景瑞控股
JINGRUI HOLDINGS

2017年報
ANNUAL REPORT

景瑞控股有限公司*
JINGRUI HOLDINGS LIMITED

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

股份代號 Stock code : 01862

* 僅供識別
For identification purpose only

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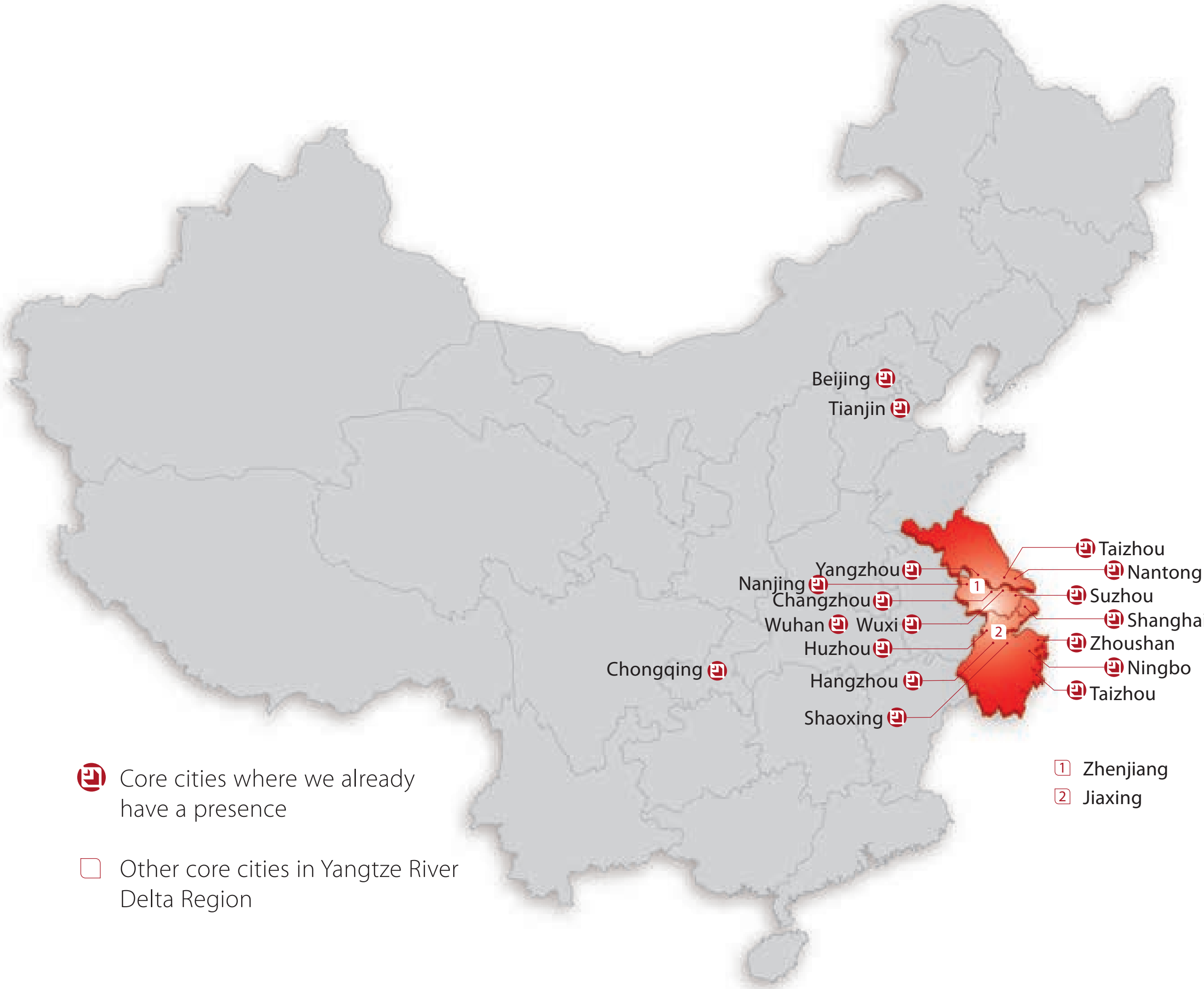
CORPORATE PROFILE



Corporate Profile

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

The Company was founded in September 1993. With its exploration and practice over decades, the Company has become a real estate development enterprise with national grade I qualification. It has won numerous honours such as "Top 40 of China's Top 100 Real Estate Development Enterprises", "Top 10 of China's Top 100 Real Estate Enterprises in terms of Operating Efficiency" and "China's Top 50 Real Estate Development Enterprise regarding Brand Value".

In 2013, the Company successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), making it a listed company with a leading brand whose business scope covers real estate development, construction and renovation, commercial operation and property management.

In such a changing world, as a veteran real estate enterprise with keen market insights, Jingrui took the initiative to complete its transformation ahead of its competitors with remarkable resolution. Five major operating segments, namely Jingrui Properties (景瑞地產), Yan Capital (優鉞資產), Apartment Platform (公寓平臺), Office Platform (辦公平臺) and Co-Fortune Capital (合福資本) have been established under Jingrui with three major orientations, i.e. "light-asset, refinement and operation-prioritization" set forth for the Group's future development. Based on its original real estate development business, the Company is committed to enhancing its community operation capability by integrating the upstream and downstream ecological cycle resources of the industry while introducing a two-pronged business model which is "customer value" oriented so that it can establish a large-scale asset management platform of "fund raising, investment in projects, post-investment project management and capital withdrawal", to facilitate its change from a traditional real estate developer to an asset management service provider, and devote itself to providing wonderful life to its customers and achieve a win-win relationship with its investors.

Corporate Information

COMPANY NAME
Jingrui Holdings Limited

EXECUTIVE DIRECTORS
Mr. Yan Hao *(Co-chairman and Chief Executive Officer)*
Mr. Chen Xin Ge *(Co-chairman)*
Mr. Xu Chao Hui *(Vice President)*
Mr. Xu Hai Feng *(Appointed on 15 March 2018)*
Mr. Yang Tiejun *(Executive President, resigned on 12 February 2018)*

INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr. Han Jiong
Mr. Qian Shi Zheng
Dr. Lo Wing Yan William

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

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

NOMINATION COMMITTEE
Mr. Yan Hao *(Chairman)*
Mr. Han Jiong
Dr. Lo Wing Yan William

RISK MANAGEMENT COMMITTEE
Mr. Qian Shi Zheng *(Chairman)*
Mr. Han Jiong
Dr. Lo Wing Yan William

JOINT COMPANY SECRETARIES
Ms. Jiang Bing Xian
Ms. Lai Siu Kuen *(FCIS, FCS)*

AUTHORISED REPRESENTATIVES
Mr. Xu Chao Hui
Ms. Jiang Bing Xian

COMPANY'S WEBSITE
www.jingruis.com

REGISTERED OFFICE
190 Elgin Avenue
George Town
Grand Cayman KY1-9005
Cayman Islands

PRINCIPAL PLACE OF BUSINESS AND HEAD OFFICE IN THE PRC
8/F, Building B, BenQ Plaza,
207 Songhong Road
Shanghai PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG
Room 09, 43/F
China Resources Building
26 Harbour Road
Wanchai, Hong Kong

LEGAL ADVISERS

As to Hong Kong Law:
Sidley Austin
39/F, Two International Finance Centre
Central, Hong Kong

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

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

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

STOCK CODE
01862

HONG KONG SHARE REGISTRAR
Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL BANKS
Hong Kong
Industrial and Commercial Bank of China (Asia) Limited
Bank of China (Hong Kong) Limited

PRC
Agricultural Bank of China, Shanghai Branch
China Construction Bank, Shanghai Branch
Bank of China, Shanghai Branch
Bank of Shanghai, Shanghai Branch

Financial Highlights

KEY FINANCIAL INDICATORS:

	Year ended 31 December				
	2017		2016		Change
	RMB million	**Percentage to revenue %**	RMB million	Percentage to revenue %	%
Revenue	**15,668.4**	**100.0**	15,051.3	100.0	4.1
Gross profit	**2,518.1**	**16.1**	610.3	4.1	312.6
Profit for the year					
– Including non-controlling interests	**903.9**	**5.8**	163.4	1.1	453.2
– Attributable to equity holders	**805.8**	**5.1**	106.3	0.7	658.0
Core net profit (excluding fair value gains)					
– Including non-controlling interests	**877.0**	**5.6**	102.6	0.7	754.5
– Attributable to equity holders	**774.1**	**4.9**	82.6	0.5	837.2

KEY OPERATION INDICATORS:

	Year ended 31 December		
	2017	**2016**	Change %
Contracted sales value (RMB million)	**18,372.7**	16,784.9	9.5
Contracted sales area (sq.m.)	**1,010,755.8**	1,353,371.3	-25.3
Average contracted selling price (RMB/sq.m.)	**18,177.2**	12,402.3	46.6

KEY RATIO INDICATORS:

	2017 %	2016 %
Gross profit margin (%)	**16.1**	4.1
Total assets turnover (%)[1]	**40.6**	44.6
Return on equity (%)[2]	**16.9**	3.5
Net debt-to-adjusted capital ratio (%)[3]	**68**	51

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

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

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

Chairman's Statement

Looking forward, Jingrui will adhere to its goal of transformation and return to its original ambition of serving the needs of its customers so as to enhance its value-design capability with "customer insights" and "excellent product strength" at the core, create and provide systematic services to its customers based on "customer value design" so as to enhance the added value and brand value of its products and accelerate its transformation from a real estate developer with low valuation to an operator with high valuation.

Jingrui is committed to providing its customers with a wide range of services to enhance the quality of their lives while actively enhancing the value of its service. On the one hand, it will strive to optimize the return to its investors with high premium, i.e. profits from investment, management fee income and operating income from its self-owned properties; on the other hand, this will facilitate Jingrui's transformation into an operator with high valuation, i.e. from high operational efficiency to high profitability, thus achieving sustainable development of the Company.

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

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Jingrui Holdings Limited ("**Jingrui**" or the "**Company**"), I am pleased to present the business review and outlook of the Company and its subsidiaries (the "**Group**", "**we**" or "**us**" or "**our**") for the year ended 31 December 2017 (the "**Reporting Period**" or the "**Year**").

Market Review

In 2017, the global economy improved significantly, and the accelerating economic growth in China and Asia has become the main driver of the global economic growth. Under the principle of "maintaining growth", the Chinese government has been making great efforts in deleveraging, bursting real estate bubbles and promoting environmental protection while continuously deepening the supply-side structural reform. Under the main tune of "Houses are for living, not for speculating", the Chinese government continued to maintain its restriction on purchase, sales, price and loans for real estate development so as to constantly optimize the supply structure.

The regulatory policies on the real estate industry featuring "corresponding measures to local conditions and region-specific policies" have been proved effective. The report prepared by Shanghai E-House Real Estate Research Institute indicated that, in 2017, the transaction volume of new commodity housing in the first-tier and second-tier cities tended to go down steadily, which was mainly due to the limited supply of first-hand properties as a result of the rigid pre-sale examination and approval system and suppression of investment needs from some purchasers under the stringent regulatory policies. The de-stocking cycle in the third-tier and fourth-tier cities has been shortened significantly thanks to the favourable policies.

Vast interest from all sectors of the society was drawn to the residential leasing market in China during the Year. The government has been promoting the development of the residential leasing market. The nine ministries including the Ministry of Housing and Urban-Rural Development jointly issued the "Notice on Accelerating the Development of Residential Leasing Market in Large and Medium-sized Cities with Net Population Inflow" (《關於在人口淨流入的大中城市加快發展住房租賃市場的通知》), requiring those large and medium-sized cities with net population inflow to develop the residential leasing market in order to complete the multi-level housing supply system, set up a long-term "renting/purchasing" mechanism and bring into full play their roles of leading, regulating, initiating and regulating the market.

Under the combined effect of short-term regulation with long-term mechanism, the real estate industry in China has waved off its peak in terms of the total development volume. Major cities are undergoing a shift from incremental market to stock market, which has provided Jingrui a perfect chance to outperform other players in the industry during the period of transformation. Leveraging on its accurate positioning, refinement and access to capital market, Jingrui has been actively seeking opportunities for transforming and upgrading to ensure its sustainable development. In 2017, Jingrui vigorously procured the acquisition of land bank and premium projects through diversified channels and dedicated nation-wide deployment strategy. Although the transaction volume of commodity housing in the first-tier and second-tier cities is under the downward pressure, new opportunities are emerging in the residential leasing market. Jingrui took hold of the favourable opportunity and vigorously tapped into various businesses during the year, including the asset management, self-owned properties and provision of long-term rented apartments. Adhering to the two-pronged strategy of "customer insights and asset-light operation", Jingrui is committed to providing its customers with the joy of life and achieving a win-win relationship with its investors in the context of real estate regulatory policies and a time of consumption upgrade, aiming to expand into an untapped market where sustainable growth can be achieved.

Results of the Company

2017 marked a significant year for Jingrui's strategic transformation. With the real estate industry entering an era of "deep corporation and exploration", the Group recorded satisfactory results by virtue of its keen insight into the real estate market in China and the deep-reaching implementation of the two pronged strategy of "customer insights and asset-light operation". For the year ended 31 December 2017, the Group achieved aggregate contracted sales (together with sales from its joint ventures and associates) of approximately RMB18.37 billion, (2016: RMB16.78 billion), representing an increase of 9.5% as compared to 2016, and the Group's contracted gross floor area was approximately 1,010,756 square meters.

In line with the strategy of "focusing on the first-tier and second-tier cities and entering into the third-tier and fourth-tier cities should any opportunities arise", in 2017, Jingrui optimized its land allocation pattern in China by expanding its land bank in diversified ways and expanding its channels of land acquisition. In addition to the premium land parcels located in the strategic cities, namely Ningbo, Nanjing, Suzhou and others acquired through a public bidding process, Jingrui obtained quality projects in Shanghai and Hangzhou through equity acquisition to further expand into the key cities in the Yangtze River Delta region. In the meantime, Jingrui made its strategic debut in Wuhan, a quasi-first-tier city in 2017, with which the Group has extended its footprints to 74 projects in 18 cities. In response to the end of the "land rush" period in China's real estate industry, Jingrui actively procured second-hand projects in the first-tier and second-tier cities to explore for quality assets in stock market. During the Year, Jingrui acquired a number of projects such as Shanghai Shenxin Tower, Shanghai Zhangjiang Keyuan Tower and Hangzhou Greenview Mansion, aiming at the release of their potential value to create long-term and stable return. For the year ended 31 December 2017, the Group acquired 23 new projects with a total property value of RMB49.57 billion, including 13 land parcels acquired through bidding with a property value of RMB20.02 billion and projects of 10 land parcels acquired through mergers and acquisitions with a property value of RMB29.55 billion. The first-tier and second-tier cities accounted for 96% of the Group's

saleable property value. The Group has built up a sufficient land bank of approximately 4,406,000 square meters, which will guarantee the sales volume in the next two to three years.

While vigorously expanding its presence, Jingrui has been constantly improving its debt structure and lowering the cost of financing. In April 2017, the Company successfully issued US$400 million 7.75% senior notes due 2020. Sound financial strategy, declining financing costs and abundant cash flow provided a solid backup and basis for Jingrui's investment and expansion in the future.

In 2017, with the real estate industry entering into an inventory-building stage, the competition among the real estate enterprises also experienced a profound change. With the competition intensifying, how to position correctly and develop a new business model in the new cycle has become a major problem for the real estate enterprises that needs to be solved immediately. With the economic improvement in China, the spending power of the Chinese consumers experienced an explosive growth. People's attitude towards consumption has gradually changed from just meeting their traditional basic needs to serving their higher-level tastes of living a high-quality and personalized life. In view of this, Jingrui, as a game-changer, introduced the "customer insights" strategy, in an attempt to understand the real needs of its customers, change the standardized product model thoroughly in traditional real estate industry and provide its customers with a customized and one-stop product solution to help them reshape their life styles.

On the other hand, leveraging on its five major segments, namely Jingrui Properties, Yan Capital, Apartment Platform, Office Platform and Co-Fortune Capital, Jingrui explored the mode of fund operation under the guideline of "light-asset, refinement and operation-prioritization", aiming to integrate the upstream and downstream industrial chains of the real estate industry and facilitate Jingrui's transformation from a traditional developer into an asset management service provider. In such a process, Jingrui also continuously strengthened its own capabilities in project delivery and operation to support the development of multiple business modes, moderate the volatility in its business and secure steady growth.

"Customer Insights": Implementing customized strategies to cultivate the capability of developing smart products

Jingrui has been following the development direction of "customization" since 2015. It has been testing this strategy in such cities as Hangzhou and Shanghai, aiming to increase the added value of its housing products by customizing various aspects of the houses including, decoration, layout and property management. In such a context, Jingrui's customers' value designing (DTV: Design to Value) was brought to life, with which Jingrui has initiated a new business model featuring product research and development with its customers at the core.

On 14 August 2017, Hangzhou Jingrui Majestic Mansion (杭州景瑞•天賦), the first project completed with customized space design, was sold out within 13 seconds at its first launch to a swarm of purchasers. Such a strong performance has proved that Jingrui could gradually meet the specific requirements of its customers with different life cycles, as well as the positive aspect of its "customer insights" strategy, demonstrating the recognition and confidence of the market and customers to this business model.

In exploring the customized business model, Jingrui has gradually fostered four core competencies: a precise and high loyalty customer attraction platform, a "plug-and-play" product development system, a "flexible supply/technology" open system and an end-to-end integrated information system. Based on the demands of its customers collected on the Internet, Jingrui is eager to see its customers participate in the construction process of its products for an interactive experience, so as to meet their diversified needs and prevent such problems as deviation in product positioning, inventory and marketing. During the year, Jingrui also entered into strategic cooperation with Glodon Company Limited (廣聯達科技股份有限公司) to jointly explore and develop its information system, which would remarkably change the interaction experience of its customers in the preliminary stage of a property development project and gradually develop its capability of launching smart products. In the long run, Jingrui will leverage its integrated information platform to achieve one-stop customization and provide services to its customers, so as to further cultivate its "customer insights" capability and "insight-into-demand" efficiency.

The property development business of Jingrui recorded a steady rise in 2017 with the annual contracted sales exceeding RMB18 billion, with its net profit increased by 453% from the previous year, and customer satisfaction hitting a new height. Jingrui signed the "Wuhan Dazhou Village Land Cooperation Agreement" with Wuhan Xinfeilun Property Development Co., Ltd. (武漢新飛輪房地產開發有限公司) and Tongbang Mechanical and Electrical Equipment Co., Ltd. (同邦機電設備有限公司) to strategically plan its business in Wuhan. The land covers a site area of 110,000 square meters with a plot ratio of 3.8, and is expected to achieve a total sales value of about RMB9 billion. The project will be the first completed project after the launch of the customer insights system of Jingrui Properties.

"Asset-light Operation": mutual benefits and a win-win outcome for the five major platforms and penetration into the whole industrial chain of the real estate industry

During its transition from a traditional real estate developer to an asset-light operator, Jingrui grasped the market opportunities to integrate the upstream and downstream industrial chains of the real estate industry. Jingrui has established five major business platforms, namely Jingrui Properties, which is principally engaged in real estate development, Yan Capital, which focuses on "fund raising and investment in projects, post-investment project management and capital withdrawal" (募投管退), Office Platform, which is responsible for operating held-for-investment office property products, Apartment Platform, which is responsible for operating the held-for-investment apartment property products and Co-Fortune Capital, which is responsible for strategic leadership and resource allocation with a focus on "real estate + ecosystem". Such diversified business segments will help Jingrui maximize the value and moderate the volatility in its business. With a more stable operating profit from management and engagement, the Group will be able to expand its revenue stream to avoid undue reliance on development profit only, so as to shift its profit structure.

In 2017, the Group recorded an increase in both the gross sales profit and carried-forward gross profit, of which the carried-forward gross profit increased significantly by 313% as compared with last year. Net profit for the year attributable to equity holders of the Company was approximately RMB806 million, representing a significant increase of 658% from last year. Overall customer satisfaction rate was 82%, 16 percentage points higher than the average industrial level. Customer loyalty rate was 59%, 14 percentage points higher than the average industrial level.

In 2017, Yan Capital established a total of 3 funds with a total fund value of RMB860 million. The funds are mainly responsible for financing, fund investment, investment management and risk control as well as project withdrawal. By the end of 2017, the operations of the funds promoted and established by Jingrui have covered various sectors such as traditional development, urban renewal, asset acquisition, equity investment and urban redevelopment. In this process, Jingrui was also constantly trying to develop its own capability of "fund raising, investment in projects, post-investment project management and capital withdrawal", exploring innovative channels for financing and cooperation, promoting the completion of more asset management projects to form a real "real estate + financial" model.

Currently, Jingrui has formed a diversified operational project structure with an integrated "residential property + office + apartment + community commerce" pattern. In terms of business model, Jingrui has been both selling and holding those real estate projects. In line with Jingrui's nation-wide market penetration strategy, the Group has stepped up its efforts on exploiting the value of those high-quality operating assets such as the office buildings in the first-tier cities, e.g. Shanghai and Beijing in 2017. Currently, the properties held under Jingrui's Office Platform are valued at approximately RMB300 million. In June 2017, Jingrui's first office project settled in Zhangjiang, Shanghai, as Jingrui acquired the 100% equity interests in Shanghai Zhaoliang Advertising Co., Ltd. (上海兆量廣告有限公司) at a consideration of RMB300 million and thus secured the Zhangjiang Keyuan Tower Project.

Jingrui's Apartment Platform is responsible for the investment, development/renovation, holding, operation and disposal of Jingrui's held apartments. Currently, the properties held under Apartment Platform are valued at nearly RMB1.7 billion. 2017 witnessed the stunning growth of China's housing rental market, during which Jingrui took a firm hold of the opportunity and sped up the roll-out of its long-term rented apartment projects by successively acquiring the Sanquan Apartment Project in Beijing, the Shenxin Tower Project at Xiaomuqiao Road, Xuhui District, Shanghai and the Elite Residences Shanghai Project. Among them, the Elite Residences Shanghai Project will be positioned as "an international high-end serviced apartment in downtown", intended to launch its first high-end flagship under Jingrui's self-operating model, while the Shenxin Tower at Xuhui, Shanghai will be completely renovated, aiming to establish itself as the benchmark of Jingrui first urban long-term rented apartment.

Co-Fortune Capital is the key that helps Jingrui connect the upstream and downstream industries and provide its customers with diversified services, and serves to enhance Jingrui's operational capability. Since its inception, Co-Fortune Capital has been focusing on the investment in "Real Estate + Ecosystem", and has made its existence in various sectors such as banking, shared office, long-term rented apartment, educational institution and cross-border e-commerce.

Prospects

Looking forward to 2018, China's economic growth will remain steady and improving, with higher priority placed on the economic structure and improvement on quality and efficiency, while China's monetary policy is expected to remain consistent. With regard to the policies on the real estate market, the Chinese government is expected to adhere to its differentiated regulatory policies, i.e. satisfying the wishes of those who have rigid needs for their first homes and supporting the needs of those who desire to improve their living conditions while curbing speculation on real estate. The Chinese government will formulate different policies for different cities, with multiple solutions implemented to guide the real estate market back on the track of steady and balanced development. With the guideline of "accelerating the reform of the housing system and building a long-term mechanism" rolled out at the working conference of the Central Committee of CPC, for the heavily-promoted housing rental market, the government will speed up its pace in building a housing system featuring multi-entity supply, multi-channel warranty and equal rights for both tenants and owners. In the future, the real estate market will be developing in a more regulated and healthy style.

Jingrui will adhere to its goal of transformation and returned to its original ambition of serving the needs of its customers so as to enhance its value-design capability with "customer insights" and "excellent product strength" at the core, create and provide systematic services based on "customer value design" so as to enhance the added value and brand value of its products and accelerate its transformation from a real estate developer with low valuation to an operator with high valuation. In the future, Jingrui will adhere to its goal of providing customized services throughout the entire life cycle, covering a series of customized services from purchase, decoration to the post-intake stage, aiming to provide the occupants with complete one-stop product solutions. In addition, Jingrui is also vigorously building a "Customer Gathering Platform", i.e. providing its customers with a more efficient and convenient interactive platform for them to participate in the interactive pre-project customization and further enhance its efficiency in learning the customers' insights and demands, aiming to lay the foundation of its information technology platform for providing full-scale customized services to its customers in the future.

In the future, Jingrui will continue to expand its cooperation with the funds and set up different types of funds to match the needs of different investors so as to provide them with high-quality assets. At the same time, with the supply of stable and sustainable capital, Jingrui will be able to integrate the upstream and downstream eco-circle resources in the industry, and enhance its operational capability in a post-real estate market. In addition to the development of traditional residential buildings, Jingrui will continue to increase its investment in the properties by exploring high-quality operating assets such as office buildings and long-term rented apartments in the first-tier cities and acquiring quality second-hand projects as opportunities arise. Jingrui's targeted rate of merger and acquisition of second-hand projects will be not less than 50%. Holding of renovated second-hand apartments and office buildings can turn into capitalized offering in the future; the self-owned properties may also form asset bundles through operation and become long-term funds across market cycles. Meanwhile, rental and sale of the self-owned properties may also help hedge the risks in property sales during the same period, and the withdrawal of quality core properties will also provide attractive return to the Company. Jingrui will adhere to its goal of turning into an "asset manager" and building a grand platform for "general asset management in terms of fund raising, investment, management and disposal" and accomplish a beautiful transformation eventually.

Jingrui is committed to providing its customers with a wide range of services to enhance the quality of their life while actively enhancing its service value. On the one hand, it will strive to optimize the return to its investors with high premium, i.e. profits from investment, management fee income and operating income from its self-owned properties; on the other hand, this will facilitate Jingrui's transformation into an operator with high valuation, i.e. from high operational efficiency to high profitability, thus achieving sustainable development of the Company.

Finally, on behalf of the Board, I would like to express my sincere gratitude to all our shareholders for their support, our management and staff for their devotion, and our customers and partners for their long-term trust. In the future, Jingrui will continue to provide its customers with better products and services and create greater returns for its shareholders.

Yan Hao
Chen Xin Ge
Co-chairmen
Jingrui Holdings Limited

Breakdown of Major Properties

Completed and Partially Completed Projects

Project Name	Project Type	GFA Available for Sale, Lease or Use by the Group sq.m.	Percentage of Interest in the Project attributable to the Group %	Attributable GFA sq.m.
Shanghai Jingrui Life Square	Commercial	25,442	100	25,442
Shanghai Jingrui City Park	Composite	57,840	80	46,272
Phase 1		8,330		
Phase 2		49,510		
Shanghai Jingrui Upper Riverside	Commercial	19,272	100	19,272
Shanghai Jingrui Shenxin Tower	Commercial	3,361	100	3,361
Shanghai Jingrui Keyuan Tower	Composite	10,061	100	10,061
Shanghai Jingrui Elite Residences	Residential	9,916	100	9,916
Chongqing Jingrui Royal Bay	Residential	6,868	100	6,868
Tianjin Jingrui Hyatt Mansion	Residential	303	70	212
Tianjin Maritime International	Composite	179,537	20	35,907
Hangzhou Jingrui Shenhua No. One	Residential	62,072	100	62,072
Hangzhou Jingrui Shenhua County	Commercial	1,181	100	1,181
Hangzhou Jingrui Royal Mansion	Residential	1,843	51	940
Hangzhou Jingrui Royal Bay	Commercial	2,237	100	2,237
Hangzhou Jingrui Yangming Valley	Residential	18,304	100	18,304
Hangzhou Jingrui Acer Serrulatum Villa Garden	Residential	25,425	100	25,425
Huzhou Jingrui Dignity Mansion	Composite	5,804	100	5,804
Ningbo Jingrui Dignity Mansion	Composite	3,693	100	3,693
Ningbo Jingrui The Mansion	Residential	1,667	100	1,667

Breakdown of Major Properties

Project Name	Project Type	GFA Available for Sale, Lease or Use by the Group	Percentage of Interest in the Project attributable to the Group	Attributable GFA
		sq.m.	%	sq.m.
Ningbo Jingrui Harbour City	Commercial	65,422	50	32,711
Ningbo Jingrui Majestic Mansion	Residential	32,322	100	32,322
Zhoushan Jingrui Peninsula Bay	Residential	4,303	100	4,303
Shaoxing Jingrui Dignity Mansion	Residential	47,595	100	47,595
Phase 1		15,849		
Phase 3		17,708		
Phase 4		14,038		
Suzhou Jingrui Jade Bay	Commercial	1,840	70	1,288
Phase 2		1,840		
Suzhou Jingrui Nobility Mansion	Residential	36,969	100	36,969
Wuxi Jingrui Dignity Mansion	Residential	139,301	100	139,301
Changzhou Jingrui Dignity Mansion	Residential	33,023	51	16,842
Nantong Jingrui Nobility Mansion	Residential	5,806	100	5,806
Yangzhou Jingrui Dignity Mansion	Residential	2,403	100	2,403
Beijing San Quan Apartments Project	Residential	24,300	100	24,300
Total		**828,110**		**622,474**

Breakdown of Major Properties

Projects under Development and under Planning

Project	Project Type	Expected Completion Date	GFA under Development sq.m.	GFA under Planning sq.m.	Percentage of Interest in the Project attributable to the Group %	Attributable GFA sq.m.
Shanghai Jingrui City Park[1]	Composite		38,671	39,628	80	62,639
Phase 2		2018/4/30	38,671			
Phase 3		2018/12/20		39,628		
Tianjin Maritime International	Composite	2020/10/13		423,970	20	84,794
Hangzhou Jingrui Majestic Mansion	Residential	2018/9/30	114,038		51	58,159
Hangzhou Jingrui Greenview Mansion	Residential	2019/12/31		187,424	51	93,712
Hangzhou Jingrui Liuxia Plot	Residential	2019/12/31	47,000		7	3,290
Hangzhou Jingrui North Linpingshan Project	Residential	2019/7/26	155,000		12.75	19,762
Ningbo Jingrui Titian Garden	Residential	2018/8/25	121,628		47.2	57,408
Ningbo Jingrui South Cixi Sanskrit Garden	Residential	2020/3/30		42,336	100	42,336
Ningbo Jingrui Headream Mansion	Residential	2018/10/30	123,047		50	61,524
Ningbo Jingrui Lot 3, Jiangshan	Residential	2019/9/30	111,188		100	111,188
Ningbo Jingrui Hongtang Plot	Residential	2019/4/30	78,712		100	78,712
Ningbo Jingrui Huaguang City	Commercial and residential	2020/1/15		53,486	28	14,976
Ningbo Jingrui Chunxiao 160#	Residential	2020/4/30	299,240		50	149,620
Ningbo Jingrui Lot 8, Jiangshan	Residential	2019/10/30		86,712	50	43,356
Ningbo Rong An Zodiac Tower	Residential	2019/9/30	34,502		25	8,625

Breakdown of Major Properties

Project	Project Type	Expected Completion Date	GFA under Development	GFA under Planning	Percentage of Interest in the Project attributable to the Group	Attributable GFA
			sq.m.	sq.m.	%	sq.m.
Ningbo Jingrui High-tech Zone Commercial Project	Commercial	2019/12/30		31,000	100	31,000
Zhoushan Jingrui HOPSCA	Residential			63,659	100	63,659
Phase 3		2018/12/1		63,659		
Shaoxing Jingrui Dignity Mansion	Residential		54,003		100	54,003
Phase 5		2018/11/30	54,003			
Suzhou Jingrui Jade Bay	Residential		87,967		70	61,577
Phase 4		2018/5/15	87,967			
Suzhou Jingrui Majestic Mansion	Residential	2018/12/15	141,761		100	141,761
Changzhou Jingrui Dignity Mansion	Residential		114,233		51	58,259
Phase 3		2018/12/1	114,233			
Changshu Meilizhen Project	Residential	2018/12/15	85,615		40	34,246
Suzhou Qidou Lot 16	Residential	2018/6/20	14,550		50	7,275
Suzhou Qidou Lot 17	Composite	2018/12/10	20,928		50	10,464
Nanjing Jingrui Liuhe Lot G18	Composite	2019/9/30		106,333	100	106,333
Nanjing Golden East	Composite	2018/12/15	127,446	3,581	17	22,275
Nantong Jingrui Royal Mansion(2)	Residential	2018/10/30	186,919		100	186,919
Phase 2			186,919			
Nantong Jingrui Lanting	Residential	2018/10/30	8,665		10	867
Lot K4, Dazhou Village, Wuhan	Composite	2023/12/26		574,992	40	229,997
Total			**1,965,113**	**1,613,121**		**1,898,736**

Notes:

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

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

Business Overview

In 2017, the Group achieved contracted sales of approximately RMB18,372.7 million and total contracted gross floor area ("**GFA**") sold of approximately 1,010,756 square meters ("**sq.m.**"). At the same time, the Group implemented strong sales receivables collection management, and the amount collected from property sales was RMB17,154.8 million for the Year, accounting for approximately 93.4% of our contracted sales for the Year.

During the Year, our contracted sales were mainly distributed across 28 development projects in 13 cities in the PRC accounting for approximately 93.3% of the total contracted sales. In 2017, we successively launched 9 new development projects pre-sold for the first time, mainly including Hangzhou Jingrui Majestic Mansion (杭州景瑞•天賦), Suzhou Jingrui Majestic Mansion (蘇州景瑞•無雙), Hangzhou Jingrui Flange Park (杭州景瑞•法蘭公園), Hangzhou Jingrui Yangming Valley (杭州景瑞•陽明谷), Ningbo Tili Garden (寧波•緹酈苑), Ningbo Rong An Zodiac Tower (寧波•榮安星院), Nantong Jingrui Lanting (南通•景瑞蘭亭), Tianjin Maritime International (天津•海上國際) and Nanjing Golden East (南京•金域東方), the contracted sales of which accounted for approximately 36.0% of the total contracted sales. In the meantime, sales of existing projects continued to perform well, accounting for approximately 64.0% of the total contracted sales, mainly including Ningbo Jingrui Headream Mansion (寧波景瑞•海志府), Changzhou Jingrui Dignity Mansion (常州景瑞•望府), Shaoxing Jingrui Dignity Mansion (紹興景瑞•望府), Suzhou Jingrui Happy Family Garden (蘇州景瑞•東環之歌), Suzhou Jingrui Jade Bay (蘇州景瑞•翡翠灣), Shaoxing Jingrui Nobility Mansion (紹興景瑞•御江山), Shanghai Jingrui City Park (上海景瑞•城中公園), Shaoxing Jingrui Lake of Dawn (紹興景瑞•曦之湖), Shanghai Jingrui Upper Riverside (上海景瑞•尚濱江) and Tianjin Jingrui Hyatt Mansion (天津景瑞•悦府).

During the Year, income from property sales recognized by the Group amounted to RMB15,254.7 million, representing an increase of 3.5% as compared to last year. This was mainly attributable from the growth in property sales in projects such as Hangzhou Jingrui Shenhua No. One (杭州景瑞・申花壹號院), Nantong Jingrui Nobility Mansion (南通景瑞・御江山), Shaoxing Jingrui Lake of Dawn (紹興景瑞・曦之湖), Shaoxing Jingrui Dignity Mansion (紹興景瑞・望府), Ningbo Jingrui Majestic Mansion (寧波景瑞・紅翎台), Suzhou Jingrui Happy Family Garden (蘇州景瑞・東環之歌), Nantong Jingrui Royal Mansion (南通景瑞・御府), Tianjin Jingrui Hyatt Mansion (天津景瑞・悦府), Shanghai Jingrui City Park (上海景瑞・城中公園) and Suzhou Jingrui Dignity Mansion (蘇州景瑞・望府). Revenue from property sales of the Group accounted for approximately 97.4% of our total revenue for the Year, and property sales was the principal operating business of the Group. We also provided property management services for all our self developed projects to enhance project value, establish good reputation and brand image for our projects and increase customer loyalty and satisfaction.

We continued to adhere to the development strategy of intensively penetrating into the Yangtze River Delta region, with special focus on first-tier and second-tier core cities in this region. In 2017, we acquired 23 projects in cities such as Shanghai, Hangzhou, Ningbo, Nanjing, Beijing, Wuhan and Tianjin, at a total consideration of approximately RMB19,021 million, thereby increasing our total GFA of land reserves by approximately 2,665,804 sq.m., with the land cost per sq.m. (calculated based on the expected total GFA) amounting to approximately RMB7,135 per sq.m.. As at 31 December 2017, the total GFA of the land reserves held by us in aggregate amounted to approximately 4,406,344 sq.m.. The increase in GFA as compared with last year was mainly due to the increase of land acquisition (especially intensifying our efforts in acquisition of existing properties) and expansion into the real estate market in Wuhan in 2017. We expect our land reserves to be sufficient to meet our development needs for the next two to three years. We believe a majority of our land reserves are situated in first-tier and second-tier core cities in the Yangtze River Delta region in the PRC, which will be more beneficial to our development strategy of intensively penetrating into the Yangtze River Delta region.

We have consistently applied the principle of steady financial management, with a view to maintain healthy cash flows and guarantee capital safety. In April 2017, the Company issued senior notes of US$400 million at coupon rate of 7.75% with a term of 3 years in Hong Kong. We believe that such issuance will reduce our finance costs effectively and further optimize our debt structure.

The strong performance of contracted property sales further strengthened our financial position during the Year. As at 31 December 2017, our cash at bank and on hand (including restricted cash) reached RMB9,513.2 million. At the same time, unutilized bank facilities amounted to approximately RMB9,858.3 million. As at 31 December 2017, our net debt-to-adjusted-capital ratio was approximately 68%. We believe that the current liability level is within a reasonable range given our current development stage and also matches our operations. The Group will continue to optimize our liability level and structure for sound risk control so as to lay a solid foundation for our sustained operations and steady future growth.

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

At the same time, in order to carry out better resources allocation and achieve professional management so that the Group's overall strategic objective will be accomplished, the Group, focusing on its core real estate business, conducted reorganization of organizational structure and business operation in 2017 and set up five major business segments, namely Jingrui Properties, Yan Capital, Co-Fortune Capital , Apartment Platform and Office Platform, among which: Jingrui Properties focuses on property development in four metropolitan areas in China and is committed to providing customized life products and services based on the strategy of "customer insights"; Yan Capital is engaged in real estate fund raising activities and asset management and manages to finish a transition from real estate debt fund to equity fund; Co-Fortune Capital is committed to investment in real estate ecological cycle, and enhancing products and serving capabilities by leveraging on its capital to stimulate its real estate development business; Apartment Platform involves into urban renewal and provides operating management services covering apartment development, holding and leasing in the first-tier cities such as Shanghai, Beijing and Shenzhen as well as core second-tier cities; and Office Platform involves into urban renewal and provides operating management services covering office development, holding and leasing in the first-tier cities such as Shanghai, Beijing and Shenzhen.

Business Review

Jingrui Properties

Property Development

In 2017, we achieved contracted sales of approximately RMB18,372.7 million and the total contracted GFA sold was approximately 1,010,756 sq.m.. Our contracted sales were primarily generated from the Zhejiang and Jiangsu regions. The contracted sales (excluding car parks) generated from the Zhejiang and Jiangsu regions was approximately RMB9,500.9 million and RMB5,171.4 million, representing 51.7% and 28.1% of the total contracted sales, respectively.

Details of the Group's contracted sales in 2017

The following table sets out the geographic breakdown of the Group's contracted sales in 2017:

Project Name	Contracted GFA Sold sq.m.	Contracted sales RMB'000	Contracted Average Selling Price ("ASP") RMB/sq.m.
Shanghai			
Shanghai Jingrui City Park	17,594	681,193	38,717
Shanghai Jingrui Upper Riverside	4,425	495,764	112,051
Shanghai Jingrui The French Lakeside Villa	1,555	56,735	36,484
Shanghai Jingrui Xuhui New City	909	13,980	15,372
Tianjin			
Tianjin Jingrui Sunny City	500	8,789	17,579
Tianjin Jingrui Hyatt Mansion	34,159	376,829	11,032
Tianjin Maritime International	73,299	1,042,293	14,220
Chongqing			
Chongqing Jingrui Royal Bay	16,700	111,344	6,667
Chongqing Jingrui Online Family	6,853	115,288	16,823
Chongqing Jingrui Blue Valley	788	4,300	5,457
Sub-total of centrally direct-controlled municipalities	**156,782**	**2,906,515**	**18,539**

Project Name	Contracted GFA Sold	Contracted sales	Contracted Average Selling Price ("ASP")
	sq.m.	RMB'000	RMB/sq.m.
Hangzhou			
Hangzhou Jingrui Royal Bay	3,515	54,796	15,588
Hangzhou Jingrui Royal Mansion	5,843	90,755	15,532
Hangzhou Jingrui Shenhua No. One	4,653	181,896	39,090
Hangzhou Jingrui Shenhua County	4,777	134,882	28,235
Hangzhou Jingrui Majestic Mansion	70,519	2,712,919	38,471
Hangzhou Jingrui Flange Park	82,642	1,364,939	16,516
Hangzhou Jingrui Yangming Valley	311	30,972	99,646
Ningbo			
Ningbo Jingrui Dignity Mansion	1,195	18,914	15,825
Ningbo Jingrui Harbour City	5,659	108,909	19,244
Ningbo Jingrui Titian Garden	3,187	59,445	18,654
Ningbo Jingrui Headream Mansion	58,355	1,472,701	25,237
Ningbo Tili Garden	24,686	470,834	19,073
Ningbo Rong An Zodiac Tower	1,344	29,621	22,037
Shaoxing			
Shaoxing Jingrui The Mansion	380	3,755	9,882
Shaoxing Jingrui Dignity Mansion	83,979	1,164,757	13,870
Shaoxing Jingrui Lake of Dawn	60,837	576,771	9,481
Shaoxing Jingrui Nobility Mansion	84,140	691,164	8,214
Huzhou			
Huzhou Jingrui Dignity Mansion	14,376	220,093	15,309
Taizhou			
Taizhou Jingrui Dignity Mansion	4,654	98,090	21,075
Zhoushan			
Zhoushan Jingrui Peninsula Bay	2,192	14,693	6,702
Sub-total of Zhejiang Province	**517,244**	**9,500,906**	**18,368**

Project Name	Contracted GFA Sold sq.m.	Contracted sales RMB'000	Contracted Average Selling Price ("ASP") RMB/sq.m.
Suzhou			
Suzhou Jingrui Jade Bay	59,580	713,120	11,969
Suzhou Jingrui Dignity Mansion	12,904	191,698	14,855
Suzhou Jingrui Nobility Mansion	239	3,639	15,242
Suzhou Jingrui Happy Family Garden	64,230	947,726	14,755
Suzhou Jingrui Majestic Mansion	9,829	309,540	31,493
Changzhou			
Changzhou Jingrui Dignity Mansion	88,996	1,417,467	15,927
Wuxi			
Wuxi Jingrui Dignity Mansion	14,056	168,079	11,958
Nantong			
Nantong Jingrui Dignity Mansion	1,173	14,050	11,978
Nantong Jingrui Nobility Mansion	3,336	51,128	15,324
Nantong Jingrui Royal Mansion	29,295	301,806	10,302
Nantong Jingrui Lanting	8,190	68,920	8,145
Nanjing			
Nanjing Jingrui The Spring Lake	19,028	398,143	20,925
Nanjing Golden East	25,264	576,000	22,799
Yangzhou			
Yangzhou Jingrui Dignity Mansion	610	10,050	16,467
Sub-total of Jiangsu Province	**336,730**	**5,171,366**	**15,358**
Car park (lots)	6,992	793,925	–
Total	**1,010,756[1]**	**18,372,712**	**18,177**

Note:

(1) Excluding the area of car parks

Land Bank

As at 31 December 2017, the total land bank of the Group was approximately 4,406,344 sq.m. or approximately 2,521,210 sq.m. on an attributable basis. From 1 January 2018 to 15 March 2018, we acquired 6 projects in Tianjin, Beijing and Wuhan including Jin Bin Tang (Gua) 2017-1# and Tower A of Cheng Yuan Building in Haidian district. As at 15 March 2018, the total land bank of the Group was approximately 4,705,997 sq.m. or approximately 2,820,863 sq.m. on an attributable basis.

Breakdown of the Group's land bank by cities for the year ended 31 December 2017

City	Total GFA sq.m.	Percentage of the Group's Total GFA	GFA Attributable to the Group's Interests sq.m.	Percentage of GFA Attributable to the Group's Interests
Municipalities directly under the central government				
Shanghai	204,191	4.6%	176,963	7.0%
Beijing	24,300	0.6%	24,300	1.0%
Tianjin	603,810	13.6%	120,913	4.8%
Chongqing	6,868	0.2%	6,868	0.3%
Sub-total	**839,169**	**19.0%**	**329,044**	**13.1%**
Zhejiang Province				
Hangzhou	614,524	14.0%	285,083	11.3%
Ningbo	1,084,956	24.6%	669,139	26.6%
Shaoxing	101,598	2.3%	101,598	4.0%
Huzhou	5,804	0.1%	5,804	0.2%
Zhoushan	67,961	1.5%	67,962	2.7%
Sub-total	**1,874,843**	**42.5%**	**1,129,586**	**44.8%**
Jiangsu Province				
Suzhou	304,015	6.9%	259,334	10.3%
Changshu	85,615	2.0%	34,246	1.4%
Nanjing	237,360	5.4%	128,607	5.1%
Wuxi	139,301	3.2%	139,301	5.5%
Changzhou	147,256	3.3%	75,101	3.0%
Nantong	201,390	4.6%	193,591	7.6%
Yangzhou	2,403	0.1%	2,403	0.1%
Sub-total	**1,117,340**	**25.5%**	**832,583**	**33.0%**
Wuhan	574,992	13.0%	229,997	9.1%
Total	**4,406,344**	**100.0%**	**2,521,210**	**100.0%**

In 2017, we acquired 23 projects in cities such as Shanghai, Hangzhou, Suzhou, Ningbo, Nanjing, Tianjin and Wuhan, at a total consideration of approximately RMB19,021 million, increasing our total GFA of land reserves by approximately 2,665,804 sq.m.. We successfully expanded into the real estate market in Wuhan through the acquisition of Lot K4, Dazhou Village, Wuhan.

From 1 January 2018 to 15 March 2018, we acquired 6 projects in Tianjin, Beijing and Wuhan, including Jin Bin Tang (Gua) 2017-1# and Tower A of Cheng Yuan Building in Haidian district, with an expected total GFA of approximately 299,653 sq.m. and an aggregate consideration of approximately RMB2,769 million.

