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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your Shares, you should at once hand this circular to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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**AGILE GROUP HOLDINGS LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 3383)**

**(1) MAJOR AND CONNECTED TRANSACTION  
THE PROPOSED REPURCHASE OF  
30% EQUITY INTEREST IN CROWN GOLDEN;  
AND  
(2) NOTICE OF EGM**

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A letter from the Board is set out on pages 5 to 15 of this circular.

A notice convening the EGM to be held at Harcourt Room, Lower Lobby Level, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Monday, 17 July 2017 at 2:30 p.m. is set out on pages EGM-1 to EGM-2 to this circular. Whether or not you are able to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time of the meeting. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjournment thereof should you so wish.

26 June 2017

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## DEFINITIONS

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*In this circular, the following terms and expressions shall have the following respective meanings unless the context otherwise requires:*

“associate(s)”	shall have the meaning as ascribed to it under the Listing Rules;
“Board”	the board of Directors of the Company;
“Business Day(s)”	a day (excluding Saturday and other general holidays in Hong Kong and any day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning is hoisted at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business;
“BVI”	the British Virgin Islands;
“Company”	Agile Group Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability on 14 July 2005, which Shares are listed on the Main Board of the Stock Exchange;
“Completion”	completion of the Repurchase in accordance with the SPA;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Consideration”	total consideration for the Repurchase under the SPA, being US\$900,000,000;
“Controlling Shareholder”	Top Coast Investment Limited, a limited liability company incorporated under the laws of the BVI, holding 62.63% of the issued share capital of the Company as at Latest Practicable Date;
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules;
“Crown Golden”	Crown Golden Investments Limited (冠金投資有限公司), a company incorporated in the BVI with limited liability on 15 February 2007, its equity interests is being held by Forever Fame and the Target Company as to 70% and 30% respectively, and an indirect non-wholly owned subsidiary of the Company;
“Crown Golden Group”	Crown Golden and its subsidiaries;
“Deposit”	the amount of US\$35,000,000;
“Director(s)”	the director(s) of the Company;

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## DEFINITIONS

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“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering, if thought fit, approving, among other things, the Repurchase;
“Encumbrance(s)”	a mortgage, charge (whether fixed or floating), debenture, pledge, lien, option, restriction, right of first refusal, right of pre-emption, third-party right or interest, other encumbrance or security interest of any kind, or another type of preferential arrangement (including, without limitation, retention arrangement) having similar effect;
“Forever Fame”	Forever Fame Property Development Holdings Limited (譽永房地產發展控股有限公司), a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party(ies)”	third party(ies) not connected with the Company and its subsidiaries, their respective directors, chief executives and substantial shareholders and any of their associates;
“Latest Practicable Date”	23 June 2017, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or modified from time to time;
“Long Stop Date”	means the 90th day after the date of the SPA or such other date as the Target Company and Crown Golden may agree, provided that the Target Company shall agree to extend the Long Stop Date by seven days if the Condition is not satisfied by the original Long Stop Date due to delays caused by the Stock Exchange and which are not attributable to the Company or the Controlling Shareholder;
“percentage ratios”	has the same meaning ascribed to it under the Listing Rules;
“PRC”	The People’s Republic of China and for the purpose of this circular, excluding Taiwan, Hong Kong and the Macau Special Administrative Region of the PRC;

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## DEFINITIONS

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“Property”	The resort town located at Qingshuiwan, Lingshui Li Minority Autonomous County, Hainan, the PRC developed by Crown Golden Group;
“Purchase Notice”	the notice dated 19 April 2017 from Forever Fame to the Target Company pursuant to the Shareholders’ Agreement, notifying its intention to exercise the right under the Shareholders’ Agreement for the possible acquisition of 100% interests in the Target Company for US\$900,000,000 on terms and conditions no less favorable to those set out in the Transfer Notice;
“Repurchase”	the repurchase of the Sale Shares by Crown Golden from the Target Company pursuant to the SPA;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale Shares”	the 30 shares of US\$1.00 par value each of Crown Golden held by the Target Company;
“SFC”	Securities and Futures Commission of Hong Kong;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shares”	ordinary share(s) in the capital of the Company with a nominal value of HK\$0.10 each;
“Shareholder(s)”	holder(s) of Shares;
“Shareholders’ Agreement”	The shareholders’ agreement entered into between Forever Fame, the Target Company and Crown Golden on 30 June 2008, which sets out their respective rights and obligations of the parties thereto in respect of Crown Golden Group in which Forever Fame has certain preferential rights to purchase the securities of Crown Golden in the event of certain proposed direct or indirect transfer;
“SPA”	the sale and purchase agreement relating to the Repurchase entered into by the Target Company as the seller, Crown Golden as the purchaser and Forever Fame as the guarantor of the purchaser on 9 May 2017;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules;

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## DEFINITIONS

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“Target Company”	Crystal I Limited, a company incorporated in the Cayman Islands with limited liability;
“Transaction Documents”	The SPA, the documents referred to in it and any other agreements executed or to be executed by the parties to the SPA on the date of the SPA or Completion;
“Transfer Notice”	the notice dated 5 April 2017 from the Target Company to Forever Fame pursuant to the Shareholders’ Agreement, notifying the intention of Jade VII, Inc and SSF III Honolulu Holdings Limited to sell 100% equity interests in the Target Company to third party purchaser(s);
“US\$”	United States dollars, the lawful currency of the United States of America; and
“%”	per cent.

*In this circular, the terms “connected transaction”, “major transaction” and “subsidiary” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.*

*Certain amounts and percentage figures included in this circular have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.*



**AGILE GROUP HOLDINGS LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 3383)**

*Directors:*

Mr. Chen Zhuo Lin\* (*Chairman and President*)  
Mr. Chan Cheuk Yin\*\* (*Vice Chairperson*)  
Madam Luk Sin Fong, Fion\*\* (*Vice Chairperson*)  
Mr. Chan Cheuk Hung\*  
Mr. Huang Fengchao\*  
Mr. Chen Zhongqi\*  
Mr. Chan Cheuk Hei\*\*  
Mr. Chan Cheuk Nam\*\*  
Dr. Cheng Hon Kwan<sup>#</sup> *GBS, OBE, JP*  
Mr. Kwong Che Keung, Gordon<sup>#</sup>  
Mr. Cheung Wing Yui, Edward<sup>#</sup> *BBS*  
Mr. Hui Chiu Chung, Stephen<sup>#</sup> *JP*  
Mr. Wong Shiu Hoi, Peter<sup>#</sup>

\* *Executive Directors*

\*\* *Non-executive Directors*

# *Independent Non-executive Directors*

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*Principal office in the PRC:*

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PRC  
Postal Code: 510623

*Principal Place of Business  
in Hong Kong:*

18th Floor  
Three Pacific Place  
1 Queen's Road East  
Hong Kong

26 June 2017

*To the Shareholders*

Dear Sir or Madam,

**(1) MAJOR AND CONNECTED TRANSACTION  
THE PROPOSED REPURCHASE OF  
30% EQUITY INTEREST IN CROWN GOLDEN;  
AND  
(2) NOTICE OF EGM**

**INTRODUCTION**

Reference is made to the announcement of the Company dated 9 May 2017 pursuant to which Crown Golden (an indirect non-wholly owned subsidiary of the Company) will repurchase the Sale Shares for the Consideration and will cancel the same subsequently.

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## LETTER FROM THE BOARD

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As at Latest Practicable Date, Forever Fame and the Target Company held 70% and 30% equity interests in Crown Golden respectively. Upon Completion, Forever Fame will become the sole shareholder of Crown Golden and Crown Golden will become an indirect wholly-owned subsidiary of the Company.

On the date of the SPA, the Controlling Shareholder executed an irrevocable undertaking to the Company to, amongst other things, vote in favour of the Repurchase and maintain a shareholding of more than 50% in the issued share capital of Company until the earliest of (i) the Completion or (ii) the termination of the SPA in accordance with its terms.

As at Latest Practicable Date, the Target Company held 30% equity interests in Crown Golden. Since the Target Company is a substantial shareholder of a subsidiary of the Company, the Target Company is therefore a connected person of the Company at the subsidiary level. Accordingly, the Repurchase, if completed, constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Given (i) the Board has approved the Repurchase; and (ii) the independent non-executive Directors have confirmed that the Repurchase on the terms and conditions set out in the SPA are fair and reasonable and on normal commercial terms and in the interests of the Company and the Shareholders as a whole, the Repurchase is subject to the reporting and announcement requirements, but is exempted from the circular, independent financial advice and independent shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

As one of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Repurchase exceeds 25% but is less than 100%, the Repurchase, if completed, also constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The purpose of this circular is to provide you with, among other things, (i) further details of the Repurchase; and (ii) the notice convening the EGM.

### MAJOR AND CONNECTED TRANSACTION

#### Major Terms of the SPA

**Date:** 9 May 2017

#### Parties

**Purchaser:** Crown Golden Investments Limited (冠金投資有限公司), a company incorporated in the BVI with limited liability and an indirect non-wholly owned subsidiary of the Company;

**Seller:** Crystal I Limited, a company incorporated in the Cayman Islands with limited liability; and

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## LETTER FROM THE BOARD

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Guarantor to the Purchaser: Forever Fame Property Development Holdings Limited (譽永房地產發展控股有限公司), a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company.

Subject matter: Crown Golden has conditionally agreed to repurchase from the Target Company and the Target Company has conditionally agreed to sell to Crown Golden the Sale Shares. The Sale Shares represent 30% of the issued share capital of Crown Golden.

As at Latest Practicable Date, Forever Fame and the Target Company held 70% and 30% equity interests in Crown Golden respectively.

### Consideration

The Consideration for the repurchase of the Sale Shares shall be US\$900,000,000 and was determined by the parties after arm's length negotiation with reference to, among other things, (1) the consideration set out in the Transfer Notice; (2) the net asset value of Crown Golden Group; (3) the current operations of Crown Golden Group; and (4) the business prospects of Crown Golden Group. The Consideration will be settled in cash.

### Deposit

Crown Golden shall, within five (5) working days after the execution of the SPA, pay the Deposit to the Target Company. The Deposit shall in all cases be non-refundable except where there is a breach by the Target Company under the SPA entitling Crown Golden to terminate the SPA. On 15 May 2017, Crown Golden paid the Deposit to the Target Company.

### Conditions Precedent

The sale and purchase of the Sale Shares is conditional upon the Company obtaining approval by the Shareholders of the transactions contemplated under the SPA and the other Transaction Documents at EGM or otherwise (if and in the manner such approval is required under the Listing Rules) (the "**Condition**").

### Guarantee

Forever Fame unconditionally and irrevocably:

- (a) guarantees to the Target Company the payment when due of all amounts payable by Crown Golden under or pursuant to the SPA and the other Transaction Documents; and
- (b) undertakes to ensure that Crown Golden will perform, when due, all its obligations under or pursuant to the SPA and the other Transaction Documents.

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## LETTER FROM THE BOARD

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If the Completion does not occur on the date of Completion stipulated in the SPA in accordance with the provisions of the SPA, Forever Fame agrees that it shall purchase the Sale Shares from the Target Company upon terms no less favourable to the Target Company than those applicable to the purchase by Crown Golden contemplated under the SPA.

### **Completion**

Completion shall take place on the third working day after the satisfaction of the Condition, or on such other date as the Target Company and Crown Golden may agree.

As a result of the Completion, Crown Golden will become an indirect wholly-owned subsidiary of the Company.

### **Termination and Break Fee**

The Target Company shall be entitled to terminate the SPA with immediate effect by written notice to Crown Golden if:

- (a) Crown Golden fails to pay the Deposit to the Target Company;
- (b) the Completion has not occurred by the date for Completion stipulated in the SPA and the Target Company has given a notice in writing on or after this date to Crown Golden that the Target Company is ready to proceed with Completion and Completion does not occur within three (3) working days from the date of such notice; or
- (c) the Completion has not occurred on or before the Long Stop Date,

in the case of each of (a), (b) and (c) above, the Target Company shall be entitled to retain, and Crown Golden will be deemed to have waived any rights it has in respect of, any Deposit paid. The parties further agree that upon the termination of the SPA by the Target Company, Forever Fame shall pay to the Target Company: (x) a break fee of US\$145,000,000 (the “**Break Fee**”), and (y) where the Deposit has been fully paid by Crown Golden, an amount equals US\$10,500,000 (being 30% of the Deposit) or (z) where the Deposit has not been fully paid by Crown Golden, an amount equals US\$35,000,000 less 70% of any amount of the Deposit which has been paid by Crown Golden together with the interest calculated on the outstanding amount.

### **Information on Crown Golden**

Crown Golden is a company incorporated in the BVI with limited liability on 15 February 2007. Its equity interest is held by Forever Fame and the Target Company as to 70% and 30% respectively, as at Latest Practicable Date. It is an indirect non-wholly owned subsidiary of the Company and is engaged in investment holding.

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## LETTER FROM THE BOARD

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### Financial Information of Crown Golden Group

The summary of the financial information prepared in accordance with Hong Kong Financial Reporting Standards of Crown Golden Group for the financial years ended 31 December 2015 and 2016 is as follows:

	For the year ended	
	31 December	
	2016	2015
	RMB'000	RMB'000
Profit before income tax	1,221,801	2,783,669
Profit after income tax	578,178	1,244,150
Net assets	6,876,616	6,807,309

Upon Completion, Crown Golden will become an indirect wholly-owned subsidiary of the Company.

The audited consolidated total assets and total liabilities of the Group as at 31 December 2016 as extracted from the published annual report of the Company for the year ended 31 December 2016 were approximately RMB131,725 million and approximately RMB87,570 million respectively. Based on the unaudited pro forma financial information of the Enlarged Group (as defined under Appendix II to this Circular) as set out in Appendix II to this circular, assuming the Completion had taken place on 31 December 2016, the unaudited pro forma consolidated total assets and total liabilities of the Enlarged Group would have been approximately RMB125,482 million and approximately RMB87,573 million respectively.

Before the Repurchase, the Company indirectly owns 70% equity interests in Crown Golden. Thus, the accounts of Crown Golden Group are consolidated by the Company and the remaining 30% equity interests held by the Target Company as non-controlling interests. Upon Completion, the Company will indirectly own 100% equity interests in Crown Golden. The difference of approximately RMB4,180 million between the Consideration of US\$900 million (equivalent to approximately RMB6,243 million) and the carrying amount of the 30% equity interests will be debited to other reserves.

Crown Golden Group recorded a consolidated profit after taxation of approximately RMB578 million for the year ended 31 December 2016. In light of the positive outlook of the property development business and other factors considered by the Directors as stated in the sections headed “Reasons for and Benefits of the Repurchase” below and “Financial and Trading Prospects of the Group” in Appendix I to this circular, the Directors are of the view that the Repurchase will have a positive impact on the business operation of the Enlarged Group as the Company will have better control of Crown Golden Group. As such, the Enlarged Group can utilise all the cash resources of Crown Golden Group and implement plans in relation to tax, business and financial aspects of Crown Golden Group in line with the development strategy and business plan of the Enlarged Group.

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## LETTER FROM THE BOARD

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It should be noted that the above financial effects of the Repurchase are for illustration purpose only. The actual financial effects of the Repurchase on the Enlarged Group may be different from the amounts presented in this section.

### Management Discussion and Analysis on Crown Golden Group

The following is the management discussion and analysis on Crown Golden Group for the years ended 31 December 2016, 2015 and 2014 which is prepared based on the financial information of Crown Golden Group as set out in Appendix IV to this circular.

#### *Business and financial review*

Revenue from property development consists of proceeds from sales of properties. Since Crown Golden Group derives substantially all of its sales revenue from the property development segment, its results of operations for a given period are dependent upon the gross floor area (the “GFA”) of property it has available for sale during that period, the market demand for those properties and the price it is able to obtain for such properties.

Crown Golden Group recognises revenue from sales of properties based on the completion method. Revenue from the sale of a property is recognised when the relevant property has been delivered to the purchaser.

#### *Segment results*

The table below sets forth the revenue by segments and their percentage of the total revenue for the periods indicated:

	For the year ended 31 December					
	2016		2015		2014	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Sales of developed properties	7,952,193	96.84	6,724,311	96.60	6,153,706	97.27
Property management services	103,242	1.26	84,976	1.22	65,426	1.04
Hotel operations	148,765	1.81	148,681	2.14	100,175	1.58
Rental income from investment properties	<u>7,258</u>	<u>0.09</u>	<u>2,651</u>	<u>0.04</u>	<u>6,975</u>	<u>0.11</u>
Crown Golden Group	<u><u>8,211,458</u></u>	<u><u>100.00</u></u>	<u><u>6,960,619</u></u>	<u><u>100.0</u></u>	<u><u>6,326,282</u></u>	<u><u>100.00</u></u>

#### *For the year ended 31 December 2016*

The revenue of Crown Golden Group for the year ended 31 December 2016 amounted to RMB8,211 million (2015: RMB6,961 million), representing an increase of 18.0% as compared to the previous year. The increase was mainly due to an increase in revenue from the sales of developed properties in 2016.

Revenue generated from the sales of developed properties accounted for 96.8% of total revenue in 2016, representing an increase of 18.3% as compared to the corresponding period of 2015. This was mainly due to a 26.7% increase in total GFA sold to 0.59 million sq.m. in 2016 from 0.47 million sq.m. in 2015. Revenue from property management services,

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## LETTER FROM THE BOARD

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hotel operations and rental income from investment properties accounted for 3.2% of the total revenue, representing an increase of 9.7% as compared to the corresponding period of 2015.

Profit for the year decreased by 53.5% to RMB578 million as compared to RMB1,244 million in 2015.

*For the year ended 31 December 2015*

The revenue of Crown Golden Group for the year ended 31 December 2015 amounted to RMB6,961 million (2014: RMB6,326 million), representing an increase of 10.0% as compared to the previous year. The increase was mainly due to an increase in revenue from the sales of developed properties in 2015.

Revenue generated from the sales of developed properties accounted for 96.6% of total revenue in 2015, representing an increase of 9.3% as compared to the corresponding period of 2014. This was mainly due to a 29.1% increase in total GFA sold to 0.47 million sq.m. in 2015 from 0.36 million sq.m. in 2014. Revenue from property management services, hotel operations and rental income from investment properties accounted for 3.4% of the total revenue, representing an increase of 36.9% as compared to the corresponding period of 2014.

Profit for the year increased by 20.8% to RMB1,244 million as compared to RMB1,030 million in 2014.

### *Liquidity and financial resources*

The table below sets forth Crown Golden Group's borrowings as of 31 December 2016, 2015 and 2014.

	<b>As at 31 December</b>		
	<b>2016</b>	<b>2015</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amounts of borrowings repayable			
Within 1 year	369,999	725,200	671,577
Later than 1 year but not more than 2 years	220,000	—	144,330
Later than 2 year but not more than 5 years	300,000	757,409	—
Over 5 years	—	<u>520,987</u>	<u>630,741</u>
Total	<u>889,999</u>	<u>2,003,596</u>	<u>1,446,648</u>

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## LETTER FROM THE BOARD

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As at 31 December 2016, 2015 and 2014, the total borrowings were approximately RMB890 million, RMB2,004 million and RMB1,447 million respectively.

At the end of the reporting period, Crown Golden Group's total cash and bank balances were as follows:

	As at 31 December		
	2016	2015	2014
	RMB'000	RMB'000	RMB'000
Restricted cash	970,010	171,301	228,811
Cash and cash equivalents	<u>2,826,699</u>	<u>2,402,361</u>	<u>2,203,236</u>
Total	<u><u>3,796,709</u></u>	<u><u>2,573,662</u></u>	<u><u>2,432,047</u></u>

As at 31 December 2016, 2015 and 2014, Crown Golden Group had total cash and bank balances (including restricted cash, cash and cash equivalents) of RMB3,797 million, RMB2,574 million and RMB2,432 million respectively.

As at 31 December 2016, 2015 and 2014, Crown Golden Group had net cash, which is calculated as total borrowings minus total cash and bank balances, of approximately RMB2,907 million, RMB570 million and RMB985 million.

### *Pledge of assets*

Crown Golden Group's borrowings were secured by pledge over its land use rights of RMB259 million, RMB481 million and RMB348 million as at 31 December 2016, 2015 and 2014 respectively.

### *Contingent liabilities*

As at 31 December 2016, 2015 and 2014, Crown Golden Group provided guarantees to PRC banks for loans of RMB3,082 million, RMB1,585 million and RMB834 million respectively in respect of mortgage loan facilities provided by the banks to property buyers of its properties. Such guarantees will be discharged upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within one year after the purchasers take possession of the relevant property; and (ii) the full repayment of the relevant mortgage loan by the purchasers.

### *Employment and remuneration policy*

Crown Golden Group remunerates its employees based on their performance, working experience and the prevailing market wage level. The total remuneration of the employees mainly consisted of basic salary and cash bonus. As at 31 December 2016, Crown Golden Group had a total of 1,561 employees. For the years ended 31 December 2016, 2015 and 2014, the total remuneration costs were approximately RMB210 million, RMB268 million and RMB269 million respectively.

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## LETTER FROM THE BOARD

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### **Information on Crown Golden Group**

Crown Golden Group is principally engaged in the development of Hainan Clearwater Bay in Hainan, the PRC, which are high-end resort and residential development projects. Details of this development are all included in Appendix III of this circular in relation to the valuation report on the Property.

### **Information of the Target Company**

As at Latest Practicable Date, Jade VII, Inc. and SSF II Honolulu Holdings Limited held an aggregate of 100% equity interests in the Target Company which in turn holds 30% equity interests in Crown Golden. It is principally engaged in investment holding.

### **Information of the Group**

The Group is one of the leading property developers in the PRC and is principally engaged in the development of large-scale comprehensive property projects, with extensive presence in the businesses of hotel operations, property investment, property management and environmental protection.

### **Reasons for and Benefits of the Repurchase**

The Directors consider that the Repurchase is in line with the Group's principal activities.

The Board believes that if the Repurchase is completed, it will have a positive impact on the business operation of Crown Golden Group as the Company will have better control of Crown Golden Group. As such, the Enlarged Group can utilise the cash resources of Crown Golden Group and more effectively implement plans in relation to tax, business and financial aspects of Crown Golden Group with more flexibility. Accordingly, the Board considers that the Repurchase will enable the Group to generate income and provide capital appreciation potential to the Group.

