Jingrui Shenhua County	15,662	434	27,710
Ningbo			
Ningbo Jingrui Dignity Mansion	3,240	38	11,728
Ningbo Jingrui The Mansion	17,488	240	13,724
Ningbo Jingrui Majestic Mansion	51,237	575	11,222
Ningbo Jingrui Harbour City	13,343	157	11,766
Ningbo Jingrui Titian Garden	84,200	1,095	13,005
Ningbo Jingrui Headream Mansion	16,248	395	24,311
Shaoxing			
Shaoxing Jingrui The Mansion	(404)	(4)	N/A
Shaoxing Jingrui Dignity Mansion	56,885	570	10,020
Shaoxing Jingrui Nobility Mansion	38,180	231	6,050
Shaoxing Jingrui Lake of Dawn	62,563	398	6,361
Huzhou			
Huzhou Jingrui Cin Cinnatti	369	2	5,420
Huzhou Jingrui Dignity Mansion	16,746	213	12,719
Zhoushan			
Zhoushan Jingrui HOPSCA	177	1	5,649
Zhoushan Jingrui Peninsula Bay	20,800	108	5,192
Taizhou			
Taizhou Jingrui Dignity Mansion	2,987	26	8,704
Sub-total of Zhejiang Province	**515,614**	**6,495**	**12,596**
Suzhou			
Suzhou Jingrui Royal Bay	2,323	28	12,053
Suzhou Jingrui Jade Bay	36,438	287	7,876
Suzhou Jingrui Dignity Mansion	71,854	1,222	17,007
Suzhou Jingrui Nobility Mansion	93,321	1,498	16,052
Suzhou Jingrui Happy Family Garden	41,133	628	15,268
Nanjing			
Nanjing Jingrui The Spring Lake	7,738	163	21,065

Project Name	Contracted GFA Sold sq.m.	Contracted Sales RMB million	Contracted Average Selling Price ("ASP") RMB/sq.m.
Changzhou			
Changzhou Jingrui Dignity Mansion	34,994	387	11,059
Wuxi			
Wuxi Jingrui Dignity Mansion	119,220	994	8,338
Nantong			
Nantong Jingrui Dignity Mansion	1,832	10	5,459
Nantong Jingrui Royal Mansion	200,367	1,860	9,283
Nantong Jingrui Nobility Mansion	37,306	270	7,237
Yangzhou			
Yangzhou Jingrui Dignity Mansion	–	(1)	N/A
Taizhou			
Taizhou Jingrui Royal Bay	2,056	13	6,323
Sub-total of Jiangsu Province	**648,582**	**7,359**	**11,346**
Car park (lots)	2,200	257	–
Total	**1,353,371**[(1)]	**16,785**	**12,402**

Note:

(1) Excluding the area of car parks

Land Bank

As at 31 December 2016, the total land bank of the Group was approximately 3,022,635 sq.m. or approximately 2,472,881 sq.m. on an attributable basis. The average cost of our total land bank based on the expected total GFA was approximately RMB3,708.8 per sq.m. From 1 January 2017 to 29 March 2017, we disposed the share of 60% of Lot 3 Jiangshan Ningbo, and acquired 60 properties located in Beijing and 25% equity interests in Ningbo Panhuo Project. As at 29 March 2017, our total land bank was approximately 3,053,497 sq.m. or approximately 2,418,879 sq.m. on an attributable basis.

Breakdown of the Group's land bank by cities for the year ended 31 December 2016

City	Total GFA	Percentage of the Group's Total GFA	GFA Attributable to the Group's Interests	Percentage of GFA Attributable to the Group's Interests
	sq.m.	%	sq.m.	%
Municipalities directly under the central government				
Shanghai	243,913	8.1	204,074	8.3
Tianjin	112,366	3.7	78,656	3.2
Chongqing	54,461	1.8	38,332	1.5
Subtotal	**410,740**	**13.6**	**321,062**	**13.0**
Zhejiang Province				
Hangzhou	252,590	8.4	191,386	7.7
Ningbo	548,065	18.1	389,611	15.8
Shaoxing	514,981	17.0	380,662	15.4
Taizhou	2,484	0.1	2,484	0.1
Huzhou	21,269	0.7	21,269	0.9
Zhoushan	70,008	2.3	70,008	2.8
Subtotal	**1,409,397**	**46.6**	**1,055,420**	**42.7**
Jiangsu Province				
Suzhou	498,009	16.5	469,730	19.0
Nanjing	37,291	1.2	37,291	1.5
Wuxi	167,623	5.6	167,623	6.8
Changzhou	168,631	5.6	90,811	3.6
Nantong	326,446	10.8	326,446	13.2
Yangzhou	3,015	0.1	3,015	0.1
Taizhou	1,483	0.0	1,483	0.1
Subtotal	**1,202,498**	**39.8**	**1,096,399**	**44.3**
Total	**3,022,635**	**100.0**	**2,472,881**	**100.0**

In 2016, we acquired 10 projects in cities such as Shanghai, Hangzhou, Suzhou, Ningbo, Nanjing and Tianjin, at a total consideration of approximately RMB7,376 million, increasing our total GFA of land reserves by approximately 986,150 sq.m., with the land cost per sq.m. (calculated based on the expected total GFA) amounting to approximately RMB7,480 per sq.m..

From 1 January 2017 to 29 March 2017, we acquired 60 properties located in Beijing and 25% equity interests in Ningbo Panhuo Project, with an expected total GFA of approximately 30,862 sq.m. and an aggregate consideration of approximately RMB820 million.

Details of land acquisition for the year ended 31 December 2016

City	Project/Land Parcel	Land Use	Attributable Interest	Site Area	Expected Total GFA	Expected Total GFA Above Ground	Land Premium	Average Land Cost (based on the expected total GFA)	Average Land Cost (based on the expected total GFA above ground)
			%	sq.m.	sq.m.	sq.m.	RMB million	RMB/sq.m.	RMB/sq.m.
Shanghai	Shanghai Jingrui Upper Riverside	Commercial	100	8,280	31,466	19,273	1,353	42,999	70,202
Hangzhou	Hangzhou Majestic Mansion	Residential	51	32,666	107,865	71,865	1,411	13,081	19,634
Hangzhou	Hangzhou Jingrui Shenhua County	Residential	100	24,952	73,940	54,894	460	6,221	8,380
Suzhou	Suzhou Jingrui Happy Family Garden	Residential	100	54,461	136,057	108,922	646	4,748	5,931
Suzhou	Suzhou Jingrui Majestic Mansion	Residential	100	77,910	133,871	78,689	1,551	11,586	19,711
Ningbo	Ningbo Jingrui Titian Garden	Residential	47	45,066	120,832	90,132	362	2,996	4,016
Ningbo	Ningbo Jingrui Headream Mansion	Residential	50	32,474	120,927	90,927	817	6,756	8,985
Ningbo	Lot 3, Jiangshan, Ningbo	Residential	100	41,088	111,188	82,176	348	3,130	4,235
Nanjing	Nanjing Jingrui The Spring Lake	Residential	100	18,158	37,638	27,036	257	6,828	9,506
Tianjin	Tianjin Jingrui Hyatt Mansion	Residential	70	61,986	112,366	92,979	171	1,522	1,839
Total				**397,041**	**986,150**	**716,893**	**7,376**	**7,480**	**10,289**

Details of land acquisition from 1 January 2017 to 29 March 2017

City	Project/Land Parcel	Land Use	Attributable Interest	Site Area	Expected Total GFA	Expected Total GFA Above Ground	Land Premium	Average Land Cost (based on the expected total GFA)	Average Land Cost (based on the expected total GFA above ground)
			%	sq.m.	sq.m.	sq.m.	RMB million	RMB/sq.m.	RMB/sq.m.
Beijing	Sanquan Apartment Project	Residential	100	3,000	6,661	6,661	643	96,532	96,532
Ningbo	Panhuo Project	Residential	25	16,134	24,201	24,201	177	7,314	7,314
Total				**19,134**	**30,862**	**30,862**	**820**	**26,570**	**26,570**

Revenue from Sale of Properties

The revenue from sale of properties in 2016 was approximately RMB14,737.4 million, representing an increase of 162.8% as compared to last year, and its distribution is mainly as follows:

	Revenue	Percentage of Total Revenue	GFA	ASP
	RMB'000	%	sq.m.	RMB/sq.m.
Shanghai				
Shanghai Jingrui @WAY Across	259,115	1.8	5,597	46,295
Shanghai Jingrui City Park	142,559	1.0	6,980	20,424
Shanghai Jingrui The French Lakeside Villa	547,393	3.7	19,995	27,376
Jiangsu Province				
Suzhou Jingrui Nobility Mansion	727,105	4.9	79,438	9,153
Suzhou Jingrui Jade Bay	159,771	1.1	16,128	9,906
Suzhou Jingrui Dignity Mansion	1,266,032	8.6	109,832	11,527
Nantong Jingrui Dignity Mansion	980,503	6.7	137,068	7,153
Nantong Jingrui Nobility Mansion	921,419	6.2	128,190	7,188
Yangzhou Jingrui Dignity Mansion	393,459	2.7	51,213	7,683
Wuxi Jingrui Dignity Mansion	277,307	1.9	44,322	6,257
Zhejiang Province				
Huzhou Jingrui Dignity Mansion	191,192	1.3	14,587	13,107
Zhoushan Jingrui Peninsula Bay	125,379	0.8	24,376	5,144
Shaoxing Jingrui Dignity Mansion	413,545	2.8	39,953	10,351
Shaoxing Jingrui The Mansion	389,495	2.6	71,328	5,461
Taizhou Jingrui Dignity Mansion	692,094	4.7	48,045	14,405
Ningbo Jingrui Dignity Mansion	784,979	5.3	87,113	9,011
Ningbo Jingrui The Mansion	1,279,746	8.7	93,767	13,648
Ningbo Jingrui Harbour City	546,507	3.7	45,774	11,939
Hangzhou Jingrui Royal Bay	754,365	5.1	116,867	6,455
Hangzhou Jingrui Royal Mansion	1,309,781	8.9	140,780	9,304
Hangzhou Jingrui Shenhua No. One	1,277,704	8.7	53,307	23,969
Hangzhou Jingrui Shenhua County	840,648	5.7	41,210	20,399
Chongqing				
Chongqing Jingrui Royal Bay	181,595	1.2	27,128	6,694
Other projects	102,415	0.7	15,722	6,514
Subtotal	**14,564,108**	**98.8**	**1,418,720**	**10,266**
Car park	173,288	1.2	8,111	–
Total	**14,737,396**	**100.0**	**–**	**–**

Employees and Remuneration Policies

As at 31 December 2016, we had a total of 2,540 fulltime employees in the PRC and Hong Kong. 633 of our employees worked in property development operations and 1,907 were engaged in property management, customer services and other related operations.

The remuneration package of our employees includes salaries and bonuses. In general, we determine employee salaries based on each employee's qualifications, experience, position and seniority. We have designed an annual review system to assess the performance of our employees, which forms the basis for us to determine salary raises, bonuses and promotion. We also review and adjust our remuneration package by referring to the relevant salary survey in the real estate industry published by renowned consulting firms. We believe the salaries and benefits that our employees receive are competitive with market standards in each geographic location where we conduct business. We have also adopted a pre-IPO share award scheme on 6 October 2013 pursuant to which share awards were granted to selected employees of the Group. Details of the pre-IPO share award scheme are set out in the section headed "Report of the Directors – Pre-IPO Share Award Scheme" in this annual report.

The Group's staff costs for the year ended 31 December 2016 amounted to RMB405.8 million (for the year ended 31 December 2015: RMB269.4 million). Staff costs include a remuneration expense in relation to share-based payments of RMB4.4 million recognized for the Year (for the year ended 31 December 2015: RMB14.6 million).

We have also established systematic training programs for our employees based on their positions and expertise. For example, training programs for members of our management teams focus on improving their management skills and leadership capabilities. We also provide trainings designed to improve sales capabilities for our marketing and sales personnel. In addition to the internal trainings, we also engage external experts or sponsor continuing educations for our employees from time to time.

Financial Review

Revenue

For the year ended 31 December 2016, the revenue of the Group reached RMB15,051.3 million, representing an increase of 161.3% as compared to RMB5,759.1 million last year. Our revenue consists of revenue from (i) sales of properties, (ii) property management, (iii) decoration of properties, (iv) rental income and (v) others. The table below sets forth our revenue for each of the businesses described above and the percentage on total revenue represented for the periods indicated:

Revenue by business segments

	2016		2015		
		Percentage of the total revenue		Percentage of the total revenue	Year-on-year change
	RMB'000	**%**	RMB'000	%	%
Sales of properties	**14,737,396**	**97.9**	5,608,426	97.4	162.8
Property management	**164,905**	**1.1**	96,538	1.7	70.8
Decoration of properties	**69,181**	**0.5**	32,449	0.6	113.2
Rental income	**10,663**	**0.1**	8,561	0.1	24.5
Others	**69,132**	**0.4**	13,142	0.2	426.0
Total	**15,051,277**	**100.0**	5,759,116	100.0	161.3

Revenue from sales of properties has constituted, and is expected to continue to constitute, a substantial majority of our total revenue, representing approximately 97.9% of our total revenue for the Year.

Our operating results for any given period are dependent upon the GFA and the selling prices of the properties we deliver during such period and the market demand for those properties. Consistent with industry practice, we typically enter into purchase contracts with customers while the properties are still under development but after satisfying the conditions for presales in accordance with PRC laws and regulations. In general, there is typically at least one year between the time we commence the pre-sales of properties under development and the completion of the construction of such properties. We do not recognize any revenue from the pre-sales of the properties until such properties are completed and the possession of such properties has been delivered to the customers.

During the Year, the properties delivered by the Group were mainly Shanghai Jingrui The French Lakeside Villa, Suzhou Jingrui Nobility Mansion, Suzhou Jingrui Dignity Mansion, Nantong Jingrui Dignity Mansion, Nantong Jingrui Nobility Mansion, Taizhou Jingrui Dignity Mansion, Ningbo Jingrui Dignity Mansion, Ningbo Jingrui The Mansion, Ningbo Jingrui Harbour City, Hangzhou Jingrui Royal Bay, Hangzhou Jingrui Royal Mansion, Hangzhou Jingrui Shenhua No. One and Hangzhou Jingrui Shenhua County. Revenue from sales of properties increased by approximately 162.8% to approximately RMB14,737.4 million in 2016 from approximately RMB5,608.4 million in 2015, mainly due to more GFA delivered during the Year than that of last year.

Our property management revenue represents revenue generated from property management services we provide through our wholly-owned subsidiary, Shanghai Jingrui Property Management Co., Ltd., to owners of all our properties and certain properties developed by third parties. Property management revenue is recognized over the period when our property management services are rendered. In 2016, property management revenue of the Group was approximately RMB164.9 million, representing an increase of approximately 70.8% as compared to that of last year. The absolute amount of our property management revenue increased steadily, primarily due to the continued growth in the total area of our completed properties.

Revenue from decoration of properties represents realised revenue generated from decoration works we provided. In 2016, such revenue of the Group was approximately RMB69.2 million, representing an decoration of 113.2% as compared to that of last year, which was mainly due to the increase in decoration business during the Year.

Rental income mainly includes operating revenue from leasing our investment properties and certain other completed properties and is recognized on a straight line basis over the relevant lease terms. We currently focus on the development of residential properties but usually develop certain ancillary retail areas in our projects, which increases the value of such projects and enables us to better serve residents of our property projects. A substantial portion of our rental income was generated from leasing the retail areas of Shanghai Jingrui Life Square. In 2016, rental income of the Group was approximately RMB10.7 million, representing an increase over last year.

Cost of Sales

Our cost of sales primarily represents the costs we incur directly for the property development activities as well as our property management and leasing operations. The principal components of cost of sales for our property development include cost of properties sold, which represents direct construction costs, land use right costs and capitalized interest costs on related borrowings for the purpose of property development during the period of construction.

Our cost of sales increased by 158.5% from RMB5,585.9 million in 2015 to RMB14,441.0 million in 2016, primarily due to (i) the GFA delivered during the Year increased by 92.9% as compared to last year and (ii) the increase in the unit cost per sq.m. of those properties delivered in 2016.

The table below sets forth information relating to our cost of sales and as a percentage of total cost of sales:

	2016		2015	
	RMB'000	**%**	RMB'000	%
Construction costs	**5,850,775**	**40.5**	2,937,834	52.6
Land use right costs	**6,473,495**	**44.8**	1,638,923	29.3
Capitalized interest	**1,134,021**	**7.9**	308,520	5.6
Subtotal: Total cost of properties	**13,458,291**	**93.2**	4,885,277	87.5
Business tax and surcharges	**657,270**	**4.6**	326,134	5.9
Provision for impairment of properties held or under development for sale	**92,793**	**0.6**	255,300	4.6
Others costs [(1)]	**232,644**	**1.6**	119,222	2.0
Total	**14,440,998**	**100.0**	5,585,933	100.0
Total GFA delivered (sq.m.)	**1,418,720**		735,460	
Average cost of properties per sq.m. sold (RMB)[(2)]	**9,486**		6,642	
Average cost per sq.m. as % of ASP	**92.4**		88.4	

Notes:

(1) Includes costs associated with property management, leasing and other operations.

(2) Refers to cost of properties sold for a period divided by total GFA delivered (excluding car parks) in that period.

Gross Profit and Gross Profit Margin

Our gross profit increased by 252.4% from RMB173.2 million in 2015 to RMB610.3 million in 2016. We recorded gross profit margin of approximately 4.1% for the year ended 31 December 2016, compared to that of approximately 3.0% for the year ended 31 December 2015. Our gross profit margin slightly increased as compared to that of last year, which was mainly due to an adjustment in our overall strategy, changing our focus from third-tier and fourth-tier cities to first-tier and second-tier cities, proactively reducing our footprint in third-tier and fourth-tier cities and increasing our efforts to sell our stock of properties in third-tier and fourth-tier cities.

Fair Value Gains on Investment Properties

Our fair value gains on investment properties decreased by 60.1% from RMB203.3 million in 2015 to RMB81.1 million in 2016. Fair value gains in 2015 were primarily due to the appreciation of self-owned commercial areas of Shanghai Jingrui Life Square and Shanghai Jingrui City Park, while fair value gains in 2016 were primarily due to the appreciation of Ningbo Jingrui Harbour City.

Selling and Marketing Costs

Our selling and marketing costs increased by 77.0% from RMB230.7 million in 2015 to RMB408.5 million in 2016. Such increase was primarily due to the presales and sales of an increasing number of properties under our newly launched projects.

Administrative Expenses

Our administrative expenses increased by 52.1% from RMB269.1 million in 2015 to RMB409.2 million in 2016. Such increase was primarily due to increase in staff costs and the expenses arising from our business expansion.

Other Income and Other Gains/(Losses), Net

Other income decreased by 10.7% from RMB89.3 million in 2015 to RMB79.8 million in 2016.

We recorded other gains of RMB964.3 million in 2016, compared to other losses of RMB52.7 million in 2015. Other gains recorded in 2016 were primarily due to gains from disposal of Tianjin Jingxiu Property Investment Co., Ltd. ("**Tianjin Jingxiu**") and Shanghai Jiajing Investment Co., Ltd. ("**Shanghai Jiajing**") and Shanghai Jingqi Property Development Co., Ltd. ("**Shanghai Jingqi**"). In November 2016, the Group entered into a share transfer agreement with a third party, Hengda (Tianjin) Real Estate Group Co., Ltd. ("**Hengda Tianjin**"), pursuant to which the Group disposed all its equity interests in Tianjin Jingxiu at a total consideration of RMB616,280,000. The transaction was completed in December 2016. The disposal gain of RMB557,096,000 was recognized as other gains. Please refer to the announcement relating to the disposal of Tianjin Jingxiu published by the Company on 28 November 2016 for further details. In December 2016, the Group entered into a share transfer agreement with a third party, Hengda Real Estate Group Shanghai Shengjian Property Co., Ltd. ("**Hengda Shanghai**"), pursuant to which the Group transferred all of its equity interests in Shanghai Jiajing to Hengda Shanghai, and lost control over both Shanghai Jiajing and Shanghai Jingqi. The disposal gain of RMB358,712,000 was recognized as other gains. Please refer to the section headed "Management Discussion and Analysis – Material Acquisition and Disposal" below, and the announcement relating to the disposal of Shanghai Jiajing published by the Company on 1 December 2016 and the shareholders' circular dated 24 January 2017 for further details. Other losses recorded in 2015 were primarily due to overdue payment for a piece of land located in Hangzhou.

Finance (Costs)/Income, Net

Our finance income increased by 19.7% from RMB38.5 million in 2015 to RMB46.1 million in 2016, primarily as a result of the increase in interest income on bank deposits. Our finance costs increased by 49.1% from RMB95.8 million in 2015 to RMB142.8 million in 2016. This is mainly caused by the impact of the foreign exchange losses of RMB66.5 million recognized on our senior notes denominated in US dollars in 2016 due largely to the depreciation of exchange rate of RMB against US dollar in 2016.

Income Tax Expense

Our income tax expense increased by 314.4% from RMB150.0 million in 2015 to RMB621.6 million in 2016, primarily due to (i) provision for PRC corporate income tax has been made for the gains from the disposal of Tianjin Jingxiu and Shanghai Jiajing; and (ii) projects completed during the Year and revenue posted a significant increase as compared to last year.

Profit/(loss) for the Year

Profit for the Year reached RMB163.4 million, of which profit attributable to our equity holders was RMB106.3 million in 2016. Profit for the Year without taking into account the changes in fair values of investment properties and relevant deferred tax was RMB82.6 million in 2016.

Profit attributable to the holders of perpetual capital instruments increased by 42.7% from RMB50.1 million in 2015 to RMB71.5 million in 2016.

Profit attributable to non-controlling interests decreased by 208.3% from a profit of RMB13.3 million in 2015 to a loss of RMB14.4 million in 2016.

Liquidity and Capital Resources

The industry in which the Group engages is a capital-intensive industry. The Group met and expects to continue meeting its operating capital, capital expenditure and other capital needs with proceeds from pre-sale and sale of properties, loans from commercial banks and other individuals, capital injections from shareholders and issuance of new shares. The Group's need for short-term liquid capital is associated with loan repayment and capital need for operation, the Group's short-term liquid capital comes from cash balance, proceeds from pre-sale and sale of properties and new loans. The Group's need for long-term liquid capital is associated with capital allocated for new property development projects and repayment of long-term loan, and the Group's sources of liquid capital include loans, capital injections from shareholders and issuance of new shares.

Cash Positions

As at 31 December 2016, our cash at bank and on hand (including restricted cash) was RMB10,724.6 million. Our cash at bank and on hand are mainly dominated in RMB and US dollars. Restricted cash of the Group mainly comprised deposits pledged for borrowings and guarantees in respect of mortgage facilities for certain purchasers of the Group's properties.

Trade and Other Receivables and Prepayments

As at 31 December 2016, the current portion of trade and other receivables and prepayments of the Group was RMB3,371.0 million (31 December 2015: RMB1,239.5 million). The increase in the trade and other receivables and prepayments as at 31 December 2016 was mainly attributable to the receivables arising from the outstanding considerations for disposal of equity interests in Tianjin Jingxiu and Shanghai Jiajing of RMB540.4 million and the loans due from such disposed subsidiaries assumed by Hengda Tianjin and Hengda Shanghai of RMB506.3 million.

As at 31 December 2016, the non-current portion of trade and other receivables and prepayments of the Group was RMB572.7 million, which include the prepayments for investments of RMB141.5 million, and a shareholder loan principal and interest receivable, totalling RMB431.2 million, due from Shanghai Ruice Investment Co., Ltd. ("**Shanghai Ruice**"). The shareholder loan has an annual interests of 8% and will be matured in October 2019.

Details of the trade and other receivables and prepayments are set out in Note 15 to the consolidated financial statements.

Borrowings

Our total outstanding borrowings increased from RMB10,336.2 million as at 31 December 2015 to RMB13,221.4 million as at 31 December 2016. As at 31 December 2016, we had approximately RMB3,123.0 million unutilized banking facilities. All of the Group's secured borrowings were secured by one or a combination of the following methods: land use rights, properties under development, investment properties, properties, shares of the Company's subsidiaries, bank deposits and/or guarantees by the Company's subsidiaries. As at 31 December 2016, the assets used as collaterals for the borrowings amounted to RMB9,384.4 million (31 December 2015: RMB10,885.0 million) and the total guarantee provided to joint ventures for their borrowings amounted to RMB1,420.0 million (31 December 2015: RMB220.0 million). Our borrowings are mainly denominated in RMB and US dollars.

Breakdown of our borrowings by categories

	As at 31 December		
	2016	2015	Year-on-year change
	RMB'000	RMB'000	%
Current Borrowings:			
Bank loans, secured	**562,850**	2,773,367	(79.7)
Bank loans, unsecured	**–**	100,000	(100.0)
Trust financing arrangements, secured:			
– conventional loan	**2,155,271**	79,200	2,621.3
Add: current portion of long-term borrowings:			
Bank loans, secured	**1,013,220**	2,565,900	(60.5)
Trust financing arrangements, secured	**229,000**	294,527	(22.2)
Total Current Borrowings	**3,960,341**	5,812,994	(31.9)
Non-Current Borrowings:			
Bank loans, secured	**3,749,770**	4,316,400	(13.1)
Trust financing arrangements, secured:			
– conventional loan	**2,615,000**	699,100	274.1
– equity with repurchase obligation	**580,000**	453,027	28.0
Senior notes due 2019, secured	**638,838**	952,334	(32.9)
Senior notes due 2018, secured	**445,974**	962,731	(53.7)
Corporate bonds due 2021	**1,484,530**	–	N/A
Corporate bonds due 2019	**989,117**	–	N/A
Less: current portion of long-term borrowings:			
Bank loans, secured	**(1,013,220)**	(2,565,900)	(60.5)
Trust financing arrangements, secured	**(229,000)**	(294,527)	(22.2)
Total Non-Current Borrowings	**9,261,009**	4,523,165	104.7
Total	**13,221,350**	10,336,159	27.9

Breakdown of our borrowings by maturity profiles

	As at 31 December			
	2016		2015	
	RMB'000	**%**	RMB'000	%
Within 1 year	**3,960,341**	**30.0**	5,812,994	56.3
Between 1 and 2 years	**3,788,514**	**28.6**	1,851,100	17.9
Between 2 and 5 years	**5,433,495**	**41.1**	2,555,065	24.7
Over 5 years	**39,000**	**0.3**	117,000	1.1
Total	**13,221,350**	**100.0**	10,336,159	100.0

The proportion of the Group's long-term borrowings in the total borrowings was 70.0% as at 31 December 2016, ensuring the healthy and stable cash flow of the Group in the future.

Borrowing Costs

The Group's weighted average effective interest rates on bank and other borrowings were 8.46% and 9.68% as at 31 December 2016 and 2015 respectively. The Group's bank and other borrowings as at 31 December 2016 were primarily borrowings at fixed interest rates.

Interest and foreign exchange losses generated from bank loans, senior notes, trust financing arrangements and corporate bonds

	Year ended 31 December		
			Year-on-year
	2016	2015	change
	RMB'000	RMB'000	%
Finance costs			
– Interest expensed	**58,926**	19,160	207.5
– Net foreign exchange losses on financing activities expensed	**83,112**	76,681	8.4
– Amount capitalized	**1,194,783**	963,573	24.0
Total	**1,336,821**	1,059,414	26.2

The table below sets forth the weighted average effective interest rates on our bank and other borrowings as at the dates indicated:

	As at 31 December	
	2016	2015
Bank loans	**7.30%**	8.39%
Trust financing arrangements	**10.01%**	10.27%
Senior notes	**14.20%**	14.20%
Corporate bonds	**6.28%**	–
Weighted average effective interest rates	**8.46%**	9.68%

Net Debt-to-Adjusted-Capital Ratio

As at 31 December 2016, our net debt-to-adjusted capital ratio was 51%. Net debt-to-adjusted capital ratio is calculated as net borrowings at the end of the period divided by the aggregate of total equity and amounts due to non-controlling interests of subsidiaries, and multiplied by 100%. Net debt is calculated as total borrowings minus cash and cash equivalents and restricted cash. Our net debt-to-adjusted capital ratio improved 84 percentage points as compared to 135% as at 31 December 2015.

Contingent Liabilities

We provide mortgage guarantees to banks in respect of the mortgage loans they provided to our customers in order to secure the repayment obligations of such customers. The mortgage guarantees are issued from the date of grant of the relevant mortgage loans and released upon the earlier of (i) the transfer of the relevant real estate ownership certificate to the customer, or (ii) the settlement of mortgage loans by the customers. If a purchaser defaults on a mortgage loan, we maybe required to repurchase the underlying property by paying off the mortgage. If we fail to do so, the mortgagee bank may auction the underlying property and recover any additional amount outstanding from us as the guarantor of the mortgage loans.

As at 31 December 2016, the material contingent liabilities incurred for our provision of guarantees to financial institutions in respect of the mortgage loans they provided to our property purchasers were approximately RMB14,273.5 million (2015: RMB7,219.3 million). In addition, we provide guarantee for certain bank loans amounting to RMB1,420 million for our joint ventures.

Our Directors confirm that we have not encountered defaults by purchasers in which we provided mortgage guarantees that, in aggregate, had a material adverse effect on our financial condition and results of operations.

Off-Balance Sheet Commitments and Arrangements

Except for the contingent liabilities disclosed above, as of 31 December 2016, we did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings and other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

Interest Rate Risk

Our income and operating cash flows are substantially independent of changes in market interest rates. Except for bank deposits bearing stable interest rates, we have no other significant interest-bearing assets.

Our exposure to changes in interest rates is mainly attributable to our borrowings from bank and trust financing providers. Borrowings at floating rates expose us to cash flow interest rate risk, while borrowings at fixed rates expose us to fair value interest rate risk. We have not hedged our cash flow or fair value interest rate risk. Our Directors do not anticipate significant impacts on interest-bearing assets resulting from the changes in interest rates, because the interest rates of bank balances are not expected to change significantly.

Foreign Exchange Risk

We are engaged in the development, sale and management of properties solely in the PRC with almost all our transactions denominated in RMB. In addition, the majority of our assets and liabilities are denominated in RMB. Accordingly, we are not exposed to significant foreign currency risks, except for bank deposits and our senior notes which were issued in 2014 and 2015, which were denominated in US dollars.

Nonetheless, as we expand our operations, we may incur a certain portion of our cash flows in currencies other than RMB and thereby, may increase our exposure to fluctuations on exchange rates. We currently do not have a foreign currency hedging policy but our Directors will manage our exposure through constant monitoring to limit as much as possible the amount of our foreign currency exposures.

Available-for-Sale Financial Assets

As at 31 December 2016, the fair value of the Group's available-for-sale financial assets increased by 1,205.5% to approximately RMB906.0 million from approximately RMB69.4 million as at 31 December 2015. The fair value of the current portion of the available-for-sale financial assets of approximately RMB251.8 million represents the remaining equity interests in Shanghai Jingqi held by the Group, and the fair value of the non-current portion of approximately RMB654.2 million mainly represents the investments in unlisted equity securities and liquid opportunity fund.

Material Acquisition and Disposal

On 18 July 2016, the Group entered into the sale and purchase agreement with Wing Tai Properties (China) (No.2) Limited and Keen Achieve Limited ("**Sellers**") to purchase the entire issued share capital in Property Sky Limited. Closing took place on 15 August 2016 and the Group paid to the Sellers an aggregate amount of HK$915,605,297 and repaid other loans owed by Property Sky Limited to certain other parties of an aggregate amount of RMB91,214,448.25 (equivalent to approximately HK$107,843,609). Upon closing, each of Property Sky Limited, Estate Success Limited and Fengyong (Shanghai) Property Co., Limited has become a wholly-owned subsidiary of the Group and their financial results have been consolidated into the financial statements of the Group. Please refer to the announcement relating to the acquisition of Property Sky Limited published by the Company on 18 July 2016 and the shareholders' circular dated 23 September 2016 for further details.

In early December 2016, the Group entered into the equity transfer agreement with Hengda Shanghai, pursuant to which, the Group transferred the entire equity interests in Shanghai Jiajing, a wholly-owned subsidiary of the Group and indirectly transferred 49% equity interests in Shanghai Jingqi held by Shanghai Jiajing to Hengda Shanghai. In addition, the Group agreed to transfer the remaining 51% equity interests in Shanghai Jingqi to Hengda Shanghai, subject to certain conditions being satisfied (collectively, the "**Hongkou Disposal**"). In December 2016, the Group transferred 100% equity interests in Shanghai Jiajing to Hengda Shanghai, and the relevant transitional arrangements were carried out. Pursuant to the undertakings by the Group to Hengda Shanghai under the equity transfer agreement concerning certain transitional management arrangement, the effective control of Shanghai Jingqi has been passed to Hengda Shanghai in December 2016. As a result, from an accounting perspective, the financial results as well as the assets and liabilities of Shanghai Jiajing and Shanghai Jingqi were no longer consolidated into the financial statements of the Group as indirect wholly owned subsidiaries of the Company from December 2016. The remaining 51% equity interests in Shanghai Jingqi held by the Group has been accounted for as available-for-sale financial assets measured at fair value in the Company's consolidated financial statements. Until completion of the Hongkou Disposal, when the Company will no longer hold any interest in Shanghai Jingqi, the available-for-sale financial assets will be derecognized from the Company's consolidated financial statements. The consideration for the Hongkou Disposal is RMB1.16 billion, of which RMB831 million will be settled by cash for both equity interests and shareholder's loan and RMB326 million will be settled by way of an assignment of a bank loan. Please refer to the announcement relating to the Hongkou Disposal published by the Company on 1 December 2016 and the shareholders' circular dated 24 January 2017 for further details.

Future Plans for Material Investment

The Directors confirmed that as at the date of this annual report, there is no current plan for any material investment other than the Group's ordinary business of property development and proposed acquisitions of (i) the entire equity interests in Shanghai Hutai Real Estate Development Co., Ltd. and (ii) 60% equity interests in Qingdao Copthorne Hotel (please refer to the announcement on the memorandum of understanding in relation to the proposed acquisition published by the Company on 13 February 2017).

Prospects

In 2017, challenges as well as opportunities will co-exist in the real estate industry. Following more stringent control over major first-tier and second-tier cities, together with fiercer competition in the land market, the market will once again see a short-cycle turning point. However, with moderately easing monetary policy, inevitable trend of rapid urbanization, as well as customized needs in the Industry 4.0 era, the real estate industry will be further promoted to transform from excessive development to industrial capacity upgrade, and it is no doubt that there is still tremendous potential for the development of the real estate industry in the PRC. Jingrui will carefully analyse and assess the situation, consolidate and develop the core development strategy based on "customer insights" and "asset-light", so as to enhance overall development capability and potential.

Management Discussion and Analysis

Looking ahead, Jingrui will strive to build a dual-drivers powered business model with "customers' value orientation", strengthen new additional residential development business, while expanding the existing business. Jingrui will gradually develop its core assets management capability with "fund raising, investment in projects, post-investment project management and capital withdrawal" and core value-design capability with "customer insights" and "excellent product strength".

Jingrui will gradually deploy the "asset-light" approach to its operation model and profitability model comprehensively. In the long run, through exploring development projects thoroughly in cities with great potential under the fund operation model, as well as office buildings, service apartments and other quality operational assets in first-tier cities such as Beijing and Shanghai, Jingrui will also build a fund structure to fully tap funds from various channels for investment in new and existing assets, so as to develop and consolidate its assets management service and customers' value-oriented service with the core "fund raising, investment in projects, post-investment project management and capital withdrawal" strategy.

Meanwhile, Jingrui will provide professional services by focusing on "customers' value design", with an aim to create and give play to a systematic capability. It will build product R&D and business models with customers as the core from five aspects, being "customers", "value", "exchange price", "interaction" and "implementation", form a methodology, a series of tool kits and specific products and solutions to provide comprehensive lifestyle services for customers and realize the corporate mission of "committed to creating wonderful life" of Jingrui.

In the future, Jingrui will gradually transform from the "heavily extensive" real estate development mode to the "asset-light and sophisticated" service mode, so as to achieve the vision of becoming the assets management service provider and value designer with best customer insights to bring continuous momentum for better performance and create value for our shareholders and investors.

Directors and Senior Management

Executive Directors

Mr. Yan Hao (閆浩), aged 48, is one of the founders and the co-chairman and chief executive officer of the Group. He was appointed as an executive Director on 6 October 2013. Mr. Yan is responsible for the overall strategic planning and business direction and the day to day business and management of the Group. Mr. Yan also serves as the Chairman of our Nomination Committee. Mr. Yan obtained an EMBA degree from Fudan University (復旦大學) in June 2004. He has more than 20 years of experience in the PRC real estate industry. Mr. Yan cofounded Jingrui Properties (Group) (formerly known as Shanghai Jingrui Property Development Company) in 1993 with Mr. Chen Xin Ge, and has since served as the deputy general manager, building our business to its current scale from 1993 to 1999 and the chief executive officer since 1999, being responsible for overseeing our day to day operations, strategic directions and business growth.

Mr. Chen Xin Ge (陳新戈), aged 48, is one of the founders and the co-chairman of the Group. He was appointed as an executive Director on 6 October 2013. Mr. Chen is responsible for determining the overall strategic planning and business direction of the Group together with Mr. Yan. Mr. Chen also serves as a member of our Remuneration Committee. Mr. Chen graduated from Capital University of Economics and Business (首都經濟貿易大學) in March 2001. He also completed the EMBA Program at Cheung Kong Graduate School of Business in September 2007 and obtained a diploma of Executive Master of Business Administration. Mr. Chen has more than 20 years of experience in the PRC real estate industry. Mr. Chen cofounded Jingrui Properties (Group) (formerly known as Shanghai Jingrui Property Development Company) in 1993 with Mr. Yan, and has since served as the general manager, building our business to its current scale from 1993 to 1999 and the chairman of board of directors since 1999, being responsible, along with Mr. Yan, for the strategic directions and business growth of the Group.

Mr. Yang Tie Jun (楊鐵軍), aged 46, is the executive president of the Group. He was appointed as an executive Director on 6 October 2013. Mr. Yang is responsible for assisting Mr. Yan and Mr. Chen in implementing the overall strategic plans and business directions of the Group and day-to-day operation and management of Jingrui Asset Management Company. Mr. Yang graduated from the University of International Business and Economics (對外經濟貿易大學) in June 1994 with a Bachelor's degree in Economics. He also obtained a Master of Business Administration from the China Europe International Business School (中歐國際工商學院) in September 2009, and a Master of Professional Accountancy from the Chinese University of Hong Kong (香港中文大學) in December 2004. From July 1994 to December 1998, Mr. Yang worked as an accountant in Reanda Certified Public Accountants Co., Ltd. (利安達會計師事務所). Mr. Yang then joined China Jin Mao Group Co., Ltd (中國金茂（集團）有限公司) in January 1999, where he was appointed to various roles such as finance manager and deputy general manager. In December 2003, he was made general manager of its group's finance department. After leaving China Jin Mao Group Co., Ltd., Mr. Yang joined Franshion (China) Property Co., Ltd. (方興地產（中國）有限公司) as a deputy chief financial officer in October 2009. Mr. Yang joined as a chief financial officer of the Group in December 2010. Mr. Yang was appointed as the executive president of the Group in June 2016, and the president of the asset management subsidiary of the Group in November 2016.

Directors and Senior Management

Mr. Xu Chao Hui (許朝輝), aged 49, is the vice-president of the Group. He was appointed as an executive Director on 6 October 2013. Mr. Xu graduated from Zhongshan University in July 1991 with a degree in Economics. He also obtained a Master of Business Administration from Peking University in June 2001. After graduation, he joined China National Scientific Instruments & Material Corporation (中國科學器材公司) as a deputy manager of the exhibition department, before leaving in August 1999 to join Sinotrust International Information & Consulting (Beijing) Co., Ltd. (北京新華信商業風險管理有限公司). From June 2002 to January 2009, Mr. Xu was a partner of Adfaith Management Consulting Co., Ltd. (北京正略鈞策企業管理諮詢有限公司) (formerly known as Beijing Sinotrust Management Consultant Co., Ltd. (北京新華信管理顧問有限公司)), primarily in charge of the real estate consulting business unit. He joined the Group in February 2009 as a strategic development advisor, primarily responsible for the establishment and adjustment of our business strategies and the relevant execution plans. The strategic development adviser also monitors and ensures the business strategies in line with our centralized operating system and to fit in various operating procedures. Mr. Xu was appointed as the general manager of our company in Tianjin in January 2016 and is responsible for the operation and management of our company in Tianjin. Mr. Xu was appointed as the vice-president of the Group in June 2016.

