當代置業(中國)有限公司
MODERN LAND (CHINA) CO., LIMITED

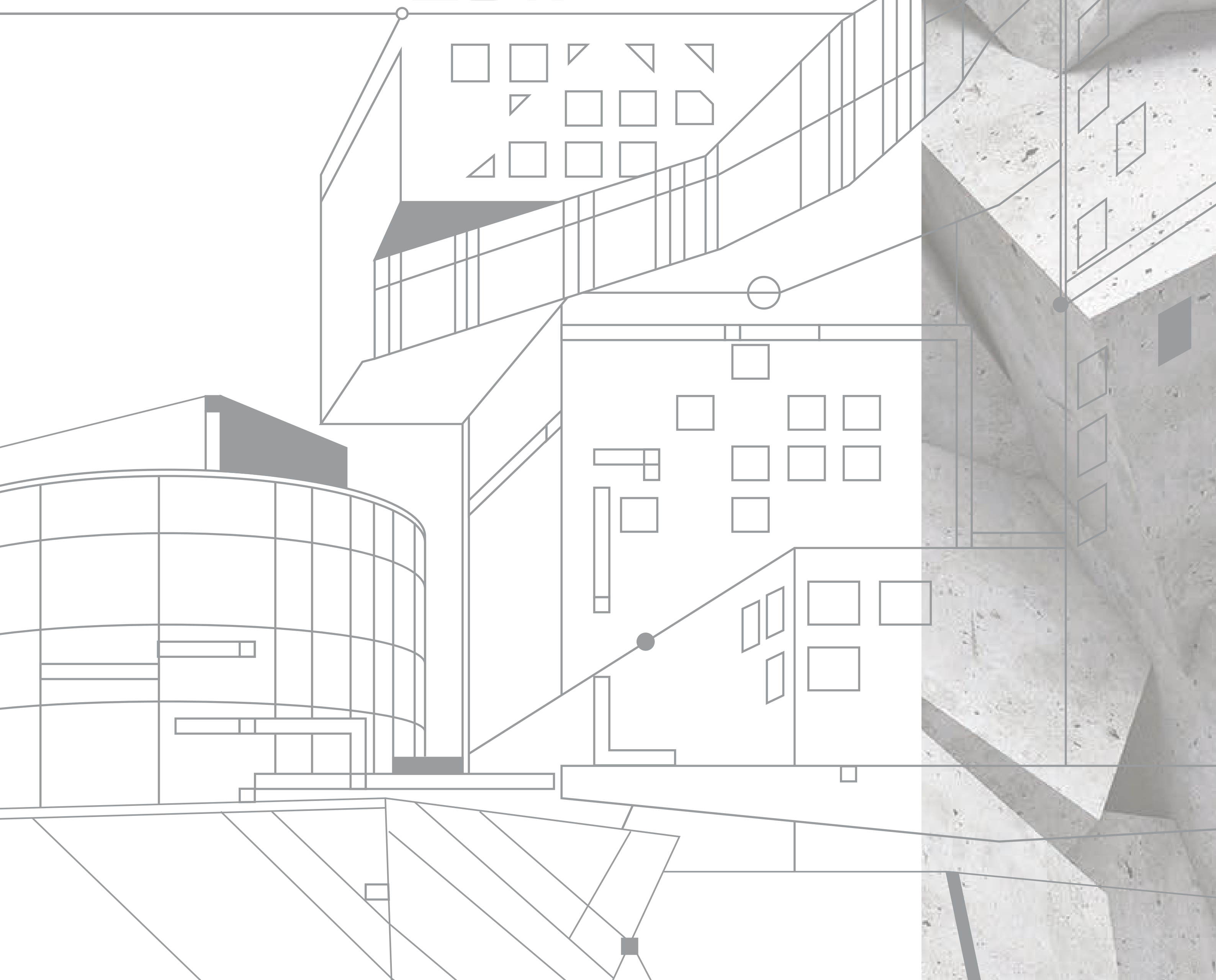
(incorporated in the Cayman Islands with limited liability)