Based on the valuation report of the Property held by Crown Golden Group, the market value of the Property as at 30 April 2017 is RMB24,189,000,000. Although the net assets of Crown Golden Group reflected by the accounts of Crown Golden Group as at the 31 December 2016 was RMB6,876,616,000, 30% of which is less than the Consideration under the SPA, the Directors are of the view that the terms and conditions as set out in the SPA are fair and reasonable and the Repurchase is in the interests of the Company and the Shareholders as a whole taking into consideration the market value of the Property and the positive impact the Repurchase that will bring to the Enlarged Group.

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## LETTER FROM THE BOARD

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### **Listing Rules Implications**

On the date of the SPA, the Controlling Shareholder executed an irrevocable undertaking to the Company to, amongst other things, vote in favour of the Repurchase and maintain a shareholding of more than 50% in the issued share capital of Company until the earliest of (i) the Completion or (ii) the termination of the SPA in accordance with its terms.

As at Latest Practicable Date, the Target Company held 30% equity interests in Crown Golden (an indirect non-wholly owned subsidiary of the Company). Since the Target Company is a substantial shareholder of a subsidiary of the Company, the Target Company is a connected person of the Company at the subsidiary level. Accordingly, the Repurchase, if completed, constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Given (i) the Board has approved the Repurchase; and (ii) the independent non-executive Directors have confirmed that the Repurchase on the terms and conditions set out in the SPA are fair and reasonable and on normal commercial terms and in the interests of the Company and the Shareholders as a whole, the Repurchase is subject to the reporting and announcement requirements, but is exempted from the circular, independent financial advice and independent shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

As one of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Repurchase exceeds 25% but is less than 100%, the Repurchase, if completed, also constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

None of the Directors is considered to have a material interest in the Repurchase and therefore no Director is required to abstain from voting on the relevant resolutions for approving the Repurchase.

### **The EGM**

The EGM will be convened at which an ordinary resolution will be proposed to seek the Shareholders' approval of, amongst other things, the Repurchase. Target Company, together with its associates, are interested in the relevant resolutions approving the SPA so that they should abstain from voting at the EGM in respect of the aforesaid ordinary resolution.

A proxy form for use at the EGM is enclosed with this circular. Whether or not a Shareholder intends to attend the EGM in person, such Shareholder is requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time fixed for holding of the EGM (or any adjournment thereof). Completion and return of the form of

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## LETTER FROM THE BOARD

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proxy will not preclude a Shareholder from attending and voting in person at the EGM (or any adjournment thereof) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.

Pursuant to Rule 13.39(4) of the Listing Rules, voting by the Shareholders at the EGM will be by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.

### **Warning of the Risks of Dealings in the Shares**

**Shareholders and potential investors of the Company shall be fully aware the Completion may or may not proceed, as it is subject to fulfillment of Condition. Accordingly, Shareholders are advised to exercise extreme cautions when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers.**

### **RECOMMENDATION**

The Board considers that the Repurchase is fair and reasonable and on normal commercial terms, and is in the interests of the Company and the Shareholders as a whole. Accordingly, the Board (including the independent non-executive Directors) recommends the Shareholders to vote in favour of the ordinary resolution(s) to be proposed at the EGM to approve the Repurchase.

### **FURTHER INFORMATION**

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,  
By order of the Board  
**Agile Group Holdings Limited**  
**CHEN Zhuo Lin**  
*Chairman and President*

## 1. FINANCIAL INFORMATION OF THE GROUP

The audited financial information of the Group for each of the three years ended 31 December 2014, 2015 and 2016 are disclosed in the annual reports of the Company for the financial years ended 31 December 2014 (<http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0430/LTN20150430548.pdf>), 31 December 2015 (<http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0411/LTN20160411285.pdf>) and 31 December 2016 (<http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0329/LTN20170329497.pdf>) respectively which were published on both the website of Hong Kong Exchange and Clearing Limited ([www.hkex.com.hk](http://www.hkex.com.hk)) and the website of the Company ([www.agile.com.cn](http://www.agile.com.cn)).

## 2. INDEBTEDNESS

### Borrowings

At the close of business on 30 April 2017, being the latest practicable date for the purpose of this statement of indebtedness, the Group had outstanding borrowings of approximately RMB51,898 million, comprising secured bank borrowings of approximately RMB17,177 million, unsecured bank borrowings of approximately RMB10,949 million, secured senior notes of approximately RMB6,833 million, secured PRC corporate bonds of approximately RMB2,785 million, unsecured PRC corporate bonds of approximately RMB5,965 million, asset-backed securities of approximately RMB824 million and secured other borrowings of approximately RMB7,365 million.

### Financial guarantee and contingent liabilities

At the close of business on 30 April 2017, the Group's financial guarantee and contingent liabilities were as follows:

	<i>RMB million</i>
Guarantee in respect of mortgage facilities for certain purchasers (note (a))	48,610
Guarantee in respect of borrowings of an associate	576
Guarantee in respect of borrowings of joint ventures	<u>1,275</u>
	<u><u>50,461</u></u>

*Note (a):* At the close of business on 30 April 2017, the Group had provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of properties developed by certain subsidiaries of the Group. The outstanding mortgage loans under these guarantees amounted to approximately RMB48,610 million. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest owed by the defaulted purchasers to the financial institutions and the Group is entitled to take over the legal title and possession of the related properties.

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables in the normal course of business, at the close of business on 30 April 2017, being the latest practicable date for the purpose of this indebtedness statement, the Group did not have any other loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

### **3. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, none of the Directors were aware of any material adverse change in the financial or trading position of the Group since 31 December 2016 (being the date to which the latest published audited financial statements of the Group were made up).

### **4. WORKING CAPITAL**

The Directors are of the opinion that, after taking into account the effects of the Completion and the financial resources available to the Group, the Group has sufficient working capital to satisfy its requirements and for at least the next 12 months from the date of publication of this circular in the absence of unforeseen circumstances.

### **5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP**

Latest official statistics show that the PRC's real estate market has started to slow down in the past few months due to the austerity measures. Nevertheless, the real estate industry is still an important pillar industry in the PRC, in view of continuous economic growth, relatively low urbanisation level, migration of growing population into the big cities and continuously increasing per capital disposable income.

The Group will cope with the market changes on a timely basis and adopt flexible strategies to develop progressively and steadily by closely monitoring the economic development. The Group will continue to uphold the philosophy of prudent development, adopt a strategy of diversified development to drive a steady growth of all its business segments. The Group will continue to expand the property development business and accelerate its development in business segments such as property management, hotel operations, property investment and environmental protection. More profit centres will be created. While steadily expanding its businesses, the Group will strive to maintain robust cash flows and a reasonable profit margin.

A premium land bank is the cornerstone of the property development business. The Group will adopt an active but prudent strategy in land acquisition, with priority given to opportunities in cities where existing projects with a competitive edge are located, as well as first — tier and second — tier cities with substantial growth potential.

Upon Completion, the Company will hold 100% interest in the land bank currently owned by Crown Golden Group. The increase in quality land reserves is vital for the Group's long-term development as the Directors believe that the demand for high quality properties in Hainan Province will continue to increase in the future as a result of the continuously improving economic environment in the PRC. The Repurchase could potentially enhance the financial results of the Group.

The following is an illustrative and unaudited pro forma statement of assets and liabilities of the Group including Crown Golden Investments Limited (“**Crown Golden**”) (collectively referred to as the “**Enlarged Group**”) as at 31 December 2016 (the “**Unaudited Pro Forma Financial Information**”) which has been prepared in accordance with paragraph 4.29 of the Listing Rules. The Unaudited Pro Forma Financial Information has been prepared based on the basis of the notes set out below, which is consistent with the accounting policies of the Group, for the purpose of illustrating the effect of the proposed repurchase of 30% equity interests of Crown Golden (the “**Transaction**”), as if the Transaction had been taken place on 31 December 2016.

This Unaudited Pro Forma Financial Information has been prepared based on the audited consolidated balance sheet of the Company as at 31 December 2016 as set out in the Company’s published annual report for the year ended 31 December 2016. Since the Company indirectly owned 70% equity interests in Crown Golden before the Transaction, the Company will indirectly own 100% equity interest in Crown Golden upon the completion of the Transaction. The difference between the consideration and the carrying amount of the 30% equity interests will be debited to other reserve.

This Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group had the Transaction been completed as at 31 December 2016 or at any future date.

The Unaudited Pro Forma Financial Information should be read in conjunction with other financial information included elsewhere in this circular.

UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE  
ENLARGED GROUP AS AT 31 DECEMBER 2016

	Audited consolidated statement of assets and liabilities of the Group as at 31 December 2016 <i>(Note 1)</i> RMB'000	Pro forma adjustment <i>(Note 2)</i> RMB'000	Pro forma adjustment <i>(Note 3)</i> RMB'000	Unaudited pro forma statement of assets and liabilities of the Enlarged Group as at 31 December 2016 RMB'000
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	7,309,147			7,309,147
Land use rights	2,029,966			2,029,966
Intangible assets	55,357			55,357
Investment properties	6,326,943			6,326,943
Properties under development	9,510,651			9,510,651
Interests in associates	114,461			114,461
Interests in joint ventures	4,624,663			4,624,663
Available-for-sale financial assets	277,500			277,500
Derivative financial instruments	254,497			254,497
Receivables from the associates and joint ventures	4,383,129			4,383,129
Deferred income tax assets	699,275			699,275
	----- 35,585,589	-----	-----	----- 35,585,589
<b>Current assets</b>				
Properties under development	36,706,691			36,706,691
Completed properties held for sale	13,976,133			13,976,133
Prepayments for acquisition of land use rights	9,614,483			9,614,483
Trade and other receivables	11,462,643			11,462,643
Prepaid income taxes	1,760,871			1,760,871
Derivative financial instruments	307,870			307,870
Restricted cash	9,878,734			9,878,734
Cash and cash equivalents	12,431,884	(6,243,300)		6,188,584
	----- 96,139,309	----- (6,243,300)	-----	----- 89,896,009
<b>Total assets</b>	<u>131,724,898</u>	<u>(6,243,300)</u>	<u>-----</u>	<u>125,481,598</u>

	Audited consolidated statement of assets and liabilities of the Group as at 31 December 2016 <i>(Note 1)</i> RMB'000	Pro forma adjustment <i>(Note 2)</i> RMB'000	Pro forma adjustment <i>(Note 3)</i> RMB'000	Unaudited pro forma statement of assets and liabilities of the Enlarged Group as at 31 December 2016 RMB'000
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Borrowings	31,180,908			31,180,908
Deferred income tax liabilities	1,137,167			1,137,167
	----- 32,318,075	-----	-----	----- 32,318,075
<b>Current liabilities</b>				
Borrowings	12,815,016			12,815,016
Trade and other payables	21,101,960		3,000	21,104,960
Advanced proceeds received from customers	10,617,432			10,617,432
Current income tax liabilities	10,717,185			10,717,185
	----- 55,251,593	-----	3,000	----- 55,254,593
<b>Total liabilities</b>	<u>87,569,668</u>	<u>-----</u>	<u>3,000</u>	<u>87,572,668</u>

**NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE  
ENLARGED GROUP:**

1. The amounts are extracted from the audited consolidated balance sheet of the Company as at 31 December 2016 as set out in the Company's published annual report for the year ended 31 December 2016.
2. Before the Transaction, the Company indirectly owned 70% equity interests in Crown Golden. Thus, the accounts of Crown Golden Group were consolidated by the Company and the remaining 30% equity interests held by Crystal I Limited were recorded as non-controlling interests. Upon the completion of the Transaction, the Company will indirectly own 100% equity interests in Crown Golden. The difference of approximately RMB4,180 million between the Consideration of US\$900 million (equivalent to approximately RMB6,243 million) and the carrying amount of the 30% equity interests will be debited to other reserves.

For the purpose of preparing the Unaudited Pro Forma Financial Information, it is assumed that the Consideration will be paid by cash and a deduction of RMB6,243 million in cash and cash equivalents will be recognised to reflect the payment of the Consideration.

3. The pro forma adjustment represents the estimated amounts for professional fees and other expenses payable by the Group for the Transaction.
4. Save as aforesaid, no other adjustments have been made to reflect any trading results or other transactions of the Group or Crown Golden Group entered into subsequent to 31 December 2016.

*The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.*



羅兵咸永道

## INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Agile Group Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Agile Group Holdings Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of assets and liabilities as at 31 December 2016 and related notes (the “**Unaudited Pro Forma Financial Information**”) as set out on pages II-2 to II-4 of the Company’s circular dated 26 June 2017, in connection with the proposed repurchase of the relevant equity interests of Crown Golden Investments Limited (the “**Transaction**”). The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-4.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the Transaction on the Group’s financial position as at 31 December 2016 as if the Transaction had taken place at 31 December 2016. As part of this process, information about the Group’s financial position has been extracted by the directors from the Group’s financial statements for the year ended 31 December 2016, on which an audit report has been published.

### **Directors’ Responsibility for the Unaudited Pro Forma Financial Information**

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

**Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the Code of Ethics for *Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting Accountant's Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Transaction at 31 December 2016 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the

directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

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

### **Opinion**

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, 26 June 2017

*The following is the text of a letter, summary of values and valuation certificates prepared for the purpose of incorporation in this circular received from Savills Valuation and Professional Services Limited, an independent valuer, in connection with their opinion of values of the properties as at 30 April 2017.*

The Directors  
Agile Group Holdings Limited  
18th Floor  
Three Pacific Place  
1 Queen's Road East  
Hong Kong



Savills Valuation and  
Professional Services Limited  
23/F Two Exchange Square  
Central, Hong Kong

T: (852) 2801 6100  
F: (852) 2530 0756

EA Licence: C-023750  
savills.com

26 June 2017

Dear Sirs,

**Re: Hainan Clearwater Bay located at Lingshui Li Minority Autonomous County, Hainan Province, the People's Republic of China**

#### **INSTRUCTIONS**

In accordance with the instructions from Agile Group Holdings Limited (the "**Company**") for us to value the properties (the "**Properties**") situated in the People's Republic of China (the "**PRC**") which is held by Crown Golden Investments Limited ("**Crown Golden**"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the Properties as at 30 April 2017 (the "**valuation date**") for inclusion in a circular.

#### **BASIS OF VALUATION**

Our valuation is our opinion of the market value of the property concerned which we would define as intended to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

Our valuation is prepared in compliance with the requirements set out in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and in accordance with The HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors.

### **VALUATION METHODOLOGY**

In valuing the property in Group I, which is held for sale or owner occupation, we have valued the property by the direct comparison approach by making reference to comparable sales transactions as available in the market assuming sale with the benefit of vacant possession.

In valuing the property in Group II, which is held under development, we have valued the property on the basis that it will be developed and completed in accordance with the latest development proposal provided to us. We have assumed that all consents, approvals and licenses from relevant government authorities for the development proposal have been obtained without onerous conditions or delays. In arriving at our opinion of value, we have adopted the direct comparison approach by making reference to comparable sales transactions as available in the market and have also taken into account the cost that will be expended to complete the development to reflect the quality of the completed development.

In valuing the property in Group III, which is held for future development, we have valued the property by the direct comparison approach by making reference to the comparable market transactions as available in the market.

### **TITLE INVESTIGATION**

We have been provided with copies of extracts of title documents relating to the Properties. However, we have not searched the original documents to verify ownership or to ascertain the existence of any amendments which may not appear on the copies provided to us. In the course of our valuation, we have relied to a very considerable extent on the information given by the Company and the legal opinion issued by the PRC's legal adviser to the Company, Jingtian & Gongcheng Attorneys at Law (北京市競天公誠律師事務所), regarding the titles to the Properties. As advised by the Company, there is no breach of environmental regulations and investigations against the Properties.

### **SOURCES OF INFORMATION**

In the course of our valuation, we have relied to a very considerable extent on information given by the Company and accepted advice given to us on such matters as planning approvals, statutory notices, easements, tenure, particulars of occupancy, development proposals, total and outstanding construction costs, estimated completion dates, site and floor areas, transaction records, sale prices, sales and purchase agreements and all other relevant matters. Dimensions, measurements and areas included in the valuation certificate are based on the information provided to us and are therefore only approximations. No on-site measurements have been taken. We have no reason to doubt the truth and accuracy of the information provided to us by the Company, which is material to

our valuation. We have also sought confirmation from the Company that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view.

### **VALUATION ASSUMPTIONS**

In the course of our valuation, unless otherwise stated, we have assumed that transferable land use rights in respect of the Properties for their respective specific terms at nominal annual land use fees have been granted and that any land grant premium payable has already been fully paid. We have also assumed that, unless otherwise stated, the owner of the Properties has proper legal titles to each of the Properties and has free and uninterrupted rights to use, occupy, lease or assign the Properties for the whole of the respective unexpired terms as granted.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on any property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

### **SITE INSPECTION**

We have inspected the exterior and, wherever possible, the interior of the Properties. Site inspections of the Properties were carried out in June 2017 by our Mr. Eric Wong and Ms. Josephine Yue. Mr. Eric Wong is a professional member of the Royal Institution of Chartered Surveyors. During the course of our inspections, we did not note any serious defects. However, no structural survey has been made and we are therefore unable to report that the Properties are free from rot, infestation and any other defects. No tests were carried out on any of the services. We have also not carried out investigations on site to determine the suitability of the ground conditions and the services for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period.

### **CURRENCY**

Unless otherwise stated, all money amounts stated are in Renminbi (“RMB”).

We enclose herewith our summary of values and valuation certificates.

Yours faithfully,  
For and on behalf of  
**Savills Valuation and Professional Services Limited**  
**Anthony C K Lau**  
*MRICS MHKIS RPS(GP)*  
*Director*

*Note:* Mr. Anthony C.K. Lau is a professional surveyor who has over 24 years’ experience in valuation of properties in Hong Kong and the PRC.

## SUMMARY OF VALUES

No.	Property	Market value in existing state as at 30 April 2017 (RMB)
<b>Group I — Property held for sale or owner occupation in the PRC</b>		
1.	Portion of land lot Nos. A01-1, A01-3, A03, A04-4, A04-5, A04-6, A04-7, A04-10, A05-1, A05-2, A05-3, A05-4, A06-1, A06-4, A08, A09-1, A09-2, A10-1, A11-2, A13-1, A16-1, A16-3, A26, A30, B02-1 and B07-1, Hainan Clearwater Bay, Lingshui Li Minority Autonomous County, Hainan Province, PRC	4,243,000,000
<b>Group I Sub-total:</b>		<b><u>4,243,000,000</u></b>
<b>Group II — Property held under development in the PRC</b>		
2.	Portion of land lot Nos. A01-1, A01-3, A06-1, A06-4, A07, A09-3, A10-2, A11-1, A11-2, A13-1, B01-2, B02-2, B04-1, B05-1, B07-1, B10, B11-1 and B11-2, Hainan Clearwater Bay, Lingshui Li Minority Autonomous County, Hainan Province, PRC	15,210,000,000
<b>Group II Sub-total:</b>		<b><u>15,210,000,000</u></b>
<b>Group III — Property held for future development in the PRC</b>		
3.	Portion of land lot Nos. A01-4, A03-1, A04-2, A04-3, A04-11, A06-1, A06-4, A06-2, A06-3, A10-1, A12-1, A13-1, A13-2, A15-1, A15-2, A16-2, A16-3, B01-1, B02-2, B04-1, B05-1, B06-1, B06-4, B07-1, B09, B11-1, B11-2 and B11-3, Hainan Clearwater Bay, Lingshui Li Minority Autonomous County, Hainan Province, PRC	4,736,000,000
<b>Group III Sub-total:</b>		<b><u>4,736,000,000</u></b>
<b>Grand Total:</b>		<b><u><u>24,189,000,000</u></u></b>

## VALUATION CERTIFICATE

## Group I — Property held for sale or owner occupation in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2017
1.	Portion of land lot Nos. A01-1, A01-3, A03, A04-4, A04-5, A04-6, A04-7, A04-10, A05-1, A05-2, A05-3, A05-4, A06-1, A06-4, A08, A09-1, A09-2, A10-1, A11-2, A13-1, A16-1, A16-3, A26, A30, B02-1 and B07-1, Hainan Clearwater Bay, Lingshui Li Minority Autonomous County, Hainan Province, PRC	Hainan Agile Clearwater Bay (the “Development”) occupies several parcels of land with a total site area of approximately 9,796,114.30 sq.m. and will comprise a large-scale mixed residential and commercial development upon full completion.  The Development is located at the northern side of Jiusuoling Forest Park, southern side of Lingshui Bay, western side of Yingzhou Town and the eastern side of Xincun Town. Developments in the vicinity are dominated by low-rise and medium-rise residential developments. It takes about a 40-minute drive to the Sanya Phoenix International Airport from the Development.	As at the valuation date, the property was vacant.	RMB4,243,000,000 (Renminbi Four Billion Two Hundred Forty Three Million)

The property comprises various residential and retail units, hotels and ancillary facilities of the Development with a total gross floor area of approximately 324,867.24 sq.m.. Details of the uses and approximate gross floor areas of the property are as follows:

Use	Approximate Gross Floor Area (sq.m.)
Villa	33,265.85
Apartment	40,789.49
Retail	21,148.64
Hotel	157,763.00
Ancillary Facilities	<u>71,900.26</u>
<b>Total:</b>	<b><u>324,867.24</u></b>

As advised by the Company, the property was completed in between 2009 and 2016.

The land use rights of the Development have been granted for terms with the expiry dates between May 2047 and 26 September 2085 for commercial, residential, hotel and public facilities uses.

*Notes:*

1. Pursuant to 13 State-owned Land Use Rights Grant Contracts dated between 9 June 2013 and 26 September 2016, the land use rights of various parcels of land with a total site area of approximately 691,701.50 sq.m. have been granted to Hainan Agile Real Estate Development Co., Ltd. (“海南雅居樂房地產開發有限公司”) (“**Hainan Agile**”), a 70%-owned subsidiary of the Company, for terms with the expiry dates between 2 November 2063 and 26 September 2085 for commercial, residential, hotel and public facilities uses at a total land grant fee of RMB930,346,751.

Pursuant to two State-owned Land Use Rights Grant Contracts dated between 15 May 2013 and 26 September 2015, the land use rights of various parcels of land with a total site area of approximately 30,418.30 sq.m. have been granted to Hainan Yaheng Real Estate Development Co., Ltd. (“海南雅恒房地產發展有限公司”) (“**Hainan Yaheng**”), a 70%-owned subsidiary of the Company, for terms with the expiry dates between 15 September 2063 and 26 September 2085 for commercial, residential and public facilities uses at a total land grant fee of RMB14,109,708.