Independent Non-Executive Directors

Mr. Han Jiong (韓炯), aged 48, was appointed as an independent non-executive Director on 6 October 2013. Mr. Han has been appointed as a member of our Audit Committee, the chairman of our Remuneration Committee, a member of our Nomination Committee and a member of our Risk Management Committee and is responsible for supervising and providing independent judgment to the Board, and in particular, as the chairman of the Remuneration Committee, he is responsible for overseeing the policy and structure of the remuneration for the Directors and senior management and making recommendations on employee benefit arrangement. Mr. Han graduated from East China University of Political Science and Law (華東政法大學) in July 1992, and qualified as a lawyer in the PRC in February 1993. He joined Shanghai Jinmao Law Firm (上海金茂律師事務所) in July 1992, and was an associate when he left in December 1998. He was a founding partner of Llinks Law Offices (通力律師事務所) which was established in September 1998, and he is currently a managing partner. Mr. Han was a member of the Seventh and the Eighth CSRC Public Offering Review Committee from January 2005 to April 2007, and was appointed by the Ministry of Human Resources and Social Security of the PRC (中國人力資源和社會保障部) as a member of the First and the Second Review Committee for the Enterprise Annuity Fund Management Association (企業年金基金管理機構評審委員會) from June 2005 to August 2009. He was a council member of the Shanghai Bar Association (上海市律師協會) from April 2008 to April 2015. Mr. Han was appointed as an independent non-executive director of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (上海復星醫藥(集團)股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600196) and the Stock Exchange (stock code: 02196), from April 2009 to June 2015.

Mr. Qian Shi Zheng (錢世政), aged 65, was appointed as an independent non-executive Director on 6 October 2013. Mr. Qian has been appointed as the chairman of our Audit Committee and Risk Management Committee. He is responsible for reviewing and supervising the financial reporting process and internal control system as well as overseeing the audit process of the Group. Mr. Qian received a Bachelor's degree in Accounting from Shanghai University of Finance and Economics in 1983, and obtained a Doctorate in Management Science from Fudan University (復旦大學) in July 2001. Mr. Qian has been an associate professor at Fudan University (復旦大學) specialized in accounting since 1995. Mr. Qian joined Shanghai Industrial Investment (Holdings) Co., Ltd. in January 1998 and has served as its vice president from September 2005 to 2012. Mr. Qian currently serves as an independent non-executive director of Lonking Holdings Limited (stock code: 3339), Hanhua Financial Holding Co., Ltd. (stock code: 3903) and Red Star Macalline Group Corporation Ltd. (stock code:1528), all are listed on the Stock Exchange. Mr. Qian served as an independent non-executive director of Zoomlion Heavy Industry Science and Technology Co., Ltd., a company listed on the Stock Exchange (stock code: 1157) from November 2007 to June 2015. Mr. Qian is currently teaching in Fudan University (復旦大學) and has over 20 years of teaching and work experience in the finance and accounting fields.

Dr. Lo Wing Yan William (盧永仁), aged 56, JP, was appointed as an independent non-executive Director on 6 October 2013. Dr. Lo has been appointed as a member of our Audit Committee, Remuneration Committee, Nomination Committee and Risk Management Committee and is responsible for supervising and providing independent judgment to our Board and performing other duties and responsibilities as assigned by our Board. Dr. Lo holds a Master's degree and a Doctorate from the University of Cambridge in England in March 1986 and March 1988 respectively. Dr. Lo was also a Bye-Fellow of Downing College, the University of Cambridge. In 1999, he was appointed as a JP by the government of Hong Kong. From 2003 to 2016, he was appointed as a member of Shantou Committee of the Chinese People's Political Consultative Conference.

Dr. Lo is currently the vice chairman of Lovable International Holdings Limited, the chairman of Strategenes Limited and a governor of The Charles K.Kao Foundation for Alzheimer's Disease Limited. Dr. Lo is also a governor of an independent school in Hong Kong, the ISF Academy, as well as a chairman of Junior Achievement Hong Kong. From June 2002 to March 2006, Dr. Lo served as an executive director and vice president of China Unicom Limited, a company listed on the Stock Exchange (stock code: 762). From October 2004 to May 2006, he was an independent non-executive director of I.T Limited, a company listed on the Stock Exchange (stock code: 999), and he served as its executive director, vice chairman, managing director and chief financial officer from May 2006 to June 2009. Dr. Lo served as the vice chairman of South China Media Group from September 2011 to September 2014. Dr. Lo is currently the independent non-executive director of the Stock Exchange listed companies, including Television Broadcasts Limited (stock code: 511), CSI Properties Limited (stock code: 497), SITC International Holdings Company Limited (stock code: 1308) and Ronshine China Holdings Limited (stock code: 3301) and a New York Stock Exchange listed company, Nam Tai Property, Inc. (ticker: NTP). Dr. Lo served as an independent non-executive director of International Housewares Retail Company Limited, a company listed on the Stock Exchange (stock code: 1373) from September 2013 to September 2015. Dr. Lo also served as an independent non-executive director of Varitronix International Limited, a company listed on the Stock Exchange (stock code: 710) from July 2004 to June 2016.

Directors and Senior Management

Senior Management

Mr. Lee Chian Jie (李建杰), aged 35, is our joint company secretary and the head of corporate finance and investor relations of the Company. He joined the Group in June 2014 and is mainly responsible for the Group's corporate finance, capital market and investor relations activities. He is also responsible for the operation and management of our Hong Kong office and was appointed as our joint company secretary in March 2016. Prior to joining the Group, Mr. Lee was a general manager of investment and operation department of Renhe Commercial Holdings Company Limited and an associate director with UBS AG where he worked as an equity analyst covering China (including Hong Kong) real estate sector. He was awarded "best stock picker -real estate and construction" by Star Mine in 2008. Mr. Lee has a bachelor's degree in Economics from London School of Economics in 2005.

Joint Company Secretaries

Mr. Lee Chian Jie (李建杰), has been appointed as one of the joint company secretaries and authorized representative of the Company since March 2016. For Mr. Lee's profile, please refer to the section "Senior Management" above.

Ms. Lai Siu Kuen (黎少娟), another joint company secretary of the Company, is a senior manager of KCS Hong Kong Limited. She has over 19 years of professional and in-house experience in the company secretarial field. She is a fellow member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in United Kingdom.

The Board is pleased to present this corporate governance report as set out in the annual report of the Company for the year ended 31 December 2016.

Corporate Governance Practices

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules as its own code of corporate governance. The Company has been in compliance with the code provisions set out in the CG Code during the year ended 31 December 2016 except for the deviation from code provision A.2.1 as set out below. However, the Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

Code Provision A.2.1

Under code provision A.2.1, the roles of chairman and chief executive should be separated and should not be performed by the same individual. Notwithstanding that Mr. Chen Xin Ge was appointed as co-chairman of the Company and Mr. Yan Hao currently holds both positions.

Since the listing of the Company, Mr. Yan Hao ("**Mr. Yan**") has acted as the co-chairman and the chief executive officer of the Company. Notwithstanding the corporate governance measures adopted by the Company and the appointment of Mr. Chen Xin Ge ("**Mr. Chen**") as the other co-chairman with an aim to balance the power and authority of Mr. Yan, this is a deviation from the code provision set out in paragraph A.2.1 of the CG Code. Mr. Yan, as one of the founders of the Group, is instrumental to the Company's growth and business expansion since 1999. The Board considered that vesting the roles of co-chairman and chief executive officer of the Company in Mr. Yan facilitates and maximizes the effectiveness of the execution of the Group's business strategies. The executive functions and day-to-day management of the business are carried out by Mr. Yan as the chief executive officer of the Company. In addition, the Board believes that the powers and authorities of the co-chairmen of the Company have not been concentrated as the responsibilities have been shared between the co-chairmen of the Company. The Board also believes that the balance of power and authority is adequately ensured by the operations of senior management of the Company and the Board, which comprises experienced and high calibre individuals. The Board currently comprises four executive Directors (including Mr. Yan) and three independent non-executive Directors and therefore has a strong independence element in its composition.

(A) The Board

The Board shall be liable to the shareholders, responsible for the general strategy, risk management and internal control of the Group. In order to supervise the specific affairs of the Company, the Board has established four board committees, including the Audit Committee, Remuneration Committee, Nomination Committee and Risk Management Committee (together, the "**Board Committees**"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

Composition of the Board

Currently, the Board consists of four executive Directors (namely Mr. Yan Hao, Mr. Chen Xin Ge, Mr. Yang Tie Jun and Mr. Xu Chao Hui) and three independent non-executive Directors (namely Mr. Han Jiong, Mr. Qian Shi Zheng and Dr. Lo Wing Yan William). The biographies of the Directors are set out under the section headed "Directors and Senior Management" of this annual report.

During the year ended 31 December 2016 and up to the date of this annual report, the Board has been in compliance with the Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise.

Under Rule 3.10A of the Listing Rules, independent non-executive directors shall account for at least one third of the board members. The Company has three independent non-executive Directors currently representing more than one third of the Board members and therefore the Company has complied with the Rule 3.10A of the Listing Rules.

The Company has received written annual confirmation of independence from each independent non-executive Director as required by the Listing Rules. The Company considers all the independent non-executive Directors to be independent for the purpose of the independence guidelines set out in the Rule 3.13 of the Listing Rules.

None of the Directors has any personal relationship (including financial, business, family or other material/relevant relationship) with any other Directors.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee, the Nomination Committee and the Risk Management Committee.

As regards the code provision of the CG Code requiring directors to disclose to the issuer the number and nature of offices held in public companies or organizations and other significant commitments as well as the names of such companies or organizations and the time involved in such offices, each Director has agreed to disclose their commitments to the Company in a timely manner.

Induction and Continuous Professional Development

Each newly appointed Director is provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under relevant statute, laws, rules and regulations. The Company also arranges regular seminars to provide Directors with updates on the latest development and changes in the Listing Rules and other relevant laws and regulations from time to time.

The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

During the year ended 31 December 2016 and up to the date of this annual report, all Directors namely, Mr. Yan Hao, Mr. Chen Xin Ge, Mr. Yang Tie Jun, Mr. Xu Chao Hui, Mr. Han Jiong, Mr. Qian Shi Zheng and Dr. Lo Wing Yan William participated in continuous professional development. They developed and updated their knowledge and skills in respect of Listing Rules and other statutory and regulatory requirements through participation in training programs or external seminars, thus to make contributions to the Board.

Board Diversity

As required by the code provision A.5.6 of the CG Code, the nomination committee (or the board) shall develop a policy concerning board diversity. The Company adopted the Board Diversity Policy on 18 March 2014. The Board considers that board diversity shall be different to cater for different listed companies. The existing Directors, who are different from each other in terms of age, cultural background, education background and professional experiences, can deliver corporate governance on a supplement basis and promise a relatively complete corporate governance system. Details are set out under the section headed "Directors and Senior Management" of this annual report.

The Nomination Committee is mainly responsible for identifying talent with adequate qualification to serve as a board member, and will take into account the Board Diversity Policy. The Board Diversity Policy would be reviewed by the Board on a regular basis to ensure continuous efficiency.

Duties of the Board

The functions and duties of the Board include convening shareholders' meetings, reporting on the Board's work at these meetings, implementing the resolutions passed at these meetings, determining business and investment plans, formulating our annual budget and final accounts, and formulating our proposals for profit distributions and for the increase or reduction of registered capital. In addition, the Board is responsible for exercising other powers, functions and duties in accordance with the articles of association of the Company ("**Articles of Association**").

Name	Position and role
Mr. Yan Hao	Executive Director, co-chairman and chief executive officer (overall strategic planning and business direction and day to day business and management)
Mr. Chen Xin Ge	Executive Director and co-chairman (overall strategic planning and business direction)
Mr. Yang Tie Jun	Executive Director and executive president (assisting the co-chairmen and chief executive officer and responsible for the day to day business and management of Jingrui Asset Management Company)
Mr. Xu Chao Hui	Executive Director and vice president (also responsible for the day to day business and management of Tianjin Company)
Mr. Han Jiong	Independent non-executive Director and members of the Audit Committee, Remuneration Committee, Nomination Committee and Risk Management Committee, responsible for supervising and providing independent judgment to the Board
Mr. Qian Shi Zheng	Independent non-executive Director and members of the Audit Committee and Risk Management Committee, responsible for supervising and providing independent judgment to the Board
Dr. Lo Wing Yan William	Independent non-executive Director and members of the Audit Committee, Remuneration Committee, Nomination Committee and the Risk Management Committee, responsible for supervising and providing independent judgment to the Board

Appointment and Re-election of Directors

Each of the executive Directors and independent non-executive Directors has entered into a service contract or letter of appointment with the Company with specified terms, and is subject to retirement and re-election at the forthcoming annual general meeting of the Company.

Each of the executive Directors has entered into a service agreement with us for an initial fixed period of three years commencing from 31 October 2013. In October 2016, the Company has entered into a renewed service agreement with each of the executive Directors for a further fixed period of three years commencing from 31 October 2016 unless terminated earlier.

Each of Mr. Qian Shi Zheng, Dr. Lo Wing Yan William and Mr. Han Jiong, the independent non-executive Directors, has entered into a letter of appointment with the Company, for an initial term of three years commencing from 31 October 2013. In October 2016, the Company has entered into a renewed letter of appointment with each of our independent non-executive Directors for a further term of three years commencing from 31 October 2016.

Save as disclosed above, none of the Directors has entered into a service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

In accordance with the Articles of Association, all Directors are subject to retirement by rotation at least once every three years and any new Director appointed to fill a causal vacancy shall offer himself/herself for election by shareholders at the first general meeting of the Company after appointment and new Directors appointed as an addition to the Board shall offer himself/herself for re-election by shareholders at the next following general meeting of the Company after appointment.

As at the date of this annual report, the Nomination Committee has assessed the independence of the independent non-executive Directors and has reviewed the proposed appointment of the Directors. In addition, the Nomination Committee has approved the retirement and re-election of three Directors of the Company, namely Mr. Yan Hao, Mr. Xu Chao Hui and Mr. Han Jiong at the annual general meeting to be held on 24 May 2017.

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the Board composition, re-election and succession planning of Directors.

Board Meetings

The Company will adopt the practice of holding board meetings regularly, at least four times a year, and at approximately quarterly intervals. Notices of not less than fourteen days for all regular board meetings are given to all Directors to attend the meetings and the relevant subjects would be included in the agenda for such regular meeting. For other Board and committee meetings, reasonable notice is generally given by the Company. The agenda and related board and committee papers are dispatched to the Directors or committee members at least three days before the meetings to ensure that they have sufficient time to review the papers and be adequately prepared for the meeting. When Directors or committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the chairman prior to the meeting. Minutes of meetings are kept by the Joint Company Secretaries with copies circulated to all Directors for information and records.

Minutes of the Board meetings and committee meetings are recorded in sufficient detail the matters considered by the Board and the committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and committee meeting are sent to the Directors for comments within a reasonable time after the date on which the meeting is held. The minutes of the Board meetings are open for inspection by Directors.

During the year ended 31 December 2016, five Board meetings were held and the attendance of the individual Directors at these meetings is set out in the table below:

Role	Name	Attendance/ No. of meetings held	Attendance rate
Executive Director	Mr. Yan Hao	4/5	80%
Executive Director	Mr. Chen Xin Ge	5/5	100%
Executive Director	Mr. Yang Tie Jun	3/5	60%
Executive Director	Mr. Xu Chao Hui	4/5	80%
Independent non-executive Director	Mr. Han Jiong	5/5	100%
Independent non-executive Director	Mr. Qian Shi Zheng	5/5	100%
Independent non-executive Director	Dr. Lo Wing Yan William	5/5	100%

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Specific enquiry of all the Directors has been made and each of the Directors has confirmed that he has complied with the Model Code during the year ended 31 December 2016.

Delegation by the Board

The Board reserves its decision on all major matters of the Company, including: approval and monitoring of all policy matters, overall strategies and budgets, risk management and internal control systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Directors could have resources to seek independent professional advice in performing their duties at the Company's expense and are encouraged to consult with the Company's senior management independently.

The daily management, administration and operation of the Group are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the management.

Corporate Governance Function

The corporate governance functions to be performed by the Board include:

(1) to develop and review the corporate governance policies and practices and to make recommendations to the Board;

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

(3) to review and monitor the policies and practices on compliance with legal and regulatory requirements;

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

(5) to review the compliance with the CG Code and disclosure in the Corporate Governance Report.

Committees of the Board

Audit Committee

The Audit Committee comprises three independent non-executive Directors, being Mr. Qian Shi Zheng (Chairman), Dr. Lo Wing Yan William and Mr. Han Jiong. The main duties of the Audit Committee are:

(1) to be primarily responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditors, to approve the remuneration and terms of engagement of the external auditors, and to deal with any questions of their resignation or dismissal;

(2) to review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee should discuss with the auditors the nature and scope of the audit and reporting obligations before the audit commences;

(3) to develop and implement policy on engaging external auditors to supply non-audit services. For this purpose, "external auditor" includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The Audit Committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed;

(4) to monitor integrity of the Company's financial statements and annual reports and accounts, interim reports and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them. In reviewing these reports before submission to the Board, the Audit Committee should focus particularly on:

(4.1) any changes in accounting policies and practices;

(4.2) major judgmental areas;

(4.3) significant adjustments resulting from audit;

(4.4) the going concern assumptions and any qualifications;

(4.5) compliance with accounting standards; and

(4.6) compliance with the Listing Rules and legal requirements in relation to financial reporting;

(5) regarding paragraph (4) above:

(5.1) members of the Audit Committee should liaise with the Board and the Company's senior management and the Audit Committee must meet, at least twice a year, with the Company's external auditors; and

(5.2) the Audit Committee should consider any significant or unusual items that are, or may need to be, reflected in the report and accounts, and it should give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors;

(6) to review the Company's financial reporting system and internal control procedure;

(7) to discuss the risk management and internal control systems with management to ensure that management has performed its duty to establish and maintain effective systems. This discussion should include the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting and financial reporting function;

(8) to consider major investigation findings on risk management and internal control matters on its own initiative or as delegated by the Board and management's response to these findings;

(9) to ensure coordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;

(10) to review the Group's financial and accounting policies and practices;

(11) to review the external auditors' management letter, any material queries raised by the auditors to management about accounting records, financial accounts or systems of control and management's response;

(12) to ensure that the Board will provide a timely response to the issues raised in the external auditors' management letter;

(13) to report to the Board on the matters included under the heading "Audit Committee" in Appendix 14 to the Listing Rules;

(14) to review arrangements which employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Audit Committee shall ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;

(15) to act as the key representative body for overseeing the Company's relations with the external auditors;

(16) the Audit Committee shall establish a whistleblowing policy and system for employees and those who deal with the Company to raise concerns, in confidence, with the Committee about possible improprieties in any matter related to the Company; and

(17) to consider other matters as referred to the Audit Committee by the Board.

As at the date of this annual report, the Audit Committee has reviewed the audit plan, audit scope and major audit issues of the external auditor for 2016. In addition, the Audit Committee has reviewed the annual results and annual report of the Group for the year ended 31 December 2015, the interim results and interim report of the Group for the six months ended 30 June 2016, the annual results and annual report of the Group for the year ended 31 December 2016, and also reviewed the auditors' remuneration and made recommendation to the Board on the re-appointment of auditors, which is subject to approval by the annual general meeting.

During the year ended 31 December 2016, two meetings were held by the Audit Committee and the attendance of each respective member at the meetings of the Audit Committee held in 2016 is set out in the following table:

Name	**Attendance/number of meetings held**
Mr. Qian Shi Zheng	2/2
Dr. Lo Wing Yan William	2/2
Mr. Han Jiong	2/2

Remuneration Committee

The Remuneration Committee comprises three members, being independent non-executive Directors, Mr. Han Jiong (Chairman) and Dr. Lo Wing Yan William and executive Director Mr. Chen Xin Ge. A majority of the members of the Remuneration Committee are independent non-executive Directors. The main duties of the Remuneration Committee are:

(1) to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

(2) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;

(3) to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

(4) to make recommendations to the Board on the remuneration of the non-executive Directors;

(5) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;

(6) to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

(7) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;

(8) to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration;

(9) consult with the Company's Chairman and/or the president/managing director/chief executive officer about their remuneration proposals for other executive Directors; and

(10) to consider all other matters as referred to the Remuneration Committee by the Board.

The Remuneration Committee has adopted the model described in code provision B.1.2 (c)(ii) of the CG Code.

As at the date of this annual report, the Remuneration Committee has reviewed the performance appraisals of the Directors and senior management of the Company in 2016, and at the same time, made recommendations on performance appraisal standards in 2017. In addition, the Remuneration Committee has reviewed the Group's current remuneration policies for the Directors and the implementation of employment contracts.

During the year ended 31 December 2016, two meetings were held by the Remuneration Committee and the attendance of each respective member at the meeting(s) of the Remuneration committee held in 2016 is set out in the following table:

Name	Attendance/number of meetings held
Mr. Han Jiong	2/2
Dr. Lo Wing Yan William	2/2
Mr. Chen Xin Ge	2/2

Nomination Committee

The Nomination Committee comprises three members, being executive Director Mr. Yan Hao (Chairman), and independent non-executive Director Mr. Han Jiong and Dr. Lo Wing Yan William. A majority of the members of the Nomination Committee are independent non-executive Directors. The main duties of the Nomination Committee are:

(1) to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(2) to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

(3) to assess the independence of independent non-executive Directors; and

(4) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive.

The Nomination Committee will assess the candidate or incumbent on criteria such as integrity, experience, skill and ability to commit time and effort to carry out the duties and responsibilities. The recommendations of the Nomination Committee will then be put to the Board for decision.

As at the date of this annual report, the Nomination Committee has assessed the independence of the independent non-executive Directors and has reviewed the proposed appointment of the Directors. In addition, the Nomination Committee has approved the retirement and re-election of three Directors of the Company, namely Mr. Yan Hao, Mr. Xu Chao Hui and Mr. Han Jiong at the annual general meeting to be held on 24 May 2017.

During the year ended 31 December 2016, one meeting was held by the Nomination Committee and the attendance of each respective member at the meeting(s) of the Nomination Committee held in 2016 is set out in the following table:

Name	Attendance/number of meetings held
Mr. Yan Hao	1/1
Mr. Han Jiong	1/1
Dr. Lo Wing Yan William	1/1

Risk Management Committee

The Risk Management Committee was established on 23 October 2015 and comprises three independent non-executive Directors, being Mr. Qian Shi Zheng (Chairman), Mr. Han Jiong and Dr. Lo Wing Yan William. The main duties of the Risk Management Committee are:

(1) to review the risk management and internal controls policy and standard of the Company, as well as the fundamental concepts and scope of compliance management;

(2) to review and make recommendation to the Board on the overall target and basic policy of the compliance and risk management;

(3) to supervise, monitor and make recommendation to the Board on the establishment of risk and compliance management system of the Company and its development;

(4) to supervise and monitor the Company's exposure to sanctions law and implementation of the related internal control policies and procedures adopted by the Company;

(5) to review the compliance reports and risk assessment reports that need to be reviewed by the Board, and to make recommendation to the Board on improvement of the Company's compliance and risk management;

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

(7) to monitor the effective implementation of the risk and compliance management by the management of the Company, and to evaluate the performance of the senior management responsible for risk and compliance management;

(8) to evaluate and advise on the risks involved in major decisions that need to be reviewed by the Board and solutions to the major risks; and

(9) to review and evaluate the effectiveness of the risk management and internal control policies and procedures with respect to sanctions law matters from time to time.

The Risk Management Committee has completed an annual review of the risk management and internal control systems of the Group, including amongst others, sufficiency of resources, qualification and experiences of staff, and their training plans and budgets.

During the year ended 31 December 2016, one meeting was held by the Risk Management Committee and the attendance of each respective member at the meeting of the Risk Management Committee held in 2016 is set out in the following table:

Name	Attendance/number of meetings held
Mr. Qian Shi Zheng	1/1
Mr. Han Jiong	1/1
Dr. Lo Wing Yan William	1/1

(B) Financial Reporting, Risk Management and Internal Control

Directors' Responsibilities for Financial Reporting in respect of Financial Statements

The Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 December 2016 which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. The Company provides all members of the Board with monthly updates on Company's performance, positions and prospects.

The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The statement by the auditor of the Company regarding their reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report of this annual report.

Risk Management and Internal Control

The Risk Management Committee was established by the Board on 23 October 2015. The Board, through the Risk Management Committee, conducted an annual review of the effectiveness of the risk management and internal control systems of the Group including the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function and their training programmes and budget.

The Board takes full responsibilities for maintaining sound and effective risk management and internal controls to safeguard the Company's assets and shareholders' interests. The Directors confirm that the Company, through the Risk Management Committee, conducts regular checks on office procedures, practices and systems to prevent assets from inappropriate use, maintain proper accounts and ensure compliance with regulations. The regular reviews also cover all major controls, including financial, operational and compliance supervision and risk management functions of the Company.

In addition to the Risk Management Committee, the Company has an internal audit function. The risk management and internal control systems of the Group are designed to facilitate effective and efficient operations, to ensure reliability of financial reporting and compliance with applicable laws and regulations, to identify and manage potential risks and to safeguard assets of the Group. The internal auditor and the Risk Management Committee review and evaluate the control process, monitor any risk factors on a regular basis, and reports to the Board on any findings and measures to address the variances and identified risks. However, the mechanism under the risk management and internal control systems reasonably but not absolutely ensures the non-occurrence of significant error, loss or fraud and it is designed to manage, rather than eliminate the risk of failure to achieve business objectives.

The Company has established a sound internal control and risk management system, and formulated internal guidances covering a full range of businesses including investment, operation, marketing, finance and human resources management, with a complete organizational structure and clear responsibilities and authorizations.

The day-to-day operation of various departments is conducted in accordance with the abovementioned internal guidances with cross checks and balances between different departments. In addition, the status of internal control and risk management is further supervised by the departments at a higher level through daily inspection, process assessment and special guidance, and by the independent internal audit department through the review of amendments to internal control procedures, special audit and risk interview, which facilitates the Company to find, identify, assess and manage risks on a timely basis, and to take effective measures to control and mitigate risks.

The Risk Management Committee also conducts regular review and assessment of inside information, discusses with the management or authorized persons of the Company about disclosure of inside information, reports to the Board once identical any for dissemination. Inside information disclosure policies are formulated to provide employees with guidelines on report and disseminating inside information, confidentiality and compliance with restrictions on trading.

Procedures to Identify, Evaluate and Manage Significant Risks

(1) Establishment of the risk context: evaluating and reviewing the effectiveness of the risk management and internal control systems of the Group to reduce the costs of operational risk and ensure compliant operation of the Company.

(2) Formulation of the risk management policies: ensuring that the Group carries out consistent procedures and criteria for risk identification, measurement and reporting.

(3) Identification of the risks: identifying any potential risks of various business segments and key procedures.

(4) Evaluation on the risks: evaluating and rating the impact on business and its likelihood of the risks identified.

(5) Response to the risks: evaluating the risk management solutions and the effectiveness of risk management.

(6) Report and monitor: monitoring and reviewing the policies and evaluating procedures for risk management, and the measures for managing and effectiveness of controlling significant risks, and report the findings to the Board.

Summary of Major Risk Management and Internal Control Initiatives during the Year

(1) The nature of and changes in key risk items identified in previous year were reviewed and the likelihood of such risks and their impact on business were re-evaluated.

(2) Potential risks of those key business initiatives and management procedures newly introduced in 2016 were identified and evaluated.

(3) The appropriateness and effectiveness of the measures and actions to control and reduce key risks were reviewed.

The Directors consider that the Group's existing risk management and internal control systems are effective.

External Auditor

The remuneration paid/payable to the Company's auditor, PricewaterhouseCoopers, in connection with the interim review and the annual audit of the Group's consolidated financial statements for the year, amounted to a total of approximately RMB3,630,000. In addition, approximately RMB1,847,000 was incurred for other non-audit services. The non-audit services conducted mainly include financial due diligence services for acquisitions, services relating to major acquisition and disposal reporting and tax consultancy services provided to the Company.

(C) Joint Company Secretaries and Shareholders' Rights

Joint Company Secretaries

Due to internal operational requirements leading to a re-allocation of job duties, Mr. Yu Jia Le ("**Mr. Yu**"), previously one of our joint company secretaries, resigned on 30 March 2016. On the same day, the Board appointed Mr. Lee Chian Jie ("**Mr. Lee**"), as one of our joint company secretaries. Our joint company secretaries are responsible for advising the Board on corporate governance matters and ensuring that the Board policy and procedures, and the applicable laws, rules and regulations are followed.

In order to uphold good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong laws, the Company also engages Ms. Lai Siu Kuen ("**Ms Lai**"), senior manager of KCS Hong Kong Limited (a company secretarial service provider), as its joint company secretary to assist Mr. Yu/Mr. Lee to discharge their duties as company secretary of the Company. The primary corporate contact person at the Company is Mr. Lee, the joint company secretary of the Company.

Mr. Yu, Mr. Lee and Ms. Lai have undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules for the year ended 31 December 2016.

Shareholders' Rights

To safeguard shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings, including the election of individual Directors.

All resolutions put forward at general meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting. The annual general meeting for the year ended 31 December 2016 will be held on 24 May 2017.

Convening of extraordinary general meeting and putting forward proposals

Pursuant to Article 66 of the Articles of Association, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary to require an extraordinary general meeting to be called by the Board, with the transaction of any business specified in such requisition. The written requisition can be lodged at the Company's principal place of business in Hong Kong for the attention of the joint company secretaries.

Enquiries to the Board

Shareholders who intend to put forward their enquiries about the Company to the Board could send their enquiries to the principal place of business for the Company in Hong Kong at Unit 09 43F, China Resources Building, 26 Harbour Road, Hong Kong.

(D) Investor Relations and Communication with Shareholders

The Company considers that effective communication with shareholders is essential for enhancing investor relations and understanding of the Group's business, performance and strategies. The Company also recognizes the importance of timely and non-selective disclosure of information, which will enable shareholders and investors to make the informed investment decisions.

To promote effective communication, the Company adopts a shareholders' communication policy which aims at establishing a two-way relationship and communication between the Company and its shareholders and maintains a website at (www.jingruis.com), where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access.

During the year ended 31 December 2016, an annual general meeting was held by the Company on 27 May 2016 and the attendance of the individual Directors at this general meeting is set out in the table below:

Name	Attendance/number of meeting held
Mr. Yan Hao	1/1
Mr. Chen Xin Ge	1/1
Mr. Yang Tie Jun	0/1
Mr. Xu Chao Hui	0/1
Mr. Han Jiong	0/1
Mr. Qian Shi Zheng	0/1
Dr. Lo Wing Yan William	1/1

In accordance with code provision E.1.2, the Co-Chairmen, Mr. Yan Hao and Mr. Chen Xin Ge, were present at the annual general meeting held on 27 May 2016, and had invited the chairmen of the Audit Committee, the Remuneration Committee, the Nomination Committee and the Risk Management Committee and the external auditor to attend the meeting. Mr. Han Jiong, the chairman of the Remuneration Committee, and Mr. Qian Shi Zheng, the chairman of the Audit Committee and the Risk Management Committee, were not able to attend the annual general meeting due to their respective personal engagement during the meeting time. Accordingly, Dr. Lo Wing Yan William, being a member of each of the Board committee, was invited to attend, and has attended, the annual general meeting in the absence of Mr. Han and Mr. Qian.

Information Disclosure

The Company discloses information in compliance with the Listing Rules, and publishes periodic reports and announcements to the public in accordance with the relevant laws and regulations. The primary focus of the Company is to ensure information disclosure is timely, fair, accurate, truthful and complete, thereby enabling shareholders, investors as well as the public to make rational and informed decisions.

Constitutional Documents

There are no changes in the Company's constitutional documents during the year ended 31 December 2016.

Report of the Directors

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

Global Offering

The Company was incorporated in the Cayman Islands under the Companies Law, Cap.22 ("**Companies Law**") of the Cayman Islands as an exempted company with limited liability on 7 March 2013. The shares of the Company were listed on the Stock Exchange on 31 October 2013.

Principal Activities

The Company is an investment holding company, and the principal activities of its subsidiaries are development of and investment in real estate projects as well as management of properties. Details of the subsidiaries of the Company are set out in Note 44 to the consolidated financial statements.

An analysis of revenue of the Group for the year ended 31 December 2016 by principal activities is set out in Note 26 to the consolidated financial statements.

Business Review

Environmental Policies and Performance

The Group is subject to a number of environmental laws and regulations in the PRC concerning overall environmental protection, impact to the environment, noise pollution and environmental protection for construction projects.

We place high emphasis on complying with relevant environmental laws and regulations. We require our staff and construction contractors to comply with the PRC laws and regulations relating to the quality of construction including environmental, labour, social and safety regulations, as well as our own standards and specifications.

We believe that during the Year we have been in compliance in all material respects with applicable laws and regulations in the PRC.

Relationships with Employees, Customers and Suppliers

During the Year, the Group ensured that its employees were offered competitive remuneration packages, as well as benefits such as social insurance, housing fund and physical examination, so as to maintain its competitiveness. As such, the Group has maintained good relationships with its employees with low outflow of key talents.

The Group focused on taking customers' views and positioned the establishment of our transformation towards a "customized lifestyle service provider". We will strive to become a customized lifestyle service provider with remarkable regional influence, gaining respect from our customers and even suppliers.

During the year under review, the Group's procurement from its five largest suppliers accounted for 43.5% (2015: 32.6%) of its procurement while the Group's sales to its five largest customers accounted for 0.7% (2015: 0.9%) of its sales.

The Group maintains a high standard in selecting reputable and reliable suppliers and contractors, in order to meet our own quality, safety, environmental and product criteria. During the year ended 31 December 2016 and up to the date of this annual report, the Group has maintained good relationships with its suppliers and contractors.

The sustainable development of the Group depends on the supports and efforts of all parties concerned including our customers, suppliers and contractors, particularly the efforts and contributions of all our staff.

Compliance with Related Laws and Regulations

The Company was incorporated in the Cayman Islands and its shares are listed on the Main Board of the Stock Exchange. The subsidiaries of the Group were incorporated in British Virgin Islands, Hong Kong and the PRC. The operations of the Group were mainly engaged by the subsidiaries of the Group incorporated in the PRC. The Group has an administrative place of business in Hong Kong.

Our business and operations are subject to related laws and regulations of the Cayman Islands, the British Virgin Islands, Hong Kong and the PRC. During the year ended 31 December 2016 and up to the date of this annual report, we have complied with all related laws and regulations of the Cayman Islands, the British Virgin Islands, Hong Kong and the PRC, which would have significant impact on the Group.

Business Review and Prospect

Review on the business of the Group during the year and the description of its future business development are set out under the sections "Chairman's Statement" and "Management Discussion and Analysis" of this annual report.

Financial Results

The key financial indicators set out on page 5 of this annual report under sub-section headed "Key Financial Indicators" were adopted to analyze the Group's performance during the Year. The financial risk management objectives and policy of the Group are set out in Note 3 to the consolidated financial statements.

Risks and Uncertainties

The financial conditions and operating results of the Group may be subject to various potential risk and uncertainties. Other than the risks disclosed below, the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this annual report also set out certain other risks which the Group may be subject.

Policy Risk

The property industry is an important pillar of overall national economic development and the industry as a whole is more susceptible to the impact of macro-economic and industrial policies.

In the second half of 2016, the local government of China successively implemented a series of macro-control policies for the property industry, including policies on financial, land and industry management aspects. Many cities in China are affected under the macro-control policies. The austerity measures such as the home purchase restriction and restriction on mortgages suppress the investment and speculation in the first- and second-tier property markets.

Nevertheless, the property industry is always subject to cyclical fluctuations, while uncertainties will remain in the direction of future policies. If the Company is unable to proactively adapt itself to changes in regulatory policies, and improve its risk control, business management standards on an ongoing basis and formulate reasonable business strategies, the operations and results of the Company might be adversely affected.

Business Risk

Property project development comprises multiple phases which include site selection, land acquisition, planning, design, construction, sales and after-sales service. Project development typically requires long turnover periods, significant financial investments and interaction with numerous parties. It is also subject to approval and supervision by a number of government authorities, such as authorities for the administration of land and resources, housing and urban-rural development, fire prevention and environmental protection, and will also be affected by factors such as market conditions.

In recent years, the government has announced policies containing more stringent approval requirements for land transactions, housing layout planning, and application for construction permits and sales permits, etc. This may result in longer turnover periods for the Company's property development and sales, and increase our development costs and development risks.

At present, the transfer of land sites for development and construction in China is conducted through the "tender, auction and listing" system of transfer in the public market. Property development companies face intense competition in land acquisition. If the Company is unable to acquire land sites required for project development in a timely manner and maintain a dynamic land bank required for ongoing development, the Company's development will be restrained and the continuous growth in the Company's revenue and operating results will be affected as a result.

Significant Subsequent Events

Details of significant subsequent events of the Group are set out in Note 46 to the consolidated financial statements.

Results

Details of the Group's results for the year ended 31 December 2016 are set out in the consolidated income statement on page 77 of this annual report.

Subsidiaries

Details of the Company's subsidiaries as at 31 December 2016 are set out in Note 44 to the consolidated financial statements.

Dividend

At the Board meeting held on 29 March 2017, the Board has resolved not to recommend the payment of a final dividend for the year ended 31 December 2016 (2015: nil).

Financial Summary/Financial Review

Financial summary of results, assets and liabilities and financial review of the Group for the past five financial years are set out on page 204 of the annual report. The summary does not constitute a part of the audited consolidated financial statements.

Previous Fund Raising Activities

Date	Fund raising activity	Net proceeds raised (approximately)	Use of the net proceeds
October 2013	Initial public offering	HK$1,358 million	The Company has fully utilized the net proceeds from its initial public offering in the following manner: (i) approximately 10% (of about HK$136 million) on general working capital; and (ii) approximately 90% (of about HK$1,222 million) on the acquisition of the land parcels located in Hangzhou, Zhejiang Province, in January 2014.
August 2014	Issue of US$150 million 13.625% senior notes due 2019 ("**2019 Notes**")	US$144 million	To fund existing and new property projects
November 2014	Issue of 37,610,744 right shares	HK$128 million	To enhance the capital structure and strengthen the equity base and raise funds for general working capital
April 2015	Issue of US$150 million 13.250% senior notes due 2018 ("**2018 Notes**")	US$147 million	To further finance the existing debts of the Group
March 2016	Issue of RMB1.5 billion 5.88% corporate bonds due 2021	RMB1,500 million	To improve the debt structure of the Company
September 2016	Issued of RMB1.0 billion 6.75% corporate bonds due 2019	RMB1,000 million	To improve the debt structure of the Company

Major Customers and Suppliers

For the year ended 31 December 2016, the Group's procurement from its five largest suppliers accounted for 43.5% (2015: 32.6%) of the Group's total procurement, while the procurement from the largest supplier accounted for 19.2% (2015: 11.8%). For the year ended 31 December 2016, the Group's sales to its five largest customers accounted for 0.7% (2015: 0.9%) of the Group's total revenue.

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

Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Company and the Group during the year ended 31 December 2016 are set out in Note 7 to the consolidated financial statements.

Investment Properties

Details of movements in the investment properties of the Company and the Group during the year ended 31 December 2016 are set out in Note 8 to the consolidated financial statements.

Share Capital

Details of movements in the share capital of the Company during the Year are set out in Note 17 to the consolidated financial statements.