Stock Code:1107

科 技 建 築 品 位 生 活

M O M Λ F i n e L i v i n g

2017 ANNUAL REPORT



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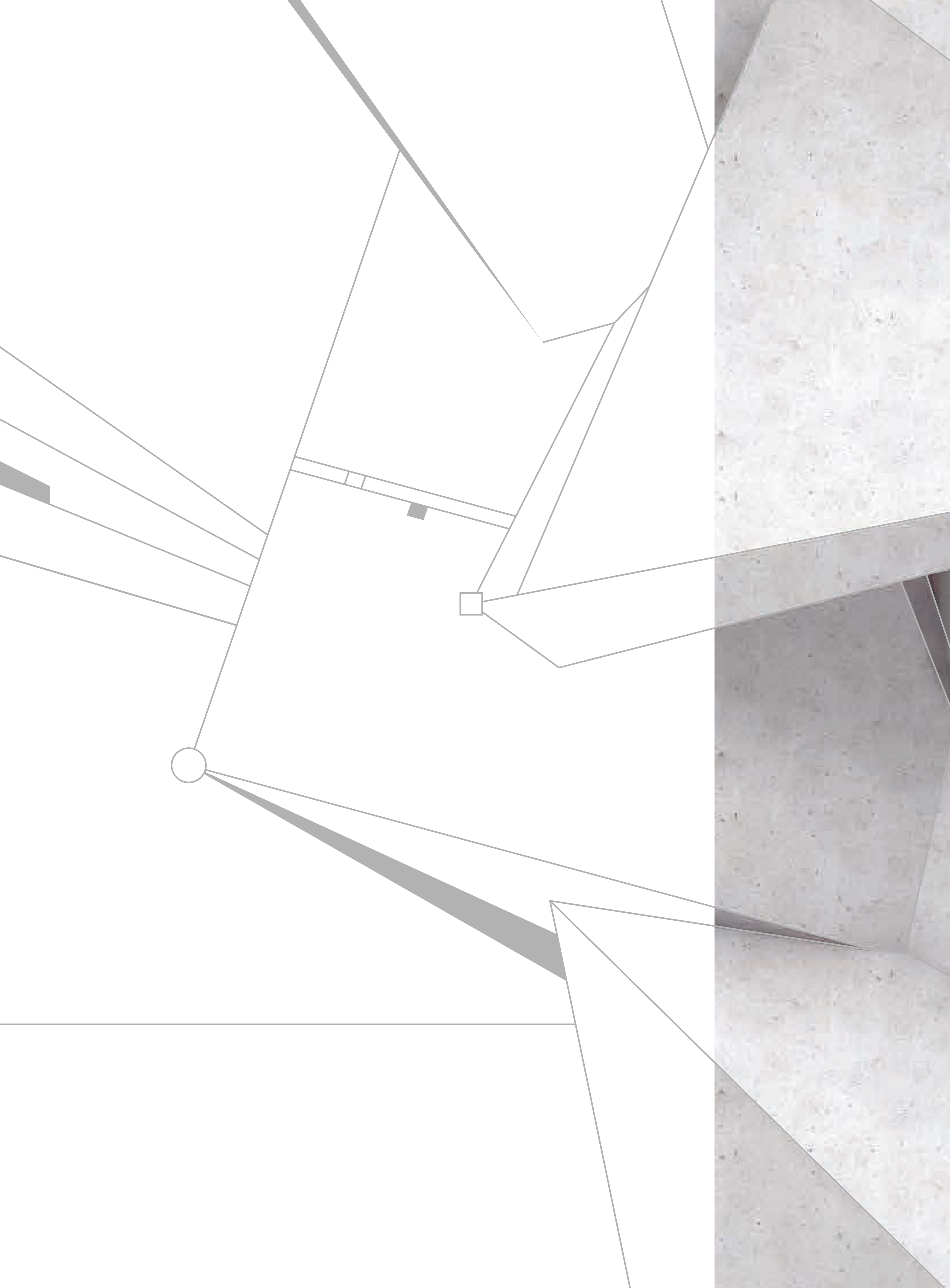

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Zhang Lei *(Chairman)*
Mr. Zhang Peng *(President)*
Mr. Chen Yin

Non-Executive Directors

Mr. Fan Qingguo
Mr. Chen Zhiwei
Mr. Chen Anhua *(appointed on 27 January 2017)*
Mr. Zhong Tianxiang *(resigned on 7 July 2017)*

Independent Non-Executive Directors

Mr. Qin Youguo
Mr. Cui Jian
Mr. Hui Chun Ho, Eric
Mr. Zhong Bin *(appointed on 27 January 2017)*

Audit Committee

Mr. Hui Chun Ho, Eric *(Chairman)*
Mr. Cui Jian
Mr. Qin Youguo
Mr. Zhong Bin *(appointed on 27 January 2017)*

Remuneration Committee

Mr. Qin Youguo *(Chairman)*
Mr. Zhang Lei
Mr. Cui Jian

Nomination Committee

Mr. Cui Jian *(Chairman)*
Mr. Zhang Lei
Mr. Hui Chun Ho, Eric
Mr. Zhong Bin *(appointed on 27 January 2017)*

AUTHORISED REPRESENTATIVES

Mr. Zhang Peng
Mr. Yeung Tak Yip

COMPANY SECRETARY

Mr. Yeung Tak Yip

AUDITOR

KPMG
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

LEGAL ADVISER

Loong & Yeung

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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3 Garden Road
Central, Hong Kong

REGISTERED OFFICE

Cricket Square
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Grand Cayman KY1-1111
Cayman Islands

HEADQUARTERS IN THE PRC

No. 1 Xiangheyuan Road
Dongcheng District
Beijing
PRC 100028

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, PO Box 1586
Grand Cayman KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
22nd Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

INVESTORS AND MEDIA RELATIONS CONSULTANT

Wonderful Sky Financial Group
9/F, The Center,
99 Queen's Road Central,
Central, Hong Kong
Tel: (852) 2851 1038
Fax: (852) 2865 1638
E-mail: modernland@wsfg.hk

PRINCIPAL BANKERS

Bank of China
Industrial and Commercial Bank of China
China Merchants Bank
Hang Seng Bank
Bank of East Asia
Shanghai Pudong Development Bank Co., Ltd.
Bank of Shanghai

STOCK CODE

1107

COMPANY'S WEBSITE

www.modernland.hk

COMPANY PROFILE

Modern Land (China) Co., Limited (hereinafter referred to as "we", "us", "Modern Land" or the "Company", together with its subsidiaries as the "Group") is a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") from 12 July 2013 with Class 1 qualification in real estate development in the People's Republic of China (the "PRC" or "China").