Details of land and property acquisition for the year ended 31 December 2017

City	Project/Land Parcel	Land Use	Attributable Interest	Site Area sq.m.	Expected Total GFA sq.m.	Expected Total GFA Above Ground sq.m.	Consideration RMB million	Average Land Cost/ Property Cost (based on the expected total GFA) RMB/sq.m	Average Land Cost/ Property Cost (based on the expected total GFA above ground) RMB/sq.m
Shanghai	Shanghai Jingrui Shenxin Tower	Commercial	100%	–	3,361	3,361	102	30,348	30,348
Shanghai	Shanghai Jingrui Keyuan Tower	Composite	100%	663	10,061	9,360	300	29,818	32,051
Shanghai	Shanghai Jingrui Elite Residences	Residential	100%	1,440	9,916	9,159	395	39,835	43,127
Beijing	Sanquan Apartment Project	Residential	100%	3,000	24,300	24,300	1,280	52,675	52,675
Ningbo	Hongtang Project	Residential	100%	25,250	78,712	51,971	364	4,624	7,004
Ningbo	Huaguang City Project	Commercial and residential	28%	14,727	53,486	38,290	424	7,927	11,073
Ningbo	Chunxiao Project	Residential	50%	106,266	299,240	223,122	873	2,917	3,913
Ningbo	Lot 8, Jiangshan	Residential	50%	33,937	86,712	61,086	709	8,176	11,607
Ningbo	South Cixi Sanskrit Garden	Residential	100%	24,077	42,336	31,300	62	1,464	1,981
Ningbo	High-tech Zone Commercial Project	Commercial	100%	12,917	31,000	31,000	105	3,387	3,387
Ningbo	Panhuo Project (Rong An Zodiac Tower)	Residential	25%	16,134	24,201	24,201	177	7,314	7,314
Suzhou	Project in Meili Town, Changshu	Residential	40%	34,798	85,615	62,514	364	4,252	5,823
Suzhou	Lot 16 in Qidu	Residential	50%	7,585	14,550	8,343	30	2,062	3,596
Suzhou	Lot 17 in Qidu	Composite	50%	5,759	20,928	17,250	30	1,433	1,739
Hangzhou	Hangzhou Jingrui Greenview Mansion	Residential	50%	84,856	187,424	141,916	1,138	6,072	8,019
Hangzhou	Acer Serrulatum Villa Garden	Residential	100%	49,804	25,400	25,400	712	28,031	28,031
Hangzhou	Yangming Valley	Residential	100%	61,000	18,300	18,300	998	54,536	54,536
Hangzhou	Liuxia Plot	Residential	7%	42,727	47,000	47,000	1,271	27,043	27,043
Hangzhou	North Linpingshan Plot	Commercial and residential	13%	77,500	155,000	155,000	1,322	8,529	8,529
Nanjing	Lot G18, Liuhe, Nanjing	Composite	100%	28,500	106,333	94,129	540	5,078	5,737
Nanjing	Project in Chunhua (Golden East)	Residential	17%	66,267	176,379	132,534	1,493	8,465	11,265
Wuhan	Lot K4, Dazhou Village, Wuhan	Composite	40%	106,493	574,992	410,000	3,280	5,704	8,000
Tianjin	Maritime International	Composite	20%	362,548	590,558	439,099	3,052	5,168	6,951
Total				**1,166,248**	**2,665,804**	**2,058,635**	**19,021**	**7,135**	**9,240**

Details of land and property acquisition from 1 January 2018 to 15 March 2018

City	Project/Land Parcel	Land Use	Attributable Interest	Site Area	Expected Total GFA	Expected Total GFA Above Ground	Consideration	Average Land/Properties Cost (based on the expected total GFA)	Average Land/Properties Cost (based on the expected total GFA above ground)
				sq.m.	sq.m.	sq.m.	RMB million	RMB/sq.m.	RMB/sq.m.
Beijing	Block A Project of Cheng Yuan Building in Haidian District	Composite	100%	2,700	9,699	9,699	269	27,735	27,735
Beijing	NAGA Shangyuan Project in Dongzhimen	Residential & commercial	100%	2,200	5,768	5,768	280	48,541	48,541
Tianjin	Jin Bin Tang (Gua) No. 2017-1	Residential & commercial	100%	44,722	105,334	80,500	538	5,105	6,680
Tianjin	Jin Hai He Yuan (Gua) No. 2018-014	Residential & commercial	100%	60,460	119,463	90,690	1,140	9,543	12,570
Wuhan	Houguan Lake Plot in Caidian District	Tourist & residential	100%	38,020	54,020	38,020	240	4,434	6,300
Beijing	Foresea Zhongjin Project in Zhongguancun	Office	100%	426	5,369	5,369	302	56,246	56,246
Total				**148,528**	**299,653**	**230,046**	**2,769**	**9,242**	**12,038**

Revenue from Sale of Properties

The revenue from sales of properties in 2017 was approximately RMB15,254.7 million, representing an increase of 3.5% as compared to last year, and its distribution is mainly as follows:

	Revenue	Percentage of Total Revenue	GFA	ASP
	RMB'000	%	sq.m.	RMB/sq.m.
Shanghai				
Shanghai Jingrui @WAY Across	9,632	0.1	188	51,273
Shanghai Jingrui City Park	755,317	5.0	20,985	35,994
Shanghai Jingrui The French Lakeside Villa	266,399	1.7	8,999	29,603

	Revenue	Percentage of Total Revenue	GFA	ASP
	RMB'000	%	sq.m.	RMB/sq.m.
Jiangsu Province				
Suzhou Jingrui Nobility Mansion	1,487,145	9.7	96,807	15,362
Suzhou Jingrui Jade Bay	203,031	1.3	20,888	9,720
Suzhou Jingrui Dignity Mansion	628,570	4.1	47,033	13,364
Suzhou Jingrui Happy Family Garden	1,054,228	6.9	78,614	13,410
Changzhou Jingrui Dignity Mansion	205,795	1.3	18,775	10,961
Nantong Jingrui Dignity Mansion	81,373	0.5	8,996	9,046
Nantong Jingrui Nobility Mansion	57,112	0.4	4,862	11,747
Nantong Jingrui Royal Mansion	944,970	6.2	112,980	8,364
Yangzhou Jingrui Dignity Mansion	9,571	0.1	610	15,682
Wuxi Jingrui Dignity Mansion	793,526	5.2	93,743	8,465
Zhejiang Province				
Huzhou Jingrui Dignity Mansion	249,863	1.6	18,314	13,644
Zhoushan Jingrui Peninsula Bay	15,978	0.1	2,964	5,390
Shaoxing Jingrui Dignity Mansion	1,202,466	7.9	100,067	12,017
Shaoxing Jingrui The Mansion	375,693	2.5	54,893	6,844
Shaoxing Jingrui Lake of Dawn	1,326,608	8.7	185,191	7,163
Taizhou Jingrui Dignity Mansion	39,424	0.3	2,146	18,368
Ningbo Jingrui Dignity Mansion	10,111	0.1	553	18,281
Ningbo Jingrui The Mansion	10,571	0.1	644	16,426
Ningbo Jingrui Harbour City	166,625	1.1	10,202	16,332
Ningbo Jingrui Majestic Mansion	1,064,960	7.0	88,018	12,099
Hangzhou Jingrui Royal Bay	58,729	0.4	4,382	13,402
Hangzhou Jingrui Royal Mansion	110,428	0.7	8,171	13,515
Hangzhou Jingrui Shenhua No. One	2,200,228	14.4	75,122	29,289
Hangzhou Jingrui Shenhua County	170,091	1.1	6,047	28,129
Chongqing				
Chongqing Jingrui Royal Bay	126,756	0.8	19,759	6,415
Chongqing Jingrui Online Family	230,390	1.5	22,433	10,270
Tianjin				
Tianjin Jingrui Hyatt Mansion	864,773	5.6	89,425	9,670
Other projects	42,315	0.3	3,512	12,045
Subtotal	**14,762,678**	**96.8**	**1,205,323**	**12,248**
Car park	492,047	3.2	5,530	–
Total	**15,254,725**	**100.0**	**–**	**–**

Yan Capital (優鉞資產)

Yan Capital, as a real estate fund platform of the Group, is an important asset management vehicle of the Group and is principally engaged in real estate fund raising and asset management business. Since its establishment, Yan Capital has firmly cultivated fund raising, fund design and investor protection capability, extensively expanded its presence in the capital market and established a cooperative network to access to investors' resources for real estate development and optimize the capital structure.

During the Reporting Period, Yan Capital promoted and established three funds with a total size of approximately RMB860 million.

Co-Fortune Capital (合福資本)

Co-Fortune Capital, as an asset-light investment platform of the Group, aims to equip the other four major segments with asset management capability. Through "Jingrui", the brand name of a listed company, Co-Fortune Capital strives to cultivate its investment management capability in the area of "Real Estate Industrial Chain + Post-Life Service".

Apartment Platform (公寓平臺)

The Apartment Platform is a professional platform for the Group to operate and manage long-term rental apartments. It aims to create a multi-functional community ecology integrating social communication, entertainment, sports, leisure and catering through its innovative business model with quality living as the core. The long-term rental apartment products under the platform offers comprehensive functions covering intelligent software and hardware, marketing channels, membership system, customer service system and community life, developing a new rental economy.

During the Reporting Period, the Apartment Platform has commenced the operation of Beijing Sanquan Apartment Project, Shanghai Yangti Project and Hangzhou Chengxi Intime Project. Currently, the apartment projects being renovated include Shanghai Elite Residences project, Shanghai Shenxin Tower project and Shanghai Jinling Road Project. The developed apartment products, represented by "Su She" (素舍) and "Pu Shu" (璞樹), are designed to serve as serviced apartments for young white-collar professionals and high-end businessmen, respectively.

Office Platform (辦公平臺)

The Office Platform, a professional platform for the Group to hold, operate and manage office properties, focuses on urban renewal as well as the development, holding, leasing, operation and management of office buildings in first-tier cities.

During the Reporting Period, the Office Platform held the Shanghai Zhangjiang Keyuan Tower Project.

Employees and Remuneration Policies

As at 31 December 2017, we had a total of 2,743 fulltime employees in the PRC and Hong Kong. 705 of our employees worked in property development operations, 1,983 were engaged in property management and 55 were engaged in customer services and other related operations.

The remuneration package of our employees includes salaries and bonuses. In general, we determine employee salaries based on each employee's qualifications, experience, position and seniority. We have designed an annual review system to assess the performance of our employees, which forms the basis for us to determine salary raises, bonuses and promotion. We also review and adjust our remuneration package by referring to the relevant salary survey in the real estate industry published by renowned consulting firms. We believe the salaries and benefits that our employees receive are competitive with market standards in each geographic location where we conduct business. We have also adopted a pre-IPO share award scheme and a share award scheme on 6 October 2013 and 29 November 2017, respectively pursuant to which share awards were granted to selected employees of the Group. Details of a pre-IPO share award scheme and a share award scheme are set out in the sections headed "Report of the Directors – Pre-IPO Share Award Scheme" and "Share Award Scheme" in this annual report.

The Group's staff costs for the year ended 31 December 2017 amounted to RMB444.9 million (for the year ended 31 December 2016: RMB405.8 million). Staff costs include a remuneration expense in relation to share-based payments of RMB8.6 million recognized for the Year (for the year ended 31 December 2016: RMB4.4 million).

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

Financial Review

Revenue

For the year ended 31 December 2017, the revenue of the Group reached RMB15,668.4 million, representing an increase of 4.1% as compared to RMB15,051.3 million last year. Our revenue consists of revenue from (i) sales of properties, (ii) property management, (iii) decoration of properties, (iv) rental income and (v) others. The table below sets forth our revenue for each of the businesses described above and the percentage on total revenue represented for the periods indicated:

Revenue by business segments

	2017		2016		
	RMB'000	Percentage of the total revenue %	RMB'000	Percentage of the total revenue %	Year-on-year change %
Sales of properties	15,254,725	97.4	14,737,396	97.9	3.5
Property management	272,538	1.7	164,905	1.1	65.3
Design and decoration of properties	66,942	0.4	69,181	0.5	(3.2)
Rental income	57,789	0.4	10,663	0.1	442.0
Others	16,410	0.1	69,132	0.4	(76.3)
Total	15,668,404	100.0	15,051,277	100.0	4.1

Revenue from sales of properties has constituted, and is expected to continue to constitute, a substantial majority of our total revenue, representing approximately 97.4% of our total revenue for the Year.

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

During the Year, the properties delivered by the Group mainly included Hangzhou Jingrui Shenhua No. One, Nantong Jingrui Nobility Mansion, Shaoxing Jingrui Lake of Dawn, Shaoxing Jingrui Dignity Mansion, Ningbo Jingrui Majestic Mansion, Suzhou Jingrui Happy Family Garden, Nantong Jingrui Royal Mansion, Tianjin Jingrui Hyatt Mansion, Shanghai Jingrui City Park and Suzhou Jingrui Dignity Mansion. Revenue from sales of properties increased by approximately 3.5% to approximately RMB15,254.7 million in 2017 from approximately RMB14,737.4 million in 2016, mainly due to an increase in the average selling prices of properties delivered and the proportion of revenue from sales of properties in first-tier and second-tier cities during the Year.

Our property management revenue represents revenue generated from property management services we provide through our wholly-owned subsidiary, Shanghai Jingrui Property Management Co., Ltd., to owners of all our properties and certain properties developed by third parties. Property management revenue is recognized over the period when our property management services are rendered. In 2017, property management revenue of the Group was approximately RMB272.5 million, representing an increase of approximately 65.3% as compared to that of last year. The absolute amount of our property management revenue increased significantly, primarily due to the continued growth in the total area of our completed properties and the increase in the proportion of outreach business.

Revenue from decoration of properties represents realised revenue generated from decoration works we provided. In 2017, such revenue of the Group was approximately RMB66.9 million, representing a decrease of 3.2% as compared to that of last year, of which the revenue slightly declined due to the decrease of revenue from the Licheng's service to related parties as well as the increase of revenue from customized fine decoration works.

Rental income mainly includes operating revenue from leasing our investment properties and certain other completed properties and is recognized on a straight line basis over the relevant lease terms. We currently focus on the development of residential properties but usually develop certain ancillary retail areas in our projects, which increases the value of such projects and enables us to better serve residents of our property projects. In 2017, rental income of the Group was approximately RMB57.8 million, representing an increase of 442.0% as compared to that of last year. The increase was mainly due to an increase in the properties held by the Group for investment during the Year. Our rental income was generated from leasing the retail areas of Shanghai Jingrui Life Square, Ningbo Jingrui Harbour City, Beijing Sanquan Apartment and Shanghai Keyuan Tower.

Cost of Sales

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

Our cost of sales decreased by 8.9% from RMB14,441.0 million in 2016 to RMB13,150.3 million in 2017, primarily due to a decrease in the GFA delivered during the Year.

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

	2017		2016	
	RMB'000	**%**	RMB'000	%
Construction costs	**5,588,090**	**42.5**	5,850,775	40.5
Land use right costs	**5,743,559**	**43.7**	6,473,495	44.8
Capitalized interest	**1,234,997**	**9.4**	1,134,021	7.9
Subtotal: Total cost of properties	**12,566,646**	**95.6**	13,458,291	93.2
Business tax and surcharges	**224,987**	**1.7**	657,270	4.6
Provision for impairment of properties held or under development for sale	**55,697**	**0.4**	92,793	0.6
Other costs [(1)]	**302,935**	**2.3**	232,644	1.6
Total	**13,150,265**	**100.0**	14,440,998	100.0
Total GFA delivered (sq.m.)	**1,205,323**		1,418,720	
Average cost of properties per sq.m. sold (RMB) [(2)]	**10,426**		9,486	
Average cost per sq.m. as % of ASP	**85.1**		92.4	

Notes:

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

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

Gross Profit and Gross Profit Margin

Our gross profit increased by 312.6% from RMB610.3 million in 2016 to RMB2,518.1 million in 2017. We recorded gross profit margin of approximately 16.1% for the year ended 31 December 2017, compared to that of approximately 4.1% for the year ended 31 December 2016. Our gross profit margin significantly increased as compared to that of last year, which was mainly due to the completion of a majority of the adjustment in our overall strategy of shifting our focus from third-tier and fourth-tier cities to first-tier and second-tier cities which resulted in high-quality business growth and a substantial increase in the average selling prices of properties in line with an increase in our stock of properties in first-tier and second-tier cities.

Fair Value Gains on Investment Properties

Our fair value gains on investment properties decreased by 55.6% from RMB81.1 million in 2016 to RMB36.0 million in 2017. Fair value gains in 2016 were primarily due to the increase in fair value of investment properties of Ningbo Jingrui Harbour City, while fair value gains in 2017 were primarily due to the increase in fair value of Beijing Sanquan Apartment and Shanghai Jingrui Shenxin Tower.

Selling and Marketing Costs

Our selling and marketing costs decreased by 10.9% from RMB408.5 million in 2016 to RMB363.9 million in 2017, primarily due to adopting measures of reducing costs and increasing efficiency.

Administrative Expenses

Our administrative expenses increased by 48.5% from RMB409.2 million in 2016 to RMB607.8 million in 2017. Such increase was primarily due to the increase in staff costs and expenses arising from our business expansion.

Other Income and Other Gains/(Losses), Net

Other income increased by 264.2% from RMB79.8 million in 2016 to RMB290.7 million in 2017. Other income recorded in 2017 was attributable to gains arising from acquisition of LKN Investment International Pte Ltd..

We recorded other gains of RMB136.1 million in 2017, compared to other gains of RMB964.3 million in 2016. Other gains recorded in 2017 were primarily due to the appreciation of the existing equity interests arising from the share repurchase by Ningbo Jingrui Property Co., Ltd. and gains from disposal of 50 % equity interest in Hangzhou Xiaoying Real Estate Development Co., Ltd. (杭州銷穎房地產開發有限公司) ("**Hangzhou Xiaoying**"), as well as gains from sales of investment properties held by the Group, and other gains recorded in 2016 were primarily due to gains from disposal of Tianjin Jingxiu Property Investment Co., Ltd. ("**Tianjin Jingxiu**"), Shanghai Jiajing Investment Co., Ltd. ("**Shanghai Jiajing**") and Shanghai Jingqi Property Development Co., Ltd. ("**Shanghai Jingqi**").

Finance (Costs)/Income, Net

Our finance income increased by 29.3% from RMB46.1 million in 2016 to RMB59.6 million in 2017, primarily as a result of the increase in interest income on bank deposits. Our finance costs increased by 19.2% from RMB142.8 million in 2016 to RMB170.3 million in 2017, mainly due to a decrease in the ratio of capitalized interest as a result of the increased investment in the properties held by the Group.

Income Tax Expense

Our income tax expense increased by 47.4% from RMB621.6 million in 2016 to RMB916.4 million in 2017, primarily due to the increase in land appreciation tax and income tax as a result of the increase in profit from sales of properties.

Profit/(loss) for the Year

Profit for the Year reached RMB903.9 million, of which profit attributable to our equity holders was RMB805.8 million in 2017. Profit for the Year without taking into account the changes in fair values of investment properties and relevant deferred tax was RMB877.0 million.

Profit attributable to the holders of perpetual capital instruments decreased by 71.4% from RMB71.5 million in 2016 to RMB20.5 million in 2017.

Profit or loss attributable to non-controlling interests increased by 640.7% from a loss of RMB14.4 million in 2016 to a gain of RMB77.7 million in 2017.

Liquidity and Capital Resources

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

Cash Positions

As at 31 December 2017, our cash at bank and on hand (including restricted cash) was RMB9,513.3 million. Our cash at bank and on hand are mainly dominated in RMB and US dollars. Restricted cash of the Group mainly comprised deposits pledged for borrowings and guarantees in respect of mortgage facilities for certain purchasers of the Group's properties.

Borrowings

Our total outstanding borrowings increased from RMB13,221.4 million as at 31 December 2016 to RMB14,114.8 million as at 31 December 2017. As at 31 December 2017, we had approximately RMB9,858.3 million unutilized banking facilities. All of the Group's secured borrowings were secured by one or a combination of the following methods: land use rights, properties under development, investment properties, properties, shares of the Company's subsidiaries, bank deposits and/or guarantees by the Company's subsidiaries. As at 31 December 2017, the assets used as collaterals for the borrowings amounted to RMB10,838.2 million (31 December 2016: RMB9,384.4 million) and the total guarantee provided to joint ventures for their borrowings amounted to RMB1,000.0 million (31 December 2016: RMB1,420.0 million). Our borrowings are mainly denominated in RMB and US dollars.

Breakdown of our borrowings by categories

	As at 31 December		
	2017	2016	Year-on-year change
	RMB'000	RMB'000	%
Current Borrowings:			
Bank loans, secured	**764,418**	562,850	35.8
Trust financing arrangements, secured:			
– conventional loan	**471,400**	2,155,271	(78.1)
Add: current portion of long-term borrowings:			
Bank loans, secured	**1,772,770**	1,013,220	75.0
Trust financing arrangements, secured	**1,374,300**	229,000	500.1
Senior notes due 2018, secured	**422,192**	–	–
Total Current Borrowings	**4,805,080**	3,960,341	21.3
Non-Current Borrowings:			
Bank loans, secured	**5,061,368**	3,749,770	35.0
Trust financing arrangements, secured:			
– conventional loan	**1,904,800**	2,615,000	(27.2)
– equity with repurchase obligation	**480,000**	580,000	(17.2)
Senior notes due 2020, secured	**2,579,882**	–	–
Senior notes due 2019, secured	**–**	638,838	(100.0)
Senior notes due 2018, secured	**422,192**	445,974	(5.3)
Corporate bonds due 2021	**1,487,920**	1,484,530	0.2
Corporate bonds due 2019	**942,783**	989,117	(4.7)
Less: current portion of long-term borrowings:			
Bank loans, secured	**(1,772,770)**	(1,013,220)	75.0
Trust financing arrangements, secured	**(1,374,300)**	(229,000)	500.1
Senior notes due 2018, secured	**(422,192)**	–	–
Total Non-Current Borrowings	**9,309,683**	9,261,009	0.5
Total	**14,114,763**	13,221,350	6.8

Breakdown of our borrowings by maturity profiles

	As at 31 December			
	2017		2016	
	RMB'000	%	RMB'000	%
Within 1 year	**4,805,080**	**34.0**	3,960,341	30.0
Between 1 and 2 years	**3,582,494**	**25.4**	3,788,514	28.6
Between 2 and 5 years	**4,894,389**	**34.7**	5,433,495	41.1
Over 5 years	**832,800**	**5.9**	39,000	0.3
Total	**14,114,763**	**100.0**	13,221,350	100.0

The proportion of the Group's long-term borrowings in the total borrowings was 66% for the year ended 31 December 2017, ensuring the healthy and stable cash flow of the Group in the future.

Borrowing Costs

The Group's weighted average effective interest rates on bank and other borrowings were 6.98% and 8.46% as at 31 December 2017 and 2016 respectively. The Group's bank and other borrowings as at 31 December 2017 were primarily borrowings at fixed interest rates.

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

	Year ended 31 December		
	2017	2016	Year-on-year change
	RMB'000	RMB'000	%
Finance costs			
– Interest expensed	**258,566**	58,926	338.8
– Net foreign exchange (gains)/losses on financing activities expensed	**(143,388)**	83,112	(272.5)
– Amount capitalized	**855,329**	1,194,783	(28.4)
– Loss from early redemption of senior notes	**53,822**	–	–
Total	**1,024,329**	1,336,821	(23.4)

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

	As at 31 December	
	2017	2016
Bank loans	**5.98%**	7.30%
Trust financing arrangements	**9.57%**	10.01%
Senior notes	**9.66%**	14.20%
Corporate bonds	**6.28%**	6.28%
Weighted average effective interest rates	**6.98%**	8.46%

Net Debt-to-Adjusted-Capital Ratio

As at 31 December 2017, our net debt-to-adjusted capital ratio was 68%. Net debt-to-adjusted capital ratio is calculated as net borrowings at the end of the period divided by the aggregate of total equity and amounts due to non-controlling interests of subsidiaries, and multiplied by 100%. Net debt is calculated as total borrowings minus cash and cash equivalents and restricted cash. Our net debt-to-adjusted capital ratio was 51% as at 31 December 2016.

Contingent Liabilities

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

As at 31 December 2017, the material contingent liabilities incurred for our provision of guarantees to financial institutions in respect of the mortgage loans they provided to our property purchasers were approximately RMB4,649.5 million (2016: RMB14,273.5 million). In addition, we provide guarantee for certain bank loans amounting to RMB1,000.0 million (2016: RMB1,420 million) for our joint ventures.

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

Off-Balance Sheet Commitments and Arrangements

Except for the contingent liabilities disclosed above, as of 31 December 2017, we did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings and other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

Interest Rate Risk

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

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

Foreign Exchange Risk

We are engaged in the development, sale and management of properties solely in the PRC with almost all our transactions denominated in RMB. In addition, the majority of our assets and liabilities are denominated in RMB. Accordingly, we are not exposed to significant foreign currency risks, except for bank deposits and our senior notes which were issued in 2015 and 2017, which were denominated in US dollars.

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

Available-For-Sale Financial Assets

As at 31 December 2017, the fair value of the Group's available-for-sale financial assets increased by 12.7% to approximately RMB1,021.0 million from approximately RMB906.0 million as at 31 December 2016. The fair value of the current portion of the available-for-sale financial assets of approximately RMB251.8 million represents the remaining equity interests in Shanghai Jingqi held by the Group, and the fair value of the non-current portion of approximately RMB769.2 million mainly represents the investments in unlisted equity securities and liquid opportunity fund, as well as the new project investments in other ecosystem project of the real estate industry during the Year.

Material Acquisition and Disposal

On 2 June 2017, the Group entered into an equity transfer agreement with Meihao Holdings Group Co., Ltd. to acquire 65% equity interest in Hangzhou Xiaoying. The transaction was completed on 7 June 2017, and a total consideration of RMB725,654,171 was paid by the Group to Meihao Holdings Group Co., Ltd.. Upon completion, Hangzhou Xiaoying became a subsidiary of the Group. For details, please refer to the announcement in relation to the acquisition of 65% equity interest in Hangzhou Xiaoying published by the Company on 2 June 2017.

On 17 July 2017, the Group entered into an equity transfer agreement with Hangzhou Yuhang Supply and Marketing Holdings Group Co., Ltd. (杭州余杭供銷控股集團有限公司) to acquire the remaining 35% equity interest in Hangzhou Xiaoying. The transaction was completed on 28 July 2017, and a total consideration of RMB390,738,400 was paid by the Group to the seller. Upon completion, Hangzhou Xiaoying became a wholly owned subsidiary of the Group. For details, please refer to the announcement in relation to the acquisition of 35% equity interest in Hangzhou Xiaoying published by the Company on 17 July 2017 and the circular to shareholders dated 22 September 2017.

On 11 September 2017, the Group and Hangzhou Tengshun Real Estate Development Co., Ltd. (杭州騰順房地產開發有限公司) ("**Hangzhou Tengshun**") entered into a disposal agreement. Pursuant to the disposal agreement, the Group (i) transferred 50% of the equity interest in Hangzhou Xiaoying to Hangzhou Tengshun and (ii) assigned 50% of the Relevant shareholder loan owed to it by Hangzhou Xiaoying to Hangzhou Tengshun, at a total consideration of RMB578,696,286 in cash (subject to the payment of an additional cash consideration of RMB25,000,000 by Hangzhou Tengshun to Hangzhou Jingxiao). Upon completion of the disposal, the Group holds 50% of the equity interest in Hangzhou Xiaoying. Hangzhou Xiaoying ceased to be a subsidiary of the Company and is accounted for as a joint venture of the Company, and the accounts of Hangzhou Xiaoying no longer consolidated in the financial statements of the Group. For details, please refer to the announcement in relation to the disposal of 50% equity interest in Hangzhou Xiaoying published by the Company on 11 September 2017.

On 27 September 2017, Wuhan Ruixiao Property Investment Co., Ltd. (武漢瑞驍房地產投資有限公司) ("**Wuhan Ruixiao**") , a wholly owned subsidiary of the Company, entered into a cooperation agreement with Wuhan Xinfeilun Property Development Co., Ltd. (武漢新飛輪房地產開發有限公司) ("**Wuhan Xinfeilun**") and Wuhan Tongbang Mechanical and Electrical Equipment Co., Ltd. (武漢同邦機電設備有限公司) ("**Wuhan Tongbang**"), pursuant to which: (i) Wuhan Ruixiao shall make a capital injection of an aggregate amount of RMB762,000,000 to Wuhan Yingjin Property Development Co., Ltd. (武漢盈錦嘉園房地產開發有限公司) ("**Wuhan Yingjin**") by way of capital contribution in cash and in the form of shareholder's loan; and (ii) Wuhan Ruixiao shall make an advance of RMB574,000,000 to Wuhan Xinfeilun. Accordingly, the total commitment and consideration to be made by Wuhan Ruixiao pursuant to the cooperation agreement shall be RMB1,336,000,000. Upon completion of the acquisition, Wuhan Yingjin has been interested in as to 40% by Wuhan Ruixiao and 60% by Wuhan Xinfeilun. Wuhan Yingjin wholly owns and develops the Land located at Hongshan District, Wuhan, PRC, and Wuhan Yingjin is accounted for as a non-wholly owned subsidiary of the Company given that Wuhan Ruixiao has control of the majority of the board of Wuhan Yingjin according to the cooperation agreement. For details, please refer to the announcement in relation to the acquisition of 40% equity interest in Wuhan Yingjin published by the Company on 27 September 2017 and the circular to the shareholders dated 15 December 2017.

Future Plans for Material Investment

The Directors confirmed that as at the date of this annual report, there is no current plan for any material investment other than in the Group's ordinary business of property development and the identification of potential independent third party investors for respective project companies.

Prospects

Looking forward to 2018, China's economy will continue its steady growth momentum and head into a positive direction, with higher priority placed on the economic structure and improvement on quality and efficiency, while China's monetary policy is expected to remain sound. With regard to the policies on the real estate market, the Chinese government is expected to adhere to its differentiated regulatory policies, i.e. satisfying the rigid demand for first-time home buyers and their desire to improve living conditions while curbing speculation on real estate. The Chinese government will formulate different policies in different cities, with multiple solutions implemented to guide the real estate market back on the track of steady and balanced development. With the guideline of "accelerating the reform of the housing system and building a long-term mechanism" issued at the working conference of the Central Committee of CPC, the government will speed up its pace in building a housing system with multi-entity supply, multi-channel warranty and equal rights for both tenants and owners with a view to vigorously promoting house lease market. In the future, the real estate market will be in a more regulated and healthy development.

Jingrui will adhere to its goal of transformation and continue to uphold original ambition of serving the needs of its customers so as to enhance its value-design capability with "customer insights" and "excellent product strength" at the core, create and provide systematic services based on "customer value design" so as to enhance the added value and brand value of its products and accelerate its transformation from a real estate developer with low valuation to an operator with high valuation. In the future, Jingrui will adhere to its goal of providing customized services throughout the entire life cycle, covering a series of customized services from purchase, decoration to the post-intake stage, aiming to provide the occupants with complete one-stop product solutions. In addition, Jingrui is also vigorously building a "Customer Gathering Platform", i.e. providing its customers with a more efficient and convenient interactive platform for them to participate in the interactive pre-project customization and further enhance its efficiency in learning the customers' insights and demands, aiming to lay the foundation of its information technology platform for providing full-scale customized services to its customers in the future.

In the future, Jingrui will continue to expand its cooperation with the funds and set up different types of funds to match the needs of different investors so as to provide them with high-quality assets. At the same time, with the supply of stable and sustainable capital, Jingrui will be able to integrate the upstream and downstream eco-circle resources in the industry, and enhance its operational capability in a post-real estate market. In addition to the development of traditional residential buildings, Jingrui will continue to increase its investment in the properties by exploring high-quality operating assets such as office buildings and long-term rented apartments in the first-tier cities and acquiring quality second-hand projects as opportunities arise. Jingrui's targeted rate of merger and acquisition of secondhand projects will be not less than 50%. Holding of renovated second-hand apartments and office buildings can turn into capitalized offering in the future; the self-owned properties may also form asset bundles through operation and become long-term funds across market cycles. Meanwhile, rental and sale of the self-owned properties may also help hedge the risks in property sales during the same period, and the withdrawal of quality core properties will also provide attractive return to the Company. Jingrui will adhere to its goal of turning into an "asset manager" and building a grand platform for "general asset management in terms of fund raising, investment, management and disposal" and accomplish a beautiful transformation eventually.

Jingrui is committed to providing its customers with a wide range of services to enhance the quality of their life while actively enhancing its service value. On the one hand, it will strive to optimize the return to its investors with high premium, i.e. profits from investment, management fee income and operating income from its self-owned properties; on the other hand, this will facilitate Jingrui's transformation into an operator with high valuation, i.e. from high operational efficiency to high profitability, thus achieving sustainable development of the Company.

Directors and Senior Management

Executive Director

Mr. Yan Hao (閆浩), aged 49, is one of the founders and the co-chairman and chief executive officer of the Group. He was appointed as an executive Director on 6 October 2013. Mr. Yan is responsible for the overall strategic planning and business direction and the day to day business and management of the Group. Mr.Yan also serves as the Chairman of our Nomination Committee. Mr. Yan obtained an EMBA degree from Fudan University (復旦大學) in June 2004. He has more than 20 years of experience in the PRC real estate industry. Mr. Yan cofounded Jingrui Properties (Group) (formerly known as Shanghai Jingrui Property Development Company) in 1993 with Mr. Chen Xin Ge, and has since served as the deputy general manager, building our business to its current scale from 1993 to 1999 and the chief executive officer since 1999, being responsible for overseeing our day to day operations, strategic directions and business growth.

Mr. Chen Xin Ge (陳新戈), aged 49, is one of the founders and the co-chairman of the Group. He was appointed as an executive Director on 6 October 2013. Mr. Chen is responsible for determining the overall strategic planning and business direction of the Group together with Mr. Yan. Mr. Chen also serves as a member of our Remuneration Committee. Mr. Chen graduated from Capital University of Economics and Business (首都經濟貿易大學) in March 2001. He also completed the EMBA Program at Cheung Kong Graduate School of Business in September 2007 and obtained a diploma of Executive Master of Business Administration. Mr. Chen has more than 20 years of experience in the PRC real estate industry. Mr. Chen cofounded Jingrui Properties (Group) (formerly known as Shanghai Jingrui Property Development Company) in 1993 with Mr. Yan, and has since served as the general manager, building our business to its current scale from 1993 to 1999 and the chairman of board of directors since 1999, being responsible, along with Mr. Yan, for the strategic directions and business growth of the Group.

Mr. Xu Chao Hui (許朝輝), aged 50, is the vice-president of the Group. He was appointed as an executive Director on 6 October 2013. Mr. Xu graduated from Zhongshan University in July 1991 with a degree in Economics. He also obtained a Master of Business Administration from Peking University in June 2001. After graduation, he joined China National Scientific Instruments & Material Corporation (中國科學器材公司) as a deputy manager of the exhibition department, before leaving in August 1999 to join Sinotrust International Information & Consulting (Beijing) Co., Ltd. (北京新華信商業風險管理有限公司). From June 2002 to January 2009, Mr.Xu was a partner of Adfaith Management Consulting Co., Ltd. (北京正略鈞策企業管理諮詢有限公司) (formerly known as Beijing Sinotrust Management Consultant Co., Ltd. (北京新華信管理顧問有限公司)), primarily in charge of the real estate consulting business unit. He joined the Group in February 2009 as a strategic development advisor, primarily responsible for the establishment and adjustment of our business strategies and the relevant execution plans. The strategic development adviser also monitors and ensures the business strategies in line with our centralized operating system and to fit in various operating procedures. Mr. Xu was appointed as the vice-president of the Group in June 2016 and the president of Apartment Platform in December 2017, being responsible for the operation and management of Apartment Platform.

Mr. Xu Hai Feng (徐海峰), aged 44, was appointed as an executive Director on 15 March 2018. Mr. Xu graduated from Tongji University in June 1998 with an engineering degree. He obtained the MBA degree from CEIBS in September 2013. After graduation, Mr. Xu joined Shanghai Pu Nan Public Transport Co., Ltd. (上海浦南大眾公共交通有限公司), from which he left in April 2001 to join the Group as a senior manager of HR department, and is primarily in charge of formulating and implementing the human resources strategy of the Group. From June 2009 to July 2017, Mr. Xu served successively as the deputy general manager of Jingrui Properties' company in Chongqing, the human resources administrative director of Jingrui Properties, assistant to the president of Jingrui Properties and the executive vice president of Jingrui Properties. He has been in charge of human resources matters and real estate business of the Group. Mr. Xu was appointed as the executive president of Jingrui Properties in August 2017 and is responsible for the overall operation and management of the Group's real estate business.

Directors and Senior Management

Independent Non-Executive Directors

Mr. Han Jiong (韓炯), aged 49, was appointed as an independent non-executive Director on 6 October 2013. Mr. Han has been appointed as a member of our Audit Committee, the chairman of our Remuneration Committee, a member of our Nomination Committee and a member of our Risk Management Committee and is responsible for supervising and providing independent judgment to the Board, and in particular, as the chairman of the Remuneration Committee, he is responsible for overseeing the policy and structure of the remuneration for the Directors and senior management and making recommendations on employee benefit arrangement. Mr. Han graduated from East China University of Political Science and Law (華東政法大學) in July 1992, and qualified as a lawyer in the PRC in February 1993. He joined Shanghai Jinmao Law Firm (上海金茂律師事務所) in July 1992, and was an associate when he left in December 1998. He was a founding partner of Llinks Law Offices (通力律師事務所) which was established in September 1998, and he is currently a managing partner. Mr. Han was a member of the Seventh and the Eighth CSRC Public Offering Review Committee from January 2005 to April 2007, and was appointed by the Ministry of Human Resources and Social Security of the PRC (中國人力資源和社會保障部) as a member of the First and the Second Review Committee for the Enterprise Annuity Fund Management Association (企業年金基金管理機構評審委員會) from June 2005 to August 2009. He was a council member of the Shanghai Bar Association (上海市律師協會) from April 2008 to April 2015. Mr. Han was appointed as an independent non-executive director of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (上海復星醫藥（集團）股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600196) and the Stock Exchange (stock code: 02196), from April 2009 to June 2015.

Mr. Qian Shizheng (錢世政), aged 66, was appointed as an independent non-executive Director on 6 October 2013. Mr. Qian has been appointed as the chairman of our Audit Committee and Risk Management Committee. He is responsible for reviewing and supervising the financial reporting process and internal control system as well as overseeing the audit process of the Group. Mr. Qian received a Bachelor's degree in Accounting from Shanghai University of Finance and Economics in 1983, and obtained a Doctorate in Management Science from Fudan University (復旦大學) in July 2001. Mr. Qian has been an associate professor at Fudan University (復旦大學) specialized in accounting since 1995. Mr. Qian joined Shanghai Industrial Investment (Holdings) Co., Ltd. in January 1998 and has served as its vice president from September 2005 to 2012. Mr. Qian currently serves as an independent non-executive director of Lonking Holdings Limited (stock code: 3339), Hanhua Financial Holding Co., Ltd. (stock code: 3903) and Red Star Macalline Group Corporation Ltd. (stock code:1528), all are listed on the Stock Exchange. Mr.Qian served as an independent non-executive director of Zoomlion Heavy Industry Science and Technology Co., Ltd., a company listed on the Stock Exchange (stock code: 1157) from November 2007 to June 2015. Mr. Qian is currently teaching in Fudan University (復旦大學) and has over 20 years of teaching and work experience in the finance and accounting fields.

Dr. Lo Wing Yan William (盧永仁), aged 57, JP, was appointed as an independent non-executive Director on 6 October 2013. Dr. Lo has been appointed as a member of our Audit Committee, Remuneration Committee, Nomination Committee and Risk Management Committee and is responsible for supervising and providing independent judgment to our Board and performing other duties and responsibilities as assigned by our Board. Dr. Lo holds a Master's degree and a Doctorate from the University of Cambridge in England in 1986 and 1988 respectively. Dr. Lo was also a Bye-Fellow of Downing College, the University of Cambridge. In 1999, he was appointed as a JP by the government of Hong Kong. From 2003 to 2016, he was appointed as a member of Shantou Committee of the Chinese People's Political Consultative Conference.

Dr. Lo is currently the vice chairman of Kidsland International Holdings Limited (stock code: 2122), the chairman of Strategenes Limited and a governor of The Charles K.Kao Foundation for Alzheimer's Disease Limited. Dr. Lo is also a governor of an independent school in Hong Kong, the ISF Academy, as well as a chairman of Junior Achievement Hong Kong. From June 2002 to March 2006, Dr. Lo served as an executive director and vice president of China Unicom Limited, a company listed on the Stock Exchange (stock code: 762). From October 2004 to May 2006, he was an independent non-executive director of I.T Limited, a company listed on the Stock Exchange (stock code: 999), and he served as its executive director, vice chairman, managing director and chief financial officer from May 2006 to June 2009. Dr. Lo served as the vice chairman of South China Media Group from September 2011 to August 2014. Dr. Lo is currently the independent non-executive director of the Stock Exchange listed companies, including Television Broadcasts Limited (stock code: 511), CSI Properties Limited (stock code: 497), SITC International Holdings Company Limited (stock code: 1308) and Ronshine China Holdings Limited (stock code: 3301) and a New York Stock Exchange listed company, Nam Tai Property, Inc. (ticker: NTP). Dr. Lo served as an independent non-executive director of International Housewares Retail Company Limited, a company listed on the Stock Exchange (stock code: 1373) from September 2013 to September 2015. Dr. Lo also served as an independent non-executive director of Varitronix International Limited, a company listed on the Stock Exchange (stock code: 710) from July 2004 to June 2016.

Senior Management

Ms. Jiang Bing Xian (蔣冰弦), aged 37, is our joint company secretary and legal director of the Company. Ms. Jiang joined the Company in November 2004, and has been primarily responsible for and overseeing the Company's legal affairs. She was appointed as the joint company secretary in June 2017 and also responsible for investor relations activities. Ms. Jiang obtained a Bachelor of Laws degree from East China University of Political Science and Law in July 2004 and a Master of Laws degree from China University of Political Science and Law in January 2015.

Joint Company Secretaries

Ms. Jiang Bing Xian (蔣冰弦), has been appointed as one of the joint company secretaries and authorized representative of the Company since 23 June 2017. For Ms. Jiang's profile, please refer to the section "Senior Management" above.

Ms. Lai Siu Kuen (黎少娟), another joint company secretary of the Company, is an associate director of TMF Hong Kong Limited. She has over 20 years of professional and in-house experience in the company secretarial field. She is a fellow member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in United Kingdom.

Corporate Governance Report

The Board is pleased to present this corporate governance report as set out in the annual report of the Company for the year ended 31 December 2017.

Corporate Governance Practices

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules as its own code of corporate governance. The Company has been in compliance with the code provisions set out in the CG Code during the year ended 31 December 2017 except for the deviation from code provision A.2.1 as set out below. However, the Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

Code Provision A.2.1

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

Since the listing of the Company, Mr. Yan Hao ("**Mr. Yan**") has acted as the co-chairman and the chief executive officer of the Company. Notwithstanding the corporate governance measures adopted by the Company and the appointment of Mr. Chen Xin Ge ("**Mr. Chen**") as the other co-chairman with an aim to balance the power and authority of Mr. Yan, this is a deviation from the code provision set out in paragraph A.2.1 of the CG Code. Mr. Yan, as one of the founders of the Group, is instrumental to the Company's growth and business expansion since 1999. The Board considered that vesting the roles of cochairman and chief executive officer of the Company in Mr. Yan facilitates and maximizes the effectiveness of the execution of the Group's business strategies. The executive functions and day-to-day management of the business are carried out by Mr. Yan as the chief executive officer of the Company. In addition, the Board believes that the powers and authorities of the cochairmen of the Company have not been concentrated as the responsibilities have been shared between the co-chairmen of the Company. The Board also believes that the balance of power and authority is adequately ensured by the operations of senior management of the Company and the Board, which comprises experienced and high calibre individuals. For the year ended 31 December 2017, the Board currently comprises four executive Directors (including Mr. Yan) and three independent non-executive Directors and therefore has a strong independence element in its composition.

(A) The Board

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

Composition of the Board

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

During the year ended 31 December 2017 and up to the date of this annual report, the Board has been in compliance with the Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise.

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

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

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

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

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

Induction and Continuous Professional Development

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

During the year ended 31 December 2017 and up to the date of this annual report, all Directors namely, Mr. Yan Hao, Mr. Chen Xin Ge, Mr. Yang Tie Jun (resigned on 12 February 2018), Mr. Xu Chao Hui, Mr. Xu Hai Feng (appointed on 15 March 2018), Mr. Han Jiong, Mr. Qian Shi Zheng and Dr. Lo Wing Yan William participated in continuous professional development. They developed and updated their knowledge and skills in respect of Listing Rules and other statutory and regulatory requirements through participation in training programs or external seminars, thus to make contributions to the Board.

Board Diversity

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

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

Duties of the Board

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

Name	Position and role
Mr. Yan Hao	Executive Director, co-chairman and chief executive officer (overall strategic planning and business direction and day to day business and management)
Mr. Chen Xin Ge	Executive Director and co-chairman (overall strategic planning and business direction)
Mr. Yang Tie Jun *(Resigned on 12 February 2018)*	Executive Director and executive president (assisting the co-chairmen and chief executive officer and responsible for the day to day business and management of Jingrui Asset Management Company)
Mr. Xu Chao Hui	Executive Director and vice president (also responsible for the day to day business and management of Apartment Platform)
Mr. Xu Hai Feng *(Appointed on 15 March 2018)*	Executive Director (assisting the co-chairmen and chief executive officer and responsible for the day to day business and management of of Jingrui Properties)
Mr. Han Jiong	Independent non-executive Director and members of the Audit Committee, Remuneration Committee, Nomination Committee and Risk Management Committee, responsible for supervising and providing independent judgment to the Board
Mr. Qian Shi Zheng	Independent non-executive Director and members of the Audit Committee and Risk Management Committee, responsible for supervising and providing independent judgment to the Board
Dr. Lo Wing Yan William	Independent non-executive Director and members of the Audit Committee, Remuneration Committee, Nomination Committee and the Risk Management Committee, responsible for supervising and providing independent judgment to the Board

Appointment and Re-election of Directors

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

Each of the executive Directors has entered into a service agreement with us for an initial fixed period of three years commencing from 31 October 2013. In October 2016, the Company has entered into a renewed service agreement with each of the executive Directors for a further fixed period of three years commencing from 31 October 2016 unless terminated earlier. On 15 March 2018, the Company entered into a service agreement with Mr. Xu Hai Feng for a fixed period of three years commencing from 15 March 2018.

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

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

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

As at the date of this annual report, the Nomination Committee has assessed the independence of the independent non-executive Directors and has reviewed the proposed appointment of the Directors. In addition, the Nomination Committee has approved the retirement and re-election of three Directors of the Company, namely Mr. Xu Hai Feng, Mr. Qian Shi Zheng and Dr. Lo Wing Yan William at the annual general meeting to be held on 3 May 2018.

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

Board Meetings

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

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

During the year ended 31 December 2017, four Board meetings were held and the attendance of the individual Directors at these meetings is set out in the table below:

Role	Name	Attendance/ No. of meetings held	Attendance rate
Executive Director	Mr. Yan Hao	4/4	100%
Executive Director	Mr. Chen Xin Ge	4/4	100%
Executive Director	Mr. Yang Tie Jun *(Resigned on 12 February 2018)*	3/4	75%
Executive Director	Mr. Xu Chao Hui	4/4	100%
Executive Director	Mr. Xu Hai Feng *(Appointed on 15 March 2018)*	N/A	N/A
Independent non-executive Director	Mr. Han Jiong	4/4	100%
Independent non-executive Director	Mr. Qian Shi Zheng	4/4	100%
Independent non-executive Director	Dr. Lo Wing Yan William	3/4	75%

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Specific enquiries to the Directors have been made and each of the Directors has confirmed that he has complied with the Model Code during the year ended 31 December 2017.

Delegation by the Board

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

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

Corporate Governance Function

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

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

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

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

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

(5) to review the compliance with the CG Code and disclosure in the corporate governance report.

Committees of the Board

Audit Committee

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

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

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

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

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

(4.1) any changes in accounting policies and practices;

(4.2) major judgmental areas;

(4.3) significant adjustments resulting from audit;

(4.4) the going concern assumptions and any qualifications;

(4.5) compliance with accounting standards; and

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

(5) regarding paragraph (4) above:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

As at the date of this annual report, the Audit Committee has reviewed the audit plan, audit scope and major audit issues of the external auditor for 2017. In addition, the Audit Committee has reviewed the annual results and annual report of the Group for the year ended 31 December 2016, the interim results and interim report of the Group for the six months ended 30 June 2017, the annual results and annual report of the Group for the year ended 31 December 2017, and also reviewed the auditors' remuneration and made recommendation to the Board on the re-appointment of auditors, which is subject to approval by the shareholders at the annual general meeting.