Reserves

Details of movements in the reserves of the Group during the Year are set out in the consolidated statement of changes in equity on page 79 and in Note 18 to the consolidated financial statements respectively.

In addition, details of movements in the reserves of the Company during the Year are set out in Note 45(a) to the consolidated financial statements.

Distributable Reserves

As at 31 December 2016, the Company's reserves available for distribution, calculated in accordance with the provisions of Companies Law, amounted to approximately RMB1,457.4 million.

Bank Loans and Other Borrowings

Particulars of bank loans and other borrowings of the Company and the Group as at 31 December 2016 are set out in Note 20 to the consolidated financial statements.

Directors

The Directors during the year ended 31 December 2016 and up to the date of this annual report were:

Executive Directors:

Mr. Yan Hao
Mr. Chen Xin Ge
Mr. Yang Tie Jun
Mr. Xu Chao Hui

Independent Non-executive Directors:

Mr. Han Jiong
Mr. Qian Shi Zheng
Dr. Lo Wing Yan William

Board of Directors and Senior Management

Biographies of the Directors and senior management of the Group are set out on pages 35 to 38 of this annual report.

Confirmation of Independence of Independent Non-Executive Directors

The Company has received an annual confirmation of independence pursuant to rule 3.13 of the Listing Rules from each of the independent non-executive Directors and the Company considers such Directors to be independent for the year ended 31 December 2016.

Directors' Service Contracts and Letter of Appointments

Each of the executive Directors has entered into a service contract with the Company on 6 October 2013 for an initial term of three years commencing from 31 October 2013 and such service contracts may be terminated in accordance with the respective terms thereof.

Each of the independent non-executive Directors has signed a letter of appointment with the Company on 6 October 2013 for an initial term of three years commencing from 31 October 2013.

In October 2016, the Company has renewed the service contract with each of the executive Directors and the letter of appointment with each of the independent non-executive Directors for a further term of three years commencing from 31 October 2016.

Directors' Remuneration

The Directors' remuneration is determined by reference to each Director's duties and responsibilities, individual performance and the results of the Group.

Details of the remuneration of the Directors and five highest paid individuals of the Group for the year ended 31 December 2016 are set out in Note 32 to the consolidated financial statements.

Directors' Rights to Acquire Shares or Debentures

At no time during the year ended 31 December 2016 was the Company or any of its subsidiaries a party to any arrangement to enable the Directors, their respective spouse or minor children to acquire benefits by means of the acquisitions of shares in the Company or in any other body corporate.

Director's Interests in Competing Business

As at 31 December 2016, none of the Directors of the Company had any interest in business which competes or may constitute competition directly or indirectly with the business of the Group.

Compliance with Non-Competition Undertaking

Each of Mr. Yan Hao, Mr. Chen Xin Ge, Decent King Limited and Beyond Wisdom Limited (the "**Covenantors**") has entered into a Deed of Non-Competition with and in favor of the Company on 15 October 2013, pursuant to which the Covenantors have unconditionally, irrevocably, jointly and severally undertaken with the Group that they shall not (except through the Group), and shall procure that all their respective associates (excluding any member of the Group), shall not directly or indirectly, carry on, participate, acquire or hold any right or interest or otherwise be interested, involved or engaged in or connected with, any business which is in any respect in competition with or similar to or is likely to be in competition with the business of the Group (the "**Restricted Business**").

The independent non-executive Directors have reviewed the compliance with the non-competition undertaking by the Covenantors under the Deed of Non-Competition and are of the view that such non-competition undertaking has been complied with during the year ended 31 December 2016. Each of the Covenantors has provided to the Company a written confirmation in respect of his/its compliance with the Deed of Non-Competition.

Directors' and Controlling Shareholders' Interests in Transactions, Arrangement and Contracts

Save as disclosed in this annual report, no transaction, arrangement and contract of significance to which the Company or any of its subsidiaries was a party and in which a Director and/or any its connected entity had a material interest, whether directly or indirectly, subsisted as at 31 December 2016 or at any time during the Year. The Company did not provide any loans to the Directors or the management personnel of the Company during the Year; in addition, no transaction, arrangement or contract of significance between the Company or any of its subsidiaries and the Company's controlling shareholders or any of their respective subsidiaries, subsisted as at 31 December 2016 or at the any time during the Year.

Employees and Remuneration Policies

For details regarding the employees and remuneration policies of the Group during the year, please refer to the sections "Directors' Remuneration" on page 55 and "Management Discussion and Analysis" on page 24.

The Company has adopted a Pre-IPO share award scheme (the "**Pre-IPO Share Award Scheme**") to reward qualified employees, the details of which are set out in the section "Pre-IPO Share Award Scheme" below.

Management Contract

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

Pre-emptive rights

There is no provision regarding pre-emptive rights under the Articles of Association and the laws of the Cayman Islands.

Equity-Linked Agreements

Save for the Pre-IPO Share Aware Scheme as disclosed in the section headed "Pre-IPO Share Aware Scheme" of this Report of the Directors, the Company has not entered into any equity-linked agreement for the year ended 31 December 2016.

Senior Notes and Corporate Bonds

With an aim to improve the Company's debt position, during the year ended 31 December 2016, RMB1.5 billion 5.88% corporate bond (due 2021) and RMB1.0 billion 6.75% corporate bond (due 2019) were issued by the Company in March 2016 and September 2016 respectively. The proceeds from the issuance of the corporate bonds has been utilized to refinance the Company's existing debts.

Details of senior notes and corporate bonds of the Group outstanding during the Year are set out in Note 20 to the consolidated financial statements.

Pre-IPO Share Award Scheme

The Company adopted the Pre-IPO Share Award Scheme on 6 October 2013.

1. Objective

The Pre-IPO Share Award Scheme aims to establish an effective incentive mechanism for our senior management and employees ("**Eligible Persons**"), attract and cultivate talent and align the interests of our management team with those of our shareholders in order to promote the Group's strategies and growth. Each Eligible Person shall have worked with the Group for at least one year, reached a specific employee ranking and having satisfied certain performance and assessment targets in order to be eligible to be receive an award under the Pre-IPO Share Award Scheme. In addition, the Board has the discretion to select the Eligible Persons to receive the awards under the Pre-IPO Share Award Scheme.

2. Implementation

Pursuant to the Pre-IPO Share Award Scheme, a total of 141 employees, of which two are executive Directors of the Company (each, a "**Selected Person**"), have been awarded Shares of the Company which initially are held by Tianyan (PTC) Limited as trustee (the "**Trustee**") for the benefits of the Selected Persons under the Tianyan Trust. Tianyan (PTC) Limited is a special purpose vehicle incorporated in the BVI on 5 September 2013, to act as the trustee of Tianyan Trust, for the benefit of the Selected Persons. On 31 October, 2013, being the date of listing of the Company on the Stock Exchange (the "**Listing Date**"), Tianyan (PTC) Limited held 28,207,844 Shares, representing approximately 2.18% of the total issued share capital of the Company as at the date of this annual report (the "**Awarded Shares**"). No further Shares have been issued by the Company or transferred to the Trustee after the Listing Date for the purpose of the Pre-IPO Share Award Scheme. Therefore, the maximum number of Awarded Shares that may be granted under the Pre-IPO Share Award Scheme is 28,207,844 Shares in aggregate (excluding Awarded Shares that have lapsed or been cancelled in accordance with the rules of the Pre-IPO Share Award Scheme).

3. Granting of the Awarded Shares

A Selected Person whom Awarded Shares are granted in accordance with the terms of the Pre-IPO Share Award Scheme is not required to pay for the grant of any Awarded Shares under the Pre-IPO Share Award Scheme.

There is no maximum entitlement for each Eligible Person under the rules of the Pre-IPO Share Award Scheme although no Selected Person has been granted Awarded Shares exceeding 0.1% of the issued share capital of the Company.

A total of 28,122,364 Awarded Shares have been granted pursuant to the Pre-IPO Share Award Scheme. All of these Awarded Shares were granted in two batches in December 2013 and September 2014. As at 31 December 2016, a total of 4,311,421 Awarded Shares (representing approximately 0.2% of the total issued share capital of the Company as at the date of this annual report) have been granted by the Company and remained outstanding under the Pre-IPO Share Award Scheme, and are subject to vesting. There were altogether 69 employees of the Group, including two executive Directors, holding outstanding Awarded Shares as at 31 December 2016. Details of the vesting period of the Awarded Shares granted and outstanding as at 31 December 2016 and the movements in the Awarded Shares during the year ended 31 December 2016 are set out in the section headed "7. Details of the Awarded Shares granted and outstanding under the Pre-IPO Share Award Scheme as at 31 December 2016" below. As at the date of this annual report, all of the Awarded Shares granted and outstanding as at 31 December 2016 had been fully vested.

4. Vesting of the Awarded Shares

The vesting principles of the Pre-IPO Share Award Scheme are summarized as follows:

- The Selected Persons are not entitled to exercise, enjoy or transfer the rights to the Awarded Shares pending the vesting of the Awarded Shares.
- Vesting period for a Selected Person is determined based on his or her (I) performance appraisal; (II) length of service; and (III) seniority (if applicable).
- For the first batch of Awarded Shares granted in December 2013, the Awarded Shares have vested in four tranches on 1 January 2014, 2015, 2016 and 2017 respectively. For the second batch of Awarded Shares granted in September 2014, the Awarded Shares have vested in three tranches on 1 January 2015, 2016 and 2017.
- The first vesting date for all of the first batch of Awarded Shares is 1 January 2014, while the first vesting date for all of the second batch of Awarded Shares is 1 January 2015.
- The Selected Persons are not required to pay any consideration for the Awarded Shares for the purpose of vesting.
- Vesting period for a Selected Person may be subject to postponement in the event of unsatisfactory work performance based on his or her annual performance appraisal (if applicable).
- Prior to vesting, the Selected Persons are not entitled to the voting rights to the Awarded Shares.
- All dividends declared and paid in respect of the Awarded Shares shall be held by the Trustee for the benefit of the respective Selected Person pending vesting, and may be distributed to the Selected Person after vesting.

5. Events Triggering Cancellation and Lapse of Awarded Shares

In the event that a Selected Person fails to meet the specified performance target or review immediately preceding the vesting of the Awarded Shares, the portion of the Awarded Shares which are due to be vested in the upcoming vesting will be not be vested and will be deemed to have been cancelled by the Company.

Awarded Shares which have not vested will be deemed to have been surrendered by a Selected Person, and lapsed accordingly, upon the occurrence of any of the following events:

- termination of employment with or without cause;
- dishonest behaviour or breach of employment contract;
- unsatisfactory performance leading to demotion and failure to satisfy the criteria for re-promotion within one year; or
- passing away not in the course of carrying out his or her duties as an employee of our Group.

Awarded Shares which have been cancelled or lapsed may be re-allocated or disposed at the discretion of Tianyan (PTC) Limited.

6. Term of the Scheme

The Pre-IPO Share Award Scheme will be valid and effective for a period of five years commencing from the adoption date, being 6 October 2013. As at 31 December 2016, the remaining life of the Pre-IPO Share Award Scheme is approximately one year and nine months. No further awards will be granted upon the expiry of the Pre-IPO Share Award Scheme. The provisions of the Pre-IPO Share Award Scheme shall remain in full force and effect in respect of all Awarded Shares (vested or unvested) which were granted pursuant to the rules of the Pre-IPO Share Award Scheme prior to the termination of the operation of the Pre-IPO Share Award Scheme.

7. Details of the Awarded Shares granted and outstanding under the Pre-IPO Share Award Scheme as at 31 December 2016

Movements in the number of Awarded Shares for the year ended 31 December 2016 are set out below:

Name of Grantee	Number of Awarded Shares as at 1 January 2016	Date of grant[1]	Granted during the Year	Vested and exercised during the Year	Lapsed during the Year	Cancelled during the Year	Number of Awarded Shares as at 31 December 2016
Executive Directors							
Mr. Yang Tie Jun	622,366	25 December 2013[2]	–	311,183	–	–	311,183
Mr. Xu Chao Hui	501,001	25 December 2013[2]	–	250,501	–	–	250,500
Other senior management and employees							
Vice President and above	597,465	25 December 2013[2]	–	298,734	–	–	298,731
Managers and above	1,983,711	25 December 2013[3]	–	991,861	–	153,128	838,722
	2,300,937	30 September 2014[4]	–	1,160,790	–	36,247	1,103,900
Other employees	5,508,990	25 December 2013[5]	–	3,157,325	306,154	537,126	1,508,385
Total	11,514,470		–	6,170,394	306,154	726,501	4,311,421

Notes:

(1) The Selected Persons with Awarded Shares granted to them under the Pre-IPO Share Award Scheme are not required to pay for the grant of any Awarded Shares under the Pre-IPO Share Award Scheme.

(2) For the Awarded Shares granted to the executive Directors and our employees with ranking of vice president and above on 25 December 2013 shall (unless the Company shall otherwise determine and so notify the Selected Person in writing) vest as to 25% on each of 1 January 2014, 1 January 2015, 1 January 2016 and 1 January 2017.

(3) For the Awarded Shares granted to the Selected Persons with ranking of managers and above (but below the ranking of vice president) on 25 December 2013 shall (unless the Company shall otherwise determine and so notify the Selected Person in writing) vest as to (i) 10% on 1 January 2014, (ii) 40% on 1 January 2015, (iii) 25% on 1 January 2016 and (iv) 25% on 1 January 2017.

(4) For the Awarded Shares granted to the Selected Persons with ranking of managers and above on 30 September 2014 shall (unless the Company shall otherwise determine and so notify the Selected Person in writing) vest as to (i) 33% on 1 January 2015, (ii) 33% on 1 January 2016 and (iii) 34% on 1 January 2017.

(5) For the Awarded Shares granted to all other employees on 25 December 2013 shall (unless the Company shall otherwise determine and so notify the Selected Person in writing) vest as to (i) 5% on 1 January 2014, (ii) 35% on 1 January 2015, (iii) 35% on 1 January 2016 and (iv) 25% on 1 January 2017.

Charitable Donations

No charitable or other donations were made by the Group for the year ended 31 December 2016.

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 December 2016, the interests or short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("**SFO**")) which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to in relevant provision, or which will be required, pursuant to the Model Code as set out in Appendix 10 to the Listing Rules, to be notified to our Company and the Stock Exchange, are as follows:

Name of Director	Nature of interest	Number of shares held[3]	Approximate % of shareholding interest[4]
Mr. Yan Hao[1]	Interest in a controlled corporation	505,917,613 (L)	39.18%
Mr. Chen Xin Ge[2]	Interest in a controlled corporation	427,205,918 (L)	33.08%
Mr. Xu Chao Hui	Beneficial owner	560,792 (L)	0.04%
Mr. Yang Tie Jun	Beneficial owner	482,675 (L)	0.04%

Notes:

(1) Beyond Wisdom Limited is wholly-owned by Mr. Yan Hao. According to the SFO, Mr. Yan Hao is deemed to be interested in the shares held by Beyond Wisdom Limited.

(2) Decent King Limited is wholly-owned by Mr. Chen Xin Ge. According to the SFO, Mr. Chen Xin Ge is deemed to be interested in the shares held by Decent King Limited.

(3) (L) represents long positions in these securities.

(4) There were 1,291,302,213 shares in issue as at 31 December 2016.

Save as disclosed above and to the best knowledge of the Directors, as at 31 December 2016, none of the Directors or the chief executives of the Company has any interest or short position in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be entered in the register referred to in relevant provision under the Section 352 of the SFO, or which will be required to be notified to the Company and the Stock Exchange under the Model Code.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at 31 December 2016, so far as the Directors are aware, the following persons (other than the Directors or the chief executive of the Company) have or are deemed to have interests and/or short positions in the Shares or underlying shares which will be required to be disclosed pursuant to the provisions of Division 2 and 3 of Part XV of the SFO:

Name	Nature of interest	Number of shares[3]	% of shareholding interest[4]
Beyond Wisdom Limited[1]	Beneficial owner	505,917,613 (L)	39.18%
Decent King Limited[2]	Beneficial owner	427,205,918 (L)	33.08%

Notes:

(1) Beyond Wisdom Limited is wholly-owned by Mr. Yan Hao. According to the SFO, Mr. Yan Hao is deemed to be interested in the shares held by Beyond Wisdom Limited.

(2) Decent King Limited is wholly-owned by Mr. Chen Xin Ge. According to the SFO, Mr. Chen Xin Ge is deemed to be interested in the shares held by Decent King Limited.

(3) (L) represents long positions in these securities.

(4) There were 1,291,302,213 shares in issue as at 31 December 2016.

Save as disclosed above and to the knowledge of the Directors, as at 31 December 2016, no person had an interest or a short position in the shares or underlying shares of the Company required to be entered in the register referred to in relevant provision under the Section 336 of the SFO.

Directors' Indemnities

Pursuant to article 181 of the Article of Association, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise.

Non-exempt Continuing Connected Transactions

The Company provided financial assistance to Beyond Wisdom Limited, a company wholly-owned and controlled by the co-chairman, chief executive officer, executive Director and a controlling shareholder of the Company, Mr. Yan Hao, in the form of loans of approximately RMB49.7 million, pursuant to a loan agreement entered into on 15 January 2016, for an aggregate principle amount of up to RMB50.0 million at an annual interest rate of 13.5% repayable within 12 months of the date of the loan agreement.

As at 31 December 2016, Beyond Wisdom Limited has repaid in full of the loan amount with accrued interest of an aggregate amount of approximately RMB53.4 million.

Beyond Wisdom Limited is a substantial shareholder of the Company and is in turn wholly-owned by Mr. Yan. Beyond Wisdom Limited is therefore an associate (as defined under the Listing Rules) of Mr. Yan, the co-chairman, chief executive officer, executive Director and a controlling shareholder of the Company, and thus, Beyond Wisdom Limited is a connected person of the Company under the Listing Rules. Accordingly, the transaction contemplated under the loan agreement constituted a non-exempt continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

Further details on the loan agreement and the transactions contemplated thereunder are set out in the announcement of the Company dated 2 September 2016.

In the opinion of the independent non-executive Directors, the continuing connected transactions above were entered into by the Group (i) on normal commercial terms; and (ii) in accordance with the relevant agreement governing such transactions and on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

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

A copy of the auditor's letter on the above continuing connected transactions of the Group for the year ended 31 December 2016 has been provided by the Company to the Stock Exchange.

Connected Transactions

1. **Deemed disposal of equity interest in a subsidiary and grant of option**

    On 2 March 2016, Jingrui Properties (Group), a wholly owned subsidiary of the Company, entered into a share transfer and subscription agreement (the "**Transfer and Subscription Agreement**") with Tran Star Ventures, Limited ("**Tran Star**"), Kunshan Harbor Investment Consulting Co., Ltd. (昆山海港投資諮詢有限公司) ("**Harbor Investment**") and Ningbo Jingrui Property Co. Ltd. (寧波景瑞置業有限公司) (the "**Project Company**"), pursuant to which (1) Jingrui Properties (Group) transferred to each of Tran Star and Harbor Investment 17.8% and 35% respectively of its equity interest in the Project Company, and (2) each of Jingrui Properties (Group), Tran Star and Harbor Investment will also subscribe for a portion of the increase in the registered capital of the Project Company. In consideration of the transfer and the subscription, Jingrui Properties (Group), Tran Star and Harbor Investment agreed to contribute RMB198.2 million, RMB74.8 million and RMB147.0 million to the registered capital of the Project Company, respectively. Upon completion of the transfer and the subscription, Jingrui Properties (Group), Tran Star and Harbor Investment are interested in 47.2%, 17.8% and 35% of the share capital of the Project Company, respectively, and the registered capital of the Project Company was increased from RMB200.0 million to RMB620.0 million. The Project Company ceased to be a subsidiary of the Company upon the completion of the transactions contemplated under the Transfer and Subscription Agreement and is currently accounted for as a joint venture of the Company. The aggregate amount contributed by each of Jingrui Properties (Group), Tran Star and Harbor Investment pursuant to the Transfer and Subscription Agreement will be used for the development of a new residential property, expected to be named "Ningbo Dignity Mansion West", on the land comprising the zone portions situated at Core Residential Land No.5, Jiangshan Town, Yinzhou District, Ningbo, the PRC with a total site area of approximately 45,066 s.q.m. (the "**Project**"), which the Project Company acquired through an auction on 26 January 2016.

In connection with the Transfer and Subscription Agreement, the parties also entered into a joint venture contract (the "**JV Contract**") on 2 March 2016 to govern the daily administration and management of the Project Company. Pursuant to the JV Contract, each party was granted the right of first refusal and pre-emptive subscription rights. Jingrui Properties (Group) also granted Tran Star a put option pursuant to which Tran Star may require Jingrui Properties (Group) to purchase all its equity interest in the Project Company upon the satisfaction of certain conditions. The exercise price of the put option shall be determined based on the value of the Project calculated with reference to the formula specified in the JV Contract and to be determined as at three business days preceding the exercise of the put option. If Jingrui Properties (Group) fails to make full payment of the exercise price within 190 days following Tran Star notice of the exercise of the put option, Tran Star has the right, but not the obligation, to (i) purchase all equity owned by Jingrui Properties (Group) and/or Harbor Investment in the Project Company, (ii) to terminate the JV Contract and (iii) apply for winding up of the Project Company or to exercise the drag-along right.

Further, in connection with the JV Contract, on March 2, 2016, the Company entered into an option agreement (the "**Option Agreement**") with Century Bridge, which wholly-owned the entire issued share capital of Tran Star, pursuant to which (i) the Company was granted a discretionary purchase option to purchase from Century Bridge all of the shares in Tran Star upon the Project Company having sold 75% or more of the saleable area of the residential properties of the Project and (ii) failing the exercise of the purchase option, the Company granted Century Bridge a non-discretionary sale option pursuant to which Century Bridge may require the Company to purchase from Century Bridge all of the shares in Tran Star upon the satisfaction of certain conditions. The exercise price of each of the purchase option and the sale option will be determined with reference to the value of the Project or the expected internal rate of return for Century Bridge's investment, respectively.

Tran Star is a wholly owned subsidiary of Century Bridge which is in turn a wholly owned subsidiary of Century Bridge Capital, a U.S. based private equity firm focused on residential real estate investments in China. As at the date of the Transfer and Subscription Agreement, Century Bridge Capital was interested in 43.24% of the share capital of Modern Jump Limited, a then indirect non-wholly owned subsidiary of the Company, and was therefore a substantial shareholder of the then indirect non-wholly owned subsidiary of the Company. Accordingly, Tran Star, Century Bridge and Century Bridge Capital are connected persons of the Company at the subsidiary level as at the date of the Transfer and Subscription Agreement. The transactions under the Transfer and Subscription Agreement, the JV Contract and the Option Agreement constitute connected transactions of the Company at the subsidiary level under Chapter 14A of the Listing Rules.

Further details on the Transfer and Subscription Agreement, the JV Contract, the Option Agreement and the transactions contemplated thereunder are set out in the announcement of the Company dated 4 March 2016.

2. **Acquisition of 43.24% indirect equity interest in a Joint Venture**

On 5 December 2016, Natural Apex Limited ("**Natural Apex**"), a wholly-owned subsidiary of the Company, entered into a share purchase agreement with Robinson RE Company, Limited, an indirect wholly owned subsidiary of Century Bridge Capital (the "**Seller**"), pursuant to which Natural Apex purchased the sale shares, representing 43.24% of the total issued share capital of Modern Jump Limited (the "**Target**"), from the Seller at a consideration of US$41.8 million (equivalent to approximately RMB288.0 million). Upon closing, the Target had become an indirect wholly owned subsidiary of the Company with its financial results being consolidated in the Company's accounts. The Target indirectly wholly owns the entire equity interest in Wuxi Jingrui Real Estate Co., Ltd. (無錫景瑞置業有限公司), which in turn wholly owns the land situated at Xidong Road West and Xingyue Road South, Business District of Xidong New City, Xishan District, Wuxi, Jiangsui, the PRC.

As the Seller held 43.24% of the total issued share capital of the Target immediately before the closing, the Seller was a substantial shareholder of the Target and a connected person of the Company at the subsidiary level. The acquisition therefore constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Further details on the acquisition are set out in the announcement of the Company dated 5 December 2016.

Save as disclosed above, during the year ended 31 December 2016, the Company had not conducted any one-off non-exempt connected transactions with connected persons.

Related Party Transactions

Details of the related party transactions of the Group during the year ended 31 December 2016 are set out in Note 43(b) to the consolidated financial statements. During the year ended 31 December 2016, only the related party transactions with Beyond Wisdom Limited set out in Note 43(b)(ii) to the consolidated financial statements, and the associated interest income arising from such transaction as set out in Note 43(b)(vii) to the consolidated financial statements, are, in aggregate, regarded as non-exempt continuing connected transactions of the Group under Chapter 14A of the Listing Rules as each of the applicable percentage ratios in respect of the transactions is less than 5% but the total value of the financial assistance plus monetary advantage to the connected person is more than HK$3.0 million, and the terms of the transaction was on normal commercial terms or better. In respect of such continuing connected transactions, the Company has made disclosures pursuant to relevant requirements under Chapter 14A of the Listing Rules and has complied with the annual review and annual reporting requirements under Chapter 14A of the Listing Rules. See the sub-section headed "Non-exempt Continuing Connected Transactions" above. The other related party transaction with Beyond Wisdom Limited as set out in Note 43(b)(iv) to the consolidated financial statements constitutes a de minimis transaction and is therefore a fully exempt continuing connected transaction of the Group pursuant to Rule 14A.73 of the Listing Rules as each of the applicable percentage ratios in respect of the transaction is less than 0.1%. In addition, the funding guaranteed by Mr. Yan as set out in Note 43(b)(x) to the consolidated financial statements is also a fully exempt connected transaction pursuant to Rule 14A.90 of the Listing Rules as it constitutes financial assistance received by the Group from a connected person which is conducted on normal commercial terms or better and is not secured by the assets of the Group.

All other remaining related party transactions listed in Note 43(b) to the consolidated financial statements are not regarded as connected transactions under Chapter 14A of the Listing Rules as the counterparties are joint ventures of the Company which do not fall under the definition of connected persons under Chapter 14A of the Listing Rules.

Sufficiency of Public Float

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

Purchase, Sale or Redemption of Listed Securities of the Company

Save as disclosed below, for the year ended 31 December 2016, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

On 20 July 2016, the Company purchased part of the 2019 Notes in the aggregate principal amount of US$56.3 million for an aggregate consideration, including unpaid accrued interest, of approximately US$57.2 million (the "**Repurchased 2019 Notes**") and part of the 2018 Notes in the aggregate principle amount of US$14.7 million for an aggregate consideration, including unpaid accrued interest, of approximately US$15.4 million (the "**Repurchased 2018 Notes**"). The Repurchased 2019 Notes and the Repurchased 2018 Notes were duly cancelled on 22 July 2016, pursuant to the terms of the indentures governing each of the 2016, pursuant to the terms of the indentures governing each of the 2019 Notes and 2018 Notes.

On 7 September 2016, the Company purchased part of the 2018 Notes in the aggregate principle amount of US$50.0 million for an aggregate consideration, including unpaid accrued interest, of approximately US$53.3 million. The Repurchased 2018 Notes was duly cancelled on 8 September 2016, pursuant to the terms of the indentures governing each of the 2018 Notes.

On 14 November 2016, the Company purchased part of the 2018 Notes in the aggregate principle amount of US$20.5 million for an aggregate consideration, including unpaid accrued interest, of approximately US$21.9 million. The Repurchased 2018 Notes was duly cancelled on 15 November 2016, pursuant to the terms of the indentures governing each of the 2018 Notes.

After the above cancellation, the aggregate principal amount of the 2019 Notes and 2018 Notes remaining outstanding would be US$93.7 million and US$64.8 million, respectively, representing approximately 62.5% and 43.2% of the initial principal amount of the 2019 Notes and 2018 Notes, respectively.

The Board considers that the purchases of the Repurchased 2019 Notes and the Repurchased 2018 Notes will reduce the Company's future financial expenses and lower its financial gearing level, and hence is in the interest of the Company and its shareholders as a whole..

Review by Audit Committee

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group, and discussed with them the audit, internal control and financial reporting matters of the Group, including review of the annual results and financial statements for the year.

Code of Conduct Regarding Directors' Securities Transactions

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code contained in the Listing Rules. Specific enquiry has been made to all the Directors and the Directors have confirmed that they had complied with such code of conduct during the year ended 31 December 2016.

Corporate Governance

The Company is committed to maintaining the highest standard of corporate governance practices. The Company has complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules for the year ended 31 December 2016, save for the deviation from code provision A.2.1. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 39 to 50 of this annual report.

Auditor

The financial statements of the Group have been audited by PricewaterhouseCoopers, who will retire at the forthcoming annual general meeting and being eligible, will offer itself for re-appointment. A resolution will be proposed at the forthcoming annual general meeting to re-appoint PricewaterhouseCoopers as the auditor of the Company.

On behalf of the Board
Co-chairmen
Yan Hao
Chen Xin Ge

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TO THE SHAREHOLDERS OF JINGRUI HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

Opinion

What we have audited

The consolidated financial statements of Jingrui Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 75 to 203, which comprise:

- the consolidated balance sheet as at 31 December 2016;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

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Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of this report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

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

Key audit matters identified in our audit are summarised as follows:

1. Classification of subsidiary and joint venture

2. Provision for impairment of properties held or under development for sale

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Key Audit Matters (continued)

Key Audit Matter 1

Classification of subsidiary and joint venture

Refer to Note 5 (Critical accounting estimates and judgements), Note 10 (Investments in joint ventures) and Note 44 (Particulars of subsidiaries) to the consolidated financial statements.

The Group holds investments in a number of property development companies. During the year ended 31 December 2016, the Group has 8 new non-wholly owned subsidiaries and has 3 new joint ventures, some of which were acquired through equity purchase.

The classification of an investment as a subsidiary or a joint venture is based on whether the Group is determined to have control or joint control (respectively), which involves judgements in some cases.

We focused on this area because significant judgement is involved in determining whether those newly invested companies are a subsidiary or a joint venture of the Group. Subsidiaries are consolidated, which means each asset, liability and transaction are shown in the Group's financial statements, whereas joint ventures are shown as single investments with a single item of profit/loss for their results. As a result, the inappropriate classification, either on acquisition and disposal or in subsequent reporting periods, can have a material impact on the consolidated financial statements.

How our audit addressed the Key Audit Matter

In assessing the classification of the new investments of the Group during the year ended 31 December 2016, we performed audit procedures as follows:

(1) We conducted interviews with the Group's management to obtain an understanding of the background of the investments and obtained management's assessment and judgement of the classification of those investments.

(2) We examined the legal documents associated with these investments, to determine the key terms, including rights of the investors, terms of shareholders' agreements and supplemental agreements, dispute resolution provisions, termination provisions, written concerted party agreements, governance structures and the articles of association, and then assessed these against accounting standards based on our expertise and experience of applying them in similar situations.

(3) In case where there have been subsequent changes to the shareholders' agreements or governance structures, we critically assessed whether these change the initial analysis.

(4) We sought for confirmation or alternatively inquired the joint controlling shareholders or the non-controlling shareholders to confirm the completeness of contracts and agreements we obtained, and no subsequent supplementary or amendments, to confirm their intention to act in concert with the Group if applicable, and to obtain an understanding of their assessment of the rights and obligations in those investments.

(5) We examined the board resolutions and shareholders resolutions of the investments, to corroborate the explanations of the Group's management.

(6) We considered the adequacy of the Group's disclosures in respect of the classification and carrying values of subsidiaries and joint ventures.

Based on our audit procedures performed, we consider the classification of subsidiaries and joint ventures made by the Group is supported by the evidence we obtained.

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Key Audit Matters (continued)

Key Audit Matter 2

Provision for impairment of properties held or under development for sale

Refer to Note 5 (Critical accounting estimates and judgements) and Note 14 (Properties held or under development for sale) to the consolidated financial statements.

As at 31 December 2016, the Group's properties held or under development for sale amounted to approximately RMB17,843,979,000, against which an impairment provision of approximately RMB88,786,000 was provided. During the year ended 31 December 2016, an additional impairment provision of approximately RMB92,793,000 was made which represented 12% of the Group's profit before tax for the year.

Properties held or under development for sale are stated at the lower of cost and net realisable values. The determination of the estimated net realisable values of these properties is highly dependent on the Group's expectation of future selling prices and the estimated costs to complete the development projects.

We focused on this area mainly because significant judgement is required to make estimates of future selling prices and the estimated costs to complete the development projects.

How our audit addressed the Key Audit Matter

Regarding the management's assessment of impairment provision of properties held or under development for sale, we conducted the following audit procedures:

(1) We obtained the calculation schedules for provision for impairment of properties held or under development for sale, and tested the completeness of development projects and the mathematical accuracy of the schedules.

(2) We interviewed the management to understand the reasons for the provision of impairment for those projects.

(3) We corroborated the Group's forecast selling prices by comparing them to, where available, recently transacted prices and prices of comparable properties located in the same vicinity as the properties held or under development for sale.

(4) We compared the management's budgeted total development costs against underlying contracts with vendors and supporting documents. We discussed with the project managers to assess the reasonableness of estimated costs to complete and corroborated the underlying assumptions made with our understanding of past completed similar projects.

(5) We challenged the management's assessment and estimation of net realised values of properties held or under development by using our industry knowledge and external market analysis.

(6) We compared the provision for impairment provided in prior years with the subsequent actual written-off and investigated if any significant variance exists, to assess the historical accuracy and adequacy of the provision for impairment made by the management.

Based on our audit procedures performed, we consider that the reasonableness of management's judgement and estimates applied on their assessment of impairment provision of properties held or under development for sale is supported by the evidence we obtained.

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Other Information

The directors of the Company are responsible for the other information set out in the Company's 2016 Annual Report. The other information comprises the information included in the chairman's statement and management discussion and analysis (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the corporate profile, corporate information, financial highlights, breakdown of major properties, directors and senior management, corporate governance report, report of the directors and five-year financial information which are expected to be made available to us after that date.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the corporate profile, corporate information, financial highlights, breakdown of major properties, directors and senior management, corporate governance report, report of the directors and five-year financial information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the audit committee and take appropriate action considering our legal rights and obligation.

Responsibilities of Directors and the Audit Committee for the Consolidated Financial Statements

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

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

The audit committee is responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Tang Wai Tung.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 29 March 2017

Consolidated Balance Sheet

As at 31 December 2016

	Note	As at 31 December 2016 RMB'000	2015 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	7	**33,473**	24,999
Investment properties	8	**3,201,772**	1,536,941
Intangible assets	9	**15,986**	4,478
Investments in joint ventures	10	**462,512**	541,651
Deferred income tax assets	25	**311,318**	335,932
Available-for-sale financial assets	12	**654,177**	69,400
Trade and other receivables and prepayments	15	**572,689**	–
		5,251,927	2,513,401
Current assets			
Prepayments for leasehold land	13	**348,089**	–
Properties held or under development for sale	14	**17,755,193**	21,677,299
Trade and other receivables and prepayments	15	**3,371,019**	1,239,500
Prepaid income taxes		**339,269**	311,058
Restricted cash	16	**1,277,442**	2,080,049
Cash and cash equivalents	16	**9,447,181**	1,603,064
Available-for-sale financial assets	12	**251,813**	–
		32,790,006	26,910,970
Total assets		**38,041,933**	29,424,371
OWNERS' EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital: nominal value	17	**79,361**	79,361
Reserves	18	**3,224,519**	3,301,866
		3,303,880	3,381,227
Perpetual capital instruments	19	**538,083**	512,111
Non-controlling interests	44	**716,106**	933,877
Total equity		**4,558,069**	4,827,215

The notes on pages 83 to 203 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

As at 31 December 2016

	Note	As at 31 December 2016 RMB'000	2015 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	20	**9,261,009**	4,523,165
Deferred income tax liabilities	25	**889,615**	422,305
Financial liabilities for put option written on non-controlling interests	22	**13,612**	–
		10,164,236	4,945,470
Current liabilities			
Trade and other payables	23	**8,543,694**	3,500,671
Amounts due to non-controlling interests of subsidiaries	24	**320,628**	118,726
Finance lease liabilities		**4,107**	–
Advanced proceeds received from customers		**9,857,221**	9,777,283
Current income tax liabilities		**631,138**	434,006
Borrowings	20	**3,960,341**	5,812,994
Current portion of derivative financial instrument	21	**2,499**	8,006
		23,319,628	19,651,686
Total liabilities		**33,483,864**	24,597,156
Total equity and liabilities		**38,041,933**	29,424,371

The consolidated financial statements on pages 75 to 203 were approved by the Board of Directors on 29 March 2017 and the consolidated balance sheet was signed on its behalf by:

Yan Hao
Director

Xu Chao Hui
Director

The notes on pages 83 to 203 are an integral part of these consolidated financial statements.