The Company has always been adhering to the development concept of "Technology Buildings and Quality Living", sticking to the development philosophy of "Natural Simplicity, Harmonious Health, Simple Focus, and Endless Vitality" and focusing on the theme of "Action of Loving My Homeland" to bring home owners the sincere and real life experience and achieve positive economic and social benefits.

The Company pours herself to a homeland of "Green technology + comfort & energy-saving + full life cycle with mobile interconnection". In 2002, "MOMΛ" was born. MOMΛ consists of four text graphics "M" "O" "M" "Λ". Two "M" symbolises our home, "O" represents the origin of the universe and "Λ" stands for human. The left and right half of the pattern symbolise architecture and life respectively, which in turn provides a vivid interpretation for the concept of the Company of "Technology Buildings and Quality Life". At present, MOMΛ has become an iconic brand in the energy-saving real estate industry of China.

For many years, the Company has established and improved the standard development mode of product line, forming three types of standard product lines which gained a lot of positive feedbacks from the market. With the successful operation within three types of product lines, in 2013, in order to solve the two major problems faced by human beings in 21st century, i.e. sustainable development and aging population, the Company proposed the strategy of "heating and cooling unique solution + air quality unique solution + energy consumption and operation cost reduction unique solution + full life cycle aging population solution + industry-leading solution under the theme of sustainable development". To this end, the Company has been committed to making product innovation and has its own Research, Development and Design Department for self-designing of ten major technical architecture systems including the geothermal pump, exterior temperature preservation, ceiling radiation, overall fresh air displacement ventilation and noise reduction systems. A powerful instrument for haze clearing named "Air Dino 1 (恐龍壹號)" was introduced in 2014, which has dual effects of fresh air displacement and purification, wisely solving the air quality problem throughout the house with only one machine. "Air Dino 2" (恐龍貳號) was further introduced. Apart from fresh air displacement and purification, it is also equipped with indoor temperature adjustment function.

The Company has developed the core expertise on technological real estate, i.e. "high comfort level and low energy consumption" since 2002. With over a decade of development, "Green + comfort + energy-saving + full life cycle residential properties with mobile internet" has become the core competitiveness of the fourth-generation product. When creating an equally high comfortable level, with the indoor temperature around 20-26℃ and humidity around 30%-70%, which fits the definition of the "most comfortable environment" within ISO7730, the energy consumption of MOMΛ products is estimated to be only 1/3 of that of other normal residential buildings in China at present. This will save a slew of cost for the residents and create a pleasant ecological environment for the society.

As of 31 December 2017, the Company and its subsidiaries held a total of over 100 patents. In particular, Nanchang Man Ting Chun MOMΛ, Wan Guo Cheng MOMΛ (Changsha), and Modern MOMΛ passed China Green Building Three-Star Certification. Up to now, the Company is the only enterprise that has passed the top certification for green building in China – China Green Building Three-Star Certification for three times. In 2015, Modern Land collaborated with the Human Habitat Environment Committee of China Real Estate Research Association to jointly develop exemplary green residences in full swing. Currently, there are various demonstration projects for green residences, showcasing that green habitat demonstration projects for green residences are in place. The Company has successively obtained various honours including but not limited to China Top 100 Real Estate Developers (中國房地產百強), China Specialised Real Estate Company – Green Technology Real Estate (綠色節能地產特色運營優秀企業), the Innovative Brand of Chinese Real Estate (中國房地產創新品牌), the Elite Technology Award (精瑞科技獎), the Chinese Responsible Property Developer (中國責任地產), the Real Estate Internet Innovation Enterprise (房地產互聯網創新企業) and the Best Green Building Real Estate Enterprise (最佳綠色建造地產企業), etc.

CHAIRMAN'S STATEMENT

CHAIRMAN'S STATEMENT

Dear Shareholders:

On behalf of the board (the "Board") of directors (the "Director(s)") of the Company, I am pleased to present the business review of the Group for the year ended 31 December 2017 and its prospects.

RESULTS

For the 12 months ended 31 December 2017, the Group achieved contracted sales of approximately RMB22,186.02 million, of which approximately RMB21,718.79 million was from properties and approximately RMB467.23 million was from car parking spaces. Area of properties under contracted sales was approximately 1,785,718 sq.m. and the average selling price per sq.m. was approximately RMB12,162.