During the year ended 31 December 2017, two meetings were held by the Audit Committee and the attendance of each respective member at the meetings of the Audit Committee held in 2017 is set out in the following table:

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

Remuneration Committee

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

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

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

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

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

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

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

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

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

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

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

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

As at the date of this annual report, the Remuneration Committee has reviewed the performance appraisals of the Directors and senior management of the Company in 2017, and at the same time, made recommendations on performance appraisal standards in 2018. In addition, the Remuneration Committee has reviewed the Group's current remuneration policies for the Directors and the implementation of employment contracts.

During the year ended 31 December 2017, three meetings were held by the Remuneration Committee and the attendance of each respective member at the meetings of the Remuneration Committee held in 2017 is set out in the following table:

Name	Attendance/number of meetings held
Mr. Han Jiong	3/3
Dr. Lo Wing Yan William	2/3
Mr. Chen Xin Ge	3/3

Nomination Committee

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

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

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

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

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

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

As at the date of this annual report, the Nomination Committee has assessed the independence of the independent non-executive Directors and has reviewed the proposed appointment of the Directors. In addition, the Nomination Committee has approved the retirement and re-election of three Directors of the Company, namely Mr. Xu Hai Feng, Mr. Qian Shi Zheng and Dr. Lo Wing Yan William at the annual general meeting to be held on 3 May 2018.

During the year ended 31 December 2017, one meeting was held by the Nomination Committee and the attendance of each respective member at the meeting of the Nomination Committee held in 2017 is set out in the following table:

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

Risk Management Committee

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

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

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

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

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

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

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

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

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

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

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

During the year ended 31 December 2017, two meetings were held by the Risk Management Committee and the attendance of each respective member at the meetings of the Risk Management Committee held in 2017 is set out in the following table:

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

(B) Financial Reporting, Risk Management and Internal Control

Directors' Responsibilities for Financial Reporting in respect of Financial Statements

The Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 December 2017 which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

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

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

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

Risk Management and Internal Control

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

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

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

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

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

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

Procedures to Identify, Evaluate and Manage Significant Risks

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

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

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

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

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

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

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

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

(2) Potential risks of those key business initiatives and management procedures newly introduced in 2017 were identified and evaluated.

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

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

External Auditor

The remuneration paid/payable to the Company's auditor, PricewaterhouseCoopers, in connection with the interim review and the annual audit of the Group's consolidated financial statements for the year, amounted to a total of approximately RMB3,850,000. In addition, approximately RMB1,152,000 was incurred for other non-audit services. The non-audit services conducted mainly include financial due diligence services for acquisitions, services relating to major acquisition and disposal reporting and tax consultancy services provided to the Company.

(C) Joint Company Secretaries and Shareholders' Rights

Joint Company Secretaries

Due to personal reason for pursuing other opportunities, Mr. Lee Chian Jie ("**Mr. Lee**"), previously one of our joint company secretaries, resigned on 23 June 2017. On the same day, the Board appointed Ms. Jiang Bing Xian ("**Ms. Jiang**"), as one of our joint company secretaries. Our joint company secretaries are responsible for advising the Board on corporate governance matters and ensuring that the Board policy and procedures, and the applicable laws, rules and regulations are followed.

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

Ms. Jiang and Ms. Lai have undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules for the year ended 31 December 2017.

Shareholders' Rights

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

All resolutions put forward at general meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting. The annual general meeting for the year ended 31 December 2017 will be held on 3 May 2018.

Convening of extraordinary general meeting and putting forward proposals

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

Enquiries to the Board

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

(D) Investor Relations and Communication with Shareholders

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

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

During the year ended 31 December 2017, an annual general meeting was held by the Company on 24 May 2017 and the attendance of the individual Directors at this general meeting is set out in the table below:

Name	Attendance/number of meeting held
Mr. Yan Hao	0/1
Mr. Chen Xin Ge	1/1
Mr. Yang Tie Jun *(Resigned on 12 February 2018)*	1/1
Mr. Xu Chao Hui	0/1
Mr. Han Jiong	1/1
Mr. Qian Shi Zheng	1/1
Dr. Lo Wing Yan William	1/1

In accordance with code provision E.1.2 of the CG code, the Co-chairman, Mr. Chen Xin Ge, was present at the annual general meeting held on 24 May 2017, and had invited the chairmen of the Audit Committee, the Remuneration Committee, the Nomination Committee and the Risk Management Committee, the independent non-executive Directors and the external auditor to attend the meeting.

Information Disclosure

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

Constitutional Documents

There are no changes in the Company's constitutional documents during the year ended 31 December 2017.

Report of the Directors

The Directors present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2017.

Global Offering

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

Principal Activities

The Company is an investment holding company, and the principal activities of its subsidiaries are development of and investment in real estate projects as well as management of properties. Details of the subsidiaries of the Company are set out in Note 45 to the consolidated financial statements.

An analysis of revenue of the Group for the year ended 31 December 2017 by principal activities is set out in Note 27 to the consolidated financial statements.

Business Review

Environmental Policies and Performance

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

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

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

Relationships with Employees, Customers and Suppliers

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

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

During the year under review, the Group's procurement from its five largest suppliers accounted for 24.3% (2016: 43.5%) of its procurement while the Group's sales to its five largest customers accounted for 1.0% (2016: 0.7%) of its sales.

The Group maintains a high standard in selecting reputable and reliable suppliers and contractors, in order to meet our own quality, safety, environmental and product criteria. During the year ended 31 December 2017 and up to the date of this annual report, the Group has maintained good relationships with its suppliers and contractors.

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

Compliance with Related Laws and Regulations

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

Our business and operations are subject to related laws and regulations of the Cayman Islands, the British Virgin Islands, Hong Kong and the PRC. During the year ended 31 December 2017 and up to the date of this annual report, we have complied with all related laws and regulations of the Cayman Islands, the British Virgin Islands, Hong Kong and the PRC, which would have significant impact on the Group.

Business Review and Prospect

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

Financial Results

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

Risks and Uncertainties

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

Policy Risk

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

Under the macroeconomic policy environment dominated by the "Restriction on purchase and loan", the first-tier and second-tier cities are still the targets of such restrictions in despite of a fine-tuning of the real estate regulatory policies recently. In the near future, the real estate industry may face the pressure arising from getting rid of the financial attributes under the regulatory policies and marketing efforts. In 2018, it is expected that the Chinese government will continue to implement the differentiated regulatory policies; while meeting the rigid demands from the first-time house purchaser, supporting housing improvement and curbing real estate speculation. A steady and rational real estate market is emerging by implementing various policies according to local conditions in different cities with multi-pronged approach.

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

Business Risk

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

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

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

Significant Subsequent Events

Details of significant subsequent events of the Group are set out in Note 47 to the consolidated financial statements.

Results

Details of the Group's results for the year ended 31 December 2017 are set out in the consolidated income statement on page 78 of this annual report.

Subsidiaries

Details of the Company's subsidiaries as at 31 December 2017 are set out in Note 45 to the consolidated financial statements.

Final Dividend

At the Board meeting held on 15 March 2018, the Board has resolved to recommend the payment of a final dividend HK$0.25 per share for the year ended 31 December 2017 to shareholders whose names appear on the register of members of the Company on 10 May 2018 (2016: nil).

There is no arrangement that a shareholder of the Company has waived or agreed to waive any dividend.

Financial Summary/Financial Review

Financial summary of results, assets and liabilities and financial review of the Group for the past five financial years are set out on page 252 of this annual report. The summary does not constitute a part of the audited consolidated financial statements.

Previous Fund Raising Activities

Date	Fund raising activity	Net proceeds raised (approximately)	Use of the net proceeds
March 2016	Issue of RMB1.5 billion 5.88% corporate bonds due 2021	RMB1,500 million	To improve the debt structure of the Company
September 2016	Issue of RMB1.0 billion 6.75% corporate bonds due 2019	RMB1,000 million	To improve the debt structure of the Company
April 2017	Issue of US$400 million 7.75% senior notes due 2020 ("**2020 Notes**")	US$393 million	To further finance the existing debts of the Group

Major Customers and Suppliers

For the year ended 31 December 2017, the Group's procurement from its five largest suppliers accounted for 24.3% (2016: 43.5%) of the Group's total procurement, while the procurement from the largest supplier accounted for 6.3% (2016: 19.2%). For the year ended 31 December 2017, the Group's sales to its five largest customers accounted for 1.0% (2016: 0.7%) of the Group's total revenue.

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

Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Company and the Group during the year ended 31 December 2017 are set out in Note 7 to the consolidated financial statements.

Investment Properties

Details of movements in the investment properties of the Company and the Group during the year ended 31 December 2017 are set out in Note 8 to the consolidated financial statements.

Share Capital

Details of movements in the share capital of the Company during the Year are set out in Note 18 to the consolidated financial statements.

Reserves

Details of movements in the reserves of the Group during the Year are set out in the consolidated statement of changes in equity on page 80 and in Note 19 to the consolidated financial statements respectively.

In addition, details of movements in the reserves of the Company during the Year are set out in Note 46(a) to the consolidated financial statements.

Distributable Reserves

As at 31 December 2017, the Company's reserves available for distribution, calculated in accordance with the provisions of Companies Law, amounted to approximately RMB1,216.3 million.

Bank Loans and Other Borrowings

Particulars of bank loans and other borrowings of the Company and the Group as at 31 December 2017 are set out in Note 21 to the consolidated financial statements.

Directors

The Directors during the year ended 31 December 2017 and up to the date of this annual report were:

Executive Directors:

Mr. Yan Hao
Mr. Chen Xin Ge
Mr. Yang Tie Jun *(Resigned on 12 February 2018)*
Mr. Xu Chao Hui
Mr. Xu Hai Feng *(Appointed on 15 March 2018)*

Independent Non-executive Directors:

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

Board of Directors and Senior Management

Biographies of the Directors and senior management of the Group are set out on pages 37 to 39 of this annual report.

Confirmation of Independence of Independent Non-Executive Directors

The Company has received an annual confirmation of independence pursuant to rule 3.13 of the Listing Rules from each of the independent non-executive Directors and the Company considers these Directors to be independent for the year ended 31 December 2017.

Directors' Service Contracts and Letter of Appointments

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

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

In October 2016, the Company has renewed the service contract with each of the executive Directors and the letter of appointment with each of the independent non-executive Directors for a further term of three years commencing from 31 October 2016 unless terminated earlier. On 15 March 2018, the Company entered into a service agreement with Mr. Xu Hai Feng for a fixed period of three years commencing from 15 March 2018.

Directors' Remuneration

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

Details of the remuneration of the Directors and five highest paid individuals of the Group for the year ended 31 December 2017 are set out in Note 33 to the consolidated financial statements.

Directors' Rights to Acquire Shares or Debentures

At no time during the year ended 31 December 2017 was the Company or any of its subsidiaries a party to any arrangement to enable the Directors, their respective spouse or minor children to acquire benefits by means of the acquisitions of shares in the Company or in any other body corporate.

Director's Interests in Competing Business

As at 31 December 2017, none of the Directors had any interest in business which competes or may compete directly or indirectly with the business of the Group.

Compliance with Non-Competition Undertaking

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

The independent non-executive Directors have reviewed the compliance with the non-competition undertaking by the Covenantors under the Deed of Non-Competition and are of the view that such noncompetition undertaking has been complied with during the year ended 31 December 2017. Each of the Covenantors has provided to the Company a written confirmation in respect of his/its compliance with the Deed of Non-Competition.

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

Save as disclosed in this annual report, no transaction, arrangement and contract of significance to which the Company or any of its subsidiaries was a party and in which a Director and/or any its connected entity had a material interest, whether directly or indirectly, subsisted as at 31 December 2017 or at any time during the Year. The Company did not provide any loans to the Directors or the management personnel of the Company during the Year; in addition, no transaction, arrangement or contract of significance between the Company or any of its subsidiaries and the Company's controlling shareholders or any of their respective subsidiaries, subsisted as at 31 December 2017 or at the any time during the Year.

Employees and Remuneration Policies

For details regarding the employees and remuneration policies of the Group during the Year, please refer to the sections "Directors' Remuneration" on page 56 and "Management Discussion and Analysis" on page 25.

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

Management Contract

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

Pre-emptive rights

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

Equity-Linked Agreements

Save for the Pre-IPO Share Aware Scheme and the Share Award Scheme as disclosed in the sections headed "Pre-IPO Share Aware Scheme" and "Share Award Scheme" of this report of the directors, the Company has not entered into any equity-linked agreement for the year ended 31 December 2017.

Senior Notes and Corporate Bonds

With an aim to improve the Company's debt position, during the year ended 31 December 2017, US$400 million 7.75% senior notes (due 2020) were issued by the Company in April 2017. The proceeds from the issuance of the senior notes has been utilized to refinance the Company's existing debts.

Details of senior notes and corporate bonds of the Group outstanding during the Year are set out in Note 21 to the consolidated financial statements.

Pre-IPO Share Award Scheme

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

1. Objective

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

2. Implementation

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

3. Granting of the Awarded Shares

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

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

A total of 28,122,364 Awarded Shares have been granted pursuant to the Pre-IPO Share Award Scheme. All of these Awarded Shares were granted in two batches in December 2013 and September 2014. As at 31 December 2017, all outstanding Awarded Shares had been fully vested and therefore there were no outstanding Awarded Shares as at 31 December 2017. Details of the movement in the Awarded Shares during the year ended 31 December 2017 are set out in the section headed "7. Details of the movement in the Awarded Shares under the Pre-IPO Share Award Scheme as at 31 December 2017."

4. Vesting of the Awarded Shares

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

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

5. Events Triggering Cancellation and Lapse of Awarded Shares

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

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

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

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

6. Term of the Scheme

The Pre-IPO Share Award Scheme will be valid and effective for a period of five years commencing from the adoption date, being 6 October 2013, and was cancelled by a board resolution on 29 November 2017.

7. Details of the movement in the Awarded Shares under the Pre-IPO Share Award Scheme as at 31 December 2017

Movements in the number of Awarded Shares for the year ended 31 December 2017 are set out below:

Name of Grantee	Number of Awarded Shares as at 1 January 2017	Date of grant[1]	Granted during the Year	Vested and exercised during the Year	Lapsed during the Year	Cancelled during the Year	Number of Awarded Shares as at 31 December 2017
Executive Directors							
Mr. Yang Tie Jun *(Resigned on 12 February 2018)*	311,183	25 December 2013 [2]	–	311,183	–	–	–
Mr. Xu Chao Hui	250,500	25 December 2013[2]	–	250,500	–	–	–
Other senior management and employees							
Vice President and above	298,731	25 December 2013[2]	–	298,731	–	–	–
Managers and above	838,722	25 December 2013[3]	–	838,722	–	–	–
	1,103,900	30 September 2014[4]	–	1,103,900	–	–	–
Other employees	1,508,385	25 December 2013[5]	–	1,508,385	–	–	–
Total	4,311,421		–	4,311,421	–	–	–

Notes:

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

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

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

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

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

8. Termination of the Scheme

On the basis that (i) the new share award scheme (details of which are set out below) approved by the Group can serve as a new means to incentivize senior management and core employees of the Group; and (ii) the remaining life of the Pre-IPO Share Award Scheme is only approximately 10.5 months, the Board resolved on 29 November 2017 to cancel the Pre-IPO Share Award Scheme.

Share Award Scheme

On 29 November 2017, the Company has adopted the Share Award Scheme, details of which are set out below:

1. Objectives

Among other things, the purposes and objectives of the Share Award Scheme are (i) to recognise and reward the contribution of employees to the growth and development of the Group, to retain such employees to work towards the Company's continuous operation and development, and to attract talented individuals to join the Company to further promote its development; (ii) to establish a benefit sharing and restrictive mechanism to align the interests of senior management and core employees directly to the shareholders of the Company and provide a platform to enhance management cohesion through sharing of the growth of the Company; (iii) to enhance the corporate culture of joint sustainable development to promote the sustainable growth of the Company; and (iv) to effectively deploy the motivation and the creativity of the senior management and the core employees of the Company to ensure that the Company's strategic and business objectives are realized.

2. Participants

The Board may, from time to time, in its absolute discretion, select the Selected Person(s) after taking into various factors as they deem appropriate and determine the number of Awarded Shares to be awarded to each of the Selected Persons. The Selected Persons shall cover (i) newly recruited senior management of the Company, Yan Capital, Jingrui Properties and Co-Fortune Capital; (ii) existing senior management of certain subsidiaries of the Group at provincial/city level; and (iii) existing senior management and core employees of the Company, Yan Capital, Jingrui Properties and Co-Fortune Capital.

3. Maximum Limit

The Board shall not make any further award of Awarded Shares (excluding Awarded Shares that have lapsed or been cancelled in accordance with the Scheme Rules) which will result in the aggregate number of Awarded Shares awarded by the Board throughout the duration of the Scheme to exceed 10% of the total number of issued Shares of the Company as at the Adoption Date (being 129,130,221 Shares). In the event of any consolidation or sub-division of the share capital of the Company, such maximum limit shall be adjusted accordingly.

4. Duration and Termination

The Scheme shall be effective from 29 November 2017 and shall continue in full force and effect for a term of 5 years or such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any Selected Person. In particular, Awarded Shares being granted but unvested before the termination of the Scheme shall remain effective and shall continue to vest in accordance with the provisions of the Scheme and/or the vesting schedule and conditions as set out in the Grant Letter.

5. Grant and Vesting of Awarded Shares

Pursuant to the Scheme Rules, the Board may, at its absolute discretion select any Eligible Participant(s) for participation in the Scheme as a Selected Person and determine the number of Shares to be awarded at nil consideration. The Remuneration Committee shall first formulate the grant plan which shall then be recommended to the Board for consideration and approval.

Upon the grant of the Awarded Shares, a Grant Letter should be provided to the Selected Person and such Grant Letter shall address, among other things, the number of Awarded Shares granted and the number of underlying Shares represented by the Awarded Shares, the vesting criteria and conditions, the vesting schedule, the exercise price (where applicable) and such other terms and conditions as the Board shall determine and consider necessary and are not inconsistent with the Scheme. A Selected Person may accept an offer of the grant of Awarded Shares in such manner as set out in the Grant Letter. Once accepted, the Awarded Shares are deemed granted from the date of the Grant Letter. Upon acceptance, the Selected Person becomes a Participant in this Scheme.

Selected Persons shall be entitled to receive the Awarded Shares held by the Trustee in accordance with the vesting schedule and conditions as determined by the Board in its sole discretion. Details of the vesting schedule and conditions will be provided in the Award Letter to be issued by the Company to the Selected Persons.

6. Events Triggering Lapse or Immediate Vesting of Awarded Shares

The unvested Awarded Shares shall automatically lapse in the event of (i) in relation to Type 1 Participant(s), any changes in the Type 1 Participant's position due to his/her incapability for the position or non-qualifying appraisal and evaluation; and (ii) in relation to all type of Participants, (a) the Participant resigns voluntarily; (b) the Participant resigns due to the staff cut undertaken by the Company or the Company is unwilling to renew the employment contract; (c) the Participant becomes incapable and resigns for reasons other than any injury arising out of and in the course of his/her employment; or (d) the Participant deceases not for a reason arising out of and in the course of his/her employment. If a Participant violates the laws and professional ethics, leak confidential information of the Company, or is negligent or conduct gross misconduct in performance of duties, which may result in material damage to the interests or reputation of the Company, the unvested Awarded Shares of such Participant shall not be vested, as the Board may direct as it thinks fit.

If a general offer to acquire the Shares (whether by offer, merger, or otherwise in a like manner) is made to all of the shareholders of the Company (or shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror) and the general offer to acquire the Shares is approved and the offer becomes or is declared unconditional in all respects, the Awarded Shares granted to the Participants will vest immediately, even if the vesting period has not yet commenced.

If there occurs any special circumstance which may affect the eligibility of the Selected Person or the vesting of Awarded Shares, the Awarded Shares shall be dealt with in accordance with the Scheme Rules. However, for those which are not currently covered therein, the Board shall, from time to time, have sole discretion to determine how such Awarded Shares should be handled.

7. Details of the Movement in the Awarded Shares under the Share Award Scheme during the year ended 31 December 2017

During the Year, no Awarded Shares were granted under the Share Award Scheme.

Charitable Donations

No charitable or other donations were made by the Group for the year ended 31 December 2017.

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

As at 31 December 2017, the interests or short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("**SFO**")) which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to in relevant provision, or which will be required, pursuant to the Model Code as set out in Appendix 10 to the Listing Rules, to be notified to our Company and the Stock Exchange, are as follows:

Name of Director	Nature of interest	Number of shares held [(3)]	Approximate % of shareholding interest [(4)]
Mr. Yan Hao [(1)]	Interest in a controlled corporation	505,917,613 (L)	39.18%
Mr. Chen Xin Ge [(2)]	Interest in a controlled corporation	427,205,918 (L)	33.08%
	Beneficial owner	782,000 (L)	0.06%
Mr. Xu Chao Hui	Beneficial owner	748,605 (L)	0.06%
Mr. Yang Tie Jun *(Resigned on 12 February 2018)*	Beneficial owner	311,858 (L)	0.02%

Notes:

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

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

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

(4) There were 1,291,302,213 shares in issue as at 31 December 2017.

Save as disclosed above and to the best knowledge of the Directors, as at 31 December 2017, none of the Directors or the chief executives of the Company has any interest or short position in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be entered in the register referred to in relevant provision under the Section 352 of the SFO, or which will be required to be notified to the Company and the Stock Exchange under the Model Code.

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

As at 31 December 2017, so far as the Directors are aware, the following persons (other than the Directors or the chief executive of the Company) have or are deemed to have interests and/or short positions in the Shares or underlying Shares which will be required to be disclosed pursuant to the provisions of Division 2 and 3 of Part XV of the SFO:

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

Notes:

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

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

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

(4) There were 1,291,302,213 Shares in issue as at 31 December 2017.

Save as disclosed above and to the knowledge of the Directors, as at 31 December 2017, no person had an interest or a short position in the Shares or underlying Shares required to be entered in the register referred to in relevant provision under the Section 336 of the SFO.

Directors' Indemnities

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

Related Party Transactions

Details of the related party transactions of the Group during the year ended 31 December 2017 are set out in Note 44(b) to the consolidated financial statements.

The funding guaranteed by Mr. Yan as set out in Note 44(b) (xii) to the consolidated financial statements is a fully exempt connected transaction pursuant to Rule 14A.90 of the Listing Rules as it constitutes financial assistance received by the Group from a connected person which is conducted on normal commercial terms or better and is not secured by the assets of the Group. All other remaining related party transactions listed in Note 44(b) to the consolidated financial statements are not regarded as connected transactions under Chapter 14A of the Listing Rules as the counterparties are joint ventures of the Company which do not fall under the definition of connected persons under Chapter 14A of the Listing Rules. The board of directors of the Company confirmed that the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

Sufficiency of Public Float

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

Purchase, Sale or Redemption of Listed Securities of the Company

Save as disclosed below, during the year ended 31 December 2017, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

The Company has redeemed all the outstanding 2019 Notes with an aggregate principal amount of approximately US$93.7 million on 8 August 2017 at the redemption price equal to 106.813% of the principal amount thereof, being approximately US$100.1 million, plus accrued and unpaid interest of approximately US$6.4 million to the redemption date. The total redemption price paid by the Company on the redemption date is approximately US$106.5 million. The Company considers that the redemption will have no material impact on its financial position. Upon completion of the redemption, the 2019 Notes have been cancelled. There are no outstanding 2019 Notes in issue after the redemption. The 2019 Notes was delisted from the Stock Exchange on 16 August 2017.

During the year ended 31 December 2017, the Company issued US$400 million 7.75% senior notes due 2020, which are listed on the Stock Exchange.

Review by Audit Committee

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

Code of Conduct Regarding Directors' Securities Transactions

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code contained in the Listing Rules. Specific enquiry has been made to all the Directors and the Directors have confirmed that they had complied with such code of conduct during the year ended 31 December 2017.

Corporate Governance

The Company is committed to maintaining the highest standard of corporate governance practices. The Company has complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules for the year ended 31 December 2017, save for the deviation from code provision A.2.1. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 40 to 51 of this annual report.

Auditor

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

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

羅兵咸永道

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

Opinion

What we have audited

The consolidated financial statements of Jingrui Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 76 to 251, which comprise:

- the consolidated balance sheet as at 31 December 2017;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

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Basis for Opinion

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

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

Independence

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

Key Audit Matters

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

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

- Classification of subsidiary, joint venture and associate
- Provision for impairment of properties held or under development for sale
- Valuation of the investment properties

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Key Audit Matters (continued)

Key Audit Matter 1

Classification of subsidiary, joint venture and associate

Refer to Note 5 (Critical accounting estimates and judgements), Note 10 (Investments in joint ventures), Note 11 (Investments in associates) and Note 45 (Particulars of subsidiaries) to the consolidated financial statements.

The Group holds investments in a number of property development companies. During the year ended 31 December 2017, the Group has 9 new non-wholly owned subsidiaries and has 6 new joint ventures and 10 new associates, some of which were acquired through equity purchase.

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

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

How our audit addressed the Key Audit Matter

In assessing the classification of the new investments of the Group during the year ended 31 December 2017, we performed audit procedures as follows:

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

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

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

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

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

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

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

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Key Audit Matters (continued)

Key Audit Matter 2

Provision for impairment of properties held or under development for sale

Refer to Note 5 (Critical accounting estimates and judgements) and Note 15 (Properties held or under development for sale) to the consolidated financial statements.

As at 31 December 2017, the Group's properties held or under development for sale amounted to approximately RMB12,820,806,000 (31 December 2016: approximately RMB17,843,979,000), against which an impairment provision of approximately RMB58,897,000 (31 December 2016: approximately RMB88,786,000) was provided. During the year ended 31 December 2017, an additional impairment provision of approximately RMB55,697,000 (year ended 31 December 2016: RMB92,793,000) was made which represented 3% (year ended 31 December 2016: 12%) of the Group's profit before tax for the year.

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

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

How our audit addressed the Key Audit Matter

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

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

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

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

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

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

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

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

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Key Audit Matters (continued)

Key Audit Matter 3

Valuation of the investment properties

Refer to Note 5 (Critical accounting estimates and judgements) and Note 8 (Investment properties) to the consolidated financial statements.

The Group's investment properties were carried at approximately RMB5,782,972,000 as at 31 December 2017 (31 December 2016: RMB3,201,772,000) and fair value gains of approximately RMB35,964,000 (year ended 31 December 2016: RMB81,059,000) were accounted for under fair values gains on investment properties in the consolidated income statement.

We focused on this area because the valuation of the investment properties is significant to the financial statements and the valuation of the investment properties was highly dependent on a range of estimates, such as future rental cash inflows, term yield and reversionary yield which were carried out by well-known independent professional qualified valuers.

How our audit addressed the Key Audit Matter

Regarding the valuation of the investment properties, we performed the following procedures:

(1) We assessed the independence and competence of the external valuer which issued valuation report.

(2) We assessed the valuation techniques adopted in the valuation.

(3) For rental income used in the valuation, we checked the amount to rent roll and lease arrangement on a sample basis.

(4) For yield rates, market rents and recent prices of similar properties used in the valuation, we compared them with our own expectation using evidence of market transaction. Where we identified estimates and assumptions that were outside the typical ranges used, we discussed these with the valuer to understand the rationale and then assessed, based on all the available evidence and our experience in this sector, whether the use of the estimate or assumption was justified.

(5) We tested the calculation of the valuation.

Our testing indicated that the estimates and assumptions used are justified in the context of the Group's property portfolio.

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Other Information

The directors of the Company are responsible for the other information set out in the Company's 2017 Annual Report. The other information comprises the information included in the chairman's statement and management discussion and analysis (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the corporate profile, corporate information, financial highlights, breakdown of major properties, directors and senior management, corporate governance report, report of the directors and five-year financial information which are expected to be made available to us after that date.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

羅兵咸永道

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

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

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

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

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 15 March 2018

Consolidated Balance Sheet

As at 31 December 2017

	Note	As at 31 December 2017 RMB'000	2016 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	7	**54,893**	33,473
Investment properties	8	**5,782,972**	3,201,772
Intangible assets	9	**10,699**	15,986
Investments in joint ventures	10	**257,330**	462,512
Investments in associates	11	**106,462**	–
Deferred income tax assets	26	**267,968**	311,318
Available-for-sale financial assets	13	**769,198**	654,177
Trade and other receivables and prepayments	16	**717,805**	572,689
		7,967,327	5,251,927
Current assets			
Prepayments for leasehold land	14	**911,176**	348,089
Properties held or under development for sale	15	**12,761,909**	17,755,193
Trade and other receivables and prepayments	16	**6,124,024**	3,371,019
Prepaid income taxes		**212,911**	339,269
Restricted cash	17	**1,248,445**	1,277,442
Cash and cash equivalents	17	**8,264,836**	9,447,181
Available-for-sale financial assets	13	**251,813**	251,813
Right to acquire the land use rights	42(h)	**1,434,745**	–
		31,209,859	32,790,006
Total assets		**39,177,186**	38,041,933
OWNERS' EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital: nominal value	18	**79,361**	79,361
Reserves	19	**3,652,445**	3,224,519
		3,731,806	3,303,880
Perpetual capital instruments	20	**–**	538,083
Non-controlling interests	45	**2,401,115**	716,106
Total equity		**6,132,921**	4,558,069

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

	Note	As at 31 December 2017 RMB'000	2016 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	21	**9,309,683**	9,261,009
Deferred income tax liabilities	26	**1,457,523**	889,615
Financial liabilities for put option written on non-controlling interests	23	**–**	13,612
		10,767,206	10,164,236
Current liabilities			
Trade and other payables	24	**9,206,924**	8,543,694
Amounts due to non-controlling interests of subsidiaries	25	**635,839**	320,628
Finance lease liabilities		**4,251**	4,107
Advanced proceeds received from customers		**6,566,599**	9,857,221
Current income tax liabilities		**984,398**	631,138
Borrowings	21	**4,805,080**	3,960,341
Current portion of derivative financial instrument	22	**–**	2,499
Financial liabilities for put option written on non-controlling interests	23	**73,968**	–
		22,277,059	23,319,628
Total liabilities		**33,044,265**	33,483,864
Total equity and liabilities		**39,177,186**	38,041,933

The consolidated financial statements on pages 76 to 251 were approved by the Board of Directors on 15 March 2018 and the consolidated balance sheet was signed on its behalf by:

Yan Hao
Director

Xu Chao Hui
Director

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated Income Statement

For the year ended 31 December 2017

	Note	Year ended 31 December 2017 RMB'000	2016 RMB'000
Revenue	27	**15,668,404**	15,051,277
Cost of sales	30	**(13,150,265)**	(14,440,998)
Gross profit		**2,518,139**	610,279
Fair value gains on investment properties	8	**35,964**	81,059
Selling and marketing costs	30	**(363,862)**	(408,502)
Administrative expenses	30	**(607,751)**	(409,186)
Other income	28	**290,656**	79,763
Other gains – net	29	**136,051**	964,323
Operating profit		**2,009,197**	917,736
Finance income	31	**59,630**	46,124
Finance costs	31	**(170,332)**	(142,837)
Finance costs – net		**(110,702)**	(96,713)
Share of results of joint ventures	10	**(70,164)**	(35,978)
Share of results of associates	11	**(8,001)**	–
		(78,165)	(35,978)
Profit before income tax		**1,820,330**	785,045
Income tax expense	34	**(916,398)**	(621,621)
Profit for the year		**903,932**	163,424
Attributable to:			
Equity holders of the Company		**805,761**	106,295
Holders of perpetual capital instruments		**20,472**	71,500
Non-controlling interests		**77,699**	(14,371)
		903,932	163,424
Earnings per share for profit attributable to equity holders of the Company			
– Basic earnings per share	36	**RMB0.62**	RMB0.08
– Diluted earnings per share	36	**RMB0.62**	RMB0.08

The above consolidated income statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2017

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
Profit for the year	**903,932**	163,424
Other comprehensive income that may be reclassified subsequently to profit or loss		
Changes in fair value of available-for-sale financial assets, net of tax	**(138,286)**	63,098
Transfer of fair value gains previously taken to other reserves to consolidated income statement upon disposal of available-for-sale financial assets	**–**	(5,054)
Other comprehensive income for the year, net of tax	**(138,286)**	58,044
Total comprehensive income for the year	**765,646**	221,468
Attributable to:		
Equity holders of the Company	**667,475**	164,339
Holders of perpetual capital instruments	**20,472**	71,500
Non-controlling interests	**77,699**	(14,371)
	765,646	221,468

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2017

	Attributable to equity holders of the Company							
	Share capital RMB'000 (Note 18)	Share premium RMB'000 (Note 19)	Other reserves RMB'000 (Note 19)	Retained earnings RMB'000 (Note 19)	Sub-total RMB'000	Perpetual capital instruments RMB'000 (Note 20)	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2017	79,361	1,193,851	1,043,554	987,114	3,303,880	538,083	716,106	4,558,069
Comprehensive income/(loss)								
Profit for the year 2017	–	–	–	805,761	805,761	20,472	77,699	903,932
Other comprehensive income								
Changes in fair value of available-for-sale financial assets (Note 13)	–	–	(149,502)	–	(149,502)	–	–	(149,502)
Tax on fair value losses on available-for-sale financial assets (Note 26)	–	–	11,216	–	11,216	–	–	11,216
Total comprehensive income for the year 2017	–	–	(138,286)	805,761	667,475	20,472	77,699	765,646
Transactions with owners								
Dividends of subsidiaries	–	–	–	–	–	–	(5,865)	(5,865)
Share award scheme (Note 35)	–	–	8,639	–	8,639	–	–	8,639
Capital contribution from non-controlling interests	–	–	–	–	–	–	894,625	894,625
Changes in ownership interests in subsidiaries without change of control (Note 41)	–	–	(189,164)	–	(189,164)	–	(432,534)	(621,698)
Non-controlling interests arising on acquisition of additional interests in Ningbo Jingrui Property Co., Ltd. ("Ningbo Jingrui"), which became a subsidiary	–	–	–	–	–	–	196,865	196,865
Non-controlling interests arising on acquisition of Hangzhou Xiaoying Real Estate Development Co., Ltd ("Hangzhou Xiaoying")	–	–	–	–	–	–	93,219	93,219
Non-controlling interests arising on acquisition of Wuhan Yingjing Jiayuan Property Co., Ltd ("Wuhan Jiayuan")	–	–	–	–	–	–	861,000	861,000
Distribution to holders of perpetual capital instruments (Note 20)	–	–	–	–	–	(8,555)	–	(8,555)
Redemption of perpetual capital instruments (Note 20)	–	–	–	–	–	(550,000)	–	(550,000)
Put options written on non-controlling interests (Note 23)	–	–	(59,024)	–	(59,024)	–	–	(59,024)
	–	–	(239,549)	–	(239,549)	(558,555)	1,607,310	809,206
Balance at 31 December 2017	79,361	1,193,851	665,719	1,792,875	3,731,806	–	2,401,115	6,132,921

	Attributable to equity holders of the Company							
	Share capital RMB'000 (Note 18)	Share premium RMB'000 (Note 19)	Other reserves RMB'000 (Note 19)	Retained earnings RMB'000 (Note 19)	Sub-total RMB'000	Perpetual capital instruments RMB'000 (Note 20)	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2016	79,361	1,193,851	1,227,196	880,819	3,381,227	512,111	933,877	4,827,215
Comprehensive income/(loss)								
Profit for the year 2016	–	–	–	106,295	106,295	71,500	(14,371)	163,424
Other comprehensive income								
Changes in fair value of available-for-sale financial assets (Note 13)	–	–	78,518	–	78,518	–	–	78,518
Tax on fair value gains on available-for-sale financial assets (Note 26)	–	–	(15,420)	–	(15,420)	–	–	(15,420)
Transfer of fair value gains previously taken to other reserves to consolidated income statement upon disposal of available-for-sale financial assets	–	–	(5,054)	–	(5,054)	–	–	(5,054)
Total comprehensive income for the year 2016	–	–	58,044	106,295	164,339	71,500	(14,371)	221,468
Transactions with owners								
Dividends of subsidiaries	–	–	–	–	–	–	(15,821)	(15,821)
Reduction of the capital contribution from non-controlling interests (Note 45(d))	–	–	–	–	–	–	(29,250)	(29,250)
Capital contribution from non-controlling interests	–	–	–	–	–	–	30,280	30,280
Pre-IPO share award scheme (Note 35)	–	–	4,368	–	4,368	–	–	4,368
Contribution from controlling shareholder	–	–	–	–	–	–	5,600	5,600
Changes in ownership interests in subsidiaries without change of control (Note 41)	–	–	(233,241)	–	(233,241)	–	(194,209)	(427,450)
Distribution to holders of perpetual capital instruments (Note 20)	–	–	–	–	–	(45,528)	–	(45,528)
Put options written on non-controlling interests (Note 23)	–	–	(12,813)	–	(12,813)	–	–	(12,813)
	–	–	(241,686)	–	(241,686)	(45,528)	(203,400)	(490,614)
Balance at 31 December 2016	79,361	1,193,851	1,043,554	987,114	3,303,880	538,083	716,106	4,558,069

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Cash Flow Statement

For the year ended 31 December 2017

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
Operating activities		
Net cash generated from operations (Note 38(a))	**3,115,849**	2,761,909
Interest paid	**(1,093,950)**	(1,127,808)
PRC income tax paid	**(257,772)**	(65,378)
PRC land appreciation tax paid	**(209,439)**	(315,093)
Net cash generated from operating activities	**1,554,688**	1,253,630
Investing activities		
Purchase of property, plant and equipment	**(30,141)**	(11,332)
Purchase of intangible assets	**(803)**	(103)
Acquisition cost and capitalised expenditures incurred on investment properties	**(104,744)**	(79,244)
Proceeds from disposal of property, plant and equipment (Note 38(c))	**1,817**	913
Proceeds from disposal of investment properties	**437,154**	164,421
Proceeds from disposal of available-for-sale financial assets	**32,087**	315,891
Capital injection to joint ventures	**(73,551)**	(198,740)
Capital injection to associates	**(112,461)**	–
Payment of remaining consideration in connection with the acquisition of subsidiaries	**(18,571)**	(177,103)
Receipt of remaining consideration in connection with the disposal of subsidiaries	**745,508**	–
Acquisition of subsidiaries, net of cash acquired (Note 42)	**(1,995,643)**	(511,225)
Acquisition of available-for-sale financial assets (Note 13)	**(296,610)**	(823,645)
Advances to related parties	**(516,612)**	–
Dividend received from available-for-sale financial assets	**16,321**	21,368
Repayments from related parties	**661,467**	100,072
Prepayments for investments	**(36,751)**	(141,496)
Disposal of subsidiaries, net of cash disposed (Note 43)	**–**	289,611
Advances to non-controlling interests of subsidiaries	**(922,737)**	(105,000)
Repayment from non-controlling interests of subsidiaries	**105,000**	–
Interest received from a related party	**–**	3,664
Interest received	**59,630**	46,124
Net cash used in investing activities	**(2,049,640)**	(1,105,824)

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

	Year ended 31 December 2017 RMB'000	2016 RMB'000
Financing activities		
Proceeds from borrowings	**5,885,197**	16,714,975
Proceeds from issuance of senior notes	**2,712,014**	–
Repayments of borrowings	**(7,124,775)**	(13,422,999)
Redemption of senior note	**(672,039)**	–
Dividends paid (Note 38(b))	**(5,865)**	(2,821)
Capital contribution from non-controlling interests of subsidiaries	**894,625**	30,280
Cash receipt from non-controlling interests of subsidiaries	**620,241**	183,423
Repayment to non-controlling interests of subsidiaries	**(305,030)**	–
Changes in advances from related parties	**(1,315,800)**	3,517,300
(Increase)/decrease in restricted cash relating to financing activities	**(191,793)**	1,166,781
Changes in ownership interests in subsidiaries without change of control (Note 41)	**(580,928)**	(427,450)
Distribution to holders of perpetual capital instruments	**(8,555)**	(45,528)
Settlement of liability component of perpetual capital instruments (Note 20)	**–**	(18,288)
Reduction of capital contribution from non-controlling interests (Note 45(d))	**–**	(29,250)
Redemption of perpetual capital instruments	**(550,000)**	–
Deposits paid to secure borrowings	**(23,780)**	–
Net cash (used in)/generated from financing activities	**(666,488)**	7,666,423
Net (decrease)/increase in cash and cash equivalents	**(1,161,440)**	7,814,229
Effect of foreign exchange rate changes	**(20,905)**	29,888
Cash and cash equivalents at beginning of the year	**9,447,181**	1,603,064
Cash and cash equivalents at end of the year (Note 17)	**8,264,836**	9,447,181

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

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

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

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

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

2 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") and disclosure requirements of the Hong Kong Companies ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of derivative instruments, investment properties and available-for-sale financial assets, which are carried at fair value.

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

2.1.1 Changes in accounting policy and disclosures

(a) New amendments of HKFRSs adopted by the Group in 2017

The following new amendments to existing standards have been adopted by the Group for the first time for the financial year beginning on 1 January 2017 and are relevant to the Group's operations.

- Amendments to HKAS 12 "Income Tax" clarify how to account for deferred tax assets related to debt instruments measured at fair value.
- Amendments to HKAS 7 "Statement of Cash Flows" introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financial activities.
- Amendments to HKFRS 12 "Disclosure of Interest in Other Entities" clarify that the disclosure requirements of HKFRS 12 are applicable to interests in entities classified as held for sale except for summarised financial information.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policy and disclosures (continued)

(a) New amendments of HKFRSs adopted by the Group in 2017 (continued)

The adoption of the above new amendments starting from 1 January 2017 did not give rise to any significant impact on the Group's results of operations and financial position for the year ended 31 December 2017.

The amendments to HKAS 7 require disclosure of changes in liabilities arising from financing activities, see Note 38.

(b) New standards and interpretations of HKFRSs not yet effective for 2017 and have not been early adopted by the Group

Certain new accounting standards, amendments and interpretations of HKFRSs have been published that are not mandatory for the financial year beginning on 1 January 2017 and have not been early adopted by the Group. The Group has already commenced an assessment of the impact of these new standards, amendments and interpretations, certain of which are relevant to the Group's operation. According to the preliminary assessment made by the directors, the Group does not anticipate that the adoption when they become effective will result in any material impact on the Group's results of operations and financial position except that HKFRS 15, HKFRS 9 and HKFRS 16 will have some impact on the Group's financial statements.

(1) HKFRS 15 "Revenue from Contracts with Customers" (mandatory for financial years commencing on or after 1 January 2018) replaces the previous revenue standards: HKAS 18 "Revenue" and HKAS 11 "Construction Contracts", and the related interpretations on revenue recognition. HKFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach: (1) Identify the contract(s) with customer; (2) Identify separate performance obligations in a contract; (3) Determine the transaction price; (4) Allocate transaction price to performance obligations; and (5) Recognise revenue when performance obligation is satisfied. It moves away from a revenue recognition model based on an approach of transfer of risk and rewards to an approach based on transfer of control. HKFRS 15 provides specific guidance on capitalisation of contract cost and license arrangements. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. Under HKFRS 15, an entity recognises revenue when a performance obligation is satisfied.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policy and disclosures (continued)

(b) New standards and interpretations of HKFRSs not yet effective for 2017 and have not been early adopted by the Group (continued)

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

- Presentation of contract assets and liabilities

  Reclassification shall be made as at 1 January 2018 to be consistent with the terminology used under HKFRS 15.

- Accounting for revenue from sales of properties

  Currently, revenue from sales of properties is recognised when the risks and rewards of the properties are transferred to the purchasers, which is when the construction of relevant properties has been completed and the properties have been delivered to the purchasers pursuant to the sales contracts and collectability of related receivables is reasonably assured. Under HKFRS 15, for those properties that have no alternative use to the Group due to contractual reasons and when the Group has an enforceable right to payment from the customers for performance completed to date, the Group would recognise revenue when the performance obligations are satisfied over time in accordance with the input method for measuring progress. In addition, the transaction price and amount of revenue from sales of properties will be adjusted when significant financing component relating to advance receipts exists in that contract.

- Accounting for costs incurred to obtain a contract

  Following the adoption of HKFRS 15, stamp duty and sales commissions directly attributable to obtaining a contract, if recoverable, will be capitalised as contract assets.

The Group intends to adopt the standard on all uncompleted contracts as at 1 January 2018 using the modified retrospective approach which means that cumulative impact of the adoption will be recognised in retained earnings as of 1 January 2018 and that comparatives will not be restated.

The directors are in the process of assessing the impact of HKFRS 15 and preliminarily consider that it may have some impact on the Group's consolidated financial position and result of operation upon adoption of the new standard on 1 January 2018.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policy and disclosures (continued)

(b) New standards and interpretations of HKFRSs not yet effective for 2017 and have not been early adopted by the Group (continued)

(2) HKFRS 9 (2014) "Financial Instruments" (mandatory for financial years commencing on or after 1 January 2018) replaces the whole of HKAS 39. HKFRS 9 has three financial assets classification categories for investments in debt instruments: amortised cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss. Classification is driven by the entity's business model for managing the debt instruments and their contractual cash flow characteristics. Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in OCI, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss. Where non-derivative financial liabilities are designated at fair value through profit or loss, the changes in the fair value due to changes in the liability's own credit risk are recognised in OCI, unless such changes in fair value would create an accounting mismatch in profit or loss, in which case, all fair value movements are recognised in profit or loss. There is no subsequent recycling of the amounts in OCI to profit or loss. For financial liabilities held for trading (including derivative financial liabilities), all changes in fair value are presented in profit or loss.

HKFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model, which constitutes a change from the incurred loss model in HKAS 39. HKFRS 9 contains a 'three stage' approach, which is based on the change in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment losses and applied the effective interest rate method. Where there is a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL.

While the Group has yet to undertake a detailed assessment, the Group expects that there will not have significant impact on the majority of the available-for-sale financial assets. There will be no impact on the 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 the Group does not have any such liabilities.

While the Group has not yet completed the detailed assessment, the ECL model introduced by HKFRS 9 will generally result in earlier recognition of losses compared to the current incurred loss model of HKAS 39.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policy and disclosures (continued)

(b) New standards and interpretations of HKFRSs not yet effective for 2017 and have not been early adopted by the Group (continued)

(3) HKFRS 16 "Leases" (mandatory for financial years commencing on or after 1 January 2019). The standard will affect primarily the accounting for the Group's operating leases. HKFRS 16 provides new provisions for the accounting treatment of leases and will in the future no longer allow lessees to recognise certain leases outside of the balance sheet. Instead, all non-current leases must be recognised in the form of an asset (for the right of use) and a financial liability (for the payment obligation). Thus each lease will be mapped in the Group's consolidated balance sheet. Short-term leases of less than twelve months and leases of low-value assets are exempted from the reporting obligation. The new standard will therefore result in an increase in right of use assets and an increase in financial liabilities in the consolidated balance sheet. In the consolidated income statement, as a result, the operating expense under otherwise identical circumstances will decrease, while depreciation and amortisation and the interest expenses will increase.

The directors consider that the adoption of the new standard will have some impact on the consolidated financial position of the Group as the related right-of-use assets and lease liabilities will be recognised upon adoption of the new standard on 1 January 2019. There will also have some impact on the consolidated income statement of the Group as the impact of amortisation of the right-of-use assets and unwinding the discount of the related payable will be different from the operating lease charges that would have been recognised under the current standard.

2 Summary of significant accounting policies (continued)

2.2 Subsidiaries

2.2.1 Consolidation

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

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

(a) Business combinations

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

Acquisition-related costs are expensed as incurred.

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

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

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

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

2 Summary of significant accounting policies (continued)

2.2 Subsidiaries (continued)

2.2.1 Consolidation (continued)

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

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

(c) Disposal of subsidiaries

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

2.2.2 Separate financial statements

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

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

Impairment testing of the investments in subsidiaries is also required according to Note 2.11.

2 Summary of significant accounting policies (continued)

2.3 Joint arrangements

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

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

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

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

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

2 Summary of significant accounting policies (continued)

2.4 Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

The Group's share of its associates' post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movement in other comprehensive income is recognised in other comprehensive income with a corresponding adjustments to the carrying amount of the investment. When the Group's share of losses in an associate equal or exceeds its interests in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. The impairment amount, as the difference between the recoverable amount of the associate and its carrying value, is recognised in the consolidated income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gain or losses on dilution of equity interest in associates are recognised in the consolidated income statement.