Consolidated Income Statement

For the year ended 31 December 2016

	Note	Year ended 31 December 2016 RMB'000	2015 RMB'000
Revenue	26	**15,051,277**	5,759,116
Cost of sales	29	**(14,440,998)**	(5,585,933)
Gross profit		**610,279**	173,183
Fair value gains on investment properties	8	**81,059**	203,255
Selling and marketing costs	29	**(408,502)**	(230,734)
Administrative expenses	29	**(409,186)**	(269,074)
Other income	27	**79,763**	89,338
Other gains/(losses) – net	28	**964,323**	(52,706)
Operating profit/(loss)		**917,736**	(86,738)
Finance income	30	**46,124**	38,487
Finance costs	30	**(142,837)**	(95,841)
Finance costs – net		**(96,713)**	(57,354)
Share of results of joint ventures	10	**(35,978)**	4,833
Profit/(loss) before income tax		**785,045**	(139,259)
Income tax expense	33	**(621,621)**	(150,049)
Profit/(loss) for the year		**163,424**	(289,308)
Attributable to:			
Equity holders of the Company		**106,295**	(352,696)
Holders of perpetual capital instruments		**71,500**	50,136
Non-controlling interests		**(14,371)**	13,252
		163,424	(289,308)
Earnings/(loss) per share for profit/(loss) attributable to equity holders of the Company			
– Basic and diluted	35	**RMB0.08**	(RMB0.27)

The notes on pages 83 to 203 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2016

	Note	Year ended 31 December 2016 RMB'000	2015 RMB'000
Profit/(loss) for the year		**163,424**	(289,308)
Other comprehensive income that may be reclassified subsequently to profit or loss			
Changes in fair value of available-for-sale financial assets		**63,098**	2,469
Transfer of fair value gains previously taken to other reserves to consolidated income statement upon disposal of available-for-sale financial assets		**(5,054)**	–
Other comprehensive income for the year, net of tax		**58,044**	2,469
Total comprehensive income/(loss) for the year		**221,468**	(286,839)
Attributable to:			
Equity holders of the Company		**164,339**	(350,227)
Holders of perpetual capital instruments		**71,500**	50,136
Non-controlling interests		**(14,371)**	13,252
		221,468	(286,839)

The notes on pages 83 to 203 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2016

	Attributable to equity holders of the Company							
	Share capital RMB'000 (Note 17)	Share premium RMB'000 (Note 18)	Other reserves RMB'000 (Note 18)	Retained earnings RMB'000 (Note 18)	Sub-total RMB'000	Perpetual capital instruments RMB'000 (Note 19)	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2016	79,361	1,193,851	1,227,196	880,819	3,381,227	512,111	933,877	4,827,215
Comprehensive income/(loss)								
Profit for the year 2016	–	–	–	106,295	106,295	71,500	(14,371)	163,424
Other comprehensive income:								
Changes in fair value of available–for-sale financial assets (Note 12)	–	–	78,518	–	78,518	–	–	78,518
Tax on fair value gains on available-for-sale financial assets (Note 25)	–	–	(15,420)	–	(15,420)	–	–	(15,420)
Transfer of fair value gains previously taken to other reserves to consolidated income statement upon disposal of available-for-sale financial assets	–	–	(5,054)	–	(5,054)	–	–	(5,054)
Total comprehensive income for the year 2016	–	–	58,044	106,295	164,339	71,500	(14,371)	221,468
Transactions with owners								
Dividends of subsidiaries	–	–	–	–	–	–	(15,821)	(15,821)
Reduction of the capital contribution from non-controlling interests (Note 44(d))	–	–	–	–	–	–	(29,250)	(29,250)
Capital contribution from non-controlling interests	–	–	–	–	–	–	30,280	30,280
Pre-IPO share award scheme (Note 34)	–	–	4,368	–	4,368	–	–	4,368
Contribution by the Group to non-controlling interests	–	–	–	–	–	–	5,600	5,600
Changes in ownership interests in subsidiaries without change of control (Note 40)	–	–	(233,241)	–	(233,241)	–	(194,209)	(427,450)
Distribution to holders of perpetual capital instruments (Note 19)	–	–	–	–	–	(45,528)	–	(45,528)
Put options written on non-controlling interests (Note 22)	–	–	(12,813)	–	(12,813)	–	–	(12,813)
	–	–	(241,686)	–	(241,686)	(45,528)	(203,400)	(490,614)
Balance at 31 December 2016	79,361	1,193,851	1,043,554	987,114	3,303,880	538,083	716,106	4,558,069

Consolidated Statement of Changes in Equity

For the year ended 31 December 2016

	Attributable to equity holders of the Company							
	Share capital RMB'000 (Note 17)	Share premium RMB'000 (Note 18)	Other reserves RMB'000 (Note 18)	Retained earnings RMB'000 (Note 18)	Sub-total RMB'000	Perpetual capital instruments RMB'000 (Note 19)	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2015	79,361	1,271,329	1,105,827	1,233,515	3,690,032	551,350	517,629	4,759,011
Comprehensive income/(loss)								
Loss for the year 2015	–	–	–	(352,696)	(352,696)	50,136	13,252	(289,308)
Other comprehensive income:								
Changes in fair value of available–for-sale financial assets (Note 12)	–	–	2,469	–	2,469	–	–	2,469
Total comprehensive loss for the year 2015	–	–	2,469	(352,696)	(350,227)	50,136	13,252	(286,839)
Transactions with owners								
Capital contribution from non-controlling interests	–	–	–	–	–	–	200	200
Pre-IPO share award scheme (Note 34)	–	–	14,631	–	14,631	–	–	14,631
2014 final dividend (Note 36)		(77,478)	–	–	(77,478)	–	–	(77,478)
Dividends of subsidiaries	–					–	(21,775)	(21,775)
Changes in ownership interests in subsidiaries without change of control (Note 40)	–	–	104,269	–	104,269	–	212,381	316,650
Non-controlling interests arising on business combination (Note 41)	–	–	–	–	–	–	212,190	212,190
Transfer of liability component of perpetual capital instruments to other payables (Note 19)	–	–	–	–	–	(89,375)	–	(89,375)
	–	(77,478)	118,900	–	41,422	(89,375)	402,996	355,043
Balance at 31 December 2015	79,361	1,193,851	1,227,196	880,819	3,381,227	512,111	933,877	4,827,215

The notes on pages 83 to 203 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2016

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Operating activities		
Net cash generated from operations (Note 37(a))	**2,761,909**	394,026
Interest paid	**(1,127,808)**	(974,544)
PRC income tax paid	**(65,378)**	(68,423)
PRC land appreciation tax paid	**(315,093)**	(120,081)
Net cash generated from/(used in) operating activities	**1,253,630**	(769,022)
Investing activities		
Purchase of property, plant and equipment	**(11,332)**	(14,859)
Purchase of intangible assets	**(103)**	(2,766)
Purchase of investment properties	**(79,244)**	–
Disposal of investment properties	**164,421**	–
Disposal of available-for-sale financial assets	**315,891**	–
Capital injection to joint ventures	**(198,740)**	–
Payment of remaining consideration in connection with the acquisition of subsidiaries	**(177,103)**	–
Proceeds from disposal of property, plant and equipment (Note 37(c))	**913**	1,106
Acquisition of subsidiaries, net of cash acquired (Note 41)	**(511,225)**	45,592
Acquisition of available-for-sale financial assets (Note 12)	**(823,645)**	(56,931)
Disposal of subsidiaries, net of cash disposed (Note 10, Note 42)	**289,611**	–
Dividend received from available-for-sale financial assets	**21,368**	–
Cash advanced to non-controlling interests of a subsidiary	**(105,000)**	(21,775)
Cash receipt from a joint venture	**100,072**	6,056
Interest received from a related party	**3,664**	–
Prepayments for investments	**(141,496)**	–
Interest received	**46,124**	38,487
Net cash used in investing activities	**(1,105,824)**	(5,090)

The notes on pages 83 to 203 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2016

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Financing activities		
Proceeds from borrowings	**16,714,975**	6,922,127
Proceeds from issuance of senior notes	**–**	903,911
Repayments of borrowings	**(13,422,999)**	(7,272,411)
Dividends paid to non-controlling interests of a subsidiary (Note 37(b))	**(2,821)**	(76,099)
Capital contribution from non-controlling interests of subsidiaries	**30,280**	200
Cash receipt from non-controlling interests of subsidiaries	**183,423**	–
Cash receipt from a joint venture	**3,517,300**	–
Repayment to non-controlling interests of subsidiaries	**–**	(221,367)
Decrease/(increase) in restricted cash relating to financing activities	**1,166,781**	(160,493)
Changes in ownership interests in subsidiaries without change of control (Note 40)	**(427,450)**	(9,600)
Distribution to holders of perpetual capital instruments (Note 19)	**(45,528)**	–
Settlement of liability component of perpetual capital instruments (Note 19)	**(18,288)**	(71,087)
Reduction of capital contribution from non-controlling interests (Note 44(d))	**(29,250)**	–
Net cash generated from financing activities	**7,666,423**	15,181
Net increase/(decrease) in cash and cash equivalents	**7,814,229**	(758,931)
Effect of foreign exchange rate changes	**29,888**	3,980
Cash and cash equivalents at beginning of the year	**1,603,064**	2,358,015
Cash and cash equivalents at end of the year (Note 16)	**9,447,181**	1,603,064

The notes on pages 83 to 203 are an integral part of these consolidated financial statements.

1 General information

Jingrui Holdings Limited (the "Company") was incorporated in the Cayman Islands on 7 March 2013 as an exempted company with limited liability under the Companies Law Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands.

The Company is an investment holding company and its subsidiaries (together with the Company, referred to as "the Group") are principally engaged in property development business in the People's Republic of China (the "PRC").

The Company's shares began to list on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 31 October 2013.

These consolidated financial statements are presented in thousands of Renminbi ("RMB'000"), unless otherwise stated.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 662. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of derivative instruments, investment properties and available-for-sale financial assets, which are carried at fair value.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

2.1.1 Changes in accounting policy and disclosures

(a) New standard, amendments and improvements of HKFRSs adopted by the Group in 2016

The following new standard, amendments and improvements to existing standards are mandatory for the first time for the financial year beginning on 1 January 2016 and are relevant to the Group's operations.

- HKFRS 14 "Regulatory Deferral Accounts";
- Amendment to HKFRS 11 on accounting for acquisitions of interests in joint operations;
- Amendments to HKAS 16 and HKAS 38 on clarification of acceptable methods of depreciation and amortization;
- Amendment to HKAS 27 on equity method in separate financial statements;

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policy and disclosures (continued)

(a) New standard, amendments and improvements of HKFRSs adopted by the Group in 2016 (continued)

- Amendments from annual improvements 2012-2014 cycle, affecting the following 4 standards: HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", HKFRS 7 "Financial Instruments: Disclosures", HKAS 19 "Employee Benefits" and HKAS 34 "Interim Financial Reporting";
- Amendments to HKFRS 10, HKFRS 12 and HKAS 28 on investment entities: applying the consolidation exception;
- Amendments to HKAS 1 on disclosure initiative.

The adoption of the above new standard, amendments and improvements starting from 1 January 2016 did not give rise to any significant impact on the Group's results of operations and financial position for the year ended 31 December 2016.

(b) New standards and amendments of HKFRSs not yet effective for 2016 and have not been early adopted by the Group

Certain new standards and amendments of HKFRSs have been published but are not yet effective for annual period beginning on 1 January 2016 and have not been early adopted by the Group. Those that are relevant to the Group's operations are as follows:

- Amendments to HKAS 12 on income taxes (effective for annual periods beginning on or after 1 January 2017). These amendments on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruments measured at fair value.
- Amendments to HKAS 7 on statement of cash flows (effective for annual periods beginning on or after 1 January 2017). The amendment introduces an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financial activities.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policy and disclosures (continued)

(b) New standards and amendments of HKFRSs not yet effective for 2016 and have not been early adopted by the Group (continued)

- HKFRS 15 "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2018). HKFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach: (1) Identify the contract(s) with customer; (2) Identify separate performance obligations in a contract; (3) Determine the transaction price; (4) Allocate transaction price to performance obligations; and (5) recognise revenue when performance obligation is satisfied. The core principle is that a company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. It moves away from a revenue recognition model based on an earnings processes to an "asset-liability" approach based on transfer of control.

  HKFRS 15 provides specific guidance on capitalisation of contract cost and licence arrangements. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

  HKFRS 15 replaces the previous revenue standards: HKAS 18 Revenue and HKAS 11 Construction Contracts, and the related Interpretations on revenue recognition: HK(IFRIC) 13 Customer Loyalty Programmes, HK(IFRIC) 15 Agreements for the Construction of Real Estate, HK(IFRIC) 18 Transfers of Assets from Customers and SIC-31 Revenue – Barter Transactions Involving Advertising Services.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policy and disclosures (continued)

(b) New standards and amendments of HKFRSs not yet effective for 2016 and have not been early adopted by the Group (continued)

- HKFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2018). HKFRS 9 has three financial asset classification categories for investments in debt instruments: amortised cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss. Classification is driven by the entity's business model for managing the debt instruments and their contractual cash flow characteristics. Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in OCI, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss. For financial liabilities there are two classification categories: amortised cost and fair value through profit or loss. Where non-derivative financial liabilities are designated at fair value through profit or loss, the changes in the fair value due to changes in the liability's own credit risk are recognised in OCI, unless such changes in fair value would create an accounting mismatch in profit or loss, in which case, all fair value movements are recognised in profit or loss. There is no subsequent recycling of the amounts in OCI to profit or loss. For financial liabilities held for trading (including derivative financial liabilities), all changes in fair value are presented in profit or loss.

  HKFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model, which constitutes a change from the incurred loss model in HKAS 39. HKFRS 9 contains a "three stage" approach, which is based on the change in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment losses and applies the effective interest rate method. The new rules mean that on initial recognition of a non-credit impaired financial asset carried at amortised cost a day-1 loss equal to the 12-month ECL is recognised in profit or loss. In the case of accounts receivables this day-1 loss will be equal to their lifetime ECL. Where there is a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL.

  HKFRS 9 applies to all hedging relationships, with the exception of portfolio fair value hedges of interest rate risk. The new guidance better aligns hedge accounting with the risk management activities of an entity and provides relief from the more "rule-based" approach of HKAS 39.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policy and disclosures (continued)

(b) New standards and amendments of HKFRSs not yet effective for 2016 and have not been early adopted by the Group (continued)

- Amendments to HKFRS 2 on Classification and Measurement of Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2018). These amendments clarify the measurement basis for cash-settled share-based payments and the accounting for modification from cash-settled awards to equity-settled awards. It also introduces an exception to the principles in HKFRS 2 that requires an award to be treated as if it is wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.

- HKFRS 16 "Leases" (effective for annual periods beginning on or after 1 January 2019). HKFRS 16 addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from HKFRS 16 is that most operating leases will be accounted for on balance sheet for lessees. The standard replaces HKAS 17 "Leases", and related interpretations.

The Group is in the process of making an assessment on the impact of these new standards and amendments and does not anticipate that the adoption when they become effective will result in any material impact on the Group's results of operations and financial position, except for the new financial reporting standard HKFRS 9 "Financial Instruments", HKFRS 15 "Revenue from Contracts with Customers" and HKFRS 16 "Leases" which the Group is not yet in a position to conclude.

2.2 Subsidiaries

2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income and consolidated statement of changes in equity respectively.

2 Summary of significant accounting policies (continued)

2.2 Subsidiaries (continued)

2.2.1 Consolidation (continued)

(a) Business combinations

The Group applies the acquisition method as described below to account for business combination. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred to former owners of the acquiree and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the reorganised amounts of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisitions date carrying value of the acquirer's previously held equity interests in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held equity interest measured is less than the fair value of the identifiable net assets of the subsidiary acquired as in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

2 Summary of significant accounting policies (continued)

2.2 Subsidiaries (continued)

2.2.1 Consolidation (continued)

(b) *Changes in ownership interests in subsidiaries without change of control*

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) *Disposal of subsidiaries*

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.2.2 Separate financial statements

In the Company's balance sheet, the investments in subsidiaries are stated at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

Impairment testing of the investments in subsidiaries is also required according to Note 2.10.

2 Summary of significant accounting policies (continued)

2.3 Joint arrangements

Joint arrangements are classified as either joint ventures or joint operations depending on the contracted rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. A joint venture gives the parties rights to the net assets or outcome of the arrangement. A joint venture does not have rights to individual assets or obligations for individual liabilities of the joint venture. Instead, joint ventures share the net assets and, in turn, the outcome (profit or loss) of the activity undertaken by the joint venture. In contrast, a joint operation is a joint arrangement that gives parties to the arrangement direct rights to the assets and obligations for the liabilities. A joint operator will recognise its interest based on its involvement in the joint operation (that is, based on its direct rights and obligations) rather than on the participation interest it has in the joint arrangement.

Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investment in a joint venture is accounted for using the equity method of accounting and is initially recognised at cost. The consolidated income statement include the Group's share of the post-acquisition results of joint ventures, and the consolidated balance sheet include the Group's share of the net assets of the joint ventures and goodwill identified on acquisition net of any accumulated impairment losses.

2 Summary of significant accounting policies (continued)

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (the "CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as executive directors that make strategic decisions.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). Since the majority of the assets and operations of the Group are located in the PRC, the financial statements are presented in RMB, which is the functional currency of the Company and the presentation currency of the Group.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated income statement within "Finance income or expenses". All other foreign exchange gains and losses are presented in the consolidated income statement within "Other gains/(losses) – net".

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet are translated at the date of that balance sheet;

(ii) income and expenses for each income statement and statement of comprehensive income are translated at average exchange rate; and

(iii) all resulting exchange differences are recognised in other comprehensive income and accumulated as a separate component of equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

2 Summary of significant accounting policies (continued)

2.6 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their costs less their residual values over their estimated useful lives, as follows:

– Motor vehicles	6 years
– Furniture, fittings and equipment	5 years
– Leasehold improvements and others	shorter of remaining lease term or useful life 5 years

The assets' residual value and useful life are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised as "Other gains/(losses) – net" in the consolidated income statement.

2.7 Investment properties

Investment property, principally comprising leasehold land and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties.

Land held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases.

Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in the consolidated income statement in fair value gains or losses on investment properties.

Property that is currently being constructed or developed for future use as an investment property is classified as investment property and stated at fair value. If the fair value cannot be reliably determined, the investment property under construction will be measured at cost until such time as fair value can be determined or construction is completed, whichever is earlier. Any difference between the fair value of the property at that date and its then carrying amount shall be recognised in the consolidated income statement.

2 Summary of significant accounting policies (continued)

2.8 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the CGU level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Computer software

Intangible assets of the Group mainly comprise acquired computer software which is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 3 to 5 years.

2.9 Non-current assets held-for-sale

Non-current assets are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The non-current assets are stated at the lower of carrying amount and fair value less costs to sell. Deferred tax assets, assets arising from employee benefits, financial assets (other than investments in subsidiaries and associates) and investment properties, which are classified as held for sale, would continue to be measured in accordance with the policies set out elsewhere in Note 2.

2.10 Impairment of investments in subsidiaries, joint ventures and non-financial assets

Assets that have an indefinite useful life – for example, goodwill or intangible assets not ready to use – are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2 Summary of significant accounting policies (continued)

2.11 Properties held or under development for sale

Properties held or under development for sale are included in current assets at the lower of cost and net realisable value. The costs of properties held or under development consist of costs of leasehold land, resettlement costs (if any), construction expenditure, capitalised borrowing costs and other direct costs incurred during the development period. The costs of properties held are determined by apportionment of the total development costs for that development project attributable to the unsold properties. Net realisable value is based on estimated selling price in the ordinary course of business as determined by management with reference to the prevailing market conditions, less further costs expected to be incurred to completion and selling and marketing costs.

2.12 Land use rights

All land in the PRC is state-owned or collectively-owned and no individual ownership right exists. Land use rights are acquired by the Group for development of properties. Land use rights held for development for sale are inventories and measured at lower of cost and net realisable value, of which those within normal operating cycle are classified as current assets and included in properties held or under development for sale, while those out of the normal operating cycle are classified as non-current assets. Land use rights fall within investment properties are classified as investment properties (Note 2.7).

2.13 Financial assets

2.13.1 Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the end of reporting period, which are classified as non-current assets. The Group's loans and receivables comprise certain items in "Trade and other receivables and prepayments" and bank deposits included in "Cash and cash equivalents" and "Restricted cash" in the consolidated balance sheet.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the end of the reporting period.

2 Summary of significant accounting policies (continued)

2.13 Financial assets (continued)

2.13.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the consolidated income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for- sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method. Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the consolidated income statement within "Other gains/(losses) – net" in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the consolidated income statement as part of other income when the Group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated income statement as "Other gains/(losses) – net".

Interest on available-for-sale securities calculated using the effective interest method is recognised in the consolidated income statement as part of other income. Dividends on available-for-sale equity instruments are recognised in the consolidated income statement as part of other income when the Group's right to receive payments is established.

2 Summary of significant accounting policies (continued)

2.13 Financial assets (continued)

2.13.3 Impairment of financial assets

(a) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held- to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

2 Summary of significant accounting policies (continued)

2.13 Financial assets (continued)

2.13.3 Impairment of financial assets(continued)

(b) Assets classified as available for sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For debt securities, if any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated income statement.

For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement.

2.14 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The gain or loss on remeasurement to fair value is recognised immediately in the consolidated income statement.

2.15 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in consolidated balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the relevant company or the counterparty.

2.16 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2 Summary of significant accounting policies (continued)

2.17 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. Restricted cash is excluded from cash and cash equivalents.

2.18 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.19 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within twelve months after the reporting period (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.20 Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fees are deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fees are capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

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

2 Summary of significant accounting policies (continued)

2.20 Borrowings and borrowing costs (continued)

Borrowing costs include interest expense, finance charges in respect of finance lease and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. The exchange gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity had borrowed funds in its functional currency, and the borrowing costs actually incurred on foreign currency borrowings. Such amounts are estimated based on forward currency rates at the inception of the borrowings.

When the construction of the qualifying assets takes more than one accounting period, the amount of foreign exchange differences eligible for capitalisation is determined for each annual period and are limited to the difference between the hypothetical interest amount for the functional currency borrowings and the actual interest incurred for foreign currency borrowings. Foreign exchange differences that did not meet the criteria for capitalisation in previous years should not be capitalised in subsequent years.

2.21 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, and the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2 Summary of significant accounting policies (continued)

2.21 Current and deferred income tax (continued)

(b) Deferred income tax

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising on investments in subsidiaries and joint ventures, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries and joint ventures only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.22 Put option arrangements

The potential cash payments related to put options issued by the Group over the equity of subsidiary companies are accounted for as financial liabilities as there is an obligation for the Group to deliver cash or other financial assets in exchange of its own equity shares. The amount that may become payable under the option on exercise is initially recognised at present value with a corresponding charge directly to equity. The charge to equity is recognised separately as written put options over non-controlling interests, adjacent to non-controlling interests in the net assets of consolidated subsidiaries.

Such options, including the transaction costs, are subsequently measured at amortised cost, using the effective interest rate method, in order to accrete the liability up to the amount payable under the option at the date at which it first becomes exercisable. The charge arising is recorded as a financing cost. In the event that the option expires unexercised, the liability is derecognised with a corresponding adjustment to equity.

2.23 Employee benefits

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries, subject to a certain ceiling.

2 Summary of significant accounting policies (continued)

2.23 Employee benefits (continued)

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the PRC government.

The contributions are recognised as employee benefit expense when they are due.

2.24 Share-based payments

The Group operates an equity-settled Pre-IPO share award scheme, under which the entity receives services from employees as consideration for equity instruments (awards) of the Group. The fair value of the employee services received in exchange for the grant of the shares is recognised as an expense.

Non-market performance and service conditions are included in assumptions about the number of shares that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

At the end of each reporting period, the Group revises its estimates of the number of shares that are expected to vest based on the non-market performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The grant by the shareholders of the Company, Yan Hao and Chen Xin Ge, of the Company's shares to the employees of subsidiaries of the Group is treated as the shareholder's capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investments in subsidiaries, with a corresponding credit to equity account of the Company.

2.25 Provisions and contingent liabilities

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

2 Summary of significant accounting policies (continued)

2.25 Provisions and contingent liabilities (continued)

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

2.26 Financial guarantee liabilities

Financial guarantee liabilities are recognised in respect of the financial guarantee provided by the Group to the banks for the property purchasers.

Financial guarantee liabilities are recognised initially at fair value plus transaction costs that are directly attributable to the issue of the financial guarantee liabilities. After initial recognition, such contracts are measured at the higher of the present value of the best estimate of the expenditure required to settle the present obligation and the amount initially recognised less cumulative amortisation.

Financial guarantee liabilities are derecognised from the consolidated balance sheets when, and only when, the obligation specified in the contract is discharged or cancelled or expired.

2.27 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of properties and services in the ordinary course of the Group's activities. Revenue is shown net of returns, rebates and discounts and after eliminated sales within the Group. Revenue is recognised as follows:

(a) Sales of properties

Revenue from sales of properties is recognised when the risks and rewards of the properties are transferred to the purchasers, which is when the construction of relevant properties has been completed and the properties have been delivered to the purchasers pursuant to the sales agreement and collectability of related receivables is reasonably assured. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the consolidated balance sheets under current liabilities.

(b) Rental income

Rental income from properties being let under operating leases is recognised on a straight line basis over the lease terms.

2 Summary of significant accounting policies (continued)

2.27 Revenue recognition (continued)

(c) Service income

Revenue from services is recognised when services have been provided, total amount of revenue and costs can be estimated reliably and the collectability of the related receivables is reasonably assured.

(d) Sales of goods

Revenue from sale of goods is recognised when the goods are delivered and title has passed.

2.28 Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

2.29 Dividend income

Dividend income is recognised when the right to receive payment is established.

2.30 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the consolidated income statement over the period necessary to match them with the costs they are intended to compensate. Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to an entity within the Group with no future related costs are recognised as income of the period in which they become receivable.

2.31 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statement on a straight-line basis over the period of the lease.

The Group leases certain car parks. Leases of car parks where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in finance lease liabilities. The interest element of the finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

2 Summary of significant accounting policies (continued)

2.32 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

2.33 Perpetual capital instruments

Perpetual capital instruments with no contracted obligation to repay its principal or to pay any distribution are classified as part of equity.

3 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk, and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

3.1 Market risk

(a) Foreign exchange risk

The Group is engaged in the development, sale and management of properties solely in the PRC with almost all transactions denominated in RMB. The Company and all of its subsidiaries' functional currency is RMB, accordingly cash and borrowings denominated in Hong Kong Dollar ("HKD") or United States Dollar ("USD") is subject to foreign exchange risk.

Fluctuation of the exchange rates for HKD and USD against RMB will affect the Group's result of operations. The Group currently does not have a foreign currency hedging policy. However, management closely monitors the foreign exchange exposure and will take actions when necessary.

As at 31 December 2016, if HKD had weakened/strengthened by 5% against RMB, all other variables held constant, post-tax profit of the Group for the year 2016 would have been lower/higher by RMB1,091,000 (2015: post-tax loss higher/lower by RMB121,650), mainly as a result of foreign exchange loss/gain from trade and other receivables and prepayments and bank deposits net off trade and other payables denominated in HKD.

As at 31 December 2016, if USD had weakened/strengthened by 5% against RMB, all other variables held constant, post-tax profit of the Group for the year 2016 would have been higher/lower by RMB61,130,000 (2015: post-tax loss lower/higher by RMB34,751,000), mainly as a result of foreign exchange gain/loss from borrowings net off bank deposits denominated in USD.

3 Financial risk management (continued)

3.1 Market risk (continued)

(b) Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Except for bank deposits with stable interest rates, the Group has no other significant interest-bearing assets.

The Group's exposure to changes in interest rates is mainly attributable to its borrowings from banks and non-bank financial institutions. Borrowings at variable rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk. The Group has not hedged its cash flow or fair value interest rate risk. The interest rate and terms of repayments of borrowings are disclosed in Note 20.

Management does not anticipate significant impact to interest-bearing assets resulted from the changes in interest rates, because the interest rates of bank deposits are not expected to change significantly.

As at 31 December 2016 and 2015, if interest rates on borrowings at floating rates had been 50 basis points higher/lower with all other variables held constant, the post-tax results and capitalised interest for the years ended 31 December 2016 and 2015 would have changed as follows:

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Post-tax results better/(weaker)		
– 50 basis points higher	**–**	(556)
– 50 basis points lower	**–**	556
Capitalised interest increase/(decrease)		
– 50 basis points higher	**4,305**	17,322
– 50 basis points lower	**(4,305)**	(17,322)

3 Financial risk management (continued)

3.2 Credit risk

The Group has no significant concentrations of credit risk. The carrying amounts of bank deposits and trade and other receivables included in the consolidated balance sheets represent the Group's maximum exposure to credit risk in relation to its financial assets.

Cash transactions are limited to high-credit-quality financial institutions. The table below shows the bank deposit balances as at 31 December and 2016 and 2015:

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Counter party		
– Deposits in the four major state-owned banks of the PRC	**2,599,910**	758,970
– Deposits in other listed banks of the PRC	**2,360,515**	698,569
– Deposits in other banks	**5,763,960**	2,225,255
	10,724,385	3,682,794

Management does not expect any losses from non-performance of these counterparties.

The Group has policies in place to ensure that sales of properties are made to buyers with an appropriate financial strength and appropriate percentage of down payment. Meanwhile, the Group has the right to cancel the sales contract in the event that the buyers default in payment, and put the underlying properties back to the market for sale. Therefore, the credit risk from sales of properties is limited. Credit is normally granted to anchor tenants with sufficient financial strength. It also has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

Other receivables mainly comprise receivables from related parties, deposits made in the ordinary course of business, and outstanding consideration receivables arising from disposal of subsidiaries. The Group closely monitors these other receivables to ensure actions are taken to recover these balances in the case of any risk of default.

3 Financial risk management (continued)

3.3 Liquidity risk

Management of the Group aims to maintain sufficient cash through internally generated sales proceeds and an adequate amount of committed credit facilities to meet its operation needs and commitments in respect of property projects.

The table below analyses the Group's non-derivative financial liabilities and gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Derivatives financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 31 December 2016					
Borrowings, principal (Note 20)	**3,960,341**	**3,788,514**	**5,433,495**	**39,000**	**13,221,350**
Interest payments on borrowings (note)	**864,658**	**548,864**	**396,584**	**380**	**1,810,486**
Trade and other payables	**8,384,680**	**–**	**–**	**–**	**8,384,680**
Amounts due to non-controlling interests of subsidiaries (Note 24)	**320,628**	**–**	**–**	**–**	**320,628**
Financial liabilities for put options written on non-controlling interests (Note 22)	**–**	**15,902**	**–**	**–**	**15,902**
Derivative financial instrument (Note 21)	**2,499**	**–**	**–**	**–**	**2,499**
Finance lease liabilities	**4,107**	**–**	**–**	**–**	**4,107**
Financial guarantees (Note 39)	**14,453,498**	**1,240,000**	**–**	**–**	**15,693,498**
	27,990,411	**5,593,280**	**5,830,079**	**39,380**	**39,453,150**
As at 31 December 2015					
Borrowings, principal (Note 20)	5,812,994	1,851,100	2,555,065	117,000	10,336,159
Interest payments on borrowings (note)	736,339	451,081	329,217	6,199	1,522,836
Trust loans related derivatives (Note 21)	8,006	–	–	–	8,006
Trade and other payables	3,353,920	–	–	–	3,353,920
Amounts due to non-controlling interests of subsidiaries (Note 24)	118,726	–	–	–	118,726
Financial guarantees (Note 39)	7,219,256	–	220,000	–	7,439,256
	17,249,241	2,302,181	3,104,282	123,199	22,778,903

note: The interest on borrowings is calculated based on borrowings held as at 31 December 2016 and 2015, respectively. Floating-rate interests are estimated using the current interest rate as at 31 December 2016 and 2015, respectively.

3 Financial risk management (continued)

3.4 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents and deposits pledged for borrowings. Total capital is calculated as total equity, as shown in the consolidated balance sheets, plus net debt.

The gearing ratios at 31 December 2016 and 2015 were as follows:

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Borrowings	**13,221,350**	10,336,159
Less: Cash and cash equivalents	**(9,447,181)**	(1,603,064)
Restricted cash deposits pledged for borrowings	**(645,107)**	(1,811,888)
Net debt	**3,129,062**	6,921,207
Total equity	**4,558,069**	4,827,215
Total capital	**7,687,131**	11,748,422
Gearing ratio	**41%**	59%

4 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at 31 December 2016 and 2015 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

– Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

– Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

– Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2016 and 2015.

4 Fair value estimation (continued)

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Available-for-sale financial assets				
31 December 2016	**–**	**–**	**905,990**	**905,990**
31 December 2015	–	–	69,400	69,400

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Trust loans related derivatives				
31 December 2016	**–**	**–**	**–**	**–**
31 December 2015	–	–	8,006	8,006

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Derivative financial instrument				
31 December 2016	**–**	**–**	**2,499**	**2,499**
31 December 2015	–	–	–	–

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Available-for-sale financial assets, trust loans related derivatives and derivative financial instrument of the Group are measured at fair value by level 3. The changes in level 3 instruments for the years ended 31 December 2016 and 2015 are presented in Note 12 and Note 21.

5 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances.

The management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

5.1 Classification as subsidiary, joint venture or joint operation

In the normal course of business, the Group develops properties together with other developers or institutions, through entering into co-operation agreements with these parties. The rights and obligations of the Group and the other parties are stipulated by respective co-operation agreements, article of associations of the project companies, etc. Because of the complexity of the arrangements, significant judgement is needed in determining whether the project company is a subsidiary, joint venture or joint operation of the Group.

The Group makes judgement based on the substance of the arrangements and the definition of a subsidiary, joint venture or joint operation as disclosed in Notes 2.2 and 2.3 respectively.

5.2 Provision for impairment of properties held or under development for sale

The management makes provision for impairment of properties held or under development for sale based on the estimate of the net realisable values of the properties. Given the volatility of the property market in the PRC, the actual net realisable values may be higher or lower than the estimate made as at the end of the reporting period. Any increase or decrease in the provision would affect the Group's operating performance in future years.

5.3 Development costs directly attributable to property development activities

The Group allocates portions of land and development costs to properties held and under development for sale. As most of the Group's property development projects are developed and completed by phases, the budgeted development costs of the whole project are dependent on the estimate on the outcome of total development. Based on the experience and the nature of the development undertaken, the management makes estimates and assumptions concerning the future events that are believed to be reasonable under the circumstances. Given the uncertainties involved in the property development activities, the related actual results may be higher or lower than the amount estimated at the end of the reporting period. Any change in estimates and assumptions would affect the Group's operating performance in future years.

5.4 Land appreciation tax of the PRC

The Group is subject to land appreciation tax in the PRC. However, since the implementation and settlement of the tax varies among various tax jurisdictions in cities of the PRC, significant judgement is required in determining the amount of the land appreciation tax. The Group recognises the land appreciation tax based on management's best estimates according to its understanding of the interpretation of tax rules and latest practice of local tax jurisdictions in the cities where the Group's projects are located. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the current income tax and the deferred income tax provision in the periods in which such taxes have been finalised with local tax authorities.

5 Critical accounting estimates and judgements (continued)

5.5 Current and deferred income tax

The Group is subject to corporate income tax in the PRC. Significant judgement is required in determining the provision for corporate income tax. There are transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that we initially recorded, such difference will impact the current income tax and deferred tax provision in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

5.6 Fair value of investment properties

The fair value of investment properties is determined by using valuation techniques. Details of the judgement and assumptions have been disclosed in Note 8.

5.7 Fair value of trust loans related derivatives and derivative financial instrument

The Group assesses the fair value of the embedded derivatives in respect of the floating premiums in the trust loans related derivatives and derivative financial instrument based on valuations determined by independent professional qualified valuers, which is estimated by using the discounted cash flow method. The discounted cash flow projections are based on reliable discounted estimates of future cash flows, derived from operation data of the projects such as volatility, property selling prices, net profit and property development plan of the projects estimated by management.

Where the actual future operation data and property development plan varies, a material adjustment on the fair value of trust loans related derivatives and derivative financial instrument may arise. When estimating the fair value of trust loans related derivatives and derivative financial instrument with reference to the valuation report, management has exercised its judgment and is satisfied that the method of valuation is reflective of its best estimation.

5.8 Fair value of available-for-sale financial assets

The fair value of available-for-sale financial assets that are not traded in an active market is determined by using valuation techniques or net asset value. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

6 Segment information

Management has determined the operating segments based on the information reviewed by the CODM for the purposes of allocating resources and assessing performance.

The Group manages its business by two operating segments based on their products and services, which is consistent with the way in which information is reported internally to the Group's CODM for the purpose of resources allocation and performance assessment:

- Property development segment engages in real estate development in the PRC; and
- Property investment and management segment invests in properties for their rental income potential and/or for capital appreciation, provides management and security services to residential and commercial properties in the PRC, and is engaged in property decoration and other miscellaneous businesses.

The CODM assesses the performance of the operating segments based on a measure of revenue and profit or loss before income tax. The measurement basis excludes the effects of income tax expense.

	Year ended 31 December 2016				
	Property development RMB'000	Property investment, management and others RMB'000	Total segment RMB'000	Elimination RMB'000	Total Group RMB'000
Segment revenue	14,737,396	640,742	15,378,138	(326,861)	15,051,277
Segment profit before income tax expense	656,451	121,619	778,070	6,975	785,045
Finance income	43,567	2,557	46,124	–	46,124
Finance costs	(140,234)	(2,603)	(142,837)	–	(142,837)
Share of results of joint ventures	(35,966)	(12)	(35,978)	–	(35,978)
Depreciation and amortisation	(7,900)	(5,226)	(13,126)	–	(13,126)
A reconciliation to profit for the year is as follows:					
Total segment profits before income tax expense					785,045
Income tax expense					(621,621)
Profit for the year					163,424

	As at 31 December 2016				
Segment assets	69,808,687	9,342,824	79,151,511	(41,109,578)	38,041,933
Segment assets include:					
Investments in joint ventures	462,024	488	462,512	–	462,512
Additions to non-current assets (other than financial instruments and deferred income tax assets)	602,885	1,858,453	2,461,338	–	2,461,338
Segment liabilities	68,941,371	5,634,763	74,576,134	(41,092,270)	33,483,864

6 Segment information (continued)

	Property development RMB'000	Property investment, management and others RMB'000	Total segment RMB'000	Elimination RMB'000	Total Group RMB'000
	Year ended 31 December 2015				
Segment revenue	5,608,426	295,329	5,903,755	(144,639)	5,759,116
Segment loss before income tax expense	(94,300)	(21,264)	(115,564)	(23,695)	(139,259)
Finance income	32,844	5,643	38,487	–	38,487
Finance costs	(94,944)	(897)	(95,841)	–	(95,841)
Share of results of joint ventures	4,833	–	4,833	–	4,833
Depreciation and amortisation	(8,401)	(2,985)	(11,386)	–	(11,386)
A reconciliation to loss for the year is as follows:					
Total segment losses before income tax expense					(139,259)
Income tax expense					(150,049)
Loss for the year					(289,308)

	As at 31 December 2015				
Segment assets	32,633,094	2,751,454	35,384,548	(5,960,177)	29,424,371
Segment assets include:					
Investments in joint ventures	541,651	–	541,651	–	541,651
Additions to non-current assets (other than financial instruments and deferred income tax assets)	4,717	775,007	779,724	–	779,724
Segment liabilities	29,847,106	1,020,704	30,867,810	(6,270,654)	24,597,156

7 Property, plant and equipment

	Motor vehicles RMB'000	Furniture, fittings and equipment RMB'000	Leasehold improvements and others RMB'000	Total RMB'000
At 1 January 2016				
Cost	**18,549**	**18,710**	**21,761**	**59,020**
Accumulated depreciation	**(13,865)**	**(10,789)**	**(9,367)**	**(34,021)**
Net book amount	**4,684**	**7,921**	**12,394**	**24,999**
Year ended 31 December 2016				
Opening net book amount	**4,684**	**7,921**	**12,394**	**24,999**
Additions arising from acquisition of Hangzhou Jiaheng Property Co., Ltd. ("Hangzhou Jiaheng") (Note 41(a))	**331**	**53**	**–**	**384**
Additions arising from acquisition of Modern Jump Limited (Note 41(c))	**–**	**85**	**–**	**85**
Additions arising from acquisition of Property Sky Limited (Note 41(b))	**–**	**8,397**	**1,703**	**10,100**
Other additions	**4,113**	**6,371**	**848**	**11,332**
Reduction arising from disposal of Ningbo Jingrui Property Co., Ltd. ("Ningbo Jingrui") (Note 10)	**(142)**	**(203)**	**–**	**(345)**
Reduction arising from disposal of Shanghai Jiajing Investment Co., Ltd. ("Shanghai Jiajing) (Note 42(b))	**–**	**(31)**	**–**	**(31)**
Reduction arising from disposal of Tianjin Jingxiu Property Investment Co., Ltd. ("Tianjin Jingxiu") (Note 42(a))	**(12)**	**(11)**	**(91)**	**(114)**
Other disposals	**(154)**	**(123)**	**(479)**	**(756)**
Depreciation charge (Note 29)	**(1,652)**	**(3,977)**	**(6,552)**	**(12,181)**
Closing net book amount	**7,168**	**18,482**	**7,823**	**33,473**
At 31 December 2016				
Cost	**22,442**	**33,245**	**22,119**	**77,806**
Accumulated depreciation	**(15,274)**	**(14,763)**	**(14,296)**	**(44,333)**
Net book amount	**7,168**	**18,482**	**7,823**	**33,473**

7 Property, plant and equipment (continued)

	Motor vehicles RMB'000	Furniture, fittings and equipment RMB'000	Leasehold improvements and others RMB'000	Total RMB'000
Year ended 31 December 2015				
Opening net book amount	5,950	7,458	7,334	20,742
Additions arising from acquisition of Suzhou Ailide Trade Co., Ltd. ("Suzhou Ailide") (Note 41(e))	117	41	–	158
Other additions	2,067	3,787	9,005	14,859
Disposals	(400)	(78)	–	(478)
Depreciation charge (Note 29)	(3,050)	(3,287)	(3,945)	(10,282)
Closing net book amount	4,684	7,921	12,394	24,999
At 31 December 2015				
Cost	18,549	18,710	21,761	59,020
Accumulated depreciation	(13,865)	(10,789)	(9,367)	(34,021)
Net book amount	4,684	7,921	12,394	24,999

Depreciation charges of the Group have all been included in administrative expenses and selling and marketing costs for both years ended 31 December 2016 and 2015.