2017 REVIEW

In 2017, the differences in real estate market among cities further escalated. Commercial property market in the first and second tier cities showed a trend of stabilizing price and declining transaction volume, while such market in the third and fourth tier cities located in over-heated metropolitan areas presented a trend of stabilizing price and increasing transaction volume, with increasing price and transaction volume in some third and fourth tier cities. Transaction volume remained at a high level, indicating increasing differentiation among regions and real estate enterprises. Benefiting from our precise business layout and differentiated product roadmap, contracted sales hit a record high during the period, achieving its stage development target.

In 2017, adhering to our regional market penetration strategy and in response to policy implication, the Company passed overheated cities and invested in seven cities including Quanzhou and Wuxi. As at the end of 2017, the Company has made business presence in 27 cities, and acquired land bank at a value of RMB45 billion during the year. The Company also established strategic cooperation with dozens of quality partners, and obtained credit facilities in an aggregate amount of over RMB67.5 billion. Coupled with our market strategy of high turnover, many projects in Hefei, Wuhan, Xi'an, Taiyuan, Jinjiang, Xiantao and other places were sold out soon after their launch, providing solid source of cash flow. Sufficient land bank, balanced city layout and efficient turnover and inventory elimination capability will lay a solid foundation for the healthy development of the Company in the future.

The Company focused on the development of differentiated core competitiveness and stepped up efforts in developing green technology properties, effectively enhancing its influence in the industry. In 2017, the Company was granted 34 green property operation awards, 5 elite technology awards and 8 green certifications, of which, Modern MOMΛ (Beijing) consecutively obtained the "Green Building Three-Star Certification", Modern Wan Guo Fu MOMΛ (Foshan) was among the first batch of enterprises that obtained the WELL Building Three-Star Certification in China, and Modern Land again was accredited as "China Model Green Property Developers in Operation (ranking No.1)".

In 2017, Modern Land paid great attention to the needs of home owners and expanded its new business segments, in an effort to satisfy lifestyle needs of customers at different age groups. In 2017, First Sports, a related company, was listed on the National Equities Exchange and Quotations Co., Ltd. and attracted investments by leading venture capital institutions such as Shenzhen Capital Group, while First Property, a listed company on the National Equities Exchange and Quotations Co., Ltd., obtained investments from CICC, CDH and Cinda Securities, etc. Bigger obtained Series A financing and Bigger Old Dock located in Shanghai was opened, while 51VR obtained financing with SenseTime as the lead investor. Modern Land and related companies in common community operations including green recreation and sports, green office and green space operations strongly boosted price premiums and brand value of products.

OUTLOOK IN 2018

In 2018, property transactions will remain at a high level, with differentiated micro adjustments to certain restrictive policies in some cities. The implementation of control measures in various cities will present a rational property market. Against the backdrop of metropolitan areas with high population density and shortage in residence land resources in cities, and under the policy of "curbing home speculation", a long-term effective and diversified housing mechanism promoting the parallel development of commercial property for sales and for lease will gradually come into shape. A long-term balance will be maintained by focusing on both housing inventory and new supply. With consumption upgrading, customers pursuing for quality lifestyle will become the pillar of our customer base, and the middle class group in China will continue to expand. Under this circumstance, companies with strong operational capability focusing on product quality and green technology will benefit greatly from the favorable government policy.

As to business layout, Modern Land implements the "3+13+M" development strategy in 2018, which is to exploit the three major city agglomerations including Jing-Jin-Ji megalopolis, Yangtze River Delta and Pearl River Delta, penetrate into thirteen core first and second tier cities, and seek opportunity to tap into the typical third and fourth tier cities. The Company has acquired a great quantity of quality land in Beijing, Shanghai and Guangzhou through acquisitions, mergers and purchase at open market during 2015 to 2017, which add to the land value and profit reserve of the Company. In the future, the Company will continue to watch closely for investment opportunity in the first-tier cities, and participate in land auctions at open market when appropriate, so as to capture projects with sufficient cash flow, maintaining our market share and further increasing our brand influence.

On development strategy, the Company will focus on development of the entire industry value chain. Adhering to the operation mode of full life-cycle residential properties featuring "green technology + comfort and energy saving + digital interconnection", the Company will strive to provide our customers with a healthy and comfortable green lifestyle. A diversified development mode featuring competition and cooperation will also enhance the competitiveness of the Company, taking a unique position in the diversified market landscape.

Looking forward to 2018, we are still confident that a unique enterprise with differentiated core competitiveness will have a more stable and sustainable operation regardless of changes in the market conditions.

Finally, on behalf of the Board, I would like to extend sincere thanks to our shareholders for their unwavering support and trust, and would like to express deepest gratitude to the Board, the management team and all staff of the Group for their dedication and diligence!