As advised by the Company, the land parcels as stated in the State-owned Land Use Rights Grant Contracts mentioned above only comprise portion of the Development.

2. Pursuant to 37 State-owned Land Use Rights Certificates dated between 9 June 2007 and 14 March 2016, the land use rights of various parcels of land with a total site area of approximately 9,796,114.30 sq.m. have been granted to Hainan Agile and Hainan Yaheng for terms with the expiry dates between May 2047 and 26 September 2085 for commercial, residential, hotel and public facilities uses.

As advised by the Company, the land parcels as stated in the State-owned Land Use Rights Certificates mentioned above only comprise portion of the Development.

3. Pursuant to 53 Construction Land Planning Permits dated between 26 April 2007 and 21 April 2017, Hainan Agile and Hainan Yaheng were permitted to use various parcels of land with a total site area of approximately 9,961,469.76 sq.m. for development.

As advised by the Company, the land parcels as stated in the Construction Land Planning Permits mentioned above only comprise portion of the Development.

4. Pursuant to 31 Construction Works Planning Permits dated between 26 May 2008 and 29 December 2016, the approved construction scale of various buildings is approximately 6,826,840.77 sq.m..

As advised by the Company, the property only comprises portion of the buildings as stated in the Construction Works Planning Permits mentioned above.

5. Pursuant to 195 Construction Works Commencement Permits dated between 28 January 2008 and 26 April 2017, the construction works of various buildings with a total construction scale of approximately 6,416,852.86 sq.m. were permitted for commencement.

As advised by the Company, the property only comprises portion of the buildings as stated in the Construction Works Commencement Permits mentioned above.

6. Pursuant to 159 Completion Certificates dated between 5 March 2009 and 30 December 2016, the construction works of the various buildings have been examined and such examination was recorded.

As advised by the Company, the property only comprises portion of the buildings as stated in the Completion Certificates mentioned above.

7. Pursuant to 73 Pre-sale Permits dated between 18 November 2008 and 28 April 2017, various buildings with a total gross floor area of approximately 3,268,162.18 sq.m. were permitted for pre-sale.

As advised by the Company, the buildings as stated in the Pre-sale Permits mentioned above only comprise portion of the property.

8. Pursuant to 135 Building Ownership Certificates, the building ownership of the property with a total gross floor area of 2,117,874.25 sq.m. is vested in Hainan Agile and Hainan Yaheng.

As advised by the Company, the buildings as stated in the Building Ownership Certificates mentioned above only comprise portion of the property.

9. As advised by the Company, portion of the property with a total gross floor area of approximately 6,372.57 sq.m. has been contracted for sale under various sale and purchase agreements at a total consideration of approximately RMB196,500,000 which has not been delivered to the buyers. We have taken into account the aforesaid amount in our valuation.

10. We have been provided with a legal opinion on the title to the property issued by the Company's PRC legal adviser, which contains, *inter alia*, the following information:

- i. Hainan Agile and Hainan Yaheng have legally obtained the land use rights and building ownership of the property and are entitled to occupy, use, lease, transfer, mortgage or by other legal means dispose of the property within the residual term of its land use rights according to the PRC laws;
- ii. as the land use rights grant contracts have been signed and the land grant fee together with other relevant taxes have been fully paid, there is no substantial legal impediment for Hainan Agile to obtain the land use rights of land lot No. A16-3 of the property;
- iii. as confirmed by the Company, Hainan Agile and Hainan Yaheng have obtained the necessary permits, approvals and certificates for the construction of the property;
- iv. as confirmed by the Company, Hainan Agile and Hainan Yaheng have obtained the pre-sale permits for portion of the property and are entitled to pre-sell such portion of the property;
- v. as confirmed by the Company, the property is subject to various mortgages; and
- vi. in respect of the mortgages, prior approval from the mortgagee has to be obtained within the mortgage period before Hainan Agile and Hainan Yaheng can transfer, let, mortgage or by other legal means to dispose of the property.

## VALUATION CERTIFICATE

## Group II — Property held under development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2017
2.	Portion of land lot Nos. A01-1, A01-3, A06-1, A06-4, A07, A09-3, A10-2, A11-1, A11-2, A13-1, B01-2, B02-2, B04-1, B05-1, B07-1, B10, B11-1 and B11-2, Hainan Clearwater Bay, Lingshui Li Minority Autonomous County, Hainan Province, PRC	Hainan Agile Clearwater Bay (the “Development”) occupies several parcels of land with a total site area of approximately 9,796,114.30 sq.m. and will comprise a large-scale mixed residential and commercial development upon full completion.  The Development is located at the northern side of Jiusuoling Forest Park, southern side of Lingshui Bay, western side of Yingzhou Town and the eastern side of Xincun Town. Developments in the vicinity are dominated by low-rise and medium-rise residential developments. It takes about a 40-minute drive to the Sanya Phoenix International Airport from the Development.	As at the valuation date, the property was under construction.	RMB15,210,000,000 (Renminbi Fifteen Billion Two Hundred Ten Million)

According to the latest development proposal provided by the Company, the property will have a total gross floor area of approximately 2,624,005.08 sq.m. upon completion. Details of the uses and approximate gross floor areas of the property are as follows:

Use	Approximate Gross Floor Area (sq.m.)
Villa	350,788.02
Apartment	1,799,720.63
Retail	2,793.25
Hotel	452,836.82
Ancillary Facilities	<u>17,866.36</u>
<b>Total:</b>	<b><u>2,624,005.08</u></b>

As advised by the Company, the property is scheduled for completion in between 2nd quarter of 2017 and 2nd quarter of 2019.

The land use rights of the property have been granted for terms with the expiry dates between May 2017 and 26 September 2085 for commercial, residential, hotel and public facilities uses.

*Notes:*

1. Pursuant to 13 State-owned Land Use Rights Grant Contracts dated between 9 June 2013 and 26 September 2016, the land use rights of various parcels of land with a total site area of approximately 691,701.50 sq.m. have been granted to Hainan Agile Real Estate Development Co., Ltd. (“海南雅居樂房地產開發有限公司”) (“**Hainan Agile**”), a 70%-owned subsidiary of the Company, for terms with the expiry dates between 2 November 2063 and 26 September 2085 for commercial, residential, hotel and public facilities uses at a total land grant fee of RMB930,346,751.

Pursuant to two State-owned Land Use Rights Grant Contracts dated between 15 May 2013 and 26 September 2015, the land use rights of various parcels of land with a total site area of approximately 30,418.30 sq.m. have been granted to Hainan Yaheng Real Estate Development Co., Ltd. (“海南雅恒房地產發展有限公司”) (“**Hainan Yaheng**”), a 70%-owned subsidiary of the Company, for terms with the expiry dates between 15 September 2063 and 26 September 2085 for commercial, residential and public facilities uses at a total land grant fee of RMB14,109,708.

As advised by the Company, the land parcels as stated in the State-owned Land Use Rights Grant Contracts mentioned above only comprise portion of the Development.

2. Pursuant to 37 State-owned Land Use Rights Certificates dated between 9 June 2007 and 14 March 2016, the land use rights of various parcels of land with a total site area of approximately 9,796,114.30 sq.m. have been granted to Hainan Agile and Hainan Yaheng for terms with the expiry dates between May 2047 and 26 September 2085 for commercial, residential, hotel and public facilities uses.

As advised by the Company, the land parcels as stated in the State-owned Land Use Rights Certificates mentioned above only comprise portion of the Development.

3. Pursuant to 53 Construction Land Planning Permits dated between 26 April 2007 and 21 April 2017, Hainan Agile and Hainan Yaheng were permitted to use various parcels of land with a total site area of approximately 9,961,469.76 sq.m. for development.

As advised by the Company, the land parcels as stated in the Construction Land Planning Permits mentioned above only comprise portion of the Development.

4. Pursuant to 31 Construction Works Planning Permits dated between 26 May 2008 and 29 December 2016, the approved construction scale of various buildings is approximately 6,826,840.77 sq.m..

As advised by the Company, the property only comprises portion of the buildings as stated in the Construction Works Planning Permits mentioned above.

5. Pursuant to 195 Construction Works Commencement Permits dated between 28 January 2008 and 26 April 2017, the construction works of various buildings with a total construction scale of approximately 6,416,852.86 sq.m. were permitted for commencement.

As advised by the Company, the Property comprises portion of the buildings as stated in the Construction Works Commencement Permits mentioned above.

6. Pursuant to 73 Pre-sale Permits dated between 18 November 2008 and 28 April 2017, various buildings with a total gross floor area of approximately 3,268,162.18 sq.m. were permitted for pre-sale.

As advised by the Company, the buildings as stated in the Pre-sale Permits mentioned above only comprise portion of the property.

7. As advised by the Company, the total construction cost expended for the property as at the valuation date was approximately RMB2,925,500,000 and the estimated outstanding construction cost to be expended as at the valuation date would be approximately RMB16,125,800,000. We have taken into account the said amounts in our valuation.
8. As advised by the Company, portion of the property with a total gross floor area of approximately 269,706.20 sq.m. has been contracted for sale under various sale and purchase agreements at a total consideration of approximately RMB5,913,700,000 which has not been delivered to the buyers. We have taken into account the aforesaid amount in our valuation.
9. The market value of the property as if completed as at the valuation date is in the sum of RMB41,009,800,000.
10. We have been provided with a legal opinion on the title to the property issued by the Company's PRC legal adviser, which contains, *inter alia*, the following information:
  - i. Hainan Agile and Hainan Yaheng have legally obtained the land use rights and building ownership of the property and are entitled to occupy, use, lease, transfer, mortgage or by other legal means dispose of the property within the residual term of its land use rights according to the PRC laws;
  - ii. as confirmed by the Company, Hainan Agile and Hainan Yaheng have obtained the necessary permits, approvals and certificates for the construction of the property;
  - iii. as confirmed by the Company, Hainan Agile and Hainan Yaheng have obtained the pre-sale permits for portion of the property and are entitled to pre-sell such portion of the property;
  - iv. as confirmed by the Company, the property is subject to various mortgages; and
  - v. in respect of the mortgages, prior approval from the mortgagee has to be obtained within the mortgage period before Hainan Agile and Hainan Yaheng can transfer, let, mortgage or by other legal means to dispose of the property.

## VALUATION CERTIFICATE

## Group III — Property held for future development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2017
3.	Portion of land lot Nos. A01-4, A03-1, A04-2, A04-3, A04-11, A06-1, A06-4, A06-2, A06-3, A10-1, A12-1, A13-1, A13-2, A15-1, A15-2, A16-2, A16-3, B01-1, B02-2, B04-1, B05-1, B06-1, B06-4, B07-1, B09, B11-1, B11-2 and B11-3, Hainan Clearwater Bay, Lingshui Li Minority Autonomous County, Hainan Province, PRC	Hainan Agile Clearwater Bay (the “Development”) occupies several parcels of land with a total site area of approximately 9,796,114.30 sq.m. and will comprise a large-scale mixed residential and commercial development upon full completion.  The Development is located at the northern side of Jiusuoling Forest Park, southern side of Lingshui Bay, western side of Yingzhou Town and the eastern side of Xincun Town. Developments in the vicinity are dominated by low-rise and medium-rise residential developments. It takes about a 40-minute drive to the Sanya Phoenix International Airport from the Development.	As at the valuation date, the property was bare land.	RMB4,736,000,000 (Renminbi Four Billion Seven Hundred Thirty Six Million)
		According to the latest development proposal provided by the Company, the property will have a total planned gross floor area of approximately 2,153,105.40 sq.m..		
		The land use rights of the Development have been granted for terms with expiry dates between May 2017 and 26 September 2085 for commercial, residential, hotel and public facilities uses.		

*Notes:*

- Pursuant to 13 State-owned Land Use Rights Grant Contracts dated between 9 June 2013 and 26 September 2016, the land use rights of various parcels of land with a total site area of approximately 691,701.50 sq.m. have been granted to Hainan Agile Real Estate Development Co., Ltd. (“海南雅居樂房地產開發有限公司”) (“Hainan Agile”), a 70%-owned subsidiary of the Company, for terms with the expiry dates between 2 November 2063 and 26 September 2085 for commercial, residential, hotel and public facilities uses at a total land grant fee of RMB930,346,751.

Pursuant to two State-owned Land Use Rights Grant Contracts dated between 15 May 2013 and 26 September 2015, the land use rights of various parcels of land with a total site area of approximately 30,418.30 sq.m. have been granted to Hainan Yaheng Real Estate Development Co., Ltd. (“海南雅恒房地產發展有限公司”) (“Hainan Yaheng”), a 70%-owned subsidiary of the Company, for terms with the expiry dates between 15 September 2063 and 26 September 2085 for commercial, residential and public facilities uses at a total land grant fee of RMB14,109,708.

As advised by the Company, the land parcels as stated in the State-owned Land Use Rights Grant Contracts mentioned above only comprise portion of the Development.

2. Pursuant to 37 State-owned Land Use Rights Certificates dated between 9 June 2007 and 14 March 2016, the land use rights of various parcels of land with a total site area of approximately 9,796,114.30 sq.m. have been granted to Hainan Agile and Hainan Yaheng for terms with the expiry dates between May 2047 and 26 September 2085 for commercial, residential, hotel and public facilities uses.

As advised by the Company, the land parcels as stated in the State-owned Land Use Rights Certificates mentioned above only comprise portion of the Development.

3. Pursuant to 53 Construction Land Planning Permits dated between 26 April 2007 and 21 April 2017, Hainan Agile and Hainan Yaheng were permitted to use various parcels of land with a total site area of approximately 9,961,469.76 sq.m. for development.

As advised by the Company, the land parcels as stated in the Construction Land Planning Permits mentioned above only comprise portion of the Development.

4. Pursuant to 31 Construction Works Planning Permits dated between 26 May 2008 and 29 December 2016, the approved construction scale of various buildings is approximately 6,826,840.77 sq.m..

As advised by the Company, the property only comprises portion of the buildings as stated in the Construction Works Planning Permits mentioned above.

5. We have been provided with a legal opinion on the title to the property issued by the Company's PRC legal adviser, which contains, *inter alia*, the following information:

- i. Hainan Agile and Hainan Yaheng have legally obtained the land use rights and building ownership of the property and are entitled to occupy, use, lease, transfer, mortgage or by other legal means dispose of the property within the residual term of its land use rights according to the PRC laws;
- ii. as the land use rights grant contracts have been signed and the land grant fee together with other relevant taxes have been fully paid, there is no substantial legal impediment for Hainan Yaheng to obtain the land use rights of land lot No. A15-2 of the property;
- iii. as confirmed by the Company, there is the risk that Hainan Agile and Hainan Yaheng will be subject to idle land fees and/or forfeiture of land for the delay in commencement of construction works of land lot Nos. A01-4, A04-3, A04-11, A15-2 and B06-4 of the property;
- iv. as confirmed by the Company, Hainan Agile and Hainan Yaheng have obtained the necessary permits, approvals and certificates for the construction of the property;
- v. as confirmed by the Company, Hainan Agile and Hainan Yaheng have obtained the pre-sale permits for portion of the property and are entitled to pre-sell such portion of the property;
- vi. as confirmed by the Company, the property is subject to various mortgages; and
- vii. in respect of the mortgages, prior approval from the mortgagee has to be obtained within the mortgage period before Hainan Agile and Hainan Yaheng can transfer, let, mortgage or by other legal means to dispose of the property.

*The following is the text of a report, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.*



羅兵咸永道

## ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF AGILE GROUP HOLDINGS LIMITED

### Introduction

We report on the historical financial information of Crown Golden Investments Limited (“**Crown Golden**”) and its subsidiaries (together, “**Crown Golden Group**”) set out on pages IV-4 to IV-61, which comprises the consolidated and company balance sheets as at 31 December 2014, 2015 and 2016, the consolidated income statements, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years then ended (the “**Track Record Period**”) and a summary of significant accounting policies and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages IV-4 to IV-61 forms an integral part of this report, which has been prepared for inclusion in the circular of Agile Group Holdings Limited (the “**Company**”) dated 26 June 2017 (the “**Circular**”) in connection with the proposed repurchase of the 30% equity interest in Crown Golden.

### Directors' responsibility for the Historical Financial Information

The directors of Crown Golden are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The financial statements of Crown Golden Group for the Track Record Period (the “**Underlying Financial Statements**”), on which the Historical Financial Information is based, were prepared by the directors of Crown Golden based on the previously issued financial statements of Crown Golden Group for the Track Record Period. The directors of Crown Golden are responsible for the preparation of the previously issued financial statements of Crown Golden Group that gives a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Reporting accountant’s responsibility**

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants’ Reports on Historical Financial Information in Investment Circulars* issued by the HKICPA. This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant’s judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity’s preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Note 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

### **Opinion**

In our opinion the Historical Financial Information gives, for the purposes of the accountant’s report, a true and fair view of the financial position of Crown Golden and the consolidated financial position of Crown Golden Group as at 31 December 2014, 2015 and 2016 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of presentation and preparation set out in Note 2.1 to the Historical Financial Information.

**REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF  
SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED****Adjustments**

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements have been made.

**PricewaterhouseCoopers**  
*Certified Public Accountants*  
Hong Kong

26 June 2017

**I. HISTORICAL FINANCIAL INFORMATION OF CROWN GOLDEN GROUP**

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The Underlying Financial Statements, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Historical Financial Information is presented in RMB and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

**Consolidated balance sheets**

		<b>As at 31 December</b>		
		<b>2016</b>	<b>2015</b>	<b>2014</b>
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	6	2,908,698	2,015,755	2,343,271
Land use rights	7	313,951	172,599	194,954
Intangible assets	8	4,848	5,777	6,843
Investment properties	9	141,200	204,160	271,100
Properties under development	11	1,145,865	1,974,127	2,467,020
Deferred income tax assets	20	<u>3,081</u>	<u>3,081</u>	<u>5,646</u>
		<u>4,517,643</u>	<u>4,375,499</u>	<u>5,288,834</u>
<b>Current assets</b>				
Properties under development	11	1,967,136	4,335,242	3,355,637
Completed properties held for sale	12	770,921	1,829,796	1,394,486
Prepayments for acquisition of land use rights	13	31,489	—	—
Trade and other receivables	14	8,655,891	9,085,888	11,894,432
Prepaid income taxes		1,074,162	1,050,769	548,598
Restricted cash	15	970,010	171,301	228,811
Cash and cash equivalents	16	<u>2,826,699</u>	<u>2,402,361</u>	<u>2,203,236</u>
		<u>16,296,308</u>	<u>18,875,357</u>	<u>19,625,200</u>
<b>Total assets</b>		<u><u>20,813,951</u></u>	<u><u>23,250,856</u></u>	<u><u>24,914,034</u></u>

		As at 31 December		
	Note	2016 RMB'000	2015 RMB'000	2014 RMB'000
<b>Equity</b>				
<b>Capital and reserves attributable to the shareholders of Crown Golden</b>				
Share capital and premium	17	2,599,611	2,927,361	2,927,361
Other reserves	18	767,184	766,542	635,084
Retained earnings		<u>3,509,821</u>	<u>3,113,406</u>	<u>3,463,338</u>
<b>Total equity</b>		<u>6,876,616</u>	<u>6,807,309</u>	<u>7,025,783</u>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Borrowings	19	520,000	1,278,396	775,071
Deferred income tax liabilities	20	<u>32,020</u>	<u>42,603</u>	<u>54,071</u>
		<u>552,020</u>	<u>1,320,999</u>	<u>829,142</u>
<b>Current liabilities</b>				
Borrowings	19	369,999	725,200	671,577
Trade and other payables	21	8,858,047	8,569,789	9,072,371
Advanced proceeds received from customers		603,793	739,689	1,396,096
Current income tax liabilities		<u>3,553,476</u>	<u>5,087,870</u>	<u>5,919,065</u>
		<u>13,385,315</u>	<u>15,122,548</u>	<u>17,059,109</u>
<b>Total liabilities</b>		<u>13,937,335</u>	<u>16,443,547</u>	<u>17,888,251</u>
<b>Total equity and liabilities</b>		<u>20,813,951</u>	<u>23,250,856</u>	<u>24,914,034</u>

**Balance sheets**

	<i>Note</i>	<b>As at 31 December</b>		
		<b>2016</b>	<b>2015</b>	<b>2014</b>
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Assets</b>				
<b>Non-current assets</b>				
Investments in subsidiaries	36	<u>—</u>	<u>—</u>	<u>—</u>
<b>Current assets</b>				
Amounts due from subsidiaries		5,055,056	4,805,381	6,233,818
Amounts due from related parties		1,986,183	1,879,245	1,787,670
Cash and cash equivalents		<u>264</u>	<u>247</u>	<u>233</u>
		<u>7,041,503</u>	<u>6,684,873</u>	<u>8,021,721</u>
<b>Total assets</b>		<u><u>7,041,503</u></u>	<u><u>6,684,873</u></u>	<u><u>8,021,721</u></u>
<b>Equity</b>				
<b>Capital and reserve attributable to shareholders of Crown Golden</b>				
Share capital and premium		2,599,611	2,927,361	2,927,361
Retained earnings		<u>174,721</u>	<u>75,238</u>	<u>17,110</u>
<b>Total equity</b>		<u><u>2,774,332</u></u>	<u><u>3,002,599</u></u>	<u><u>2,944,471</u></u>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Amounts due to subsidiaries		1,411,993	1,176,659	1,524,577
Amount due to a related party		<u>2,855,178</u>	<u>2,505,615</u>	<u>3,552,673</u>
		<u>4,267,171</u>	<u>3,682,274</u>	<u>5,077,250</u>
<b>Total liabilities</b>		<u><u>4,267,171</u></u>	<u><u>3,682,274</u></u>	<u><u>5,077,250</u></u>
<b>Total equity and liabilities</b>		<u><u>7,041,503</u></u>	<u><u>6,684,873</u></u>	<u><u>8,021,721</u></u>