8 Investment properties

	Year ended 31 December	
	2016 RMB'000	2015 RMB'000
At beginning of the year	**1,536,941**	775,000
Additions from acquisition of Property Sky Limited (a) (Note 41(b))	**1,678,929**	–
Additions from acquisition of Suzhou Ailide (Note 41(e))	**–**	520,000
Subsequent expenditures capitalised	**34,354**	17,745
Transfer from non-current assets held-for sale	**–**	20,941
Transfer from properties held for sale	**59,953**	–
Transfer to properties held for sale	**(25,043)**	–
Disposals	**(164,421)**	–
Net gains from fair value adjustments	**81,059**	203,255
At end of the year	**3,201,772**	1,536,941

8 Investment properties (continued)

note:

(a) Upper Riverside, one of the investment properties located in Shanghai amounting to RMB1,695,772,000 as at 31 December 2016 is held by Fengyong (Shanghai) Property Co., Limited, a wholly owned subsidiary of Property Sky Limited, whose objective is to consume substantially all of the economic benefits embodied in the investment properties through sale. The Group has measured the deferred tax relating to the temporary differences of the investment properties using the tax rates and the tax base that are consistent with the expected manner of recovery of the investment properties.

An independent valuation of the Group's investment properties was performed by the valuer, DTZ Cushman & Wakefield, to determine the fair value of the investment properties as at 31 December 2016 and 2015. The following table analyses the investment properties carried at fair value, by valuation method.

Fair value hierarchy

	Fair value measurements at 31 December 2016 using		
Description	**Quoted prices in active markets for identical assets (Level 1) RMB'000**	**Significant other observable inputs (Level 2) RMB'000**	**Significant unobservable inputs (Level 3) RMB'000**
Recurring fair value measurements			
Investment properties located in the PRC:			
– Retail	**–**	**–**	**1,506,000**
– Service apartment and car parks	**–**	**–**	**1,695,772**
	–	**–**	**3,201,772**

	Fair value measurements at 31 December 2015 using		
Description	Quoted prices in active markets for identical assets (Level 1) RMB'000	Significant other observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000
Recurring fair value measurements			
Investment properties located in the PRC:			
– Retail	–	–	1,536,941

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between levels 1, 2 and 3 during the year.

8 Investment properties (continued)

Valuation processes of the Group

The Group's investment properties were valued at 31 December 2016 and 2015 by independent professionally qualified valuers of DTZ Cushman & Wakefield who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

The Group's finance team will review the valuation performed by the valuers, including:

- verifies all major inputs to the independent valuation report;
- assess property valuations movements when compared to the prior year valuation report;
- holds discussions with independent valuers.

Valuation techniques

The Group has five investment properties, among which Jingrui Life Square, Ganglong Plaza and Upper Riverside are located in Shanghai, the PRC, Changzhou Jingrui Dawn City is located in Jiangsu Province, the PRC, and Ningbo Harbour City is located in Zhejiang Province, the PRC, all of which were completed as at 31 December 2016. Ningbo Harbour City was completed in second half year of 2016.

The valuation of investment properties in Jingrui Life Square, Changzhou Jingrui Dawn City and Ningbo Harbour City were determined using the income capitalisation approach (term and reversionary method) which was based on capitalisation of net rental income derived from the existing tenancies with due allowance for the reversionary income potential of the properties.

The valuation of investment properties in Upper Riverside and Ganglong Plaza were determined using a combination of income capitalisation approach and direct comparison approach by making reference to comparable sales transactions as available in the relevant market. For those investment properties with signed sales contract, the valuation were determined using the actual selling price.

There were no changes to the valuation techniques during the year.

8 Investment properties (continued)

Valuation techniques (continued)

Information about fair value measurements as at 31 December 2016 using significant unobservable inputs (Level 3):

Description	Fair value at 31 December 2016 (RMB'000)	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Properties in Jingrui Life Square	479,000 (2015:478,000)	Income capitalisation approach	Term yield	Term yield of 4.5% (2015:4.5%), taking into account of yield generated from comparable properties and adjustment to reflect the certainty of term income secured and to be received.	The higher the term yield, the lower the fair value
			Reversionary yield	Reversionary rate of 5% (2015:5%), taking into account annual unit market rental income and unit market value of the comparable properties.	The higher the reversionary yield, the lower the fair value
			Market unit rent of individual unit	Market unit rent, ranging from RMB50 (2015:RMB45) per square meter per month to RMB125 (2015:RMB120) per square meter per month, using direct market comparable and taking into account of location and other individual factors, such as road frontage, size of property and facilities.	The higher the market unit rent, the higher the fair value
Properties in Changzhou Jingrui Dawn City	141,000 (2015:138,000)	Income capitalisation approach	Term yield	Term yield of 5%(2015:5%), taking into account of yield generated from comparable properties and adjustment to reflect the certainty of term income secured and to be received.	The higher the term yield, the lower the fair value
			Reversionary yield	Reversionary rate of 5.5 % (2015:5.5%), taking into account annual unit market rental income and unit market value of the comparable properties.	The higher the reversionary yield, the lower the fair value
			Market unit rent of individual unit	Market unit rent, ranging from RMB69(2015:RMB68) per square meter per month to RMB138(2015:RMB137) per square meter per month, using direct market comparable and taking into account of location and other individual factors, such as road frontage, size of property and facilities.	The higher the market unit rent, the higher the fair value

8 Investment properties (continued)

Valuation techniques (continued)

Information about fair value measurements as at 31 December 2016 using significant unobservable inputs (Level 3): (continued)

Description	Fair value at 31 December 2016 (RMB'000)	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Properties in Ganglong Plaza	205,000 (2015:375,941)	Income capitalisation approach	Term yield	Term yield of 4.5% (2015:4.5%), taking into account of yield generated from comparable properties and adjustment to reflect the certainty of term income secured and to be received.	The higher the term yield, the lower the fair value
			Reversionary yield	Reversionary rate of 5% (2015:5%), taking into account annual unit market rental income and unit market value of the comparable properties.	The higher the reversionary yield, the lower the fair value
			Market unit rent of individual unit	Market unit rent, ranging from RMB81 (2015:RMB102) per square meter per month to RMB162 (2015:RMB170) per square meter per month, using direct market comparable and taking into account of location and other individual factors, such as road frontage, size of property and facilities.	The higher the market unit rent, the higher the fair value
		Direct comparison approach	Adjusted recent prices of similar properties	Adjusted recent prices of similar properties in the relevant market, ranging from RMB35,246 (2015: RMB28,656) per square meter to RMB38,789 (2015:RMB44,558) per square meter, taking into account of location and other individual factors, such as road frontage, size of property and facilities.	The higher the unit price, the higher the fair value
Properties in Ningbo Harbour City	681,000 (2015:545,000)	Income capitalisation approach	Term yield	Term yield of 4.5%(2015: 4.5%), taking into account of yield generated from comparable properties and adjustment to reflect the certainty of term income secured and to be received.	The higher the term yield, the lower the fair value
			Reversionary yield	Reversionary rate of 5%(2015: 5%), taking into account annual unit market rental income and unit market value of the comparable properties.	The higher the reversionary yield, the lower the fair value
			Market unit rent of individual unit	Market unit rent, ranging from RMB50(2015: RMB48) per square meter per month to RMB167(2015: RMB160) per square meter per month, using direct market comparable and taking into account of location and other individual factors, such as road frontage, size of property and facilities.	The higher the market unit rent, the higher the fair value

8 Investment properties (continued)

Valuation techniques (continued)

Information about fair value measurements as at 31 December 2016 using significant unobservable inputs (Level 3): (continued)

Description	Fair value at 31 December 2016 (RMB'000)	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Properties in Upper Riverside	1,695,772	Income capitalisation approach	Term yield	Term yield of 3%, taking into account of yield generated from comparable properties and adjustment to reflect the certainty of term income secured and to be received.	The higher the term yield, the lower the fair value
			Reversionary yield	Reversionary rate of 3.5%, taking into account annual unit market rental income and unit market value of the comparable properties.	The higher the reversionary yield, the lower the fair value
			Market unit rent of individual unit	Market unit rent, ranging from RMB347 per square meter per month to RMB384 per square meter per month, using direct market comparable and taking into account of location and other individual factors, such as road frontage, size of property and facilities.	The higher the market unit rent, the higher the fair value
		Direct comparison approach	Adjusted recent prices of similar properties	Adjusted recent prices of similar properties in the relevant market, ranging from RMB80,347 per square meter to RMB96,040 per square meter, taking into account of location and other individual factors, such as road frontage, size of property and facilities.	The higher the unit price, the higher the fair value

The rental income from investment properties has been recognised in the consolidated financial statements:

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Rental income	**9,504**	7,288

The Group's interests in investment properties at their net book values are analysed as follows:

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
In the PRC, held on:		
Leases with original term of 50 years (and remaining unexpired period between 10 to 50 years)	**3,201,772**	1,536,941

Investment properties with a total carrying amount of RMB2,379,772,000 and RMB853,941,000 at 31 December 2016 and 2015 respectively were pledged as collateral for the Group's borrowings (Note 20).

9 Intangible assets

	Goodwill RMB'000	Computer software RMB'000	Others RMB'000	Total RMB'000
At 1 January 2016				
Cost	**–**	**9,049**	**861**	**9,910**
Accumulated amortisation	**–**	**(5,361)**	**(71)**	**(5,432)**
Net book amount	**–**	**3,688**	**790**	**4,478**
Year ended 31 December 2016				
Opening net book amount	**–**	**3,688**	**790**	**4,478**
Additions arising from acquisition of Modern Jump Limited (Note 41(c))	**12,350**	**–**	**–**	**12,350**
Other additions	**–**	**103**	**–**	**103**
Amortisation charge (Note 29)	**–**	**(942)**	**(3)**	**(945)**
Closing net book amount	**12,350**	**2,849**	**787**	**15,986**
At 31 December 2016				
Cost	**12,350**	**9,152**	**861**	**22,363**
Accumulated amortisation	**–**	**(6,303)**	**(74)**	**(6,377)**
Net book amount	**12,350**	**2,849**	**787**	**15,986**
Year ended 31 December 2015				
Opening net book amount	–	2,004	812	2,816
Additions	–	2,766	–	2,766
Amortisation charge (Note 29)	–	(1,082)	(22)	(1,104)
Closing net book amount	–	3,688	790	4,478
At 31 December 2015				
Cost	–	9,049	861	9,910
Accumulated amortisation	–	(5,361)	(71)	(5,432)
Net book amount	–	3,688	790	4,478

Amortisation charges of the Group have all been included in administrative expenses for both years ended 31 December 2016 and 2015.

The recoverable amounts of CGUs are determined based on their fair values (less cost of sell). The fair value of property development CGUs are determined according to the value of the underlying properties and decrease along with the sales of underlying properties, and the attributable goodwill is written off accordingly in cost of sales in the consolidated income statement.

10 Investments in joint ventures

	Year ended 31 December 2016 RMB'000	2015 RMB'000
At beginning of the year	**541,651**	539,633
Additions (a),(c)	**198,740**	–
Disposal of partial interests of Ningbo Jingrui and lost control (a)	**17,169**	–
Derivative financial instrument for put options written on a joint venture partner (Note 21)	**2,270**	–
Disposal of partial interests of Shanghai Ruice Investment Co., Ltd. ("Shanghai Ruice") and lost control (b)	**48,482**	–
Acquisition of additional interests in Modern Jump Limited which became a subsidiary (d)	**(310,761)**	–
Share of results	**(35,978)**	4,833
Unrealised profit in connection with the transaction between the Group and joint ventures	**939**	(2,815)
At end of the year	**462,512**	541,651

The particulars of the joint ventures of the Group, which are unlisted, are set out as follows:

Company name	Country/date of incorporation	Paid-in capital	% interests held As at 31 December 2016	2015	Principal activities
Changzhou Jingshang Property Co., Ltd. ("Changzhou Jingshang")	23 February 2011, Jiangsu, the PRC	RMB620,000,000	**51%**	51%	Property development
Modern Jump Limited (d)	8 October 2013, BVI	USD74,000,000	**100%**	56.76%	Investment holding
Ningbo Jingrui (a)	20 February 2013, Zhejiang, the PRC	RMB620,000,000	**47.2%**	100%	Property development
Shanghai Ruice (b)	16 April 2013, Shanghai	RMB100,000,000	**51%**	100%	Investment holding
Shanghai Jupan Apartment Management Co., Ltd. ("Shanghai Jupan") (c)	1 November 2016, Shanghai	RMB1,000,000	**50%**	Not Applicable	Apartment management

10 Investments in joint ventures (continued)

notes:

(a) In March 2016, Jingrui Properties (Group) Co., Ltd. ("Jingrui Properties (Group)"), a wholly owned subsidiary of the Group, entered into a share purchase agreement with two third parties, Tran Star Ventures, Limited which is an indirect wholly owned subsidiary of Century Bridge Capital, and Kunshan Harbour Investment Consultant Co., Limited, pursuant to which Jingrui Properties (Group) transferred 17.8% and 35% of the issued share capital of Ningbo Jingrui, a wholly owned subsidiary of the Group, to Tran Star Ventures, Limited and Kunshan Harbour Investment Consultant Co., Limited respectively at nil consideration. The Group recognised a loss from disposal of partial interests in Ningbo Jingrui amounting to RMB10,837,000 (Note 28) in 2016. After the transaction, Jingrui Properties (Group), Tran Star Ventures, Limited and Kunshan Harbour Investment Consultant Co., Limited jointly controlled Ningbo Jingrui.

Completion of the share purchase agreement took place on 31 March 2016 and Ningbo Jingrui therefore became a joint venture of the Group since then.

Tran Star Ventures, Limited, Kunshan Harbour Investment Consultant Co., Limited and the Group further injected capital to Ningbo Jingrui proportionate to their respective shareholdings in Ningbo Jingrui, among which the Group injected an amount of RMB198,240,000.

(b) In July 2016, Jingrui Properties (Group), a wholly owned subsidiary of the Group, entered into a share purchase agreement with a third party, Shandong International Trust Co., Ltd., pursuant to which Jingrui Properties (Group) transferred its 49% equity interests in Shanghai Ruice, a wholly owned subsidiary of the Group, to Shandong International Trust Co., Ltd., at a total consideration of RMB49,000,000. After the transaction, the Group and Shandong International Trust Co., Ltd. jointly controlled Shanghai Ruice, which directly holds a property project company, Hangzhou Jingcheng Property Co., Ltd. ("Hangzhou Jingcheng") in Zhejiang Province, the PRC.

Completion of the share purchase agreement took place on 21 October 2016 and Shanghai Ruice became a joint venture of the Group since then.

(c) Shanghai Jupan was established by the Group together with a third party in November 2016. The Group injected a capital of RMB500,000 into Shanghai Jupan, and both parties jointly controlled Shanghai Jupan.

(d) On 5 December 2016, Natural Apex Limited, a wholly owned subsidiary of the Group, entered into a share purchase agreement with a third party Robinson Re Company Limited, an indirect wholly owned subsidiary of Century Bridge Capital, pursuant to which Natural Apex Limited acquired back 43.24% equity interests of Modern Jump Limited, a joint venture of the Group, from Robinson Re Company Limited at a consideration of USD41,800,000 (equivalent to RMB288,000,000). After the transaction, Natural Apex Limited held 100% equity interests of Modern Jump Limited which indirectly holds a property project company, Wuxi Jingrui Real Estate Co., Ltd. ("Wuxi Jingrui") in Jiangsu Province, the PRC.

Completion of the share purchase agreement took place on 26 December 2016 and Modern Jump Limited became a wholly owned subsidiary of the Group since then. Gains of RMB50,916,000 on re-measurement of the Group's original investment of 56.76% equity interests in Modern Jump Limited was recognised in the consolidated income statement as other gains (Note 28).

Summarised financial information for joint ventures

Set out below are the summarised financial information for Changzhou Jingshang, Modern Jump Limited, Shanghai Ruice, Ningbo Jingrui and Shanghai Jupan which are accounted for using the equity method.

10 Investments in joint ventures (continued)

Summarised balance sheet

	Changzhou Jingshang		Shanghai Ruice
			As at
	As at 31 December		31 December
	2016	2015	2016
	RMB'000	RMB'000	RMB'000
Current			
Assets	1,204,067	1,116,832	1,623,156
Liabilities	(852,113)	(305,204)	(411,945)
Total current net assets	351,954	811,628	1,211,211
Non-current			
Assets	42,122	42,250	463
Liabilities	–	(366,196)	(1,120,000)
Total non-current net assets/(liabilities)	42,122	(323,946)	(1,119,537)
Net assets	394,076	487,682	91,674

	Ningbo Jingrui	Shanghai Jupan
	As at	As at
	31 December	31 December
	2016	2016
	RMB'000	RMB'000
Current		
Assets	5,694,409	4,430
Liabilities	(4,989,299)	(3,748)
Total current net assets	705,110	682
Non-current		
Assets	45,028	290
Liabilities	(300,000)	–
Total non-current net (liabilities)/assets	(254,972)	290
Net assets	450,138	972

10 Investments in joint ventures (continued)

Summarised balance sheet (continued)

	Modern Jump Limited As at 31 December 2015 RMB'000
Current	
Assets	1,001,342
Liabilities	(284,631)
Total current net assets	716,711
Non-current	
Assets	4,339
Liabilities	(200,000)
Total non-current net liabilities	(195,661)
Net assets	521,050

Summarised statement of comprehensive income

	Changzhou Jingshang		**Shanghai Ruice**
	Year ended 31 December		**The period from 21 October 2016 to 31 December**
	2016	2015	**2016**
	RMB'000	RMB'000	**RMB'000**
Revenue	**224,793**	554,161	**–**
Loss before income tax	**(90,932)**	(86,654)	**(3,851)**
Income tax (expense)/credit	**(2,674)**	8,959	**463**
Post-tax loss	**(93,606)**	(77,695)	**(3,388)**
Other comprehensive income	**–**	–	**–**
Total comprehensive loss	**(93,606)**	(77,695)	**(3,388)**
Dividends received from joint ventures	**–**	–	**–**

10 Investments in joint ventures (continued)

	Ningbo Jingrui The period from 31 March 2016 to 31 December 2016 RMB'000	Shanghai Jupan The period from 1 November 2016 to 31 December 2016 RMB'000
Revenue	**58,465**	**–**
Loss before income tax	**(4,776)**	**(28)**
Income tax credit	**7,782**	**–**
Post-tax profit/(loss)	**3,006**	**(28)**
Other comprehensive income	**–**	**–**
Total comprehensive Income/(loss)	**3,006**	**(28)**
Dividends received from joint ventures	**–**	**–**

	Modern Jump Limited The Period from 1 January 2016 to 25 December 2016 RMB'000	Modern Jump Limited Year ended 31 December 2015 RMB'000
Revenue	**210,132**	399,221
Profit before income tax	**47,625**	103,945
Income tax expense	**(21,175)**	(25,622)
Post-tax profit	**26,450**	78,323
Other comprehensive income	**–**	–
Total comprehensive income	**26,450**	78,323
Dividends received from joint ventures	**–**	–

The information above reflects the amounts presented in the financial statements of the joint ventures, adjusted for differences in accounting policies between the Group and the joint ventures, and not the Group's share of those amounts.

10 Investments in joint ventures (continued)

Reconciliation of summarised financial information presented to the carrying amount of the Group's interests in joint ventures is as follows:

	Changzhou Jingshang		Shanghai Ruice
			The period from 21 October 2016 to 31 December
	2016	2015	2016
	RMB'000	RMB'000	RMB'000
Opening net assets	**487,682**	565,377	**95,062**
Loss for the year/relevant period	**(93,606)**	(77,695)	**(3,388)**
Other comprehensive income	**–**	–	
Closing net assets	**394,076**	487,682	**91,674**
Dividends	**–**	–	**–**
Interests in joint ventures	**51%**	51%	**51%**
	200,979	248,718	**46,754**
Unrealised profit in connection with the sales from the Group to a joint venture	**(1,905)**	(2,815)	**–**
Carrying value	**199,074**	245,903	**46,754**

	Ningbo Jingrui	Shanghai Jupan
	The period from 31 March 2016 to 31 December 2016	The period from 1 November 2016 to 31 December 2016
	RMB'000	RMB'000
Opening net assets	**199,752**	**–**
Profit/(loss) for the relevant period	**3,006**	**(28)**
Capital injection from shareholders	**247,380**	**1,000**
Other comprehensive income	**–**	**–**
Closing net assets	**450,138**	**972**
Dividends	**–**	**–**
Interests in joint ventures	**47.2%**	**50%**
	213,899	**486**
Unrealised loss in connection with the sales from the Group to a joint venture	**29**	**–**
Derivative financial instrument for put options written on a joint venture partner	**2,270**	**–**
Carrying value	**216,198**	**486**

10 Investments in joint ventures (continued)

	Modern Jump Limited	
	The period from 1 January 2016 to 25 December 2016 RMB'000	2015 RMB'000
Opening net assets	**521,050**	442,727
Profit for the relevant period/year	**26,450**	78,323
Other comprehensive income	**–**	–
Closing net assets	**547,500**	521,050
Dividends	**–**	–
Interests in joint ventures	**56.76%**	56.76%
	310,761	295,748
Acquisition of additional interests in Modern Jump Limited which became a subsidiary	**(310,761)**	–
Carrying value	**–**	295,748

There are no commitments and contingent liabilities relating to the Group's interests in joint ventures.

11 Financial instruments by category

31 December 2016	**Loan and receivables RMB'000**	**Available-for-sale financial assets RMB'000**	**Total RMB'000**
Assets as per balance sheet			
Available-for-sale financial assets	**–**	**905,990**	**905,990**
Trade and other receivables excluding prepayments	**3,427,681**	**–**	**3,427,681**
Cash and cash equivalents	**9,447,181**	**–**	**9,447,181**
Restricted cash	**1,277,442**	**–**	**1,277,442**
Total	**14,152,304**	**905,990**	**15,058,294**

31 December 2016	**Liabilities at fair value through the profit or loss RMB'000**	**Other financial liabilities at amortised cost RMB'000**	**Total RMB'000**
Liabilities as per balance sheet			
Borrowings	**–**	**13,221,350**	**13,221,350**
Derivative financial instrument	**2,499**	**–**	**2,499**
Trade and other payables excluding non-financial liabilities	**–**	**8,384,680**	**8,384,680**
Amounts due to non-controlling interests of subsidiaries	**–**	**320,628**	**320,628**
Financial liabilities for put option written on non-controlling interests	**–**	**13,612**	**13,612**
Finance lease liabilities	**–**	**4,107**	**4,107**
Total	**2,499**	**21,944,377**	**21,946,876**

11 Financial instruments by category (continued)

31 December 2015	Loan and receivables RMB'000	Available-for-sale financial assets RMB'000	Total RMB'000
Assets as per balance sheet			
Available-for-sale financial assets	–	69,400	69,400
Trade and other receivables excluding prepayments	673,049	–	673,049
Cash and cash equivalents	1,603,064	–	1,603,064
Restricted cash	2,080,049	–	2,080,049
Total	4,356,162	69,400	4,425,562

31 December 2015	Liabilities at fair value through the profit or loss RMB'000	Other financial liabilities at amortised cost RMB'000	Total RMB'000
Liabilities as per balance sheet			
Borrowings	–	10,336,159	10,336,159
Trust loans related derivatives	8,006	–	8,006
Trade and other payables excluding non-financial liabilities	–	3,353,920	3,353,920
Amounts due to non-controlling interests of subsidiaries	–	118,726	118,726
Total	8,006	13,808,805	13,816,811

12 Available-for-sale financial assets

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
At beginning of the year	**69,400**	10,000
Additions	**823,645**	56,931
Disposal of partial interests in Shanghai Jingqi Property Development Co., Ltd. ("Shanghai Jingqi") (Note 42(b))	**251,813**	–
Fair value gains recognised in equity (Note 18)	**78,518**	2,469
Disposals	**(317,386)**	–
At end of the year	**905,990**	69,400
Less: Non-current portion	**(654,177)**	(69,400)
Current portion	**251,813**	–

12 Available-for-sale financial assets (continued)

Available-for-sale financial assets include the following:

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Unlisted equity securities (a)	**580,911**	32,531
Unlisted equity security (b), (Note 42(b))	**251,813**	–
Liquid opportunity fund investment (c)	**73,266**	36,869
	905,990	69,400

notes:

(a) The fair value of unlisted equity securities are based on valuation techniques. The fair value is within level 3 of the fair value hierarchy. The significant unobservable inputs are the adjusted ratios of the comparable company.

(b) The fair value of unlisted equity security is based on net asset value. The fair value is within level 3 of the fair value hierarchy. The significant unobservable inputs are the adjusted market prices of the equity interest.

(c) The fair value of liquid opportunity fund investment is based on net asset value. The fair value is within level 3 of the fair value hierarchy. The significant unobservable input is the adjusted net asset price based on market prices of portfolio assets in the fund.

The available-for-sale financial assets are denominated in the following currencies:

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
RMB	**832,724**	32,531
USD	**73,266**	36,869
	905,990	69,400

13 Prepayments for leasehold land

The Group made prepayments of RMB348,089,000 as at 31 December 2016(31 December 2015: Nil) for the acquisition of leasehold land, which will be transferred to properties under development for sale upon receipt of ownership certificates or commencement of development activities.

14 Properties held or under development for sale

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Properties under development for sale	**14,174,191**	17,022,876
Properties held for sale	**3,669,788**	5,034,733
	17,843,979	22,057,609
Less: Provision for impairment loss	**(88,786)**	(380,310)
	17,755,193	21,677,299

The properties held or under development for sale are all located in the PRC.

Borrowing costs capitalised in properties under development for sale and held for sale for the year ended 31 December 2016 were approximately RMB1,194,783,000 (2015: RMB963,573,000).

The capitalisation rate of borrowings was 9.12% for the year ended 31 December 2016 (2015: 9.75%).

As at 31 December 2016 and 2015, the Group's following properties under development for sale and properties held for sale were pledged as collateral for the Group's borrowings (Note 20) and perpetual capital instrument (Note 19).

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Carrying value pledged:		
Properties under development for sale	**7,331,319**	7,206,065
Properties held for sale	**206,450**	1,013,070

As at 31 December 2016, properties under development for sale with a total carrying amount of RMB5,455,122,000 (2015: RMB6,864,520,000) were related to property projects which were not scheduled to complete within one year from reporting period end although pre-sales of some of these properties may occur. The other balances in properties under development for sale as at 31 December 2016 and 2015 were expected to be recovered within one year from respective reporting period end.

15 Trade and other receivables and prepayments

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Trade receivables	**161,564**	58,172
Less: Provision for impairment of trade receivables	**(205)**	(203)
Trade receivables – net	**161,359**	57,969
Amounts due from joint ventures (Note 43)	**1,561,307**	236,215
Prepaid business tax and surcharges (a)	**331,014**	548,417
Receivables arising from disposal of subsidiaries (b)	**540,401**	–
Loans due from disposed subsidiaries assumed by third parties (c)	**506,276**	–
Tender deposits (d)	**36,600**	21,600
Deposits with public housing fund centres (e)	**66,273**	61,481
Prepayments of construction costs	**43,517**	18,034
Temporary funding receivables (f)	**93,535**	119,306
Deposits paid for construction work	**274,239**	92,208
Amount due from non-controlling interests of a subsidiary (g)	**105,000**	13,000
Prepayments for investments (h)	**141,496**	–
Others	**91,632**	89,239
Less: Provision for impairment of other receivables	**(8,941)**	(17,969)
	3,943,708	1,239,500
Less: non-current portion (i),(Note 43)	**(572,689)**	–
	3,371,019	1,239,500

notes:

(a) Business tax and surcharges are levied when the Group receives advances from customers and the prepaid taxes are recorded as prepayments before the relevant revenue is recognised.

(b) The balance represents the outstanding considerations for disposal of equity interests in Tianjin Jingxiu and Shanghai Jiajing (Note 42).

(c) The balance represents the outstanding loans of RMB325,476,000 of Shanghai Jingqi and RMB180,800,000 of Tianjin Jingxiu, originally due by the two disposed subsidiaries to the Group, which have been assumed and shall be paid off by Hengda Real Estate Group Shanghai Shengjian Property Co., Ltd. ("Hengda Shanghai") and Hengda (Tianjin) Real Estate Group Co., Ltd. ("Hengda Tianjin") respectively according to the share transfer agreements (Note 42).

(d) The balance represents the tender deposits for bidding of land use rights, which will be subsequently returned or transferred to prepayments for leasehold land upon successful bidding of the land use rights.

(e) The balance represents the deposits paid to public housing fund centres to secure the housing fund loans taken by certain property purchasers of the Group. Such deposits will be released upon the transfer of the properties' ownership certificates to these purchasers.

(f) Temporary funding receivables are funds temporarily advanced to non-related parties, which are non-interest bearing and unsecured.

(g) The balance represents the amount due from non-controlling interests of a subsidiary of the Group, which is non-interest bearing and unsecured.

15 Trade and other receivables and prepayments (continued)

notes: (continued)

(h) In December 2016, the Group made prepayments for investments in a third party with a total consideration of RMB141,496,000.

(i) The balances as at 31 December 2016 include the prepayments for investments of RMB141,496,000, and a shareholder loan principal and interest receivable, totalling RMB431,193,000, due from Shanghai Ruice. The shareholder loan has an annual interest rate of 8% and will be matured till October 2019 (Note 43).

The aging analysis of trade receivables, based on the property delivery or service rendered date is as follows:

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Less than 1 year	**150,511**	14,752
Between 1 and 2 years	**3,021**	40,415
Between 2 and 3 years	**5,874**	2,964
Over 3 years	**2,158**	41
	161,564	58,172

As at 31 December 2016, trade receivables of RMB157,550,000 (2015: RMB56,572,000) were past due but not impaired. The balances are related to independent customers for whom there is no recent history of default.

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Less than 1 year	**146,560**	13,302
Between 1 and 2 years	**2,965**	40,306
Between 2 and 3 years	**5,867**	2,964
Over 3 years	**2,158**	–
	157,550	56,572

As at 31 December 2016, trade and other receivables of RMB9,146,000 (2015: RMB18,172,000) were considered impaired and provided for. The other classes within trade and other receivables do not contain impaired assets.

Movements on the provision for impairment of trade and other receivables are as follows:

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
At beginning of the year	**18,172**	21,330
Reversal of provision for receivables impairment (Note 29)	**(2,642)**	(2,645)
Receivables written off as uncollectible	**–**	(513)
Reduction arising from disposal of a subsidiary	**(6,384)**	–
At end of the year	**9,146**	18,172

15 Trade and other receivables and prepayments (continued)

The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral security.

As at 31 December 2016 and 2015, the fair value of trade and other receivables approximate their carrying amounts.

As at 31 December 2016 and 2015, the carrying amounts of trade and other receivables and prepayments are all denominated in RMB.

16 Cash at bank and on hand

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Cash at bank and on hand		
– denominated in RMB	**10,311,462**	2,482,684
– denominated in HKD	**37,202**	4,051
– denominated in USD	**375,959**	1,196,378
	10,724,623	3,683,113

The weighted average interest rate on the Group's bank deposits as at 31 December 2016 was 0.69% (2015: 0.97%).

Cash and cash equivalents of the Group were determined as follows:

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Cash at bank and on hand	**10,724,623**	3,683,113
Less: Restricted cash	**(1,277,442)**	(2,080,049)
	9,447,181	1,603,064

16 Cash at bank and on hand (continued)

Restricted cash of the Group comprised of the following:

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Deposits for notes issued	**571**	227,218
Deposits as security for property purchasers' mortgage loans (a)	**624,764**	40,943
Deposits pledged for borrowings (Note 20)	**645,107**	1,811,888
Deposits for letters of guarantee issued for project construction	**7,000**	–
	1,277,442	2,080,049

notes:

(a) These bank deposits are restricted to secure the bank loans taken by certain property purchasers of the Group pursuant to the local regulations of certain cities. Such deposits will be released upon the transfer of the properties' ownership certificates to these purchasers.

17 Share capital

(a) Authorised shares

	Number of authorised shares
As at 31 December 2016 and 2015	**10,000,000,000**

(b) Ordinary shares, issued and fully paid

	Number of ordinary shares	Ordinary shares (nominal value) RMB'000
As at 31 December 2016 and 2015	**1,291,302,213**	**79,361**

18 Reserves

	Share premium RMB'000	Merger reserve RMB'000 (a)	Capital reserve RMB'000	Pre-IPO share award scheme RMB'000	Statutory surplus reserve RMB'000 (b)	Available-for-sale financial assets RMB'000 (d)	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2016	**1,193,851**	**125,481**	**790,627**	**63,182**	**245,437**	**2,469**	**880,819**	**3,301,866**
Comprehensive income/(loss)								
Profit for the year 2016	–	–	–	–	–	–	**106,295**	**106,295**
Other comprehensive income:								
Changes in fair value of available -for-sale financial assets (Note 12)	–	–	–	–	–	**78,518**	–	**78,518**
Tax on fair value gains on available-for-sale financial assets (Note 25)	–	–	–	–	–	**(15,420)**	–	**(15,420)**
Transfer of fair value gains previously taken to other reserves to consolidated income statement upon disposal of available-for-sale financial assets	–	–	–	–	–	**(5,054)**	–	**(5,054)**
Total comprehensive loss for the year 2016	–	–	–	–	–	**58,044**	**106,295**	**164,339**
Transactions with owners								
Changes in ownership interests in subsidiaries without change of control (Note 40)	–	–	**(233,241)**	–	–	–	–	**(233,241)**
Put options written on non-controlling interests (Note 22)	–	–	**(12,813)**	–	–	–	–	**(12,813)**
Pre-IPO share award scheme (Note 34)	–	–	–	**4,368**	–	–	–	**4,368**
	–	–	**(246,054)**	**4,368**	–	–	–	**(241,686)**
Balance at 31 December 2016	**1,193,851**	**125,481**	**544,573**	**67,550**	**245,437**	**60,513**	**987,114**	**3,224,519**
Balance at 1 January 2015	1,271,329	125,481	686,358	48,551	245,437	–	1,233,515	3,610,671
Comprehensive income/(loss)								
Loss for the year 2015	–	–	–	–	–	–	(352,696)	(352,696)
Other comprehensive income:								
Changes in fair value of available-for-sale financial assets (Note 12)	–	–	–	–	–	2,469	–	2,469
Total comprehensive loss for the year 2015	–	–	–	–	–	2,469	(352,696)	(350,227)
Transactions with owners								
Changes in ownership interests in subsidiaries without change of control (Note 40)	–	–	104,269	–	–	–	–	104,269
2014 final dividend (c)	(77,478)	–	–	–	–	–	–	(77,478)
Pre-IPO share award scheme (Note 34)	–	–	–	14,631	–	–	–	14,631
	(77,478)	–	104,269	14,631	–	–	–	41,422
Balance at 31 December 2015	1,193,851	125,481	790,627	63,182	245,437	2,469	880,819	3,301,866

18 Reserves (continued)

notes:

(a) Merger reserve

Merger reserve represent the difference of aggregate consideration paid by the Group for the acquisition of subsidiaries pursuant to the reorganisation in 2013 and the aggregate capital of the subsidiaries acquired, after elimination of investment in subsidiaries.

(b) Statutory surplus reserve

In accordance with the Company Law of the PRC and the articles of association of the PRC subsidiaries, these subsidiaries registered in the PRC shall appropriate 10% of its annual statutory profit (after offsetting any prior years' losses) to the statutory surplus reserve ("SSR") account. When the balance of SSR reaches 50% of the registered capital/share capital of these subsidiaries, any further appropriation is optional. The SSR can be utilised to offset prior years' losses or to increase paid-in capital. However, SSR shall be maintained at a minimum of 25% of registered capital/share capital after such utilisation.

The SSR are non-distributable except in the event of liquidation and subject to certain restrictions set out in the relevant PRC regulations.

(c) Under the Cayman Companies Law, the share premium account may be applied by the Company for paying distributions or dividends to shareholders if immediately following the date on which the Company proposes to distribute the dividend, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business. The board of directors did not recommend any payment of dividend for the year ended 31 December 2016 (Note 36).

(d) It represents the changes in fair value of available-for-sale financial assets.

19 Perpetual capital instruments

In December 2014, a wholly owned subsidiary of the Company obtained cash with an aggregate principal amount of RMB550,000,000 from a third party, with no maturity and the payments of distribution can be deferred at the discretion of the Company. But when the Company declared dividends, the payments of interest at fixed rates in coming 12 months cannot be deferred at the discretion of the Company.

The Company declared dividend in May 2015, the payments of interest in coming 12 months therefore cannot be deferred at the discretion of the Company and, as a result, the liability component of perpetual capital instruments amounting to RMB89,375,000 was transferred to other payables. As at 31 December 2015, RMB71,087,000 of the liability was settled. The remaining liability of the component of perpetual capital instruments as at 31 December 2015 was RMB18,288,000 (Note 23) which was fully paid in 2016.

Pursuant to the relevant agreements, profit attributable to holders of perpetual capital instruments for the year ended 31 December 2016 was RMB71,500,000 (2015: RMB50,136,000). RMB45,528,000 was distributed to holders of perpetual capital instruments in 2016.

The perpetual capital instruments are jointly guaranteed by a wholly owned subsidiary of the Group and Yan Hao, and secured by pledge of the shares and assets of a wholly owned subsidiary.

20 Borrowings

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Borrowings included in non-current liabilities		
– Bank loans, secured (a)	**3,749,770**	4,316,400
– Trust financing arrangements, secured		
– conventional loan (b)	**2,615,000**	699,100
– equity with repurchase obligation (b)	**580,000**	453,027
– Senior notes due 2019, secured (c)	**638,838**	952,334
– Senior notes due 2018, secured (d)	**445,974**	962,731
– Corporate bonds due 2021 (e)	**1,484,530**	–
– Corporate bonds due 2019 (f)	**989,117**	–
	10,503,229	7,383,592
Less: Current portion of long-term borrowings		
– Bank loans, secured (a)	**(1,013,220)**	(2,565,900)
– Trust financing arrangements, secured (b)	**(229,000)**	(294,527)
	(1,242,220)	(2,860,427)
	9,261,009	4,523,165
Borrowings included in current liabilities		
– Bank loans, secured (a)	**562,850**	2,773,367
– Bank loans, unsecured	**–**	100,000
– Trust financing arrangements, secured		
– conventional loan (b)	**2,155,271**	79,200
	2,718,121	2,952,567
Add: Current portion of long-term borrowings	**1,242,220**	2,860,427
	3,960,341	5,812,994

notes:

(a) The Group's bank borrowings are secured by properties held or under development for sale (Note 14), investment properties (Note 8) and bank deposits (Note 16) of the Group or guaranteed by subsidiaries of the Company for each other or by related parties (Note 43).

(b) These borrowings are mainly obtained through trust arrangements with trust financing companies. Borrowings under trust financing arrangements are secured by certain properties held or under development for sale (Note 14) and shares of certain subsidiaries of the Group or guaranteed by subsidiaries of the Company or by related parties (Note 43). Under the conventional loan trust financing arrangements, these trust financing companies provide loans to the Group through loan agreements entered into with the Group. Under the equity with repurchase obligation trust financing arrangements, the borrowings are provided by the underlying trust financing companies through the injection of capital or the transfer of equity interests in project companies with repurchase obligation of the Group. The substance of this type of trust financing arrangement is borrowing, with the equity interests in the project companies legally transferred as collateral.

20 Borrowings (continued)

The following table sets out details of the equity with repurchase obligation trust financing arrangements as at 31 December 2016 and 2015:

	As at 31 December		
	2016	2015	**Expiration date**
	RMB'000	RMB'000	
Shanghai Ruicen Investment Co., Ltd. (上海瑞岑投資有限公司)	**–**	109,527	January 2016
Hangzhou Jingheng Property Co., Ltd. (杭州景恒置業有限公司)	**–**	35,000	June 2016
Ningbo Jingshang Property Co., Ltd. (寧波景尚置業有限公司)	**–**	17,500	June 2016
Huzhou Jingshang Property Co., Ltd. (湖州景尚置業有限公司) ("Huzhou Jingshang")	**–**	291,000	July 2016
Suzhou Jingrui Property Co., Ltd. (蘇州璟瑞置業有限公司) ("Suzhou Jingrui")	**580,000**	–	June 2017, April 2018
	580,000	453,027	

(c) Senior notes due 2019

In August 2014, the Company issued five-year senior notes with principal amount of USD150,000,000, which were listed on the Stock Exchange. These notes are denominated in USD, and bear interest from 8 August 2014 at 13.625% per annum, payable semi-annually in arrears on 8 February and 8 August of each year, commencing on 8 February 2015 and are due for repayment on 8 August 2019. The senior notes are jointly guaranteed by certain subsidiaries and secured by pledges of the shares of certain subsidiaries. In July 2016, the Group purchased back part of senior notes due 2019 in the aggregate principal amount of USD56,300,000 with unpaid accrued interest.