Zhang Lei
Chairman

22 March 2018

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS

In 2017, local governments intensified the tightening measures for the real estate industry with focus on various city agglomeration areas. By shifting from conventional policy of imposing restrictions on demand end to increasing supply of houses and implementing the policies of purchase restrictions, mortgage restrictions and sales restrictions as well as tightening land auction, coupled with the optimized supply structure, the regulation and control gradually showed positive effects. As the industry has entered into a new development period, it is expected to witness the restructuring of business models and service modes in real estate industry and sustainable growth in the brand enterprises through the consolidation of the entire industry chain. During the year, by upholding the strategy of "Original Green & Blossoming Blue" and focusing on green technology products as core competitiveness, the Group further penetrated into key cities and city agglomerations to achieve sufficient land bank and balanced urban business presence, laying a solid foundation for the healthy development of the Company in the future.

Looking forward into 2018, the real estate policy will still be subject to the macro impact of long-term regulation mechanism. Amidst the market environment where restrictions are imposed on house sales and mortgage loans and under the policy promoting the "parallel development of housing for sales and for lease", the Group will adhere to the strategy of entire industry value chain development by completing the three upgrades under the real estate development, i.e. transforming from mixed functions, full-life cycle and green technology to urban planning, urban lifestyle and urban environment, with an aim to strengthen its core competitiveness and achieve stable and sustainable development in this market segment.

BUSINESS REVIEW

The Group's revenue is mainly attributable to sale of properties, property investment, hotel operations and project management, real estate agency services, immigration services and innovative household technology services.

Sale of Properties

For the year ended 31 December 2017, the Group's revenue from sale of properties amounted to RMB8,282.9 million, representing an increase of 0.58% as compared to the year ended 31 December 2016. The Group delivered 598,448 sq.m. of property in terms of total gross floor area ("GFA") and 1,840 units of car parking spaces in 2017. Gross profit margin of sale of properties was 19.7%, increased from 17.8% in the corresponding period in 2016. Recognised average selling price ("ASP") was RMB13,554 per sq.m. and that for car parking spaces was RMB93,336 per unit for the year ended 31 December 2017.

Revenue from sale of properties

RMB**8,282.9**million

Delivered

598,448sq.m.

Total gross floor area

1,840units

Car parking spaces

MANAGEMENT DISCUSSION AND ANALYSIS

Table 1: Breakdown of revenue from sale of properties (by projects) and car parking spaces of the Group

** After deducting sales tax*

Project name	2017 Revenue RMB'000	2017 Total saleable GFA or units delivered/ (refunded) sq.m. or unit	2017 ASP RMB/sq.m. or unit	2016 Revenue RMB'000	2016 Total saleable GFA or units delivered sq.m. or unit	2016 ASP RMB/sq.m. or unit
Modern Caiyu Man Ting Chun MOMΛ (Beijing)	–	–	–	45,867	3,554	12,906
Shangdi MOMΛ (Beijing)	2,297	85	27,001	1,503	131	11,503
Modern Land • CIFI Villa (Beijing)	195,348	19,396	10,072	1,630,520	107,971	15,101
Wan Guo Cheng MOMΛ (Taiyuan)	(5,151)	(311)	16,583	165,425	19,270	8,585
Kaifu Man Ting Chun MOMΛ (Changsha)	21,271	2,650	8,026	177,362	20,282	8,745
MOMΛ Modern Plaza (Changsha)	74,868	10,940	6,844	1,035,656	225,983	4,583
Modern Binjiang MOMΛ (Changsha)	270,237	25,504	10,596	895,674	132,648	6,752
Modern MOMΛ (Hefei)	1,143,077	62,269	18,357	1,149,514	76,107	15,104
Modern Wan Guo Fu MOMΛ (Shanghai)	3,141,173	83,821	37,475	–	–	–
Modern Wan Guo Fu MOMΛ (Suzhou)	1,328,240	53,500	24,827	–	–	–
Chun Feng Hu Shang MOMΛ (Wuxi)	342,601	40,237	8,515	–	–	–
Guanggu Man Ting Chun MOMΛ (Wuhan)	533,360	62,014	8,601	755,640	115,682	6,532
Hanyang Man Ting Chun MOMΛ (Wuhan)	–	–	–	247,913	44,600	5,559
Man Ting Chun MOMΛ (Nanchang)	2,799	402	6,964	637	99	6,434
Modern MOMΛ New City (Nanchang)	14,241	2,048	6,955	97,177	15,227	6,382
Modern International MOMΛ (Nanchang)	25,657	1,778	14,428	923,273	137,493	6,715
Man Ting Chun MOMΛ (Jiujiang) *(Note)*	307,629	57,329	5,366	696,330	153,728	4,530
Man Ting Chun MOMΛ (Xiantao)	348,947	113,987	3,061	207,698	64,533	3,218
Dongdaihe • Bai Jin Hai MOMΛ (Dongdaihe)	364,608	62,799	5,806	–	–	–
Subtotal	8,111,202	598,448	13,554	8,030,189	1,117,308	7,187
Car parking spaces	171,739	1,840 units	93,336/unit	204,741	2,076 units	98,623/unit
Total	8,282,941			8,234,930		

Note: Related information of Chao Yang Li MOMΛ (Jiujiang) is no longer presented separately as it has been consolidated into Man Ting Chun MOMΛ (Jiujiang).