## Consolidated income statements

	Note	Year ended 31 December		
		2016 RMB'000	2015 RMB'000	2014 RMB'000
Revenue	5	8,211,458	6,960,619	6,326,282
Cost of sales		<u>(5,745,497)</u>	<u>(3,737,362)</u>	<u>(3,100,555)</u>
<b>Gross profit</b>		2,465,961	3,223,257	3,225,727
Selling and marketing costs		(656,280)	(320,797)	(420,353)
Administrative expenses		(258,905)	(266,644)	(235,279)
Fair value losses on investment properties		(2,439)	(21,940)	(25,854)
Other (losses)/gains, net	22	(303,663)	186,587	191
Other income	23	41,984	28,485	52,372
Other expenses	24	<u>(34,353)</u>	<u>(3,995)</u>	<u>(13,687)</u>
<b>Operating profit</b>		1,252,305	2,824,953	2,583,117
Finance costs, net	27	<u>(30,504)</u>	<u>(41,284)</u>	<u>(54,568)</u>
<b>Profit before income tax</b>		1,221,801	2,783,669	2,528,549
Income tax expenses	28	<u>(643,623)</u>	<u>(1,539,519)</u>	<u>(1,498,364)</u>
<b>Profit for the year</b>		<u>578,178</u>	<u>1,244,150</u>	<u>1,030,185</u>
<b>Profit attributable to:</b>				
Shareholders of Crown Golden		<u>578,178</u>	<u>1,244,150</u>	<u>1,030,185</u>

## Consolidated statements of comprehensive income

	Year ended 31 December		
	2016	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Profit for the year</b>	578,178	1,244,150	1,030,185
<b>Other comprehensive income for the year, net of tax</b>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Total comprehensive income for the year</b>	<u>578,178</u>	<u>1,244,150</u>	<u>1,030,185</u>
<b>Attributable to:</b>			
— Shareholders of Crown Golden	<u>578,178</u>	<u>1,244,150</u>	<u>1,030,185</u>

## Consolidated statements of changes in equity

	Attributable to shareholders of Crown Golden			Total
	Share capital and premium (note 17) RMB'000	Other reserves (note 18) RMB'000	Retained earnings RMB'000	
<b>Balance at 1 January 2014</b>	2,927,361	363,124	3,847,166	7,137,651
<b>Comprehensive income</b>				
Profit for the year	—	—	1,030,185	1,030,185
Total comprehensive income	—	—	1,030,185	1,030,185
<b>Total transactions with shareholders, recognised directly in equity</b>				
Transfer to statutory reserve and enterprise expansion funds	—	271,960	(271,960)	—
Dividends (note 29)	—	—	(1,142,053)	(1,142,053)
Total transactions with shareholders, recognised directly in equity	—	271,960	(1,414,013)	(1,142,053)
<b>Balance at 31 December 2014</b>	2,927,361	635,084	3,463,338	7,025,783
<b>Balance at 1 January 2015</b>	2,927,361	635,084	3,463,338	7,025,783
<b>Comprehensive income</b>				
Profit for the year	—	—	1,244,150	1,244,150
Total comprehensive income	—	—	1,244,150	1,244,150
<b>Total transactions with shareholders, recognised directly in equity</b>				
Transfer to statutory reserve and enterprise expansion funds	—	131,458	(131,458)	—
Dividends (note 29)	—	—	(1,462,624)	(1,462,624)
Total transactions with shareholders, recognised directly in equity	—	131,458	(1,594,082)	(1,462,624)
<b>Balance at 31 December 2015</b>	2,927,361	766,542	3,113,406	6,807,309
<b>Balance at 1 January 2016</b>	2,927,361	766,542	3,113,406	6,807,309
<b>Comprehensive income</b>				
Profit for the year	—	—	578,178	578,178
Total comprehensive income	—	—	578,178	578,178
<b>Total transactions with shareholders, recognised directly in equity</b>				
Transfer to statutory reserve and enterprise expansion funds	—	642	(642)	—
Dividends (note 29)	(327,750)	—	(181,121)	(508,871)
Total transactions with shareholders, recognised directly in equity	(327,750)	642	(181,763)	(508,871)
<b>Balance at 31 December 2016</b>	2,599,611	767,184	3,509,821	6,876,616

**Consolidated statements of cash flows**

	<i>Note</i>	<b>Year ended 31 December</b>		
		<b>2016</b>	<b>2015</b>	<b>2014</b>
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Cash flows from operating activities</b>				
Cash generated from operations	30	3,704,983	2,339,844	2,080,444
Interest paid		(88,357)	(119,369)	(100,410)
PRC income tax paid		<u>(2,211,993)</u>	<u>(2,881,788)</u>	<u>(1,571,572)</u>
Net cash generated from/(used in) operating activities		<u>1,404,633</u>	<u>(661,313)</u>	<u>408,462</u>
<b>Cash flows from investing activities</b>				
Prepayment of land use rights for development of own used properties		(50,992)	—	—
Purchases of property, plant and equipment		(27,423)	(96,388)	(333,742)
Purchases of intangible assets		(142)	(15)	(2,846)
Proceeds received from disposal of investment properties, property, plant and equipment and land use rights		19,329	338,841	124
Repayment of cash advances from related parties		377,734	3,146,322	5,186
Cash advances made to related parties		(428,243)	(195,619)	(909,806)
Interest received		<u>32,919</u>	<u>26,887</u>	<u>46,250</u>
Net cash (used in)/generated from investing activities		<u>(76,818)</u>	<u>3,220,028</u>	<u>(1,194,834)</u>

	<i>Note</i>	Year ended 31 December		
		2016 <i>RMB'000</i>	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
<b>Cash flows from financing activities</b>				
Net proceeds from bank and other borrowings		124,023	1,268,286	439,940
Repayment of bank borrowings		(1,237,620)	(711,338)	(209,983)
Cash advances from related parties		368,833	62,335	457,085
Repayment of cash advances to related parties		—	(470,728)	(27,513)
Dividends paid to shareholders of Crown Golden		(159,308)	(2,509,682)	(342,616)
Net cash (used in)/generated from financing activities		(904,072)	(2,361,127)	316,913
<b>Increase/(decrease) in cash and cash equivalents</b>				
Cash and cash equivalents at beginning of the year		2,402,361	2,203,236	2,672,504
Exchange gains on cash and cash equivalents		595	1,537	191
<b>Cash and cash equivalents at end of the year</b>	16	<u>2,826,699</u>	<u>2,402,361</u>	<u>2,203,236</u>

## II. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1 GENERAL INFORMATION

Crown Golden Investments Limited (“**Crown Golden**”) is a limited liability company incorporated in the British Virgin Islands (the “**BVI**”) on 15 February 2007 and is principally engaged in investment holding. The address of its registered office is P.O. Box 957, Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, British Virgin Islands. Crown Golden and its subsidiaries (“**Crown Golden Group**”) are principally engaged in property development in Hainan Province, the People’s Republic of China (the “**PRC**”).

Crown Golden is an indirect non-wholly owned subsidiary of Agile Group Holdings Limited, whose shares were listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 15 December 2005.

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these 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 of Crown Golden Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (the “**HKFRS**”). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, which are carried at fair value.

The preparation of financial statements in conformity with the HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying Crown Golden 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 4.

*New standards and amendments to standards have been issued but are not yet effective and have not been early adopted:*

	<b>Effective for accounting period beginning on or after</b>
Amendments to HKAS 12 “Income Taxes”	1 January 2017
Amendments to HKAS 7 “ Statement of Cash Flows”	1 January 2017
HKFRS 15 “Revenue from Contracts with Customers”	1 January 2018
HKFRS 9 “Financial Instruments”	1 January 2018
HKFRS 16 “Leases”	1 January 2019
Amendments to HKFRS 10 and HKAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined

Crown Golden Group has already commenced an assessment of the impact of these new or revised standards, interpretation and amendments, certain of which are relevant to Crown Golden Group’s operations.

The amendments to HKAS 7 introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The amendments to HKAS 12 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.

HKFRS 15 will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Management is currently assessing the effects of applying the new standard on Crown Golden Group's financial statements and has identified the following areas that are likely to be affected:

- revenue from service — the application of HKFRS 15 may result in the identification of separate performance obligations which could affect the timing of the recognition of revenue;
- accounting for certain costs incurred in fulfilling a contract — certain costs which are currently expensed may need to be recognised as an asset under HKFRS 15; and
- rights of return HKFRS 15 requires separate presentation on the balance sheet of the right to recover the goods from the customer and the refund obligation.

HKFRS 15 is mandatory for financial years commencing on or after 1 January 2018. At this stage, Crown Golden Group does not intend to adopt the standard before its effective date.

HKFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

There will be no impact on Crown Golden Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and Crown Golden Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

The new hedge accounting rules will align the accounting for hedging instruments more closely with Crown Golden Group's risk management practices.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under HKFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. While Crown Golden Group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of Crown Golden Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

HKFRS 9 must be applied for financial years commencing on or after 1 January 2018. Based on the transitional provisions in the completed HKFRS 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety. Crown Golden Group does not intend to adopt HKFRS 9 before its mandatory date.

The amendments to HKFRS 10 and HKAS 28 address an inconsistency between HKFRS 10 and HKAS 28 in the sale and contribution of assets between an investor and its associate or joint venture. A full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if those assets are in a subsidiary. The amendments were originally intended to be effective for annual periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments continues to be permitted.

HKFRS 16 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for Crown Golden Group's operating leases. Management expects there will be no significant impact on Crown Golden Group's financial statements when it becomes effective as Crown Golden Group does not have material lease arrangements as lessee.

Some of the commitments may be covered by the exception for short-term and low value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16.

The new standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, Crown Golden Group does not intend to adopt the standard before its effective date.

## **2.2 Subsidiaries**

### ***2.2.1 Consolidation***

A subsidiary is an entity (including a structured entity) over which Crown Golden Group has control. Crown Golden Group controls an entity when Crown Golden 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 Crown Golden Group. They are deconsolidated from the date that control ceases.

### ***2.2.2 Separate financial statements***

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by Crown Golden 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.

## **2.3 Segment reporting**

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

## 2.4 Foreign currency translation

### (a) *Functional and presentation currency*

Items included in the financial statements of each of Crown Golden Group's entities are measured using the currency of the primary economic environment in which the entity operates (“**the functional currency**”). The consolidated financial statements are presented in Renminbi (“**RMB**”), which is Crown Golden's functional and Crown Golden Group's presentation currency.

### (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 remeasured. 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, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings denominated in foreign currencies are presented in the consolidated income statement within “finance costs, net”. All other foreign exchange gains and losses are presented in the consolidated income statement within “other (losses)/ gains, net”.

Changes in the fair value of debt securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

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.

## 2.5 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and any impairment loss. 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 Crown Golden 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.

When there is a change of use from an investment property to an owner-occupied property, the property's deemed cost for subsequent accounting shall be its fair value at the date of change in use.

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

Buildings	20–30 years
Hotel decorations	10 years
Office equipment	5–8 years
Transportation equipment	5–10 years
Machinery	5–10 years

The assets' residual values and useful lives 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 (note 2.9).

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

## 2.6 Construction in progress

Construction in progress represents property under construction and is stated at cost less accumulated impairment loss, if any. Cost includes the costs of construction of buildings and interest charges arising from borrowings used to finance these assets during the period of construction, if any. No provision for depreciation is made on construction in progress until such times as the relevant assets are completed and are available for intended use. When the assets concerned are brought into use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated in the preceding paragraphs.

## 2.7 Investment property

Investment property, principally comprising land use rights and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by Crown Golden 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 properties are 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, Crown Golden Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded as "Fair value gains on investment properties" in the consolidated income statement.

When an owner-occupied property becomes an investment property carried at fair value, Crown Golden Group applies HKAS 16 up to the date of change in use. Crown Golden Group treats any difference at that date between the carrying amount of the property in accordance with HKAS 16 and its fair value in the same way as a revaluation in accordance with HKAS 16. In other words, any resulting increase in the carrying amount is treated as follows:

- (i) to the extent that the increase reverses a previous impairment loss for that property, the increase is recognised in profit or loss.
- (ii) any remaining part of the increase is recognised in other comprehensive income and increases the revaluation surplus within equity.

## 2.8 Intangible assets

### *Computer software*

Acquired computer software licences are 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 (2 to 10 years).

## 2.9 Impairment of non-financial assets

Assets that have an indefinite useful life 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 purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating unit). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

## 2.10 Financial assets

### *2.10.1 Classification*

Crown Golden Group classifies its financial assets in the following categories: loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

#### *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 the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. Crown Golden Group's loans and receivables comprise "trade and other receivables" and "cash and cash equivalents" in the consolidated balance sheet (notes 2.14 and 2.15).

### *2.10.2 Recognition and measurement*

Regular way purchases and sales of financial assets are recognised on the trade-date — the date on which Crown Golden 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 are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and Crown Golden Group has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

## 2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the 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 Crown Golden or the counterparty.

## 2.12 Impairment of financial assets

### *Assets carried at amortised cost*

Crown Golden 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. 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 Crown Golden 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.

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, 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.

## 2.13 Properties under development and held for sale

Properties under development and held for sale are stated at the lower of cost and net realisable value. Development cost of properties comprises cost of land use rights, construction costs and borrowing costs incurred during the construction period. Upon completion, the properties are transferred to completed properties held for sale.

Net realisable value takes into account the price ultimately expected to be realised, less applicable variable selling expenses and the anticipated costs to completion.

Properties under development and held for sale are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

## 2.14 Trade and other receivables

Trade receivables are amounts due from customers for properties 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 allowance for impairment.

**2.15 Cash and cash equivalents**

In the consolidated statement of cash flows, 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.

**2.16 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.

**2.17 Trade and other payables**

Trade 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 one year or less (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.

**2.18 Borrowings**

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 fee is 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 fee is 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 Crown Golden Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

**2.19 Borrowing costs**

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 the consolidated income statement in the period in which they are incurred.

**2.20 Current and deferred income tax**

The tax expense for the period comprises current and deferred income tax and land appreciation 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 Crown Golden, its subsidiaries, associates and joint ventures 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**

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, 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.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by Crown Golden Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally Crown Golden Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives Crown Golden Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries 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.

**2.21 Employee benefits****(a) Pension obligations**

Crown Golden Group only operate defined contribution pension plans. In accordance with the rules and regulations in the PRC, the PRC based employees of Crown Golden Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which Crown Golden Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries. 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, Crown Golden 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 Crown Golden Group in independently administrated funds managed by the governments.

Crown Golden Group's contributions to the defined contribution retirement scheme are expensed as incurred.

**(b) Employee leave entitlements**

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

**2.22 Provisions**

Provisions are recognised when: Crown Golden Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. 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.

Provisions are measured at the present value of the expenditures 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.

**2.23 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 Crown Golden Group's activities. Revenue is shown net of discount and after eliminating revenue made with Crown Golden Group companies.

Crown Golden Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of Crown Golden Group's activities as described below. Crown Golden Group bases its estimates of returns on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

**(a) Sales of properties**

Revenue from sales of properties is recognised when Crown Golden Group has delivered the relevant properties to the purchaser and collectability of related consideration is reasonably assured. Deposits and installments received on properties sold prior to the date of revenue recognition are included in the consolidated balance sheets under current liabilities.

**(b) Property management**

Revenue arising from property management is recognised in the accounting period in which the services are rendered.

**(c) Hotel operations**

Hotel revenue from room rentals, food and beverage sales and other ancillary services are recognised when the goods are delivered or services are rendered.

**(d) Rental income**

Rental income from investment properties is recognised in the consolidated income statement on a straight-line basis over the term of lease.

**(e) Interest income**

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, Crown Golden Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow 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.

**(f) Dividend income**

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

## 2.24 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

*(i) Crown Golden Group is the lessee other than operating lease of land use rights*

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.

*(ii) Crown Golden Group is the lessee under operating lease of land use rights*

Land use rights under operating lease, which mainly comprise land use rights to be developed for hotel properties and own used buildings, are stated at cost and subsequently amortised in the consolidated income statement on a straight-line basis over the operating lease periods.

*(iii) Crown Golden Group is the lessor*

Assets leased out under operating leases are included in investment properties in the consolidated balance sheet.

## 2.25 Dividend distribution

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

## 2.26 Insurance contracts

An insurance contract is a contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. Insurance risk is a pre-existing risk transferred from the policyholder to the insurer, and is significant only if an insured event could cause an insurer to pay significant additional benefits in any scenario, excluding scenarios that lack commercial substance (i.e. have no discernible effect on the economics of the transaction).

Crown Golden Group assesses at each reporting date whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities is inadequate in the light of the estimated future cash flows, the entire deficiency is recognised in the consolidated income statement.

Crown Golden Group regards its financial guarantee contracts provided in respect of mortgage facilities for certain property purchasers as insurance contracts.

### 3 FINANCIAL RISK MANAGEMENT

#### 3.1 Financial risk factors

Crown Golden Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. Crown Golden Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on Crown Golden Group's financial performance. The property industry is highly sensitive to the economic environment in the PRC. Crown Golden Group finances its operations from shareholders' fund, sales of properties, bank borrowings. Crown Golden Group has alternative plans to monitor liquidity risk should there be significant adverse changes on Crown Golden Group's cash flow projections.

##### (i) Currency risk

Crown Golden Group's businesses are principally conducted in RMB, except that certain receipts of proceeds from sales of properties, fees of property management services are in other currencies. As at 31 December 2016, 2015 and 2014, major non-RMB assets cash and cash equivalents denominated in HK dollar ("HK\$"), US dollar ("US\$") or Singapore dollar ("SGD"). Fluctuation of the exchange rates of RMB against foreign currencies could affect Crown Golden Group's results of operations.

The carrying amounts of Crown Golden Group's foreign currency denominated monetary assets and liabilities at the respective balance sheet dates are as follows:

	<b>Crown Golden Group</b>		
	<b>2016</b>	<b>2015</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Monetary assets			
— HK\$	1,702,910	1,579,940	1,488,321
— US\$	<u>1,496</u>	<u>1,126</u>	<u>1,126</u>
	<u><u>1,704,406</u></u>	<u><u>1,581,066</u></u>	<u><u>1,489,447</u></u>
Monetary liabilities			
— HK\$	2,514,109	2,176,848	2,682,986
— US\$	485,673	455,291	243,024
— SGD	<u>8,405</u>	<u>8,034</u>	<u>2,058</u>
	<u><u>3,008,187</u></u>	<u><u>2,640,173</u></u>	<u><u>2,928,068</u></u>

The following table shows the sensitivity analysis of a 5% change in RMB against the relevant foreign currencies. The sensitivity analysis includes only foreign currency denominated monetary items and adjusts their translation at the year-end for a 5% change in foreign currency rates. If there is a 5% increase/decrease in RMB against the relevant currencies, the effect of increase/(decrease) in the profit for the year is as follows:

	<b>Crown Golden Group</b>		
	<b>2016</b>	<b>2015</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
5% increase in RMB against HK\$	40,255	29,547	59,424
5% decrease in RMB against HK\$	<u>(40,255)</u>	<u>(29,547)</u>	<u>(59,424)</u>
5% increase in RMB against US\$	24,358	22,837	12,223
5% decrease in RMB against US\$	<u>(24,358)</u>	<u>(22,837)</u>	<u>(12,223)</u>
5% increase in RMB against SGD	315	301	77
5% decrease in RMB against SGD	<u>(315)</u>	<u>(301)</u>	<u>(77)</u>

**(ii) Interest rate risk**

Crown Golden Group's exposure to changes in interest rates is mainly attributable to its borrowings. Borrowings at variable rates expose Crown Golden Group to cash flow interest-rate risk. Crown Golden Group closely monitors trend of interest rate and its impact on Crown Golden Group's interest rate risk exposure. Crown Golden Group currently has not used any interest rate swap arrangements but will consider hedging interest rate risk should the need arise.

As at 31 December 2016, 2015 and 2014, if interest rates on borrowings had been 100 basis points higher or lower with all other variables held constant, interest charges for the years ended 31 December 2016, 2015 and 2014 would increase or decrease by RMB8,900,000, RMB20,036,000 and RMB14,466,000 respectively, mainly as a result of higher or lower interest expense on floating rate borrowings.

**(iii) Credit risk**

Crown Golden Group is exposed to credit risk in relation to its trade and other receivables and cash deposits with banks.

The carrying amounts of trade and other receivables, restricted cash, cash and cash equivalents represent Crown Golden Group's maximum exposure to credit risk in relation to financial assets.

To manage this risk, deposits are mainly placed with licensing banks which are all high-credit-quality financial institutions.

For credit exposures to customers, generally, Crown Golden Group requires full payment from customers before delivery of properties. Credit terms are granted to customers upon obtaining approval from Crown Golden's senior management after assessing the credit history of those customers. Crown Golden Group closely monitors the collection of progress payments from customers in accordance with payment schedule agreed with customers. Crown Golden Group has policies in place to ensure that sales are made to purchasers with an appropriate financial strength and appropriate percentage of down payments.

Meanwhile, Crown Golden Group has the right to cancel the contracts once repayment from the customers is in default; it also has monitoring procedures to ensure that follow-up actions are taken to recover overdue balances. In addition, Crown Golden Group regularly reviews the recoverable amount of each individual trade receivables to ensure that adequate impairment provisions are made for irrecoverable amounts. Crown Golden Group has no significant concentrations of credit risk, with exposure spread over a number of counterparties and customers.

Crown Golden Group typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of properties for an amount up to 80% of the total purchase price of the property. If a purchaser defaults on the payment of its mortgage loan during the guarantee period, the bank holding the guarantee may demand Crown Golden Group to repay the outstanding amount under the loan and any interest accrued thereon. Under such circumstances, Crown Golden Group is able to retain the customer's deposit and re-sell the property to recover any amounts paid by Crown Golden Group to the bank. In this regard, the directors of Crown Golden consider that Crown Golden Group's credit risk is significantly reduced. Detailed disclosure of these guarantees is made in the note 31.

No significant credit limits were exceeded during the reporting period, and management does not expect any significant losses from non-performance by these counterparties.

*(iv) Liquidity risk*

Management aims to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of available financing, including proceeds from pre-sale of properties, committed credit facilities and short-term and long-term borrowings to meet its construction commitments.

Crown Golden Group has a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment. These include control on investment in land bank, adjusting project development timetable to adapt the changing local real estate market environment, implementing cost control measures, promotion of sales of completed properties, accelerating sales with more flexible pricing etc. Crown Golden Group will pursue such options basing on its assessment of relevant future costs and benefits.

The table below analyses Crown Golden Group's financial liabilities maturity profile at the balance sheet date. The amounts disclosed thereon are the contractual undiscounted cash flows. Balances due within 12 months from the balance sheet date equal to their carrying amounts in the balance sheets, as the impact of discount should not be significant.