The senior notes may be redeemed in the following circumstances:

(i) At any time and from time to time on or after 8 August 2017, the Company may at its option redeem the senior notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below plus accrued and unpaid interest, if any, to (but not including) the redemption date if redeemed during the twelve month period commencing on 8 August of each of the years indicated below:

Year	**Redemption Price**
2017	106.813%
2018 and thereafter	103.406%

20 Borrowings (continued)

(c) Senior notes due 2019 (continued)

(ii) At any time and prior to 8 August 2017, the Company may at its option redeem the senior notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the senior notes plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.

(iii) At any time and prior to 8 August 2017, the Company may redeem up to 35% of the principal amount of the senior notes at a redemption price of 113.625% of the principal amount of the senior notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date; provided that at least 65% of the aggregate principal amount of the senior notes originally issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

The early redemption options are regarded as embedded derivatives not closely related to the host contract. The board of directors is of the view that the fair values of the above early redemption options were insignificant on initial recognition and as at 31 December 2016.

(d) Senior notes due 2018

In April 2015, the Company issued three-year senior notes with principal amount of USD150,000,000, which were listed on the Stock Exchange, among which USD21,000,000 were subscribed by Beyond Wisdom Limited, a company wholly owned by Yan Hao and were fully sold out by Yan Hao during the year ended 31 December 2016 (Note 43). These notes are denominated in USD, and bear interest from 30 April 2015 at 13.25% per annum, payable semi-annually in arrears on 30 April and 30 October of each year, commencing on 30 October 2015 and are due for repayment on 30 April 2018. The senior notes are jointly guaranteed by certain subsidiaries and secured by pledges of the shares of certain subsidiaries. In July, September and November 2016, the Group purchased back part of senior notes due 2018 in the aggregate principal amount of USD85,200,000 with unpaid accrued interest.

The senior notes may be redeemed in the following circumstances:

(i) At any time prior to 30 April 2018, the Company may at its option redeem the senior notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the senior notes plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.

(ii) At any time and from time to time prior to 30 April 2018, the Company may redeem up to 35% of the aggregate principal amount of the senior notes with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 113.250% of the principal amount of the senior notes to be redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date; provided that at least 65% of the aggregate principal amount of the senior notes issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

The early redemption options are regarded as embedded derivatives not closely related to the host contract. The board of directors is of the view that the fair values of the above early redemption options were insignificant on initial recognition and as at 31 December 2016.

20 Borrowings (continued)

(e) Corporate bonds due 2021

In March 2016, the Group issued five-year corporate bonds with principal amount of RMB1,500,000,000, which were listed on the Shanghai Stock Exchange. The corporate bonds due 2021 are denominated in RMB, and bear interest rate at 5.88% per annum for the first three years, payable annually in arrears on or on the business day nearest to 17 March of each year, beginning 17 March 2016.

According to the terms of corporate bonds due 2021, the Group may at its option redeem the corporate bonds due 2021 in whole at end of the third year, at a redemption price equal to 100% of the principal amount of the bonds plus accrued and unpaid interest to the redemption date. If the Group waives the optional redemption at the end of the third year, the bondholders may at their option sell the bonds back to the Group, in whole or in part.

(f) Corporate bonds due 2019

In September 2016, the Group issued three-year corporate bonds with principal amount of RMB1,000,000,000, which were not listed. The corporate bonds due 2019 are denominated in RMB, and bear interest rate at 6.75% per annum, payable annually in arrears on or on the business day nearest to 13 September of each year, beginning 13 September 2016.

According to the terms of corporate bonds due 2019, the Group may at its option to adjust the coupon rate and redeem the corporate bonds due 2019 at the end of the first two years. The bondholders may at their option sell the bonds back to the Group at the end of the first two years.

The maturity of non-current borrowings at the reporting dates is as follows:

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Between 1 and 2 years	**3,788,514**	1,851,100
Between 2 and 5 years	**5,433,495**	2,555,065
Above 5 years	**39,000**	117,000
	9,261,009	4,523,165

20 Borrowings (continued)

The weighted average effective interest rates as at 31 December 2016 and 2015 were as follows:

	As at 31 December	
	2016	2015
Bank borrowings	**7.30%**	8.39%
Trust financing arrangements	**10.01%**	10.27%
Senior notes	**14.20%**	14.20%
Corporate bonds	**6.28%**	–

The cost of financing of the trust financing arrangements includes the interest costs and administrative fees, such as arrangement or consultancy fees and trustee fees.

The carrying amounts and fair value of borrowings as at 31 December 2016 and 2015 are as follows:

	As at 31 December			
	2016		2015	
	Carrying amount	**Fair Value**	Carrying amount	Fair Value
	RMB'000	**RMB'000**	RMB'000	RMB'000
Bank and trust borrowings	**9,662,891**	**9,662,891**	8,421,094	8,421,094
Senior notes due 2019	**638,838**	**682,939**	952,334	956,809
Senior notes due 2018	**445,974**	**480,044**	962,731	962,030
Corporate bonds 2021	**1,484,530**	**1,515,450**	–	–
Corporate bonds 2019	**989,117**	**989,117**	–	–
	13,221,350	**13,330,441**	10,336,159	10,339,933

The fair value for the senior notes due 2019, senior notes due 2018 and corporate bonds due 2021 are based on quoted prices in active markets and are within level 1 of the fair value hierarchy.

The fair value for bank and trust borrowings and corporate bond due 2019 are based on discounted cash flow and are within level 3 of the fair value hierarchy.

20 Borrowings (continued)

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates or maturity whichever is the earlier date is as follows:

	6 months or less RMB'000	6 – 12 months RMB'000	1 – 5 years RMB'000	Total RMB'000
Borrowings included in non-current liabilities:				
As at 31 December 2016	381,000	641,800	8,238,209	9,261,009
As at 31 December 2015	252,000	170,000	4,101,165	4,523,165
Borrowings included in current liabilities:				
As at 31 December 2016	2,649,911	1,310,430	–	3,960,341
As at 31 December 2015	4,420,299	1,392,695	–	5,812,994

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
RMB	**11,304,098**	8,291,222
USD	**1,917,252**	2,044,937
	13,221,350	10,336,159

21 Derivative financial instrument

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Trust loans related derivatives (a)	**–**	8,006
Derivative financial instrument (b)	**2,499**	–
Less: Current portion of derivative financial instrument	**(2,499)**	(8,006)
	–	–

notes:

(a) Certain borrowings of the Group are in the form of trust arrangements with trust financing companies involving either capital increase in or transfer of equity interest in project companies with repurchase obligations. The repurchase prices of the equity interests reflect the fixed returns and the floating premiums that the trust financing companies are entitled to. The floating premiums are linked to valuation of equity interest of the relevant project companies at the time as stipulated in the relevant agreements. The classification of trust loans related derivatives are determined based on the earliest repayment dates that can be demanded by trust financing companies.

The proceeds received from the trust companies have been split between the trust loans element and financial derivatives component, representing the fair value of the embedded derivatives aspect of the floating premiums.

These trust loans contain embedded derivatives which are not closely related to the host contract and are treated as separate derivatives. The embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss.

As at 31 December 2016, trust loans with related derivatives have been repaid.

21 Derivative financial instrument (continued)

notes: (continued)

(a) (continued)

An independent valuation was performed by the valuer, DTZ Cushman & Wakefield, to determine the fair value of the embedded derivatives. The following table analyses the trust loans related derivatives carried at fair value, by the level of inputs to valuation techniques used to measure fair value.

Fair value hierarchy

	Fair value measurements at 31 December 2015 using		
Description	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	RMB'000	RMB'000	RMB'000
Recurring fair value measurements of the trust loans related derivatives	–	–	8,006

Valuation techniques

The valuation of the embedded derivatives was determined using the discounted cash flow method under the income approach. The significant unobservable inputs are expected floating premium as at the exit date which was determined by the probability-weighted average of floating premiums under three financial projection scenarios prepared by management, and the discount rate which was determined using the capital asset pricing model.

There were no changes to the valuation techniques during the year.

(b) Pursuant to the joint venture agreement signed by Jingrui Property (Group) with Tran Star Ventures, Limited and Kunshan Harbour Investment Consultant Co., Limited in March 2016 (Note 10(a)), Jingrui Properties (Group) wrote a put option on the shares of Ningbo Jingrui held by Tran Star Ventures, Limited that obliges Jingrui Properties (Group) to purchase those shares for cash when certain conditions meet as stipulated by the joint venture agreement.

An independent valuation was performed by the valuer, DTZ Cushman & Wakefield, to determine the fair value of the derivative financial instrument. The following table analyses the derivative financial instrument carried at fair value, by the level of inputs to valuation techniques used to measure fair value.

21 Derivative financial instrument (continued)

notes: (continued)

(b) (continued)

Fair value hierarchy

Description	Fair value measurements at 31 December 2016 using Quoted prices in active markets for identical assets (Level 1) RMB'000	Significant other observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000
Recurring fair value measurements of derivative financial instrument	–	–	2,499

Valuation techniques

The valuation of the derivative financial instrument was determined using the discounted cash flow method under the income approach. The significant unobservable inputs are expected floating premium as at the exit date which was determined by the probability-weighted average of floating premiums under three financial projection scenarios prepared by management, and the discount rate which was determined using the capital asset pricing model.

The movement of the derivatives is set out below:

	Year ended 31 December 2016 RMB'000	2015 RMB'000
Opening balance	8,006	27,330
Initial recognition at fair value	2,270	–
Losses/(gains) arising from changes in fair value (Note 28)	229	(9,032)
Repayments	(8,006)	(10,292)
	2,499	8,006
Less: Current portion of derivative financial instrument	(2,499)	(8,006)
	–	–

22 Financial liabilities for put option written on non-controlling Interests

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Financial liabilities for put option written on non-controlling interests	**13,612**	–
Less: Current portion	**–**	–
Non-current portion	**13,612**	–

In March 2016, Shanghai Jingrui Investment Co., Ltd., a wholly owned subsidiary of the Group, transfer 35% and 15% equity shares in its wholly owned subsidiary Shanghai Xiaoyi Investment Co., Ltd. ("Shanghai Xiaoyi") at a total consideration of RMB50,000 (Note 40(f)) to two third parties, Shanghai Jiayu Property Co., Ltd. ("Shanghai Jiayu") and Shenzhen Pingjia Investment and Management Co., Ltd. ("Shenzhen Pingjia") respectively. Pursuant to the equity transfer agreement, Shanghai Jingrui Investment Co., Ltd. issued put option to the two non-controlling interests of Shanghai Xiaoyi which grant them the rights to sell to Shanghai Jingrui Investment Co., Ltd. their shares of Shanghai Xiaoyi after the agreed exercise date and at a price calculated based on the terms agreed in the equity transfer agreement. It was regarded as redemption liabilities determined as the present value of future cash outflows assuming the exercise of the put option by the non-controlling interests, with corresponding charges in equity.

An independent valuation was performed by the valuer, DTZ Cushman & Wakefield, to determine the value of the redemption liabilities for initial recognition.

The valuation of the redemption liabilities for initial recognition was determined using the discounted cash flow method under the income approach. The significant unobservable inputs are expected floating premium as at the exit date which was determined by the probability-weighted average of floating premiums under three financial projection scenarios prepared by management, and the discount rate which was determined using the capital asset pricing model. The redemption liabilities are subsequently measured at amortised cost.

The movement of the redemption liabilities is set out below:

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Opening balance	**–**	–
Initial recognition at fair value (Note 18)	**12,813**	–
Changes in discounted present value (Note 30)	**799**	–
	13,612	–
Less: Current portion	**–**	–
	13,612	–

23 Trade and other payables

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Trade payables	**2,919,814**	1,823,356
Notes payable	**31,216**	493,289
Amounts due to joint ventures (Note 43(d))	**4,921,010**	449,657
Amount due to a related party (Note 43(d))	**494**	807
Business and other taxes payable	**147,039**	122,734
Electricity fee and cleaning fee collected on behalf	**23,444**	24,499
Deed tax collected on behalf	**36,634**	17,112
Accrued payroll	**11,975**	24,017
Interest payable	**201,883**	114,911
Construction deposits received from suppliers	**24,255**	21,506
Deposits received from customers	**32,233**	97,223
Payables for sales commission	**28,184**	3,840
Deposit received in connection with the disposal of a subsidiary (a)	**–**	10,000
Payables for acquisition of Shanghai Fengxiang Property Development Co., Ltd ("Shanghai Fengxiang") (b)	**–**	91,213
Payables for acquisition of Suzhou Ailide (c)	**–**	85,890
Payables for acquisition of Hangzhou Jiaheng (d)	**16,500**	–
Remaining liability component of perpetual capital instruments (Note 19)	**–**	18,288
Dividend payable (Note 36)	**1,379**	1,379
Others	**147,634**	100,950
	8,543,694	3,500,671

notes:

(a) The balance as at 31 December 2015 represents the deposit RMB10,000,000 received from a third party in 2013 for the transfer of 100% equity interests of Shanghai Garden City Real Estate Development Co., Ltd. (上海花園城房地產開發有限公司) ("Shanghai Garden City"), a subsidiary of the Group. The equity transfer has been completed by 30 June 2016. The Group recognised a gain from disposal of shares in Shanghai Garden City amounting to RMB15,384,000 (Note 28) during the year ended 31 December 2016.

(b) The balance represents the payables relating to the acquisition of 80% equity interests in Shanghai Fengxiang by the Group from an independent third party, which was fully paid during the year ended 31 December 2016.

(c) Pursuant to an equity transfer agreement entered into in October 2015 between an independent third party and the Group through its wholly-owned subsidiary Shanghai Xiaozhi Investment Co., Ltd., the Group acquired 50% equity interests of Suzhou Ailide in September 2015 at a total consideration of RMB140,000,000. As at 31 December 2015, consideration amount of RMB84,000,000,which carries interest at 9% per annum, and corresponding interest of RMB1,890,000 remaining unpaid were included in the trade and other payables. The balance was settled during the year ended 31 December 2016.

(d) Pursuant to an equity purchase agreement entered into in April 2016 between two third parties and the Group through its wholly owned subsidiary, Shanghai Xiaoyi Investment Co., Ltd., the Group acquired 100% equity interests of Hangzhou Jiaheng at a total consideration of RMB296,000,000 in April 2016. As at 31 December 2016, consideration amount of RMB16,500,000 remaining unpaid was included in the trade and other payables.

23 Trade and other payables (continued)

The aging analysis of trade payables and notes payable, based on the invoice date or service rendered date are as follows:

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Less than 1 year	**2,830,121**	2,082,663
Between 1 and 2 years	**87,060**	146,962
Between 2 and 3 years	**16,087**	19,612
Over 3 years	**17,762**	67,408
	2,951,030	2,316,645

As at 31 December 2016 and 2015, the fair value of trade and other payables approximate their carrying amounts.

As at 31 December 2016 and 31 December 2015, the carrying amounts of trade and other payables are denominated in below currencies:

	As at 31 December 2016	As at 31 December 2015
	RMB'000	RMB'000
RMB	**8,446,752**	3,421,729
USD	**88,844**	78,135
HKD	**8,098**	807
	8,543,694	3,500,671

24 Amounts due to non-controlling interests of subsidiaries

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Amounts due to non-controlling interests of subsidiaries	**320,628**	118,726

The balance as at 31 December 2016 includes amounts of RMB172,058,000 and RMB18,478,000 which were the outstanding principal and interest payable balance of shareholders' loan from Shanghai Jiayu and Shenzhen Pingjia to Shanghai Xiaoyi, a subsidiary of the Group, respectively. The shareholders' loans will be gradually matured in June, July and December 2017 with annual interest rate of 9%, which were unsecured.

Except for the shareholders' loans lent by the two non-controlling interests of Shanghai Xiaoyi as mentioned above, the funding from other non-controlling interests of certain subsidiaries for their operational purpose in property development are unsecured, non-interest bearing and repayable on demand.

25 Deferred income tax

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Deferred tax assets to be recovered		
– within 12 months	**275,266**	223,246
– after 12 months	**36,052**	112,686
	311,318	335,932
Deferred tax liabilities to be settled		
– within 12 months	**(322,459)**	(61,162)
– after 12 months	**(567,156)**	(361,143)
	(889,615)	(422,305)
Deferred tax liabilities, net	**(578,297)**	(86,373)

The gross movement on the deferred income tax account is as follows:

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Opening balance	**(86,373)**	43,956
Additions arising from acquisition of Suzhou Ailide (Note 41(e))	**–**	(124,793)
Additions arising from acquisition of Hangzhou Jiaheng (Note 41(a))	**(24,263)**	–
Additions arising from acquisition of Modern Jump Limited (Note 41(c))	**5,658**	–
Additions arising from acquisition of Property Sky Limited (Note 41(b))	**(321,732)**	–
Disposal of partial interests in Ningbo Jingrui which became a joint venture (Note 10)	**(36,375)**	–
Disposal of Tianjin Jingxiu (Note 42(a))	**738**	–
Disposal of Shanghai Garden City	**(1,892)**	–
Charged to the consolidated income statement (Note 33)	**(98,638)**	(5,536)
Charged to other comprehensive income (Note 18)	**(15,420)**	–
Ending balance	**(578,297)**	(86,373)

25 Deferred income tax (continued)

As at 31 December 2016, deferred income tax assets and deferred income tax liabilities amounting to RMB49,071,000 (31 December 2015: RMB32,565,000) were offset.

The movement in deferred income tax assets and liabilities for both years ended 31 December 2016 and 2015 without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred income tax assets

	Tax losses RMB'000	Provision for impairment of properties held for sale and receivables RMB'000	Land appreciation tax RMB'000	Elimination of inter-company transactions RMB'000	Temporary difference on recognition of sales and cost of sales RMB'000	Accruals RMB'000	Total RMB'000
At 1 January 2016	**94,831**	**93,301**	**13,510**	**16,903**	**147,169**	**2,783**	**368,497**
Additions arising from acquisition of Hangzhou Jiaheng (Note 41(a))	**–**	**45**	**–**	**–**	**8,756**	**–**	**8,801**
Additions arising from acquisition of Modern Jump Limited (Note 41(c))	**–**	**–**	**–**	**–**	**35,142**	**–**	**35,142**
Disposal of partial interests in Ningbo Jingrui (Note 10)	**(36,375)**	**–**	**–**	**–**	**–**	**–**	**(36,375)**
Disposal of Shanghai Garden City	**–**	**(1,573)**	**–**	**–**	**–**	**(319)**	**(1,892)**
Credited/(charged) to the consolidated income statement	**33,372**	**(74,149)**	**6,573**	**(2,284)**	**20,529**	**2,175**	**(13,784)**
At 31 December 2016	**91,828**	**17,624**	**20,083**	**14,619**	**211,596**	**4,639**	**360,389**
At 1 January 2015	68,190	30,634	16,048	10,978	136,277	71	262,198
Additions arising from acquisition of Suzhou Ailide (Note 41(e))	14,071	–	–	–	–	–	14,071
Credited/(charged) to the consolidated income statement	12,570	62,667	(2,538)	5,925	10,892	2,712	92,228
At 31 December 2015	94,831	93,301	13,510	16,903	147,169	2,783	368,497

In accordance with the PRC laws and regulations, tax losses could be carried forward for a period of five years to offset against its future taxable profits. Deferred tax assets relating to unutilised tax losses are recognised to the extent that it is probable that sufficient taxable profit will be available to allow such deferred tax assets to be utilised.

The Group did not recognise deferred income tax assets of RMB326,614,000 (31 December 2015: RMB179,679,000) in respect of tax losses amounting to RMB1,306,456,000(31 December 2015: RMB718,712,000) as at 31 December 2016. All these tax losses will expire within five years.

25 Deferred income tax (continued)

Deferred income tax liabilities

	Temporary difference on recognition of fair value gains on investment properties and available-for-sale financial assets RMB'000	Temporary difference on recognition of sales and cost of sales RMB'000	Undistributed profits of PRC subsidiaries RMB'000	Re-measurement of the remaining interests in Shanghai Jingqi RMB'000	Acquisition of subsidiaries RMB'000	Total RMB'000
At 1 January 2016	**150,110**	**149,372**	**16,524**	**–**	**138,864**	**454,870**
Additions arising from acquisition of Hangzhou Jiaheng (Note 41(a))	**–**	**–**	**–**	**–**	**33,064**	**33,064**
Additions arising from acquisition of Modern Jump Limited (Note 41(c))	**–**	**–**	**–**	**–**	**29,484**	**29,484**
Additions arising from acquisition of Property Sky Limited (Note 41(b))	**301,074**	**–**	**20,658**	**–**	**–**	**321,732**
Disposal of Tianjin Jingxiu (Note 42(a))	**–**	**(738)**	**–**	**–**	**–**	**(738)**
Charged to other comprehensive income (Note 18)	**15,420**	**–**	**–**	**–**	**–**	**15,420**
Charged to the consolidated income statement	**24,496**	**14,622**	**–**	**45,736**	**–**	**84,854**
At 31 December 2016	**491,100**	**163,256**	**37,182**	**45,736**	**201,412**	**938,686**
At 1 January 2015	99,297	102,421	16,524	–	–	218,242
Additions arising from acquisition of Suzhou Ailide (Note 41(e))	–	–	–	–	138,864	138,864
Charged to the consolidated income statement	50,813	46,951	–	–	–	97,764
At 31 December 2015	150,110	149,372	16,524	–	138,864	454,870

Deferred income tax arose as a result of differences in timing of recognition of certain revenues, costs and expenses between the tax based accounts and the financial statements prepared in accordance with HKFRSs. This constitutes temporary differences, being the differences between the carrying amounts of the assets or liabilities in the consolidated balance sheets and their tax bases, in accordance with HKAS 12.

26 Revenue

Turnover of the Group consists of the following revenue:

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Revenue from sales of properties	**14,737,396**	5,608,426
Revenue from property management	**164,905**	96,538
Revenue from decoration of properties	**69,181**	32,449
Rental income	**10,663**	8,561
Others	**69,132**	13,142
	15,051,277	5,759,116

27 Other income

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Government grants	**12,587**	1,482
Compensation income	**6,662**	1,995
Interest income on loans to joint ventures (Note 43)	**24,416**	6,601
Interest income on loans to a related party (Note 43)	**3,664**	–
Dividend from available-for-sale financial assets	**21,368**	–
Gains arising from acquisition of Hangzhou Jiaheng (Note 41(a))	**2,549**	–
Gains arising from acquisition of Suzhou Ailide (Note 41(e))	**–**	72,190
Others	**8,517**	7,070
	79,763	89,338

28 Other gains/(losses)- net

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Gain from disposal of shares in Tianjin Jingxiu (Note 42 (a))	**557,096**	–
Gain on re-measurement of the existing interests in Modern Jump Limited upon gain of its control (Note 10 (d))	**50,916**	–
Gains from disposal of available-for-sale financial assets	**3,559**	–
Gain from disposal of interests in Shanghai Jiajing and Shanghai Jingqi (Note 42 (b))	**358,712**	–
Gain from disposal of interests in Shanghai Garden City (Note 23 (a))	**15,384**	–
Loss from disposal of partial interests in Ningbo Jingrui (Note 10 (a))	**(10,837)**	–
Gain from disposal of partial interests in Shanghai Ruice (Note 10 (b))	**2,420**	–
Other losses in connection with acquisition of subsidiaries	**(1,978)**	–
Gains from disposal of property, plant and equipment	**157**	628
Changes in fair values of derivative financial instrument (Note 21)	**(229)**	9,032
Compensation and late payment charges	**(18,619)**	(60,670)
Fair value gains upon transfer of properties held for sale to investment properties	**8,700**	–
Others	**(958)**	(1,696)
	964,323	(52,706)

29 Expenses by nature

Expenses included in cost of sales, selling and marketing costs and administrative expenses are analysed as follows:

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Cost of properties sold	**13,458,291**	4,885,277
Cost of decoration	**70,808**	–
Business tax and surcharges (a)	**657,270**	326,134
Accrual of provision for impairment of properties held or under development for sale	**92,793**	255,300
Depreciation of property, plant and equipment (Note 7)	**12,181**	10,282
Amortisation of intangible assets (Note 9)	**945**	1,104
Bank charges	**7,584**	13,488
Staff costs (Note 31)	**405,823**	269,433
Entertainment expenses	**19,939**	11,240
Stamp duty and other taxes	**25,951**	17,945
Professional fees	**90,442**	45,216
Auditors' remuneration		
– annual audit and interim review	**3,630**	3,580
– non-audit services	**1,847**	781
Sales commission	**61,777**	11,106
Advertising and publicity costs	**120,335**	96,371
Office and meeting expenses	**31,049**	20,889
Rental expenses	**14,706**	14,421
Travelling expenses	**14,963**	12,274
Reversal of provision for impairment of receivables (Note 15)	**(2,642)**	(2,645)
Other expenses	**170,994**	93,545
Total cost of sales, selling and marketing costs and administrative expenses	**15,258,686**	6,085,741

note:

(a) Before 1 May 2016, the PRC companies of the Group are subject to business tax and surcharges. Business tax is levied at 5% of revenue from sale of properties and rental income, while surcharges are 4% to 12% of business tax. Since 1 May 2016, the PRC companies of the Group are subject to value added tax and surcharges.

30 Finance costs – net

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Finance income		
– Interest income on bank deposits	**46,124**	38,487
Finance costs		
– Interest on bank loans, senior notes, trust financing arrangements and corporate bonds	**(1,253,709)**	(982,733)
– Net foreign exchange losses on financing activities	**(83,112)**	(76,681)
– Changes in discounted present value of financial liabilities for put option written on non-controlling interests (Note 22)	**(799)**	–
Less: Amount capitalised	**1,194,783**	963,573
	(142,837)	(95,841)
Net finance costs	**(96,713)**	(57,354)

31 Staff costs (including directors' emoluments)

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Wages and salaries	**354,479**	215,803
Pension	**15,081**	14,842
Other welfare benefit expenses	**31,895**	24,157
Pre-IPO share award scheme (Note 34)	**4,368**	14,631
	405,823	269,433

32 Benefits and interests of directors

(a) Directors' and chief executive's emoluments

The remuneration of each director and the chief executive is set out below:

Name of director	Fees RMB'000	Salaries and other allowances RMB'000	Discretionary bonus RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Pre-IPO share award scheme RMB'000	Total RMB'000
Year ended 31 December 2016:						
Chen Xin Ge (陳新戈)(ii)	–	–	–	–	–	–
Yan Hao (閆浩) (i)(ii)	–	1,445	–	88	–	1,533
Yang Tie Jun (楊鐵軍)(ii)	–	2,734	–	88	223	3,045
Xu Chao Hui (許朝輝)(ii)	–	2,021	–	80	180	2,281
Qian Shi Zheng (錢世政)(iii)	275	–	–	–	–	275
Han Jiong (韓炯)(iii)	275	–	–	–	–	275
Lo Wing Yan (盧永仁)(iii)	275	–	–	–	–	275
	825	6,200	–	256	403	7,684
Year ended 31 December 2015:						
Chen Xin Ge (陳新戈)(ii)	–	–	–	–	–	–
Yan Hao (閆浩) (i)(ii)	–	1,221	–	75	–	1,296
Yang Tie Jun (楊鐵軍)(ii)	–	2,044	–	75	602	2,721
Xu Chao Hui (許朝輝)(ii)	–	1,161	–	67	485	1,713
Qian Shi Zheng (錢世政)(iii)	240	–	–	–	–	240
Han Jiong (韓炯)(iii)	240	–	–	–	–	240
Lo Wing Yan (盧永仁)(iii)	240	–	–	–	–	240
	720	4,426	–	217	1,087	6,450

notes:

(i) The chief executive of the Company is Yan Hao, who is also one of the executive directors of the Company.

(ii) These four executive directors of the Company were appointed in October 2013.

(iii) Han Jiong(韓炯), Qian Shi Zheng(錢世政) and Lo Wing Yan (盧永仁) were appointed as independent non-executive directors of the Company in October 2013.

32 Benefits and interests of directors (continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2016 include three (2015: three) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two (2015: two) individuals are as follows:

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Basic salaries, housing allowances, other allowances, pre-IPO share award and benefits in kind	**3,351**	4,674
Bonuses	**403**	–
	3,754	4,674

The emoluments fell within the following bands:

	Number of individuals	
	2016	2015
Emoluments bands (in Hong Kong dollar)		
HKD1,000,000 and below	**–**	–
HKD1,000,001- HKD1,500,000	**1**	–
HKD1,500,001- HKD2,000,000	**–**	1
HKD2,000,001- HKD2,500,000	**–**	–
HKD2,500,001- HKD3,000,000	**1**	1
HKD3,000,001- HKD3,500,000	**–**	–
HKD3,500,001- HKD4,000,000	**–**	–

(c) During the year ended 31 December 2016, no retirement benefits operated by the Group were paid or made, directly or indirectly, to or receivable by a director in respect of his services as a director or other services in connection with the management of the affairs of the Company or its subsidiaries (2015: Nil).

During the year ended 31 December 2016, no payments or benefits in respect of termination of director's services were paid or made, directly or indirectly, to or receivable by a director; nor are any payable (2015: Nil).

During the year ended 31 December 2016, no consideration was provided to or receivable by third parties for making available director's services (2015: Nil).

(d) During the year ended 31 December 2016, the Group provided loans to Beyond Wisdom Limited, a company wholly owned by Yan Hao, with an aggregate amount of RMB49,723,840 with an annual interest rate of 13.5% (Note 43 (b)). As at 31 December 2016, all the loan principal and interest have been repaid by Beyond Wisdom Limited to the Group.

Except as disclosed above, no loans, quasi-loans and other dealings were made available in favour of directors, bodies corporate controlled by and entities connected with directors subsisted at the end of the year or at any time during the years ended 31 December 2016 and 2015.

32 Benefits and interests of directors (continued)

(e) Directors' material interests in transactions, arrangements or contracts

During the year ended 31 December 2015, USD21,000,000 of senior notes due 2018 were subscribed by Beyond Wisdom Limited, a company wholly owned by Yan Hao which were fully sold out by Yan Hao during the year ended 31 December 2016 (Note 20(d), Note 43).

33 Income tax expense

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Current income tax		
– PRC land appreciation tax	**280,322**	74,308
– PRC corporate income tax	**242,661**	70,205
	522,983	144,513
Deferred income tax (Note 25)	**98,638**	5,536
Total income tax charged for the year	**621,621**	150,049

The income tax on the Group's profit/(loss) before income tax differs from the theoretical amount that would arise using the enacted tax rate of the home country of the companies within the Group as follows:

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Profit/(loss)before income tax	**785,045**	(139,259)
PRC land appreciation tax	**(280,322)**	(74,308)
	504,723	(213,567)
Income tax calculated at statutory rate of 25%	**126,181**	(53,392)
Effect of expenses not deductible for income tax purposes (a)	**110,590**	20,033
Share of results of joint ventures	**8,994**	(1,208)
Income not subject to tax	**(55,975)**	(19,366)
Utilisation of previously unrecognised tax losses	**(38,983)**	(3,169)
Tax losses and temporary differences not recognised as deferred tax assets	**185,918**	132,843
PRC land appreciation tax and other tax on change in fair value of investment properties	**6,099**	–
PRC Land appreciation tax deductible for calculation of income tax purpose	**(1,525)**	–
PRC land appreciation tax	**280,322**	74,308
Total income tax expense	**621,621**	150,049

(a) Expenses not deductible for income tax purposes mainly represent the interest expenses and other costs incurred in overseas subsidiaries of the Group.

PRC corporate income tax

Under the Corporate Income Tax Law of the PRC (the "CIT Law"), the CIT rate applicable to the Group's subsidiaries located in the PRC from 1 January 2008 is 25%.

33 Income tax expense (continued)

PRC corporate income tax (continued)

The CIT Law and its implementation rules impose a withholding tax at 10% for dividends distributed by a PRC-resident enterprise to its immediate holding company outside PRC for earnings generated beginning 1 January 2008 and undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax. A lower 5% withholding tax rate may be applied when the immediate holding companies are established in Hong Kong according to the tax treaty arrangement between the PRC and Hong Kong. The directors of the Company had confirmed that retained earnings of the Group's PRC subsidiaries as at 30 June 2013 will not be distributed in the foreseeable future. No PRC withholding income tax was accrued for the year ended 31 December 2016 (2015: Nil). The Group controls the dividend policies of these subsidiaries and it has been determined that the remaining earnings will not be distributed in the foreseeable future.

As at 31 December 2016, the Group did not recognise deferred income tax for PRC withholding income tax with amount of RMB100,651,000(31 December 2015: RMB72,759,000) on the remaining unremitted distributable profits generated by its PRC subsidiaries attributable to the investors outside the PRC with amount of RMB1,006,509,000(31 December 2015: RMB727,587,000).

Land appreciation tax

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including lease charges for land use rights and all property development expenditures, and is included in the consolidated income statement as income tax expense.

34 Share-based payments

Pursuant to a Board meeting resolution and a shareholders' resolution dated 6 October 2013, the Company adopted a Pre-IPO share award scheme. Pursuant to the Pre-IPO share award scheme, a total number of 24,034,476 shares was subsequently granted to selected employees on 25 December 2013. Subject to certain vesting conditions including successful listing of the Company on the Stock Exchange before 31 October 2013, the employee being still on service at the end of each vesting period and the required performance rating of the employee before the vesting dates, the granted shares can be vested in four tranches on 1 January 2014, 2015, 2016 and 2017, respectively.

The fair value of the shares granted under the Pre-IPO share award scheme as at 25 December 2013, the grant date, was HKD97,820,000 (equivalent to RMB77,151,000) and was determined by reference to the market price of HKD4.07 (equivalent to RMB3.21) per share on the grant date.

On 30 September 2014, additional 4,087,888 shares under the Pre-IPO share award scheme were granted to selected employees, which can be vested in three tranches on 1 January 2015, 2016 and 2017, respectively. The fair value of these shares as at 30 September 2014, the grant date, was HKD14,103,000 (equivalent to RMB11,177,000), which was determined by reference to the market price of HKD3.45 (equivalent to RMB2.73) per share on the grant date.

The Group recognised an expense of RMB4,368,000 (2015: RMB14,631,000) for the year ended 31 December 2016 in relation to the shares awarded to the current employees for the employees' service provided.

35 Earnings/(loss) per share

Basic earnings/(loss) per share for the year ended 31 December 2016 and 2015 is calculated by dividing the Group's profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December	
	2016	2015
Group's profit/(loss) attributable to equity holders of the Company (RMB'000)	**106,295**	(352,696)
Weighted average number of shares in issue (in thousand)	**1,291,302**	1,291,302
Basic earnings/(loss) per share (RMB)	**0.08**	(0.27)

Diluted earnings/(loss) per share is equal to basic earnings/(loss) per share as there were no shares with a dilutive impact outstanding for both years ended 31 December 2016 and 2015.

36 Dividends

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Proposed no final dividend (2015: Nil)	**–**	–

notes:

(a) The board of the directors did not recommend any payment of dividend for the year ended 31 December 2016 (2015: Nil).

(b) The final dividend in respect of the year ended 31 December 2014 of RMB6 cents per ordinary share using the share premium account, amounting to approximately RMB77,478,000 was approved at the annual general meeting of the Company held on 11 May 2015. The dividend not yet paid out by the Company as at 31 December 2015 and 31 December 2016 was RMB1,379,000, which was included in dividend payable (Note 23).

37 Notes to the consolidated cash flow statement

(a) Net cash generated from operations:

	Year ended 31 December 2016 RMB'000	2015 RMB'000
Profit/(loss) before income tax	**785,045**	(139,259)
Adjustments for:		
– Depreciation (Note 29)	**12,181**	10,282
– Amortisation (Note 29)	**945**	1,104
– Gains on disposals of property, plant and equipment (Note 28)	**(157)**	(628)
– Reversal of provision for impairment of receivables (Note 29)	**(2,642)**	(2,645)
– Gains on disposal of subsidiaries (Note 28)	**(931,192)**	–
– Loss on partial disposal of Ningbo Jingrui (Note 28)	**10,837**	–
– Gain on partial disposal of Shanghai Ruice (Note 28)	**(2,420)**	–
– Other losses on acquisition of subsidiaries (Note 28)	**1,978**	–
– Gain on re-measurement of the existing interests in Modern Jump Limited upon gain of its control (Note 28)	**(50,916)**	–
– Accrual of provision for impairment of properties held for sale (Note 29)	**92,793**	255,300
– Fair value gains on investment properties (Note 8)	**(81,059)**	(203,255)
– Share of results of joint ventures(Note 10)	**35,978**	(4,833)
– Foreign exchange losses (Note 30)	**83,112**	76,681
– Unrealised profit in connection with the sales from the Group to a joint venture (Note 10)	**(939)**	2,815
– Interest income on loans to joint ventures (Note 27)	**(24,416)**	(6,601)
– Interest income on loans to a related party (Note 27)	**(3,664)**	–
– Finance costs (Note 30)	**59,725**	19,160
– Finance income (Note 30)	**(46,124)**	(38,487)
– Changes in fair value of trust loans related derivatives (Note 28)	**229**	(9,032)
– Negative goodwill arising from acquisition	**(2,549)**	(72,190)
– Pre-IPO share award scheme (Note 34)	**4,368**	14,631
– Dividend from available-for-sale financial assets (Note 27)	**(21,368)**	–
– Contribution by the Group to non-controlling interests	**5,600**	–
– Fair value gains upon transfer of properties held for sale to investment properties (Note 28)	**(8,700)**	–
– Gains on disposal of available-for-sale financial assets (Note 28)	**(3,559)**	–
Changes in working capital		
– Restricted cash relating to operating activities	**(364,174)**	103,391
– Prepayments for leasehold land	**(348,089)**	–
– Properties held or under development for sales (excluding capitalised interest)	**4,623,181**	(1,336,598)
– Trade and other receivables and prepayments	**(552,417)**	(201,621)
– Advances from pre-sale of properties	**(1,053,609)**	1,678,197
– Trade and other payables	**1,166,333**	32,636
– (Increase)/decrease in amount due from joint ventures	**(1,576,454)**	61,219
– Increase in amounts due to joint ventures	**954,052**	153,759
Net cash generated from operations	**2,761,909**	394,026

37 Notes to the consolidated cash flow statement (continued)

(b) Major non-cash transaction:

One subsidiary of the Group declared dividends of RMB15,821,000 during the year ended 31 December 2016 to its non-controlling interests. Dividend payable of RMB13,000,000 was settled by netting off with the amounts due from non-controlling interests of the subsidiary during the year ended 31 December 2016.

One subsidiary of the Group declared dividends of RMB21,775,000 during the year ended 31 December 2015 to its non-controlling interests. Such dividend payable was settled by netting off with the amounts due from non-controlling interests of the subsidiary during the year ended 31 December 2015.

(c) Proceeds from disposal of property, plant and equipment:

In the consolidated cash flow statement, proceeds from disposal of property, plant and equipment comprise:

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Net book value (Note 7)	**756**	478
Gains on disposals of property, plant and equipment (Note 28)	**157**	628
Proceeds from disposal of property, plant and equipment	**913**	1,106

38 Commitments

(a) Property development expenditure commitments

Property development expenditure committed at each balance sheet date but not yet incurred is as follows:

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Other property development expenditure	**2,211,905**	2,721,377

(b) Operating lease commitments

The future aggregated minimum rental expenses at the balance sheet date in respect of certain office buildings held under non-cancellable operating leases are payable in the following periods:

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Within 1 year	**9,992**	9,106
1 to 5 years	**6,119**	10,270
	16,111	19,376

38 Commitments (continued)

(c) Investment commitments

As at 31 December 2016 and 2015, committed investments are as follows:

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Committed investments in available-for-sale financial assets	**31,500**	–

(d) Operating lease rental receivables

As at 31 December 2016 and 2015, the future aggregate minimum rental receipts under non-cancellable operating lease in respect of certain buildings are receivable in the following periods:

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Within 1 year	**9,255**	6,717
1 to 5 years	**20,112**	10,523
After 5 years	**8,629**	6,340
	37,996	23,580

39 Financial guarantees and contingent liabilities

(a) Guarantees on mortgage facilities

The Group had the following contingent liabilities in respect of financial guarantees on mortgage facilities at each balance sheet date:

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Guarantees in respect of mortgage facilities for certain purchasers of the Group's properties	**14,273,498**	7,219,256

The Group has arranged bank financing for certain purchasers of the Group's properties and provided guarantees to secure obligations of such purchaser for repayments. Such guarantees will terminate upon the earlier of (i) the transfer of the real estate ownership certificate to the purchaser, or (ii) the satisfaction of mortgage loans by the purchasers of the properties.