Contracted Sales

For the year ended 31 December 2017, the Group achieved contracted sales of RMB22,186 million, representing an increase of 33.9% as compared to the year ended 31 December 2016. The Group, its joint ventures and associates sold 1,785,718 sq.m. in total GFA and 4,510 units of car parking spaces, representing an increase of 24.6% and 35.2% respectively as compared to the year ended 31 December 2016.

Table 2: Breakdown of contracted sales of the Group

** Before deducting sales tax*

Project name	2017 Attributable interest to the Group (%)	2017 Contracted sales RMB'000	2017 GFA (in sq.m.) or units	2017 ASP RMB/sq.m. or unit	2016 Contracted sales RMB'000	2016 GFA (in sq.m.) or units	2016 ASP RMB/sq.m. or unit
Modern MOMΛ (Beijing)	100%	–	–	–	–	–	–
Wan Guo Cheng MOMΛ (Beijing)	100%	–	–	–	–	–	–
Modern Caiyu Man Ting Chun MOMΛ (Beijing)	100%	–	–	–	6,468	589	10,974
Modern Land • CIFI Villa (Beijing)	50%	–	–	–	335,794	16,821	19,963
Modern North Star • YUE MOMΛ (Beijing)	50%	–	–	–	968,380	28,546	33,923
Shangdi MOMΛ (Beijing)	100%	–	–	–	8,552	244	34,981
Modern Tongzhou Wan Guo Fu MOMΛ	65%	2,763,270	40,494	68,240	–	–	–
Modern Wan Guo Fu MOMΛ (Shanghai)	100%	115,733	4,938	23,439	2,612,165	66,349	39,370
Songjiang Yi Jing Yuan (Shanghai)	35%	–	–	–	201,420	7,240	27,820
Modern Wan Guo Fu MOMΛ (Suzhou)	70%	18,922	1,230	15,381	1,388,857	53,393	26,012
Modern Suzhou Fu MOMΛ (Suzhou)	50%	352,789	10,681	33,030	–	–	–
Xiangcheng Wan Guo Shu MOMΛ (Suzhou)	50%	672,010	29.613	22,693	–	–	–
Shishan Modern MOMΛ (Suzhou)	20%	27,763	3,195	8,689	700,613	24,805	28,245
Chun Feng Hu Shang MOMΛ(Wuxi)	100%	804,457	84,981	9,466	–	–	–
Wan Guo Cheng MOMΛ (Taiyuan)	100%	–	–	–	60,060	7,833	7,667
Modern MOMΛ Yan Hu Cheng (Taiyuan)	51%	1,524,194	189,310	8,051	–	–	–
Hongsheng Man Ting Chun MOMΛ (Shaanxi) *(Note (3))*	51%	295,173	35,861	8,231	772,120	107,612	7,175
Kaifu Man Ting Chun MOMΛ (Changsha)	100%	3,525	644	5,472	153,257	18,366	8,344
Modern Binjiang MOMΛ (Changsha)	100%	247,383	21,826	11,334	419,687	52,261	8,031
MOMΛ Modern Plaza (Changsha)	100%	63,941	7,266	8,801	234,349	42,687	5,490
Modern Furong Wan Guo Cheng MOMΛ (Changsha)	51%	1,302,452	164,507	7,917	946,809	138,870	6,818
Hanyang Man Ting Chun MOMΛ(Wuhan)	99.02%	–	–	–	72,240	9,472	7,627
Guanggu Man Ting Chun MOMΛ (Wuhan)	100%	75,688	16,358	4,627	930,584	106,123	8,769
North Star-Modern • Guanggu Green Home (Wuhan)	45%	811,846	70,949	11,443	794,312	90,231	8,803
Hankou Wan Guo Fu (Wuhan)	51%	924,803	29,682	31,157	–	–	–
Hanyang Modern Wan Guo Cheng (Wuhan)	75%	1,358,657	90,316	15,043	–	–	–
Yangluo Man Ting Chun MOMΛ (Wuhan)	20%	960,297	150,052	6,400	–	–	–
Modern MOMΛ (Hefei)	100%	129,794	6,263	20,725	1,456,396	79,807	18,249
Shao Quan Hu City of Future (Hefei)	100%	1,288,528	145,227	8,873	1,625,581	207,081	7,850
Swan Lake MOMΛ (Hefei)	30.6%	3,003,030	126,815	23,680	–	–	–
Man Ting Chun MOMΛ (Nanchang)	100%	4,432	312	14,200	640	98	6,554
Modern MOMΛ New City (Nanchang)	100%	15,312	1,594	9,605	65,847	9,350	7,042
Modern International MOMΛ (Nanchang)	100%	18,548	1,525	12,161	357,043	43,564	8,196
Modern Wan Guo Fu MOMΛ (Foshan)	51%	1,328,052	62,676	21,189	844,912	35,675	23,684
Modern Shang Pin Wan MOMΛ (Foshan)	100%	454,617	26,086	17,428	–	–	–
Modern Jinjiang Wan Guo Cheng MOMΛ	60%	1,549,672	151,374	10,237	–	–	–
Man Ting Chun MOMΛ (Jiujiang) *(Note (1))*	100%	86,905	9,740	8,923	354,617	62,848	5,642
Man Ting Chun MOMΛ (Xiantao)	100%	932,019	216,997	4,295	569,306	168,592	3,377
Dongdaihe • Bai Jin Hai MOMΛ (Dongdaihe)	60%	584,976	85,206	6,865	366,184	54,151	6,762
Subtotal		21,718,788	1,785,718	12,162	16,246,193	1,432,608	11,340
Car parking spaces		467,232	4,510 units	103,599/unit	326,018	3,337units	97,698/unit
Total		22,186,020			16,572,211		