	Less than 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
<b>Crown Golden Group</b>					
<b>At 31 December 2016</b>					
Borrowings	409,423	243,967	344,896	—	998,286
Trade and other payables(*)	<u>8,725,560</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>8,725,560</u>
<b>At 31 December 2015</b>					
Borrowings	844,415	77,017	834,427	534,846	2,290,705
Trade and other payables(*)	<u>8,420,831</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>8,420,831</u>
<b>At 31 December 2014</b>					
Borrowings	774,922	200,281	45,445	691,353	1,712,001
Trade and other payables(*)	<u>8,963,242</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>8,963,242</u>

\* Excluding staff welfare benefit payable and other taxes payable.

### 3.2 Capital risk management

Crown Golden Group's objectives of capital management are to safeguard Crown Golden Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the unnecessary cost of capital.

In order to maintain or adjust the capital structure, Crown Golden Group may adjust the amount of any returns to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Crown Golden Group monitors its capital structure on a basis of gearing ratio. This ratio is calculated as net borrowings divided by total equity as shown in the consolidated balance sheet. Net borrowings are calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less total of cash and cash equivalents and restricted cash.

Crown Golden Group is in the net cash position as at 31 December 2014, 2015 and 2016. The gearing ratio were keeping at a comparatively low level as Crown Golden Group's business is very stable and Crown Golden Group has sufficient cash flow.

### 3.3 Fair value estimation

Crown Golden Group is not holding any financial assets and financial liabilities carried at fair value. The nominal value of financial assets and financial liabilities approximate their fair value as the impact of discounting is not significant.

The different levels of the financial instruments carried at fair value, by level of the inputs to valuation techniques used to measure fair value, have been defined 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).

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

### 4.1 Critical accounting estimates and assumptions

Crown Golden Group 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 discussed below.

*(i) Provisions for impairment of properties under development, completed properties held for sale and long-term assets held for hotel operations*

Provision is made when events or changes in circumstances indicate that the carrying amounts may not be recoverable. For the purpose of assessing provision for impairment, properties under development, completed properties held for sale and long-term assets held by hotel segment are grouped at the lowest levels for which there are separately identifiable cash flows. The recoverability of the carrying amounts of land use rights for property development, properties under development and completed properties held for sale was assessed according to their recoverable amount, taking into account for costs to completion based on past experience and net sales value based on prevailing market conditions. The recoverable amounts of long-term assets held for hotel operation have been determined based on value-in-use calculations, taking into account latest market information and past experience. The assessment requires the use of judgement and estimates.

As at 31 December 2016, 2015 and 2014, no impairment was provided for properties under development, completed properties or long-term assets held for hotel operation.

*(ii) Current and deferred income tax*

Crown Golden Group is subject to corporate income taxes in the PRC. Judgement is required in determining the amount of the provision for taxation and the timing of payment of the related taxations. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions 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.

*(iii) Land appreciation taxes*

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including land cost, borrowing costs and all property development expenditures.

The subsidiaries of Crown Golden Group engaging in property development business in the PRC are subject to land appreciation taxes, which have been included in the income tax expenses. However, the implementation of these taxes varies amongst various PRC cities and Crown Golden Group has not finalised its land appreciation tax returns with various tax authorities for certain projects. Accordingly, judgement is required in determining the amount of land appreciation and its related taxes payable. Crown Golden Group recognises these liabilities based on management's best estimates. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax expenses and provisions of land appreciation taxes in the period in which such determination is made.

*(iv) Fair value of investment properties*

The fair value of investment properties is determined by using valuation technique. Details of the judgement and assumptions have been disclosed in note 9.

*(v) Recoverability of trade receivables*

The management assesses the recoverability of trade receivables individually with reference to the past repayment history as well as subsequent settlement status. Allowances are applied to these receivables where events or changes in circumstances indicate that the balances may not be collectible and require the use of estimates. Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade receivable and the impairment charge in the period in which such estimate has been changed.

As at 31 December 2016, 2015 and 2014, no impairment was provided for trade receivables.

## 5 SEGMENT INFORMATION

The executive directors of Crown Golden, which are the chief operating decision-makers of Crown Golden Group, review Crown Golden Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on reports reviewed by the executive directors of Crown Golden that are used to make strategy decision.

Crown Golden Group is organised into four business segments: property development, property management, hotel operations and property investment. As the executive directors of Crown Golden consider most of Crown Golden Group's consolidated revenue and results are attributable from the market in the PRC. Most of the non-current assets are located in the PRC, and less than 10% of Crown Golden Group's consolidated assets are located outside the PRC, geographical segment information is not considered necessary.

The executive directors of Crown Golden assess the performance of the operating segments based on a measure of segment results, being profit before income tax before deducting finance costs.

Crown Golden Group has a large number of customers, none of whom contributed 5% or more of Crown Golden Group's revenue.

Analysis of revenue by the category for the years ended 31 December 2016, 2015 and 2014 is as follows:

	<b>2016</b>	<b>2015</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Sales of developed properties	7,952,193	6,724,311	6,153,706
Property management services	103,242	84,976	65,426
Hotel operations	148,765	148,681	100,175
Rental income from investment properties	<u>7,258</u>	<u>2,651</u>	<u>6,975</u>
	<u>8,211,458</u>	<u>6,960,619</u>	<u>6,326,282</u>

Segment information provided to the executive directors of Crown Golden for the reporting segments for the years ended 31 December 2016, 2015 and 2014 are as follows:

**Year ended 31 December 2016**

	Property development <i>RMB'000</i>	Property management <i>RMB'000</i>	Hotel operations <i>RMB'000</i>	Property investment <i>RMB'000</i>	Elimination <i>RMB'000</i>	Crown Golden Group <i>RMB'000</i>
Gross segment sales	7,952,193	172,621	148,765	7,258	—	8,280,837
Inter-segment sales	—	(69,379)	—	—	—	(69,379)
Sales to external customers	<u>7,952,193</u>	<u>103,242</u>	<u>148,765</u>	<u>7,258</u>	—	<u>8,211,458</u>
Fair value losses on investment properties ( <i>note 9</i> )	—	—	—	(2,439)	—	(2,439)
Operating result	1,560,134	32,962	(112,940)	(17,225)	—	1,462,931
Reversal of gains on disposal of hotel assets	—	—	(210,626)	—	—	(210,626)
Segment result	<u>1,560,134</u>	<u>32,962</u>	<u>(323,566)</u>	<u>(17,225)</u>	—	<u>1,252,305</u>
Finance costs, net ( <i>note 27</i> )						(30,504)
Profit before income tax						1,221,801
Income tax expenses ( <i>note 28</i> )						(643,623)
Profit for the year						<u>578,178</u>
Depreciation	53,505	807	111,244	—	—	165,556
Amortisation of land use rights and intangible assets	<u>4,700</u>	<u>30</u>	<u>976</u>	<u>—</u>	—	<u>5,706</u>
Segment assets	<u>17,111,831</u>	<u>168,798</u>	<u>2,335,144</u>	<u>141,200</u>	(20,265)	19,736,708
Unallocated assets						<u>1,077,243</u>
Total assets						<u>20,813,951</u>
Segment liabilities	<u>9,139,534</u>	<u>65,591</u>	<u>276,980</u>	—	(20,265)	9,461,840
Unallocated liabilities						<u>4,475,495</u>
Total liabilities						<u>13,937,335</u>
Capital expenditure	<u>1,690</u>	<u>518</u>	<u>85,098</u>	<u>4,620</u>	—	<u>91,926</u>

Segment assets and liabilities are reconciled to total assets and liabilities as at 31 December 2016 as follows:

	Assets <i>RMB'000</i>	Liabilities <i>RMB'000</i>
Segment assets/liabilities	19,736,708	9,461,840
Unallocated:		
Deferred income taxes	3,081	32,020
Prepaid income taxes	1,074,162	—
Current income tax liabilities	—	3,553,476
Current borrowings	—	369,999
Non-current borrowings	—	520,000
Total	<u>20,813,951</u>	<u>13,937,335</u>

## Year ended 31 December 2015

	Property development RMB'000	Property management RMB'000	Hotel operations RMB'000	Property investment RMB'000	Elimination RMB'000	Crown Golden Group RMB'000
Gross segment sales	6,724,311	162,266	148,681	2,651	—	7,037,909
Inter-segment sales	—	(77,290)	—	—	—	(77,290)
Sales to external customers	<u>6,724,311</u>	<u>84,976</u>	<u>148,681</u>	<u>2,651</u>	—	<u>6,960,619</u>
Fair value losses on investment properties (note 9)	—	—	—	(21,940)	—	(21,940)
Operating result	2,732,834	16,618	(117,115)	(18,010)	—	2,614,327
Gains on disposal of hotel assets	—	—	210,626	—	—	210,626
Segment result	<u>2,732,834</u>	<u>16,618</u>	<u>93,511</u>	<u>(18,010)</u>	—	<u>2,824,953</u>
Finance costs, net (note 27)						(41,284)
Profit before income tax						2,783,669
Income tax expenses (note 28)						(1,539,519)
Profit for the year						<u>1,244,150</u>
Depreciation	25,862	906	104,216	—	—	130,984
Amortisation of land use rights and intangible assets	<u>1,537</u>	<u>30</u>	<u>924</u>	<u>—</u>	<u>—</u>	<u>2,491</u>
Segment assets	<u>19,901,976</u>	<u>117,609</u>	<u>2,024,471</u>	<u>204,160</u>	(51,210)	<u>22,197,006</u>
Unallocated assets						<u>1,053,850</u>
Total assets						<u>23,250,856</u>
Segment liabilities	<u>9,020,112</u>	<u>55,220</u>	<u>285,356</u>	<u>—</u>	(51,210)	<u>9,309,478</u>
Unallocated liabilities						<u>7,134,069</u>
Total liabilities						<u>16,443,547</u>
Capital expenditure	<u>16,790</u>	<u>291</u>	<u>83,518</u>	<u>—</u>	<u>—</u>	<u>100,599</u>

Segment assets and liabilities are reconciled to total assets and liabilities as at 31 December 2015 as follows:

	Assets RMB'000	Liabilities RMB'000
Segment assets/liabilities	22,197,006	9,309,478
Unallocated:		
Deferred income taxes	3,081	42,603
Prepaid income taxes	1,050,769	—
Current income tax liabilities	—	5,087,870
Current borrowings	—	725,200
Non-current borrowings	—	1,278,396
Total	<u>23,250,856</u>	<u>16,443,547</u>

## Year ended 31 December 2014

	Property development <i>RMB'000</i>	Property management <i>RMB'000</i>	Hotel operations <i>RMB'000</i>	Property investment <i>RMB'000</i>	Elimination <i>RMB'000</i>	Crown Golden Group <i>RMB'000</i>
Gross segment sales	6,153,706	125,619	100,175	6,975	—	6,386,475
Inter-segment sales	—	(60,193)	—	—	—	(60,193)
Sales to external customers	<u>6,153,706</u>	<u>65,426</u>	<u>100,175</u>	<u>6,975</u>	—	<u>6,326,282</u>
Fair value losses on investment properties (note 9)	—	—	—	(25,854)	—	(25,854)
Segment result	<u>2,695,740</u>	<u>10,484</u>	<u>(99,087)</u>	<u>(24,020)</u>	—	<u>2,583,117</u>
Finance costs, net (note 27)						(54,568)
Profit before income tax						2,528,549
Income tax expenses (note 28)						(1,498,364)
Profit for the year						<u>1,030,185</u>
Depreciation	8,380	982	81,514	—	—	90,876
Amortisation of land use rights and intangible assets	<u>2,231</u>	<u>29</u>	<u>813</u>	—	—	<u>3,073</u>
Segment assets	<u>21,966,729</u>	<u>98,045</u>	<u>2,040,026</u>	<u>271,100</u>	(16,110)	<u>24,359,790</u>
Unallocated assets						554,244
Total assets						<u>24,914,034</u>
Segment liabilities	<u>10,142,680</u>	<u>61,529</u>	<u>280,368</u>	—	(16,110)	<u>10,468,467</u>
Unallocated liabilities						7,419,784
Total liabilities						<u>17,888,251</u>
Capital expenditure	<u>92,670</u>	<u>301</u>	<u>247,923</u>	<u>19,254</u>	—	<u>360,148</u>

Segment assets and liabilities are reconciled to total assets and liabilities as at 31 December 2014 as follows:

	Assets <i>RMB'000</i>	Liabilities <i>RMB'000</i>
Segment assets/liabilities	24,359,790	10,468,467
Unallocated:		
Deferred income taxes	5,646	54,071
Prepaid income taxes	548,598	—
Current income tax liabilities	—	5,919,065
Current borrowings	—	671,577
Non-current borrowings	—	775,071
Total	<u>24,914,034</u>	<u>17,888,251</u>

Inter-segment transfers or transactions are entered into at terms and conditions agreed upon by respective parties.

Eliminations comprise inter-segment trade and non-trade balances.

Pricing policy for inter-segment transactions is determined by reference to market price.

Segment assets consist primarily of property, plant and equipment, land use rights, properties under development, completed properties held for sale, investment properties, receivables and cash balances. Unallocated assets comprise deferred tax assets and prepaid income taxes. Segment liabilities comprise operating liabilities. Unallocated liabilities comprise taxation and borrowings.

Capital expenditure comprises additions to property, plant and equipment, land use rights for self-owned properties, investment properties and intangible assets.

## 6 PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Transportation equipment RMB'000	Office equipment RMB'000	Machinery RMB'000	Construction in progress RMB'000	Total RMB'000
<b>At 1 January 2014</b>						
Cost	1,374,624	30,381	26,801	2,712	727,843	2,162,361
Accumulated depreciation	(44,438)	(13,965)	(6,735)	(1,000)	—	(66,138)
<b>Net book amount</b>	<b>1,330,186</b>	<b>16,416</b>	<b>20,066</b>	<b>1,712</b>	<b>727,843</b>	<b>2,096,223</b>
<b>Year ended 31 December 2014</b>						
Opening net book amount	1,330,186	16,416	20,066	1,712	727,843	2,096,223
Additions	45	3,682	13,155	2,377	318,789	338,048
Transfer of completed construction projects	235,708	—	—	—	(235,708)	—
Disposals	—	—	(111)	(13)	—	(124)
Depreciation	(79,169)	(6,046)	(5,110)	(551)	—	(90,876)
<b>Closing net book amount</b>	<b>1,486,770</b>	<b>14,052</b>	<b>28,000</b>	<b>3,525</b>	<b>810,924</b>	<b>2,343,271</b>
<b>At 31 December 2014</b>						
Cost	1,610,377	34,043	39,550	5,031	810,924	2,499,925
Accumulated depreciation	(123,607)	(19,991)	(11,550)	(1,506)	—	(156,654)
<b>Net book amount</b>	<b>1,486,770</b>	<b>14,052</b>	<b>28,000</b>	<b>3,525</b>	<b>810,924</b>	<b>2,343,271</b>
<b>Year ended 31 December 2015</b>						
Opening net book amount	1,486,770	14,052	28,000	3,525	810,924	2,343,271
Additions	77	1,853	1,911	8,383	107,824	120,048
Transfer of completed construction projects	94,335	—	—	—	(94,335)	—
Disposals	—	(526)	(157)	—	(315,897)	(316,580)
Depreciation	(110,994)	(2,499)	(16,362)	(1,129)	—	(130,984)
<b>Closing net book amount</b>	<b>1,470,188</b>	<b>12,880</b>	<b>13,392</b>	<b>10,779</b>	<b>508,516</b>	<b>2,015,755</b>
<b>At 31 December 2015</b>						
Cost	1,704,789	32,432	41,203	13,414	508,516	2,300,354
Accumulated depreciation	(234,601)	(19,552)	(27,811)	(2,635)	—	(284,599)
<b>Net book amount</b>	<b>1,470,188</b>	<b>12,880</b>	<b>13,392</b>	<b>10,779</b>	<b>508,516</b>	<b>2,015,755</b>
<b>Year ended 31 December 2016</b>						
Opening net book amount	1,470,188	12,880	13,392	10,779	508,516	2,015,755
Additions	361	564	219	981	29,220	31,345
Reversal of disposal of hotel property	—	—	—	—	296,433	296,433
Transfer from properties under development (note (b))	731,080	—	—	—	—	731,080
Disposals	—	(130)	(51)	(178)	—	(359)
Depreciation	(152,483)	(4,731)	(5,357)	(2,985)	—	(165,556)
<b>Closing net book amount</b>	<b>2,049,146</b>	<b>8,583</b>	<b>8,203</b>	<b>8,597</b>	<b>834,169</b>	<b>2,908,698</b>
<b>At 31 December 2016</b>						
Cost	2,436,230	29,136	37,878	13,291	834,169	3,350,704
Accumulated depreciation	(387,084)	(20,553)	(29,675)	(4,694)	—	(442,006)
<b>Net book amount</b>	<b>2,049,146</b>	<b>8,583</b>	<b>8,203</b>	<b>8,597</b>	<b>834,169</b>	<b>2,908,698</b>

Depreciation expenses were charged to the following categories in the consolidated income statement:

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Cost of sales	126,105	112,107	74,779
Selling and marketing costs	13,158	1,240	950
Administrative expenses	<u>26,293</u>	<u>17,637</u>	<u>15,147</u>
	<u>165,556</u>	<u>130,984</u>	<u>90,876</u>

Notes:

- (a) Buildings mainly represent the office buildings and hotel buildings. Constructions in progress mainly represent construction costs and other costs incurred for the construction of hotels.
- (b) During the year ended 31 December 2016, certain own used properties with a carrying value of RMB731,080,000 were transferred from properties under development as a result of change in development plan. There was no reclassification between properties under development and property, plant and equipment during the years ended 31 December 2015 and 2014.

## 7 LAND USE RIGHTS

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
At 1 January	172,599	194,954	212,728
Additions	55,819	—	—
Reversal of disposal of hotel property	16,749	—	—
Transfer from/(to) properties under development (note (b))	77,341	—	(11,335)
Disposal	—	(16,749)	—
Amortisation			
— Capitalised in construction in progress	(3,922)	(4,196)	(4,306)
— Recognised as cost of sales (note 25)	(976)	(924)	(813)
— Recognised as expenses (note 25)	<u>(3,659)</u>	<u>(486)</u>	<u>(1,320)</u>
At 31 December	<u>313,951</u>	<u>172,599</u>	<u>194,954</u>

Notes:

- (a) Land use rights comprise cost of acquiring usage rights of certain land, which are located in the PRC, held on leases of over 40 years, and mainly for hotel properties or self-used buildings over fixed periods.
- (b) During the year ended 31 December 2016, certain own used land use rights with carrying value of RMB77,341,000 were transferred from properties under developments as a result of change in development plan. For the year ended 31 December 2014, certain own used land use rights with carrying value of RMB11,335,000 were transferred to properties under developments as a result of change in development plan.
- (c) Land use rights of RMB32,183,000, RMB54,770,000 and RMB125,805,000 as at 31 December 2016, 2015 and 2014, respectively, were pledged as collateral for Crown Golden Group's borrowings (note 19).

## 8 INTANGIBLE ASSETS

	<b>Computer software RMB'000</b>
<b>At 1 January 2014</b>	
Cost	5,879
Accumulated amortisation	<u>(942)</u>
<b>Net book amount</b>	<b><u>4,937</u></b>
<b>Year ended 31 December 2014</b>	
Opening net book amount	4,937
Additions	2,846
Amortisation	<u>(940)</u>
<b>Closing net book amount</b>	<b><u>6,843</u></b>
<b>At 1 January 2015</b>	
Cost	8,725
Accumulated amortisation	<u>(1,882)</u>
<b>Net book amount</b>	<b><u>6,843</u></b>
<b>Year ended 31 December 2015</b>	
Opening net book amount	6,843
Additions	15
Amortisation	<u>(1,081)</u>
<b>Closing net book amount</b>	<b><u>5,777</u></b>
<b>At 31 December 2015</b>	
Cost	8,740
Accumulated amortisation	<u>(2,963)</u>
<b>Net book amount</b>	<b><u>5,777</u></b>
<b>Year ended 31 December 2016</b>	
Opening net book amount	5,777
Additions	142
Amortisation	<u>(1,071)</u>
<b>Closing net book amount</b>	<b><u>4,848</u></b>
<b>At 31 December 2016</b>	
Cost	8,882
Accumulated amortisation	<u>(4,034)</u>
<b>Net book amount</b>	<b><u>4,848</u></b>

Amortisation of RMB1,071,000, RMB1,081,000 and RMB940,000 for the years ended 31 December 2016, 2015 and 2014, respectively, is included in the "administrative expenses" of the consolidated income statement.

## 9 INVESTMENT PROPERTIES

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Opening net book amount	204,160	271,100	277,700
Capitalised subsequent expenditure	4,620	—	19,254
Disposals	(65,141)	(45,000)	—
Revaluation losses recognised in consolidated income statement	<u>(2,439)</u>	<u>(21,940)</u>	<u>(25,854)</u>
Closing net book amount	<u><u>141,200</u></u>	<u><u>204,160</u></u>	<u><u>271,100</u></u>

*Notes:*

- (a) The investment properties are located in the PRC and are held on lease of between 30 to 70 years.
- (b) Amounts recognised in the consolidated income statement for investment properties:

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Rental income	7,258	2,651	6,975
Direct operating expenses of investment properties that generated rental income	(5,130)	(1,329)	(3,136)
Direct operating expenses of investment properties that did not generate rental income	<u>(827)</u>	<u>(336)</u>	<u>(2,005)</u>
	<u><u>1,301</u></u>	<u><u>986</u></u>	<u><u>1,834</u></u>

As at 31 December 2016, 2015 and 2014, Crown Golden Group had no unprovided contractual obligations for future repairs and maintenance.

## (c) Fair value hierarchy

As at 31 December 2016, 2015 and 2014, all of Crown Golden Group's investment properties were within level 3 of the fair value hierarchy as the valuation were arrived at by reference to certain significant unobservable inputs. There were no transfers between levels 1, 2 and 3 during the year.

## (d) Valuation processes of Crown Golden Group

Crown Golden Group's investment properties were valued at 31 December 2016, 2015 and 2014 by an independent professionally qualified valuer, Vigers Appraisal & Consulting Limited, who holds a recognised relevant professional qualification and has 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.