2.5 Segment reporting

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

2.6 Foreign currency translation

(a) Functional and presentation currency

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

2 Summary of significant accounting policies (continued)

2.6 Foreign currency translation (continued)

(b) Transactions and balances

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

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

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

(c) Group companies

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

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

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

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

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

2 Summary of significant accounting policies (continued)

2.7 Property, plant and equipment

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

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

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

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

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

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

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

2 Summary of significant accounting policies (continued)

2.8 Investment properties

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

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

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

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

2.9 Intangible assets

(a) Goodwill

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

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

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

2 Summary of significant accounting policies (continued)

2.9 Intangible assets (continued)

(b) Computer software

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

2.10 Non-current assets held-for-sale

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

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

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

2.12 Properties held or under development for sale

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

2 Summary of significant accounting policies (continued)

2.13 Land use rights

All land in the PRC is state-owned or collectively-owned and no individual ownership right exists. Land use rights are acquired by the Group for development of properties. Land use rights held for development for sale are inventories and measured at lower of cost and net realisable value, of which those within normal operating cycle are classified as current assets and included in properties held or under development for sale, while those out of the normal operating cycle are classified as non-current assets. Land use rights fall within investment properties are classified as investment properties (Note 2.8).

2.14 Financial assets

2.14.1 Classification

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

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

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

(b) Loans and receivables

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

(c) Available-for-sale financial assets

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

2 Summary of significant accounting policies (continued)

2.14 Financial assets (continued)

2.14.2 Recognition and measurement

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

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

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

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

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

2 Summary of significant accounting policies (continued)

2.14 Financial assets (continued)

2.14.3 Impairment of financial assets

(a) Assets carried at amortised cost

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

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

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

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

2 Summary of significant accounting policies (continued)

2.14 Financial assets (continued)

2.14.3 Impairment of financial assets (continued)

(b) Assets classified as available for sale

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

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

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

2.15 Derivative financial instruments

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

2.16 Offsetting financial instruments

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

2 Summary of significant accounting policies (continued)

2.17 Trade and other receivables

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

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

2.18 Cash and cash equivalents

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

2.19 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.

2.20 Trade and other payables

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

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

2 Summary of significant accounting policies (continued)

2.21 Borrowings and borrowing costs

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

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

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

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

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

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

2 Summary of significant accounting policies (continued)

2.22 Current and deferred income tax

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

(a) Current income tax

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

(b) Deferred income tax

Inside basis differences

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

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

Outside basis differences

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

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, joint ventures and associates 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.

2 Summary of significant accounting policies (continued)

2.22 Current and deferred income tax (continued)

(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.

2.23 Put option arrangements

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

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

2.24 Employee benefits

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

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

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

2 Summary of significant accounting policies (continued)

2.25 Share-based payments

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

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

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

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

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

2.26 Provisions and contingent liabilities

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

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

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

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

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

2 Summary of significant accounting policies (continued)

2.27 Financial guarantee liabilities

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

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

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

2.28 Revenue recognition

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

(a) Sales of properties

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

(b) Rental income

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

(c) Service income

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

(d) Sales of goods

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

2 Summary of significant accounting policies (continued)

2.29 Interest income

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

2.30 Dividend income

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

2.31 Government grants

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

2.32 Leases

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

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

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

2 Summary of significant accounting policies (continued)

2.33 Dividend distribution

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

2.34 Perpetual capital instruments

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

3 Financial risk management

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

3.1 Market risk

(a) Foreign exchange risk

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

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

As at 31 December 2017, if HKD had weakened/strengthened by 5% against RMB, all other variables held constant, post-tax profit of the Group for the year 2017 would have been lower/higher by RMB1,283,000 (2016: post-tax profit lower/higher by RMB1,091,000), mainly as a result of foreign exchange loss/gain from trade and other receivables and prepayments and bank deposits net off trade and other payables denominated in HKD.

As at 31 December 2017, if USD had weakened/strengthened by 5% against RMB, all other variables held constant, post-tax profit of the Group for the year 2017 would have been higher/lower by RMB131,857,000 (2016: post-tax profit higher/lower by RMB61,130,000), mainly as a result of foreign exchange gain/loss from borrowings net off bank deposits denominated in USD.

3 Financial risk management (continued)

3.1 Market risk (continued)

(b) Cash flow and fair value interest rate risk

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

The Group's exposure to changes in interest rates is mainly attributable to its borrowings from banks and non-bank financial institutions. Borrowings at variable rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk. The Group has not hedged its cash flow or fair value interest rate risk. The interest rate and terms of repayments of borrowings are disclosed in Note 21.

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

As at 31 December 2017 and 2016, if interest rates on borrowings at floating rates had been 50 basis points higher/lower with all other variables held constant, the post-tax results and capitalised interest for the years ended 31 December 2017 and 2016 would have changed as follows:

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
Post-tax results better/(weaker)		
– 50 basis points higher	**(14,823)**	–
– 50 basis points lower	**14,823**	–
Capitalised interest increase/(decrease)		
– 50 basis points higher	**5,995**	4,305
– 50 basis points lower	**(5,995)**	(4,305)

3 Financial risk management (continued)

3.2 Credit risk

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

Cash transactions are limited to high-credit-quality financial institutions. The table below shows the bank deposit balances as at 31 December and 2017 and 2016:

	As at 31 December	
	2017	2016
	RMB'000	RMB'000
Counter party		
– Deposits in the four major state-owned banks of the PRC	**4,125,428**	2,599,910
– Deposits in other listed banks of the PRC	**2,627,101**	2,360,515
– Deposits in other banks	**2,760,600**	5,763,960
	9,513,129	10,724,385

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

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

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

3 Financial risk management (continued)

3.3 Liquidity risk

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

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

	Within 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 31 December 2017					
Borrowings, principal (Note 21)	**4,805,080**	**3,582,494**	**4,894,389**	**832,800**	**14,114,763**
Interest payments on borrowings (note)	**816,862**	**498,022**	**367,331**	**983,803**	**2,666,018**
Trade and other payables	**8,877,449**	**–**	**–**	**–**	**8,877,449**
Amounts due to non-controlling interests of subsidiaries (Note 25)	**635,839**	**–**	**–**	**–**	**635,839**
Financial liabilities for put options written on non-controlling interests (Note 23)	**73,968**	**–**	**–**	**–**	**73,968**
Finance lease liabilities	**4,251**	**–**	**–**	**–**	**4,251**
Financial guarantees (Note 40)	**4,649,454**	**–**	**1,000,000**	**–**	**5,649,454**
	19,862,903	**4,080,516**	**6,261,720**	**1,816,603**	**32,021,742**
As at 31 December 2016					
Borrowings, principal (Note 21)	3,960,341	3,788,514	5,433,495	39,000	13,221,350
Interest payments on borrowings (note)	864,658	548,864	396,584	380	1,810,486
Trade and other payables	8,384,680	–	–	–	8,384,680
Amounts due to non-controlling interests of subsidiaries (Note 25)	320,628	–	–	–	320,628
Financial liabilities for put options written on non-controlling interests (Note 23)	–	15,902	–	–	15,902
Derivative financial instrument (Note 22)	2,499	–	–	–	2,499
Finance lease liabilities	4,107	–	–	–	4,107
Financial guarantees (Note 40)	14,453,498	1,240,000	–	–	15,693,498
	27,990,411	5,593,280	5,830,079	39,380	39,453,150

note: The interest on borrowings is calculated based on borrowings held as at 31 December 2017 and 2016, respectively. Floating-rate interests are estimated using the current interest rate as at 31 December 2017 and 2016, respectively.

3 Financial risk management (continued)

3.4 Capital risk management

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

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

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

The gearing ratios at 31 December 2017 and 2016 were as follows:

	As at 31 December	
	2017	2016
	RMB'000	RMB'000
Borrowings	**14,114,763**	13,221,350
Less: Cash and cash equivalents	**(8,264,836)**	(9,447,181)
Restricted cash deposits pledged for borrowings	**(836,900)**	(645,107)
Net debt	**5,013,027**	3,129,062
Total equity	**6,132,921**	4,558,069
Total capital	**11,145,948**	7,687,131
Gearing ratio	**45%**	41%

4 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at 31 December 2017 and 2016 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

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

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

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

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2017 and 2016.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Available-for-sale financial assets				
31 December 2017	–	–	1,021,011	1,021,011
31 December 2016	–	–	905,990	905,990

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Derivative financial instrument				
31 December 2017	–	–	–	–
31 December 2016	–	–	2,499	2,499

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

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

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

Available-for-sale financial assets and derivative financial instrument of the Group are measured at fair value by level 3. The changes in level 3 instruments for the years ended 31 December 2017 and 2016 are presented in Note 13 and Note 22.

5 Critical accounting estimates and judgements

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

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

5.1 Classification as subsidiary, joint venture and associate

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

The Group makes judgement based on the substance of the arrangements and the definition of a subsidiary, joint venture and associate as disclosed in Notes 2.2, 2.3 and 2.4 respectively.

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

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

5.3 Fair value of investment properties

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

5.4 Development costs directly attributable to property development activities

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

5 Critical accounting estimates and judgements (continued)

5.5 Land appreciation tax of the PRC

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

5.6 Current and deferred income tax

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

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

5.7 Fair value of derivative financial instrument

The Group assesses the fair value of the embedded derivatives in respect of the floating premiums in the trust loans related derivatives and derivative financial instruments arising from certain put options associated with joint venture agreements based on valuations determined by independent professional qualified valuers, which are estimated by using the discounted cash flow method. The discounted cash flow projections are based on reliable discounted estimates of future cash flows, derived from operation data of the projects such as volatility, property selling prices, net profit and property development plan of the projects estimated by management, and in case of put option, probability-weighted average of floating premium as at the exit date agreed.

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

5.8 Fair value of available-for-sale financial assets

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

6 Segment information

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

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

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

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

	Year ended 31 December 2017				
	Property development RMB'000	Property investment, management and others RMB'000	Total segment RMB'000	Elimination RMB'000	Total Group RMB'000
Segment revenue	15,254,725	747,520	16,002,245	(333,841)	15,668,404
Segment profit before income tax expense	1,789,011	26,740	1,815,751	4,579	1,820,330
Finance income	56,974	2,656	59,630	–	59,630
Finance costs	(149,812)	(20,520)	(170,332)	–	(170,332)
Share of results of joint ventures	(69,676)	(488)	(70,164)	–	(70,164)
Share of results of associates	(5,575)	(2,426)	(8,001)	–	(8,001)
Depreciation and amortisation	(5,084)	(5,659)	(10,743)	–	(10,743)
A reconciliation to profit for the year is as follows:					
Total segment profits before income tax expense					1,820,330
Income tax expense					(916,398)
Profit for the year					903,932

	As at 31 December 2017				
Segment assets	46,614,694	25,448,724	72,063,418	(32,886,232)	39,177,186
Segment assets include:					
Investments in joint ventures	257,330	–	257,330	–	257,330
Investments in associates	70,888	35,574	106,462	–	106,462
Additions to non-current assets (other than financial instruments and deferred income tax assets)	76,255	3,044,947	3,121,202	–	3,121,202
Segment liabilities	50,386,197	15,151,164	65,537,361	(32,493,096)	33,044,265

6 Segment information (continued)

	Year ended 31 December 2016				
	Property development RMB'000	Property investment, management and others RMB'000	Total segment RMB'000	Elimination RMB'000	Total Group RMB'000
Segment revenue	14,737,396	640,742	15,378,138	(326,861)	15,051,277
Segment profit before income tax expense	656,451	121,619	778,070	6,975	785,045
Finance income	43,567	2,557	46,124	–	46,124
Finance costs	(140,234)	(2,603)	(142,837)	–	(142,837)
Share of results of joint ventures	(35,966)	(12)	(35,978)	–	(35,978)
Depreciation and amortisation	(7,900)	(5,226)	(13,126)	–	(13,126)
A reconciliation to profit for the year is as follows:					
Total segment profits before income tax expense					785,045
Income tax expense					(621,621)
Profit for the year					163,424
	As at 31 December 2016				
Segment assets	69,808,687	9,342,824	79,151,511	(41,109,578)	38,041,933
Segment assets include:					
Investments in joint ventures	462,024	488	462,512	–	462,512
Additions to non-current assets (other than financial instruments and deferred income tax assets)	602,885	1,858,453	2,461,338	–	2,461,338
Segment liabilities	68,941,371	5,634,763	74,576,134	(41,092,270)	33,483,864

7 Property, plant and equipment

	Motor vehicles RMB'000	Furniture, fittings and equipment RMB'000	Leasehold improvements and others RMB'000	Total RMB'000
At 1 January 2017				
Cost	22,442	33,245	22,119	77,806
Accumulated depreciation	(15,274)	(14,763)	(14,296)	(44,333)
Net book amount	7,168	18,482	7,823	33,473
Year ended 31 December 2017				
Opening net book amount	7,168	18,482	7,823	33,473
Addition from acquisition of Hangzhou Xiaoying	–	22	–	22
Addition from acquisition of Changzhou Jingshang Property Co., Ltd. ("Changzhou Jingshang") (Note 42(a))	–	59	4	63
Addition from acquisition of Ningbo Jingrui (Note 42(c))	93	98	–	191
Addition from acquisition of LKN Investment International Co., Ltd. ("LKN Investment") (Note 42(e))	13	1,290	1,236	2,539
Other additions	4,600	3,257	22,284	30,141
Reduction arising from disposal of Hangzhou Xiaoying	–	(22)	–	(22)
Reduction arising from disposal of Ningbo Jingfeng Property Co., Ltd. ("Ningbo Jingfeng")	–	(87)	–	(87)
Other disposals	(340)	(80)	(1,350)	(1,770)
Depreciation charge (Note 30)	(2,680)	(3,576)	(3,401)	(9,657)
Closing net book amount	8,854	19,443	26,596	54,893
At 31 December 2017				
Cost	25,122	35,705	44,138	104,965
Accumulated depreciation	(16,268)	(16,262)	(17,542)	(50,072)
Net book amount	8,854	19,443	26,596	54,893

7 Property, plant and equipment (continued)

	Motor vehicles RMB'000	Furniture, fittings and equipment RMB'000	Leasehold improvements and others RMB'000	Total RMB'000
At 1 January 2016				
Cost	18,549	18,710	21,761	59,020
Accumulated depreciation	(13,865)	(10,789)	(9,367)	(34,021)
Net book amount	4,684	7,921	12,394	24,999
Year ended 31 December 2016				
Opening net book amount	4,684	7,921	12,394	24,999
Additions arising from acquisition of Hangzhou Jiaheng Property Co., Ltd.("Hangzhou Jiaheng") (Note 42(i))	331	53	–	384
Additions arising from acquisition of Modern Jump Limited (Note 42(k))	–	85	–	85
Additions arising from acquisition of Property Sky Limited (Note 42(j))	–	8,397	1,703	10,100
Other additions	4,113	6,371	848	11,332
Reduction arising from disposal of Ningbo Jingrui (Note 10)	(142)	(203)	–	(345)
Reduction arising from disposal of Shanghai Jiajing Investment Co., Ltd ("Shanghai Jiajing) (Note 43(b))	–	(31)	–	(31)
Reduction arising from disposal of Tianjin Jingxiu Property Investment Co., Ltd. ("Tianjin Jingxiu") (Note 43(a))	(12)	(11)	(91)	(114)
Other disposals	(154)	(123)	(479)	(756)
Depreciation charge (Note 30)	(1,652)	(3,977)	(6,552)	(12,181)
Closing net book amount	7,168	18,482	7,823	33,473
At 31 December 2016				
Cost	22,442	33,245	22,119	77,806
Accumulated depreciation	(15,274)	(14,763)	(14,296)	(44,333)
Net book amount	7,168	18,482	7,823	33,473

Depreciation charges of the Group have all been included in administrative expenses and selling and marketing costs for both years ended 31 December 2017 and 2016.

8 Investment properties

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
At beginning of the year	**3,201,772**	1,536,941
Additions from acquisition of Property Sky Limited (Note 42(j)),(a)	**–**	1,678,929
Additions from acquisition of Beijing Sanquan Apartments (Note 42(b)),(a)	**1,740,984**	–
Additions from acquisition of Shanghai Shenxin Tower (Note 42(g))	**103,284**	–
Additions from acquisition of Shanghai Zhaoliang Advertising Co., Ltd. ("Shanghai Zhaoliang") (Note 42(d))	**347,635**	–
Additions from acquisition of LKN Investment (Note 42(e))	**708,000**	–
Other additions	**24,295**	–
Subsequent expenditures capitalised	**1,923**	34,354
Transfer from properties held for sale	**–**	59,953
Transfer to properties held for sale	**–**	(25,043)
Disposals	**(380,885)**	(164,421)
Net gains from fair value adjustments	**35,964**	81,059
At end of the year	**5,782,972**	3,201,772

note:

(a) Upper Riverside (property of Property Sky Limited) and Beijing San Quan Apartment, investment properties located in Shanghai and Beijing amounting to RMB1,475,772,000 and RMB1,760,000,000 as at 31 December 2017 are held by the Group, whose objective is to consume substantially all of the economic benefits embodied in the investment properties through sale. The Group has measured the deferred tax relating to the temporary differences of the investment properties using the tax rates and the tax base that are consistent with the expected manner of recovery of the investment properties (Note 26).

Independent valuations of the Group's investment properties were performed by the valuer, DTZ Cushman & Wakefield, to determine the fair value of the investment properties as at 31 December 2017 and 2016. The following table analyses the investment properties carried at fair value, by valuation method.

8 Investment properties (continued)

Fair value hierarchy

Description	Quoted prices in active markets for identical assets (Level 1) RMB'000	Significant other observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000
	Fair value measurements at 31 December 2017 using		
Recurring fair value measurements			
Investment properties located in the PRC:			
– Retail	–	–	1,506,000
– Office and car parks	–	–	348,400
Service apartment and car parks	–	–	3,928,572
	–	–	5,782,972

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

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

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

8 Investment properties (continued)

Valuation processes of the Group

The Group's investment properties were valued at 31 December 2017 and 2016 by independent professionally qualified valuers of DTZ Cushman & Wakefield who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

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

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

Valuation techniques

The Group has nine investment properties, among which Jingrui Life Square, Ganglong Plaza, Shanghai Shenxin Tower, Shanghai Keyuan Tower, Shanghai Elite Residences and Upper Riverside are located in Shanghai, the PRC; Changzhou Jingrui Dawn City is located in Jiangsu Province, the PRC; Ningbo Harbour City is located in Zhejiang Province, the PRC; and Beijing Sanquan Apartment is located in Beijing, the PRC, all of which were completed as at 31 December 2017.

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

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

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

8 Investment properties (continued)

Valuation techniques (continued)

Information about fair value measurements as at 31 December 2017 using significant unobservable inputs (Level 3):

Description	Fair value at 31 December 2017 (RMB'000)	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Properties in Jingrui Life Square	479,000 (2016:479,000)	Income capitalisation approach	Term yield (a)	Term yield of 4% (31 December 2016: 4.5%).	The higher the term yield, the lower the fair value
			Reversionary yield (b)	Reversionary rate of 4.5% (31 December 2016: 5%).	The higher the reversionary yield, the lower the fair value
			Market unit rent of individual unit (c)	Market unit rent, ranging from RMB48 (31 December 2016:RMB50) per square meter per month to RMB121 (31 December 2016: RMB125) per square meter per month.	The higher the market unit rent, the higher the fair value
Properties in Changzhou Jingrui Dawn City	144,000 (2016:141,000)	Income capitalisation approach	Term yield (a)	Term yield of 5% (31 December 2016:5%).	The higher the term yield, the lower the fair value
			Reversionary yield (b)	Reversionary rate of 5.5% (31 December 2016:5.5%).	The higher the reversionary yield, the lower the fair value
			Market unit rent of individual unit (c)	Market unit rent, ranging from RMB69 (31 December 2016:RMB69) per square meter per month to RMB139 (31 December 2016:RMB138) per square meter per month.	The higher the market unit rent, the higher the fair value

8 Investment properties (continued)

Valuation techniques (continued)

Information about fair value measurements as at 31 December 2017 using significant unobservable inputs (Level 3): (continued)

Description	Fair value at 31 December 2017 (RMB'000)	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Properties in Ganglong Plaza	117,000 (2016:205,000)	Income capitalisation approach	Term yield(a)	Term yield of 4.5% (31 December 2016:4.5%).	The higher the term yield, the lower the fair value
			Reversionary yield (b)	Reversionary rate of 5% (31 December 2016:5%).	The higher the reversionary yield, the lower the fair value
			Market unit rent of individual unit (c)	Market unit rent, ranging from RMB87 (31 December 2016:RMB81) per square meter per month to RMB175 (31 December 2016:RMB162) per square meter per month.	The higher the market unit rent, the higher the fair value
		Direct comparison approach	Adjusted recent prices of similar properties (d)	Adjusted recent prices of similar properties in the relevant market, ranging from RMB32,840(2016: RMB35,246) per square meter to RMB39,280(2016:RMB38,789) per square meter.	The higher the unit price, the higher the fair value
Properties in Ningbo Harbour City	629,000 (2016:681,000)	Income capitalisation approach	Term yield (a)	Term yield of 4.5%(31 December 2016: 4.5%).	The higher the term yield, the lower the fair value
			Reversionary yield (b)	Reversionary rate of 5%(31 December 2016: 5%).	The higher the reversionary yield, the lower the fair value
			Market unit rent of individual unit (c)	Market unit rent, ranging from RMB56 (2016: RMB50) per square meter per month to RMB159 (2016: RMB167) per square meter per month.	The higher the market unit rent, the higher the fair value

8 Investment properties (continued)

Valuation techniques (continued)

Information about fair value measurements as at 31 December 2017 using significant unobservable inputs (Level 3): (continued)

Description	Fair value at 31 December 2017 (RMB'000)	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Properties in Upper Riverside	1,475,772 (2016:1,695,772)	Income capitalisation approach	Term yield (a)	Term yield of 3%(31 December 2016: 3%).	The higher the term yield, the lower the fair value
			Reversionary yield (b)	Reversionary rate of 3.5%(31 December 2016: 3.5%).	The higher the reversionary yield, the lower the fair value
			Market unit rent of individual unit (c)	Market unit rent, ranging from RMB344 (31 December 2016: RMB347) per square meter per month to RMB380 (31 December 2016: RMB384) per square meter per month.	The higher the market unit rent, the higher the fair value
		Direct comparison approach	Adjusted recent prices of similar properties (d)	Adjusted recent prices of similar properties in the relevant market, ranging from RMB84,878 (31 December 2016: RMB80,347) per square meter to RMB96,152 (31 December 2016: RMB96,040) per square meter.	The higher the unit price, the higher the fair value
Beijing San Quan Apartment	1,760,000	Income capitalisation approach	Term yield (a)	Term yield of 2% for service apartment and 5.5% for retail.	The higher the term yield, the lower the fair value
			Reversionary yield (b)	Reversionary rate of 2.5% for service apartment and 6% for retail.	The higher the reversionary yield, the lower the fair value
			Market unit rent of individual unit (c)	Market unit rent, ranging from RMB228 per square meter per month to RMB230 per square meter per month for service apartment and ranging from RMB141 per square meter per month to RMB353 per square meter per month for retail.	The higher the market unit rent, the higher the fair value
		Direct comparison approach	Adjusted recent prices of similar properties (d)	Adjusted recent prices of similar properties in the relevant market, ranging from RMB70,055 per square meter to RMB78,378 per square meter for service apartment and ranging from RMB18,421 per square meter to RMB46,053 per square meter for retail.	The higher the unit price, the higher the fair value

8 Investment properties (continued)

Valuation techniques (continued)

Information about fair value measurements as at 31 December 2017 using significant unobservable inputs (Level 3): (continued)

Description	Fair value at 31 December 2017 (RMB'000)	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Shanghai Shenxin Tower	121,000	Income capitalisation approach	Term yield (a)	Term yield of 4.5%.	The higher the term yield, the lower the fair value
			Reversionary yield (b)	Reversionary rate of 5%.	The higher the reversionary yield, the lower the fair value
			Market unit rent of individual unit (c)	Market unit rent, ranging from RMB255 per square meter per month to RMB425 per square meter per month.	The higher the market unit rent, the higher the fair value
		Direct comparison approach	Adjusted recent prices of similar properties(d)	Adjusted recent prices of similar properties in the relevant market, ranging from RMB50,668 per square meter to RMB53,223 per square meter.	The higher the unit price, the higher the fair value
Shanghai Keyuan Tower	348,400	Income capitalisation approach	Term yield (a)	Term yield of 4.5%.	The higher the term yield, the lower the fair value
			Reversionary yield (b)	Reversionary rate of 5%.	The higher the reversionary yield, the lower the fair value
			Market unit rent of individual unit (c)	Market unit rent, ranging from RMB188 per square meter per month to RMB197 per square meter per month.	The higher the market unit rent, the higher the fair value
		Direct comparison approach	Adjusted recent prices of similar properties (d)	Adjusted recent prices of similar properties in the relevant market, ranging from RMB35,156 per square meter to RMB36,829 per square meter.	The higher the unit price, the higher the fair value

8 Investment properties (continued)

Valuation techniques (continued)

Information about fair value measurements as at 31 December 2017 using significant unobservable inputs (Level 3): (continued)

Description	Fair value at 31 December 2017 (RMB'000)	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Shanghai Elite Residences	708,800	Income capitalisation approach	Term yield (a)	Term yield of 4% for service apartment and 5% for retail.	The higher the term yield, the lower the fair value
			Reversionary yield (b)	Reversionary rate of 4.5% for service apartment and 5.5% for retail.	The higher the reversionary yield, the lower the fair value
			Market unit rent of individual unit (c)	Market unit rent, ranging from RMB263 per square meter per month to RMB296 per square meter per month for service apartment and ranging from RMB371 per square meter per month to RMB404 per square meter per month for retail.	The higher the market unit rent, the higher the fair value
		Direct comparison approach	Adjusted recent prices of similar properties (d)	Adjusted recent prices of similar properties in the relevant market, ranging from RMB83,008 per square meter to RMB85,331 for service apartment and RMB60,564 per square meter to RMB65,714 for retail per square meter.	The higher the unit price, the higher the fair value

(a) For term yield, the Group has taken into account of yield generated from comparable properties and adjustment to reflect the certainty of term income secured and to be received.

(b) For reversionary yield, the Group has taken into account annual unit market rental income and unit market value of the comparable properties.

(c) For market unit rent of individual unit, the Group used direct market comparable and has taken into account of location and other individual factors, such as road frontage, size of property and facilities.

(d) For adjusted recent prices of similar properties, the Group has taken into account of location and other individual factors, such as road frontage, size of property and facilities.

8 Investment properties (continued)

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

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
Rental income	**55,872**	9,504

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

	As at 31 December	
	2017	2016
	RMB'000	RMB'000
In the PRC, held on:		
Leases with original term of 70 years		
(and remaining unexpired period between 10 to 70 years)	**2,468,800**	–
Leases with original term of 50 years		
(and remaining unexpired period between 10 to 50 years)	**3,314,172**	3,201,772
	5,782,972	3,201,772

Investment properties with a total carrying amount of RMB5,075,305,000 and RMB2,379,772,000 at 31 December 2017 and 2016 respectively were pledged as collateral for the Group's borrowings (Note 21).

9 Intangible assets

	Goodwill RMB'000	Computer software RMB'000	Others RMB'000	Total RMB'000
At 1 January 2017				
Cost	**12,350**	**9,152**	**861**	**22,363**
Accumulated amortisation	**–**	**(6,303)**	**(74)**	**(6,377)**
Net book amount	**12,350**	**2,849**	**787**	**15,986**
Year ended 31 December 2017				
Opening net book amount	**12,350**	**2,849**	**787**	**15,986**
Additions arising from acquisition of Ningbo Jingrui (Note 42(c))	**5,747**	**–**	**–**	**5,747**
Additions due to the adjustment of consideration of acquisition of Property Sky Limited (note)	**8,071**	**–**	**–**	**8,071**
Other additions	**–**	**617**	**186**	**803**
Disposal	**–**	**(60)**	**–**	**(60)**
Amortisation charge (Note 30)	**–**	**(1,078)**	**(8)**	**(1,086)**
Impairment	**(18,762)**	**–**	**–**	**(18,762)**
Closing net book amount	**7,406**	**2,328**	**965**	**10,699**
At 31 December 2017				
Cost	**26,168**	**9,709**	**1,047**	**36,924**
Accumulated amortisation and impairment	**(18,762)**	**(7,381)**	**(82)**	**(26,225)**
Net book amount	**7,406**	**2,328**	**965**	**10,699**
Year ended 31 December 2016				
Opening net book amount	–	3,688	790	4,478
Additions arising from acquisition of Modern Jump Limited (Note 42 (k))	12,350	–	–	12,350
Other additions	–	103	–	103
Amortisation charge (Note 30)	–	(942)	(3)	(945)
Closing net book amount	12,350	2,849	787	15,986
At 31 December 2016				
Cost	12,350	9,152	861	22,363
Accumulated amortisation	–	(6,303)	(74)	(6,377)
Net book amount	12,350	2,849	787	15,986

Amortisation charges of the Group have all been included in administrative expenses for both years ended 31 December 2017 and 2016.

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

note: The additions of goodwill of Property Sky Limited was due to the adjustment of the purchase consideration in 2017.

10 Investments in joint ventures

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
At beginning of the year	**462,512**	541,651
Additions (c),(f),(h),(i)	**73,551**	198,740
Acquisition of additional interests in Changzhou Jingshang which became a subsidiary (a)	**(167,297)**	–
Acquisition of additional interests in Ningbo Jingrui which became a subsidiary (b)	**(204,605)**	–
Deemed disposal of partial shares of Nanjing Caicheng Property Co., Ltd. ("Nanjing Caicheng") and lost control (c)	**(438)**	–
Disposal of partial shares of Hangzhou Xiaoying and lost control (d)	**133,170**	–
Disposal of partial shares of Ningbo Jingrui and lost control (i)	**–**	17,169
Disposal of partial shares of Suzhou Lingrui Property Co., Ltd. ("Suzhou Lingrui") (e)	**15,000**	–
Disposal of partial shares of Suzhou Chengrui Property Co., Ltd. ("Suzhou Chengrui") (e)	**16,000**	–
Derivative financial instrument for put options written on a joint venture partner	**–**	2,270
Disposal of partial interests of Shanghai Ruice Investment Co., Ltd and lost control ("Shanghai Ruice") (g)	**–**	48,482
Acquisition additional interests in Modern Jump Limited which became a subsidiary (j)	**–**	(310,761)
Share of results	**(70,164)**	(35,978)
Unrealised profit in connection with the transaction between the Group and joint ventures	**(399)**	939
At end of the year	**257,330**	462,512

10 Investments in joint ventures (continued)

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

Company name	Country/date of incorporation	Paid-in capital	% interests held As at 31 December 2017	2016	Principal activities
Changzhou Jingshang (a) (became a subsidiary in 2017)	23 February 2011, Jiangsu, the PRC	RMB620,000,000	**100%**	51%	Property development
Ningbo Jingrui (b) (became a subsidiary in 2017)	20 February 2013, Zhejiang, the PRC	RMB620,000,000	**100%**	47.2%	Property development
Nanjing Caicheng (c)	18 July 2017, Jiangsu, the PRC	RMB50,000,000	**60%**	N/A	Property development
Hangzhou Xiaoying (d)	13 January 2011, Zhejiang, the PRC	RMB30,000,000	**50%**	N/A	Property development
Suzhou Lingrui (e)(f)	8 June 2017, Jiangsu, the PRC	RMB50,000,000	**50%**	N/A	Property development
Suzhou Chengrui (e)(f)	8 June 2017, Jiangsu, the PRC	RMB50,000,000	**50%**	N/A	Property development
Tianjin Yuanming Property Co., Ltd. ("Tianjin Yuanming") (f)	9 October 2016, Tianjin, the PRC	Nil	**20%**	N/A	Investment holding
Changshu Zhicheng Property Development Co., Ltd. ("Changshu Zhicheng") (f)	8 May 2017, Jiangsu, the PRC	RMB80,000,000	**25%**	N/A	Property development
Shanghai Ruice (g)	16 April 2013, Shanghai	RMB100,000,000	**51%**	51%	Investment holding
Shanghai Jupan Apartment Management Co., Ltd ("Shanghai Jupan") (h)	1 November 2016, Shanghai	RMB1,000,000	**50%**	50%	Apartment management

notes:

(a) On 25 April 2017, Natural Apex Limited, a wholly owned subsidiary of the Group, entered into a share purchase agreement with a third party, Trump Castle Investment Inc, pursuant to which Natural Apex Limited acquired entire issued share capital of Talent Treasury Limited, which held 49% equity interests of Changzhou Jingshang, a then joint venture of the Group, and total outstanding shareholder's loan owing by Talent Treasury Limited to Trump Castle Investment Inc, at a total consideration of RMB153,140,600.

10 Investments in joint ventures (continued)

notes: (continued)

Completion of the share purchase agreement took place on 28 April 2017 and Changzhou Jingshang became a wholly owned subsidiary of the Group since then. Gains of RMB934,000 on re-measurement of the Group's original investment of 51% equity interest in Changzhou Jingshang was recognised in the consolidated income statement as other gains (Note 29).

(b) On 26 May 2017, Natural Apex Limited, a wholly owned subsidiary of the Group, entered into a share purchase agreement with a third party Century Bridge China Real Estate Fund II, L.P., an indirectly wholly owned subsidiary of Century Bridge Capital, pursuant to which Natural Apex Limited acquired entire issued share capital of Tran Star Venture Limited, which held 17.8% equity interests of Ningbo Jingrui, a then joint venture of the Group, and total outstanding shareholder's loan owing by Tran Star Venture Limited to Century Bridge China Real Estate Fund II, L.P., at a total consideration of RMB105,869,000.

Completion of the share purchase agreement took place on 2 June 2017 and Ningbo Jingrui became a non-wholly owned subsidiary of the Group since then. Gains of RMB72,976,000 on re-measurement of the Group's original investment of 47.2% equity interests in Ningbo Jingrui was recognised in the consolidated income statements as other gains (Note 29).

Following the above transaction, Ningbo Jingrui became a non-wholly owned subsidiary of the Group. Further in May 2017, Hainan Jingshen Investment Management Co., Ltd., a wholly owned subsidiary of the Group entered into a share purchase agreement with a third party, Huangshan Anye Investment and Consultancy Co., Ltd., the non-controlling shareholder of Ningbo Jingrui, to further acquire remaining 35% equity interest in Ningbo Jingrui. Completion of the share purchase agreement took place on on 11 July 2017 and Ningbo Jingrui became a wholly owned subsidiary of the Group since then.

(c) In September 2017, Nantong Jingrui Property Co., Ltd., a wholly owned subsidiary of the Group entered into an equity transfer agreement with a third party, Shanghai Xuchang Enterprise Management Center (Limited Partnership) ("Xuchang Enterprise"), pursuant to which both parties agreed that a capital contribution of RMB70,000,000 in cash and a funding of RMB490,000,000 would be made to Nanjing Caicheng by Xuchang Enterprise in three phases. Upon completion of the three phases, Nanjing Caicheng will be held as to 70% by Xuchang Enterprise and as to 30% by Nantong Jingrui Property Co., Ltd..

On 6 November 2017, the first phase of capital contribution of RMB20,000,000 was made by Xuchang Enterprise to Nanjing Caicheng and additional RMB30,000,000 was made by Nantong Jingrui Property Co., Ltd., and Nanjing Caicheng was then held as to 40% by Xuchang Enterprise and as to 60% by Nantong Jingrui Property Co., Ltd., which resulted in an effective dilution of the Group's interests in Nanjing Caicheng. Immediate after the completion of first phase of capital contribution, in accordance with the memorandum and articles of Nanjing Caicheng, relevant activities of Nanjing Caicheng require the unanimous consent of all directors, Nanjing Caicheng therefore became a joint venture of the Group since then.

(d) In September 2017, Hangzhou Jingxiao Investment Management Co., Ltd., ("Hangzhou Jingxiao"), a wholly owned subsidiary of the Group, entered into an equity interests transfer agreement with a third party, Hangzhou Tengshun Real Estate Development Co., Ltd., ("Hangzhou Tengshun"), pursuant to which Hangzhou Jingxiao agreed to sell its 50% equity interests and 50% shareholder's loan in Hangzhou Xiaoying to Hangzhou Tengshun at a total consideration of RMB578,696,286. An additional consideration of RMB25,000,000 was also paid by Hangzhou Tengshun to Hangzhou Jingxiao upon satisfaction of certain project condition. After the transaction, Hangzhou Xiaoying became a joint venture of the Group.

(e) On 8 June 2017, Taicang Jingxiang Business Consulting Co., Ltd. and Taicang Jinghe Business Consulting Co., Ltd. two non-wholly owned subsidiaries of the Group which respectively directly held Suzhou Chengrui and Suzhou Lingrui in Jiangsu Province, the PRC, entered into a cooperation agreement with a third party, Zhengrong Zhengxing (Suzhou) Co., Ltd., pursuant to which Zhengrong Zhengxing (Suzhou) Co., Ltd., agreed to made a capital contribution of RMB15,000,000 and RMB16,000,000 to Suzhou Lingrui and Suzhou Chengrui respectively. After the completion of the transaction, Zhengrong Zhengxing (Suzhou) Co., Ltd., and the Group owns 50% equity interests in the two project companies respectively and the two project companies became the joint ventures of the Group.

(f) During 2017, certain subsidiaries of the Group further injected, or invested in certain joint ventures, including Suzhou Chengrui, Suzhou Lingrui, Tianjin Yuanming and Changshu Zhicheng. The total contribution to these new joint ventures amounted to approximately RMB43,551,000.

10 Investments in joint ventures (continued)

notes: (continued)

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

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

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

(i) In March 2016, Jingrui Properties (Group) Co., Ltd. entered into a share purchase agreement with two third parties, namely Tran Star Ventures, Limited which is an indirect wholly owned subsidiary of Century Bridge Capital, and Kunshan Harbour Investment Consultant Co., Limited, pursuant to which Jingrui Properties (Group) Co., Ltd. transferred 17.8% and 35% of the issued share capital of Ningbo Jingrui, a then wholly owned subsidiary of the Group, to Tran Star Ventures, Limited and Kunshan Harbour Investment Consultant Co., Limited respectively without consideration. The Group recognised a loss from disposal of partial shares of Ningbo Jingrui amounting to RMB10,837,000 (Note 29) in 2016. After the transaction, Jingrui Properties (Group) Co., Ltd., Tran Star Ventures, Limited and Kunshan Harbour Investment Consultant Co., Limited jointly controlled Ningbo Jingrui.

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

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

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

Completion of the Share Purchase Agreement took place on 26 December 2016 and Modern Jump Limited therefore became a wholly owned subsidiary of the Group since then. Gains on re-measurement of the original investment of 56.76% equity interests in Modern Jump Limited of RMB50,916,000 was recognised in the consolidated income statement as other gains (Note 29).

10 Investments in joint ventures (continued)

Summarised financial information for material joint ventures

Set out below are the summarised financial information for Changzhou Jingshang, Ningbo Jingrui, Nanjing Caicheng, Hangzhou Xiaoying, Tianjin Yuanming, Changshu Zhicheng and Shanghai Ruice which are accounted for using the equity method.

Summarised balance sheet

	Changzhou Jingshang As at 31 December 2016 RMB'000	Shanghai Ruice As at 31 December 2017 RMB'000	Shanghai Ruice As at 31 December 2016 RMB'000
Current			
Assets	1,204,067	**2,074,563**	1,623,156
Liabilities	(852,113)	**(2,057,612)**	(411,945)
Total current net assets	351,954	**16,951**	1,211,211
Non-current			
Assets	42,122	**39,455**	463
Liabilities	–	**–**	(1,120,000)
Total non-current net assets/(liabilities)	42,122	**39,455**	(1,119,537)
Net assets	394,076	**56,406**	91,674

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

10 Investments in joint ventures (continued)

Summarised balance sheet (continued)

	Hangzhou Xiaoying As at 31 December 2017 RMB'000	Tianjin Yuanming As at 31 December 2017 RMB'000
Current		
Assets	1,519,389	4,260,323
Liabilities	(721,206)	(887,990)
Total current net assets	798,183	3,372,333
Non-current		
Assets	2,572	115
Liabilities	(550,000)	(3,343,022)
Total non-current net liabilities	(547,428)	(3,342,907)
Net assets	250,755	29,426

	Nanjing Caicheng As at 31 December 2017 RMB'000	Changshu Zhicheng As at 31 December 2017 RMB'000
Current		
Assets	1,917,141	532,260
Liabilities	(1,868,788)	(2,637)
Total current net assets	48,353	529,623
Non-current		
Assets	–	215
Liabilities	–	(450,000)
Total non-current net liabilities	–	(449,785)
Net assets	48,353	79,838

10 Investments in joint ventures (continued)

Summarised statement of comprehensive income

	Changzhou Jingshang		Shanghai Ruice	
	For the Period from 1 January 2017 to 28 April 2017 RMB'000	Year ended 31 December 2016 RMB'000	**Year ended 31 December 2017 RMB'000**	For the period from 21 October 2016 to 31 December 2016 RMB'000
Revenue	**235,104**	224,793	**–**	–
Loss before income tax	**(17,462)**	(90,932)	**(41,914)**	(3,851)
Income tax (expense)/credit	**(46,747)**	(2,674)	**6,646**	463
Post-tax loss	**(64,209)**	(93,606)	**(35,268)**	(3,388)
Other comprehensive income	**–**	–	**–**	–
Total comprehensive loss	**(64,209)**	(93,606)	**(35,268)**	(3,388)
Dividends received from joint ventures	**–**	–	**–**	–

	Ningbo Jingrui	
	For the period from 1 January 2017 to 2 June 2017 RMB'000	For the period from 31 March 2016 to 31 December 2016 RMB'000
Revenue	**252**	58,465
Loss before income tax	**(17,878)**	(4,776)
Income tax credit	**1,864**	7,782
Post-tax (loss)/profit	**(16,014)**	3,006
Other comprehensive income	**–**	–
Total comprehensive (loss)/income	**(16,014)**	3,006
Dividends received from joint ventures	**–**	–

10 Investments in joint ventures (continued)

Summarised statement of comprehensive income (continued)

	Hangzhou Xiaoying For the period from 18 September 2017 to 31 December 2017 RMB'000	Tianjin Yuanming For the period from 19 July 2017 to 31 December 2017 RMB'000
Revenue	–	593,274
Loss before income tax	(15,585)	(37,720)
Income tax credit	–	44,394
Post-tax (loss)/profit	(15,585)	6,674
Other comprehensive income	–	–
Total comprehensive (loss)/income	(15,585)	6,674
Dividends received from joint ventures	–	–

	Nanjing Caicheng For the period from 13 November 2017 to 31 December 2017 RMB'000	Changshu Zhicheng For the period from 11 September 2017 to 31 December 2017 RMB'000
Revenue	–	–
Loss before income tax	(917)	(362)
Income tax credit	–	200
Post-tax loss	(917)	(162)
Other comprehensive income	–	–
Total comprehensive loss	(917)	(162)
Dividends received from joint ventures	–	–

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

10 Investments in joint ventures (continued)

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

	Changzhou Jingshang		Shanghai Ruice	
				For the period from 21 October 2016 to 31 December
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
Opening net assets	**394,076**	487,682	**91,674**	95,062
Loss for the year/relevant period	**(64,209)**	(93,606)	**(35,268)**	(3,388)
Other comprehensive income	**–**	–	**–**	–
Closing net assets	**329,867**	394,076	**56,406**	91,674
Dividends	**–**	–	**–**	–
Interests in joint ventures	**51%**	51%	**51%**	51%
	168,232	200,979	**28,767**	46,754
Acquisition of additional interests in Changzhou Jingshang which became a subsidiary	**(168,232)**	–	**–**	–
Unrealised profit in connection with the sales from the Group to a joint venture	**–**	(1,905)	**(1,369)**	–
Carrying value	**–**	199,074	**27,398**	46,754

10 Investments in joint ventures (continued)

	Ningbo Jingrui 2017 RMB'000	For the period from 31 March 2016 to 31 December 2016 RMB'000
Opening net assets	**450,138**	199,752
(Loss)/profit for the relevant period	**(16,014)**	3,006
Capital injection from shareholders	**–**	247,380
Other comprehensive income	**–**	–
Closing net assets	**434,124**	450,138
Dividends	**–**	–
Interests in joint ventures	**47.2%**	47.2%
	204,576	213,899
Acquisition of additional interests in Ningbo Jingrui which became a subsidiary	**(204,576)**	–
Unrealised loss in connection with the sales from the Group to a joint venture	**–**	29
Derivative financial instrument for put options written on a joint venture partner	**–**	2,270
Carrying value	**–**	216,198

	Hangzhou Xiaoying For the period from 18 September 2017 to 31 December 2017 RMB'000	Tianjin Yuanming For the period from 19 July 2017 to 31 December 2017 RMB'000
Opening net assets	**266,340**	**–**
Acquisition	**–**	**22,752**
(Loss)/profit for the relevant period	**(15,585)**	**6,674**
Other comprehensive income	**–**	**–**
Closing net assets	**250,755**	**29,426**
Dividends	**–**	**–**
Interests in joint ventures	**50%**	**20%**
	125,377	**5,885**
Unrealised loss in connection with the sales from the Group to a joint venture	**–**	**–**
Carrying value	**125,377**	**5,885**

10 Investments in joint ventures (continued)

	Nanjing Caicheng For the period from 13 November 2017 to 31 December 2017 RMB'000	Changshu zhicheng For the period from 11 September 2017 to 31 December 2017 RMB'000
Opening net assets	(730)	–
Loss for the relevant period	(917)	(162)
Other comprehensive income	–	–
Capital injection from shareholders	50,000	80,000
Closing net assets	48,353	79,838
Dividends	–	–
Interests in joint ventures	60%	25%
	29,012	19,960
Unrealised loss in connection with the sales from the Group to a joint venture	–	–
Carrying value	29,012	19,960

There is no commitment relating to the Group's interests in joint ventures.

The contingent liabilities relating to the Group's interests in joint ventures is presented in Note 40.

11 Investments in associates

	2017 RMB'000
Opening balance	–
Additions	112,461
Disposal of partial shares of Ningbo Jiamu Investment Co., Ltd. ("Ningbo Jiamu") and lost control (a)	2,002
Share of results	(8,001)
Ending balance	106,462

11 Investments in associates (continued)

The particulars of the associates of the Group, all of which are unlisted, are set out as follows:

Company name	Country/date of incorporation	Paid-in capital	% interests held as at 31 December 2017	Principal activities
Nanjing Yuning Property Co., Ltd. ("Nanjing Yuning") (d)	5 December 2016, Jiangsu, the PRC	RMB60,000,000	17%	Property Development
Ningbo Rongan Education and Investment Management Co., Ltd. ("Ningbo Rongan Education") (d)	1 April 2016, Zhejiang, the PRC	RMB50,000,000	25%	Investment Holding
Ningbo Jiamu (a)	4 August 2016, Zhejiang, the PRC	RMB5,000,000	40%	Investment Holding
Beijing Urban No. 1 Investment Center LLP ("Beijing Urban No. 1") (d)	29 October 2015, Beijing, the PRC	RMB130,000,000	23.08%	Investment Holding
Weifang Yuancheng Da Investment Management Co., Ltd. (d)	20 February 2017, Shandong, the PRC	RMB18,000,000	40%	Investment Holding
Hangzhou Zhenlu Investment Co., Ltd. ("Hangzhou Zhenlu") (b)	2 December 2016, Zhejiang, the PRC	RMB600,000,000	7%	Investment Holding
Tropica Development Limited ("Tropica Development") (d)	31 August 2007, Hongkong.	HKD100	25%	Investment Holding
Lingtu Education Investment (Beijing) Co., Ltd. (d)	11 August 2016, Beijing, the PRC	RMB 1,015,620	20%	Technology Development
Shanghai Zhengmin Information Technology Co., Ltd. (d)	28 February 2017, Shanghai, the PRC	Nil	49%	Computer information technology development
Ningbo Jingfeng Property Co., Ltd. ("Ningbo Jingfeng") (c)	23 June 2017, Zhejiang, the PRC	Nil	50%	Property Development

Notes:

(a) On 5 January 2017, Ningbo Ruice Investment Co., Ltd. ("Ningbo Ruice") entered into a cooperation agreement with other two third parties, pursuant to which Ningbo Ruice transferred 60% equity interests of the issued share capital of Ningbo Jiamu collectively to the two third parties, at a total consideration of RMB3,000,000.