Notes:

(1) Related information of Chao Yang Li MOMΛ (Jiujiang) is no longer presented separately as it has been consolidated into Man Ting Chun MOMΛ (Jiujiang).

(2) The contracted sales of the Group as shown in the above table include the contracted sales of its joint ventures and associates.

(3) Hongsheng Man Ting Chun MOMΛ (Shaanxi) has been disposed.

MANAGEMENT DISCUSSION AND ANALYSIS

Property Investment, Hotel Operations, Project Management and Real Estate Agency Services

For the year ended 31 December 2017, the Group's revenue from property investment amounted to RMB59.6 million, representing an increase of 15.1% as compared to the corresponding period in 2016. The Group's revenue from hotel operations increased by 29.7% to RMB67.6 million in 2017 while the revenue from project management decreased by 4.1% to RMB13.2 million in 2017.

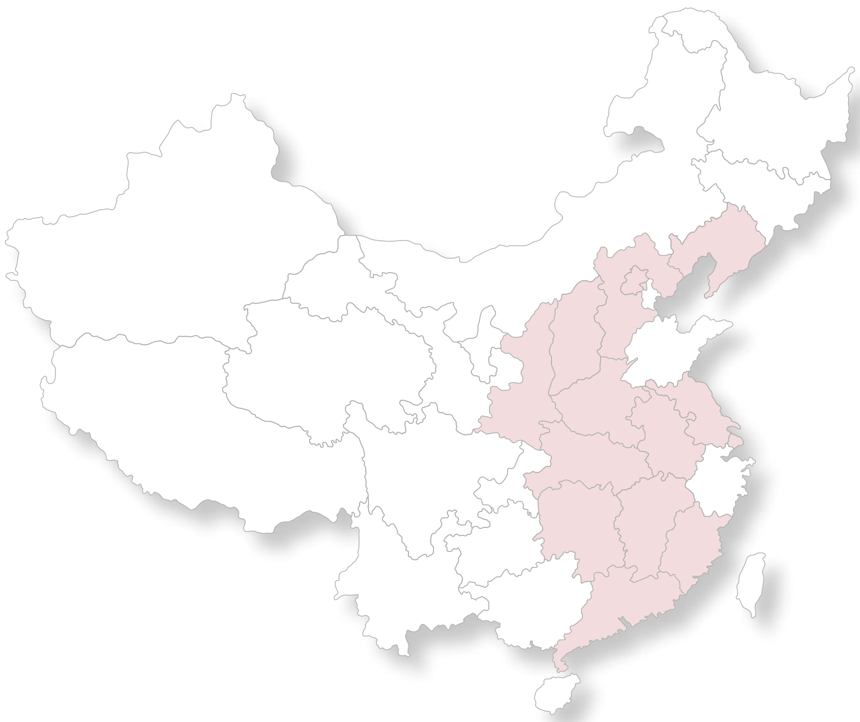
With the unique product, brand, management and credibility advantages supported by our MOMΛ green-technology products, real estate agency services offer customized full-set development and operation management solutions to customers.

The Company had a total of six contracted real estate agency projects in 2017, with a contractual amount of approximately RMB393.7 million. In 2017, the revenue from real estate agency services amounted to approximately RMB68.7 million (2016: approximately RMB73.1 million).

Hotel MOMC, a boutique hotel owned and operated by the Group, has established its presence in Beijing, Taiyuan and Dongdaihe, and its revenue for the year amounted to RMB67.6 million.

Land Bank

As at 31 December 2017, total land bank in the PRC (excluding investment properties and properties held for own use) held by the Group was 6,491,646 sq.m..



Note: The projects of real estate agency services and land bank of the Group are located in Beijing, Zhangjiakou, Shanghai, Nanjing, Suzhou, Hefei, Wuxi, Taiyuan, Changsha, Wuhan, Huangshi, Jingzhou, Nanchang, Dongdaihe, Quanzhou, Huizhou, Jiujiang, Xiantao, Foshan, Guangzhou, Xi'an, Zhenjiang and Zhengzhou.