Crown Golden Group's finance department includes a team that reviews the valuations performed by the independent valuer for financial reporting purposes. This team reports directly to the executive directors. Discussion of valuation processes and results are held amongst the executive directors, the valuation team and the valuer at least once every six months.

At each financial year end, the finance department:

- Verifies all major inputs to the independent valuation report;
- Assesses property valuations movements when compared to the prior year valuation report; and
- Holds discussions with the independent valuer.

Changes in Level 2 and 3 fair values are analysed at each reporting date during the bi-annual valuation discussions between the executive directors and the valuation team. As part of this discussion, the team presents a report that explains the reasons for the fair value movements.

**(e) Valuation techniques**

Fair values of completed commercial properties are generally derived using the income capitalisation method. This valuation method is based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to valuers' view of recent lettings, within the subject properties and other comparable properties.

	Description	Location	Fair value as at 31 December 2016 RMB'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs
Completed investment properties	Office and retail shop	PRC	141,200	Income capitalisation	Term yields	5.2%–7.0%
					Reversionary yields	5.8%–7.9%
					Market rents (RMB/square meter/month)	39–56
	Description	Location	Fair value as at 31 December 2015 RMB'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs
Completed investment properties	Office and retail shop	PRC	204,160	Income capitalisation	Term yields	5.2%–7.0%
					Reversionary yields	5.8%–7.9%
					Market rents (RMB/square meter/month)	36–52
	Description	Location	Fair value as at 31 December 2014 RMB'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs
Completed investment properties	Office and retail shop	PRC	271,100	Income capitalisation	Term yields	5.2%–7.0%
					Reversionary yields	5.8%–7.9%
					Market rents (RMB/square meter/month)	35–48

There are inter-relationships between unobservable inputs.

For office and retail shop, increase in term yields and revisionary yields may result in decrease of fair value. Increase in market rent may result in increase of fair value.

There are no changes to the valuation technique during the years ended 31 December 2016, 2015 and 2014.

**(f) Leasing arrangements**

Certain investment properties are leased to tenants under long term operating leases with rentals payable monthly. Minimum lease payments receivable on leases of investment properties are disclosed in note 33.

The period of leases whereby Crown Golden Group leases out its investment properties under operating leases ranged from 1 year to 15 years.

**10 FINANCIAL INSTRUMENTS BY CATEGORY****Assets as per consolidated balance sheet**

	<b>2016</b>	<b>2015</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Loans and receivables</b>			
Trade and other receivables excluding prepayments	8,632,646	9,036,005	11,868,858
Restricted cash	970,010	171,301	228,811
Cash and cash equivalents	<u>2,826,699</u>	<u>2,402,361</u>	<u>2,203,236</u>
Total	<u><u>12,429,355</u></u>	<u><u>11,609,667</u></u>	<u><u>14,300,905</u></u>

**Liabilities as per consolidated balance sheet**

	<b>2016</b>	<b>2015</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Other financial liabilities at amortised cost</b>			
Borrowings	889,999	2,003,596	1,446,648
Trade and other payables and accruals, excluding staff welfare benefit payable and other taxes payable	<u>8,725,560</u>	<u>8,420,831</u>	<u>8,963,242</u>
Total	<u><u>9,615,559</u></u>	<u><u>10,424,427</u></u>	<u><u>10,409,890</u></u>

**11 PROPERTIES UNDER DEVELOPMENT**

	<b>2016</b>	<b>2015</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Properties under development expected to be completed:			
— Within one operating cycle included under current assets	1,967,136	4,335,242	3,355,637
— Beyond one operating cycle included under non-current assets	<u>1,145,865</u>	<u>1,974,127</u>	<u>2,467,020</u>
	<u><u>3,113,001</u></u>	<u><u>6,309,369</u></u>	<u><u>5,822,657</u></u>
Properties under development comprise:			
— Construction costs and capitalised expenditures	1,014,947	3,800,829	3,250,306
— Capitalised interests	93,134	139,527	105,271
— Land use rights	<u>2,004,920</u>	<u>2,369,013</u>	<u>2,467,080</u>
	<u><u>3,113,001</u></u>	<u><u>6,309,369</u></u>	<u><u>5,822,657</u></u>

All Crown Golden Group's properties under development are located in the PRC. The relevant land use rights in the PRC are on leases of 40 to 70 years.

The capitalisation rate of borrowings is 5.73%, 6.88% and 6.93% for each of years ended 31 December 2016, 2015 and 2014, respectively.

Land use rights included in the properties under development with net book value of RMB226,884,000, RMB426,617,000 and RMB222,389,000 as at 31 December 2016, 2015 and 2014, respectively, were pledged as collateral for Crown Golden Group's borrowings (note 19).

The amount of properties under development expected to be recovered after more than one year is RMB1,145,865,000, RMB2,813,824,000 and RMB4,078,886,000 as at 31 December 2016, 2015 and 2014. The remaining balance is expected to be recovered within one year.

**12 COMPLETED PROPERTIES HELD FOR SALE**

All completed properties held for sale are located in the PRC. The relevant land use rights are on leases of 40 to 70 years.

**13 PREPAYMENTS FOR ACQUISITION OF LAND USE RIGHTS**

Amounts represent up-front payments for acquisition of land use rights for property development which will be completed within one year. The amounts will be transferred to properties under development in the balance sheet when Crown Golden Group obtains certificate of land use rights of the relevant lands.

## 14 TRADE AND OTHER RECEIVABLES

	2016	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables ( <i>note (a)</i> )	698,406	865,847	1,048,940
Other receivables due from:			
— Third parties	147,502	433,929	132,986
— Related parties ( <i>note 34(c)</i> )	7,786,738	7,736,229	10,686,932
Prepayments	<u>23,245</u>	<u>49,883</u>	<u>25,574</u>
Total trade and other receivables	<u><u>8,655,891</u></u>	<u><u>9,085,888</u></u>	<u><u>11,894,432</u></u>

As at 31 December 2016, 2015 and 2014, the fair value of trade and other receivables approximated their carrying amounts. All the balances were fully performing except the balances which were past due but not impaired as described below.

*Notes:*

- (a) Trade receivables mainly arose from sales of properties. Trade receivables in respect of sale of properties are settled in accordance with the terms stipulated in the sale and purchase agreements. As at 31 December 2016, 2015 and 2014, the ageing analysis of the trade receivables based on invoice date is as follows:

	2016	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 90 days	541,061	294,678	583,081
Over 90 days and within 365 days	75,924	401,320	264,834
Over 365 days	<u>81,421</u>	<u>169,849</u>	<u>201,025</u>
	<u><u>698,406</u></u>	<u><u>865,847</u></u>	<u><u>1,048,940</u></u>

Trade receivables of RMB86,323,000, RMB232,828,000 and RMB710,153,000 as at 31 December 2016, 2015 and 2014 respectively, were past due but not impaired. As Crown Golden Group normally holds collateral of the properties before collection of the outstanding balances and pass the titles to the purchasers, the Directors consider that the past due trade receivables would be recovered and no provision was made against past due receivables as at 31 December 2016, 2015 and 2014. The ageing analysis of these trade receivables is as follows:

	2016	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 90 days	13,957	51,042	303,586
Over 90 days and within 365 days	1,371	17,438	315,974
Over 365 days	<u>70,995</u>	<u>164,348</u>	<u>90,593</u>
	<u><u>86,323</u></u>	<u><u>232,828</u></u>	<u><u>710,153</u></u>

- (b) The carrying amounts of trade and other receivables are mainly denominated in RMB.

**15 RESTRICTED CASH**

As at 31 December 2016, 2015 and 2014, all of Crown Golden Group's restricted cash were denominated in RMB. The conversion of the PRC Group entities' RMB denominated bank balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

As at 31 December 2016, 2015 and 2014, restricted cash is mainly comprised of guarantee deposits for construction of pre-sold properties.

**16 CASH AND CASH EQUIVALENTS**

	<b>2016</b>	<b>2015</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash and cash equivalents comprise the following:			
Cash at bank and in hand	<u>2,826,699</u>	<u>2,402,361</u>	<u>2,203,236</u>
	<u>2,826,699</u>	<u>2,402,361</u>	<u>2,203,236</u>
Denominated in RMB ( <i>note (a)</i> )	2,808,551	2,400,451	2,201,459
Denominated in other currencies	<u>18,148</u>	<u>1,910</u>	<u>1,777</u>
	<u>2,826,699</u>	<u>2,402,361</u>	<u>2,203,236</u>

*Note*

- (a): The conversion of the PRC Group entities' RMB denominated bank balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

## 17 SHARE CAPITAL AND PREMIUM

	Number of ordinary shares	Nominal value of ordinary shares USD	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000	Total RMB'000
<b>Authorised</b>					
As at 31 December 2016, 2015 and 2014	<u>50,000</u>	<u>50,000</u>			
<b>Movements of issued and fully paid share capital</b>					
<b>Year ended 31 December 2014</b>					
At 1 January 2014 and 31 December 2014	<u>100</u>	<u>100</u>	<u>1</u>	<u>2,927,360</u>	<u>2,927,361</u>
<b>Year ended 31 December 2015</b>					
At 1 January 2015 and 31 December 2015	<u>100</u>	<u>100</u>	<u>1</u>	<u>2,927,360</u>	<u>2,927,361</u>
<b>Year ended 31 December 2016</b>					
At 1 January 2016	100	100	1	2,927,360	2,927,361
Dividends (Note 29)	<u>—</u>	<u>—</u>	<u>—</u>	<u>(327,750)</u>	<u>(327,750)</u>
At 31 December 2016	<u><u>100</u></u>	<u><u>100</u></u>	<u><u>1</u></u>	<u><u>2,599,610</u></u>	<u><u>2,599,611</u></u>

## 18 OTHER RESERVES

	Statutory reserve and enterprise expansion fund (note (a)) RMB'000
Balance at 1 January 2014	363,124
Transfer from retained earnings	<u>271,960</u>
<b>Balance at 31 December 2014</b>	<b><u><u>635,084</u></u></b>
Balance at 1 January 2015	635,084
Transfer from retained earnings	<u>131,458</u>
<b>Balance at 31 December 2015</b>	<b><u><u>766,542</u></u></b>
Balance at 1 January 2016	766,542
Transfer from retained earnings	<u>642</u>
<b>Balance at 31 December 2016</b>	<b><u><u>767,184</u></u></b>

*Note:*

- (a) Pursuant to the relevant rules and regulation concerning foreign investment enterprise established in the PRC and the articles of association of certain PRC subsidiaries of Crown Golden Group, those subsidiaries are required to transfer an amount of their profit after taxation to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their registered capital. The statutory reserve fund may be distributed to equity holders in form of bonus issue.

The appropriation to the enterprise expansion fund is solely determined by the board of directors of the PRC subsidiaries.

## 19 BORROWINGS

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
<b>Borrowings included in non-current liabilities:</b>			
Long-term bank borrowings			
— secured ( <i>note (a)</i> )	889,999	2,003,596	1,446,648
Less: current portion of non-current borrowings	<u>(369,999)</u>	<u>(725,200)</u>	<u>(671,577)</u>
	<u>520,000</u>	<u>1,278,396</u>	<u>775,071</u>
<b>Borrowings included in current liabilities:</b>			
Current portion of non-current borrowings	<u>369,999</u>	<u>725,200</u>	<u>671,577</u>
Total borrowings	<u>889,999</u>	<u>2,003,596</u>	<u>1,446,648</u>

*Note:*

- (a) As at 31 December 2016, 2015 and 2014, Crown Golden Group's borrowings were secured by its land use rights and properties under development.

The exposure of Crown Golden Group's borrowings to interest rate changes and the contractual repricing dates at the end of the years are as follows:

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
6 months or less	480,000	934,668	312,253
6–12 months	<u>409,999</u>	<u>1,068,928</u>	<u>1,134,395</u>
	<u>889,999</u>	<u>2,003,596</u>	<u>1,446,648</u>

The carrying amounts of the borrowings with the respective effective interest rates:

	As of 31 December					
	2016		2015		2014	
	<i>RMB'000</i>	<i>Effective interest rate</i>	<i>RMB'000</i>	<i>Effective interest rate</i>	<i>RMB'000</i>	<i>Effective interest rate</i>
Bank borrowings	<u>889,999</u>	<u>5.73%</u>	<u>2,003,596</u>	<u>6.88%</u>	<u>1,446,648</u>	<u>6.93%</u>

The carrying amounts and fair value of the non-current borrowings are as follows:

	2016		2015		2014	
	<b>Carrying amount</b>	<b>Fair value</b>	<b>Carrying amount</b>	<b>Fair value</b>	<b>Carrying amount</b>	<b>Fair value</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Bank borrowings ( <i>note (b)</i> )	<u>520,000</u>	<u>520,000</u>	<u>1,278,396</u>	<u>1,278,396</u>	<u>775,071</u>	<u>775,071</u>

*Note:*

- (b) The fair values of non-current bank borrowings approximate their carrying amount as the impact of discounting is not significant. The fair values are based on cash flows discounted at the average borrowing rate of 5.73%, 6.88% and 6.93% as at 31 December 2016, 2015 and 2014, and are within level 2 of the fair value hierarchy.

At 31 December 2016, 2015 and 2014, Crown Golden Group's borrowings were repayable as follows:

	2016	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Bank borrowings:			
Within 1 year	369,999	725,200	671,577
Later than 1 year but not more than 2 years	220,000	—	144,330
Later than 2 year but not more than 5 years	300,000	757,409	—
Over 5 years	<u>—</u>	<u>520,987</u>	<u>630,741</u>
	<u>889,999</u>	<u>2,003,596</u>	<u>1,446,648</u>

The carrying amounts of Crown Golden Group's borrowings are denominated in the following currencies:

	2016	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Renminbi	<u>889,999</u>	<u>2,003,596</u>	<u>1,446,648</u>

Crown Golden Group has the following undrawn borrowing facilities:

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Expiring beyond one year	<u>880,001</u>	<u>104,116</u>	<u>945,821</u>

## 20 DEFERRED INCOME TAX

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Deferred income tax assets to be recovered after more than 12 months	<u>3,081</u>	<u>3,081</u>	<u>5,646</u>
Deferred tax income liabilities to be settled after more than 12 months	<u>(32,020)</u>	<u>(42,603)</u>	<u>(54,071)</u>
<b>Deferred income tax liabilities, net</b>	<u><b>(28,939)</b></u>	<u><b>(39,522)</b></u>	<u><b>(48,425)</b></u>

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Deferred tax assets — tax losses <i>RMB'000</i>	Deferred tax liabilities — excess of carrying amount of investment properties over the tax bases <i>RMB'000</i>	Net <i>RMB'000</i>
At 1 January 2014	—	(60,534)	(60,534)
Credited to the consolidated income statement	<u>5,646</u>	<u>6,463</u>	<u>12,109</u>
At 31 December 2014	5,646	(54,071)	(48,425)
At 1 January 2015	5,646	(54,071)	(48,425)
(Charged)/credited to the consolidated income statement	<u>(2,565)</u>	<u>11,468</u>	<u>8,903</u>
At 31 December 2015	3,081	(42,603)	(39,522)
At 1 January 2016	3,081	(42,603)	(39,522)
Credited to the consolidated income statement	<u>—</u>	<u>10,583</u>	<u>10,583</u>
At 31 December 2016	<u><b>3,081</b></u>	<u><b>(32,020)</b></u>	<u><b>(28,939)</b></u>

As at 31 December 2016, 2015 and 2014, deferred income tax liabilities of RMB287,589,000, RMB274,801,000 and RMB305,240,000, respectively, have not been recognised for the withholding tax that would be payable on the unremitted earnings amounted to RMB2,875,885,000, RMB2,748,006,000 and RMB3,052,396,000 of certain subsidiaries. Such earnings are expected to be retained by the PRC subsidiaries for reinvestment purposes and would not be remitted to the oversea intermediate holding companies in the foreseeable future based on management's estimation of overseas funding requirements.

## 21 TRADE AND OTHER PAYABLES

	2016	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables ( <i>note (a)</i> )	2,234,565	2,891,887	1,935,526
Other payables due to:			
— Related parties ( <i>note 34 (c)</i> )	3,008,467	2,639,634	3,048,027
— Third parties ( <i>note (b)</i> )	493,854	312,653	292,568
Dividend payable to shareholder of Crown Golden ( <i>note 34 (d)</i> )	2,855,178	2,505,615	3,552,673
Staff welfare benefit payable	8,289	8,434	6,472
Accruals	133,496	71,042	134,448
Other taxes payable	124,198	140,524	102,657
	<u>8,858,047</u>	<u>8,569,789</u>	<u>9,072,371</u>

Notes:

- (a) The ageing analysis of the trade payables of Crown Golden Group based on invoice date as at 31 December 2016, 2015 and 2014 is as follows:

	2016	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 90 days	1,779,255	1,435,862	956,737
Over 90 days and within 180 days	204,515	628,468	417,432
Over 180 days and within 365 days	129,542	334,710	251,825
Over 365 days	121,253	492,847	309,532
	<u>2,234,565</u>	<u>2,891,887</u>	<u>1,935,526</u>

- (b) The balances are cash advances and equity payables, which are unsecured, interest-free and repayable on demand.

## 22 OTHER (LOSSES)/GAINS, NET

	2016	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
(Reversal of gains)/gains on disposal of property, plant and equipment ( <i>note (a)</i> )	(210,626)	215,668	—
(Losses)/gains on disposal of investment properties	(16,087)	2,944	—
Exchange (losses)/gains, net ( <i>note (b)</i> )	(76,950)	(32,025)	191
	<u>(303,663)</u>	<u>186,587</u>	<u>191</u>

Note:

- (a) Amount represents the gain on disposal of property, plant and equipment determined by comparing the proceeds with the carrying amount. During the year ended 31 December 2015, Crown Golden Group disposed of a hotel property to an independent third party (the “Buyer”) and recognised a gain of approximately RMB210,626,000. However, during the year ended 31 December 2016, the Buyer was unable to complete the transaction. As a result, the transaction was cancelled and the gain of approximately RMB210,626,000 was reversed during the year ended 31 December 2016.
- (b) Amount mainly represents the loss or gain of translation of financial assets and liabilities, which are denominated in foreign currency into RMB at the prevailing year-end exchange rate.

### 23 OTHER INCOME

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Interest income	32,919	26,887	46,250
Forfeited deposits from customers	8,339	—	2,179
Miscellaneous	<u>726</u>	<u>1,598</u>	<u>3,943</u>
	<u>41,984</u>	<u>28,485</u>	<u>52,372</u>

### 24 OTHER EXPENSES

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Charitable donations	31,658	1,603	12,513
Miscellaneous	<u>2,695</u>	<u>2,392</u>	<u>1,174</u>
	<u>34,353</u>	<u>3,995</u>	<u>13,687</u>

## 25 EXPENSES BY NATURE

	2016	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Employee benefit expenses ( <i>note 26</i> )	210,421	268,128	269,007
Auditors' remuneration	748	832	654
Advertising costs	281,538	175,260	273,906
Commission fee	279,233	86,538	89,468
Depreciation ( <i>note 6</i> )	165,556	130,984	90,876
Amortisation of intangible assets ( <i>note 8</i> )	1,071	1,081	940
Amortisation of land use rights ( <i>note 7</i> )	4,635	1,410	2,133
— recognised as cost of sales	976	924	813
— recognised as expenses	3,659	486	1,320
Cost of completed properties sold	5,175,273	2,965,532	2,415,146
Business taxes and other levies ( <i>note (a)</i> )	225,839	386,860	351,037
Other taxes	101,160	108,378	73,501
Utilities expense	22,291	23,620	20,863
Operating lease payments	6,417	2,973	1,425
Others	186,500	173,207	167,231
<b>Total cost of sales, selling and marketing costs and administrative expenses</b>	<b>6,660,682</b>	<b>4,324,803</b>	<b>3,756,187</b>

*Note:*

- (a) Crown Golden Group was subject to business taxes of 5% and other levies on their revenues from sales of properties in the PRC by 30 April 2016. Effective from 1 May 2016, the proceeds arising from sales of properties in PRC are subject to value added taxes of 5% and other levies.

## 26 EMPLOYEE BENEFIT EXPENSE

	2016	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Wages and salaries	164,246	209,796	215,197
Pension costs — statutory pension ( <i>note (a)</i> )	13,961	14,939	10,778
Staff welfare	19,239	28,608	33,731
Medical benefits	2,282	2,451	905
Other allowances and benefits	10,693	12,334	8,396
	<b>210,421</b>	<b>268,128</b>	<b>269,007</b>

*Notes:*

- (a) Employees in Crown Golden Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal government. Crown Golden Group's PRC subsidiaries contribute funds, which are calculated on certain percentage of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees.

**(b) Five highest paid individuals**

The five individuals whose emoluments were the highest in Crown Golden Group for the year do not include any directors whose emoluments are reflected in the analysis shown in Note 37. The emoluments payable to the five highest paid individuals during the years ended 2016, 2015 and 2014 are as follows:

	<b>2016</b> <i>RMB'000</i>	<b>2015</b> <i>RMB'000</i>	<b>2014</b> <i>RMB'000</i>
Salaries and bonuses	<u>15,563</u>	<u>11,198</u>	<u>11,252</u>

The emoluments fell within the following bands:

	<b>Number of individuals</b>		
	<b>2016</b>	<b>2015</b>	<b>2014</b>
Emolument bands ( <i>in HK dollar</i> )			
HK\$500,001–HK\$1,000,000	—	1	1
HK\$1,000,001–HK\$1,500,000	1	2	2
HK\$1,500,001–HK\$2,000,000	1	—	1
HK\$2,500,001–HK\$3,000,000	—	1	—
HK\$3,000,001–HK\$3,500,000	1	—	—
HK\$3,500,001–HK\$4,000,000	1	—	—
HK\$7,500,001–HK\$8,000,000	—	1	—
HK\$8,000,001–HK\$8,500,000	1	—	—
HK\$9,500,001–HK\$10,000,000	<u>—</u>	<u>—</u>	<u>1</u>

(c) During the years ended 31 December 2016, 2015 and 2014, no emolument was paid by Crown Golden Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining Crown Golden Group or as compensation for loss of offices.