Completion of the transaction took place on 23 January 2017 and Ningbo Jiamu which directly holds a property project company, Ningbo Jinghang Property Co., Ltd. in Zhejiang Province, the PRC, became an associate of the Group since then. The Group recognised a gain from disposal of partial share of Ningbo Jiamu amounting to RMB2,279,000 (Note 29).

(b) On 25 September 2017, Suzhou Huilue Investment Center (Limited Partnership) ("Suzhou Huilue"), a subsidiary of the Group, entered into a cooperation agreement with other eleven third parties, pursuant to which Suzhou Huilue agreed to pay a consideration of totalling RMB105,000,000 by way of capital contribution of RMB42,000,000 and in the form of shareholders' loan of RMB63,000,000 for 7% equity interests in Hangzhou Zhenlu Investment Co., Ltd., ("Hangzhou Zhenlu") which owns a property project company in Zhejiang Province, the PRC.

In accordance with the cooperation agreement, except for two third parties which owns 19.5% and 10.5% equity interests in Hangzhou Zhenlu respectively, the remaining ten shreholders owns 7% equity interests in Hangzhou Zhenlu equally. In addition, Suzhou Huilue has one director in the board of Hangzhou Zhenlu, and can exercise significant influence. Hangzhou Zhenlu therefore is regarded as an associate of the Group.

11 Investments in associates (continued)

Notes: (continued)

(c) On 23 June 2017, Zhoushan Jingshang Property Co., Ltd, a wholly owned subsidiary of the Group, entered into a cooperation agreement with a third party, Ningbo Longjia Real Estate Development Co., Ltd., pursuant to which both parties agreed to equally contribute RMB872,550,126 in total to Ningbo Jingfeng by way of capital contribution in cash and in the form of shareholders' loan. After the completion of the transaction, Ningbo Longjia Real Estate Development Co., Ltd., and Zhoushan Jingshang Property Co., Ltd, own 50% equity interests in Ningbo Jingfeng respectively.

In accordance with the supplementary agreement dated in July 2017, relevant operating and financing activities of Ningbo Jingfeng, require consent with simple majority in the board of directors. Ningbo Longjia Real Estate Development Co., Ltd., has the power to appoint three out of five directors in the board of Ningbo Jingfeng, and the Group only has significant influence, Ningbo Jingfeng is therefore regarded as an associate of the Group.

(d) The Group acquired minority interests of these companies from third parties during 2017, the total considerations and additional capital contribution amounted to RMB70,461,000.

Summarised financial information for material associates

Set out below are the summarised financial information for Nanjing Yuning, Ningbo Rongan Education, Ningbo Jiamu, Beijing Urban No.1, Hangzhou Zhenlu, Tropica Development and Ningbo Jingfeng which are accounted for using the equity method.

Summarised balance sheet

	Nanjing Yuning As at 31 December 2017 RMB'000	Ningbo Rongan Education As at 31 December 2017 RMB'000
Current		
Assets	2,201,569	766,475
Liabilities	(2,139,530)	(618,080)
Total current net assets	62,039	148,395
Non-current		
Assets	6,353	28
Liabilities	–	(100,000)
Total non-current net liabilities	6,353	(99,972)
Net assets	68,392	48,423

11 Investments in associates (continued)

Summarised balance sheet (continued)

	Ningbo Jiamu As at 31 December 2017 RMB'000	Beijing Urban No.1 As at 31 December 2017 RMB'000
Current		
Assets	1,451,638	172,650
Liabilities	(1,344,856)	(258,972)
Total current net assets	106,782	(86,322)
Non-current		
Assets	3,013	213,206
Liabilities	(116,000)	–
Total non-current net liabilities	(112,987)	213,206
Net assets	(6,205)	126,884

	Hangzhou Zhenlu As at 31 December 2017 RMB'000	Tropica Development As at 31 December 2017 RMB'000
Current		
Assets	1,541,756	9,921
Liabilities	(494,497)	(689,045)
Total current net assets	1,047,259	(679,124)
Non-current		
Assets	2,741	687,677
Liabilities	(450,000)	–
Total non-current net liabilities	(447,259)	687,677
Net assets	600,000	8,553

11 Investments in associates (continued)

Summarised balance sheet (continued)

	Ningbo Jingfeng As at 31 December 2017 RMB'000
Current	
Assets	941,547
Liabilities	(942,159)
Total current net assets	(612)
Non-current	
Assets	99
Liabilities	–
Total non-current net liabilities	99
Net assets	(513)

Summarised statement of comprehensive income

	Nanjing Yuning For the period from 23 March 2017 to 31 December 2017 RMB'000	Ningbo Rongan Education For the period from 12 April 2017 to 31 December 2017 RMB'000
Revenue	102	–
Loss before income tax	(24,928)	(1,577)
Income tax credit	6,123	–
Post-tax loss	(18,805)	(1,577)
Other comprehensive income	–	–
Total comprehensive income/(loss)	(18,805)	(1,577)
Dividends received from associates	–	–

11 Investments in associates (continued)

Summarised statement of comprehensive income (continued)

	Ningbo Jiamu For the period from 23 January 2017 to 31 December 2017 RMB'000	Beijing Urban No.1 For the period from 22 May 2017 to 31 December 2017 RMB'000
Revenue	–	–
Loss before income tax	(12,248)	(3,116)
Income tax credit	1,039	–
Post-tax loss	(11,209)	(3,116)
Other comprehensive income	–	–
Total comprehensive income/(loss)	(11,209)	(3,116)
Dividends received from associates	–	–

	Hangzhou Zhenlu For the period from 22 December 2017 to 31 December 2017 RMB'000	Topica Development For the period from 29 December 2017 to 31 December 2017 RMB'000
Revenue	–	–
Loss before income tax	–	–
Income tax credit	–	–
Post-tax profit/(loss)	–	–
Other comprehensive income	–	–
Total comprehensive income/(loss)	–	–
Dividends received from associates	–	–

11 Investments in associates (continued)

Summarised statement of comprehensive income (continued)

	Ningbo Jingfeng For the period from 14 November 2017 to 31 Decemebr 2017 RMB'000
Revenue	–
Loss before income tax	(164)
Income tax credit	–
Post-tax loss	(164)
Other comprehensive income	–
Total comprehensive loss	(164)
Dividends received from associates	–

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

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

	Nanjing Yuning For the period from 23 March 2017 to 31 December 2017 RMB'000	Ningbo Rongan Education For the period from 12 April 2017 to 31 December 2017 RMB'000
Opening net assets	–	–
Capital injections from shareholders	87,197	50,000
Loss for the relevant period	(18,805)	(1,577)
Other comprehensive income	–	–
Closing net assets	68,392	48,423
Dividends	–	–
Interests in associates	17%	25%
	11,627	12,106
Carrying value	11,627	12,106

11 Investments in associates (continued)

	Ningbo Jiamu For the period from 23 January 2017 to 31 December 2017 RMB'000	Beijing Urban No.1 For the period from 22 May 2017 to 31 December 2017 RMB'000
Opening net assets	–	–
Disposal of partial shares of Ningbo Jiamu and lost control	5,004	–
Loss for the relevant period	(11,209)	(3,116)
Other comprehensive income	–	–
Capital injection from shareholders	–	130,000
Closing net assets	(6,205)	126,884
Dividends	–	–
Interests in associates	40%	23%
	(2,482)	29,281
Impairment of the receivables due from associates	2,482	–
Carrying value	–	29,281

	Hangzhou Zhenlu For the period from 22 December 2017 to 31 December 2017 RMB'000	Tropica Development For the period from 29 December 2017 to 31 December 2017 RMB'000
Opening net assets	–	–
Capital contribution from the shareholders	600,000	8,553
Profit for the relevant period	–	–
Other comprehensive income	–	–
Closing net assets	600,000	8,553
Dividends	–	–
Interests in associates	7%	25%
	42,000	2,138
Carrying value	42,000	2,138

11 Investments in associates (continued)

	Ningbo Jingfeng For the period from 14 November 2017 to 31 December 2017 RMB'000
Opening net assets	–
Disposal of partial shares of Ningbo Jingfeng and lost control	(349)
Loss for the relevant period	(164)
Other comprehensive income	–
Closing net assets	(513)
Dividends	–
Interests in associates	50%
	(256)
Impairment of the receivables due from associates	256
Carrying value	–

The commitment relating to the Group's interests in associates is presented in Note 39. There are no contingent liabilities relating to the Group's interests in associates.

12 Financial instruments by category

31 December 2017	Loan and receivables RMB'000	Available-for-sale financial assets RMB'000	Total RMB'000
Assets as per balance sheet			
Available-for-sale financial assets	–	1,021,011	1,021,011
Trade and other receivables excluding prepayments	5,307,609	–	5,307,609
Cash and cash equivalents	8,264,836	–	8,264,836
Restricted cash	1,248,445	–	1,248,445
Total	14,820,890	1,021,011	15,841,901

12 Financial instruments by category (continued)

31 December 2017	Liabilities at fair value through the profit or loss RMB'000	Other financial liabilities at amortised cost RMB'000	Total RMB'000
Liabilities as per balance sheet			
Borrowings	**–**	**14,114,763**	**14,114,763**
Trade and other payables excluding non-financial liabilities	**–**	**8,877,449**	**8,877,449**
Amounts due to non-controlling interests of subsidiaries	**–**	**635,839**	**635,839**
Financial liabilities for put option written on non-controlling interests	**–**	**73,968**	**73,968**
Finance lease liabilities	**–**	**4,251**	**4,251**
Total	**–**	**23,706,270**	**23,706,270**

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

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

13 Available-for-sale financial assets

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
At beginning of the year	**905,990**	69,400
Additions	**296,610**	823,645
Disposal of partial shares of Shanghai Jingqi Property and Development Co., Ltd ("Shanghai Jingqi") (Note 43(b))	**–**	251,813
Net fair value (losses)/gains recognised in equity (Note 19)	**(149,502)**	78,518
Disposals	**(32,087)**	(317,386)
At end of the year	**1,021,011**	905,990
Less: Non-current portion	**(769,198)**	(654,177)
Current portion	**251,813**	251,813

Available-for-sale financial assets include the following:

	As at 31 December	
	2017	2016
	RMB'000	RMB'000
Unlisted equity securities (a)	**608,459**	580,911
Unlisted equity security (b),(Note 43(b))	**251,813**	251,813
Liquid opportunity fund investment (c)	**160,739**	73,266
	1,021,011	905,990

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

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

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

13 Available-for-sale financial assets (continued)

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

	As at 31 December	
	2017	2016
	RMB'000	RMB'000
RMB	**860,272**	832,724
USD	**160,739**	73,266
	1,021,011	905,990

Available-for-sale financial assets with the fair value amount of RMB409,000,000 at 31 December 2017(2016: Nil) was pledged as collateral for the Group's borrowings (Note 21).

14 Prepayments for leasehold land

The Group made prepayments of RMB911,176,000 as at 31 December 2017 (31 December 2016: RMB348,089,000) for the acquisition of leasehold land, which will be transferred to properties under development for sale upon receipt of ownership certificates or commencement of development activities.

15 Properties held or under development for sale

	As at 31 December	
	2017	2016
	RMB'000	RMB'000
Properties under development for sale	**9,098,075**	14,174,191
Properties held for sale	**3,722,731**	3,669,788
	12,820,806	17,843,979
Less: Provision for impairment loss	**(58,897)**	(88,786)
	12,761,909	17,755,193

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

15 Properties held or under development for sale (continued)

Borrowing costs capitalised in properties under development for sale and held for sale for the year ended 31 December 2017 were approximately RMB855,329,000 (2016: RMB1,194,783,000).

The capitalisation rate of borrowings was 5.56% for the year ended 31 December 2017 (2016: 9.12%).

As at 31 December 2017 and 2016, the Group's following properties under development for sale and properties held for sale were pledged as collateral for the Group's borrowings (Note 21) and perpetual capital instrument (Note 20).

	As at 31 December	
	2017	2016
	RMB'000	RMB'000
Carrying value pledged:		
Properties under development for sale	**5,075,119**	7,331,319
Properties held for sale	**211,044**	206,450

As at 31 December 2017, properties under development for sale with a total carrying amount of RMB1,368,855,000 (2016: RMB5,455,122,000) were related to property projects which were not scheduled to complete within one year from reporting period end although pre-sales of some of these properties may occur. The other balances in properties under development for sale as at 31 December 2017 and 2016 were expected to be recovered within one year from respective reporting period end.

16 Trade and other receivables and prepayments

	As at 31 December 2017 RMB'000	2016 RMB'000
Trade receivables	**42,076**	161,564
Less: Provision for impairment of trade receivables	**(552)**	(205)
Trade receivables – net	**41,524**	161,359
Amounts due from joint ventures and associates (Note 44(d))	**2,954,902**	1,561,307
Prepaid business tax and surcharges (a)	**270,106**	331,014
Receivables arising from disposal of subsidiaries (b)	**5,611**	540,401
Loans due from disposed subsidiaries assumed by third parties (c)	**285,943**	506,276
Tender deposits (d)	**80,600**	36,600
Deposits with public housing fund centres (e)	**63,619**	66,273
Prepayments of construction costs	**17,695**	43,517
Temporary funding receivables (f)	**103,900**	93,535
Deposits paid for construction work	**448,842**	274,239
Amount due from non-controlling interests of subsidiaries (g)	**922,737**	105,000
Deposits paid to secure borrowings	**23,780**	–
Prepayments for acquisition of completed properties for sale (h)	**1,209,668**	–
Deposits paid for advanced proceeds received from customers (i)	**230,610**	–
Prepayments for investments (j)	**36,751**	141,496
Others	**162,373**	91,632
Less: Provision for impairment of other receivables	**(16,832)**	(8,941)
	6,841,829	3,943,708
Less: Non-current portion (k),(Note 44(d))	**(717,805)**	(572,689)
	6,124,024	3,371,019

notes:

(a) Prior to 1 May 2016, business tax and surcharges are levied when the Group receives advances from customers and the prepaid taxes are recorded as prepayments before the relevant revenue is recognised.

(b) The balance represents the outstanding considerations of RMB147,000 (31 December 2016: RMB316,280,000) and RMB5,464,000 (31 December 2016: RMB224,121,000) for disposal of equity interests in Tianjin Jingxiu Property Investment Co., Ltd. ("Tianjin Jingxiu") and Shanghai Jiajing Investment Co., Ltd. ("Shanghai Jiajing") respectively.

(c) The balance represents the outstanding loans of RMB175,943,000 of Shanghai Jingqi Property Development Co., Ltd. (31 December 2016: RMB325,476,000) and RMB110,000,000 of Tianjin Jingxiu (31 December 2016: RMB180,800,000), originally due by the two disposed subsidiaries to the Group, which have been assumed and shall be paid off by Hengda Real Estate Group Shanghai Shengjian Property Co., Ltd. and Hengda (Tianjin) Real Estate Group Co., Ltd. respectively according to the share transfer agreements.

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

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

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

16 Trade and other receivables and prepayments (continued)

(g) The balance as at 31 December 2017 includes amounts of RMB99,137,500 which were the outstanding principal balance from the non-controlling interests of Suzhou Ailide Trade Co., Ltd, which is with annual interest rate of 7.2%, unsecured and repayable on demand.

Except for the loans lent to the non-controlling interests of Suzhou Ailide Trade Co., Ltd. as mentioned above, the funding provided to other non-controlling interests of certain subsidiaries are unsecured, non-interest bearing and repayable on demand.

(h) The balance represents the prepayments paid to third parties for the selling rights of certain completed properties and for decoration work located in Hangzhou.

(i) The balance represents the deposits paid for the advanced proceeds of properties received from customers in Changzhou.

(j) In November 2017, the Group made prepayments for purchase of 18.77% equity interests in Chongqing Jingteng Property Co., Ltd, a non-wholly owned subsidiary of the Group from the non-controlling interests with a consideration of HKD42,226,000 (equivalent to RMB35,883,000) and relevant taxes of RMB868,000. The transaction was completed in January 2018.

In December 2016, the Group made prepayments for investments in a third party with a total consideration of RMB141,496,000, which have been completed as at 31 December 2017.

(k) The balance as at 31 December 2017 includes prepayments for investments of RMB35,883,000 and relevant taxes of RMB868,000 (31 December 2016: RMB141,496,000) and a shareholder loan principal and interest receivable, totalling RMB681,054,000 (31 December 2016: RMB431,193,000), due from Shanghai Ruice Investment Co., Ltd.. The shareholder loan has an annual interest rate of 8% and will be matured till October 2019.

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

	As at 31 December	
	2017	2016
	RMB'000	RMB'000
Less than 1 year	**39,179**	150,511
Between 1 and 2 years	**451**	3,021
Between 2 and 3 years	**1,149**	5,874
Over 3 years	**1,297**	2,158
	42,076	161,564

As at 31 December 2017, trade receivables of RMB36,821,000 (2016: RMB157,550,000) were past due but not impaired. The balances are related to independent customers for whom there is no recent history of default.

	As at 31 December	
	2017	2016
	RMB'000	RMB'000
Less than 1 year	**33,924**	146,560
Between 1 and 2 years	**451**	2,965
Between 2 and 3 years	**1,149**	5,867
Over 3 years	**1,297**	2,158
	36,821	157,550

16 Trade and other receivables and prepayments (continued)

As at 31 December 2017, trade and other receivables of RMB17,384,000 (2016: RMB9,146,000) were considered impaired and provided for. The other classes within trade and other receivables do not contain impaired assets.

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

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
At beginning of the year	**9,146**	18,172
Accrual/(reversal) of provision for receivables impairment (Note 30)	**8,238**	(2,642)
Reduction arising from disposal of a subsidiary	**–**	(6,384)
At end of the year	**17,384**	9,146

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

As at 31 December 2017 and 2016, the fair values of trade and other receivables approximate their carrying amounts.

As at 31 December 2017 and 31 December 2016, the carrying amounts of trade and other receivables and prepayments are denominated in below currencies：

	As at 31 December	
	2017	2016
	RMB'000	RMB'000
– RMB	**6,730,721**	3,943,708
– USD	**75,225**	–
– HKD	**35,883**	–
	6,841,829	3,943,708

17 Cash at bank and on hand

	As at 31 December	
	2017	2016
	RMB'000	RMB'000
Cash at bank and on hand		
– denominated in RMB	**9,211,027**	10,311,462
– denominated in HKD	**5,434**	37,202
– denominated in USD	**276,556**	375,959
– denominated in SGD	**20,264**	–
	9,513,281	10,724,623

The weighted average interest rate on the Group's bank deposits as at 31 December 2017 was 0.60% (2016: 0.69%) per annum.

17 Cash at bank and on hand (continued)

Cash and cash equivalents of the Group were determined as follows:

	As at 31 December	
	2017	2016
	RMB'000	RMB'000
Cash at bank and on hand	**9,513,281**	10,724,623
Less: Restricted cash	**(1,248,445)**	(1,277,442)
	8,264,836	9,447,181

Restricted cash of the Group comprised of the following:

	As at 31 December	
	2017	2016
	RMB'000	RMB'000
Deposits for notes issued	**–**	571
Deposits as security for property purchasers' mortgage loans (a)	**130,574**	624,764
Deposits pledged for borrowings (Note 21)	**836,900**	645,107
Deposits for letters of guarantee issued for project construction	**7,000**	7,000
Deposits for advanced proceeds received from customers	**258,121**	–
Deposits as security for construction work	**15,850**	–
	1,248,445	1,277,442

notes:

(a) These bank deposits are restricted to secure the bank loans taken by certain property purchasers of the Group pursuant to the local regulations of certain cities. Such deposits will be released upon the transfer of the properties' ownership certificates to these purchasers.

18 Share capital

(a) Authorised shares

	Number of authorised shares
As at 31 December 2017 and 2016	10,000,000,000

(b) Ordinary shares, issued and fully paid

	Number of ordinary shares	Ordinary shares (nominal value) RMB'000
As at 31 December 2017 and 2016	1,291,302,213	79,361

19 Reserves

	Share premium RMB'000	Merger reserve RMB'000 (a)	Capital reserve RMB'000	Share award scheme RMB'000	Statutory surplus reserve RMB'000 (b)	Available-for-sale financial assets RMB'000 (d)	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2017	**1,193,851**	**125,481**	**544,573**	**67,550**	**245,437**	**60,513**	**987,114**	**3,224,519**
Comprehensive income/(loss)								
Profit for the year 2017	–	–	–	–	–	–	**805,761**	**805,761**
Changes in fair value of available -for-sale financial assets (Note 13)	–	–	–	–	–	**(149,502)**	–	**(149,502)**
Tax on fair value losses on available-for-sale financial assets (Note 26)	–	–	–	–	–	**11,216**	–	**11,216**
Total comprehensive income for the year 2017	–	–	–	–	–	**(138,286)**	**805,761**	**667,475**
Transactions with owners								
Changes in ownership interests in subsidiaries without change of control (Note 41)	–	–	**(189,164)**	–	–	–	–	**(189,164)**
Put options written on non-controlling interests (Note 23)	–	–	**(59,024)**	–	–	–	–	**(59,024)**
Share award scheme (Note 35)	–	–	–	**8,639**	–	–	–	**8,639**
	–	–	**(248,188)**	**8,639**	–	–	–	**(239,549)**
Balance at 31 December 2017	**1,193,851**	**125,481**	**296,385**	**76,189**	**245,437**	**(77,773)**	**1,792,875**	**3,652,445**
Balance at 1 January 2016	1,193,851	125,481	790,627	63,182	245,437	2,469	880,819	3,301,866
Comprehensive income/(loss)								
Profit for the year 2016	–	–	–	–	–	–	106,295	106,295
Changes in fair value of available -for-sale financial assets (Note 13)	–	–	–	–	–	78,518	–	78,518
Tax on fair value gains on available-for-sale financial assets (Note 26)	–	–	–	–	–	(15,420)	–	(15,420)
Transfer of fair value gains previously taken to other reserves to consolidated income statement upon disposal of available-for-sale financial assets	–	–	–	–	–	(5,054)	–	(5,054)
Total comprehensive loss for the year 2016	–	–	–	–	–	58,044	106,295	164,339
Transactions with owners								
Changes in ownership interests in subsidiaries without change of control (Note 41)	–	–	(233,241)	–	–	–	–	(233,241)
Put options written on non-controlling interests (Note 23)	–	–	(12,813)	–	–	–	–	(12,813)
Pre – IPO share award scheme (Note 35)	–	–	–	4,368	–	–	–	4,368
	–	–	(246,054)	4,368	–	–	–	(241,686)
Balance at 31 December 2016	1,193,851	125,481	544,573	67,550	245,437	60,513	987,114	3,224,519

19 Reserves (continued)

notes:

(a) Merger reserve

Merger reserve represent the difference of aggregate consideration paid by the Group for the acquisition of subsidiaries pursuant to the reorganisation in 2013 and the aggregate capital of the subsidiaries acquired, after elimination of investment in subsidiaries.

(b) Statutory surplus reserve

In accordance with the Company Law of the PRC and the articles of association of the PRC subsidiaries, these subsidiaries registered in the PRC shall appropriate 10% of its annual statutory profit (after offsetting any prior years' losses) to the statutory surplus reserve ("SSR") account. When the balance of SSR reaches 50% of the registered capital/share capital of these subsidiaries, any further appropriation is optional. The SSR can be utilised to offset prior years' losses or to increase paid-in capital. However, SSR shall be maintained at a minimum of 25% of registered capital/share capital after such utilisation.

The SSR are non-distributable except in the event of liquidation and subject to certain restrictions set out in the relevant PRC regulations.

(c) Under the Cayman Companies Law, the share premium account may be applied by the Company for paying distributions or dividends to shareholders if immediately following the date on which the Company proposes to distribute the dividend, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business. Details of the proposed final dividend are set out in Note 37.

(d) It represents the changes in fair value of available-for-sale financial assets.

20 Perpetual capital instruments

In December 2014, a wholly owned subsidiary of the Company obtained cash with an aggregate principal amount of RMB550,000,000 from a third party, with no maturity and the payments of distribution can be deferred at the discretion of the Company. But when the Company declared dividends, the payments of interest at fixed rates in coming 12 months cannot be deferred at the discretion of the Company.

Pursuant to the relevant agreement, profit attributable to holders of perpetual capital instruments in 2017 was RMB20,472,000 (2016: RMB71,500,000). RMB8,555,000 was distributed to holders of perpetual capital instruments and perpetual capital instruments of RMB550,000,000 were fully redeemed in February 2017.

The perpetual capital instruments were jointly guaranteed by a wholly owned subsidiary of the Group and Yan Hao, and secured by pledge of the shares and assets of a wholly owned subsidiary.

21 Borrowings

	As at 31 December	
	2017	2016
	RMB'000	RMB'000
Borrowings included in non-current liabilities		
– Bank loans, secured (a)	**5,061,368**	3,749,770
– Trust financing arrangements, secured		
– conventional loan (b)	**1,904,800**	2,615,000
– equity with repurchase obligation (b)	**480,000**	580,000
– Senior notes due 2019, secured (c)	**–**	638,838
– Senior notes due 2018, secured (d)	**422,192**	445,974
– Senior notes due 2020, secured (e)	**2,579,882**	–
– Corporate bonds due 2021 (f)	**1,487,920**	1,484,530
– Corporate bonds due 2019 (g)	**942,783**	989,117
	12,878,945	10,503,229
Less: Current portion of long-term borrowings	**(3,569,262)**	(1,242,220)
	9,309,683	9,261,009
Borrowings included in current liabilities		
– Bank loans, secured (a)	**764,418**	562,850
– Trust financing arrangements, secured		
– conventional loan (b)	**471,400**	2,155,271
	1,235,818	2,718,121
Add: Current portion of long-term borrowings	**3,569,262**	1,242,220
	4,805,080	3,960,341

notes:

(a) The Group's bank borrowings are secured by available-for-sales financial assets (Note 13), properties held or under development for sale (Note 15), investment properties (Note 8) and bank deposits (Note 17) of the Group or guaranteed by subsidiaries of the Company for each other or by a related party (Note 44).

(b) These borrowings are mainly obtained through trust arrangements with trust financing companies. Borrowings under trust financing arrangements are secured by certain properties held or under development for sale (Note 15) and shares of certain subsidiaries of the Group or guaranteed by subsidiaries of the Company or by related parties (Note 44). Under the conventional loan trust financing arrangements, these trust financing companies provide loans to the Group through loan agreements entered into with the Group. Under the equity with repurchase obligation trust financing arrangements, the borrowings are provided by the underlying trust financing companies through the injection of capital or the transfer of equity interests in project companies with repurchase obligation of the Group. The substance of this type of trust financing arrangement is borrowing, with the equity interests in the project companies legally transferred as collateral.

21 Borrowings (continued)

The following table sets out details of the equity with repurchase obligation trust financing arrangements as at 31 December 2017 and 2016:

	As at 31 December		
	2017	2016	**Expiration date**
	RMB'000	RMB'000	
Suzhou Jingrui Property Co., Ltd. (蘇州璟瑞置業有限公司) ("Suzhou Jingrui")	**480,000**	580,000	April 2018

(c) Senior notes due 2019

In August 2014, the Company issued five-year senior notes with principal amount of USD150,000,000, which were listed on the Stock Exchange. These notes are denominated in USD, and bear interest from 8 August 2014 at 13.625% per annum, payable semi-annually in arrear, and are due for repayment on 8 August 2019. The senior notes are jointly guaranteed by certain subsidiaries and secured by pledges of the shares of certain subsidiaries. In July 2016, the Group purchased back part of senior notes due 2019 in the aggregate principal amount of USD56,300,000 with unpaid accrued interest.

On 8 August 2017, the Group redeemed the 2019 Notes at a redemption price of approximately USD100.1 million, incurring a loss of RMB53,822,000 (Note 31).

(d) Senior notes due 2018

In April 2015, the Company issued three-year senior notes with principal amount of USD150,000,000, which were listed on the Stock Exchange, among which USD21,000,000 were subscribed by Beyond Wisdom Limited, a company wholly owned by Yan Hao and were fully sold out by Yan Hao during the year ended 31 December 2016 (Note 44). These notes are denominated in USD, and bear interest from 30 April 2015 at 13.25% per annum, payable semi-annually in arrears, and are due for repayment on 30 April 2018. The senior notes are jointly guaranteed by certain subsidiaries and secured by pledges of the shares of certain subsidiaries. During 2016, the Group purchased back part of senior notes due 2018 in the aggregate principal amount of USD85,200,000 with unpaid accrued interest.

At any time prior to 30 April 2018, the Company may at its option redeem the whole or a portion of the senior notes at redemption prices agreed in the terms, plus accrued and unpaid interest up to the redemption date.

The early redemption options are regarded as embedded derivatives not closely related to the host contract. The board of directors is of the view that the fair values of the above early redemption options were insignificant on initial recognition and as at 31 December 2017.

21 Borrowings (continued)

(e) Senior notes due 2020

In April 2017, the Company issued three-year senior notes with principal amount of USD400,000,000, which were listed on the Stock Exchange. These notes are denominated in USD, and bear interest from 12 April 2017 at 7.75% per annum payable semi-annually in arrears, and are due for repayment on 12 April 2020. The senior notes are jointly guaranteed by certain subsidiaries and secured by pledges of the shares of certain subsidiaries.

At any time and from time to time prior to 12 April 2020, the Company may at its option redeem the whole or a portion of the senior notes at redemption prices agreed in the terms, plus accrued and unpaid interest up to the redemption date.

The early redemption options are regarded as embedded derivatives not closely related to the host contract. The board of directors is of the view that the fair values of the above early redemption options were insignificant on initial recognition and as at 31 December 2017.

(f) Corporate bonds due 2021

In March 2016, the Group issued five-year corporate bonds with principal amount of RMB1,500,000,000 ("Corporate bonds due 2021"), which were listed on the Shanghai Stock Exchange. The corporate bonds due 2021 are denominated in RMB, and bear interest rate at 5.88% per annum for the first three years, payable annually in arrears.

(g) Corporate bonds due 2019

In September 2016, the Group issued three-year corporate bonds with principal amount of RMB1,000,000,000, which were not listed. The corporate bonds due 2019 are denominated in RMB, and bear interest rate at 6.75% per annum, payable annually in arrears.

The maturity of non-current borrowings at the reporting dates is as follows:

	As at 31 December	
	2017	2016
	RMB'000	RMB'000
Between 1 and 2 years	**3,582,494**	3,788,514
Between 2 and 5 years	**4,894,389**	5,433,495
Above 5 years	**832,800**	39,000
	9,309,683	9,261,009

21 Borrowings (continued)

The weighted average effective interest rates as at 31 December 2017 and 2016 were as follows:

	As at 31 December	
	2017	2016
Bank borrowings	**5.98%**	7.30%
Trust financing arrangements	**9.57%**	10.01%
Senior notes	**9.66%**	14.20%
Corporate bonds	**6.28%**	6.28%

The cost of financing of the trust financing arrangements includes the interest costs and administrative fees, such as arrangement or consultancy fees and trustee fees.

The carrying amounts and fair value of borrowings as at 31 December 2017 and 2016 are as follows:

	As at 31 December			
	2017		2016	
	Carrying amount RMB'000	**Fair Value RMB'000**	Carrying amount RMB'000	Fair Value RMB'000
Bank and trust borrowings	**8,681,986**	**8,681,986**	9,662,891	9,662,891
Senior notes due 2019	**–**	**–**	638,838	682,939
Senior notes due 2018	**422,192**	**436,288**	445,974	480,044
Senior notes due 2020	**2,579,882**	**2,507,168**	–	–
Corporate bonds due 2021	**1,487,920**	**1,483,200**	1,484,530	1,515,450
Corporate bonds due 2019	**942,783**	**942,783**	989,117	989,117
	14,114,763	**14,051,425**	13,221,350	13,330,441

The fair value for the senior notes due 2018, senior notes due 2019, senior notes due 2020 and corporate bonds due 2021 are based on quoted prices in active markets and are within level 1 of the fair value hierarchy.

The fair value for bank and trust borrowings and corporate bond due 2019 are based on discounted cash flow and are within level 3 of the fair value hierarchy.

21 Borrowings (continued)

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates or maturity whichever is the earlier date is as follows:

	6 months or less RMB'000	6 – 12 months RMB'000	1 – 5 years RMB'000	Over 5 Years RMB'000	Total RMB'000
Borrowings included in non-current liabilities:					
As at 31 December 2017	829,300	143,500	7,624,083	712,800	9,309,683
As at 31 December 2016	381,000	641,800	8,238,209	–	9,261,009
Borrowings included in current liabilities:					
As at 31 December 2017	2,870,680	1,934,400	–	–	4,805,080
As at 31 December 2016	2,649,911	1,310,430	–	–	3,960,341

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

	As at 31 December	
	2017	2016
	RMB'000	RMB'000
RMB	**10,358,183**	11,304,098
USD	**3,756,580**	1,917,252
	14,114,763	13,221,350

22 Derivative financial instrument

	As at 31 December	
	2017	2016
	RMB'000	RMB'000
Derivative financial instrument (a)	**–**	2,499
Less: Current portion of derivative financial instrument	**–**	(2,499)
	–	–

(a) Pursuant to the joint venture agreement signed by Jingrui Property (Group) Co., Ltd. with Tran Star Ventures, Limited and Kunshan Harbour Investment Consultant Co., Limited in March 2016, Jingrui Properties (Group) Co., Ltd. wrote a put option on the shares of Ningbo Jingrui held by Tran Star Ventures, Limited that obliges Jingrui Properties (Group) Co., Ltd. to purchase those shares for cash when certain conditions meet as stipulated by the joint venture agreement.

An independent valuation was performed by the valuer, DTZ Cushman & Wakefield, to determine the fair value of the derivative financial instrument. The following table analyses the derivative financial instrument carried at fair value, by the level of inputs to valuation techniques used to measure fair value.

22 Derivative financial instrument (continued)

(a) (continued)

Fair value hierarchy

Description	Fair value measurements at 31 December 2016 using Quoted prices in active markets for identical assets (Level 1) RMB'000	Significant other observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000
Recurring fair value measurements of derivative financial instrument	–	–	2,499

Valuation techniques

The valuation of the derivative financial instrument was determined using the discounted cash flow method under the income approach. The significant unobservable inputs are expected floating premium as at the exit date which was determined by the probability-weighted average of floating premiums under three financial projection scenarios prepared by management, and the discount rate which was determined using the capital asset pricing model.

The movement of the derivatives is set out below:

	Year ended 31 December **2017** **RMB'000**	 2016 RMB'000
Opening balance	**2,499**	8,006
Initial recognition at fair value	**–**	2,270
Gains/(losses) arising from changes in fair value (Note 29)	**(2,499)**	229
Repayments	**–**	(8,006)
	–	2,499
Less: Current portion of derivative financial instrument	**–**	(2,499)
	–	–

23 Financial liabilities for put option written on non-controlling Interests

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
Financial liabilities for put option written on non-controlling interests	**73,968**	13,612
Less: Current portion	**(73,968)**	–
Non-current portion	**–**	13,612

(a) In November 2017, Chongqing Jingkang Property Development Co., Ltd., ("Chongqing Jingkang"), a wholly-owned subsidiary of the Group, entered into equity interests transfer agreement with the non-controlling interests of Chongqing Jingteng Property Development Co., Ltd. ("Chongqing Jingteng"), pursuant to which, Chongqing Jingkang issued put option to the non-controlling interests which grant its right to sell the 30.23% equity interest in Chongqing Jingteng back to Chongqing Jingkang. The put option written to the non-controlling interests of Chongqing Jingteng was then regarded as redemption liabilities determined as the present value of future cash outflows assuming the exercise of the put option by the non-controlling interests, with corresponding charges in equity.

(b) In March 2016, Shanghai Jingrui Investment Co., Ltd., a wholly owned subsidiary of the Company, transfer 35% and 15% equity shares in its wholly owned subsidiary Shanghai Xiaoyi Investment Co., Ltd. ("Shanghai Xiaoyi") at a total consideration of RMB50,000 to two third parties, Shanghai Jiayu Property Co., Ltd. ("Shanghai Jiayu") and Shenzhen Pingjia Investment and Management Co., Ltd. ("Shenzhen Pingjia") respectively. Pursuant to the equity transfer agreement, Shanghai Jingrui Investment Co., Ltd issued put option to the two non-controlling interests of Shanghai Xiaoyi which grant them the rights to sell to Shanghai Jingrui Investment Co., Ltd their shares of Shanghai Xiaoyi after the agreed exercise date and at a price calculated based on the terms agreed in the equity transfer agreement. It was regarded as redemption liabilities determined as the present value of future cash outflows assuming the exercise of the put option by the non-controlling interests, with corresponding charges in equity.

The valuation of the redemption liabilities for initial recognition was determined using the discounted cash flow method under the income approach. The significant unobservable inputs are expected floating premium as at the exit date which was determined by the probability-weighted average of floating premiums under three financial projection scenarios prepared by management, and the discount rate which was determined using the capital asset pricing model. The redemption liabilities are subsequently measured at amortised cost.

The movement of the redemption liabilities is set out below:

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
Opening balance	**13,612**	–
Initial recognition at fair value (a)	**59,024**	12,813
Changes in discounted present value (Note 31)	**1,332**	799
	73,968	13,612
Less: Current portion	**(73,968)**	–
	–	13,612

24 Trade and other payables

	As at 31 December 2017 RMB'000	2016 RMB'000
Trade payables	**3,310,324**	2,919,814
Notes payable	**–**	31,216
Amounts due to joint ventures (Note 44(d))	**3,875,816**	4,921,010
Amount due to a related party (Note 44(d))	**–**	494
Business and other taxes payable	**312,403**	147,039
Electricity fee and cleaning fee collected on behalf	**27,977**	23,444
Deed tax collected on behalf	**21,622**	36,634
Accrued payroll	**17,072**	11,975
Interest payable	**202,098**	201,883
Temporary funding payables	**800,000**	–
Construction deposits received from suppliers	**34,731**	24,255
Deposits received from customers	**21,417**	32,233
Deposits received in connection with cooperation with a third party for decoration work	**200,000**	–
Payables for sales commission	**2,091**	28,184
Payables for acquisition of San Quan Apartments (a) (Note 42(b))	**63,669**	–
Payables for acquisition of LKN Investment (b) (Note 42(e))	**9,820**	–
Payables for acquisition of Hangzhou Jiaheng (c)	**6,000**	16,500
Payables for acquisition of 20% equity interests of Shanghai Fengxiang Property Development Co., Ltd. ("Shanghai Fengxiang") (d)	**40,800**	–
Dividend payable (Note 37)	**1,379**	1,379
Others	**259,705**	147,634
	9,206,924	8,543,694

notes:

(a) The balance represents the payables relating to the acquisition of San Quan Apartments by the Group from an independent third party.

(b) The balance represents the payables relating to the acquisition of LKN investment by the Group from an independent third party.

(c) Pursuant to an equity purchase agreement entered into in April 2016 between two third parties and the Group through its wholly owned subsidiary, Shanghai Xiaoyi Investment Co., Ltd., the Group acquired 100% equity interests of Hangzhou Jiaheng at a total consideration of RMB296,000,000 in April 2016.

As at 31 December 2017, consideration amount of RMB6,000,000 (31 December 2016: RMB16,500,000) remaining unpaid was included in the trade and other payables.

(d) The balance represents the payables relating to the acquisition of 20% equity interests of Shanghai Fengxiang by the Group.

24 Trade and other payables (continued)

The aging analysis of trade payables and notes payable, based on the invoice date or service rendered date are as follows:

	As at 31 December	
	2017	2016
	RMB'000	RMB'000
Less than 1 year	**3,144,079**	2,830,121
Between 1 and 2 years	**120,738**	87,060
Between 2 and 3 years	**30,917**	16,087
Over 3 years	**14,590**	17,762
	3,310,324	2,951,030

As at 31 December 2017 and 2016, the fair value of trade and other payables approximate their carrying amounts.

As at 31 December 2017 and 31 December 2016, the carrying amounts of trade and other payables are denominated in below currencies:

	As at 31 December	
	2017	2016
	RMB'000	RMB'000
RMB	**9,088,415**	8,446,752
USD	**111,398**	88,844
HKD	**7,111**	8,098
	9,206,924	8,543,694

25 Amounts due to non-controlling interests of subsidiaries

	As at 31 December	
	2017	2016
	RMB'000	RMB'000
Amounts due to non-controlling interests of subsidiaries	**635,839**	320,628

The balance as at 31 December 2017 includes amounts of RMB167,577,000 which were the outstanding principal and interest payable balance of shareholder's loan from Ningbo Yinzhou Jinbing Enterprise Management Co., Ltd., to Ningbo Jinghuang Property Co., Ltd., a subsidiary of the Group. The shareholder loans were unsecured and repayable on demand with annual interest rate of 6%.

The balance as at 31 December 2016 includes amounts of RMB172,058,000 and RMB18,478,000 which were the outstanding principal and interest payable balance of shareholders' loan from Shanghai Jiayu and Shenzhen Pingjia to Shanghai Xiaoyi, a subsidiary of the Group, respectively. The shareholders' loans were unsecured with annual interest rate of 9% and were fully repaid in 2017.

Except for the shareholder's loans lent by the non-controlling interests of Ningbo Jinghuang Property Co., Ltd., and Shanghai Xiaoyi as mentioned above, the funding from other non-controlling interests of certain subsidiaries for their operational purpose in property development are unsecured, non-interest bearing and repayable on demand.

26 Deferred income tax

	As at 31 December	
	2017	2016
	RMB'000	RMB'000
Deferred tax assets to be recovered		
– within 12 months	**150,997**	275,266
– after 12 months	**116,971**	36,052
	267,968	311,318
Deferred tax liabilities to be settled		
– within 12 months	**(339,419)**	(322,459)
– after 12 months	**(1,118,104)**	(567,156)
	(1,457,523)	(889,615)
Deferred tax liabilities, net	**(1,189,555)**	(578,297)

The gross movement on the deferred income tax account is as follows:

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
Opening balance	**(578,297)**	(86,373)
Addition arising from acquisition of LKN Investment (Note 42(e))	**(155,309)**	–
Addition arising from acquisition of Shanghai Zhaoliang (Note 42(d))	**(50,902)**	–
Addition arising from acquisition of Ningbo Jingrui (Note 42(c))	**(177)**	–
Addition arising from acquisition of Beijing Sanquan Apartments (Note 42(b))	**(466,812)**	–
Addition arising from acquisition of Hangzhou Xiaoying (Note 42(f))	**266**	–
Disposal of Hangzhou Xiaoying (Note 42(f))	**(266)**	–
Additions arising from acquisition of Hangzhou Jiaheng (Note 42(i))	**–**	(24,263)
Additions arising from acquisition of Modern Jump Limited (Note 42(k))	**–**	5,658
Addition arising from acquisition of Property Sky Limited (Note 42(j))	**–**	(321,732)
Disposal of partial interests in Ningbo Jingrui which became a joint venture (Note 10)	**–**	(36,375)
Disposal of Tianjin Jingxiu (Note 43(a))	**–**	738
Disposal of Shanghai Garden City	**–**	(1,892)
Charged to the consolidated income statement (Note 34)	**50,726**	(98,638)
Charged to other comprehensive income (Note 19)	**11,216**	(15,420)
Ending balance	**(1,189,555)**	(578,297)

26 Deferred income tax (continued)

As at 31 December 2017, deferred income tax assets and deferred income tax liabilities amounting to RMB43,476,000 (31 December 2016: RMB49,071,000) were offset.

The movement in deferred income tax assets and liabilities for both years ended 31 December 2017 and 2016 without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred income tax assets

	Tax losses RMB'000	Provision for impairment of properties held for sale and receivables RMB'000	Land appreciation tax RMB'000	Elimination of inter-company transactions RMB'000	Temporary difference on recognition of sales and cost of sales RMB'000	Accruals RMB'000	Total RMB'000
At 1 January 2017	**91,828**	**17,624**	**20,083**	**14,619**	**211,596**	**4,639**	**360,389**
Addition of acquisition of Ningbo Jingrui (Note 42(c))	**35,824**	**–**	**–**	**–**	**10,813**	**–**	**46,637**
Credited/(charged) to the consolidated income statement	**(31,429)**	**(8,585)**	**(7,806)**	**(1,753)**	**(51,554)**	**5,545**	**(95,582)**
At 31 December 2017	**96,223**	**9,039**	**12,277**	**12,866**	**170,855**	**10,184**	**311,444**
At 1 January 2016	94,831	93,301	13,510	16,903	147,169	2,783	368,497
Addition of acquisition of Hangzhou Jiaheng (Note 42(i))	–	45	–	–	8,756	–	8,801
Addition of acquisition of Modern Jump Limited (Note 42(k))	–	–	–	–	35,142	–	35,142
Disposal of Ningbo Jingrui (Note 10)	(36,375)	–	–	–	–	–	(36,375)
Disposal of Shanghai Garden City	–	(1,573)	–	–	–	(319)	(1,892)
Credited/(charged) to the consolidated income statement	33,372	(74,149)	6,573	(2,284)	20,529	2,175	(13,784)
At 31 December 2016	91,828	17,624	20,083	14,619	211,596	4,639	360,389

In accordance with the PRC laws and regulations, tax losses could be carried forward for a period of five years to offset against its future taxable profits. Deferred tax assets relating to unutilised tax losses are recognised to the extent that it is probable that sufficient taxable profit will be available to allow such deferred tax assets to be utilised.

The Group did not recognise deferred income tax assets of RMB365,719,000 (31 December 2016: RMB326,614,000) in respect of tax losses amounting to RMB1,462,876,000 (31 December 2016: RMB1,306,456,000) as at 31 December 2017. All these tax losses will expire within five years.

26 Deferred income tax (continued)

Deferred income tax liabilities

	Temporary difference on recognition of fair value gains on investment properties and available-for-sale financial assets RMB'000	Temporary difference on recognition of cost of sales and expenses RMB'000	Undistributed profits of PRC subsidiaries RMB'000	Re-measurement of the remaining interests in Shanghai Jingqi RMB'000	Acquisition of subsidiaries RMB'000	Total RMB'000
At 1 January 2017	**491,100**	**163,256**	**37,182**	**45,736**	**201,412**	**938,686**
Addition of acquisition of LKN Investment (Note 42(e))	**–**	**–**	**–**	**–**	**155,309**	**155,309**
Addition of acquisition of Shanghai Zhaoliang (Note 42(d))	**–**	**–**	**–**	**–**	**50,902**	**50,902**
Addition of acquisition of Ningbo Jingrui (Note 42(c))	**–**	**–**	**–**	**–**	**46,814**	**46,814**
Addition of acquisition of Beijing Sanquan Apartments (Note 42(b))	**–**	**–**	**–**	**–**	**466,812**	**466,812**
Charged to other comprehensive income (Note 19)	**(11,216)**	**–**	**–**	**–**	**–**	**(11,216)**
(Credited)/charged to the consolidated income statement	**(47,826)**	**27,063**	**–**	**–**	**(125,545)**	**(146,308)**
At 31 December 2017	**432,058**	**190,319**	**37,182**	**45,736**	**795,704**	**1,500,999**
At 1 January 2016	150,110	149,372	16,524	–	138,864	454,870
Additions arising from acquisition of Hangzhou Jiaheng (Note 42(i))	–	–	–	–	33,064	33,064
Addition of acquisition of Modern Jump Limited (Note 42(k))	–	–	–	–	29,484	29,484
Addition of acquisition of Property Sky Limited (Note 42(j))	301,074	–	20,658	–	–	321,732
Disposal of Tianjin Jingxiu (Note 43)	–	(738)	–	–	–	(738)
Charged to other comprehensive income (Note 19)	15,420	–	–	–	–	15,420
Charged to the consolidated income statement	24,496	14,622	–	45,736	–	84,854
At 31 December 2016	491,100	163,256	37,182	45,736	201,412	938,686

Deferred income tax arose as a result of differences in timing of recognition of certain revenues, costs and expenses between the tax based accounts and the financial statements prepared in accordance with HKFRSs. This constitutes temporary differences, being the differences between the carrying amounts of the assets or liabilities in the consolidated balance sheets and their tax bases, in accordance with HKAS 12.