Pursuant to the terms of the guarantees, upon default of mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principal together with accrued interest owed by the defaulting purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the date of grant of mortgage. The directors consider that the likelihood of default of payments by the purchasers is remote.

39 Financial guarantees and contingent liabilities (continued)

(b) Guarantees provided to joint ventures

As at 31 December 2016, the Group provided guarantee for the bank borrowings of RMB920,000,000 of Hangzhou Jingcheng with the guarantee period starting from 20 July 2016 to 19 July 2018.

As at 31 December 2016, the Group provided guarantee for the bank borrowings of RMB200,000,000 of Shanghai Ruice with the guarantee period starting from 22 July 2016 to 22 January 2018.

As at 31 December 2016, the Group provided guarantee for the bank borrowings of RMB180,000,000 of Ningbo Jingrui, with the guarantee period starting from June 2016 to June 2017.

As at 31 December 2016, the Group provided guarantee for the bank borrowings of RMB120,000,000 of Ningbo Jingrui with the guarantee period starting from June 2016 to June 2018.

(c) Legal disputes

On 31 December 2012, a dispute claim for deposit of RMB30,500,000 and the land use right with a carrying value of RMB23,000,000 as at 31 December 2012 was brought by Education Bureau of Hongkou District, Shanghai (上海市虹口區教育局) (the "Education Bureau") to Shanghai Garden City, a subsidiary of the Group, in relation to Shanghai Garden City not being able to construct and deliver the school by May 2007 as agreed pursuant to an agreement (教育配套協議) signed between Shanghai Garden City and the Education Bureau on 20 June 2005 (the "Hongkou Case"). On 23 July 2013, Hongkou District People's Court of Shanghai (上海市虹口區人民法院) delivered a judgment in favour of Education Bureau, ruling that it is entitled to retain the RMB30,500,000 and to obtain the land use rights in dispute. The Group has filed a petition to appeal the judgement in August 2013.

The Group has accrued an estimated amount of RMB30,500,000 for the relevant required construction costs in 2012. A provision of RMB23,400,000 for the land use right has also been made as at 31 December 2012. The directors considered the ultimate outcome of the legal case will not have further adverse effect on the consolidated financial statements of the Group.

Upon the completion of the transfer of 100% equity interests in Shanghai Garden City in 2016, the above legal dispute no longer constitutes contingent liability of the Group.

40 Changes in ownership interests in subsidiaries without change of control

Acquisition of additional interests in subsidiaries

(a) In December 2015, the Group acquired an additional of 0.005% equity interests of its subsidiary Shanghai Shangpu Equity Investment Fund Management Center LLP (上海上璞股權投資基金管理中心(有限合夥)) at a consideration of RMB9,600,000. The difference of RMB10,215,000 between the carrying amount of the negative non-controlling interests of RMB615,000 and the consideration paid was recognised in equity attributable to equity holders of the Company. Since then, Shanghai Shangpu Equity Investment Fund Management Center LLP (上海上璞股權投資基金管理中心(有限合夥)) became a wholly-owned subsidiary of the Group.

(b) In December 2016, the Group acquired an additional of 34.43% equity interests of its subsidiary Shanghai Jiaguan Investment Co., Ltd. ("Shanghai Jiaguan") at a consideration of RMB503,580,000. The difference of RMB237,203,000 between the carrying amount of the non-controlling interests of RMB266,377,000 and the consideration paid was recognised in equity attributable to equity holders of the Company.

40 Changes in ownership interests in subsidiaries without change of control (continued)

Acquisition of additional interests in subsidiaries (continued)

The effects of changes in the ownership interests of Shanghai Shangpu Equity Investment Fund Management Center LLP (上海上璞股權投資基金管理中心(有限合夥)) and Shanghai Jiaguan on the equity attributable to equity holders of the Company are summarised as follows:

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Carrying amount of non-controlling interests acquired	**266,377**	(615)
Consideration paid to non-controlling interests	**(503,580)**	(9,600)
Excess of consideration paid recognised within equity	**237,203**	10,215

Deemed disposal of interests in subsidiaries without loss of control

(c) In February 2016, pursuant to certain agreements, the Group disposed its 23.5% equity interests in Chongqing Jingteng Property Co., Ltd. ("Chongqing Jingteng"), a wholly owned subsidiary of the Group, to a third party, Asia Green Property SARL ("Asia Green") at a consideration of RMB23,500,000. Asia Green at the same time injected capital contribution of RMB50,000,000 to Chongqing Jingteng, which has an effective dilution of the Group's interests in Chongqing Jingteng. After these transactions, Asia Green and the Group own equity interests of Chongqing Jingteng as to 49% and 51% respectively, and the Group still controls Chongqing Jingteng. The Group recognised an increase in non-controlling interests of RMB72,159,000 and an increase in equity attributable to equity holders of the Company of RMB1,341,000.

(d) In March and August 2016, two third party individuals, through a series of capital injection and equity transfer, invested in the Group's subsidiaries, Shanghai Jizhai Investment Holding Company and Shanghai Pinzhai Decoration Technology Co., Ltd. ("Shanghai Jizhai and Pinzhai") which are specialised in decoration design business. Their investments effectively diluted the Group's equity interest in Shanghai Jizhai and Pinzhai to 40%, and two third party individuals hold remaining 27% and 33% respectively. However, the Group still controls Shanghai Jizhai and Pinzhai as the Group approves all the resolutions pursuant to the agreements between three parties.

The Group recognised an increase in negative non-controlling interests of RMB842,000 and an increase in equity attributable to equity holders of the Company of RMB1,642,000.

The Group injected another RMB5,000,000 in Shanghai Jizhai and Pinzhai for these two individuals' services, which is recognised in consolidated income statement.

(e) In July 2016, Chongqing Xiangfeng Limited Liability Partnership ("Chongqing Xiangfeng") was established by the Group and certain employees as the limited partners. These employees injected capital contribution of RMB1,750,000 and holds 95% equity interests in Chongqing Xiangfeng. As the Group approves all the resolutions pursuant to the agreement between all the parties, the Group still controls Chongqing Xiangfeng. As Chongqing Xiangfeng and Shanghai Jingrui Investment Co., Ltd., a wholly owned subsidiary of the Group, effectively control Shanghai Jiahe Investment Co., Ltd. which owns 51% equity interests in Chongqing Jingteng, the Group's interests in Chongqing Jingteng were effectively diluted after this transaction. The Group recognised an increase in non-controlling interests of RMB853,000 and an increase in equity attributable to equity holders of the Company of RMB897,000.

40 Changes in ownership interests in subsidiaries without change of control (continued)

Deemed disposal of interests in subsidiaries without loss of control (continued)

The effects of changes in the ownership interests of the Group on the equity attributable to equity holders of the Company are summarised as follows:

	Year ended December 31	
	2016	2015
	RMB'000	RMB'000
Carrying amount of non-controlling interests disposed of	**(72,170)**	–
Consideration received from non-controlling interests	**76,050**	–
Gain on disposal recognised within equity	**3,880**	–

Disposal of interests in subsidiaries without loss of control

(f) As mentioned in Note 22, Shanghai Jingrui Investment Co., Ltd. disposed of 35% and 15% of interests in Shanghai Xiaoyi to Shanghai Jiayu and Shenzhen Pingjia respectively at a consideration of RMB50,000 in March 2016. The Group recognised a decrease in non-controlling interests of RMB31,000 and an increase in equity attributable to owners of Shanghai Xiaoyi of RMB81,000. Shanghai Xiaoyi held a property project company, Ningbo Jingshen Property Co., Ltd. in Zhejiang Province, the PRC.

(g) In March 2016, pursuant to certain agreement, Shanghai Jingrui Investment Co., Ltd. disposed of 30% equity interests in Shanghai Xiaoze Investment Co., Ltd. ("Shanghai Xiaoze") at a consideration of RMB30,000 to a third party. The Group recognised an increase in non-controlling interests of RMB29,000 and an increase in equity attributable to owners of Shanghai Xiaoze of RMB1,000.

The effects of changes in the ownership interests of the Group on the equity attributable to equity holders of the Company are summarised as follows:

	Year ended December 31	
	2016	2015
	RMB'000	RMB'000
Carrying amount of disposal to non-controlling interests	**2**	–
Consideration received from non-controlling interests	**80**	–
Gain on disposal recognised within equity	**82**	–

40 Changes in ownership interests in subsidiaries without change of control (continued)

Decrease in long-term payables and increase in non-controlling interests without loss of control

(h) Pursuant to an equity transfer agreement entered into on 18 July 2013 between an independent third party (the "Seller"), and the Group through Shanghai Jiaguan, the Group acquired Shanghai Fengxiang in September 2013 with 100% effective equity interests attributable to the Group, through: (i) the acquisition of 80% legal equity interests in Shanghai Fengxiang; and (ii) the Seller's put option to sell the remaining 20% equity interests in Shanghai Fengxiang to the Group by giving the Group a written notice within one month after the expiry of two-year period from August 2013 at a fixed exercise price. The put option resulted in a transfer of the risks and rewards of ownership of the 20% interests from the Seller to the Group during the contract period and a liability to the Seller for the 20% equity interests was recorded accordingly.

In September 2015 (one month after the expiry of two-year period from August 2013), the Seller's option to sell the remaining 20% equity interests in Shanghai Fengxiang to the Group expired, as a result, the Seller became non-controlling interests of the Group. The Group recognised an increase in non-controlling interests attributable to the Seller of RMB151,663,000, an increase in non-controlling interests attributable to Hong Long Investment Co., Ltd. ("Hong Long") of RMB60,103,000 which is another non-controlling interest through minority holdings in Shanghai Jiaguan (Note 40(b)), and an increase in equity attributable to equity holders of the Company of RMB114,484,000 and derecognised the long-term payables of RMB326,250,000 related to 20% equity interests of Shanghai Fengxiang.

The effects of changes in the ownership interests of Shanghai Fengxiang on the equity attributable to equity holders of the Company are summarised as follows:

	Year ended December 31	
	2016	2015
	RMB'000	RMB'000
Carrying amount of deemed disposal to non-controlling interests	**–**	(151,663)
De-recognition of long-term payables	**–**	326,250
Gain on disposal recognised within equity	**–**	174,587
Less: Gain on disposal recognised within equity for equity attributable to non-controlling interests of Hong Long	**–**	(60,103)
Gain on disposal recognised within equity for equity attributable to equity holders of the Company	**–**	114,484

Aggregate effects of all above transactions with non-controlling interests on the equity attributable to owners of the Company for the year ended 31 December 2016 and 2015:

	Year ended December 31	
	2016	2015
	RMB'000	RMB'000
Excess of consideration paid recognised within equity	**(237,203)**	(10,215)
Gain on disposal recognised within equity for equity attributable to equity holders for the Company	**3,962**	114,484
Net effects for transactions with non-controlling interests on equity attributable to equity holders for the Company	**(233,241)**	104,269

41 Business combinations

Acquisitions during 2016

(a) In April 2016, the Group acquired 100% equity interests of Hangzhou Jiaheng at a total consideration of RMB296,000,000.

The following table summarises the consideration paid for Hangzhou Jiaheng, the fair value of assets acquired and liabilities assumed at the acquisition date of 25 April 2016.

	RMB'000
Consideration in cash	
– Amount paid	279,500
– Amount not yet paid as at 31 December 2016 (Note 23(d))	16,500
	296,000
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	169,121
Property, plant and equipment (Note 7)	384
Properties held or under development for sale	910,299
Trade and other receivables and prepayments	171,274
Prepaid income taxes	8,272
Borrowings	(264,223)
Trade and other payables	(199,008)
Advanced proceeds received from customers	(473,307)
Deferred tax liabilities (Note 25)	(24,263)
Total identifiable net assets	298,549
Gain on bargain purchase (Note 27)	(2,549)
	296,000

Acquisition-related costs of RMB50,000 have been charged to administrative expenses in the consolidated income statement for the year ended 31 December 2016.

The acquired business contributed revenue of RMB877,241,000 and net profit of RMB19,232,000 to the Group for the period from 25 April 2016 to 31 December 2016. Had Hangzhou Jiaheng been consolidated on 1 January 2016, the pro-forma revenue included in the consolidated income statement contributed by Hangzhou Jiaheng would be RMB877,241,000. Hangzhou Jiaheng also would contribute pro-forma profit of RMB19,694,000.

41 Business combinations (continued)

(b) In August 2016, the Group acquired 100% equity interests of Property Sky Limited at a total consideration of HKD159,005,297 (approximately RMB136,192,974) which indirectly owned a project company, Feng Yong (Shanghai) Property Co., Limited located in Shanghai, the PRC.

The following table summarises the consideration paid for Property Sky Limited, the fair value of assets acquired and liabilities assumed at the acquisition date of 15 August 2016.

	RMB'000
Consideration in cash	
– Amount paid	136,193
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	14,655
Property, plant and equipment (Note 7)	10,100
Investment properties (Note 8)	1,678,929
Trade and other receivables and prepayments	1,522
Borrowings	(482,294)
Trade and other payables	(762,994)
Finance lease liabilities	(3,482)
Deferred tax liabilities (Note 25)	(321,732)
Total identifiable net assets	134,704
Immaterial difference written off in other losses	1,489
	136,193

Acquisition-related costs of RMB13,491,000 have been charged to administrative expenses in the consolidated income statement for the year ended 31 December 2016.

The acquired business contributed revenue of RMB2,787,269 and net loss of RMB17,245,924 to the Group for the period from 15 August 2016 to 31 December 2016. Had Property Sky Limited been consolidated on 1 January 2016, the pro-forma revenue included in the consolidated income statement contributed by Property Sky Limited would be RMB9,480,133. Property Sky Limited also would contribute pro-forma profit of RMB7,912,965.

41 Business combinations (continued)

(c) In December 2016, the Group acquired 43.24% equity interests of Modern Jump Limited, a joint venture of the Group in which the Group held 56.76% equity interests, at a total consideration of RMB287,877,000. Completion of the acquisition took place on 26 December 2016 and Modern Jump Limited therefore became a wholly owned subsidiary of the Group since then (Note 10). The goodwill of RMB12,350,000 arising from the acquisition of Modern Jump Limited is attributable to acquired unsold properties under development for sale of Wuxi Jingrui, a wholly owned subsidiary of Modern Jump Limited. The directors of the Group consider that no impairment charge was required after performing the impairment assessment.

The following table summarises the consideration paid for Modern Jump Limited, the fair value of assets acquired and liabilities assumed at the acquisition date of 26 December 2016.

	RMB'000
Consideration in cash	
– Amount paid	287,877
– Fair value of the original 56.76% equity interests in Modern Jump Limited	361,677
	649,554
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	10,226
Property, plant and equipment (Note 7)	85
Properties held or under development for sale	967,232
Trade and other receivables and prepayments	897,428
Prepaid income taxes	18,296
Trade and other payables	(321,084)
Current income tax liabilities	(33,142)
Advanced proceeds received from customers	(907,495)
Deferred tax assets(Note 25)	5,658
Total identifiable net assets	637,204
Goodwill (Note 9)	12,350
	649,554

The acquired business contributed revenue of RMB277,307,000 and net loss of RMB3,585,000 to the Group for the period from 26 December 2016 to 31 December 2016. Had Modern Jump Limited been consolidated on 1 January 2016, the pro-forma revenue included in the consolidated income statement contributed by Modern Jump would be RMB487,439,000. Modern Jump Limited would contribute pro-forma profit of RMB22,861,000.

(d) In June 2016, the Group acquired 100% equity interests in a property management company from a third party individual at a consideration of RMB2,000,000. The net cash outflow for the acquisition is RMB1,657,000 after netting off cash balance in the acquired company.

41 Business combinations (continued)

Acquisition during 2015

(e) In October 2015, the Group acquired 50% equity interests of Suzhou Ailide at a total consideration of RMB140,000,000. The remaining 50% equity interests was owned by an independent third party, Kushan Harbour Investment Consultant Limited. Based on the shareholder's agreement with Kunshan Harbour Investment Consultant Limited, Kunshan Harbour Investment Consultant Limited follows the Group on all substantive decision on the operating and financing policies during the life of Suzhou Ailide, the directors of the Group consider that the Group has effective control over Suzhou Ailide. Suzhou Ailide has four wholly-owned subsidiaries, namely Ningbo Harbour City Property Co., Ltd., Ningbo Harbour City Business Management Co., Ltd., Harbour City HK Business Management Co., Ltd. and Ningbo Haichangsheng Business Management Co., Ltd..

The following table summarises the consideration paid for Suzhou Ailide, the fair value of assets acquired, liabilities assumed and the non-controlling interests at the acquisition date of 22 October 2015.

	RMB'000
Consideration in cash	
– Amount paid	56,000
– Amount not yet paid as at 31 December 2015 (Note 23)	84,000
Cash	140,000
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	101,592
Property, plant and equipment (Note 7)	158
Investment properties (Note 8)	520,000
Properties held or under development for sale	444,325
Trade and other receivables and prepayments	16,836
Prepaid income taxes	9,586
Trade and other payables	(192,093)
Advances from pre-sale of properties	(351,231)
Deferred tax liabilities (Note 25)	(124,793)
Total identifiable net assets	424,380
Non-controlling interests	(212,190)
Gain on bargain purchase (Note 27)	(72,190)
	140,000

The non-controlling interests in Suzhou Ailide, an unlisted group, was measured as the proportionate shares of the recognised amount of the acquired identifiable net assets at the acquisition date.

The revenue included in the consolidated income statement since 22 October 2015 contributed by Suzhou Ailide was RMB11,333,000. Suzhou Ailide also contributed loss of RMB1,214,000 over the same period from 22 October 2015 to 31 December 2015.

Had Suzhou Ailide been consolidated from 1 January 2015, the pro-forma revenue included in the consolidated income statement contributed by Suzhou Ailide would be RMB11,333,000 for the year ended 31 December 2015. Suzhou Ailide also would contribute pro-forma loss of RMB26,248,000 for the year ended 31 December 2015.

42 Disposal of interests in subsidiaries

(a) In November 2016, the Group entered into a share transfer agreement with a third party, Hengda Tianjin, pursuant to which the Group disposed all its equity interests in Tianjin Jingxiu at a total consideration of RMB616,280,000. The transaction was completed in December 2016. The disposal gain of RMB557,096,000 was recognised in the consolidated income statement as other gains (Note 28).

Hengda Tianjin also assumed the Group's previous shareholder's loan to Tianjin Jingxiu of RMB180,800,000, which Hengda Tianjin has not yet paid, and thus was included in the trade and other receivables and prepayments as at 31 December 2016(Note 15(c)). As at 31 December 2016, the outstanding consideration of RMB316,280,000 was also included in the trade and other receivables and prepayments (Note 15(b)).

The calculation of the result on disposal is shown as below:

	RMB'000
Net assets disposed of	59,184
Cash received during the year	300,000
Receivables as at 31 December 2016	316,280
Total consideration	616,280
Gain on disposal (Note 28)	557,096
Cash received	300,000
Less: Cash and cash equivalents in the subsidiary disposed of	(19,959)
Net inflow of cash from the disposal	280,041

42 Disposal of interests in subsidiaries (continued)

(b) In December 2016, the Group entered into a share transfer agreement with a third party, Hengda Shanghai, pursuant to which the Group agreed to transfer all of its equity interests in Shanghai Jiajing, which holds 49% equity interests in Shanghai Jingqi, a property project company in Shanghai, and 51% equity interests in Shanghai Jingqi which is held by the Group through another subsidiary. The total consideration for the above transactions are RMB493,750,000. The Group transferred all its equity interests in Shanghai Jiajing, through which 49% of equity interests in Shanghai Jingqi, to Hengda Shanghai in December 2016, and agreed to transfer remaining 51% equity interests in Shanghai Jingqi once the project meets government criteria to transfer which is expected in 2017. Meanwhile, pursuant to the above share transfer agreement, effective controls over both Shanghai Jiajing and Shanghai Jingqi have been transferred to Hengda Shanghai during December 2016, thus the Group lost controls over both Shanghai Jiajing and Shanghai Jingqi which were no longer the subsidiaries of the Group since then. As at 31 December 2016, the Group's remaining 51% equity interests in Shanghai Jingqi is recognised as available-for-sale financial assets and measured at fair value of RMB251,813,000, being 51% of total consideration, in the consolidated balance sheet.

The disposal gains of RMB358,712,000 were recognised in the consolidated income statement as other gains (Note 28).

Hengda Shanghai also assumed the Group's previous shareholder's loan to Shanghai Jingqi of RMB325,476,000 which was included in the trade and other receivables and prepayments as at 31 December 2016 (Note 15(c)). As at 31 December 2016, the outstanding consideration of RMB224,121,000 was also included in the trade and other receivables and prepayments (Note 15(b)).

The assets and liabilities disposed and the net inflow of cash from the disposal are as below:

	RMB'000
Net assets disposal of	135,038
Cash received during the year	17,816
Receivables as at 31 December 2016	224,121
Fair value of remaining 51% equity interests in Shanghai Jingqi (Note 12)	251,813
Total consideration from disposal of Shanghai Jiajing and Shanghai Jingqi	493,750
Gain on disposal (Note 28)	358,712
Cash received during the year	17,816
Less: Cash and cash equivalents in the subsidiary disposed of	(1,045)
Net inflow of cash from the disposal during the year	16,771

43 Related-party transactions

(a) Name and relationship with related parties

Name	Relationship with the Group
Changzhou Jingshang	Joint venture
Modern Jump Limited	A wholly owned subsidiary (i)
Ningbo Jingrui	Joint venture (ii)
Shanghai Ruice	Joint venture (iii)
Shanghai Jupan	Joint venture
Hangzhou Jingcheng	A subsidiary of a joint venture (iii)
Wuxi Jingrui	A wholly owned subsidiary (i)
Beyond Wisdom Limited	A company wholly owned by Yan Hao
Yan Hao	Substantial shareholder, director, co-chairmen, chief executive officer
Chen Xin Ge	Substantial shareholder, director, co-chairmen

note:

(i) Since 25 July 2014, Modern Jump Limited, a previously wholly owned subsidiary of the Group, became a joint venture of the Group. Wuxi Jingrui is a wholly owned subsidiary of Modern Jump Limited. Subsequent to the re-acquisition of the equity interests on 26 December 2016, Modern Jump Limited and its subsidiaries became the wholly owned subsidiaries of the Group (Note 10).

(ii) Since 31 March 2016, Ningbo Jingrui, a previously wholly owned subsidiary of the Group, became a joint venture of the Group.

(iii) Since 21 October 2016, Shanghai Ruice, a previously wholly owned subsidiary of the Group, became a joint venture of the Group. Hangzhou Jingcheng is a subsidiary of Shanghai Ruice.

(b) Transactions with related parties

The Group has the following related party transactions:

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
(i) Providing temporary funding to related parties		
– Changzhou Jingshang	**328,340**	39,650
– Ningbo Jingrui	**149,651**	–
– Shanghai Jupan	**1,500**	–
	479,491	39,650

43 Related-party transactions (continued)

(b) Transactions with related parties (continued)

		Year ended 31 December	
		2016	2015
		RMB'000	RMB'000
(ii)	Providing loans to related parties		
	– Shanghai Ruice (Note 43(d))	**407,340**	–
	– Beyond Wisdom Limited (note)	**49,724**	–
		457,064	–
(iii)	(Repayment)/collection of temporary funding (to)/from related parties		
	– Changzhou Jingshang	**(25,000)**	(93,000)
	– Wuxi Jingrui	**–**	178,194
	– Ningbo Jingrui	**4,143,901**	–
		4,118,901	85,194
(iv)	Expenses paid by a related party on behalf of the Group		
	– Beyond Wisdom Limited	**1,880**	807
(v)	Revenue from providing decoration materials and services to related parties		
	– Changzhou Jingshang	**76,680**	32,499
	– Ningbo Jingrui	**2,430**	–
	– Hangzhou Jingcheng	**830**	–
		79,940	32,499
(vi)	Revenue from providing property management service to related parties		
	– Changzhou Jingshang	**2,625**	–
	– Ningbo Jingrui	**1,064**	–
		3,689	–
(vii)	Interest income from related parties recorded in other income		
	– Changzhou Jingshang (Note 43(d))	**563**	6,601
	– Beyond Wisdom Limited (note)	**3,664**	–
	– Shanghai Ruice (Note 43(d))	**23,853**	–
		28,080	6,601

note: During the year ended 31 December 2016, the Group provided financial assistance to Beyond Wisdom Limited, a company wholly owned by Yan Hao, in the form of a loan of RMB49,724,000 with an annual interest rate of 13.5% which was fully repaid during the year ended 31 December 2016.

43 Related-party transactions (continued)

(b) Transactions with related parties (continued)

		Year ended 31 December	
		2016	2015
		RMB'000	RMB'000
(viii)	Senior notes subscribed by a related party, Beyond Wisdom Limited		
	– Discounted principal amount (Note 20(d))	**–**	134,782
	– Fully capitalised interest	**15,356**	12,581
		15,356	147,363
(ix)	Guarantee provided to joint ventures (Note 39(b))		
	– Wuxi Jingrui	**–**	220,000
	– Ningbo Jingrui	**300,000**	–
	– Shanghai Ruice	**200,000**	–
	– Hangzhou Jingcheng	**920,000**	–
		1,420,000	220,000

(x) Funding guaranteed by a related party

As at 31 December 2016, perpetual capital instruments of RMB538,083,000 (31 December 2015 ：RMB530,399,000, including the equity component of RMB512,111,000 and the liability component of RMB18,288,000) of the Group, were guaranteed by Yan Hao (Note 19).

During the year ended 31 December 2016, bank borrowings of RMB907,300,000 and trust financing arrangements of RMB832,440,000 of the Group were guaranteed by Yan Hao, and bank borrowings of RMB907,300,000 were repaid in 2016. As at 31 December 2016, trust financing arrangements of RMB832,440,000 of the Group were guaranteed by Yan Hao.

(c) Key management compensation

Key management includes directors (executive and non-executive), chief financial officer, vice presidents, head of corporate finance and investor relations and secretary of the board of directors. The compensation paid or payable to key management for employee services is shown below:

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Salaries and other short-term employee benefits	**11,012**	8,452
Pre-IPO share award	**785**	1,599
Post-employment benefits	**423**	333
	12,220	10,384

43 Related-party transactions (continued)

(d) Related-party balances

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
(i) Amounts due from related parties (Note 15)		
– Changzhou Jingshang (note(1))	**495,832**	236,215
– Ningbo Jingrui	**631,902**	–
– Shanghai Ruice (note(2))	**431,193**	–
– Hangzhou Jingcheng	**880**	–
– Shanghai Jupan	**1,500**	–
	1,561,307	236,215

notes:

(1) The balance of RMB495,832,000 as at 31 December 2016 (31 December 2015: RMB236,215,000) due from Changzhou Jingshang represents the temporary funding from the Group to Changzhou Jinshang. The balance as at 31 December 2015 includes an amount of RMB99,158,000 which was the outstanding principal and interest receivable balance of an entrusted loan from the Group to Changzhou Jingshang. The entrusted loan was matured in March 2016 with annual interest rate of 6.15% and Changzhou Jingshang has repaid the outstanding balance of the entrusted loan in March 2016.

(2) The balance of RMB431,193,000 as at 31 December 2016 represents the the outstanding principal of RMB407,340,000 and interest receivable balance of RMB23,853,000 for a shareholder's loan granted to Shanghai Ruice. The shareholder loan has an annual interest rate of 8% and will be matured till October 2019.

43 Related-party transactions (continued)

(d) Related-party balances (continued)

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
(ii) Amounts due to related parties (Note 23)		
– Changzhou Jingshang (note (1))	**146,108**	171,463
– Wuxi Jingrui (note (2))	**–**	278,194
– Beyond Wisdom Limited (note (3))	**494**	807
– Shanghai Ruice (note (4))	**9,990**	–
– Ningbo Jingrui (Note (5))	**4,764,912**	–
	4,921,504	450,464

note:

(1) The balance of RMB146,108,000 as at 31 December 2016 (31 December 2015: RMB171,463,000) due to Changzhou Jingshang represents the temporary funding from Changzhou Jinshang to the Group.

(2) The balance of RMB278,194,000 as at 31 December 2015 due to Wuxi Jingrui represents the temporary funding from Wuxi Jingrui to the Group.

(3) The balance of RMB494,000 as at 31 December 2016 due to Beyond Wisdom Limited represents the temporary funding from Beyond Wisdom Limited to the Group. The balance of RMB807,000 as at 31 December 2015 due to Beyond Wisdom Limited represents the payable for expenses paid by Beyond Wisdom Limited on behalf of the Group.

(4) The balance of RMB9,990,000 as at 31 December 2016 due to Shanghai Ruice represents the temporary funding from Shanghai Ruice to the Group.

(5) The balance of RMB4,764,912,000 as at 31 December 2016 due to Ningbo Jingrui represents the temporary funding from Ningbo Jingrui to the Group.

Except for the loan lent by the Group to Shanghai Ruice in April 2016, the loan lent by the Group to Changzhou Jingshang in March 2013 and the loan provided to Beyond Wisdom Limited in 2016 as mentioned above, the amounts due from and due to related parties are unsecured, non-interest bearing and repayable on demand.

44 Particulars of subsidiaries

Particulars of the subsidiaries of the Group as at 31 December 2016 and 2015 are as follows:

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2016	2015	Principal activities
Subsidiaries established in the PRC						
Jingrui Properties (Group) Co., Ltd. (景瑞地產（集團）股份有限公司) ("Jingruis Properties (Group)")	8 September 1993	1,621,079	1,621,079	**100%**	100%	Property land investment holding
Shanghai Jingrui Property Management Co., Ltd. (上海景瑞物業管理有限公司)	31 December 1996	5,000	5,000	**100%**	100%	Property management
Shanghai Xiangyun Real Estate Agency Co., Ltd. (上海翔昀房地產營銷代理有限公司)	19 November 1999	10,000	10,000	**100%**	100%	Real estate marketing
Shanghai Garden City Real Estate Development Co., Ltd. (上海花園城房地產開發有限公司) ("Shanghai Garden City")(Note 23(a))	27 April 2000	–	–	**–**	100%	Property development
Shanghai Lijing Real Estate Development Co., Ltd. (上海麗景房地產開發有限公司)	18 October 2000	10,000	10,000	**100%**	100%	Property development
Shanghai Huajiang Construction and Development Co., Ltd. (上海華江建設發展有限公司) ("Shanghai Huajiang")(d)	16 August 2002	10,000	10,000	**67.5%**	67.5%	Property development
Shanghai Jingrui Investment Co.,Ltd. (上海景瑞投資有限公司)(a)	22 July 2003	100,000	100,000	**100%**	100%	Investment holding
Shanghai Jingxiang Property Co., Ltd. (上海景祥置業有限公司)	9 April 2004	20,000	20,000	**100%**	100%	Property development
Chongqing Jingkang Property Development Co., Ltd. (重慶景康置業發展有限公司)	20 July 2005	20,000	20,000	**100%**	100%	Property development

44 Particulars of subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2016	2015	Principal activities
Subsidiaries established in the PRC (continued)						
Zhoushan Jingrui Property Co., Ltd. (舟山景瑞置業有限公司)	16 February 2006	50,000	50,000	**100%**	100%	Property development
Changzhou Jingshen Property Co., Ltd. (常州景申置業有限公司)	14 April 2006	80,000	80,000	**100%**	100%	Property development
Huzhou Jingrui Property Co., Ltd. (湖州景瑞置業有限公司)	20 August 2007	100,000	100,000	**100%**	100%	Property development
Tianjin Jingxiu Property Investment Co., Ltd. (天津景秀置業投資有限公司) ("Tianjin Jingxiu") (Note 42(a))	24 July 2007	–	–	**–**	100%	Property development
Tianjin Jingshang Property Investment Co., Ltd. (天津景尚置業投資有限公司)	14 August 2007	30,000	30,000	**100%**	100%	Property development
Taicang Jingrui Property Co., Ltd. (太倉景瑞置業有限公司)(a)	25 December 2007	500,600	500,600	**100%**	100%	Property development
Shanghai Jingshang Property Co., Ltd. (上海景尚置業有限公司)	8 April 2008	20,000	20,000	**100%**	100%	Property development
Taizhou Jingrui Property Co., Ltd. (泰州景瑞置業有限公司)	17 November 2009	205,000	205,000	**100%**	100%	Property development
Shanghai Jingrui Investment Co.,Ltd. (上海景鋭投資有限公司)	9 December 2009	1,000	1,000	**100%**	100%	Investment holding
Taicang Jingshang Property Co., Ltd. (太倉景尚置業有限公司)	6 January 2010	150,000	150,000	**70%**	70%	Property development

44 Particulars of subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2016	2015	Principal activities
Subsidiaries established in the PRC (continued)						
Nantong Jingrui Property Co., Ltd. (南通景瑞置業有限公司)	26 January 2010	100,000	100,000	**100%**	100%	Property development
Shanghai Chengjing Investment Co., Ltd. (上海誠景投資有限公司)	28 April 2010	40,000	40,000	**100%**	100%	Investment holding
Zhoushan Jingshang Property Co., Ltd. (舟山景尚置業有限公司)	17 August 2010	200,000	200,000	**100%**	100%	Property development
Fengyong (Shanghai) Property Co., Limited (豐永(上海)置業有限公司) (Note 41(b))	17 January 2011	610,000	610,000	**100%**	–	Property development
Huzhou Jingshang Property Co., Ltd. (湖州景尚置業有限公司) ("Huzhou Jingshang")(a)(c)	12 May 2011	51,000	51,000	**100%**	100%	Property development
Shaoxing Jingrui Property Co., Ltd. (紹興景瑞置業有限公司)(a)	27 June 2011	100,000	100,000	**100%**	100%	Property development
Tianjin Tianrui Investment Development Co., Ltd. (天津天瑞投資發展有限公司)	14 October 2011	50,000	50,000	**70%**	–	Investment holding
Hangzhou Jiaheng Property Co., Ltd. (杭州嘉恒房地產開發有限公司) ("Hangzhou Jiaheng") (Note 41(a)) (a)	26 October 2011	300,000	300,000	**100%**	–	Property development
Shanghai Lichen Building Decoration Engineering Co., Ltd. (上海立臣建築裝飾工程有限公司)	4 November 2011	8,000	8,000	**100%**	100%	Building decoration engineering
Shaoxing Jingxiang Property Co., Ltd. (紹興景祥置業有限公司)	17 January 2012	140,000	140,000	**100%**	100%	Property development

44 Particulars of subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2016	2015	Principal activities
Subsidiaries established in the PRC (continued)						
Shaoxing Jingkang Property Co., Ltd. (紹興景康置業有限公司)	17 January 2012	100,000	100,000	**100%**	100%	Property development
Shanghai Jingrui Commercial Investment management Co., Ltd. (上海景瑞商業投資管理有限公司)	11 May 2012	2,000	2,000	**100%**	100%	Investment holding
Shanghai Youmao Construction Material Co., Ltd. (上海友茂建築材料有限公司)	14 August 2012	10,000	10,000	**100%**	100%	Hardware and building materials
Shanghai Jingyi Investment Co., Ltd. (上海景熠投資有限公司)	26 November 2012	49,000	49,000	**100%**	100%	Investment holding
Shanghai Jingbo Investment Co., Ltd. (上海景博投資有限公司)	26 November 2012	49,000	49,000	**100%**	100%	Investment holding
Shanghai Jingji Investment Co., Ltd. (上海景吉投資有限公司)(c)	26 November 2012	49,000	49,000	**100%**	100%	Investment holding
Chongqing Jingshang Property Co., Ltd. (重慶景尚置業有限公司)	6 December 2012	100,000	100,000	**100%**	100%	Property development
Shaoxing Jinghu Property Co., Ltd. (紹興景湖置業有限公司)	25 January 2013	100,000	100,000	**100%**	100%	Property development
Shanghai Ruijun Investment Co., Ltd. (上海瑞峻投資有限公司)	16 February 2013	10,000	10,000	**100%**	100%	Investment holding
Shanghai Ruixu Investment Co., Ltd. (上海瑞旭投資有限公司)	16 February 2013	10,000	10,000	**100%**	100%	Investment holding

44 Particulars of subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2016	2015	Principal activities
Subsidiaries established in the PRC (continued)						
Shanghai Ruiye Investment Co., Ltd. (上海瑞曄投資有限公司)	16 February 2013	10,000	10,000	**100%**	100%	Investment holding
Shanghai Ruiyou Investment Co., Ltd. (上海瑞佑投資有限公司)	16 February 2013	10,000	10,000	**100%**	100%	Investment holding
Shanghai Ruizhi Investment Co., Ltd. (上海瑞徵投資有限公司)	16 February 2013	11,000	11,000	**99%**	99%	Investment holding
Ningbo Jingrui Property Co., Ltd. (寧波景瑞置業有限公司) ("Ningbo Jingrui") (Note 10(c))	20 February 2013	–	–	**Not applicable**	100%	Property development
Hangzhou Jingyue Property Co., Ltd. (杭州景越置業有限公司)	1 March 2013	100,000	100,000	**100%**	100%	Investment holding
Yangzhou Jingrui Property Co., Ltd. (揚州景瑞置業有限公司)	8 April 2013	100,000	100,000	**100%**	100%	Property development
Shanghai Ruibin Investment Co., Ltd. (上海瑞賓投資有限公司)	16 April 2013	11,000	11,000	**99%**	99%	Investment holding
Shanghai Ruicen Investment Co., Ltd. (上海瑞岑投資有限公司)(c)	16 April 2013	49,000	49,000	**100%**	100%	Investment holding
Shanghai Ruichen Investment Co., Ltd. (上海瑞琛投資有限公司)	16 April 2013	10,000	10,000	**100%**	100%	Investment holding
Shanghai Ruice Investment Co., Ltd. (上海瑞策投資有限公司) ("Shanghai Ruice") (Note 10(b))	16 April 2013	–	–	**Not applicable**	100%	Investment holding
Shanghai Ruicui Investment Co., Ltd. (上海瑞萃投資有限公司)	16 April 2013	49,000	49,000	**100%**	100%	Investment holding

44 Particulars of subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2016	2015	Principal activities
Subsidiaries established in the PRC (continued)						
Hainan Jingshen Investment Management Co., Ltd. (海南景申投資管理有限公司)	14 May 2013	10,000	10,000	**100%**	100%	Property management and investment holding
Zhuji Jingrui Property Co., Ltd. (諸暨景瑞置業有限公司)	19 June 2013	100,000	100,000	**100%**	100%	Property development
Nantong Jinshang Property Co., Ltd. (南通景尚置業有限公司)(a)	2 July 2013	100,000	100,000	**100%**	100%	Property development
Shanghai Jiahe Investment Co., Ltd. (上海佳赫投資有限公司)	8 July 2013	1,000	1,000	**100%**	100%	Investment holding
Shanghai Jiachun Investment Co., Ltd. (上海佳淳投資有限公司)	8 July 2013	100,000	100,000	**100%**	100%	Investment holding
Shanghai Jiabang Investment Co., Ltd. (上海佳邦投資有限公司)	8 July 2013	1,000	1,000	**100%**	100%	Investment holding
Shanghai Jiajing Investment Co., Ltd. (上海佳靖投資有限公司) ("Shanghai Jiajing") (Note 42 (b))	10 July 2013	–	–	**–**	100%	Investment holding
Shanghai Jiaguan Investment Co., Ltd. (上海佳冠投資有限公司) ("Shanghai Jiaguan") (Note 40 (b))	10 July 2013	30,500	30,500	**100%**	65.57%	Investment holding
Shanghai Jialing Investment Co., Ltd. (上海佳翎投資有限公司)	10 July 2013	1,000	1,000	**100%**	100%	Investment holding
Shanghai Jiamu Investment Co., Ltd. (上海佳慕投資有限公司)	10 July 2013	1,000	1,000	**100%**	100%	Investment holding
Shanghai Jiamu Investment Co., Ltd. (上海佳穆投資有限公司)	10 July 2013	1,000	1,000	**100%**	100%	Investment holding