**27 FINANCE COSTS, NET**

	<b>2016</b> <i>RMB'000</i>	<b>2015</b> <i>RMB'000</i>	<b>2014</b> <i>RMB'000</i>
Interest expense:			
— Bank borrowings	88,355	121,178	98,603
Less: interest capitalised	<u>(57,851)</u>	<u>(79,894)</u>	<u>(44,035)</u>
	<u>30,504</u>	<u>41,284</u>	<u>54,568</u>

## 28 INCOME TAX EXPENSES

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Current income tax:			
— PRC corporate income tax	265,748	502,155	432,497
— PRC land appreciation tax	333,079	883,594	952,873
— PRC withholding income tax	55,379	162,673	125,103
Deferred income tax ( <i>note 20</i> )			
— PRC corporate income tax	<u>(10,583)</u>	<u>(8,903)</u>	<u>(12,109)</u>
	<u>643,623</u>	<u>1,539,519</u>	<u>1,498,364</u>

The income tax on Crown Golden Group's profit before tax differs from the theoretical amount that would arise using the enacted tax rate of the home countries or regions of Crown Golden Group entities as follows:

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
<b>Profit before income tax</b>	<u>1,221,801</u>	<u>2,783,669</u>	<u>2,528,549</u>
Tax calculated at tax rates applicable to profits in the respective entities of Crown Golden Group	305,450	695,917	632,137
Tax effects of:			
— Expenses not deductible for income tax ( <i>note (a)</i> )	32,985	18,234	26,469
— PRC land appreciation tax deductible for calculation of income tax purposes	<u>(83,270)</u>	<u>(220,899)</u>	<u>(238,218)</u>
PRC corporate income tax	255,165	493,252	420,388
PRC withholding income tax	55,379	162,673	125,103
PRC land appreciation tax	<u>333,079</u>	<u>883,594</u>	<u>952,873</u>
	<u>643,623</u>	<u>1,539,519</u>	<u>1,498,364</u>

*Note:*

- (a) Expenses not deductible for income tax for the years ended 31 December 2016, 2015 and 2014 mainly comprise administrative expense of domestic companies over deduction limits, donations made to non-official public welfare institutions, exchange loss and expenses of Crown Golden Group entities in Hong Kong.

**PRC land appreciation tax**

PRC land appreciation tax is levied at progressive rate ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including land use rights and expenditures directly related to property development activities.

**PRC corporate income tax**

The income tax provision of Crown Golden Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof.

The corporate income tax rate applicable to Crown Golden Group entities located in Mainland China is 25% according to the Corporate Income Tax Law of the People's Republic of China (the "CIT Law") effective on 1 January 2008.

#### PRC withholding income tax

According to the CIT Law, starting from 1 January 2008, a withholding tax of 10% will be levied on the immediate holding companies outside the PRC when their PRC subsidiaries declare dividend out of profits earned after 1 January 2008. A lower of 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong and fulfil requirements under the tax treaty arrangements between the PRC and Hong Kong.

#### Overseas income tax

Crown Golden was incorporated in the BVI. Group entities in the British Virgin Islands were incorporated either under the BVI Business Companies Act or were automatically re-registered under the same act on 1 January 2007 and, accordingly, are exempted from British Virgin Islands income tax.

#### Hong Kong profits tax

No provision for Hong Kong profits tax has been made in the consolidated financial statements as Crown Golden and Crown Golden Group did not have assessable profit in Hong Kong for the year. The profit of Crown Golden Group entities in Hong Kong is mainly derived from dividend income and interest income of bank deposits, which are not subject to Hong Kong profits tax.

## 29 DIVIDENDS

	2016	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Dividend ( <i>note (a)</i> )	<u>508,871</u>	<u>1,462,624</u>	<u>1,142,053</u>

*Note:*

- (a) Dividends represented dividends declared by Crown Golden for the years ended 31 December 2016, 2015 and 2014. During the year ended 31 December 2016, pursuant to the board minutes dated 20 September 2016, Crown Golden declared the dividend of RMB508,871,000, among which, RMB327,750,000 was distributed from share premium and the remaining RMB181,121,000 was distributed from retained earnings of Crown Golden. During the years ended 31 December 2015 and 2014, all dividends were distributed from retaining earnings of Crown Golden.

## 30 CASH GENERATED FROM OPERATIONS

	2016	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the year	578,178	1,244,150	1,030,185
Adjustments for:			
Taxation ( <i>note 28</i> )	643,623	1,539,519	1,498,364
Interest income ( <i>note 23</i> )	(32,919)	(26,887)	(46,250)
Depreciation ( <i>note 6</i> )	165,556	130,984	90,876
Amortisation of intangible assets ( <i>note 8</i> )	1,071	1,081	940
Amortisation of land use rights ( <i>note 7</i> )	4,635	1,410	2,133
Losses/(gains) on disposal of investment properties	16,087	(2,944)	—
Reverse of disposal gain/(gains) of property, plant and equipment	210,626	(215,668)	—
Net exchange losses/(gains)	76,950	32,025	(191)
Fair value gains on investment properties	2,439	21,940	25,854
Finance costs, net ( <i>note 27</i> )	30,504	41,284	54,568
Changes in working capital:			
Property under development and completed properties held for sale	3,461,667	(922,022)	(758,061)
Prepayments for acquisition of land use rights	(31,489)	—	—
Restricted cash	(798,709)	57,510	(224,212)
Trade and other receivables	210,916	147,841	96,491
Trade and other payables and accruals	(698,255)	946,028	(36,969)
Advance proceeds received from customers	(135,897)	(656,407)	346,716
<b>Cash generated from operations</b>	<u><u>3,704,983</u></u>	<u><u>2,339,844</u></u>	<u><u>2,080,444</u></u>

## Non-cash transactions

The principal non-cash transaction during the year ended 31 December 2016 is the transfer of construction cost from properties under development to self-owned properties discussed in Note 6. There was no non-cash transaction during the years ended 31 December 2015 and 2014.

## 31 FINANCIAL GUARANTEE

	2016	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Guarantee in respect of mortgage facilities for certain purchasers ( <i>note (a)</i> )	<u><u>3,082,412</u></u>	<u><u>1,585,209</u></u>	<u><u>834,298</u></u>

*Note:*

- (a) Crown Golden Group has cooperated with certain financial institutions to arrange mortgage loan facilities for its purchasers of properties and provide guarantees to secure obligations of such purchasers for repayments. As at 31 December 2016, 2015 and 2014, the outstanding guarantees amounted to RMB3,082,412,000, RMB1,585,209,000 and RMB834,298,000, respectively. Such guarantees will be discharged upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within one year after the purchasers take possession of the relevant property; and (ii) the satisfaction of relevant mortgage loan by purchasers.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, Crown Golden Group is responsible to repay the outstanding mortgage principals together with any accrued interests and penalties owed by the defaulted purchasers to the financial institutions, and Crown Golden Group is entitled to take over the legal title and possession of the related properties. Crown Golden Group's guarantee starts from the dates the mortgagees grant the mortgage loans. No provision has been made for the guarantees as the management is of the view that the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interests and penalties in case of any default in payments.

## 32 COMMITMENTS

### (a) Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Property, plant and equipment:			
— Not later than one year	949	3,779	2,469
— Later than one year and not later than five years	<u>1,844</u>	<u>2,608</u>	<u>—</u>
	<u>2,793</u>	<u>6,387</u>	<u>2,469</u>

### (b) Other commitments

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Contracted but not provided for			
— Property development activities	2,535,444	3,297,650	5,398,961
— Acquisition of land use rights	<u>118,127</u>	<u>—</u>	<u>—</u>
	<u>2,653,571</u>	<u>3,297,650</u>	<u>5,398,961</u>

## 33 FUTURE MINIMUM RENTAL PAYMENTS RECEIVABLE

Crown Golden Group had future aggregate minimum lease rental receivables under non-cancellable operating leases as follows:

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Not later than one year	3,604	4,903	2,878
Later than one year and not later than five years	57,463	37,574	20,070
Over five years	<u>97,775</u>	<u>57,631</u>	<u>50,519</u>
	<u>158,842</u>	<u>100,108</u>	<u>73,467</u>

## 34 RELATED PARTY TRANSACTIONS

## (a) Name and relationship with related parties

Name	Relationship
Top Coast Investment Limited	The ultimate holding company of Crown Golden
Agile Group Holdings Limited (“Agile Group”) 雅居樂集團控股有限公司	The intermediate holding company of Crown Golden
Forever Fame Property Development Holdings Limited (“Forever Fame”) 譽永房地產發展地產控股有限公司	The parent company of Crown Golden
Profitica Group (BVI) Limited (“Profitica”) 盈嘉集團(BVI)有限公司	Fellow subsidiary
Giant Sea Holdings Limited (“Giant Sea”) 添洋控股有限公司	Fellow subsidiary
Stand Power Investments Limited (“Stand Power”) 衛中投資有限公司	Fellow subsidiary
Era Creation Advertising Limited (“Era Creation”) 創歷廣告有限公司	Fellow subsidiary
Hong Kong Agile Property Management Services Limited (“HK Agile PM”) 香港雅居樂物業管理服務有限公司	Fellow subsidiary
Agile Property Land Co., Ltd. (“Agile Property”) ( <i>note (i)</i> ) 雅居樂地產置業有限公司	Fellow subsidiary
Changzhou Agile Real Estate Development Co., Ltd. (“Changzhou Agile”) ( <i>note (i)</i> ) 常州雅居樂房地產開發有限公司	Fellow subsidiary
Foshan Agile Real Estate Development Co., Ltd. (“Foshan Agile”) ( <i>note (i)</i> ) 佛山市雅居樂房地產有限公司	Fellow subsidiary
Guangzhou Panyu Agile Realty Development Co., Ltd. (“Guangzhou Panyu”) ( <i>note (i)</i> ) 廣州番禺雅居樂房地產開發有限公司	Fellow subsidiary
Guangzhou Huadu Agile Realty Development Co., Ltd. (“Guangzhou Huadu”) ( <i>note (i)</i> ) 廣州花都雅居樂房地產開發有限公司	Fellow subsidiary
Guangzhou Agile Real Estate Development Co., Ltd. (“Guangzhou Agile”) ( <i>note (i)</i> ) 廣州雅居樂房地產開發有限公司	Fellow subsidiary
Guangzhou Yayue Real Estate Development Co., Ltd. (“Guangzhou Yayue”) ( <i>note (i)</i> ) 廣州雅粵房地產開發有限公司	Fellow subsidiary
Guangzhou Zhenzhong Construction Co., Ltd. (“Guangzhou Zhenzhong”) ( <i>note (i)</i> ) 廣州振中建設有限公司	Fellow subsidiary
Hainan Yacheng Real Estate Development Co., Ltd. (“Hainan Yacheng”) ( <i>note (i)</i> ) 海南雅誠房地產開發有限公司	Fellow subsidiary
Hainan Yahang Travel Property Co., Ltd. (“Hainan Yahang”) ( <i>note (i)</i> ) 海南雅航旅遊置業有限公司	Fellow subsidiary

Name	Relationship
Hainan Yahe Real Estate Development Co., Ltd. (“Hainan Yahe”) 海南雅和房地產開發有限公司	Fellow subsidiary
Hainan Yahong Real Estate Development Co., Ltd. (“Hainan Yahong”) ( <i>note (i)</i> ) 海南雅鴻房地產開發有限公司	Fellow subsidiary
Heyuan Agile Real Estate Development Co., Ltd. (“Heyuan Agile”) ( <i>note (i)</i> ) 河源市雅居樂房地產開發有限公司	Fellow subsidiary
Huizhou Bailuhu Tour Enterprise Development Co., Ltd. (“Huizhou Bailuhu”) ( <i>note (i)</i> ) 惠州白鷺湖旅遊實業開發有限公司	Fellow subsidiary
Lai'an Agile Real Estate Development Co., Ltd. (“Laian Agile”) ( <i>note (i)</i> ) 來安雅居樂房地產開發有限公司	Fellow subsidiary
Liaoning Agile Real Estate Development Co., Ltd. (“Liaoning Agile”) ( <i>note (i)</i> ) 遼寧雅居樂房地產開發有限公司	Fellow subsidiary
Nanjing Binjiang Agile Real Estate Development Co., Ltd. (“Nanjing Binjiang”) ( <i>note (i)</i> ) 南京濱江雅居樂房地產開發有限公司	Fellow subsidiary
Nanjing Jiangning Agile Real Estate Development Co., Ltd. (“Nanjing jiangning”) ( <i>note (i)</i> ) 南京江寧雅居樂房地產開發有限公司	Fellow subsidiary
Nanjing Yajian Land Co., Ltd. (“Nanjing Yajian”) ( <i>note (i)</i> ) 南京雅建置業有限公司	Fellow subsidiary
Nanjing Agile Real Estate Development Co., Ltd. (“Nanjing Agile”) ( <i>note (i)</i> ) 南京雅居樂房地產開發有限公司	Fellow subsidiary
Ruili Agile Resort Co., Ltd. (“Ruili Agile”) ( <i>note (i)</i> ) 瑞麗雅居樂旅遊置業有限公司	Fellow subsidiary
Foshan Sanshui Agile Real Estate Development Co., Ltd. (“Sanshui Agile”) ( <i>note (i)</i> ) 佛山市三水雅居樂房地產開發有限公司	Fellow subsidiary
Foshan Sanshui Agile Majestic Garden Real Estate Co., Ltd. (“Sanshui Majestic”) ( <i>note (i)</i> ) 佛山市三水雅居樂雍景園房地產有限公司	Fellow subsidiary
Shanghai Songjiang Agile Real Estate Development Co., Ltd. (“Shanghai Songjiang”) ( <i>note (i)</i> ) 上海松江雅居樂房地產開發有限公司	Fellow subsidiary
Foshan Shunde Agile Real Estate Development Co., Ltd. (“Shunde Agile”) ( <i>note (i)</i> ) 佛山市順德區雅居樂房地產開發有限公司	Fellow subsidiary
Foshan Shunde Yaxin Real Estate Development Co., Ltd. (“Shunde Yaxin”) ( <i>note (i)</i> ) 佛山市順德區雅新房地產開發有限公司	Fellow subsidiary
Tengchong Agile Resort Co., Ltd. (“Tengchong Agile”) ( <i>note (i)</i> ) 騰沖雅居樂旅遊置業有限公司	Fellow subsidiary
Wuxi Agile Real Estate Development Co., Ltd. (“Wuxi Agile”) ( <i>note (i)</i> ) 無錫雅居樂房地產開發有限公司	Fellow subsidiary

Name	Relationship
Agile Property Management Services Co., Ltd (“Agile PM”) ( <i>note (i)</i> ) 雅居樂物業管理服務有限公司	Fellow subsidiary
Agile Property Management Services Co., Ltd, Sanya Branch (“Sanya PM”) ( <i>note (i)</i> ) 雅居樂物業管理服務有限公司三亞分公司	Fellow subsidiary
Agile Property Management Services Co., Ltd, Wenchang Branch (“Wenchang PM”) ( <i>note (i)</i> ) 雅居樂物業管理服務有限公司文昌分公司	Fellow subsidiary
Xian Qujiang Agile Real Estate Development Co., Ltd. (“Xian Qujiang”) ( <i>note (i)</i> ) 西安曲江雅居樂房地產開發有限公司	Fellow subsidiary
Xishuangbanna Agile Resort Co., Ltd. (“Xishuangbanna Agile”) ( <i>note (i)</i> ) 西雙版納雅居樂旅遊置業有限公司	Fellow subsidiary
Yangzhou Agile Real Estate Development Co., Ltd. (“Yangzhou Agile”) ( <i>note (i)</i> ) 揚州雅居樂房地產開發有限公司	Fellow subsidiary
Zhenjiang Agile Real Estate Development Co., Ltd. (“Zhenjiang Agile”) ( <i>note (i)</i> ) 鎮江雅居樂房地產開發有限公司	Fellow subsidiary
Zhongshan Greenville Realty Development Co., Ltd. (“Zhongshan Kaiyin”) ( <i>note (i)</i> ) 中山市凱茵豪園房地產開發有限公司	Fellow subsidiary
Zhongshan Agile Hotel Co., Ltd. (“Zhongshan Agile Hotel”) ( <i>note (i)</i> ) 中山市雅居樂酒店有限公司	Fellow subsidiary
Zhongshan Fashion Decoration Co., Ltd. (“Zhongshan Fashion”) ( <i>note (i)</i> ) 中山市時興裝飾有限公司	Fellow subsidiary
Zhongshan Yachuang Real Estate Development Co., Ltd. (“Zhongshan Yachuang”) ( <i>note (i)</i> ) 中山市雅創房地產開發有限公司	Fellow subsidiary
Zhongshan Yafeng Trading Co., Ltd. (“Zhongshan Yafeng”) ( <i>note (i)</i> ) 中山市雅豐貿易有限公司	Fellow subsidiary
Zhongshan Yahong Real Estate Development Co., Ltd. (“Zhongshan Yahong”) ( <i>note (i)</i> ) 中山市雅鴻房地產開發有限公司	Fellow subsidiary
Zhongshan Ever Creator Real Estate Development Co., Ltd. (“Zhongshan Yajian”) 中山市雅建房地產開發有限公司	Fellow subsidiary
Zhongshan Yajing Real Estate Development Co., Ltd. (“Zhongshan Yajing”) ( <i>note (i)</i> ) 中山市雅景房地產開發有限公司	Fellow subsidiary
Zhongshan Yashang Real Estate Development Co., Ltd. (“Zhongshan Yashang”) ( <i>note (i)</i> ) 中山市雅尚房地產開發有限公司	Fellow subsidiary
Zhongshan Yaxin Real Estate Development Co., Ltd. (“Zhongshan Yaxin”) ( <i>note (i)</i> ) 中山市雅信房地產開發有限公司	Fellow subsidiary

Name	Relationship
Zhongshan Agile Majestic Garden Real Estate Co., Ltd. ("Zhongshan Majestic") (note (i)) 中山雅居樂雍景園房地產有限公司	Fellow subsidiary
Chongqing Gangya Land Co., Ltd. ("Chongqing Gangya") (note (i)) 重慶港雅置業有限公司	Fellow subsidiary
Shanghai Jing'an Chengtou Chongqing Land Co., Ltd. ("Chongqing Zhiye") (note (i)) 上海靜安城投重慶置業有限公司	Fellow subsidiary

Note (i) The names of the companies represent management's best efforts at translating the Chinese names of these companies as no English names have been registered or available.

**(b) Transactions with related parties**

During the years ended 31 December 2016, 2015 and 2014, Crown Golden Group had the following transactions with related parties, which are carried out in the normal course of Crown Golden Group's business:

***Key management compensation***

Key management includes heads of major operational departments. The compensation paid or payable to key management for employee services is shown below:

	2016	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
— Salaries and other short-term employee benefits	15,495	11,142	11,186
— Retirement scheme contributions	<u>68</u>	<u>56</u>	<u>66</u>
	<u>15,563</u>	<u>11,198</u>	<u>11,252</u>

**(c) Balances with related parties**

As at 31 December 2016, 2015 and 2014, Crown Golden Group had the following significant non-trade balances with related parties:

	<b>2016</b>	<b>2015</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Due from related parties ( <i>note (i)</i> )			
— Hainan Yahang	4,558,905	4,882,046	187,397
— Forever Fame	1,686,183	1,579,245	1,487,670
— Hainan Yacheng	1,227,895	1,146,727	1,190,890
— Agile Property	219,950	7,780	7,445,584
— Agile PM	72,236	44,277	—
— Tengchong Agile	12,753	34,527	612
— Xishuangbanna Agile	8,808	20,331	7,293
— Ruili Agile	—	20,395	7,582
— Guangzhou Zhenzhong	—	—	125,160
— Zhongshan Yajian	—	—	71,307
— Zhongshan Yaxin	—	—	28,317
— Zhongshan Yashang	—	—	27,912
— Wuxi Agile	—	—	20,000
— Liaoning Agile	—	—	17,992
— Nanjing Jiangning	—	—	13,825
— Nanjing Binjiang	—	—	8,384
— Nanjing Agile	—	—	7,712
— Yangzhou Agile	—	—	6,888
— Hainan Yahong	—	—	6,463
— Guangzhou Huadu	—	—	6,350
— Changzhou Agile	—	—	4,646
— Laian Agile	—	—	4,455
— Others	8	901	10,493
	<u>7,786,738</u>	<u>7,736,229</u>	<u>10,686,932</u>
Due to related parties ( <i>note (i)</i> )			
— Agile Group	1,452,163	1,203,104	1,548,097
— Forever Fame	1,063,537	996,087	938,328
— Profitica	437,163	409,438	423,485
— HK Agile PM	40,451	30,979	26,427
— Stand Power	6,587	—	—
— Giant Sea	5,219	—	—
— Shunde Agile	—	—	37,351
— Zhongshan Yachuang	—	—	14,189
— Zhongshan Yahong	—	—	8,915
— Zhongshan Yajing	—	—	8,082
— Zhongshan Kaiyin	—	—	7,135
— Guangzhou Panyu	—	—	6,673
— Zhongshan Agile Hotel	—	—	5,000
— Shanghai Songjiang	—	—	4,385
— Sanshui Majestic	—	—	4,342
— Others	3,347	26	15,618
	<u>3,008,467</u>	<u>2,639,634</u>	<u>3,048,027</u>

Note:

- (i) The balances are cash advances in nature, which are unsecured, interest-free and repayable on demand.

(d) Dividend payable to shareholder of Crown Golden

	2016 RMB'000	2015 RMB'000	2014 RMB'000
Dividend payable to shareholder of Crown Golden			
— Forever Fame	<u>2,855,178</u>	<u>2,505,615</u>	<u>3,552,673</u>

### 35 ULTIMATE HOLDING COMPANY

The directors of Crown Golden consider Top Coast Investment Limited, a company incorporated in the British Virgin Island, to be the ultimate holding company of Crown Golden Group.