27 Revenue

Turnover of the Group consists of the following revenue:

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
Revenue from sales of properties	**15,254,725**	14,737,396
Revenue from property management	**272,538**	164,905
Revenue from design and decoration of properties	**66,942**	69,181
Rental income	**57,789**	10,663
Others	**16,410**	69,132
	15,668,404	15,051,277

28 Other income

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
Government grants	**31,325**	12,587
Compensation income	**1,202**	6,662
Interest income on loans to joint ventures	**38,016**	24,416
Interest income on loans to a related party	**–**	3,664
Dividend from available-for-sale financial assets	**16,321**	21,368
Gains arising from acquisition of Hangzhou Jiaheng	**–**	2,549
Gains arising from acquisition of LKN Investment (a)	**187,255**	–
Gains arising from acquisition of Sanquan Apartments	**1,882**	–
Gains arising from acquisition of Changzhou Jingshang	**8,493**	–
Gains arising from acquisition of Shanghai Zhaoliang	**169**	–
Others	**5,993**	8,517
	290,656	79,763

note:

(a) On 31 May 2017, the Group entered into a share purchase agreement with a third party, HL Global Enterprises Limited, pursuant to which the Group agreed to purchase the entire equity interests of LKN Investment which indirectly owns investment properties located in Shanghai at a consideration of RMB395,000,000. Gains arising from negative goodwill of RMB187,255,000 was mainly attributable to the increase of the fair value of acquired investment properties upon the completion of the acquisition in November 2017.

29 Other gains – net

	Year ended 31 December 2017 RMB'000	2016 RMB'000
(Loss)/gain from disposal of shares in Tianjin Jingxiu (a)	(9,615)	557,096
Gain on re-measurement of the existing interests in Modern Jump Limited upon gain of its control	–	50,916
Gain on re-measurement of the existing interests in Ningbo Jingrui upon gain of its control	72,976	–
Gain from re-measurement of the existing interests in Changzhou Jingshang upon gain of its control	934	–
Gains from disposal of available-for-sale financial assets	–	3,559
Gain from disposal of shares in Shanghai Jiajing	–	358,712
Gain from disposal of shares in Shanghai Garden City Real Estate Development Co., Ltd.	–	15,384
Loss from disposal of partial shares in Ningbo Jingrui	–	(10,837)
Gain from disposal of partial shares in Shanghai Ruice	–	2,420
Gain from disposal of shares in Hangzhou Xiaoying upon lost of control	30,311	–
Gains from disposal of partial interests in certain other subsidiaries upon lost of control	3,022	–
Other losses in connection with acquisition of subsidiaries	–	(1,978)
(Losses)/gains from disposal of property, plant and equipment	(40)	157
Changes in fair values of derivative financial instruments	2,499	(229)
Compensation and late payment charges	(17,537)	(18,619)
Disposal gains of investment properties	56,269	–
Fair value gains upon transfer of properties held for sale to investment properties	–	8,700
Others	(2,768)	(958)
	136,051	964,323

note:

(a) In November 2016, the Group entered into a share transfer agreement with a third party, Hengda (Tianjin) Real Estate Group Co., Ltd., ("Hengda Tianjin") pursuant to which the Group disposed all its equity interests in Tianjin Jingxiu at a total consideration of RMB616,280,000. The transaction was completed in December 2016. The disposed gains of RMB557,096,000 were recognised as other gains for the year ended 31 December 2016. In 2017, the two parties entered into a supplementary agreement, according to which the two parties agreed to reduce the consideration by RMB9,615,000.

30 Expenses by nature

Expenses included in cost of sales, selling and marketing costs and administrative expenses are analysed as follows:

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
Cost of properties sold	**12,566,646**	13,458,291
Cost of property management	**144,606**	62,174
Cost of design and decoration of properties	**61,728**	70,808
Business tax and surcharges (a)	**224,987**	657,270
Accrual of provision for impairment of properties held or under development for sale	**55,697**	92,793
Depreciation of property, plant and equipment (Note 7)	**9,657**	12,181
Amortisation of intangible assets (Note 9)	**1,086**	945
Bank charges	**10,735**	7,584
Staff costs (Note 32)	**444,895**	405,823
Entertainment expenses	**21,703**	19,939
Stamp duty and other taxes	**33,021**	25,951
Professional fees	**184,384**	90,442
Auditors' remuneration		
– annual audit and interim review	**3,850**	3,630
– non-audit services	**1,152**	1,847
Sales commission	**22,524**	61,777
Advertising and publicity costs	**116,277**	120,335
Office and meeting expenses	**38,305**	31,049
Rental expenses	**21,151**	14,706
Travelling expenses	**19,200**	14,963
Accrual/(reversal) of provision for impairment of receivables (Note 16)	**8,238**	(2,642)
Goodwill impairment on Property Sky Limited holding an investment property	**6,690**	–
Other expenses	**125,346**	108,820
Total cost of sales, selling and marketing costs and administrative expenses	**14,121,878**	15,258,686

note:

(a) Before 1 May 2016, the PRC companies of the Group are subject to business tax and surcharges. Business tax is levied at 5% of revenue from sale of properties and rental income, while surcharges are 4% to 12% of business tax. Since 1 May 2016, the PRC companies of the Group are subject to value added tax and surcharges.

31 Finance costs – net

	Year ended 31 December 2017 RMB'000	2016 RMB'000
Finance income		
– Interest income on bank deposits	**59,630**	46,124
Finance costs		
– Interest on bank loans, senior notes, trust financing arrangements and corporate bonds	**(1,113,895)**	(1,253,709)
– Net foreign exchange gains/(losses) on financing activities	**143,388**	(83,112)
– Changes in discounted present value of financial liabilities for put option written on non-controlling interests (Note 23)	**(1,332)**	(799)
– Loss from early redemption of Senior Notes 2019	**(53,822)**	–
– Less: Amount capitalised	**855,329**	1,194,783
	(170,332)	(142,837)
Net finance costs	**(110,702)**	(96,713)

32 Staff costs (including directors' emoluments)

	Year ended 31 December 2017 RMB'000	2016 RMB'000
Wages and salaries	**382,720**	354,479
Pension	**16,379**	15,081
Other welfare benefit expenses	**37,157**	31,895
Share award scheme (Note 35)	**8,639**	4,368
	444,895	405,823

33 Benefits and interests of directors

(a) Directors' and chief executive's emoluments

The remuneration of each director and the chief executive is set out below:

Name of director	Fees RMB'000	Salaries and other allowances RMB'000	Discretionary bonus RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Share award scheme RMB'000	Total RMB'000
Year ended 31 December 2017:						
Chen Xin Ge (陳新戈)(ii)	–	–	–	–	–	–
Yan Hao (閆浩)(i)(ii)	–	1,588	1,370	90	–	3,048
Yang Tie Jun (楊鐵軍)(ii)	–	3,071	1,576	89	–	4,736
Xu Chao Hui (許朝輝)(ii)	–	1,936	772	89	77	2,874
Qian Shi Zheng (錢世政)(iii)	267	–	–	–	–	267
Han Jiong (韓炯)(iii)	267	–	–	–	–	267
Lo Wing Yan (盧永仁)(iii)	267	–	–	–	–	267
	801	6,595	3,718	268	77	11,459
Year ended 31 December 2016:						
Chen Xin Ge (陳新戈)(ii)	–	–	–	–	–	–
Yan Hao (閆浩)(i)(ii)	–	1,445	–	88	–	1,533
Yang Tie Jun (楊鐵軍)(ii)	–	2,734	–	88	223	3,045
Xu Chao Hui (許朝輝)(ii)	–	2,021	–	80	180	2,281
Qian Shi Zheng (錢世政)(iii)	275	–	–	–	–	275
Han Jiong (韓炯)(iii)	275	–	–	–	–	275
Lo Wing Yan (盧永仁)(iii)	275	–	–	–	–	275
	825	6,200	–	256	403	7,684

notes:

(i) The chief executive of the Company is Yan Hao, who is also one of the executive directors of the Company.

(ii) These four executive directors of the Company were appointed in October 2013. Mr. Yang Tie Jun resigned as executive director of the Company with effect from 12 February 2018.

(iii) Han Jiong (韓炯), Qian Shi Zheng (錢世政) and Lo Wing Yan (盧永仁) were appointed as independent non-executive directors of the Company in October 2013.

33 Benefits and interests of directors (continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2017 include three (2016: three) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two (2016: two) individuals are as follows:

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
Basic salaries, housing allowances, other allowances, share award and benefits in kind	3,434	3,351
Bonuses	1,622	403
	5,056	3,754

The emoluments fell within the following bands:

	Number of individuals	
	2017	2016
Emoluments bands (in Hong Kong dollar)		
HKD1,000,000 and below	–	–
HKD1,000,001 – HKD1,500,000	–	1
HKD1,500,001 – HKD2,000,000	–	–
HKD2,000,001 – HKD2,500,000	1	–
HKD2,500,001 – HKD3,000,000	–	1
HKD3,000,001 – HKD3,500,000	–	–
HKD3,500,001 – HKD4,000,000	1	–

(c) During the year ended 31 December 2017, no retirement benefits operated by the Group were paid or made, directly or indirectly, to or receivable by a director in respect of his services as a director or other services in connection with the management of the affairs of the Company or its subsidiaries (2016: Nil).

During the year ended 31 December 2017, no payments or benefits in respect of termination of director's services were paid or made, directly or indirectly, to or receivable by a director; nor are any payable (2016: Nil).

During the year ended 31 December 2017, no consideration was provided to or receivable by third parties for making available director's services (2016: Nil).

33 Benefits and interests of directors (continued)

(d) During the year ended 31 December 2016, the Group provided loans to Beyond Wisdom Limited, a company wholly owned by Yan Hao with an aggregate amount of RMB49,723,840 with an annual interest rate of 13.5% (Note 44). As at 31 December 2016, all the loan principal and interest have been repaid by Beyond Wisdom Limited to the Group.

Except as disclosed above, no loans, quasi-loans and other dealings were made available in favour of directors, bodies corporate controlled by and entities connected with directors subsisted at the end of the year or at any time during the year ended 31 December 2017 and 2016.

(e) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the company's subsidiaries, fellow subsidiaries or its parent company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the years ended 31 December 2017.

During the year ended 31 December 2015, USD21,000,000 of senior notes due 2018 were subscribed by Beyond Wisdom Limited, a company wholly owned subsidiary owned by Yan Hao which were fully sold out by Yan Hao during the year ended 31 December 2016.

34 Income tax expense

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
Current income tax		
– PRC land appreciation tax	**508,935**	280,322
– PRC corporate income tax	**458,189**	242,661
	967,124	522,983
Deferred income tax (Note 26)	**(50,726)**	98,638
Total income tax charged for the year	**916,398**	621,621

34 Income tax expense (continued)

The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the enacted tax rate of the home country of the companies within the Group as follows:

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
Profit before income tax	**1,820,330**	785,045
PRC land appreciation tax	**(508,935)**	(280,322)
	1,311,395	504,723
Income tax calculated at statutory rate of 25%	**327,849**	126,181
Effect of expenses not deductible for income tax purposes	**130,361**	110,590
Share of results of joint ventures and associates	**19,541**	8,994
Income not subject to tax	**(69,842)**	(55,975)
Utilisation of previously unrecognised tax losses	**(94,391)**	(38,983)
Tax losses and temporary differences not recognised as deferred tax assets	**133,496**	185,918
PRC land appreciation tax and other tax on change in fair value of investment properties	**(52,113)**	6,099
PRC Land appreciation tax deductible for calculation of income tax purpose	**12,562**	(1,525)
PRC land appreciation tax	**508,935**	280,322
Total income tax expense	**916,398**	621,621

PRC corporate income tax

Under the Corporate Income Tax Law of the PRC (the "CIT Law"), the CIT rate applicable to the Group's subsidiaries located in the PRC from 1 January 2008 is 25%.

The CIT Law and its implementation rules impose a withholding tax at 10% for dividends distributed by a PRC-resident enterprise to its immediate holding company outside PRC for earnings generated beginning 1 January 2008 and undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax. A lower 5% withholding tax rate may be applied when the immediate holding companies are established in Hong Kong according to the tax treaty arrangement between the PRC and Hong Kong. The directors of the Company had confirmed that retained earnings of the Group's PRC subsidiaries as at 30 June 2013 will not be distributed in the foreseeable future. No PRC withholding income tax was accrued for the year ended 31 December 2017 (2016: Nil). The Group controls the dividend policies of these subsidiaries and it has been determined that the remaining earnings will not be distributed in the foreseeable future.

As at 31 December 2017, the Group did not recognise deferred income tax for PRC withholding income tax with amount of RMB202,635,000 (31 December 2016: RMB100,651,000) on the remaining unremitted distributable profits generated by its PRC subsidiaries attributable to the investors outside the PRC with amount of RMB2,026,353,000 (31 December 2016: RMB1,006,509,000).

34 Income tax expense (continued)

Land appreciation tax

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including lease charges for land use rights and all property development expenditures, and is included in the consolidated income statement as income tax expense.

35 Share-based payments

Pursuant to a Board meeting resolution and a shareholders' resolution dated 6 October 2013, the Company adopted a Pre-IPO share award scheme. Pursuant to the Pre-IPO share award scheme, a total number of 24,034,476 shares was subsequently granted to selected employees on 25 December 2013. Subject to certain vesting conditions including successful listing of the Company on the Stock Exchange before 31 October 2013, the employee being still on service at the end of each vesting period and the required performance rating of the employee before the vesting dates, the granted shares can be vested in four tranches on 1 January 2014, 2015, 2016 and 2017, respectively.

The fair value of the shares granted under the Pre-IPO share award scheme as at 25 December 2013, the grant date, was HKD97,820,000 (equivalent to RMB77,151,000) and was determined by reference to the market price of HKD4.07 (equivalent to RMB3.21) per share on the grant date.

On 30 September 2014, additional 4,087,888 shares under the Pre-IPO share award scheme were granted to selected employees, which can be vested in three tranches on 1 January 2015, 2016 and 2017, respectively. The fair value of these shares as at 30 September 2014, the grant date, was HKD14,103,000 (equivalent to RMB11,177,000), which was determined by reference to the market price of HKD3.45 (equivalent to RMB2.73) per share on the grant date.

As the last tranche of granted shares has been vested on 1 January 2017, the Pre-IPO share award scheme was completed on 1 January 2017. The Group recognised an expenses of RMB4,368,000 for the year ended 31 December 2016 in relation to the shares awarded by the Company to the current employees for the employees' service provided.

The Company's board approved and adopted the Share Award Scheme on 29 November 2017 (the "New Share Scheme"). Pursuant to the New Share Scheme, subject to certain vesting conditions, the shares can be vested in tranches on 1 January 2018, 2019, 2020 respectively. As the Group has received the services provided by the employees before the grant date, an expenses of RMB8,639,000 was recognised for the year ended 31 December 2017 in relation to the employees' service provided.

36 Earnings per share

(a) Basic earnings per share

Basic earnings per share for the years ended 31 December 2017 and 2016 are calculated by dividing the Group's profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December	
	2017	2016
Group's profit attributable to equity holders of the Company (RMB'000)	**805,761**	106,295
Weighted average number of shares in issue (in thousand)	**1,291,302**	1,291,302
Basic earnings per share (RMB)	**0.62**	0.08

(b) Diluted earnings per share

	Year ended 31 December	
	2017	2016
Group's profit attributable to equity holders of the Company (RMB'000)	**805,761**	106,295
Weighted average number of shares in issue (in thousand)	**1,291,302**	1,291,302
Effect of dilutive potential ordinary shares in respect of share award scheme (in thousand)	**4,431**	N/A
Weighted average number of ordinary shares for diluted earnings per share (in thousand)	**1,295,733**	1,291,302
Diluted earnings per share (RMB)	**0.62**	0.08

For the year ended 31 December 2016, diluted earnings per share was equal to basic earnings per share as there were no shares with a dilutive impact outstanding.

37 Dividends

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
Proposed final dividend of HKD25 cents (2016: Nil) per ordinary share (a)	**258,260**	–

notes:

(a) At a board meeting held on 15 March 2018, the directors proposed a final dividend for the year ended 31 December 2017 of HKD25 cents per ordinary share using the share premium account. This proposed dividend is not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of share premium for the year ending 31 December 2018 upon approval by the shareholders at the forthcoming annual general meeting of the Company (2016: Nil).

(b) The final dividend in respect of the year ended 31 December 2014 of RMB6 cents per ordinary share using the share premium account, amounting to approximately RMB77,478,000 was approved at the annual general meeting of the Company held on 11 May 2015. Such dividend not yet paid out by the Company as at 31 December 2016 and 31 December 2017 was RMB1,379,000, which was included in dividend payable (Note 24).

38 Notes to the consolidated cash flow statement

(a) Net cash generated from operations:

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
Profit before income tax	**1,820,330**	785,045
Adjustments for:		
– Depreciation (Note 30)	**9,657**	12,181
– Amortisation (Note 30)	**1,086**	945
– Losses/(gains) on disposals of property, plant and equipment (Note 29)	**40**	(157)
– Losses on disposals of intangible assets	**60**	–
– Accrual/(reversal) of provision for impairment of receivables (Note 30)	**8,238**	(2,642)
– Loss/(gains) on disposal of subsidiaries (Note 29)	**9,615**	(931,192)
– Loss on partial disposal of Ningbo Jingrui (Note 29)	**–**	10,837
– Gain on partial disposal of Shanghai Ruice (Note 29)	**–**	(2,420)
– Other losses on acquisition of subsidiaries (Note 29)	**–**	1,978
– Gain on re-measurement of the existing interests in Modern Jump Limited upon gain of its control (Note 29)	**–**	(50,916)
– Gain on re-measurement of the existing interests in Ningbo Jingrui upon gain of its control (Note 29)	**(72,976)**	–
– Gain from re-measurement of the existing interests in Changzhou Jingshang upon gain of its control (Note 29)	**(934)**	–
– Accrual of provision for impairment of properties held for sale (Note 30)	**55,697**	92,793
– Fair value gains on investment properties (Note 8)	**(35,964)**	(81,059)
– Share of results of joint ventures (Note 10)	**70,164**	35,978
– Share of results of associates (Note 11)	**8,001**	–
– Foreign exchange (gains)/losses (Note 31)	**(143,388)**	83,112
– Unrealised profit in connection with the sales from the Group to a joint venture (Note 10)	**399**	(939)
– Interest income on loans to joint ventures (Note 28)	**(38,016)**	(24,416)
– Interest income on loans to a related party (Note 28)	**–**	(3,664)
– Finance costs (Note 31)	**259,898**	59,725
– Finance income (Note 31)	**(59,630)**	(46,124)
– Loss from early redemption of senior notes (Note 31)	**53,822**	–
– Negative goodwill arising from acquisitions (Note 28)	**(197,799)**	(2,549)
– Share award scheme (Note 35)	**8,639**	4,368
– Dividend from available-for-sale financial assets (Note 28)	**(16,321)**	(21,368)
– Contribution from controlling shareholders of subsidiaries to non-controlling interests	**–**	5,600
– Fair value gains upon transfer of properties held for sale to investment properties (Note 29)	**–**	(8,700)
– Gains on disposal of available-for-sale financial assets (Note 29)	**–**	(3,559)
– Changes in fair value of derivative financial instruments (Note 29)	**(2,499)**	229
– Goodwill impairment	**6,690**	–
– Gains from disposal of investment properties	**(56,269)**	–
Changes in working capital		
– Restricted cash relating to operating activities	**220,790**	(364,174)
– Prepayments for leasehold land	**(563,087)**	(348,089)
– Properties held or under development for sales (excluding capitalised interest)	**6,410,463**	4,623,181
– Trade and other receivables and prepayments	**809,894**	(552,417)
– Advances from pre-sale of properties	**(4,166,384)**	(1,053,609)
– Trade and other payables	**400,432**	1,166,333
– Increase in amount due from related parties	**(720,040)**	(1,576,454)
– (Decrease)/increase in amounts due to related parties	**(390,861)**	954,052
– Right to acquire the land use rights	**(573,898)**	–
Net cash generated from operations	**3,115,849**	2,761,909

38 Notes to the consolidated cash flow statement (continued)

(b) Major non-cash transaction:

One subsidiary of the Group declared dividends of RMB15,821,000 during the year ended 31 December 2016 to its non-controlling interests. Dividend payable of RMB13,000,000 was settled by netting off with the amounts due from non-controlling interests of the subsidiary during the year ended 31 December 2016.

(c) Proceeds from disposal of property, plant and equipment

In the consolidated cash flow statement, proceeds from disposal of property, plant and equipment comprise:

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
Net book value (Note 7)	**1,857**	756
(Losses)/gains on disposals of property, plant and equipment (Note 29)	**(40)**	157
Proceeds from disposal of property, plant and equipment	**1,817**	913

(d) Cash flow movement arising from financial activities

This section sets out an analysis of movements in cash flow arising from financing activities for each of the periods presented.

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
Borrowings due within 1 year	**4,805,080**	3,960,341
Borrowings due after 1 year	**9,309,683**	9,261,009
Finance leases	**4,251**	4,107
Amounts due to related parties	**2,201,500**	3,517,300
Amounts due to non-controlling interests of subsidiaries	**635,839**	320,628
	16,956,353	17,063,385

38 Notes to the consolidated cash flow statement (continued)

(d) Cash flow movement arising from financial activities (continued)

	Liabilities from financing activities					
	Borrowings due within 1 year RMB'000	Borrowings due after 1 year RMB'000	Finance leases RMB'000	Amounts due to related parties RMB'000	Amounts due to non-controlling interests of subsidiaries RMB'000	Total RMB'000
Balance as at 31 December 2016	3,960,341	9,261,009	4,107	3,517,300	320,628	17,063,385
Net cash flows	682,094	118,303	–	(1,315,800)	315,211	(200,192)
Acquisitions of subsidiaries	217,400	30,000	–	–	–	247,400
Foreign exchange movements	(56,971)	(170,821)	–	–	–	(227,792)
Other non-cash movements	2,216	17,370	144	–	–	19,730
Loss from early redemption of senior notes	–	53,822	–	–	–	53,822
Balance as at 31 December 2017	4,805,080	9,309,683	4,251	2,201,500	635,839	16,956,353

39 Commitments

(a) Property development expenditure commitments

Property development expenditure committed at each balance sheet date but not yet incurred is as follows:

	As at 31 December	
	2017 **RMB'000**	2016 RMB'000
Land use rights	**564,814**	–
Other property development expenditure	**1,874,482**	2,211,905
	2,439,296	2,211,905

39 Commitments (continued)

(b) Operating lease commitments

The future aggregated minimum rental expenses at the balance sheet date in respect of certain office buildings held under non-cancellable operating leases are payable in the following periods:

	As at 31 December	
	2017	2016
	RMB'000	RMB'000
Within 1 year	**23,721**	9,992
1 to 5 years	**112,909**	6,119
Over 5 years	**145,974**	–
	282,604	16,111

(c) Investment commitments

As at 31 December 2017 and 2016, committed investments are as follows:

	As at 31 December	
	2017	2016
	RMB'000	RMB'000
Committed investments in associates	**34,811**	–
Committed for the selling rights of certain completed properties for sale	**539,520**	–
Committed investments in available-for-sale financial assets	**9,000**	31,500
	583,331	31,500

(d) Operating lease rental receivables

As at 31 December 2017 and 2016, the future aggregate minimum rental receipts under non-cancellable operating lease in respect of certain buildings are receivable in the following periods:

	As at 31 December	
	2017	2016
	RMB'000	RMB'000
Within 1 year	**51,977**	9,255
1 to 5 years	**170,664**	20,112
After 5 years	**220,846**	8,629
	443,487	37,996

40 Financial guarantees and contingent liabilities

(a) Guarantees on mortgage facilities

The Group had the following contingent liabilities in respect of financial guarantees on mortgage facilities at each balance sheet date:

	As at 31 December	
	2017	2016
	RMB'000	RMB'000
Guarantees in respect of mortgage facilities for certain purchasers of the Group's properties	**4,649,454**	14,273,498

The Group has arranged bank financing for certain purchasers of the Group's properties and provided guarantees to secure obligations of such purchaser for repayments. Such guarantees will terminate upon the earlier of (i) the transfer of the real estate ownership certificate to the purchaser, or (ii) the satisfaction of mortgage loans by the purchasers of the properties.

Pursuant to the terms of the guarantees, upon default of mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principal together with accrued interest owed by the defaulting purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the date of grant of mortgage. The directors consider that the likelihood of default of payments by the purchasers is minimal and therefore the financial guarantee measured at fair value is immaterial.

(b) Guarantees provided to joint ventures

As at 31 December 2017, the Group provided guarantee for the bank borrowings of RMB450,000,000 of Changshu Zhicheng with the guarantee period starting from 31 October 2017 to 30 October 2020.

As at 31 December 2017, the Group provided guarantee for the bank borrowings of RMB550,000,000 of Hangzhou Xiaoying with the guarantee period starting from 31 October 2017 to 30 September 2020.

41 Changes in ownership interests in subsidiaries without change of control

Acquisition of additional interest in subsidiaries

In 2017, the Group acquired additional equity interest of certain subsidiaries from the relevant non-controlling interests for a total cash consideration of RMB621,728,000 (2016: RMB503,580,000). During 2017 and 2016, major acquisition of additional interests in subsidiaries are as follows:

(a) In May 2017, the Group acquired an additional of 20% equity interests of its subsidiary of Shanghai Fengxiang at a consideration of RMB319,082,000. The excess of RMB178,588,000 over the carrying amount of the non-controlling interests of RMB140,494,000 was recognised in equity attributable to equity holders of the Company.

(b) In December 2016, Jingrui Properties (Group) Co., Ltd., an indirectly wholly owned subsidiary of the Group signed a supplementary agreement with a third party, Kunshan Harbour City Co., Limited, the non-controlling interests of Ningbo Jingrui to acquire the remaining 17.80% equity interests in Ningbo Jingrui at a consideration of RMB208,168,000. Completion of the share purchase agreement took place on 11 July 2017 and Ningbo Jingrui became a wholly owned subsidiary of the Group since then. The excess of RMB11,106,000 over the carrying amount of the non-controlling interests of RMB197,062,000 and the consideration was recognised in equity attributable to equity holders of the Company.

(c) In December 2016, the Group acquired an additional of 34.43% equity interests of its subsidiary Shanghai Jiaguan Investment Co., Ltd. ("Shanghai Jiaguan") at a consideration of RMB503,580,000. The difference of RMB237,204,000 between the carrying amount of the non-controlling interests of RMB266,376,000 and the consideration paid was recognised in equity attributable to equity holders of the Company. Shanghai Jiaguan effectively owns 100% interests in Shanghai Fengxiang after the acquisition.

The following table summarises the carrying amount of non-controlling interests acquired, considerations need to be paid to non-controlling interests and excess of consideration paid recognised within equity of these subsidiaries at the acquisition date.

	2017	2016
	RMB'000	RMB'000
Carrying amount of non-controlling interests acquired	**431,217**	266,377
Consideration need be paid to non-controlling interests	**(621,728)**	(503,580)
Excess of consideration paid recognised within equity	**190,511**	237,203

41 Changes in ownership interests in subsidiaries without change of control (continued)

Disposal of interests in subsidiaries without loss of control

In 2017, the Group disposed of certain equity interests of certain subsidiaries for a total consideration of RMB30,000 (2016: RMB80,000).

The following table summarises the carrying amount of disposal to non-controlling interests, considerations received from non-controlling interests and gain on disposal recognised within equity of these subsidiaries at the disposal date.

	Year ended December 31	
	2017	2016
	RMB'000	RMB'000
Carrying amount of disposal to non-controlling interests	**1,317**	2
Consideration received from non-controlling interests	**30**	80
Gain on disposal recognised within equity	**1,347**	82

Deemed disposal of interests in subsidiaries without loss of control

In 2016, certain third parties injected capital contribution of RMB76,050,000 to certain subsidiaries which have an effective dilution of the Group's interests in certain subsidiaries.

The following table summarises the carrying amount of non-controlling interests disposed of, considerations received from non-controlling interests and gain on disposal recognised within equity of these subsidiaries at the deemed disposal date.

	Year ended December 31	
	2017	2016
	RMB'000	RMB'000
Carrying amount of non-controlling interests disposed of	**–**	(72,170)
Consideration received from non-controlling interests	**–**	76,050
Gain on disposal recognised within equity	**–**	3,880

Aggregate effects of all above transactions with non-controlling interests on the equity attributable to owners of the Company for the year ended 31 December 2017 and 2016

	Year ended December 31	
	2017	2016
	RMB'000	RMB'000
Excess of consideration paid recognised within equity	**(190,511)**	(237,203)
Gain on disposal recognised within equity for equity attributable to equity holders for the Company	**1,347**	3,962
Net effects for transactions with non-controlling interests on equity attributable to equity holders for the Company	**(189,164)**	(233,241)

42 Business combinations and assets acquisitions

Acquisitions during 2017

(a) In April 2017, the Group entered into a share purchase agreement with a third party, Trump Castle Investment Inc, pursuant to which the Group agreed to acquire all the equity interests of Talent Treasury Limited, which held 49% equity interests of Changzhou Jingshang, a joint venture of the Group, at a consideration of RMB1. The Group also agreed to assume the shareholder's loan of RMB153,140,599 owing by Talent Treasury Limited to Trump Castle Investment Inc.

The following table summarises the consideration paid for Talent Treasury Limited, the fair value of assets acquired and liabilities assumed at the acquisition date of 28 April 2017.

	RMB'000
Consideration in cash	
– Amount paid	153,141
– Fair value of the original 51% equity interests in Changzhou Jingshang	168,231
	321,372
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	6,933
Trade and other receivables and prepayments	164,036
Properties held or under development for sale	596,162
Prepaid income taxes	4,743
Property, plant and equipment (Note 7)	63
Trade and other payables	(242,440)
Current income tax liabilities	(1,221)
Advanced proceeds received from customers	(198,411)
Total identifiable net assets	329,865
Gain on bargain purchase (Note 28)	(8,493)
	321,372
Acquisition-related costs (included in administrative expenses in the consolidated income statement for the year ended 31 December 2017)	283

The acquired business contributed revenue of RMB216,335,046 and net profit of RMB35,481,324 to the Group for the period from 28 April 2017 to 31 December 2017. Had Talent Treasury Limited been consolidated on 1 January 2017, the pro-forma revenue included in the consolidated income statement contributed by Talent Treasury Limited would be RMB451,438,567, and Talent Treasury Limited also would contribute pro-forma net loss of RMB28,727,529.

42 Business combinations and assets acquisitions (continued)

Acquisitions during 2017 (continued)

(b) In February 2017, the Group entered a share purchase agreement with a third party to acquire 100% equity interests of 58 special purpose vehicles which hold 60 apartments of San Quan Apartments located in Beijing with a consideration of RMB642,500,000. Meanwhile the Group entered property purchase agreements to acquire the other 120 apartments, car parks and club house of San Quan Apartments at a consideration of RMB629,790,000 (excluding value-added tax and including other taxes). The acquisitions were gradually completed. Upon final completion date of 15 September 2017, all legal titles of 58 special purpose vehicles and 120 apartments, car parks and club house have been transferred to the Group.

The following table summarises the consideration paid for the acquisition, the fair value of assets acquired and liabilities assumed at the final completion date of 15 September 2017.

	RMB'000
Consideration in cash	
– Amount paid	1,208,621
– Amount not yet paid as at 31 December 2017 (Note 24)	63,669
	1,272,290
Recognised amounts of identifiable assets acquired and liabilities assumed	
Investment properties	1,740,984
Deferred tax liabilities (Note 26)	(466,812)
Total identifiable net assets	1,274,172
Gain on bargain purchase (Note 28)	(1,882)
	1,272,290
Acquisition-related costs (included in administrative expenses in the consolidated income statement for the year ended 31 December 2017)	63,795

The acquired business contributed revenue of RMB12,608,325 and net loss of RMB17,825,679 to the Group for the period from 15 September 2017 to 31 December 2017. Had San Quan Apartments been consolidated on 1 January 2017, the pro-forma revenue included in the consolidated income statement contributed by San Quan Apartments would be RMB33,221,992, and the pro-forma net loss contributed by San Quan Apartments would be RMB46,969,330.

42 Business combinations and assets acquisitions (continued)

Acquisitions during 2017 (continued)

(c) In June 2017, the Group entered into a share purchase agreement with a third party, Century Bridge China Real Estate Fund II, L.P., pursuant to which the Group agreed to acquire all the equity interests of Tran Star Venture Limited, which held 17.8% equity interests of Ningbo Jingrui, a joint venture of the Group, at a consideration of RMB27,793,000. The Group also agreed to assume the shareholder's loan of USD11,468,000 owing by Tran Star Venture Limited to Century Bridge China Real Estate Fund II, L.P.,. The total consideration is RMB105,869,000. The goodwill of RMB5,747,000 arising from the acquisition of Tran Star Venture Limited is attributable to acquired unsold properties under development in Ningbo Jingrui, which became a non-wholly owned subsidiary of the Group upon the purchase. The directors of the Group consider that no impairment charge was required after performing the impairment assessment.

The following table summarises the consideration paid for Tran Star Venture Limited, the fair value of assets acquired and liabilities assumed at the acquisition date of 2 June 2017.

	RMB'000
Consideration in cash	
– Amount paid	105,869
– Fair value of the original 47.2% equity interests in Ningbo Jingrui	277,581
	383,450
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	38,131
Trade and other receivables and prepayments	1,468,961
Properties held or under development for sale	828,317
Prepaid income taxes	17,571
Property, plant and equipment (Note 7)	191
Deferred tax assets (Note 26)	46,637
Trade and other payables	(930,936)
Current income tax liabilities	(1,192)
Advanced proceeds received from customers	(677,298)
Deferred tax liabilities (Note 26)	(46,814)
Borrowings	(169,000)
Total identifiable net assets	574,568
Non-controlling interests	(196,865)
Goodwill (Note 9)	5,747
	383,450
Acquisition-related costs (included in administrative expenses in the consolidated income statement for the year ended 31 December 2017)	50

The acquired business contributed revenue of RMB18,777,970 and net profit of RMB15,126,991 to the Group for the period from 2 June 2017 to 31 December 2017. Had Tran Star Venture Limited been consolidated on 1 January 2017, the pro-forma revenue included in the consolidated income statement contributed by Tran Star Venture Limited would be RMB19,030,068, and Tran Star Venture Limited also would contribute pro-forma net loss of RMB886,876.

42 Business combinations and assets acquisitions (continued)

Acquisitions during 2017 (continued)

(d) In June 2017, the Group entered into a share purchase agreement with two third party individuals, pursuant to which the Group agreed to purchase the entire equity interests of Shanghai Zhaoliang Advertising Co., Ltd. ("Shanghai Zhaoliang") which owns investment properties located in Shanghai, the PRC, at a consideration of RMB167,000,000. The Group also agreed to assume the outstanding liabilities of RMB53,000,000 owned by Shanghai Zhaoliang to the original shareholders.

The following table summarises the consideration paid for Shanghai Zhaoliang, the fair value of assets acquired and liabilities assumed at the acquisition date of 6 July 2017.

	RMB'000
Consideration in cash	
– Amount paid	220,000
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	2,690
Trade and other receivables and prepayments	1,807
Investment properties	347,635
Borrowings	(78,400)
Trade and other payables	(2,545)
Current income tax liabilities	(116)
Deferred tax liabilities (Note 26)	(50,902)
Total identifiable net assets	220,169
Gain on bargain purchase (Note 28)	(169)
	220,000
Acquisition-related costs (included in administrative expenses in the consolidated income statement for the year ended 31 December 2017)	253

The acquired business contributed revenue of RMB5,803,655 and net loss of RMB3,115,879 to the Group for the period from 6 July 2017 to 31 December 2017. Had Shanghai Zhaoliang been consolidated on 1 January 2017, the pro-forma revenue included in the consolidated income statement contributed by Shanghai Zhaoliang would be RMB13,612,719, and Shanghai Zhaoliang also would contribute pro-forma net loss of RMB5,120,039.

42 Business combinations and assets acquisitions (continued)

Acquisitions during 2017 (continued)

(e) On 31 May 2017, the Group entered into a share purchase agreement with a third party, HL Global Enterprises Limited, pursuant to which the Group agreed to purchase the entire equity interests of LKN Investment which indirectly owns investment properties located in Shanghai, the PRC, at a consideration of RMB395,000,000. A gain of RMB187,255,000 arose from the acquisition, which was mainly attributable to the increase of the fair value of acquired investment properties upon the completion of the acquisition in November 2017.

The following table summarises the consideration paid for LKN Investment, the fair value of assets acquired and liabilities assumed at the acquisition date of 22 November 2017.

	RMB'000
Consideration in cash	
– Amount paid	385,180
– Amount not yet paid as at 31 December 2017 (Note 24)	9,820
	395,000
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	29,414
Trade and other receivables and prepayments	466
Investment properties	708,000
Prepaid income taxes	507
Property, plant and equipment (Note 7)	2,539
Trade and other payables	(3,308)
Advanced proceeds received from customers	(54)
Deferred tax liabilities (Note 26)	(155,309)
Total identifiable net assets	582,255
Gain on bargain purchase (Note 28)	(187,255)
	395,000
Acquisition-related costs (included in administrative expenses in the consolidated income statement for the year ended 31 December 2017)	9,520

The acquired business contributed revenue of RMB1,047,876 and net loss of RMB4,695,971 to the Group for the period from 22 November 2017 to 31 December 2017. Had LKN Investment been consolidated on 1 January 2017, the pro-forma revenue included in the consolidated income statement contributed by LKN Investment would be RMB17,851,496, and LKN Investment would also contributed pro-forma net loss of RMB2,660,537.

42 Business combinations and assets acquisitions (continued)

Acquisitions during 2017 (continued)

(f) In May 2017, the Group entered into a purchase agreement with a third party, Meihao Group Co., Ltd. ("Hangzhou Meihao"), pursuant to which Hangzhou Meihao transferred 65% equity interests of Hangzhou Xiaoying Property Development Co., Ltd. ("Hangzhou Xiaoying") to the Group at a total consideration of RMB725,654,171. After the completion of the transaction, Hangzhou Xiaoying became a non-wholly owned subsidiary of the Group. The transaction was regarded as asset acquisition which was completed in June 2017.

In July 2017, the Group acquired the remaining 35% equity interests in Hangzhou Xiaoying from the non-controlling interests at a consideration of RMB390,738,400 comprising consideration of RMB93,220,000 for 35% equity interests of Hangzhou Xiaoying and consideration of RMB297,518,400 for purchase of the loan from shareholder with the accrued interest at book value. After the completion of the transaction, Hangzhou Xiaoying became a wholly owned subsidiary of the Group.

In September 2017, the Group entered into an equity interests transfer agreement with a third party, Hangzhou Tengshun Real Estate Development Co., Ltd., ("Hangzhou Tengshun"), pursuant to which the Group agreed to sell 50% equity interests and shareholder's loan in Hangzhou Xiaoying to Hangzhou Tengshun at a total consideration of RMB578,696,286 (Note 10).

(g) In May 2017, the Group entered into a purchase agreement with a third party, pursuant to which the third party transferred 100% equity interests of Shanghai Shengxin Property Co., Ltd. to the Group at a total consideration of RMB102,000,000. The transaction was regarded as asset acquisition which was completed in May 2017.

(h) In September 2017, the Group entered into a cooperation agreement with two third parties, Wuhan Xinfeilun Property Development Co., Ltd. ("Wuhan Xinfeilun") and Wuhan Tongbang Mechanical and Electrical Equipment Co., Ltd. ("Wuhan Tongbang"), pursuant to which the two parties agreed to transfer a total of 40% equity interests in Wuhan Jiayuan to the Group. The transaction was completed in October 2017, and was regarded as asset acquisition. As Wuhan Jiayuan has not obtained the land certificate, the excess of purchase cost over carrying amount of net assets of Wuhan Jiayuan of RMB1,434,745,000 was recorded as the right to acquire the land use rights.

42 Business combinations and assets acquisitions (continued)

Acquisitions during 2016

(i) In April 2016, the Group acquired 100% equity interests of Hangzhou Jiaheng for a total consideration of RMB296,000,000.

The following table summarises the consideration paid for Hangzhou Jiaheng, the fair value of assets acquired and liabilities assumed at the acquisition date of 25 April 2016.

	RMB'000
Consideration in cash	
– Amount paid	279,500
– Amount not yet paid as at 31 December 2016 (Note 24(c))	16,500
	296,000
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	169,121
Property, plant and equipment (Note 7)	384
Properties held or under development for sale	910,299
Trade and other receivables and prepayments	171,274
Prepaid income taxes	8,272
Borrowings	(264,223)
Trade and other payables	(199,008)
Advanced proceeds received from customers	(473,307)
Deferred tax liabilities (Note 26)	(24,263)
Total identifiable net assets	298,549
Gain on bargain purchase (Note 28)	(2,549)
	296,000

Acquisition-related costs of RMB50,000 have been charged to administrative expenses in the consolidated income statement for the year ended 31 December 2016.

The acquired business contributed revenue of RMB877,241,000 and net profit of RMB19,232,000 to the Group for the period from 25 April 2016 to 31 December 2016. Had Hangzhou Jiaheng been consolidated on 1 January 2016, the pro-forma revenue included in the consolidated income statement contributed by Hangzhou Jiaheng would be RMB877,241,000, and Hangzhou Jiaheng also would contribute pro-forma profit of RMB19,694,000.

42 Business combinations and assets acquisitions (continued)

Acquisitions during 2016 (continued)

(j) In August 2016, the Group acquired 100% equity interests of Property Sky Limited for a total consideration of HKD159,005,297 (approximately RMB136,192,974) which indirectly owned a project company, Feng Yong (Shanghai) Property Co., Limited located in Shanghai, the PRC.

The following table summarises the consideration paid for Property Sky Limited, the fair value of assets acquired and liabilities assumed at the acquisition date of 15 August 2016.

	RMB'000
Consideration in cash	
– Amount paid	136,193
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	14,655
Property, plant and equipment (Note 7)	10,100
Investment properties (Note 8)	1,678,929
Trade and other receivables and prepayments	1,522
Borrowings	(482,294)
Trade and other payables	(762,994)
Current portion of finance lease liabilities	(3,482)
Deferred tax liabilities (Note 26)	(321,732)
Total identifiable net assets	134,704
Immaterial difference written off in other losses	1,489
	136,193

Acquisition-related costs of RMB13,491,000 have been charged to administrative expenses in the consolidated income statement for the year ended 31 December 2016.

The acquired business contributed revenue of RMB2,787,269 and net loss of RMB17,245,924 to the Group for the period from 15 August 2016 to 31 December 2016. Had Property Sky Limited been consolidated on 1 January 2016, the pro-forma revenue included in the consolidated income statement contributed by Property Sky Limited would be RMB9,480,133, and Property Sky Limited also would contribute pro-forma profit of RMB7,912,965.

42 Business combinations and assets acquisitions (continued)

Acquisitions during 2016 (continued)

(k) In December 2016, the Group acquired 43.24% equity interests of Modern Jump Limited, a joint venture of the Group in which the Group held 56.76% equity interests, at a total consideration of RMB287,877,000. Completion of the acquisition took place on 26 December 2016 and Modern Jump Limited therefore became a wholly owned subsidiary of the Group since then (Note 10). The goodwill of RMB12,350,000 arising from the acquisition of Modern Jump Limited is attributable to acquired unsold properties under development for sale of Wuxi Jingrui Property Development Co., Ltd., a wholly owned subsidiary of Modern Jump Limited. The directors of the Group consider that no impairment charge was required after performing the impairment assessment.

The following table summarises the consideration paid for Modern Jump Limited, the fair value of assets acquired and liabilities assumed at the acquisition date of 26 December 2016.

	RMB'000
Consideration in cash	
– Amount paid	287,877
– Fair value of the original 56.76% equity interests in Modern Jump Limited	361,677
	649,554
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	10,226
Property, plant and equipment (Note 7)	85
Properties held or under development for sale	967,232
Trade and other receivables and prepayments	897,428
Prepaid income taxes	18,296
Trade and other payables	(321,084)
Current income tax liabilities	(33,142)
Advanced proceeds received from customers	(907,495)
Deferred tax assets (Note 26)	5,658
Total identifiable net assets	637,204
Goodwill (Note 9)	12,350
	649,554

The acquired business contributed revenue of RMB277,307,000 and net loss of RMB3,585,000 to the Group for the period from 26 December 2016 to 31 December 2016. Had Modern Jump Limited been consolidated on 1 January 2016, the pro-forma revenue included in the consolidated income statement contributed by Modern Jump would be RMB487,439,000, and Modern Jump Limited would contribute pro-forma profit of RMB22,861,000.

43 Disposal of interests in subsidiaries with lost of control

(a) In December 2016, the Group entered into a share transfer agreement with a third party, Hengda Tianjin, pursuant to which the Group disposed all its equity interests in Tianjin Jingxiu at a total consideration of RMB616,280,000. The transaction was completed in December 2016. The disposal gain of RMB557,096,000 was recognised in the consolidated income statement as other gains (Note 29).

Hengda Tianjin also assumed the liabilities of Tianjin Jingxiu of RMB180,800,000, which Hengda Tianjin has not yet paid and thus was included in the trade and other receivables and prepayments as at 31 December 2016(Note 16(c)). As at 31 December 2016, the outstanding consideration of RMB316,280,000 was also included in the trade and other receivables and prepayments (Note 16(b)).

The calculation of the result on disposal is shown as below:

	RMB'000
Net assets disposed of	59,184
Cash received during the year	300,000
Receivables as at 31 December 2016	316,280
Total consideration	616,280
Gain on disposal (Note 29)	557,096
Cash received	300,000
Less: Cash and cash equivalents in the subsidiary disposed of	(19,959)
Net inflow of cash from the disposal	280,041

43 Disposal of interests in subsidiaries with lost of control (continued)

(b) In December 2016, the Group entered into a share transfer agreement with a third party, Hengda Shanghai, pursuant to which the Group agreed to transfer all of its equity interests in Shanghai Jiajing, which holds 49% equity interests in Shanghai Jingqi, a property project company in Shanghai, and 51% equity interests in Shanghai Jingqi which is held by the Group through another subsidiary. The total consideration for the above transactions are RMB493,750,000. The Group transferred all its equity interests in Shanghai Jiajing, through which 49% of equity interests in Shanghai Jingqi, to Hengda Shanghai in December 2016, and agreed to transfer remaining 51% equity interests in Shanghai Jingqi once the project meets government criteria to transfer. Meanwhile, pursuant to the above share transfer agreement, effective controls over both Shanghai Jiajing and Shanghai Jingqi have been transferred to Hengda Shanghai during December 2016, thus the Group lost controls over both Shanghai Jiajing and Shanghai Jingqi which were no longer the subsidiaries of the Group since then. The Group's remaining 51% equity interests in Shanghai Jingqi is recognised as available-for-sale financial assets and measured at fair value in the consolidated balance sheet since the transaction.