44 Particulars of subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2016	2015	Principal activities
Subsidiaries established in the PRC (continued)						
Shanghai Jiajie Investment Co., Ltd. (上海佳捷投資有限公司)	10 July 2013	1,000	1,000	**100%**	100%	Investment holding
Shanghai Jingshen Culture Development Co., Ltd. (上海景申文化發展有限公司)	15 July 2013	10,000	10,000	**100%**	100%	Culture Development
Taicang Derun Investment Development Co., Ltd. (太倉德潤投資發展有限公司)	14 August 2013	247,000	247,000	**100%**	100%	Property Development
Hangzhou Jinghang Property Co., Ltd. (杭州景航置業有限公司)	14 August 2013	100,000	100,000	**51%**	51%	Property Development
Suzhou Jinglong Property Co., Ltd. (蘇州景隆置業有限公司)(a)	10 October 2013	615,000	615,000	**100%**	100%	Property Development
Shanghai Fengxiang Property Development Co., Ltd. (上海鳳翔房地產開發有限公司) ("Shanghai Fengxiang") (Note40 (h))	23 June 1998	100,000	100,000	**80%**	52.46%	Property Development
Ningbo Jingshang Property Co., Ltd. (寧波景尚置業有限公司)(a)(c)	10 January 2014	50,000	50,000	**100%**	100%	Property Development
Shanghai Yongrui Construction Material Co., Ltd. (上海永芮建築材料有限公司)	14 January 2014	10,000	10,000	**100%**	100%	Hardware and building materials
Shanghai Yongran Construction Material Co., Ltd. (上海永然建築材料有限公司)	18 January 2014	10,000	10,000	**100%**	100%	Hardware and building materials
Shaoxing Jingming Property Co., Ltd. (紹興景明置業有限公司) ("Shaoxing Jingming")	22 January 2014	300,000	300,000	**51%**	51%	Property development
Taizhou Jingrui Property Co., Ltd. (台州景瑞置業有限公司)	23 January 2014	100,000	100,000	**100%**	100%	Property development

44 Particulars of subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2016	2015	Principal activities
Subsidiaries established in the PRC (continued)						
Hangzhou Jingheng Property Co., Ltd. (杭州景恒置業有限公司) (a)(c)	18 February 2014	100,000	100,000	**100%**	100%	Property development
Shanghai Xiaoxin Investment Co., Ltd. (上海驍欣投資有限公司)	28 April 2014	100	100	**100%**	100%	Investment holding
Shanghai Xiaorui Investment Co., Ltd. (上海驍瑞投資有限公司) (c)	29 April 2014	100	100	**100%**	100%	Investment holding
Shanghai Xiaopin Investment Co., Ltd. (上海驍品投資有限公司)	4 May 2014	100	100	**100%**	100%	Investment holding
Shanghai Xiaoguan Investment Co., Ltd. (上海驍冠投資有限公司)	4 May 2014	100	100	**100%**	100%	Investment holding
Shanghai Xiaoyu Investment Co., Ltd. (上海驍御投資有限公司)	7 May 2014	100	100	**100%**	100%	Investment holding
Shanghai Xiaoze Investment Co., Ltd. (上海驍澤投資有限公司) ("Shanghai Xiaoze") (Note 40(g))	7 May 2014	100,000	100,000	**70%**	100%	Investment holding
Shanghai Xiaohua Investment Co., Ltd. (上海驍華投資有限公司)	7 May 2014	598	598	**100%**	100%	Investment holding
Shanghai Xiaozhi Investment Co., Ltd. (上海驍智投資有限公司)	13 May 2014	100	100	**100%**	100%	Investment holding
Shanghai Xiaoyi Investment Co., Ltd. (上海驍翼投資有限公司)	13 May 2014	100	100	**100%**	100%	Investment holding
Shanghai Xiaoyi Investment Co., Ltd. (上海驍意投資有限公司) ("Shanghai Xiaoyi") (Note 40(f))	13 May 2014	100	100	**50%**	100%	Investment holding
Shanghai Yuyu Construction Material Co., Ltd. (上海宇語建築材料有限公司)	13 June 2014	40,000	40,000	**100%**	100%	Hardware and building materials

44 Particulars of subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2016	2015	Principal activities
Subsidiaries established in the PRC (continued)						
Shanghai Yufu Construction Material Co., Ltd. (上海宇阜建築材料有限公司)	18 July 2014	20,000	20,000	**100%**	100%	Hardware and building materials
Shanghai Yuyun Investment Co., Ltd. (上海宇耘投資有限公司)	18 July 2014	5,000	5,000	**100%**	100%	Hardware and building materials
Shaoxing Hengpeng Construction Material Co., Ltd. (紹興恒鵬建築材料有限公司)	1 August 2014	20,000	20,000	**100%**	100%	Hardware and building materials
Hangzhou Yuyu Construction Material Co., Ltd. (杭州宇語建築材料有限公司)	7 August 2014	40,000	40,000	**100%**	100%	Hardware and building materials
Hangzhou Jingxi Property Co., Ltd. (杭州景璽置業有限公司)	11 September 2014	1,105,000	1,105,000	**100%**	100%	Property development
Suzhou Zaihe Construction Material Co., Ltd. (蘇州載和建築材料有限公司)	15 October 2014	20,000	20,000	**100%**	100%	Hardware and building materials
EI Urban Facilities Development (Tianjin) Co., Ltd. (天津億安城市設施開發有限公司) ("Tianjin Yi An")(b)	15 August 2007	533,325	533,325	**100%**	100%	Urban infrastructure development
Shanghai Jingxiu Property Development Co.,Ltd. (上海景秀置業發展有限公司) ("Shanghai Jingxiu")	13 July 2001	70,599	70,599	**100%**	100%	Property development
Ningbo Harbour City Property Co., Ltd. (寧波海港城置業有限公司) (Note 41(e))	28 February 2014	50,000	50,000	**50%**	50%	Property development
Ningbo Harbour City Business Management Co., Ltd. (寧波海港城商業管理有限公司) (Note 41(e))	23 April 2014	50	50	**50%**	50%	Investment holding
Suzhou Ailide Trade Co., Ltd. (蘇州艾力得貿易有限公司) ("Suzhou Ailide") (Note 41(e))	8 January 2015	50,000	50,000	**50%**	50%	Hardware and building materials

44 Particulars of subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2016	2015	Principal activities
Subsidiaries established in the PRC (continued)						
Shanghai Jingyue Property Co., Ltd. (上海景月置業有限公司)	8 April 2015	75,000	75,000	**100%**	100%	Property development
Chongqing Jingteng Property Co., Ltd. (重慶景騰置業有限公司) ("Chongqing Jingteng") (Note 40(c))	19 June 2015	150,000	150,000	**51%**	100%	Property development
Shanghai Jingqi Property Development Co., Ltd. (上海景麒房地產開發有限公司) ("Shanghai Jingqi") (Note 42(b), Note 12)	13 July 2015	–	–	**–**	100%	Property development
Shanghai Pinzhai Decoration Technology Co., Ltd. (上海品宅裝飾科技有限公司) ("Shanghai Pinzhai") (Note 40(d))	17 July 2015	10,000	10,000	**40%**	90%	Customized decoration
Shanghai Xiangyun Investment LLP (上海翔鋆投資管理合夥企業(有限合夥))	21 July 2015	928	928	**100%**	100%	Investment holding
Shanghai Shangpu Investment Fund Management Center LLP (上海上璞股權投資基金管理中心(有限合夥))	23 July 2015	192,030	192,030	**100%**	100%	Investment holding
Shanghai Hefu Investment Co., Ltd. (上海合福投資管理有限公司)	16 October 2015	100,000	100,000	**100%**	100%	Investment holding
Shanghai Linjia Corporation Development Co., Ltd. (上海鄰加企業發展有限公司)	4 November 2015	5,000	–	**100%**	100%	Property Management
Shanghai Weishu Information & Technology Co., Ltd. (上海微束信息科技有限公司)	11 November 2015	1,000	1,000	**70%**	70%	Information & technology
Shanghai Xiangyou Investment Co., Ltd. (上海翔友投資有限公司)	12 November 2015	100	100	**100%**	100%	Investment holding
Shanghai Linjia Life Development Co., Ltd. (上海鄰加生活企業發展股份有限公司)	23 December 2015	10,000	–	**100%**	100%	Property Management

44 Particulars of subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2016	2015	Principal activities
Subsidiaries established in the PRC (continued)						
Chongqing Xiangfeng Management LLP (重慶翔鳳企業管理諮詢合夥企業(有限合夥))	29 December 2015	4,650	4,650	**100%**	–	Investment holding
Shanghai Xiangzhu Investment LLP (上海翔諸投資管理合夥企業(有限合夥))	7 January 2016	10,900	10,900	**100%**	–	Investment holding
Suzhou Jingrui Property Co., Ltd. (蘇州璟瑞置業有限公司)	22 February 2016	100,000	100,000	**100%**	–	Property development
Shanghai Hechun Investment LLP (上海合淳投資管理中心(有限合夥))	25 January 2016	30,000	10,010	**99.9%**	–	Investment holding
Shanghai Manjing Business Management Co., Ltd. (上海滿景商業經營管理有限公司)	29 February 2016	1,000	–	**100%**	–	Investment holding
Shanghai Lingzhuo Investment Co., Ltd. (上海靈焯投資有限公司)	29 March 2016	10	–	**100%**	–	Investment holding
Shanghai Ling'an Investment Co., Ltd. (上海靈安投資有限公司)	29 March 2016	10	–	**100%**	–	Investment holding
Shanghai Lingbei Investment Co., Ltd. (上海靈蓓投資有限公司)	29 March 2016	10	–	**100%**	–	Investment holding
Suzhou Jinghui Property Co., Ltd. (蘇州璟輝置業有限公司)	14 April 2016	600,000	137,000	**100%**	–	Property development
Shanghai Jizhai Investment Holding Company (上海集宅實業有限公司) ("Shanghai Jizhai") (Note 40(d))	26 April 2016	1,200	1,200	**40%**	–	Customized decoration
Nanjing Jingteng Property Co., Ltd. (南京景騰置業有限公司)	13 May 2016	50,000	50,000	**100%**	–	Property development
Ningbo Jingshen Property Co., Ltd. (寧波景申置業有限公司) (Note 40(f))	31 May 2016	30,000	30,000	**50%**	–	Property development

44 Particulars of subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2016	2015	Principal activities
Subsidiaries established in the PRC (continued)						
Suzhou Helan Investment LLP (蘇州合嵐投資合夥企業（有限合夥))	20 July 2016	40,000	40,000	**100%**	–	Investment holding
Suzhou Jingheng Investment Management Co., Ltd. (蘇州璟恒投資管理有限公司)	12 April 2016	100	100	**100%**	–	Investment holding
Suzhou Jingxiang Investment Management Co., Ltd. (蘇州璟祥投資管理有限公司)	12 April 2016	100	100	**100%**	–	Investment holding
Ningbo Ruice Investment Co., Ltd. (寧波瑞策投資有限公司)	20 July 2016	5,000	5,000	**100%**	–	Investment holding
Ningbo Jiamu Investment Co., Ltd. (寧波佳穆投資有限公司)	4 August 2016	5,000	5,000	**100%**	–	Investment holding
Ningbo Jinghang Property Co., Ltd. (寧波景航置業有限公司)	25 August 2016	5,000	–	**100%**	–	Property development
Ningbo Xiaoyong Investment Co., Ltd. (寧波驍勇投資有限公司)	19 October 2016	5,000	–	**100%**	–	Investment holding
Ningbo Xiangjun Investment Co., Ltd. (寧波翔竣投資有限公司)	19 October 2016	5,000	–	**100%**	–	Investment holding
Ningbo Xiangling Investment Co., Ltd. (寧波翔嶺投資有限公司)	15 November 2016	5,000	–	**100%**	–	Investment holding
Ningbo Xiangjing Investment Co., Ltd. (寧波翔景投資有限公司)	15 November 2016	5,000	–	**100%**	–	Investment holding
Ningbo Jingjun Property Co., Ltd. (寧波景鈞置業有限公司)	21 October 2016	5,000	–	**100%**	–	Property development
Ningbo Jingxi Property Co., Ltd. (寧波景璽置業有限公司)	29 September 2016	5,000	–	**100%**	–	Property development
Ningbo Jinghuang Property Co., Ltd. (寧波景煌置業有限公司)	21 October 2016	5,000	–	**100%**	–	Property development

44 Particulars of subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2016	2015	Principal activities
Subsidiaries established in the PRC (continued)						
Shanghai Jingbing Management LLP (上海景兵企業管理合夥企業（有限合夥))	2 June 2016	5,600	–	**100%**	–	Investment holding
Ningbo Xiangxin Investment Co., Ltd. (寧波翔鑫投資有限公司)	27 September 2016	5,000	–	**100%**	–	Investment holding
Ningbo Xiaorui Investment LLP (寧波驍瑞投資合夥企業（有限合夥))	25 August 2016	10,900	–	**100%**	–	Investment holding
Jiangsu Delvfeng Property Management Co., Ltd. (江蘇德律風物業管理有限公司)	29 September 2013	2,000	2,000	**100%**	–	Property management
Shanghai Yijing Investment LLP (上海熠景投資管理合夥企業（有限合夥))	3 July 2014	20	–	**100%**	–	Investment holding
Equity International Urban Facilities Development (Tianjin) Co., Ltd. (權益城市設施開發(天津)有限公司) ("Quan Yi Tianjin")(b)	25 June 2007	USD71,600,000	USD71,600,000	**100%**	100%	Urban infrastructure development
Hainan Jingshang commercial Management Co., Ltd. (海南景尚商業管理有限公司)	17 April 2013	USD2,000,000	USD2,000,000	**100%**	100%	Property management and investment holdings
Wuxi Jingrui Real Estate Co., Ltd. (無錫景瑞置業有限公司) ("Wuxi Jingrui") (Note 10(a))	20 February 2014	USD74,000,000	USD74,000,000	**100%**	Not applicable	Property development
Ningbo Haichangsheng Business Management Co., Ltd. (寧波海昌盛商業管理有限公司) (Note 41(e))	19 August 2014	USD10,000,000	USD10,000,000	**50%**	50%	Hardware and building materials
Harbour City HK Business Management Co., Ltd. (海港(香港)商業管理有限公司) (Note 41(e))	29 September 2014	USD10,000,000	USD10,000,000	**50%**	50%	Investment holding
Ningbo Jingyue Property Co., Ltd. (寧波景越置業有限公司)	13 March 2015	HKD495,880,000	HKD495,880,000	**100%**	100%	Property development

44 Particulars of subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2016	2015	Principal activities
Subsidiaries incorporated in Hong Kong						
Jingrui HK Holdings Limited ("EI HK")(b)	25 June 2007	USD10	USD10	**100%**	100%	Property and investment holding
Estate success Co., Ltd. (具智有限公司)	19 May 2010	HKD1	HKD1	**100%**	Not applicable	Investment holding
Sincere Paragon Limited	5 February 2013	HKD380,000	HKD380,000	**100%**	100%	Investment holding
Strong Pioneer Investment Co., Ltd. (健創投資有限公司)	30 October 2013	HKD10,000	–	**100%**	100%	Investment holding
Bright Harmony Co., Ltd. (亮致有限公司)	31 October 2013	HKD10,000	–	**100%**	100%	Investment holding
Mega Harmony Development Co., Ltd. (萬致發展有限公司)	31 October 2013	HKD10,000	–	**100%**	100%	Investment holding
Gainful Hero Holdings Co., Ltd. (利勇集團有限公司)	31 October 2013	HKD10,000	–	**100%**	100%	Investment holding
Gainful Harmony International Co., Ltd. (利致國際有限公司)	30 October 2013	HKD10,000	–	**100%**	100%	Investment holding
Wise Rainbow Holdings Co., Ltd. (智彩集團有限公司)	31 October 2013	HKD10,000	–	**100%**	100%	Investment holding
Dragon Braveness Holdings Co., Ltd. (龍英集團有限公司)	31 October 2013	HKD10,000	–	**100%**	100%	Investment holding
Luxuriant Ocean Co., Ltd. (薈洋有限公司)	31 October 2013	HKD10,000	–	**100%**	100%	Investment holding
Wise Amber Co., Ltd. (智珀有限公司)	31 October 2013	HKD10,000	–	**100%**	100%	Investment holding
Shimmery Amber Co., Ltd. (亮珀有限公司)	30 October 2013	HKD10,000	–	**100%**	Not applicable	Investment holding

44 Particulars of subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2016	2015	Principal activities
Subsidiaries incorporated in BVI						
Property Sky limited (Note 41(b))	8 June 2010	USD2	USD2	**100%**	–	Investment holding
Natural Apex Limited	9 January 2013	USD50,000	USD50,000	**100%**	100%	Investment holding
Decent Pillar Limited	22 October 2013	USD50,000	–	**100%**	100%	Investment holding
Faithful Gem Limited	18 September 2013	USD50,000	–	**100%**	100%	Investment holding
Gladly Sheen Limited	8 October 2013	USD50,000	–	**100%**	100%	Investment holding
Joyful Dawn Limited	22 October 2013	USD50,000	–	**100%**	100%	Investment holding
Model Sheen Limited	8 October 2013	USD50,000	–	**100%**	100%	Investment holding
Model Wealth Limited	22 October 2013	USD50,000	–	**100%**	100%	Investment holding
Sheeny Blaze Limited	8 October 2013	USD50,000	–	**100%**	100%	Investment holding
Sheeny Bright Limited	8 October 2013	USD50,000	–	**100%**	100%	Investment holding
Modern Jump Limited (Note 10(a))	8 October 2013	USD74,000,000	–	**100%**	56.76%	Investment holding
Sound Pillar Limited	18 October 2013	USD50,000	–	**100%**	100%	Investment holding

The English names of the PRC companies referred to above in this note represent management's best efforts in translating the Chinese names of those companies as no English names have been registered or available.

44 Particulars of subsidiaries (continued)

(a) Certain equity interests in the subsidiaries of the Company were pledged for trust financing arrangement as at 31 December 2016 and 2015 (Note 20). For details, please refer to the table below:

	As at 31 December	
	2016	2015
Percentage of equity interests in Shanghai Jingrui Investment Co., Ltd.	**100%**	–
Percentage of equity interests in Shaoxing Jingrui Property Co., Ltd.	**100%**	–
Percentage of equity interests in Suzhou Jingrui Property Co., Ltd.	**51%**	–
Percentage of equity interests in Nantong Jingshang Property Co., Ltd.	**–**	51%
Percentage of equity interests in Hangzhou Jingheng Property Co., Ltd.	**–**	49%
Percentage of equity interests in Ningbo Jingshang Property Co., Ltd.	**–**	65%
Percentage of equity interests in Huzhou Jingshang	**–**	49%
Percentage of equity interests in Taicang Jingrui Property Co., Ltd.	**100%**	–
Percentage of equity interests in Hangzhou Jiaheng	**100%**	–
Percentage of equity interests in Suzhou Jinglong Property Co., Ltd.	**100%**	–

(b) The companies are investment holding companies without any business other than the holding of 20.3% equity interests in Jingrui Properties (Group). They were acquired by the Group in April 2013 for the purpose of the reorganisation.

(c) The percentage of attributable equity interest presented is the beneficiary interests held by the Company's shareholders. The legal equity interests in certain entities are lower than the beneficiary interests because of the existence of trust financing arrangements.

The Group legally transferred the equity interests in the following subsidiaries as collateral to trust financing companies for trust financing arrangement (Note 20) through capital injection by the underlying trust financing companies or the transfer of equity interests by the Group with repurchase obligation.

	As at 31 December	
	2016	2015
Shanghai Xiaorui Investment Co., Ltd. (ii)	**100%**	–
Shanghai Ruicen Investment Co., Ltd. (i)	**–**	100%
Hangzhou Jingheng Property Co., Ltd.	**–**	35%
Ningbo Jingshang Property Co., Ltd.	**–**	35%
Huzhou Jingshang	**–**	51%

notes:

(i) Shanghai Ruicen Investment Co., Ltd. was incorporated by the Group as a special purpose vehicle to hold 49% equity interests in Nantong Jingshang Property Co., Ltd., therefore the trust financing company indirectly holds 49% equity interests in the project company through its holding of 100% equity interests in the investment company. The Group holds the remaining 51% equity interests in the project company which has been pledged to the trust financing company for the trust financing arrangement in 2015.

(ii) Shanghai Xiaorui Investment Co., Ltd. was incorporated by the Group as a special purpose vehicle to hold 49% equity interests in Suzhou Jingrui Property Co., Ltd. The trust financing company indirectly holds 49% equity interests in project company through its holding 100% equity interests in Shanghai Xiaorui Investment Co., Ltd.. The Group holds the remaining 51% equity interests in Suzhou Jingrui Property Co., Ltd. which has been pledged to the trust financing company for the trust financing arrangement in 2016.

44 Particulars of subsidiaries (continued)

(d) In April 2016, Shanghai Huajiang, a subsidiary of the Group, reduced its paid-in capital from RMB100,000,000 to RMB10,000,000, as a results the paid-in capital of the non-controlling interests of 32.5% equity interests decrease by RMB29,250,000.

(e) Summarised financial information on subsidiaries with non-controlling interests material to the Group

The non-controlling interests of the Group are as follows:

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Non-controlling interests for		
– Shanghai Huajiang	**24,002**	75,194
– Taicang Jingshang Property Co., Ltd.	**51,148**	45,617
– Hangzhou Jinghang Property Co., Ltd.	**42,904**	29,354
– Shaoxing Jingming	**120,974**	133,121
– Shanghai Jiaguan	**–**	438,648
– Shanghai Fengxiang	**140,442**	–
– Suzhou Ailide	**236,469**	211,583
– Shanghai Xiaoze	**28,021**	–
– Chongqing Jingteng	**69,742**	–
– Other subsidiaries	**2,404**	360
	716,106	933,877

Set out below are the summarised financial information for the subsidiaries including Shanghai Huajiang, Taicang Jingshang Property Co., Ltd., Hangzhou Jinghang Property Co., Ltd., Shaoxing Jingming, Shanghai Jiaguan, Suzhou Ailide, Chongqing Jingteng, Shanghai Fengxiang and Shanghai Xiaoze that have non-controlling interests that are material to the Group, and the information below is the amount before inter-company elimination.

44 Particulars of subsidiaries (continued)

Summarised balance sheet

	Shanghai Huajiang As at 31 December		Taicang Jingshang Property Co., Ltd. As at 31 December		Hangzhou Jinghang Property Co., Ltd. As at 31 December	
	2016	2015	**2016**	2015	**2016**	2015
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Current						
Assets	**107,086**	325,323	**977,703**	892,617	**235,488**	1,125,525
Liabilities	**(40,243)**	(100,981)	**(753,481)**	(601,558)	**(152,611)**	(1,079,644)
Total current net assets	**66,843**	224,342	**224,222**	291,059	**82,877**	45,881
Non-current						
Assets	**7,008**	7,025	**16**	38	**4,682**	14,026
Liabilities	**–**	–	**(53,744)**	(139,040)	**–**	–
Total non-current net assets/(liabilities)	**7,008**	7,025	**(53,728)**	(139,002)	**4,682**	14,026
Net assets	**73,851**	231,367	**170,494**	152,057	**87,559**	59,907

	Shaoxing Jingming As at 31 December		Shanghai Jiaguan As at 31 December		Suzhou Ailide As at 31 December	
	2016	2015	**2016**	2015	**2016**	2015
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Current						
Assets	**1,329,999**	870,971	**–**	2,901,216	**368,388**	981,816
Liabilities	**(1,033,795)**	(530,666)	**–**	(1,906,230)	**(216,705)**	(623,534)
Total current net assets	**296,204**	340,305	**–**	994,986	**151,683**	358,282
Non-current						
Assets	**17,675**	9,364	**–**	356,186	**689,170**	205,563
Liabilities	**(66,993)**	(77,993)	**–**	(48,394)	**(367,915)**	(140,679)
Total non-current net (liabilities)/assets	**(49,318)**	(68,629)	**–**	307,792	**321,255**	64,884
Net assets	**246,886**	271,676	**–**	1,302,778	**472,938**	423,166

44 Particulars of subsidiaries (continued)

Summarised balance sheet (continued)

	Chongqing Jingteng As at 31 December		Shanghai Fengxiang As at 31 December		Shanghai Xiaoze As at 31 December	
	2016	2015	**2016**	2015	**2016**	2015
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Current						
Assets	**303,653**	–	**1,955,293**	–	**503,347**	–
Liabilities	**(164,875)**	–	**(426,151)**	–	**(415,662)**	–
Total current net assets	**138,778**	–	**1,529,142**	–	**87,685**	–
Non-current						
Assets	**3,552**	–	**190,521**	–	**5,718**	–
Liabilities	**–**	–	**(1,017,451)**	–	**–**	–
Total non-current net assets/(liabilities)	**3,552**	–	**(826,930)**	–	**5,718**	–
Net assets	**142,330**	–	**702,212**	–	**93,403**	–

Summarised statement of comprehensive income

	Shanghai Huajing Year ended 31 December		Taicang Jingshang Property Co., Ltd. Year ended 31 December		Hangzhou Jinghang Property Co., Ltd. Year ended 31 December	
	2016	2015	**2016**	2015	**2016**	2015
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Revenue	**(17,120)**	197,105	**159,771**	52,240	**1,318,108**	–
(Loss)/profit before income tax	**(18,836)**	107,540	**347**	(4,597)	**63,263**	(21,380)
Income tax expense	**–**	(46,493)	**18,090**	200	**(35,611)**	5,343
Post-tax (loss)/profit	**(18,836)**	61,047	**18,437**	(4,397)	**27,652**	(16,037)
Other comprehensive income	**–**	–	**–**	–	**–**	–
Total comprehensive (loss)/income	**(18,836)**	61,047	**18,437**	(4,397)	**27,652**	(16,037)
(Loss)/profit allocated to non-controlling interests	**(6,122)**	19,840	**5,531**	(1,319)	**13,549**	(7,858)
Dividends paid to non-controlling interests	**(15,821)**	(21,775)	**–**	–	**–**	–

44 Particulars of subsidiaries (continued)

Summarised statement of comprehensive income (continued)

	Shaoxing Jingming		Shanghai Jiaguan		Suzhou Ailide	
	Year ended 31 December		For the period from 1 January 2016 to 7 December	Year ended 31 December	Year ended 31 December	
	2016	2015	**2016**	2015	**2016**	2015
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Revenue	**–**	–	**74,985**	10,554	**591,317**	11,333
(Loss)/profit before income tax	**(31,563)**	(22,077)	**(61,926)**	35,261	**116,796**	(1,615)
Income tax expense	**6,773**	4,891	**4,863**	(8,871)	**(67,024)**	401
Post-tax (loss)/profit	**(24,790)**	(17,186)	**(57,063)**	26,390	**49,772**	(1,214)
Other comprehensive income	**–**	–	**–**	–	**–**	–
Total comprehensive (loss)/profit	**(24,790)**	(17,186)	**(57,063)**	26,390	**49,772**	(1,214)
(Loss)/profit allocated to non-controlling interests	**(12,147)**	(8,421)	**(27,128)**	12,294	**24,886**	(607)
Dividends paid to non-controlling interests	**–**	–	**–**	–	**–**	–

	Chongqing Jingteng		Shanghai Fengxiang		Shanghai Xiaoze	
	Year ended 31 December		For the period from 8 December 2016 to 31 December	Year ended 31 December	Year ended 31 December	
	2016	2015	**2016**	2015	**2016**	2015
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Revenue	**–**	–	**67,775**	–	**–**	–
Loss before income tax	**(6,964)**	–	**(27,627)**	–	**(8,621)**	–
Income tax expense	**2,029**	–	**4,116**	–	**2,027**	–
Post-tax loss	**(4,935)**	–	**(23,511)**	–	**(6,594)**	–
Other comprehensive income	**–**	–	**–**	–	**–**	–
Total comprehensive loss	**(4,935)**	–	**(23,511)**	–	**(6,594)**	–
Loss allocated to non-controlling interests	**(2,418)**	–	**(4,702)**	–	**(1,978)**	–
Dividends paid to non-controlling interests	**–**	–	**–**	–	**–**	–

44 Particulars of subsidiaries (continued)

Summarised cash flow statement

	Shanghai Huajiang For the year ended 31 December 2016 RMB'000	2015 RMB'000	Taicang Jingshang Property Co., Ltd. For the year ended 31 December 2016 RMB'000	2015 RMB'000	Hangzhou Jinghang Property Co., Ltd. For the year ended 31 December 2016 RMB'000	2015 RMB'000
Net cash generated from/(used in) operating activities	**90,815**	324,744	**2,114**	(283,706)	**378,549**	(69,409)
Net cash generated from/(used in) investing activities	**–**	–	**–**	–	**–**	(33)
Net cash used in financing activities	**(17,358)**	(396,189)	**(9,648)**	90,702	**(311,309)**	(39,000)
Net increase/(decrease) in cash and cash equivalents	**73,457**	(71,445)	**(7,534)**	(193,004)	**67,240**	(108,442)
Cash and cash equivalents at beginning of the year	**4,591**	76,036	**20,985**	213,989	**8,968**	117,411
Cash and cash equivalents at end of the year	**78,048**	4,591	**13,451**	20,985	**76,208**	8,969

	Shaoxing Jingming For the year ended 31 December 2016 RMB'000	2015 RMB'000	Shanghai Jiaguan For the period from 1 January 2016 to 7 December 2016 RMB'000	For the year ended 31 December 2015 RMB'000	Suzhou Ailide For the year ended 31 December 2016 RMB'000	2015 RMB'000
Net cash generated from/(used in) operating activities	**203,528**	(198,632)	**(1,256)**	(301,951)	**(257,763)**	55,668
Net cash (used in)/generated from investing activities	**(7)**	32	**–**	–	**–**	
Net cash (used in)/generated from financing activities	**(191,000)**	198,600	**–**	300,000	**250,000**	–
Net increase/(decrease) in cash and cash equivalents	**12,521**	–	**(1,256)**	(1,951)	**(7,763)**	55,668
Cash and cash equivalents at beginning of the year	**33,587**	33,587	**1,260**	3,211	**55,668**	–
Cash and cash equivalents at end of the year	**46,108**	33,587	**4**	1,260	**47,905**	55,668

44 Particulars of subsidiaries (continued)

Summarised cash flow statement (continued)

	Chongqing Jingteng		Shanghai Fengxiang		Shanghai Xiaoze	
	For the year ended 31 December		For the period from 8 December 2016 to 31 December	For the year ended 31 December	For the year ended 31 December	
	2016	2015	2016	2015	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Net cash generated from/(used in) operating activities	40,308	–	(505,991)	–	7,719	–
Net cash (used in)/generated from investing activities	(34)	–	–	–	–	–
Net cash generated from/(used in) financing activities	54,970	–	586,800	–	(7,722)	–
Net increase/(decrease) in cash and cash equivalents	95,244	–	80,809	–	(3)	–
Cash and cash equivalents at beginning of the year	991	–	1,260	–	9	–
Cash and cash equivalents at end of the year	96,235	–	82,069	–	6	–

The information above is the amounts before inter-company eliminations.

45 Balance sheet and reserve movements of the Company

Balance sheet of the Company

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
ASSETS		
Non-current assets		
Interests in subsidiaries	**2,667,641**	2,663,273
Available-for-sale financial assets	**73,266**	36,869
	2,740,907	2,700,142
Current assets		
Amounts due from subsidiaries	**1,502,232**	1,529,069
Cash at bank and on hand	**373,035**	3,408
	1,875,267	1,532,477
Total assets	**4,616,174**	4,232,619
OWNERS' EQUITY		
Capital and reserves attributable to equity holders of the Company		
Share capital: nominal value	**79,361**	79,361
Reserves (note (a))	**1,471,625**	1,937,460
Total equity	**1,550,986**	2,016,821
LIABILITIES		
Non-current liabilities		
Borrowings	**1,474,822**	1,915,065
Current liabilities		
Trade and other payables	**145,732**	85,845
Amounts due to subsidiaries	**612,194**	84,209
Amount due to a related party	**–**	807
Borrowings	**832,440**	129,872
	1,590,366	300,733
Total liabilities	**3,065,188**	2,215,798
Total equity and liabilities	**4,616,174**	4,232,619

The balance sheet of the Company was approved by the Board of Directors on 29 March 2017 and was signed on its behalf by:

Yan Hao
Director

Xu Chao Hui
Director

45 Balance sheet and reserve movements of the Company (continued)

(a) Reserve movements of the Company

	Reserves					
	Share premium RMB'000	Pre-IPO share award scheme RMB'000	Contributed surplus RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance at 1 January 2016	**1,193,851**	**63,183**	**1,115,742**	**2,469**	**(437,785)**	**1,937,460**
Comprehensive income/(loss)						
Loss for the year 2016	**–**	**–**	**–**	**–**	**(481,988)**	**(481,988)**
Other comprehensive income:						
Changes in fair value of available-for-sale financial assets (Note 12)	**–**	**–**	**–**	**16,839**	**–**	**16,839**
Transfer of fair value gains previously taken to other reserves to consolidated income statement upon disposal of available-for-sale financial assets	**–**	**–**	**–**	**(5,054)**	**–**	**(5,054)**
Total comprehensive loss for the year 2016	**–**	**–**	**–**	**11,785**	**(481,988)**	**(470,203)**
Transactions with owners						
Pre-IPO share award scheme (Note 34)	**–**	**4,368**	**–**	**–**	**–**	**4,368**
2015 final dividend (Note 36)	**–**	**–**	**–**	**–**	**–**	**–**
	–	**4,368**	**–**	**–**	**–**	**4,368**
Balance at 31 December 2016	**1,193,851**	**67,551**	**1,115,742**	**14,254**	**(919,773)**	**1,471,625**
Balance at 1 January 2015	1,271,329	48,551	1,115,742	–	(93,267)	2,342,355
Comprehensive income/(loss)						
Loss for the year 2015	–	–	–	–	(344,518)	(344,518)
Other comprehensive income:						
Changes in fair value of available-for-sale financial assets (Note 12)	–	–	–	2,469	–	2,469
Total comprehensive loss for the year 2015	–	–	–	2,469	(344,518)	(342,049)
Transactions with owners						
Pre-IPO share award scheme (Note 34)	–	14,632	–	–	–	14,632
2014 final dividend (Note 36)	(77,478)	–	–	–	–	(77,478)
	(77,478)	14,632	–	–	–	(62,846)
Balance at 31 December 2015	1,193,851	63,183	1,115,742	2,469	(437,785)	1,937,460

46 Events after the reporting period

Same as disclosed below and elsewhere in the notes to the consolidated financial statements set out above, there is no other material subsequent event undertaken by the Group after 31 December 2016:

(a) On 5 January 2017, Ningbo Ruice Investment Co., Ltd. ("Ningbo Ruice"), a wholly owned subsidiary of the Group, entered into a share purchase agreement with two independent third parties, pursuant to which Ningbo Ruice transferred 40% and 20% equity interests in Ningbo Jiamu Investment Co., Ltd., a wholly owned subsidiary of the Group, to these two parties at a consideration of RMB139,235,630 and RMB69,617,815 respectively. Ningbo Jiamu Investment Co., Ltd. holds a property project company, Ningbo Jinghang Property Development Co., Ltd. in Zhejiang Province, the PRC. The transaction has been completed.

(b) On 13 February 2017, Natural Apex Limited, a wholly owned subsidiary of the Company, entered into a share purchase agreement with an independent third party, pursuant to which Natural Apex Limited will purchase the entire equity interests of the special purpose vehicles which hold 60 apartment units at a consideration of RMB642,500,000 in San Quan Apartments located in Beijing, the PRC. The transaction has not been completed.

(c) On 13 February 2017, Jingrui Properties (Group), a wholly owned subsidiary of the Group, entered into a non-legally binding memorandum of understanding with an independent third party, HL Global Enterprises Limited ("HLGE"), in relation to the potential acquisition of all the issued shares of a wholly owned subsidiary of HLGE at an indicative consideration of RMB550,000,000 approximately. The wholly owned subsidiary of HLGE holds the entire equity interests in Shanghai Hutai Investment Co., Ltd. which holds a service apartment building in Shanghai, the PRC and 60% equity interest in a hotel located in Qingdao, the PRC. The transaction has not been contracted.

47 Authorisation for issue of the financial statements

The consolidated financial statements were approved and authorised for issue by the board of directors of the Company on 29 March 2017.

Five-Year Financial Information

I. Key data of income statement

	2012 RMB'000	2013 RMB'000	2014 RMB'000	2015 RMB'000	**2016** **RMB'000**
Revenue	4,058,848	3,939,011	5,272,953	5,759,116	**15,051,277**
Cost of sales	(3,160,844)	(3,071,161)	(4,308,600)	(5,585,933)	**(14,440,998)**
Gross profit	898,004	867,850	964,353	173,183	**610,279**
Fair value gains on investment properties	24,000	166,637	71,790	203,255	**81,059**
Selling and marketing costs	(166,586)	(190,401)	(221,132)	(230,734)	**(408,502)**
Administrative expenses	(151,188)	(206,054)	(241,630)	(269,074)	**(409,186)**
Other income	2,998	11,133	11,665	89,338	**79,763**
Other gains/(losses) – net	(21,774)	216,424	(29,121)	(52,706)	**964,323**
Operating profit/(loss)	585,454	865,589	555,925	(86,738)	**917,736**
Finance income	30,246	26,008	23,244	38,487	**46,124**
Finance costs	(12,057)	(12,620)	(11,194)	(95,841)	**(142,837)**
Finance income/(costs) – net	18,189	13,388	12,050	(57,354)	**(96,713)**
Share of results of joint ventures	2,007	(11,141)	(12,807)	4,833	**(35,978)**
Profit/(loss) before income tax	605,650	867,836	555,168	(139,259)	**785,045**
Income tax expense	(264,200)	(177,929)	(275,651)	(150,049)	**(621,621)**
Profit/(loss) for the year	341,450	689,907	279,517	(289,308)	**163,424**
Attributable to:					
Equity holders of the Company	271,682	476,171	273,962	(352,696)	**106,295**
Holders of perpetual capital instruments	–	–	1,350	50,136	**71,500**
Non-controlling interests	69,768	213,736	4,205	13,252	**(14,371)**
	341,450	689,907	279,517	(289,308)	**163,424**

II. Key data of financial position

	2012 RMB'000	2013 RMB'000	2014 RMB'000	2015 RMB'000	**2016** **RMB'000**
Total non-current assets	833,746	1,140,989	1,600,790	2,513,401	**5,251,927**
Total current assets	10,322,026	18,501,936	24,803,330	26,910,970	**32,790,006**
Total assets	11,155,772	19,642,925	26,404,120	29,424,371	**38,041,933**
Total non-current liabilities	2,057,345	4,566,736	4,772,675	4,945,470	**10,164,236**
Total current liabilities	6,996,898	11,721,868	16,872,434	19,651,686	**23,319,628**
Total liabilities	9,054,243	16,288,604	21,645,109	24,597,156	**33,483,864**
Total equity attributable to:					
Equity holders of the Company	1,846,626	3,101,768	3,690,032	3,381,227	**3,308,880**
Holders of perpetual capital instruments	–	–	551,350	512,111	**538,083**
Non-controlling interests	254,903	252,553	517,629	933,877	**716,106**
Total equity	2,101,529	3,354,321	4,759,011	4,827,215	**4,558,069**

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