### 36 INVESTMENTS IN SUBSIDIARIES

- (a) Particulars of principal subsidiaries of Crown Golden Group as at 31 December 2016, 2015 and 2014 are set out below:

Name	Place of incorporation and legal status	Principal activities/place of operation	Proportion of ordinary shares directly held by parent (%)	Proportion of ordinary shares held by Crown Golden Group (%)	Proportion of ordinary shares held by non-controlling interests (%)
<b>Directly held by Crown Golden</b>					
順邦國際有限公司 Smooth State International Limited	British Virgin Islands (the "BVI")/limited liability Company	Investment holding/ Hong Kong	100%	100%	—
傲凱投資有限公司 Pride Height Investments Ltd	British Virgin Islands (the "BVI")/limited liability Company	Investment holding/ Hong Kong	100%	100%	—
<b>Indirectly held by Crown Golden</b>					
澤高集團有限公司 Giant Top Group Limited	Hong Kong/limited liability Company	Investment holding/ Hong Kong	—	100%	—
曉高集團有限公司 On Sky Group Limited	Hong Kong/limited liability Company	Investment holding/ Hong Kong	—	100%	—
海南雅居樂房地產開發有限公司 Hainan Agile Real Estate Development Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	—	100%	—
海南雅恒房地產開發有限公司 Hainan Yaheng Real Estate Development Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	—	100%	—
海南雅居樂房地產開發有限公司雅居樂萊佛士酒店 Hainan Agile Real Estate Development Co., Ltd. Agile Raffles Hotel (note (i))	PRC/wholly foreign owned enterprise	Hotel operation/ Mainland China	—	100%	—
海南雅居樂房地產開發有限公司清水灣萬豪度假酒店 Hainan Agile Real Estate Development Co., Ltd. Lingshui Clearwater Bay Marriott Hotel (note (i))	PRC/wholly foreign owned enterprise	Hotel operation/ Mainland China	—	100%	—
海南雅居樂房地產開發有限公司雅居樂假日度假酒店 Hainan Agile Real Estate Development Co., Ltd. Agile Holidayinn Hotel (note (i))	PRC/wholly foreign owned enterprise	Hotel operation/ Mainland China	—	100%	—

Name	Place of incorporation and legal status	Principal activities/place of operation	Proportion of ordinary shares directly held by parent (%)	Proportion of ordinary shares held by Crown Golden Group (%)	Proportion of ordinary shares held by non-controlling interests (%)
海南雅居樂房地產開發有限公司陵水清水灣遊艇會分公司 Hainan Agile Real Estate Development Co., Ltd. Lingshui Clearwater Bay Yacht Club (note (i))	PRC/wholly foreign owned enterprise	Yacht management/ Mainland China	—	100%	—
海南百匯景區管理有限公司 Hainan Baihui Attraction Management Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Attraction management/ Mainland China	—	100%	—
海南清水灣水務有限公司 Hainan Clearwater Bay Services Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Water treatment/ Mainland China	—	100%	—
海南雅居樂物業服務有限公司 Hainan Agile Property Services Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property management/ Mainland China	—	100%	—

The above table lists all subsidiaries of Crown Golden Group.

*Note (i):* The names of the companies represent management's best efforts at translating the Chinese names of these companies as no English names have been registered or available.

### 37 BENEFITS AND INTERESTS OF DIRECTORS

The directors did not receive or were entitled to receive any fees and other emoluments from Crown Golden for the years. During the years ended 31 December 2016, 2015 and 2014, the directors of Crown Golden received emoluments totalling RMB7,507,000, RMB7,055,000 and RMB9,270,000 respectively from Agile Group, the intermediate holding Company of Crown Golden, in respect of their services to Agile Group accordingly. No apportionment has been made to Crown Golden as the directors consider it is impractical to determine an appropriate basis for apportionment to Crown Golden.

### III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by Crown Golden or any of its subsidiaries in respect of any period subsequent to 31 December 2016 and up to the date of this report. No dividend or distribution has been declared or made by Crown Golden or any of its subsidiaries in respect of any period subsequent to 31 December 2016.

**RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of providing information with regards to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

**DISCLOSURE OF INTERESTS****Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures**

As at Latest Practicable Date, the interests or short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of SFO) which (i) were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of SFO (including interests or short positions which they were taken or deemed to have under such provisions of SFO); or (ii) were recorded in the register required to be kept by the Company under Section 352 of SFO; or (iii) were required by the code for securities transactions by Directors adopted by the Company ("**Securities Dealing Code for Directors**"), which is on terms no less exacting than the required standard as set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

*(1) Long positions in Shares*

Name of Director	Capacity of interests held	Shares held in the Company			Approximate percentage to issued share capital
		Number of Shares	Note	Total number of Shares	
Chen Zhuo Lin	Beneficiary of a trust	2,453,096,250	1	2,467,372,500	62.99%
	Controlled corporation	14,276,250	2		
Chan Cheuk Yin	Beneficiary of a trust	2,453,096,250	1	2,468,783,750	63.03%
	Controlled corporation	15,687,500	3		
Luk Sin Fong, Fion	Beneficiary of a trust	2,453,096,250	1	2,467,372,500	62.99%
	Controlled corporation	14,276,250	2		
Chan Cheuk Hung	Beneficiary of a trust	2,453,096,250	1	2,453,096,250	62.63%
Chan Cheuk Hei	Beneficiary of a trust	2,453,096,250	1	2,460,971,250	62.83%
	Beneficial owner	7,875,000	4		

Name of Director	Capacity of interests held	Shares held in the Company			Approximate percentage to issued share capital
		Number of Shares	Note	Total number of Shares	
Chan Cheuk Nam	Beneficiary of a trust	2,453,096,250	1	2,459,877,750	62.80%
	Beneficial owner	6,781,500	5		
Chen Zhongqi	Spouse	187,000	6	807,000	0.02%
	Others	620,000	7		
Huang Fengchao	Beneficial owners	1,400,000		2,020,000	0.05%
	Others	620,000	7		

*Notes:*

- Held by Full Choice Investments Limited (“**Full Choice**”) as trustee through Top Coast Investment Limited (“**Top Coast**”).
- Held by Brilliant Hero Capital Limited (暉雄資本有限公司) and Famous Tone Investments Limited (名通投資有限公司), which are jointly controlled by Chen Zhuo Lin and Luk Sin Fong, Fion.
- Held by Renowned Idea Investments Limited (明思投資有限公司), which is wholly-owned by Chan Cheuk Yin.
- Jointly held by Chan Cheuk Hei and his spouse Lu Yanping.
- Jointly held by Chan Cheuk Nam and his spouse Chan Siu Na.
- Held by Sun Hong, the spouse of Chen Zhongqi. By virtue of SFO, Chen Zhongqi is deemed to be interested in the Shares held by his spouse Sun Hong.
- Each of Huang Fengchao and Chen Zhongqi is entitled to receive 620,000 Shares upon the satisfaction of relevant vesting conditions specified by the Board under the Share Award Scheme at the time of the grant. Those Shares are still held on trust by Bank of Communications Trustee Limited until the satisfaction of the vesting conditions.

*(2) Long positions in the debentures of the Company*

Name of Director	Type	Personal Interests	Approximate percentage to the debentures
Kwong Che Keung, Gordon	9% senior notes in an aggregate principal amount of US\$500 million due by 2020	US\$500,000	0.1%

***(3) Long positions in the shares of associated corporation of the Company***

As at Latest Practicable Date, Chen Zhuo Lin and Chan Cheuk Yin, as Directors of the Company, were deemed to be interested in two ordinary shares, representing 100% of the then issued voting shares, in Top Coast, a company wholly-owned by Full Choice which in turn owned as to 50% by Chen Zhuo Lin and Chan Cheuk Yin respectively.

Save as disclosed above, as at Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of SFO) which (i) were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of SFO (including interests or short positions which they were taken or deemed to have under such provisions of SFO); or (ii) were recorded in the register required to be kept by the Company under Section 352 of SFO; or (iii) were required by Securities Dealing Code for Directors to be notified to the Company and the Stock Exchange.

**Substantial Shareholders' Interests and Short Positions**

To the best knowledge of the Directors or chief executive of the Company, as at Latest Practicable Date, the interests or short positions of substantial Shareholders (other than Directors or the chief executive of the Company) in the Shares or underlying Shares which (i) have been disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of SFO or (ii) were recorded in the register required to be kept by the Company under Section 336 of SFO were as follows:

***Long positions in Shares***

Name of Shareholder	Capacity of interests held	Shares held in the Company			Approximate percentage to issued share capital
		Number of shares	Note	Total number of Shares	
Full Choice	Trustee	2,453,096,250	1	2,453,096,250	62.63%
Top Coast	Beneficial owner	2,453,096,250	1	2,453,096,250	62.63%
Zheng Huiqiong	Spouse	2,468,783,750	2	2,468,783,750	63.03%
Lu Liqing	Spouse	2,453,096,250	3	2,453,096,250	62.63%

Name of Shareholder	Capacity of interests held	Shares held in the Company		Total number of Shares	Approximate percentage to issued share capital
		Number of shares	Note		
Lu Yanping	Beneficial owner	7,875,000	4	2,460,971,250	62.83%
	Spouse	2,453,096,250	5		
Chan Siu Na	Beneficial owner	6,781,500	6	2,459,877,750	62.80%
	Spouse	2,453,096,250	7		

*Notes:*

1. Full Choice holds, through Top Coast, the Shares as the trustee of the Chen's Family Trust. Beneficiaries of which are Chen Zhuo Lin, Chan Cheuk Yin, Luk Sin Fong, Fion, Chan Cheuk Hung, Chan Cheuk Hei and Chan Cheuk Nam.
2. By virtue of the SFO, Zheng Huiqiong is deemed to be interested in the Shares held by her spouse, Chan Cheuk Yin.
3. By virtue of the SFO, Lu Liqing is deemed to be interested in the Shares held by her spouse, Chan Cheuk Hung.
4. Jointly held by Lu Yanping and her spouse, Chan Cheuk Hei.
5. By virtue of the SFO, Lu Yanping is deemed to be interested in the Shares held by her spouse, Chan Cheuk Hei.
6. Jointly held by Chan Siu Na and her spouse, Chan Cheuk Nam.
7. By virtue of the SFO, Chan Siu Na is deemed to be interested in the Shares held by her spouse, Chan Cheuk Nam.

Save as disclosed above, as at Latest Practicable Date, none of the substantial Shareholders (other than Directors or chief executives of the Company) had informed the Company that they had any interests or short positions which (i) shall disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of SFO or (ii) shall be recorded in the register required to be kept by the Company under Section 336 of SFO.

#### **DIRECTORS' INTERESTS IN ASSETS, CONTRACTS OR ARRANGEMENT SIGNIFICANT TO THE GROUP**

As at the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which had been acquired or disposed of by, or leased to, or are proposed to be acquired or disposed of by, or leased to, the Company or any of its subsidiaries since 31 December 2016, the date to which the latest published audited consolidated financial statements of the Company were made up.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement which was significant in relation to the business of the Group.

## DIRECTORS SERVICES CONTRACTS

As at the Latest Practicable Date, none of the Directors had a service contract with any member of the Group which was not determinable by the relevant members of the Group within one year without payment of compensation, other than statutory compensation.

## INTEREST IN COMPETING BUSINESS

As at Latest Practicable Date, Chen Zhuo Lin, Chan Cheuk Yin, Luk Sin Fong, Fion, Chan Cheuk Hung, Chan Cheuk Hei and Chan Cheuk Nam are having interests in 中山雅居樂長江酒店有限公司 (Zhongshan Agile Changjiang Hotel Co., Ltd.\*\*\*) (“**Changjiang Hotel Company**”). Changjiang Hotel Company is principally engaged in hotel business under the name of Zhongshan Agile Changjiang Hotel in Zhongshan, the PRC and competes or is likely to compete, either directly or indirectly, with the business of the Group.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or their respective close associates was interested in any business apart from the Group’s business which competes or is likely to compete, either directly or indirectly, with the Group’s businesses.

## MATERIAL CONTRACTS

Save as disclosed below, none of the members of the Group has entered into any contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding Latest Practicable Date that are or may be material:

1. the SPA;
2. the capital increase cooperation agreement dated 5 May 2017 entered into between 中山市雅景房地產開發有限公司 (Zhongshan Yajing Real Estate Development Co., Ltd.\*\*\*) (“**Zhongshan Yajing**”), an indirect wholly-owned subsidiary of the Company, 中山市世光創建集團有限公司 (Zhongshanshi Shiguang Chuangjian Group Company Limited\*\*\*) (“**Shiguang Chuangjian**”), Zheng Zihong and Wu Zhangjin in relation to the cooperation mode for eight projects being classified into two types;
3. the cooperative framework agreement entered into among Zhongshan Yajing, Shiguang Chuangjian, Zheng Zihong and Wu Zhangjin on 29 March 2017, pursuant to which Zhongshan Yajing has agreed to jointly develop eight projects situated in different locations in Zhongshan area with a total land area of 660,859 square metres for a total amount of approximately RMB2,770 million;

4. the loan commitment letter dated 28 March 2017 entered into by the Company in favour of 渤海銀行股份有限公司北京分行 (Beijing Branch of China Bohai Bank) (the “**Bank**”) to provide guarantee in proportion to the 25% shareholding interests in 天津津南新城房地產開發有限公司 (Tianjin Jinnan Xincheng Property Development Company Limited\*\*\*) (“**Tianjin Jinnan**”) owned by 佛山市雅居樂房地產有限公司 (Foshan Agile Real Estate Co. Ltd\*\*\*) (“**Foshan Agile**”), an indirect wholly-owned subsidiary of the Company, and three Independent Third Parties each holding indirectly 25% equity interests in Tianjin Jinnan respectively provided guarantee in proportion to their respective equity interest in Tianjin Jinnan to the Bank, for the repayment of the loan for the principal amount of RMB3,000 million by Tianjin Jinnan to the Bank;
5. the entrustment loan commitment letter dated 23 November 2016 entered into by the Company in favour of the Bank to provide guarantee in proportion to the 25% shareholding interests in Tianjin Jinnan owned by Foshan Agile for the repayment of the entrustment loan for the principal amount of RMB4,500 million by Tianjin Jinnan to the Bank;
6. the joint venture agreement dated 9 November 2016 entered into between 中盈長江國際新能源投資有限公司 (Zhongying Changjiang International New Energy Investments Company Limited\*\*\*) (“**Zhongying**”), 南京雅居樂房地產開發有限公司 (Nanjing Agile Real Estate Development Co., Ltd.\*\*\*) (an indirect wholly-owned subsidiary of the Company), 武漢長凱物業發展有限公司 (Wuhan Changkai Property Development Company Limited\*\*\*) (“**Changkai**”) and 陽光凱迪新能源集團有限公司 (Yangguang Haidi New Energy Investments Company Limited\*\*\*) in relation to (i) the injection of RMB300 million into Changkai as its new registered capital and thereby owning 50% of its equity interests; and (ii) providing a loan of RMB3,000 million to Changkai;
7. the supplemental transfer agreement dated 20 September 2016 entered into between 中山市雅耀房地產投資有限公司 (Zhongshanshi Yayao Real Estate Investment Company Limited\*\*\*) (“**Zhongshan Yayao**”) (its equity interests being held by Zhongshan Yajing and 中山市世光創建實業有限公司 (Zhongshanshi Shiguang Changjian Industrial Company Limited\*\*\*) (“**Zhongshan Shiguang**”) as to 60% and 40% respectively), Zhongshan Shiguang, 中山市雄宇投資發展有限公司 (Zhongshanshi Xiongyu Investment Development Company Limited\*\*\*) (“**Zhongshan Xiongyu**”), 中山捷滙實業投資有限公司 (Zhongshan Jiehui Shiye Investment Company Limited\*\*\*) (“**Zhongshan Jiehui**”) and 中山君匯投資發展有限公司 (Zhongshan Junhui Investment Development Company Limited\*\*\*) (the “**Project Company**”), whereby Zhongshan Yayao agreed to take up the obligations of Zhongshan Shiguang under the original transfer agreement dated 1 September 2016 (which was entered into between Zhongshan Shiguang, the Project Company, Zhongshan Xiongyu and Zhongshan Jiehui in relation to the acquisition of the entire equity interests in the Project Company from Zhongshan Xiongyu and Zhongshan Jiehui by Zhongshan Shiguang) in place of Zhongshan Shiguang;

8. the joint venture agreement dated 17 August 2016 entered into between Zhongshan Yajing, Shiguang Chuangjian, Zhongshan Shiguang and the joint venture companies (the “**Joint Venture Companies**”), including (1) 中山市世光創建置業有限公司 (Zhongshanshi Shiguang Chuangjian Zhiye Company Limited\*\*\*), (2) 中山市海德房地產開發有限公司 (Zhongshangshi Haide Property Development Limited\*\*\*), (3) 中山市東城實業發展有限公司 (Zhongshanshi Dongcheng Real Estate Development Company Limited\*\*\*), (4) 中山市名泰房地產開發有限公司 (Zhongshangshi Mingtai Property Development Company Limited\*\*\*), pursuant to which Zhongshan Yajing has agreed to inject funds into the Joint Venture Companies by way of new registered capital and provision of shareholder’s loans with a total amount of approximately of RMB1,247 million, such that the equity interests of each of the Joint Venture Companies are held as to 50% by Zhongshan Yajing and 50% by Zhongshan Shiguang respectively.

## EXPERTS AND CONSENT

The following sets out the qualifications of the experts who have been named in this circular:

Name	Qualifications
PricewaterhouseCoopers	Certified Public Accountants
Savills Valuation and Professional Services Limited (“Savills”)	Independent Property Valuer

Each of PricewaterhouseCoopers and Savills has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and references to its name, in the form and context in which they respectively appear.

As at the Latest Practicable Date, neither PricewaterhouseCoopers nor Savills had any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares in any member of the Group.

As at the Latest Practicable Date, neither PricewaterhouseCoopers nor Savills had any interest, direct or indirect, in any assets which since 31 December 2016, the date to which the latest published audited financial statements of the Company were made up, had been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

## LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claim of material importance and, so far as the Directors are aware, no litigation or claim of material importance was pending or threatened against any member of the Group.

**MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, none of the Directors were aware of any material adverse change in the financial or trading position of the Group since 31 December 2016 (being the date to which the latest published audited financial statements of the Group were made up).

**GENERAL**

- (1) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands, and the principal place of business of the Company in Hong Kong is at 18th Floor, Three Pacific Place, 1 Queen's Road East, Hong Kong;
- (2) The Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong;
- (3) The company secretary of the Company is Mr. Lam Ping Yuk, a fellow member of the Association of Chartered Certified Accounts in the United Kingdom and the Hong Kong Institute of Certified Public Accountants; and
- (4) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

**DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours (Saturdays and public holidays excepted) from 10:00 a.m. to 1:00 p.m. and from 2:00 p.m. to 5:00 p.m. at the head office and principal place of business of the Company at 18th Floor, Three Pacific Place, 1 Queen's Road East, Hong Kong from the date of this circular up to and including the date of the EGM:

- (1) the memorandum of association and articles of association of the Company;
- (2) the annual reports of the Company for each of the two years ended 31 December 2015 and 2016;
- (3) valuation report issued by Savills, the text of this is set out on pages III-1 to III-12 of this circular;
- (4) the material contracts referred to in the above paragraph headed "Material Contracts" in this Appendix V;
- (5) the letter of consent from Savills, referred to in the above paragraph headed "Experts and Consents" in this Appendix V;
- (6) the letter of consent from PricewaterhouseCoopers, referred to in the above paragraph headed "Experts and Consents" in this Appendix V;

(7) the SPA; and

(8) this circular.

*\*\*\* for translation and identification purposes only as there is no official English translation or name*



**AGILE GROUP HOLDINGS LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 3383)**

**NOTICE OF THE EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting of shareholders (the “**EGM**”) of Agile Group Holdings Limited (the “**Company**”) will be held at Harcourt Room, Lower Lobby Level, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Monday, 17 July 2017 at 2:30 p.m. for the purpose of considering and, if thought fit, passing the following resolution as ordinary resolution. Capitalised terms defined in the circular dated 26 June 2017 issued by the Company (the “**Circular**”) shall have the same meanings when used in this notice unless otherwise specified.

**ORDINARY RESOLUTION**

“**THAT** the entering into and the terms and conditions of the SPA dated 9 May 2017 (as defined in the Circular) between Crown Golden Investments Limited (冠金投資有限公司), Forever Fame Property Development Holdings Limited (譽永房地產發展控股有限公司) and Crystal I Limited (a copy of which is marked “A” and initialed by the chairman of the meeting for the purpose of identification) and the transactions contemplated thereunder be and hereby approved, confirmed and ratified and any director of the Company be and is hereby authorised to give, make, sign, execute (under hand, seal or as a deed) and deliver any document and all such deeds, agreements, letters, notices, certificates, applications, acknowledgements, receipts, authorisations, instructions, releases, waivers, proxies, appointments of agents for service of process and other document (whether of a like nature or not) as the Directors may consider necessary or desirable for the purpose of giving effect to, or in connection with this resolution, and the Directors of the Company be and are hereby authorised to sign and execute all such further documents and to take all such actions and steps as the Directors may in their absolute discretion consider necessary, appropriate, desirable or expedient to implement and/or give full effect to or in connection with the SPA and the transactions contemplated thereunder.”

By order of the Board  
**Agile Group Holdings Limited**  
**LAM Pink Yuk**  
*Company Secretary*

Hong Kong, 26 June 2017

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## NOTICE OF THE EGM

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### Notes:

1. A shareholder entitled to attend and vote at the meeting or any adjournment thereof is entitled to appoint another person as his proxy to attend and vote for him. A shareholder who is the holder of two or more shares in the share capital of the Company may appoint more than one proxy. A proxy need not be a shareholder of the Company.
2. To be valid the proxy form together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time fixed for holding the meeting or any adjournment thereof.
3. Delivery of proxy form shall not preclude a shareholder from attending and voting in person at the meeting or any adjournment thereof and in such event, the proxy form shall be deemed to be annulled.
4. The register of members of the Company will be closed from Wednesday, 12 July 2017 to Monday, 17 July, both dates inclusive, during which period no transfer of shares will be registered. In order to have right to attend and vote at the meeting or any adjournment thereof, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 11 July 2017.

*As at the date of this notice, the Board comprises thirteen members, being Mr. Chen Zhuo Lin\* (Chairman and President), Mr. Chan Cheuk Yin\*\* (Vice Chairperson), Madam Luk Sin Fong, Fion\*\* (Vice Chairperson), Mr. Chan Cheuk Hung\*, Mr. Huang Fengchao\*, Mr. Chen Zhongqi\*, Mr. Chan Cheuk Hei\*\*, Mr. Chan Cheuk Nam\*\*, Dr. Cheng Hon Kwan#, Mr. Kwong Che Keung, Gordon#, Mr. Cheung Wing Yui, Edward#, Mr. Hui Chiu Chung, Stephen# and Mr. Wong Shiu Hoi, Peter#.*

\* *Executive Directors*

\*\* *Non-executive Directors*

# *Independent Non-executive Directors*