The disposal gains of RMB358,712,000 were recognised in the consolidated income statement as other gains (Note 29).

Hengda Shanghai also assumed the liabilities of Shanghai Jingqi of RMB325,476,000 which was included in the trade and other receivables and prepayments as at 31 December 2016 (Note 16(c)). As at 31 December 2016, the outstanding consideration of RMB224,121,000 was also included in the trade and other receivables and prepayments (Note 16(b)).

The assets and liabilities disposed and the net inflow of cash from the disposal are as below:

	RMB'000
Net assets disposal of	135,038
Cash received during the year	17,816
Receivables as at 31 December 2016	224,121
Fair value of remaining 51% equity interests in Shanghai Jingqi (Note 13)	251,813
Total consideration from disposal of Shanghai Jiajing and Shanghai Jingqi	493,750
Gain on disposal (Note 29)	358,712
Cash received during the year	17,816
Less: Cash and cash equivalents in the subsidiary disposed of	(1,045)
Net inflow of cash from the disposal during the year	16,771

44 Related-party transactions

(a) Name and relationship with related parties

Name	Relationship with the Group
Shanghai Ruice	Joint venture (i)
Hangzhou Jingcheng	A subsidiary of a joint venture (i)
Shanghai Jupan	Joint venture
Ningbo Haipanju	A subsidiary of a joint venture
Ningbo Jiamu	Associate (ii)
Ningbo Jinghang	A subsidiary of an associate (ii)
Nanjing Yuning	Associate
Ningbo Rongan Education and Investment Management	Associate
Ningbo Kanghua	A subsidiary of an associate
Hangzhou Xiaoying	Joint venture (iii)
Changshu Zhicheng	Joint venture
Tianjin Yuanming	Joint venture
Hangzhou Zhenlu	Associate
Lvcheng Guixi	A subsidiary of an associate
Suzhou Lingrui	Joint venture (iv)
Suzhou Chengrui	Joint venture (v)
Tropica Development	Associate
Nanjing Caicheng	Joint venture (vi)
Ningbo Jingfeng	Joint venture (vii)
Ningbo Jingrui	A wholly owned subsidiary (viii)
Changzhou Jingshang	A wholly owned subsidiary (ix)
Beyond Wisdom Limited	A company wholly owned by Yan Hao
Decent King Limited	A company wholly owned by Chen Xin Ge
Yan Hao	Substantial shareholder, director, co-chairmen, chief executive officer
Chen Xin Ge	Substantial shareholder, director, co-chairmen

44 Related-party transactions (continued)

(a) Name and relationship with related parties (continued)

Note:

(i) Since 21 October 2016, Shanghai Ruice, a previously wholly owned subsidiary of the Group, became a joint venture of the Group. Hangzhou Jingcheng is a subsidiary of Shanghai Ruice.

(ii) Since 23 January 2017, Ningbo Jiamu, a previously wholly owned subsidiary of the Group, became an associate of the Group. Ningbo Jinghang is a subsidiary of Ningbo Jiamu.

(iii) Since 18 September 2017, Hangzhou Xiaoying, a previously wholly owned subsidiary of the Group, became a joint venture of the Group.

(iv) Since 4 August 2017, Suzhou Lingrui, a previously wholly owned subsidiaries of the Group, became a joint venture of the Group.

(v) Since 4 August 2017, Suzhou Chengrui, a previously wholly owned subsidiaries of the Group, became a joint venture of the Group.

(vi) Since 13 November 2017, Nanjing Caicheng, a previously wholly owned subsidiary of the Group, became a joint venture of the Group.

(vii) Since 14 November 2017, Ningbo Jingfeng, a previously wholly owned subsidiary of the Group, became a joint venture of the Group.

(viii) Since 31 March 2016, Ningbo Jingrui, a previously wholly owned subsidiary of the Group, became a joint venture of the Group which was reacquired and became a non-wholly owned subsidiary of the Group since 2 June 2017(Note 10).

(ix) The Group required the equity interests of Changzhou Jingshang which previously is a joint venture of the Group. Changzhou Jingshang became a wholly owned subsidiary of the Group since 28 April 2017(Note 10).

44 Related-party transactions (continued)

(b) Transactions with related parties

The Group has the following related party transactions:

	Year ended 31 December 2017 RMB'000	2016 RMB'000
(i) Providing/(repayment of) temporary funding to/(from) related parties		
– Changzhou Jingshang	–	328,340
– Ningbo Jingrui	–	149,651
– Shanghai Jupan	–	1,500
– Nanjing Yuning	252,689	–
– Ningbo Rongan Education	17,960	–
– Ningbo Jinghang	(4)	–
– Ningbo Jingfeng	8,000	–
	278,645	479,491
(ii) Providing loans to related parties		
– Shanghai Ruice (Note 44(d))	221,834	407,340
– Beyond Wisdom Limited (note)	–	49,724
– Tropica Development	173,574	–
– Hangzhou Xiaoying	93,134	–
– Hangzhou Zhenlu	70	–
– Lvcheng Guixi	28,000	–
	516,612	457,064

note: For the year ended 31 December 2016, the Group provided financial assistance to Beyond Wisdom Limited, a company wholly owned by Yan Hao in the form of a loan of RMB49,724,000 with an annual interest rate of 13.5% which was fully repaid for the year ended 31 December 2016.

	Year ended 31 December 2017 RMB'000	2016 RMB'000
(iii) Collection/(repayment) of temporary funding from/(to) related parties		
– Changzhou Jingshang	–	(25,000)
– Ningbo Jingrui	–	4,143,901
– Hangzhou Jingcheng	1,214,467	–
– Ningbo Kanghua	599,000	–
– Ningbo Jiamu	81,244	–
– Hangzhou Xiaoying	585,000	–
– Changshu Zhicheng	125,500	–
– Suzhou Lingrui	15,417	–
– Suzhou Chengrui	13,000	–
– Nanjing Caicheng	1,357,500	–
	3,991,128	4,118,901

44 Related-party transactions (continued)

(b) Transactions with related parties (continued)

		Year ended 31 December	
		2017	2016
		RMB'000	RMB'000
(iv)	Land premium paid by the Group for related parties		
	– Changshu Zhicheng	**96,209**	–
	– Suzhou Lingrui	**9,154**	–
	– Suzhou Chengrui	**9,758**	–
	– Nanjing Caicheng	**63**	–
		115,184	–
(v)	Expenses paid by a related party on behalf of the Group		
	– Beyond Wisdom Limited	**–**	1,880
(vi)	Providing the decoration services to related parties		
	– Changzhou Jingshang	**–**	76,680
	– Ningbo Jingrui	**–**	2,430
	– Hangzhou Jingcheng	**3,433**	830
		3,433	79,940
(vii)	Expenses paid by the Group on behalf of related parties		
	– Hangzhou Jingcheng	**3,753**	–
	– Ningbo Jinghang	**1,276**	–
	– Hangzhou Xiaoying	**167**	–
		5,196	–
(viii)	Providing property management service to related parties		
	– Changzhou Jingshang	**–**	2,625
	– Ningbo Jingrui	**–**	1,064
	– Hangzhou Jingcheng	**1,702**	–
	– Ningbo Haipanju	**1,036**	–
		2,738	3,689

44 Related-party transactions (continued)

(b) Transactions with related parties (continued)

	Year ended 31 December 2017 RMB'000	2016 RMB'000
(ix) Interest income from related parties recorded in other income		
– Changzhou Jingshang (Note 44(d))	–	563
– Beyond Wisdom Limited	–	3,664
– Shanghai Ruice (Note 44(d))	38,016	23,853
	38,016	28,080
(x) Interest income from related parties recorded in other income		
– Discounted principal amount (Note 21(d))	–	–
– Fully capitalised interest	–	15,356
	–	15,356
(xi) Guarantee provided to joint ventures (Note 40(b))		
– Ningbo Jingrui	–	300,000
– Shanghai Ruice	–	200,000
– Hangzhou Jingcheng	–	920,000
– Hangzhou Xiaoying	550,000	–
– Changshu Zhicheng	450,000	–
	1,000,000	1,420,000

(xii) Funding guaranteed by a related party

As at 31 December 2016, perpetual capital instruments of RMB538,083,000 were guaranteed by Yan Hao, which were fully redeemed during the twelve months ended 31 December 2017 (Note 20).

As at 31 December 2017, none of the borrowings of the Group were guaranteed by Yan Hao (as at 31 December 2016: RMB832,440,000).

(c) Key management compensation

Key management includes directors (executive and non-executive), chief financial officer, vice presidents, head of corporate finance and investor relations and secretary of the board of directors. The compensation paid or payable to key management for employee services is shown below:

	Year ended 31 December 2017 RMB'000	2016 RMB'000
Salaries and other short-term employee benefits	18,659	11,012
Share award scheme	77	785
Post-employment benefits	540	423
	19,276	12,220

44 Related-party transactions (continued)

(d) Related-party balances

	As at 31 December	
	2017	2016
	RMB'000	RMB'000
(i) Amounts due from related parties (Note 16)		
– Shanghai Ruice (note(1))	**681,054**	431,193
– Changzhou Jingshang	**–**	495,832
– Ningbo Jingrui	**–**	631,902
– Hangzhou Jingcheng	**6,307**	880
– Shanghai Jupan	**1,500**	1,500
– Ningbo Haipanju	**799**	–
– Ningbo Jinghang	**142,325**	–
– Hangzhou Xiaoying (note(2))	**497,827**	–
– Nanjing Yuning	**252,689**	–
– Ningbo Rongan Education	**17,960**	–
– Tianjin Yuanming (note(3))	**141,496**	–
– Tropica Development (note(4))	**173,574**	–
– Hangzhou Zhenlu (note(5))	**70**	–
– Lvcheng Guixi (note(5))	**28,000**	–
– Nanjing Caicheng	**540,063**	–
– Ningbo Jingfeng	**471,238**	–
	2,954,902	1,561,307

Note:

(1): The balance of RMB681,054,000 as at 31 December 2017 (31 December 2016: RMB431,193,000) due from Shanghai Ruice represents the outstanding principal of RMB619,185,000 (31 December 2016: RMB407,340,000) and interest receivable balance of RMB61,869,000 (31 December 2016: RMB23,853,000) for a shareholder's loan granted to Shanghai Ruice. The shareholder loan has an annual interest rate of 8% and will be matured till October 2019.

(2): The balance of RMB497,827,000 as at 31 December 2017 due from Hangzhou Xiaoying represents the outstanding principal of RMB93,134,000 for a shareholder's loan granted to Hangzhou Xiaoying with an annual interest rate of 8% and unsecured, interests and principles of Shareholders' loan paid by the Group on behalf of a related party of RMB404,526,000 and the temporary funding of RMB167,000 for expenses paid by the Group on behalf of Hangzhou Xiaoying.

(3): The balance of RMB141,496,000 as at 31 December 2017 due from Tianjin Yuanming represents the outstanding principal for a shareholder's loan granted to Tianjin Yuanming. The shareholder loan has an annual interest rate of 9% and unsecured.

(4): The balance of RMB173,574,000 as at 31 December 2017 due from Tropica Development represents the outstanding principal for a shareholder's loan granted to Tropica Development. The shareholder loan has an annual interest rate 10% plus of the benchmark interest rate with the same period of the People's Bank of China and unsecured.

(5): The balance of RMB70,000 as at 31 December 2017 due from Hangzhou Zhenlu and the balance of RMB28,000,000 as at 31 December 2017 due from Lvcheng Guixi represents the outstanding principal for shareholders' loans granted to Hangzhou Zhenlu and Lvcheng Guixi,respectively. The shareholder loans have an annual interest rate of 8.8% and unsecured.

44 Related-party transactions (continued)

(d) Related-party balances (continued)

	Year ended 31 December 2017 RMB'000	2016 RMB'000
(ii) Amounts due to related parties (Note 24)		
– Changzhou Jingshang	–	146,108
– Ningbo Jingrui	–	4,764,912
– Shanghai Ruice	–	9,990
– Beyond Wisdom Limited	–	494
– Hangzhou Jingcheng (note)	1,214,267	–
– Ningbo Jiamu (note)	81,244	–
– Ningbo Jinghang (note)	9	–
– Ningbo Kanghua (note)	599,000	–
– Hangzhou Xiaoying (note)	585,000	–
– Changshu Zhicheng (note)	29,291	–
– Suzhou Lingrui (note)	6,263	–
– Suzhou Chengrui (note)	3,242	–
– Nanjing Caicheng (note)	1,357,500	–
	3,875,816	4,921,504

Note:

These balances represented the temporary fundings from related parties.

Except for those balances disclosed above, other fundings provided to or from related parties are unsecured, non-interest bearing and repayable on demand.

45 Particulars of subsidiaries

Particulars of the subsidiaries of the Group as at 31 December 2017 and 2016 are as follows:

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2017	2016	Principal activities
Subsidiaries established in the PRC						
Jingrui Properties (Group) Co., Ltd. (景瑞地產(集團)股份有限公司) ("Jingruis Properties (Group)")	8 September 1993	1,621,079	1,621,079	**100%**	100%	Property land investment holding
Shanghai Jingrui Property Management Co., Ltd. (上海景瑞物業管理有限公司)	31 December 1996	5,000	5,000	**100%**	100%	Property management
Shanghai Xiangyun Real Estate Agency Co., Ltd. (上海翔昀房地產營銷代理有限公司)	19 November 1999	10,000	10,000	**100%**	100%	Real estate marketing
Shanghai Lijing Real Estate Development Co., Ltd. (上海麗景房地產開發有限公司)	18 October 2000	10,000	10,000	**100%**	100%	Property development
Shanghai Huajiang Construction and Development Co., Ltd. (上海華江建設發展有限公司) ("Shanghai Huajiang") (d)	16 August 2002	10,000	10,000	**67.5%**	67.5%	Property development
Shanghai Jingrui Investment Co., Ltd. (上海景瑞投資有限公司) (a)	22 July 2003	100,000	100,000	**100%**	100%	Investment holding
Shanghai Jingxiang Property Co., Ltd. (上海景祥置業有限公司)	9 April 2004	20,000	20,000	**100%**	100%	Property development
Chongqing Jingkang Property Development Co., Ltd. (重慶景康置業發展有限公司)	20 July 2005	20,000	20,000	**100%**	100%	Property development
Zhoushan Jingrui Property Co., Ltd. (舟山景瑞置業有限公司)	16 February 2006	50,000	50,000	**100%**	100%	Property development
Changzhou Jingshen Property Co., Ltd. (常州景申置業有限公司)	14 April 2006	80,000	80,000	**100%**	100%	Property development

45 Particulars of subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2017	2016	Principal activities
Subsidiaries established in the PRC (continued)						
Changzhou Jingshang Property Co., Ltd. (常州景尚置業有限公司) (Note 10 (a)), (Note 42(a))	23 February 2011	620,000	620,000	**100%**	Not applicable	Property development
Huzhou Jingrui Property Co., Ltd. (湖州景瑞置業有限公司)	20 August 2007	100,000	100,000	**100%**	100%	Property development
Tianjin Jingshang Property Investment Co., Ltd. (天津景尚置業投資有限公司)	14 August 2007	30,000	30,000	**100%**	100%	Property development
Taicang Jingrui Property Co., Ltd. (太倉景瑞置業有限公司) (a)	25 December 2007	500,600	500,600	**100%**	100%	Property development
Shanghai Jingshang Property Co., Ltd. (上海景尚置業有限公司)	8 April 2008	20,000	20,000	**100%**	100%	Property development
Taizhou Jingrui Property Co., Ltd. (泰州景瑞置業有限公司)	17 November 2009	205,000	205,000	**100%**	100%	Property development
Shanghai Jingrui Investment Co., Ltd. (上海景鋭投資有限公司)	9 December 2009	1,000	1,000	**100%**	100%	Investment holding
Taicang Jingshang Property Co., Ltd. (太倉景尚置業有限公司) ("Taicang Jingshang")	6 January 2010	150,000	150,000	**70%**	70%	Property development
Nantong Jingrui Property Co., Ltd. (南通景瑞置業有限公司)	26 January 2010	100,000	100,000	**100%**	100%	Property development
Shanghai Chengjing Investment Co., Ltd. (上海誠景投資有限公司)	28 April 2010	40,000	40,000	**100%**	100%	Investment holding
Zhoushan Jingshang Property Co., Ltd. (舟山景尚置業有限公司)	17 August 2010	200,000	200,000	**100%**	100%	Property development
Shanghai Taoyong Property Management Co., Limited (上海韜永物業管理有限公司) (Note 42(j))	17 January 2011	610,000	610,000	**100%**	100%	Property development

45 Particulars of subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2017	2016	Principal activities
Subsidiaries established in the PRC (continued)						
Huzhou Jingshang Property Co., Ltd. (湖州景尚置業有限公司) ("Huzhou Jingshang")	12 May 2011	51,000	51,000	**100%**	100%	Property development
Shaoxing Jingrui Property Co., Ltd. (紹興景瑞置業有限公司) (a)	27 June 2011	100,000	100,000	**100%**	100%	Property development
Tianjin Tianrui Investment Development Co., Ltd. (天津天瑞投資發展有限公司)	14 October 2011	50,000	50,000	**70%**	70%	Investment holding
Hangzhou Jiaheng Property Co., Ltd. (杭州嘉恒置業有限公司) (Note 42 (i)), (a)	26 October 2011	300,000	300,000	**100%**	100%	Property development
Shanghai Lichen Building Decoration Engineering Co., Ltd. (上海立臣建築裝飾工程有限公司)	4 November 2011	8,000	8,000	**100%**	100%	Building decoration engineering
Shaoxing Jingxiang Property Co., Ltd. (紹興景祥置業有限公司)	17 January 2012	140,000	140,000	**100%**	100%	Property development
Shaoxing Jingkang Property Co., Ltd. (紹興景康置業有限公司)	17 January 2012	100,000	100,000	**100%**	100%	Property development
Shanghai Jingrui Commercial Investment management Co., Ltd. (上海景瑞商業投資管理有限公司)	11 May 2012	2,000	2,000	**100%**	100%	Investment holding
Shanghai Youmao Construction Material Co., Ltd. (上海友茂建築材料有限公司)	14 August 2012	10,000	10,000	**100%**	100%	Hardware and building materials
Shanghai Jingyi Investment Co., Ltd. (上海景熠投資有限公司)	26 November 2012	49,000	49,000	**100%**	100%	Investment holding

45 Particulars of subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2017	2016	Principal activities
Subsidiaries established in the PRC (continued)						
Shanghai Jingbo Investment Co., Ltd. (上海景博投資有限公司)	26 November 2012	49,000	49,000	**100%**	100%	Investment holding
Shanghai Jingji Investment Co., Ltd. (上海景吉投資有限公司)	26 November 2012	49,000	49,000	**100%**	100%	Investment holding
Chongqing Jingshang Property Co., Ltd. (重慶景尚置業有限公司)	6 December 2012	100,000	100,000	**100%**	100%	Property development
Shaoxing Jinghu Property Co., Ltd. (紹興景湖置業有限公司)	25 January 2013	100,000	100,000	**100%**	100%	Property development
Shanghai Ruijun Investment Co., Ltd. (上海瑞峻投資有限公司)	16 February 2013	10,000	10,000	**100%**	100%	Investment holding
Shanghai Ruixu Investment Co., Ltd. (上海瑞旭投資有限公司)	16 February 2013	10,000	10,000	**100%**	100%	Investment holding
Shanghai Ruiye Investment Co., Ltd. (上海瑞曄投資有限公司)	16 February 2013	10,000	10,000	**100%**	100%	Investment holding
Shanghai Ruiyou Investment Co., Ltd. (上海瑞佑投資有限公司)	16 February 2013	10,000	10,000	**100%**	100%	Investment holding
Shanghai Ruizhi Investment Co., Ltd. (上海瑞徵投資有限公司)	16 February 2013	11,000	11,000	**99%**	99%	Investment holding
Ningbo Jingrui Property Co., Ltd. (寧波景瑞置業有限公司) (Note 10(b)), (Note 41(b), Note 42(c))	20 February 2013	620,000	620,000	**100%**	Not applicable	Property development
Hangzhou Jingyue Property Co., Ltd. (杭州景越置業有限公司)	1 March 2013	100,000	100,000	**100%**	100%	Investment holding
Yangzhou Jingrui Property Co., Ltd. (揚州景瑞置業有限公司)	8 April 2013	100,000	100,000	**100%**	100%	Property development

45 Particulars of subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2017	2016	Principal activities
Subsidiaries established in the PRC (continued)						
Shanghai Ruibin Investment Co., Ltd. (上海瑞賓投資有限公司)	16 April 2013	11,000	11,000	**99%**	99%	Investment holding
Shanghai Ruicen Investment Co., Ltd. (上海瑞岑投資有限公司)	16 April 2013	49,000	49,000	**100%**	100%	Investment holding
Shanghai Ruichen Investment Co., Ltd. (上海瑞琛投資有限公司)	16 April 2013	10,000	10,000	**100%**	100%	Investment holding
Shanghai Ruicui Investment Co., Ltd. (上海瑞萃投資有限公司)	16 April 2013	49,000	49,000	**100%**	100%	Investment holding
Hainan Jingshen Investment Management Co., Ltd. (海南景申投資管理有限公司)	14 May 2013	10,000	10,000	**100%**	100%	Property management and investment holding
Hainan Jingshang commercial Management Co., Ltd. (海南景尚商業管理有限公司)	17 April 2013	USD2,000	USD2,000	**100%**	100%	Property management and investment holding
Equity International Urban Facilities Development (Tianjin) Co., Ltd. (權益城市設施開發(天津)有限公司)	25 June 2007	USD71,600	USD71,600	**100%**	100%	Urban infrastructure development
Zhuji Jingrui Property Co., Ltd. (諸暨景瑞置業有限公司)	19 June 2013	100,000	100,000	**100%**	100%	Property development
Nantong Jinshang Property Co., Ltd. (南通景尚置業有限公司)	2 July 2013	100,000	100,000	**100%**	100%	Property development
Shanghai Jiahe Investment Co., Ltd. (上海佳赫投資有限公司)	8 July 2013	1,000	1,000	**100%**	100%	Investment holding

45 Particulars of subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2017	2016	Principal activities
Subsidiaries established in the PRC (continued)						
Shanghai Jiachun Investment Co., Ltd. (上海佳淳投資有限公司)	8 July 2013	100,000	100,000	**100%**	100%	Investment holding
Shanghai Jiabang Investment Co., Ltd. (上海佳邦投資有限公司)	8 July 2013	1,000	1,000	**100%**	100%	Investment holding
Shanghai Jiaguan Investment Co., Ltd. (上海佳冠投資有限公司) (Note 41(c))	10 July 2013	30,500	30,500	**100%**	100%	Investment holding
Shanghai Jialing Investment Co., Ltd. (上海佳翎投資有限公司)	10 July 2013	1,000	1,000	**100%**	100%	Investment holding
Shanghai Jiamu Investment Co., Ltd. (上海佳慕投資有限公司)	10 July 2013	1,000	1,000	**100%**	100%	Investment holding
Shanghai Jiamu Investment Co., Ltd. (上海佳穆投資有限公司)	10 July 2013	1,000	1,000	**100%**	100%	Investment holding
Shanghai Jiajie Investment Co., Ltd. (上海佳捷投資有限公司)	10 July 2013	1,000	1,000	**100%**	100%	Investment holding
Ningbo Haichangsheng Business Management Co., Ltd. (寧波海昌盛商業管理有限公司) (f)	19 August 2014	USD10,000	USD10,000	**50%**	50%	Hardware and building materials
Harbour City HK Business Management Co., Ltd. (海港(香港)商業管理有限公司) (f)	29 September 2014	USD10,000	USD10,000	**50%**	50%	Investment holding
Ningbo Jingyue Property Co., Ltd. (寧波景越置業有限公司)	13 March 2015	HKD495,880	HKD495,880	**100%**	100%	Property development
Shanghai Jingshen Culture Development Co., Ltd. (上海景申文化發展有限公司)	15 July 2013	10,000	10,000	**100%**	100%	Culture Development

45 Particulars of subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2017	2016	Principal activities
Subsidiaries established in the PRC (continued)						
Taicang Derun Investment Development Co., Ltd. (太倉德潤投資發展有限公司)	14 August 2013	247,000	247,000	**100%**	100%	Property Development
Wuxi Jingrui Property Co., Ltd. (無錫景瑞置業有限公司) (Note 42(k))	20 February 2014	USD74,000	USD74,000	**100%**	100%	Property Development
Hangzhou Jinghang Property Co., Ltd. (杭州景航置業有限公司) ("Hangzhou Jinghang")	14 August 2013	100,000	100,000	**51%**	51%	Property Development
Suzhou Jinglong Property Co., Ltd. (蘇州景隆置業有限公司) (a)	10 October 2013	615,000	615,000	**100%**	100%	Property Development
Shanghai Fengxiang Property Development Co., Ltd. (上海鳳翔房地產開發有限公司) ("Shanghai Fengxiang") (Note 41(a))	23 June 1998	100,000	100,000	**100%**	80%	Property Development
Ningbo Jingshang Property Co., Ltd. (寧波景尚置業有限公司)	10 January 2014	50,000	50,000	**100%**	100%	Property Development
Shanghai Yongrui Construction Material Co., Ltd. (上海永芮建築材料有限公司)	14 January 2014	10,000	10,000	**100%**	100%	Hardware and building materials
Shanghai Yongran Construction Material Co., Ltd. (上海永然建築材料有限公司)	18 January 2014	10,000	10,000	**100%**	100%	Hardware and building materials
Shaoxing Jingming Property Co., Ltd. (紹興景明置業有限公司) ("Shaoxing Jingming")	22 January 2014	300,000	300,000	**51%**	51%	Property development
Taizhou Jingrui Property Co., Ltd. (台州景瑞置業有限公司)	23 January 2014	100,000	100,000	**100%**	100%	Property development

45 Particulars of subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2017	2016	Principal activities
Subsidiaries established in the PRC (continued)						
Hangzhou Jingheng Property Co., Ltd. (杭州景恒置業有限公司)	18 February 2014	100,000	100,000	**100%**	100%	Property development
Shanghai Xiaoxin Investment Co., Ltd. (上海驍欣投資有限公司)	28 April 2014	100	100	**100%**	100%	Investment holding
Shanghai Xiaorui Investment Co., Ltd. (上海驍瑞投資有限公司) (c)	29 April 2014	100	100	**100%**	100%	Investment holding
Shanghai Xiaopin Investment Co., Ltd. (上海驍品投資有限公司) ("Shanghai Xiaopin")	4 May 2014	500,000	500,000	**70%**	100%	Investment holding
Shanghai Xiaoguan Investment Co., Ltd. (上海驍冠投資有限公司)	4 May 2014	100	100	**100%**	100%	Investment holding
Shanghai Xiaoyu Investment Co., Ltd. (上海驍御投資有限公司)	7 May 2014	100	100	**100%**	100%	Investment holding
Shanghai Xiaoze Investment Co., Ltd. (上海驍澤投資有限公司) ("Shanghai Xiaoze")	7 May 2014	100,000	100,000	**70%**	70%	Investment holding
Shanghai Xiaohua Investment Co., Ltd. (上海驍華投資有限公司)	7 May 2014	598	598	**100%**	100%	Investment holding
Shanghai Xiaozhi Investment Co., Ltd. (上海驍智投資有限公司)	13 May 2014	100	100	**100%**	100%	Investment holding
Shanghai Xiaoyi Investment Co., Ltd. (上海驍翼投資有限公司)	13 May 2014	100	100	**100%**	100%	Investment holding

45 Particulars of subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2017	2016	Principal activities
Subsidiaries established in the PRC (continued)						
Shanghai Xiaoyi Investment Co., Ltd. (上海驍意投資有限公司) (h)	13 May 2014	100	100	**50%**	50%	Investment holding
Shanghai Yuyu Construction Material Co., Ltd. (上海宇語建築材料有限公司)	13 June 2014	40,000	40,000	**100%**	100%	Hardware and building materials
Shanghai Yufu Construction Material Co., Ltd. (上海宇阜建築材料有限公司)	18 July 2014	20,000	20,000	**100%**	100%	Hardware and building materials
Shanghai Yuyun Investment Co., Ltd. (上海宇耘投資有限公司)	18 July 2014	5,000	5,000	**100%**	100%	Hardware and building materials
Shaoxing Hengpeng Construction Material Co., Ltd. (紹興恒鵬建築材料有限公司)	1 August 2014	20,000	20,000	**100%**	100%	Hardware and building materials
Hangzhou Yuyu Construction Material Co., Ltd. (杭州宇語建築材料有限公司)	7 August 2014	40,000	40,000	**100%**	100%	Hardware and building materials
Hangzhou Jingxi Property Co., Ltd. (杭州景璽置業有限公司)	11 September 2014	1,105,000	1,105,000	**100%**	100%	Property development
Suzhou Zaihe Construction Material Co., Ltd. (蘇州載和建築材料有限公司)	15 October 2014	20,000	20,000	**100%**	100%	Hardware and building materials
EI Urban Facilities Development (Tianjin) Co., Ltd. (天津億安城市設施開發有限公司) ("Tianjin Yi An") (b)	15 August 2007	533,325	533,325	**100%**	100%	Urban infrastructure development
Shanghai Jingxiu Property Development Co., Ltd. (上海景秀置業發展有限公司)	13 July 2001	70,599	70,599	**100%**	100%	Property development

45 Particulars of subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2017	2016	Principal activities
Subsidiaries established in the PRC (continued)						
Ningbo Harbour City Property Co., Ltd. (寧波海港城置業有限公司) (f)	28 February 2014	50,000	50,000	**50%**	50%	Property development
Ningbo Harbour City Business Management Co., Ltd. (寧波海港城商業管理有限公司) (f)	23 April 2014	50	50	**50%**	50%	Investment holding
Suzhou Ailide Trade Co., Ltd. (蘇州艾力得貿易有限公司) ("Suzhou Ailide") (f)	8 January 2015	50,000	50,000	**50%**	50%	Hardware and building materials
Shanghai Jingyue Property Co., Ltd. (上海景月置業有限公司)	8 April 2015	75,000	75,000	**100%**	100%	Property development
Chongqing Jingteng Property Co., Ltd. (重慶景騰置業有限公司) ("Chongqing Jingteng")	19 June 2015	150,000	150,000	**51%**	51%	Property development
Shanghai Pinzhai Decoration Technology Co., Ltd. (上海品宅裝飾科技有限公司) (i)	17 July 2015	10,000	10,000	**40%**	40%	Customized decoration
Shanghai Xiangyun Investment LLP (上海翔鋆投資管理合夥企業（有限合夥）)	21 July 2015	928	928	**100%**	100%	Investment holding
Shanghai Shangpu Investment Fund Management Center LLP (上海上璞股權投資基金管理中心（有限合夥）)	23 July 2015	192,030	192,030	**100%**	100%	Investment holding
Shanghai Hefu Investment Co., Ltd. (上海合福投資管理有限公司)	16 October 2015	100,000	100,000	**100%**	100%	Investment holding
Shanghai Linjia Corporation Development Co., Ltd. (上海鄰加企業發展有限公司)	4 November 2015	5,000	5,000	**100%**	100%	Property Management

45 Particulars of subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2017	2016	Principal activities
Subsidiaries established in the PRC (continued)						
Shanghai Weishu Information & Technology Co., Ltd. (上海微束信息科技有限公司)	11 November 2015	1,000	1,000	**70%**	70%	Information & technology
Shanghai Xiangyou Investment Co., Ltd. (上海翔友投資有限公司)	12 November 2015	100	100	**100%**	100%	Investment holding
Shanghai Linjia Life Development Co., Ltd. (上海鄰加生活企業發展股份有限公司)	23 December 2015	30,000	20,400	**68%**	100%	Property Management
Chongqing Xiangfeng Management LLP (重慶翔鳳企業管理諮詢合夥企業（有限合夥）)	29 December 2015	4,650	4,650	**69.9%**	52%	Investment holding
Shanghai Xiangzhu Investment LLP (上海翔諸投資管理合夥企業（有限合夥）)	7 January 2016	10,900	10,900	**100%**	100%	Investment holding
Suzhou Jingrui Property Co., Ltd. (蘇州璟瑞置業有限公司) (a)	22 February 2016	100,000	100,000	**100%**	100%	Property development
Shanghai Hechun Investment LLP (上海合淳投資管理中心（有限合夥）)	25 January 2016	30,000	10,010	**99.9%**	99.9%	Investment holding
Shanghai Manjing Business Management Co., Ltd. (上海滿景商業經營管理有限公司)	29 February 2016	1,000	–	**100%**	100%	Investment holding
Shanghai Lingzhuo Investment Co., Ltd. (上海靈焯投資有限公司)	29 March 2016	10	–	**100%**	100%	Investment holding
Shanghai Ling'an Investment Co., Ltd. (上海靈安投資有限公司)	29 March 2016	10	–	**100%**	100%	Investment holding

45 Particulars of subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2017	2016	Principal activities
Subsidiaries established in the PRC (continued)						
Shanghai Lingbei Investment Co., Ltd. (上海靈蓓投資有限公司)	29 March 2016	10	–	**100%**	100%	Investment holding
Suzhou Jinghui Property Co., Ltd. (蘇州璟輝置業有限公司)	14 April 2016	600,000	600,000	**70%**	100%	Property development
Shanghai Jizhai Investment Holding Company (上海集宅實業有限公司) (i)	26 April 2016	1,200	1,200	**40%**	40%	Customized decoration
Nanjing Jingteng Property Co., Ltd. (南京景騰置業有限公司)	13 May 2016	50,000	50,000	**100%**	100%	Property development
Ningbo Jingshen Property Co., Ltd. (寧波景申置業有限公司) (h)	31 May 2016	30,000	30,000	**50%**	50%	Property development
Suzhou Helan Investment LLP (蘇州合嵐投資合夥企業（有限合夥）)	20 July 2016	40,000	40,000	**100%**	100%	Investment holding
Suzhou Jingheng Investment Management Co., Ltd. (蘇州璟恒投資管理有限公司)	12 April 2016	100	100	**100%**	100%	Investment holding
Suzhou Jingxiang Investment Management Co., Ltd. (蘇州璟祥投資管理有限公司)	12 April 2016	100	100	**100%**	100%	Investment holding
Ningbo Ruice Investment Co., Ltd. (寧波瑞策投資有限公司)	20 July 2016	5,000	5,000	**100%**	100%	Investment holding
Ningbo Jiamu Investment Co., Ltd. (寧波佳穆投資有限公司) (Note 11(a))	4 August 2016	5,000	5,000	**Not applicable**	100%	Investment holding
Ningbo Jinghang Property Co., Ltd. (寧波景航置業有限公司) (Note 11(a))	25 August 2016	365,000	365,000	**Not applicable**	100%	Property development

45 Particulars of subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2017	2016	Principal activities
Subsidiaries established in the PRC (continued)						
Nanjing Jingrui Investment Co., Ltd. (南京景銳企業管理有限公司)	12 October 2016	1,000	–	**55%**	–	Investment holding
Ningbo Xiaoyong Investment Co., Ltd. (寧波驍勇投資有限公司) ("Ningbo Xiaoyong") (e)	19 October 2016	200,000	100,000	**28%**	100%	Investment holding
Ningbo Xiangjun Investment Co., Ltd. (寧波翔竣投資有限公司) ("Ningbo Xiangjun")	19 October 2016	400,000	400,000	**51%**	100%	Investment holding
Ningbo Xiangling Investment Co., Ltd. (寧波翔嶺投資有限公司)	15 November 2016	5,000	–	**100%**	100%	Investment holding
Ningbo Xiangjing Investment Co., Ltd. (寧波翔景投資有限公司)	15 November 2016	200,000	–	**100%**	100%	Investment holding
Ningbo Jingjun Property Co., Ltd. (寧波景鈞置業有限公司) (e)	21 October 2016	200,000	100,000	**28%**	100%	Property development
Ningbo Jingxi Property Co., Ltd. (寧波景璽置業有限公司)	29 September 2016	5,000	–	**100%**	100%	Property development
Ningbo Jinghuang Property Co., Ltd. (寧波景煌置業有限公司)	21 October 2016	400,000	400,000	**51%**	100%	Property development
Shanghai Jingbing Management LLP (上海景兵企業管理合夥企業（有限合夥）)	2 June 2016	5,608	5,608	**100%**	100%	Investment holding
Ningbo Xiangxin Investment Co., Ltd. (寧波翔鑫投資有限公司)	27 September 2016	5,000	–	**100%**	100%	Investment holding
Ningbo Xiaorui Investment LLP (寧波驍瑞投資合夥企業（有限合夥）)	25 August 2016	10,900	–	**100%**	100%	Investment holding

45 Particulars of subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2017	2016	Principal activities
Subsidiaries established in the PRC (continued)						
Jiangsu Delvfeng Property Management Co., Ltd. (江蘇德律風物業管理有限公司)	29 September 2013	2,000	2,000	**100%**	100%	Property management
Shanghai Yijing Investment LLP (上海熠景投資管理合夥企業（有限合夥）)	3 July 2014	20	–	**100%**	100%	Investment holding
Suzhou JingJune Investment LLP (蘇州璟俊諮詢管理有限公司)	5 April 2017	100	100	**100%**	–	Investment holding
Suzhou Jingze Investment LLP (蘇州璟澤諮詢管理有限公司)	5 April 2017	100	100	**100%**	–	Investment holding
Suzhou Jingya Investment LLP (蘇州璟雅諮詢管理有限公司)	5 April 2017	100	100	**100%**	–	Investment holding
Wuhan Ruixiao Real Estate Investment Co., Ltd. (武漢瑞驍房地產投資有限公司)	17 March 2017	1,003,000	1,003,000	**100%**	–	Investment holding
Shaoxing Gede Real Estate Investment LLP 紹興戈德房產信息諮詢有限公司	31 March 2017	10,000	–	**100%**	–	Property development
Taicang Jingchen Business Consulting Co., Ltd. 太倉璟辰諮詢管理有限公司	1 April 2017	100	100	**100%**	–	Investment holding
Taicang Jingyu Business Consulting Co., Ltd. 太倉璟譽諮詢管理有限公司	1 April 2017	100	100	**100%**	–	Investment holding
Taicang Jingxia Business Consulting Co., Ltd. 太倉璟瑕諮詢管理有限公司	1 April 2017	100	100	**100%**	–	Investment holding
Taicang Jingrui Business Consulting Co., Ltd. 太倉璟睿諮詢管理有限公司	1 April 2017	100	100	**100%**	–	Investment holding

45 Particulars of subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2017	2016	Principal activities
Subsidiaries established in the PRC (continued)						
Taicang Jingteng Business Consulting Co., Ltd. 太倉璟騰諮詢管理有限公司	31 March 2017	100	100	**100%**	–	Investment holding
Taicang Jinghan Business Consulting Co., Ltd. 太倉璟涵諮詢管理有限公司	30 March 2017	100	100	**100%**	–	Investment holding
Taicang Jinghe Business Consulting Co., Ltd. 太倉璟赫諮詢管理有限公司	1 April 2017	21,000	21,000	**100%**	–	Investment holding
Taicang Jingxiang Business Consulting Co., Ltd. 太倉璟翔諮詢管理有限公司	1 April 2017	22,000	22,000	**100%**	–	Investment holding
Taicang Jinghui Business Consulting Co., Ltd. 太倉璟惠諮詢管理有限公司	1 April 2017	100	100	**100%**	–	Investment holding
Taicang Jinghong Business Consulting Co., Ltd. 太倉璟宏諮詢管理有限公司	1 April 2017	100	100	**100%**	–	Investment holding
Tianjin Xiaoze Enterprise Management Consulting Centre 天津驍澤企業管理諮詢中心（普通合夥）	1 August 2016	–	–	**100%**	–	Investment holding
Beijing Jingye Business Management Centre 北京景業商業管理中心	24 March 2017	–	–	**100%**	–	Investment holding
Beijing Jingtai Business Management Centre 北京景泰商業管理中心	24 March 2017	–	–	**100%**	–	Investment holding
Beijing Jingxiu Business Management Centre 北京景秀商業管理中心	12 January 2017	1,000	1,000	**100%**	–	Investment holding

45 Particulars of subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2017	2016	Principal activities
Subsidiaries established in the PRC (continued)						
Ningbo Meishan duty-free Zone Jingshang Investment Co., Ltd. 寧波梅山保税港區景尚投資有限公司	9 January 2017	100,000	100,000	100%	–	Investment holding
Ningbo Meishan duty-free Zone Youyue Investment Co., Ltd. 寧波梅山保税港區優鉞資產管理有限公司	23 February 2017	100,000	30,000	100%	–	Investment holding
Ningbo Meishan duty-free Zone Youyue Investment Co., Ltd. 寧波梅山保税港區景月投資有限公司	7 March 2017	100,000	–	100%	–	Investment holding
Ningbo Meishan duty-free Zone Youhang Investment Co., Ltd. 寧波梅山保税港區景杭投資有限公司	7 March 2017	50,000	50,000	100%	–	Investment holding
Ningbo Meishan duty-free Zone Youxiao Investment Co., Ltd. 寧波梅山保税港區景驍投資有限公司	13 March 2017	50,000	50,000	100%	–	Investment holding
Ningbo Meishan duty-free Zone Youqi Investment Co., Ltd. 寧波梅山保税港區景麒投資有限公司	22 March 2017	5,000	–	100%	–	Investment holding
Ningbo Meishan duty-free Zone Youlin Investment Co., Ltd. 寧波梅山保税港區景琳資產管理有限公司	9 March 2017	50,000	50,000	100%	–	Investment holding
Suzhou HeJune Investment Partnership (Limited partnership) 蘇州合駿投資合夥企業（有限合夥）	18 January 2017	200,010	–	100%	–	Investment holding
Suzhou Hejia Investment Partnership (Limited partnership) 蘇州合嘉投資合夥企業（有限合夥）	17 January 2017	600,010	–	100%	–	Investment holding
Shanghai Yuhan Management Partnership (Limited partnership) 上海毓涵企業管理合夥企業（有限合夥）	29 March 2017	–	–	100%	–	Investment holding

45 Particulars of subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2017	2016	Principal activities
Subsidiaries established in the PRC (continued)						
Tianjin Ruihua Business Management Co., Ltd. 天津瑞華商業企業管理有限公司	11 April 2017	10,000	–	**100%**	–	Investment holding
Tianjin Ruihe Business Management Co., Ltd. 天津瑞合商業企業管理有限公司	14 April 2017	10,000	–	**100%**	–	Investment holding
Nanjing Jingsheng Property Development Co., Ltd. 南京景晟置業有限公司	18 April 2017	10,000	–	**100%**	–	Property development
Nanjing Jingkun Property Development Co., Ltd. 南京景坤置業有限公司	27 April 2017	5,000	–	**100%**	–	Property development
Shanghai Yougeng Management Co., Ltd. 上海優庚企業管理有限公司	25 May 2017	5,000	–	**100%**	–	Investment holding
Suzhou Youhao Investment Centre (Limited Partnership) 蘇州優昊投資中心（有限合夥）	2 May 2017	1,000	–	**100%**	–	Investment holding
Suzhou Youquan Investment Centre (Limited Partnership) 蘇州優權投資中心（有限合夥）	3 May 2017	1,000	–	**100%**	–	Investment holding
Suzhou Youji Investment Centre (Limited Partnership) 蘇州優基投資中心（有限合夥）	8 May 2017	1,000	–	**100%**	–	Investment holding
Suzhou Youlue Investment Centre (Limited Partnership) 蘇州優略投資中心（有限合夥）	10 May 2017	1,000	–	**100%**	–	Investment holding
Suzhou Youkun Investment Centre (Limited Partnership) 蘇州優坤投資中心（有限合夥）	28 April 2017	1,000	–	**100%**	–	Investment holding

45 Particulars of subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2017	2016	Principal activities
Subsidiaries established in the PRC (continued)						
Suzhou YouJune Investment Centre (Limited Partnership) 蘇州優駿投資中心（有限合夥）	27 April 2017	1,000	–	**100%**	–	Investment holding
Suzhou Youwang Investment Centre (Limited Partnership) 蘇州優旺投資中心（有限合夥）	9 May 2017	1,000	–	**100%**	–	Investment holding
Suzhou Youcui Investment Centre (Limited Partnership) 蘇州優萃投資中心（有限合夥）	4 May 2017	1,000	–	**100%**	–	Investment holding
Suzhou Youxing Investment Centre (Limited Partnership) 蘇州優興投資中心（有限合夥）	11 May 2017	1,000	–	**100%**	–	Investment holding
Suzhou Youte Investment Centre (Limited Partnership) 蘇州優特投資中心（有限合夥）	12 May 2017	201,500	–	**50.12%**	–	Investment holding
Shanghai Tengzan Industrial Co., Ltd. 上海騰贊實業有限公司	9 May 2017	100,000	–	**100%**	–	Investment holding
Ningbo Jingtong Property Co., Ltd. 寧波景通置業有限公司	23 May 2017	200,000	200,000	**100%**	–	Property development
Hangzhou Jingxiao Investment Management Co., Ltd. 杭州景驍投資管理有限公司	10 May 2017	50,000	50,000	**100%**	–	Investment holding
Shanghai Ruiyue Hotel Management Co., Ltd. 上海瑞越酒店管理有限公司	16 March 2017	100,000	40,000	**100%**	–	Property management
Suzhou Wangfu Property Management Co., Ltd. 蘇州望府物業管理有限公司	20 February 2017	5,000	–	**100%**	–	Property management
Ningbo Xiangyong Industrial Investment Co., Ltd. 寧波翔雍實業投資有限公司	22 June 2017	5,000	–	**100%**	–	Investment holding

45 Particulars of subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2017	2016	Principal activities
Subsidiaries established in the PRC (continued)						
Ningbo Xiangyan Industrial Investment Co., Ltd. 寧波翔嚴實業投資有限公司	23 June 2017	5,000	–	**100%**	–	Investment holding
Ningbo Xiangzhang Industrial Investment Co., Ltd. 寧波翔章實業投資有限公司	23 June 2017	5,000	–	**100%**	–	Investment holding
Ningbo Xiangzheng Industrial Investment Co., Ltd. 寧波翔錚實業投資有限公司	23 June 2017	5,000	–	**100%**	–	Investment holding
Ningbo Xiangdong Industrial Investment Co., Ltd. 寧波翔棟實業投資有限公司	23 June 2017	5,000	–	**100%**	–	Investment holding
Ningbo Xianglei Industrial Investment Co., Ltd. 寧波翔磊實業投資有限公司	22 June 2017	5,000	–	**100%**	–	Investment holding
Ningbo Xiangwei Industrial Investment Co., Ltd. 寧波翔巍實業投資有限公司	22 June 2017	5,000	–	**100%**	–	Investment holding
Wuhan Ruining Real Estate Investment Co., Ltd. 武漢市瑞寧房地產投資有限公司	20 April 2017	10,000	10,000	**100%**	–	Investment holding
Wuhan Ruixiu Real Estate Investment Co., Ltd. 武漢市瑞秀房地產投資有限公司	20 April 2017	10,000	10,000	**100%**	–	Investment holding
Nanjing Qiancheng Property Co., Ltd 南京乾程置業有限公司	6 June 2017	50,000	–	**100%**	–	Property development
Shanghai Taoguan Management Partnership (Limited Partnership) 上海韜冠企業管理合夥企業（有限合夥）	12 July 2016	–	–	**100%**	–	Investment holding

45 Particulars of subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2017	2016	Principal activities
Subsidiaries established in the PRC (continued)						
Suzhou Jinghe Investment Partnership Co., Ltd. 蘇州璟和投資合夥有限企業	2 August 2016	29,238	–	100%	–	Investment holding
Suzhou Jingjia Investment Partnership Co., Ltd. 蘇州璟佳投資合夥有限企業	7 September 2016	13,510	–	100%	–	Investment holding
Shanghai Jingxi Management Partnership Co., Ltd. (Limited Partnership) 上海景惜企業管理合夥企業(有限合夥)	30 June 2016	–	–	100%	–	Investment holding
Tianjin Ruiyou Business Management Co., Ltd. 天津瑞佑商業企業管理有限公司	5 April 2017	10,000	–	100%	–	Investment holding
Shanghai Shenxin Real Estate Co., Ltd. 上海申信房地產有限公司	20 October 1992	10,800	10,800	100%	–	Property management
Shanghai Xiao Fu Marketing Planning Co. Ltd. 上海驍阜市場營銷策劃有限公司	6 April 2017	1,000	–	100%	–	Real estate marketing
Beijing Youyue Enterprise Management Co. Ltd. 北京優鉞企業管理有限公司	14 July 2017	5,000	–	100%	–	Property management
Beijing Rui Yue Hotel Management Co. Ltd. 北京瑞鉞酒店管理有限公司	24 August 2017	5,000	–	100%	–	Property management
Ningbo duty-free zone of Meishan Jing Yu Investment Co., Ltd. 寧波梅山保税港區景禹投資管理有限公司	21 December 2017	1,000	–	100%	–	Investment holding
Ningbo duty-free zone of Meishan Jingcheng Investment Co., Ltd 寧波梅山保税港區景承投資管理有限公司	20 December 2017	1,000	–	100%	–	Investment holding

45 Particulars of subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2017	2016	Principal activities
Subsidiaries established in the PRC (continued)						
Ningbo duty-free zone of Meishan Jingkai Investment Co., Ltd. 寧波梅山保稅港區景凱投資管理有限公司	21 December 2017	1,000	–	100%	–	Investment holding
Ningbo duty-free zone of Meishan Youjue Investment Center (Limited Partnership) 寧波梅山保稅港區優爵投資中心（有限合夥）	1 June 2017	–	–	100%	–	Investment holding
Ningbo duty-free zone of Meishan Youning Investment Center (Limited Partnership) 寧波梅山保稅港區優寧投資中心（有限合夥）	19 July 2017	–	–	100%	–	Investment holding
Ningbo duty-free zone of Meishan Youyu Investment Center (Limited Partnership) 寧波梅山保稅港區優渝投資中心（有限合夥）	21 July 2017	–	–	100%	–	Investment holding
Ningbo duty-free zone of Meishan Youjin Investment Center (Limited Partnership) 寧波梅山保稅港區優津投資中心（有限合夥）	19 July 2017	–	–	100%	–	Investment holding
Ningbo duty-free zone of Meishan Youbang Investment Center (Limited Partnership) 寧波梅山保稅港區優邦投資中心（有限合夥）	18 July 2017	–	–	100%	–	Investment holding
Ningbo duty-free zone of Meishan Yousu Investment Center (Limited Partnership) 寧波梅山保稅港區優蘇投資中心（有限合夥）	20 July 2017	–	–	100%	–	Investment holding
Ningbo duty-free zone of Meishan Youhu Investment Center (Limited Partnership) 寧波梅山保稅港區優滬投資中心（有限合夥）	21 July 2017	–	–	100%	–	Investment holding

45 Particulars of subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2017	2016	Principal activities
Subsidiaries established in the PRC (continued)						
Shanghai Yao Ke Property Co., Ltd. 上海垚克置業有限公司	30 October 2017	10,000	–	**100%**	–	Property management
Shanghai Hao Pei Property Co., Ltd. 上海浩沛置業有限公司	30 October 2017	10,000	–	**100%**	–	Property management
Shanghai Hu Tai Real Estate Development Company Limited 上海滬泰房地產發展有限公司 (Note 42(e))	16 November 1992	USD11,370	USD11,370	**100%**	Not applicable	Property management
Shanghai Zhaoliang Advertising Co., Ltd. 上海兆量廣告有限公司 (Note 42(d))	7 January 2008	10,000	10,000	**100%**	Not applicable	Property management
Shanghai Hejie Property Co., Ltd. 上海赫界置業有限公司	30 October 2017	79,000	–	**100%**	–	Property management
Ningbo Jingrui Property Management Co., Ltd. 寧波景瑞物業管理有限公司	3 July 2017	5,000	–	**100%**	–	Property management
Tianjin Ruixiang Property Management Co., Ltd. 天津瑞祥物業管理有限公司	14 June 2017	5,000	–	**100%**	–	Property management
Chongqing Shanglan Property Management Co., Ltd. 重慶尚藍物業管理有限公司	31 May 2017	5,000	–	**100%**	–	Property management
Hangzhou Jingrui Property Management Co., Ltd. 杭州景瑞物業管理有限公司	4 May 2017	5,000	–	**100%**	–	Property management
Shanghai Dunhou Management Consulting Co., Ltd. 上海敦厚企業管理諮詢有限公司	17 June 2016	100	–	**100%**	–	Property management
Wuhan Yingjin Jiayuan Real Estate Development Co., Ltd. 武漢盈錦嘉園房地產開發有限公司 ("Wuhan Jiayuan") (g)	23 November 2016	60,000	60,000	**40%**	–	Property development

45 Particulars of subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2017	2016	Principal activities
Subsidiaries established in the PRC (continued)						
Wuhan Ruiqian Business Consulting Co., Ltd. 武漢瑞乾商務諮詢有限公司 ("Wuhan Ruiqian")	12 December 2017	1,000,000	1,000,000	**60%**	–	Property management
Suzhou Huilue Investment Center (Limited partnership) 蘇州輝略投資中心（有限合夥）	6 June 2017	1,000	–	**100%**	–	Investment holding
Suzhou Henglue Investment Center (Limited partnership) 蘇州衡略投資中心（有限合夥）	24 May 2017	1,000	–	**100%**	–	Investment holding
Suzhou Tenglue Investment Center (Limited partnership) 蘇州騰略投資中心（有限合夥）	26 May 2017	1,000	–	**100%**	–	Investment holding
Suzhou Shenglue Investment Center (Limited partnership) 蘇州勝略投資中心（有限合夥）	7 June 2017	1,000	–	**100%**	–	Investment holding
Hangzhou Jing Rui investment management partnership (Limited partnership) 杭州景銳投資管理合夥企業（有限合夥）	6 January 2017	–	–	**100%**	–	Investment holding
Hangzhou Jing Wei investment management partnership (Limited partnership) 杭州景瑋投資管理合夥企業（有限合夥）	6 January 2017	–	–	**100%**	–	Investment holding
Hangzhou Jing Qi Enterprise Management Consulting Co., Ltd. 杭州景祺企業管理諮詢有限公司	12 October 2017	1,000	1,000	**100%**	–	Investment holding
Hangzhou Xiao strategy enterprise management consulting Co., Ltd. 杭州驍策企業管理諮詢有限公司	21 November 2017	1,000	–	**100%**	–	Investment holding

45 Particulars of subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2017	2016	Principal activities
Subsidiaries established in the PRC (continued)						
Nanjing Qiancheng enterprise management consulting center (Limited partnership) 南京乾程企業管理諮詢中心（有限合夥）	13 July 2017	5,490	–	**100%**	–	Investment holding
Ningbo Jing Hao Property Co. Ltd. (寧波景浩置業有限公司)	11 September 2017	50,000	–	**100%**	–	Property development
Ningbo Jing Qing Property Co. Ltd. 寧波景清置業有限公司	16 August 2017	10,000	–	**100%**	–	Property development
Ningbo Yong Kun Industrial Investment Partnership (Limited Partnership) 寧波勇坤實業投資合夥企業（有限合夥）	27 May 2017	–	–	**100%**	–	Investment holding
Ningbo Huan Kun Industrial Investment Partnership (Limited Partnership) 寧波歡坤實業投資合夥企業（有限合夥）	27 May 2017	–	–	**100%**	–	Investment holding
Ningbo Hui Kun Industrial Investment Partnership (Limited Partnership) 寧波輝坤實業投資合夥企業（有限合夥）	27 May 2017	–	–	**100%**	–	Investment holding
Ningbo Yu Kun Industrial Investment Partnership (Limited Partnership) 寧波俞坤實業投資合夥企業（有限合夥）	27 May 2017	–	–	**100%**	–	Investment holding
Ningbo Zheng Kun Industrial Investment Partnership (Limited Partnership) 寧波錚坤實業投資合夥企業（有限合夥）	27 May 2017	–	–	**100%**	–	Investment holding
Ningbo Ye Kun Industrial Investment Partnership (Limited Partnership) 寧波葉坤實業投資合夥企業（有限合夥）	27 May 2017	–	–	**100%**	–	Investment holding
Ningbo Fei Kun Industrial Investment Partnership (Limited Partnership) 寧波飛坤實業投資合夥企業（有限合夥）	27 May 2017	–	–	**100%**	–	Investment holding

45 Particulars of subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2017	2016	Principal activities
Subsidiaries established in the PRC (continued)						
Ningbo Lei Kun Industrial Investment Partnership (Limited Partnership) 寧波雷坤實業投資合夥企業（有限合夥）	27 May 2017	–	–	**100%**	–	Investment holding
Ningbo Lin Kun Industrial Investment Partnership (Limited Partnership) 寧波林坤實業投資合夥企業（有限合夥）	27 May 2017	–	–	**100%**	–	Investment holding
Ningbo Mu Kun Industrial Investment Partnership (Limited Partnership) 寧波穆坤實業投資合夥企業（有限合夥）	27 May 2017	–	–	**100%**	–	Investment holding
Shanghai Yunjing Industrial Co., Ltd. 上海蘊景實業有限公司	4 September 2017	159,400	–	**100%**	–	Property management
Shanghai Tengjing Property Co., Ltd. 上海騰景置業有限公司	31 August 2017	10,000	–	**100%**	–	Property management
Suzhou Bohao Investment Center (Limited Partnership) 蘇州鉑昊投資中心（有限合夥）	12 October 2017	100	–	**100%**	–	Investment holding
Suzhou Chenhao Investment Center (Limited Partnership) 蘇州辰昊投資中心（有限合夥）	12 October 2017	100	–	**100%**	–	Investment holding
Suzhou Chenghao Investment Center (Limited Partnership) 蘇州程昊投資中心（有限合夥）	12 October 2017	100	–	**100%**	–	Investment holding
Hangzhou Ruimeng Hotel Management Co., Ltd. 杭州瑞夢酒店管理有限公司	27 December 2017	10,000	10,000	**100%**	–	Property management
Shanghai Pinzhuang Architectural Design Consulting Co., Ltd. 上海品裝建築設計諮詢有限公司	27 September 2017	100	–	**100%**	–	Customized decoration
Shanghai Jidong Decoration Engineering Co., Ltd. 上海集楝裝飾工程有限公司	29 March 2017	200	–	**100%**	–	Customized decoration

45 Particulars of subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital	Issued and fully paid capital	Percentage of attributable equity interest as at 31 December 2017	2016	Principal activities
Subsidiaries incorporated in Hong Kong						
Jingrui HK Holdings Limited ("EI HK")(b)	25 June 2007	USD10	USD10	**100%**	100%	Property and investment holding
Estate success Co., Ltd. (具智有限公司)	19 May 2010	HKD1	HKD1	**100%**	100%	Investment holding
Sincere Paragon Limited	5 February 2013	HKD380,000	HKD380,000	**100%**	100%	Investment holding
Strong Pioneer Investment Co., Ltd. (健創投資有限公司)	30 October 2013	HKD10,000	–	**100%**	100%	Investment holding
Bright Harmony Co., Ltd. (亮致有限公司)	31 October 2013	HKD10,000	–	**100%**	100%	Investment holding
Mega Harmony Development Co., Ltd. (萬致發展有限公司)	31 October 2013	HKD10,000	–	**100%**	100%	Investment holding
Gainful Hero Holdings Co., Ltd. (利勇集團有限公司)	31 October 2013	HKD10,000	–	**100%**	100%	Investment holding
Gainful Harmony International Co., Ltd. (利致國際有限公司)	30 October 2013	HKD10,000	–	**100%**	100%	Investment holding
Wise Rainbow Holdings Co., Ltd. (智彩集團有限公司)	31 October 2013	HKD10,000	–	**100%**	100%	Investment holding
Dragon Braveness Holdings Co., Ltd. (龍英集團有限公司)	31 October 2013	HKD10,000	–	**100%**	100%	Investment holding
Luxuriant Ocean Co., Ltd. (薈洋有限公司)	31 October 2013	HKD10,000	–	**100%**	100%	Investment holding
Wise Amber Co., Ltd. (智珀有限公司)	31 October 2013	HKD10,000	–	**100%**	100%	Investment holding
Shimmery Amber Co., Ltd. (亮珀有限公司) (Note 10(j))	30 October 2013	HKD10,000	–	**100%**	100%	Investment holding
Tran Star Ventures, Limited (Note 10 (b)), (Note 42 (c))	30 December 2015	–	–	**100%**	–	Investment holding
Talent Treasury Limited (Note 10 (a)), (Note 42(a))	9 February 2009	USD1	USD1	**100%**	–	Investment holding

45 Particulars of subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital	Issued and fully paid capital	Percentage of attributable equity interest as at 31 December 2017	2016	Principal activities
Subsidiaries incorporated in Hong Kong (continued)						
Citihappy Finance Limited (Note 42(b))	14 July 1997	HKD10,000	HKD2	**100%**	–	Property management
Gain Billion International Limited (Note 42(b))	9 July 1997	HKD10,000	HKD2	**100%**	–	Property management
Citibingo Investment Limited (Note 42(b))	9 July 1999	HKD10,000	HKD2	**100%**	–	Property management
Citibusiness Properties Limited (Note 42(b))	9 July 1999	HKD10,000	HKD2	**100%**	–	Property management
Citibusiness Investment Limited (Note 42(b))	9 July 1999	HKD10,000	HKD2	**100%**	–	Property management
Citibright Properties Limited (Note 42(b))	9 July 1999	HKD10,000	HKD2	**100%**	–	Property management
Central Sky (Worldwide) Limited (Note 42(b))	7 July 1997	HKD10,000	HKD2	**100%**	–	Property management
Citibridge Company Limited (Note 42(b))	9 July 1999	HKD10,000	HKD2	**100%**	–	Property management
Interactive Company Limited (Note 42(b))	14 July 1997	HKD10,000	HKD2	**100%**	–	Property management
Trinity Joy Limited (Note 42(b))	26 September 1997	HKD10,000	HKD2	**100%**	–	Property management
Lucky Chain Limited (Note 42(b))	26 September 1997	–	HKD2	**100%**	–	Property management
Viger Company Limited (Note 42(b))	26 September 1997	HKD10,000	HKD2	**100%**	–	Property management
Citibonus Finance Company Limited (Note 42(b))	14 July 1997	HKD10,000	HKD2	**100%**	–	Property management
Citihappy Properties Limited (Note 42(b))	9 July 1999	HKD10,000	HKD2	**100%**	–	Property management
Zenith-top Properties Limited (Note 42(b))	14 July 1997	HKD10,000	HKD2	**100%**	–	Property management
Zenith-top Investment Limited (Note 42(b))	14 July 1997	HKD10,000	HKD2	**100%**	–	Property management

45 Particulars of subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital	Issued and fully paid capital	Percentage of attributable equity interest as at 31 December 2017	2016	Principal activities
Subsidiaries incorporated in Hong Kong (continued)						
Zenith-top International Limited (Note 42(b))	14 July 1997	HKD10,000	HKD2	100%	–	Property management
Zenith-top Enterprises Limited (Note 42(b))	14 July 1997	HKD10,000	HKD2	100%	–	Property management
Grand Home Limited (Note 42(b))	26 September 1997	HKD10,000	HKD2	100%	–	Property management
Planetop International Company Limited (Note 42(b))	11 July 1997	HKD10,000	HKD2	100%	–	Property management
Planetop Finance Company Limited (Note 42(b))	14 July 1997	HKD10,000	HKD2	100%	–	Property management
Planetop Enterprises Company Limited (Note 42(b))	14 July 1997	HKD10,000	HKD2	100%	–	Property management
Yakult (Hong Kong) Limited (Note 42(b))	9 July 1999	HKD10,000	HKD2	100%	–	Property management
Good Business Limited (Note 42(b))	26 September 1997	HKD10,000	HKD2	100%	–	Property management
Sunkist International Limited (Note 42(b))	9 July 1999	HKD10,000	–	100%	–	Property management
Nice Angel Limited (Note 42(b))	26 September 1997	–	–	100%	–	Property management
Splendid Sky International Limited (Note 42(b))	4 July 1994	HKD10,000	HKD2	100%	–	Property management
Planetop Company Limited (Note 42(b))	14 July 1997	HKD10,000	HKD3	100%	–	Property management
Planetime Properties Company Limited (Note 42(b))	14 July 1997	HKD10,000	HKD2	100%	–	Property management
Planetime Enterprises Company Limited (Note 42(b))	11 July 1997	HKD10,000	–	100%	–	Property management
Fords Enterprises Limited (Note 42(b))	26 September 1997	HKD10,000	HKD2	100%	–	Property management
Wilkinson Development Limited (Note 42(b))	3 September 1997	HKD10,000	HKD2	100%	–	Property management

45 Particulars of subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital	Issued and fully paid capital	Percentage of attributable equity interest as at 31 December 2017	2016	Principal activities
Subsidiaries incorporated in Hong Kong (continued)						
Precious Stone International Limited (Note 42(b))	8 August 1997	HKD10,000	HKD2	**100%**	–	Property management
Empire Luck International Limited (Note 42(b))	10 September 1997	HKD10,000	HKD2	**100%**	–	Property management
Brilliant Sky International Limited (Note 42(b))	8 August 1997	HKD10,000	–	**100%**	–	Property management
Sea Melody International Limited (Note 42(b))	8 August 1997	HKD10,000	HKD2	**100%**	–	Property management
Loyalty International Limited (Note 42(b))	3 September 1997	HKD10,000	HKD2	**100%**	–	Property management
Well Hopes Limited (Note 42(b))	21 May 1997	HKD10,000	HKD2	**100%**	–	Property management
Houli Enterprises Limited (Note 42(b))	11 May 1993	HKD1,000	HKD2	**100%**	–	Property management
Hang Senca Development Limited (Note 42(b))	13 January 1997	HKD10,000	HKD2	**100%**	–	Property management
Hang Senca Investment Limited (Note 42(b))	13 January 1997	HKD10,000	HKD2	**100%**	–	Property management
Nation Harvest Company Limited (Note 42(b))	8 October 1997	HKD10,000	HKD2	**100%**	–	Property management
Caphall Trading Limited (Note 42(b))	13 January 1997	HKD10,000	HKD2	**100%**	–	Property management
Classic Broad Development Limited (Note 42(b))	13 January 1997	HKD10,000	HKD2	**100%**	–	Property management
Classic Broad Investment Limited (Note 42(b))	13 January 1997	HKD10,000	HKD3	**100%**	–	Property management
Success Prospect Industrial Limited (Note 42(b))	13 January 1997	HKD10,000	HKD2	**100%**	–	Property management
Sounds Great Limited (Note 42(b))	31 October 1997	HKD10,000	HKD3	**100%**	–	Property management
Sounds Rich Limited (Note 42(b))	3 November 1997	HKD10,000	HKD2	**100%**	–	Property management

45 Particulars of subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital	Issued and fully paid capital	Percentage of attributable equity interest as at 31 December 2017	2016	Principal activities
Subsidiaries incorporated in Hong Kong (continued)						
Wisemen City Limited (Note 42(b))	2 April 1997	HKD10,000	HKD2	**100%**	–	Property management
Fine Bonus Trading Limited (Note 42(b))	13 January 1997	HKD10,000	HKD2	**100%**	–	Property management
Coming Well Limited (Note 42(b))	16 May 1997	HKD10,000	HKD2	**100%**	–	Property management
Global Bright International Investments Limited (Note 42(b))	3 April 2002	HKD10,000	HKD2	**100%**	–	Property management
Great Esteem Development Limited (Note 42(b))	13 January 1997	HKD10,000	HKD2	**100%**	–	Property management
Nobles International Limited (Note 42(b))	16 May 1997	HKD10,000	HKD3	**100%**	–	Property management
Super Dignity Trading Limited (Note 42(b))	13 January 1997	HKD10,000	HKD2	**100%**	–	Property management
Shineland Limited (Note 42(b))	21 May 1997	HKD10,000	HKD2	**100%**	–	Property management
Access Wealth Limited (Note 42(b))	23 May 1997	HKD10,000	HKD2	**100%**	–	Property management
Kamley Trading Limited (Note 42(b))	20 January 1997	HKD10,000	HKD2	**100%**	–	Property management
Subsidiaries incorporated in BVI						
Property Sky Limited (Note 42(j))	8 June 2010	USD2	USD2	**100%**	100%	Investment holding
Natural Apex Limited	9 January 2013	USD50,000	USD50,000	**100%**	100%	Investment holding
Decent Pillar Limited	22 October 2013	USD50,000	–	**100%**	100%	Investment holding
Faithful Gem Limited	18 September 2013	USD50,000	–	**100%**	100%	Investment holding
Gladly Sheen Limited	8 October 2013	USD50,000	–	**100%**	100%	Investment holding

45 Particulars of subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital	Issued and fully paid capital	Percentage of attributable equity interest as at 31 December 2017	2016	Principal activities
Subsidiaries incorporated in BVI (continued)						
Joyful Dawn Limited	22 October 2013	USD50,000	–	**100%**	100%	Investment holding
Model Sheen Limited	8 October 2013	USD50,000	–	**100%**	100%	Investment holding
Model Wealth Limited	22 October 2013	USD50,000	–	**100%**	100%	Investment holding
Sheeny Blaze Limited	8 October 2013	USD50,000	–	**100%**	100%	Investment holding
Sheeny Bright Limited	8 October 2013	USD50,000	–	**100%**	100%	Investment holding
Modern Jump Limited (Note 10(j))	8 October 2013	USD74,000,000	–	**100%**	100%	Investment holding
Sound Pillar Limited	18 October 2013	USD50,000	–	**100%**	100%	Investment holding
Yan Capital	11 April 2017	USD50,000	–	**100%**	–	Investment holding
Yang Capital L.P.	16 May 2017	–	–	**100%**	–	Investment holding
Subsidiary incorporated in Singapore						
LKN Investment International Co., Ltd. (Note 42(e))	24 October 1986	SGD 18,393,000	SGD 18,393,000	**100%**	Not applicable	Investment holding

The English names of the PRC companies referred to above in this note represent management's best efforts in translating the Chinese names of those companies as no English names have been registered or available.

45 Particulars of subsidiaries (continued)

(a) Certain equity interests in the subsidiaries of the Company were pledged for trust financing arrangement as at 31 December 2017 and 2016 (Note 21). For details, please refer to the table below:

	As at 31 December	
	2017	2016
Percentage of equity interests in Shanghai Jingrui Investment Co., Ltd.	**–**	100%
Percentage of equity interests in Shaoxing Jingrui Property Co., Ltd.	**100%**	100%
Percentage of equity interests in Taicang Jingrui Property Co., Ltd.	**–**	100%
Percentage of equity interests in Hangzhou Jiaheng Property Co., Ltd.	**–**	100%
Percentage of equity interests in Suzhou Jinglong Property Co., Ltd.	**–**	100%
Percentage of equity interests in Shanghai Ruice Investment Co., Ltd	**51%**	–
Percentage of equity interests in Suzhou Jingrui Property Co., Ltd	**51%**	51%

(b) The companies are investment holding companies without any business other than the holding of 20.3% equity interests in Jingrui Properties (Group). They were acquired by the Group in April 2013 for the purpose of the reorganisation.

(c) The percentage of attributable equity interest presented is the beneficiary interests held by the Company's shareholders. The legal equity interests in certain entities are lower than the beneficiary interests because of the existence of trust financing arrangements.

The Group legally transferred the equity interests in the following subsidiaries as collateral to trust financing companies for trust financing arrangement (Note 21) through capital injection by the underlying trust financing companies or the transfer of equity interests by the Group with repurchase obligation.

	As at 31 December	
	2017	2016
Shanghai Xiaorui Investment Co., Ltd. (Note)	**100%**	100%

Note:

Shanghai Xiaorui Investment Co., Ltd. was incorporated by the Group as a special purpose vehicle hold 49% equity interests in Suzhou Jingrui Property Co., Ltd. The trust financing company indirectly holds 49% equity interests in project company through its holding 100% equity interests in Shanghai Xiaorui Investment Co., Ltd. . The Group holds the remaining 51% equity interests in Suzhou Jingrui Property Co., Ltd. which has been pledged to the trust financing company for the trust financing arrangement in 2017 and 2016.

45 Particulars of subsidiaries (continued)

(d) In April 2016, Shanghai Huajiang Construction and Development Co., Ltd., a subsidiary of the Group, reduced its paid-in capital from RMB100,000,000 to RMB10,000,000, as a result, the paid-in capital of the non-controlling interests of 32.5% equity interests decreased by RMB29,250,000.

(e) Ningbo Xiaoyong was owned as to 28% by the Group, 24% by each of Ningbo Weike Property Co., Ltd., Ningbo Kaisheng Investment Co., Ltd., and Ningbo Hongding Investment Co., Ltd. respectively. The directors of the Group consider that the Group has effective control of Ningbo Xiaoyong even though it legally hold less than 50% equity interest in Ningbo Xiaoyong. This is because that the Group is the main shareholder of Ningbo Xiaoyong, and Ningbo Weike Property Co., Ltd. and Ningbo Kaisheng Investment Co., Ltd. entered into concerted agreements to follow the Group on all the substantive decision on the operating and financing policies during the entire operation period of Ningbo Xiaoyong, and there is no history of other shareholders forming a group to exercise their votes collectively.

(f) In October 2015, the Group acquired 50% equity interests of Suzhou Ailide for a total consideration of RMB140,000,000. The remaining 50% equity interests was owned by an independent third party, Kushan Harbour Investment Consultant Limited. Based on the shareholder's agreement, Kunshan Harbour Investment Consultant Limited agreed to follow the Group on all substantive decision on the operating and financing policies during the entire operation period of Suzhou Ailide, the directors of the Group therefore consider that the Group has effective control over Suzhou Ailide and its four wholly-owned subsidiaries, namely Ningbo Harbour City Property Co., Ltd., Ningbo Harbour City Business Management Co., Ltd., Harbour City HK Business Management Co., Ltd. and Ningbo Haichangsheng Business Management Co., Ltd. .

(g) On 27 October 2017, the Group acquired 40% equity interests of Wuhan Jiayuan for a total consideration of RMB574,000,000. The remaining 60% equity interests was owned by an independent third party. Based on the concerted agreement with the independent third party, the third party agreed to follow the Group on all the substantive decision on the operating and financing policies during the entire operating period of Wuhan Jiayuan, the directors of the Group therefore consider that the Group has effective control over Wuhan Jiayuan.

(h) Shanghai Jingrui Investment Co., Ltd. disposed of 35% and 15% of interests in Shanghai Xiaoyi to Shanghai Jiayu and Shenzhen Pingjia respectively at a total consideration of RMB50,000 in March 2016. Based on the concerted agreement with the independent third party, Shanghai Jiayu agreed to follow the Group on all the substantive decision on the operating and financing policies during the entire operating period of Shanghai Xiaoyi, the directors of the Group therefore consider that the Group has effective control over Shanghai Xiaoyi and its wholly-owned subsidiaries, namely Ningbo Jingshen Property Co., Ltd.

(i) In March and August 2016, two third party individuals, through a series of capital injection and equity transfer, invested in the Group's subsidiaries, Shanghai Jizhai Investment Holding Company and Shanghai Pinzhai Decoration Technology Co., Ltd. ("Shanghai Jizhai and Pinzhai") which are specialised in decoration design business. Their investments effectively diluted the Group's equity interest in Shanghai Jizhai and Pinzhai to 40%, and two third party individuals hold remaining 27% and 33% respectively. However, the Group still controls Shanghai Jizhai and Pinzhai as the Group approves all the resolutions pursuant to the agreements between three parties.

45 Particulars of subsidiaries (continued)

(j) Summarised financial information on subsidiaries with non-controlling interests material to the Group.

The non-controlling interests of the Group are as follows:

	As at 31 December	
	2017	2016
	RMB'000	RMB'000
Non-controlling interests for		
– Taicang Jingshang	**42,559**	51,148
– Hangzhou Jinghang	**60,670**	42,904
– Shaoxing Jingming	**172,658**	120,974
– Shanghai Fengxiang	**–**	140,442
– Suzhou Ailide	**212,243**	236,469
– Shanghai Xiaoze	**80,602**	28,021
– Chongqing Jingteng	**70,928**	69,742
– Shanghai Xiaopin	**144,990**	–
– Ningbo Xiaoyong	**71,631**	–
– Ningbo Xiangjun	**195,618**	–
– Wuhan Ruiqian	**400,000**	–
– Wuhan Jiayuan	**896,848**	–
– Other subsidiaries	**52,368**	26,406
	2,401,115	716,106

Set out below are the summarised financial information for the subsidiaries including Taicang Jingshang, Hangzhou Jinghang., Shaoxing Jingming, Suzhou Ailide, Chongqing Jingteng, Shanghai Fengxiang, Shanghai Xiaoze, Shanghai Xiaopin, Ningbo Xiaoyong, Ningbo Xiangjun, Wuhan Ruiqian and Wuhan Yingjin that have non-controlling interests that are material to the Group, and the information below is the amount before inter-company elimination.

45 Particulars of subsidiaries (continued)

Summarised balance sheet

	Taicang Jingshang As at 31 December		Hangzhou Jinghang As at 31 December	
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
Current				
Assets	**710,602**	977,703	**190,964**	235,488
Liabilities	**(569,966)**	(753,481)	**(67,383)**	(152,611)
Total current net assets	**140,636**	224,222	**123,581**	82,877
Non-current				
Assets	**1,227**	16	**236**	4,682
Liabilities	**–**	(53,744)	**–**	–
Total non-current net assets/(liabilities)	**1,227**	(53,728)	**236**	4,682
Net assets	**141,863**	170,494	**123,817**	87,559

	Shaoxing Jingming As at 31 December		Suzhou Ailide As at 31 December	
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
Current				
Assets	**683,272**	1,329,999	**201,889**	368,388
Liabilities	**(332,838)**	(1,033,795)	**(172,205)**	(216,705)
Total current net assets	**350,434**	296,204	**29,684**	151,683
Non-current				
Assets	**1,930**	17,675	**492,633**	689,170
Liabilities	**–**	(66,993)	**(97,831)**	(367,915)
Total non-current net assets/(liabilities)	**1,930**	(49,318)	**394,802**	321,255
Net assets	**352,364**	246,886	**424,486**	472,938

45 Particulars of subsidiaries (continued)

Summarised balance sheet (continued)

	Chongqing Jingteng		Shanghai Fengxiang		Shanghai Xiaoze	
	As at 31 December		As at 31 December		As at 31 December	
	2017	2016	**2017**	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Current						
Assets	**193,977**	303,653	**–**	1,955,293	**530,887**	503,347
Liabilities	**(58,376)**	(164,875)	**–**	(426,151)	**(280,223)**	(415,662)
Total current net assets	**135,601**	138,778	**–**	1,529,142	**250,664**	87,685
Non-current						
Assets	**9,150**	3,552	**–**	190,521	**18,010**	5,718
Liabilities	**–**	–	**–**	(1,017,451)	**–**	–
Total non-current net (liabilities)/assets	**9,150**	3,552	**–**	(826,930)	**18,010**	5,718
Net assets	**144,751**	142,330	**–**	702,212	**268,674**	93,403

	Shanghai Xiaopin		Ningbo Xiaoyong		Ningbo Xiangjun	
	As at 31 December		As at 31 December		As at 31 December	
	2017	2016	**2017**	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Current						
Assets	**2,086,058**	–	**738,421**	–	**873,361**	–
Liabilities	**(408,184)**	–	**(638,933)**	–	**(474,148)**	–
Total current net assets	**1,677,874**	–	**99,488**	–	**399,213**	–
Non-current						
Assets	**5,425**	–	**–**	–	**8**	–
Liabilities	**(1,200,000)**	–	**–**	–	**–**	–
Total non-current net (liabilities)/assets	**(1,194,575)**	–	**–**	–	**8**	–
Net assets	**483,299**	–	**99,488**	–	**399,221**	–

45 Particulars of subsidiaries (continued)

Summarised balance sheet (continued)

	Wuhan Ruiqian As at 31 December		Wuhan Jiayuan As at 31 December	
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
Current				
Assets	**1,000,000**	–	**1,858,844**	–
Liabilities	**–**	–	**(364,301)**	–
Total current net assets	**1,000,000**	–	**1,494,543**	–
Non-current				
Assets	**–**	–	**204**	–
Liabilities	**–**	–	**–**	–
Total non-current net (liabilities)/assets	**–**	–	**204**	–
Net assets	**1,000,000**	–	**1,494,747**	–

Summarised statement of comprehensive income

	Taicang Jingshang Year ended 31 December		Hangzhou Jinghang Year ended 31 December	
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
Revenue	**203,039**	159,771	**141,684**	1,318,108
Profit/(loss) before income tax	**(30,735)**	347	**51,831**	63,263
Income tax expense	**2,104**	18,090	**(15,573)**	(35,611)
Post-tax profit/(loss)	**(28,631)**	18,437	**36,258**	27,652
Other comprehensive income	**–**	–	**–**	–
Total comprehensive income/(loss)	**(28,631)**	18,437	**36,258**	27,652
Profit/(loss) allocated to non-controlling interests	**(8,589)**	5,531	**17,766**	13,549
Dividends paid to non-controlling interests	**–**	–	**–**	–

45 Particulars of subsidiaries (continued)

Summarised statement of comprehensive income (continued)

	Shaoxing Jingming Year ended 31 December		Suzhou Ailide Year ended 31 December	
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
Revenue	**1,399,098**	–	**180,920**	591,317
Profit/(loss) before income tax	**169,916**	(31,563)	**(72,172)**	116,796
Income tax expense	**(64,438)**	6,773	**23,720**	(67,024)
Post-tax (loss)/profit	**105,478**	(24,790)	**(48,452)**	49,772
Other comprehensive income	**–**	–	**–**	–
Total comprehensive income/(loss)	**105,478**	(24,790)	**(48,452)**	49,772
Profit/(loss) allocated to non-controlling interests	**51,684**	(12,147)	**(24,226)**	24,886
Dividends paid to non-controlling interests	**–**	–	**–**	–

	Chongqing Jingteng Year ended 31 December		Shanghai Fengxiang For the period from 1 January 2017 to 30 April 2017		Shanghai Xiaoze Year ended 31 December	
	2017	2016	**2017**	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Revenue	**230,390**	–	**–**	67,775	**864,773**	–
Profit/(loss) before income tax	**18,905**	(6,964)	**(2,764)**	(27,627)	**321,077**	(8,621)
Income tax expense	**(16,484)**	2,029	**3,022**	4,116	**(145,806)**	2,027
Post-tax (loss)/profit	**2,421**	(4,935)	**258**	(23,511)	**175,271**	(6,594)
Other comprehensive income	**–**	–	**–**	–	**–**	–
Total comprehensive income/(loss)	**2,421**	(4,935)	**258**	(23,511)	**175,271**	(6,594)
Profit/(loss) allocated to non-controlling interests	**1,186**	(2,418)	**52**	(4,702)	**52,581**	(1,978)
Dividends paid to non-controlling interests	**–**	–	**–**	–	**–**	–

45 Particulars of subsidiaries (continued)

Summarised statement of comprehensive income (continued)

	Shanghai Xiaopin For the period from 14 March 2017 to 31 December 2017		Ningbo Xiaoyong For the period from 27 June 2017 to 31 December 2017		Ningbo Xiangjun For the period from 2 August 2017 to 31 December 2017	
	2017	2016	**2017**	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Revenue	**–**	–	**–**	–	**–**	–
Loss before income tax	**(16,445)**	–	**(243)**	–	**(779)**	–
Income tax expense	**3,853**	–	**(268)**	–	**–**	–
Post-tax Loss	**(12,592)**	–	**(511)**	–	**(779)**	–
Other comprehensive income	**–**	–	**–**	–	**–**	–
Total comprehensive loss	**(12,592)**	–	**(511)**	–	**(779)**	–
Loss allocated to non-controlling interests	**(3,697)**	–	**(366)**	–	**(380)**	–
Dividends paid to non-controlling interests	**–**	–	**–**	–	**–**	–

	Wuhan Ruiqian For the period from 12 December 2017 to 31 December 2017		Wuhan Jiayuan For the period from 27 October 2017 to 31 December 2017	
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
Revenue	**–**	–	**–**	–
Loss before income tax	**–**	–	**(326)**	–
Income tax expense	**–**	–	**73**	–
Post-tax Loss	**–**	–	**(253)**	–
Other comprehensive income	**–**	–	**–**	–
Total comprehensive loss	**–**	–	**(253)**	–
Loss allocated to non-controlling interests	**–**	–	**(152)**	–
Dividends paid to non-controlling interests	**–**	–	**–**	–

45 Particulars of subsidiaries (continued)

Summarised cash flow statement

	Taicang Jingshang For the year ended 31 December 2017 RMB'000	2016 RMB'000	Hangzhou Jinghang For the year ended 31 December 2017 RMB'000	2016 RMB'000
Net cash (used in)/generated from operating activities	**135,185**	2,114	**(25,443)**	378,549
Net cash generated from/(used in) investing activities	**–**	–	**–**	–
Net cash used in financing activities	**(95,333)**	(9,648)	**–**	(311,309)
Net (decrease)/increase in cash and cash equivalents	**39,852**	(7,534)	**(25,443)**	67,240
Cash and cash equivalents at beginning of the year	**13,451**	20,985	**76,208**	8,968
Cash and cash equivalents at end of the year	**53,303**	13,451	**50,765**	76,208

	Shaoxing Jingming For the year ended 31 December 2017 RMB'000	2016 RMB'000	Suzhou Ailide For the year ended 31 December 2017 RMB'000	2016 RMB'000
Net cash generated from/(used in) operating activities	**385,929**	203,528	**250,208**	(257,763)
Net cash used in investing activities	**(9)**	(7)	**–**	–
Net cash used in financing activities	**(358,769)**	(191,000)	**(261,939)**	250,000
Net increase/(decrease) in cash and cash equivalents	**27,151**	12,521	**(11,731)**	(7,763)
Cash and cash equivalents at beginning of the year	**46,108**	33,587	**47,905**	55,668
Cash and cash equivalents at end of the year	**73,259**	46,108	**36,174**	47,905

45 Particulars of subsidiaries (continued)

Summarised cash flow statement (continued)

	Chongqing Jingteng		Shanghai Fengxiang		Shanghai Xiaoze	
	For the year ended 31 December		For the period from 1 January 2017 to 30 April 2017		For the year ended 31 December	
	2017	2016	**2017**	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Net cash (used in)/generated from operating activities	**(34,522)**	40,308	**404,363**	(505,991)	**61,179**	7,719
Net cash used in investing activities	**–**	(34)	**–**	–	**(15)**	–
Net cash (used in)/generated from financing activities	**(56,198)**	54,970	**(454,682)**	586,800	**–**	(7,722)
Net (decrease)/increase in cash and cash equivalents	**(90,720)**	95,244	**(50,319)**	80,809	**61,164**	(3)
Cash and cash equivalents at beginning of the year	**96,235**	991	**82,069**	1,260	**6**	9
Cash and cash equivalents at end of the year	**5,515**	96,235	**31,750**	82,069	**61,170**	6

	Shanghai Xiaopin		Ningbo Xiaoyong		Ningbo Xiangjun	
	For the period from 14 March 2017 to 31 December 2017		For the period from 27 June 2017 to 31 December 2017		For the period from 2 August 2017 to 31 December 2017	
	2017	2016	**2017**	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Net cash used in operating activities	**(501,264)**	–	**(330,995)**	–	**(732,137)**	–
Net cash used in investing activities	**(224)**	–	**–**	–	**(8)**	–
Net cash generated from financing activities	**620,968**	–	**340,664**	–	**733,759**	–
Net increase in cash and cash equivalents	**119,480**	–	**9,669**	–	**1,614**	–
Cash and cash equivalents at beginning of the year	**–**	–	**–**	–	**–**	–
Cash and cash equivalents at end of the year	**119,480**	–	**9,669**	–	**1,614**	–

45 Particulars of subsidiaries (continued)

Summarised cash flow statement (continued)

	Wuhan Ruiqian For the period from 12 December 2017 to 31 December 2017		Wuhan Jiayuan For the period from 27 October 2017 to 31 December 2017	
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
Net cash (used in)/generated from operating activities	**–**	–	**(42,336)**	–
Net cash used in investing activities	**(999,999)**	–	**(204)**	–
Net cash generated from/(used in) financing activities	**1,000,000**	–	**60,000**	–
Net increase/(decrease) in cash and cash equivalents	**1**	–	**17,460**	–
Cash and cash equivalents at beginning of the year	**–**	–	**–**	–
Cash and cash equivalents at end of the year	**1**	–	**17,460**	–

The information above is the amounts before inter-company eliminations.

46 Balance sheet and reserve movements of the Company

Balance sheet of the Company

	As at 31 December	
	2017	2016
	RMB'000	RMB'000
ASSETS		
Non-current assets		
Interests in subsidiaries	**2,779,257**	2,667,641
Available-for-sale financial assets	**160,739**	73,266
	2,939,996	2,740,907
Current assets		
Amounts due from subsidiaries	**2,673,917**	1,502,232
Cash at bank and on hand	**6,877**	373,035
Trade and other receivables and prepayments	**17,581**	–
	2,698,375	1,875,267
Total assets	**5,638,371**	4,616,174
OWNERS' EQUITY		
Capital and reserves attributable to equity holders of the Company		
Share capital: nominal value	**79,361**	79,361
Reserves (note (a))	**1,125,895**	1,471,625
Total equity	**1,205,256**	1,550,986
LIABILITIES		
Non-current liabilities		
Borrowings	**3,293,179**	1,474,822
Current liabilities		
Trade and other payables	**113,434**	145,732
Amounts due to subsidiaries	**604,309**	612,194
Borrowings	**422,193**	832,440
	1,139,936	1,590,366
Total liabilities	**4,433,115**	3,065,188
Total equity and liabilities	**5,638,371**	4,616,174

The balance sheet of the Company was approved by the Board of Directors on 15 March 2018 and was signed on its behalf by:

Yan Hao
Director

Xu Chao Hui
Director

46 Balance sheet and reserve movements of the Company (continued)

(a) Reserve movements of the Company

	Reserves					
	Share premium RMB'000	Share award scheme RMB'000	Contributed surplus RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance at 1 January 2017	**1,193,851**	**67,551**	**1,115,742**	**14,254**	**(919,773)**	**1,471,625**
Comprehensive income/(loss)						
Loss for the year 2017	**–**	**–**	**–**	**–**	**(249,731)**	**(249,731)**
Other comprehensive income:						
Changes in fair value of available-for-sale financial assets (Note 13)	**–**	**–**	**–**	**(104,638)**	**–**	**(104,638)**
Total comprehensive loss for the year 2017	**1,193,851**	**67,551**	**1,115,742**	**(90,384)**	**(1,169,504)**	**1,117,256**
Transactions with owners						
Share award scheme (Note 35)	**–**	**8,639**	**–**	**–**	**–**	**8,639**
Balance at 31 December 2017	**1,193,851**	**76,190**	**1,115,742**	**(90,384)**	**(1,169,504)**	**1,125,895**
Balance at 1 January 2016	1,193,851	63,183	1,115,742	2,469	(437,785)	1,937,460
Comprehensive income						
Loss for the year 2016	–	–	–	–	(481,988)	(481,988)
Other comprehensive income:						
Changes in fair value of available-for-sale financial assets (Note 13)	–	–	–	16,839	–	16,839
Transfer of fair value gains previously taken to other reserves to consolidated income statement upon disposal of available-for-sale financial assets	–	–	–	(5,054)	–	(5,054)
Total comprehensive loss for the year 2016	–	–	–	11,785	(481,988)	(470,203)
Transactions with owners						
Pre-IPO share award scheme (Note 35)	–	4,368	–	–	–	4,368
Balance at 31 December 2016	1,193,851	67,551	1,115,742	14,254	(919,773)	1,471,625

47 Events after the reporting period

Same as disclosed below and elsewhere in the notes to the consolidated financial statements set out above, there is no other material subsequent event undertaken by the Group after 31 December 2017:

(a) On 10 January 2018, the Group entered into a share purchase agreement with a third party, pursuant to which the Group will purchase the entire equity interests in Beijing Chengyuan Properties Limited which owns 221 apartment units at an initial consideration of RMB269,000,000.

(b) On 1 March 2018, the Group succeed in the bid for a commercial building located in Beijing through the auction at a consideration of RMB280,000,000.

48 Authorisation for issue of the financial statements

The consolidated financial statements were approved and authorised for issue by the board of directors of the Company on 15 March 2018.

FIVE-YEAR FINANCIAL INFORMATION

I. Key data of income statement

	2013 RMB'000	2014 RMB'000	2015 RMB'000	2016 RMB'000	**2017** **RMB'000**
Revenue	3,939,011	5,272,953	5,759,116	15,051,277	**15,668,404**
Cost of sales	(3,071,161)	(4,308,600)	(5,585,933)	(14,440,998)	**(13,150,265)**
Gross profit	867,850	964,353	173,183	610,279	**2,518,139**
Fair value gains on investment properties	166,637	71,790	203,255	81,059	**35,964**
Selling and marketing costs	(190,401)	(221,132)	(230,734)	(408,502)	**(363,862)**
Administrative expenses	(206,054)	(241,630)	(269,074)	(409,186)	**(607,751)**
Other income	11,133	11,665	89,338	79,763	**290,656**
Other gains/(losses) – net	216,424	(29,121)	(52,706)	964,323	**136,051**
Operating profit/(loss)	865,589	555,925	(86,738)	917,736	**2,009,197**
Finance income	26,008	23,244	38,487	46,124	**59,630**
Finance costs	(12,620)	(11,194)	(95,841)	(142,837)	**(170,332)**
Finance income/(costs) – net	13,388	12,050	(57,354)	(96,713)	**(110,702)**
Share of results of joint ventures	(11,141)	(12,807)	4,833	(35,978)	**(70,164)**
Share of results of associates	–	–	–	–	**(8,001)**
Profit/(loss) before income tax	867,836	555,168	(139,259)	785,045	**1,820,330**
Income tax expense	(177,929)	(275,651)	(150,049)	(621,621)	**(916,398)**
Profit/(loss) for the year	689,907	279,517	(289,308)	163,424	**903,932**
Attributable to:					
Equity holders of the Company	476,171	273,962	(352,696)	106,295	**805,761**
Holders of perpetual capital instruments	–	1,350	50,136	71,500	**20,472**
Non-controlling interests	213,736	4,205	13,252	(14,371)	**77,699**
	689,907	279,517	(289,308)	163,424	**903,932**

II. Key data of financial position

	2013 RMB'000	2014 RMB'000	2015 RMB'000	2016 RMB'000	**2017** **RMB'000**
Total non-current assets	1,140,989	1,600,790	2,513,401	5,251,927	**7,967,327**
Total current assets	18,501,936	24,803,330	26,910,970	32,790,006	**31,209,859**
Total assets	19,642,925	26,404,120	29,424,371	38,041,933	**39,177,186**
Total non-current liabilities	4,566,736	4,772,675	4,945,470	10,164,236	**10,767,206**
Total current liabilities	11,721,868	16,872,434	19,651,686	23,319,628	**22,277,059**
Total liabilities	16,288,604	21,645,109	24,597,156	33,483,864	**33,044,265**
Total equity attributable to:					
Equity holders of the Company	3,101,768	3,690,032	3,381,227	3,308,880	**3,731,806**
Holders of perpetual capital instruments	–	551,350	512,111	538,083	**–**
Non-controlling interests	252,553	517,629	933,877	716,106	**2,401,115**
Total equity	3,354,321	4,759,011	4,827,215	4,558,069	**6,132,921**

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