The geographic spread of the land bank held by the Group was as follows:

Table 3: Land bank held by the Group

Land bank in China

	As at 31 December 2017		
Project name	**Attributable interest to the Group** (%)	**Total GFA unsold** *(Note (1))* (sq.m.)	**Aggregated GFA sold but undelivered with sales contracts** (sq.m.)
Modern MOMΛ (Beijing)	100%	17,907	–
MOMΛ Forest Forever (Beijing)	100%	7,985	–
Modern Land • CIFI Villa (Beijing)	50%	5,207	–
Modern North Star • YUE MOMΛ (Beijing)	50%	9,731	1,315
Shangdi MOMΛ (Beijing) *(Note (2))*	100%	11,163	–
Modern Yunjing MOMΛ(Beijing)	51%	163,593	–
Modern Xishan Shang Pin Wan MOMΛ (Beijing)	51%	130,030	–
Modern Tongzhou Wan Guo Fu MOMΛ (Beijing)	65%	220,733	40,494
Man Ting Chun MOMΛ (Zhangjiakou)	35%	340,841	–
Modern Wan Guo Fu MOMΛ (Shanghai)	100%	28,545	42
Modern Wan Guo Fu MOMΛ (Foshan)	51%	190,833	98,351
Modern Shang Pin Wan MOMΛ (Foshan)	100%	29,222	26,086
Lishui Shang Pin Wan MOMΛ (Foshan)	100%	37,776	–
Man Tang Yue MOMΛ (Huizhou)	100%	209,700	–
Modern Wan Guo Fu MOMΛ (Suzhou)	70%	13,488	7,471
Modern Suzhou Fu MOMΛ (Suzhou)	50%	24,078	10,681
Xiangcheng Wan Guo Shu MOMΛ (Suzhou)	50%	58,373	29,613
Shishan Modern MOMΛ (Suzhou)	20%	80,511	28,000
Zhongxiang Wan Guo Cheng MOMΛ (Suzhou)	50%	154,294	–
Chun Feng Hu Shang MOMΛ (Wuxi)	100%	62,289	45,399
Wan Guo Cheng MOMΛ (Nanjing)	51%	54,486	–
Wan Guo Cheng MOMΛ (Taiyuan)	100%	49,078	–
Modern MOMΛ Yan Hu Cheng (Taiyuan)	51%	201,600	189,005
Modern MOMΛ Yan Hu Cheng (Taiyuan) (Southern Area)	51%	140,788	–
Modern City (Taiyuan)	51%	251,124	–
Kaifu Man Ting Chun MOMΛ (Changsha)	100%	77,199	–
Modern Binjiang MOMΛ (Changsha)	100%	51,227	2,106
MOMΛ Modern Plaza (Changsha)	100%	104,855	26,508
Modern Furong Wan Guo Cheng MOMΛ (Changsha)	51%	325,367	194,772
Modern Zhuzhou Shang Pin Wan MOMΛ	70%	164,595	–
Hanyang Man Ting Chun MOMΛ (Wuhan)	99.02%	12,316	765
Guanggu Man Ting Chun MOMΛ (Wuhan)	100%	42,701	6,967

	As at 31 December 2017		
Project name	Attributable interest to the Group (%)	Total GFA unsold *(Note (1))* (sq.m.)	Aggregated GFA sold but undelivered with sales contracts (sq.m.)
North Star-Modern • Guanggu Green Home (Wuhan)	45%	72,627	–
Hankou Wan Guo Fu (Wuhan)	51%	39,810	29,682
Hanyang Modern Wan Guo Cheng (Wuhan)	75%	159,944	90,316
Yangluo Man Ting Chun MOMΛ (Wuhan)	20%	268,141	150,052
Modern Man Tang Yue MOMΛ (Jingzhou)	30%	103,473	–
Modern Huangshi Man Tang Yue MOMΛ	51%	214,468	–
Modern MOMΛ (Hefei)	100%	50,697	24,514
Shao Quan Hu City of Future (Hefei)	100%	460,037	352,338
Swan Lake MOMΛ (Hefei)	30.6%	258,402	126,815
Modern Jinjiang Wan Guo Cheng MOMΛ	60%	426,305	151,374
Man Ting Chun MOMΛ (Nanchang)	100%	18,722	–
Modern MOMΛ New City (Nanchang)	100%	22,034	–
Modern International MOMΛ (Nanchang)	100%	36,790	15,652
Man Ting Chun MOMΛ (Jiujiang) *(Note (2))*	100%	28,927	10,426
Man Ting Chun MOMΛ (Xiantao)	100%	491,261	289,170
Dongdaihe • Bai Jin Hai MOMΛ (Dongdaihe)	60%	283,777	93,119
Dongguan Zhuang Project (Guangzhou)	38.25%	284,596	–
Total		6,491,646	2,041,033

Notes:

(1) Total GFA unsold includes aggregated GFA sold but not yet delivered with sales contracts.

(2) Related information of Wan Guo Cheng MOMΛ (Beijing) is no longer presented separately as it has been consolidated into Modern MOMΛ (Beijing). Related information of iMOMΛ (Beijing) is no longer presented separately as it has been consolidated into Shangdi MOMΛ (Beijing). Related information of Chao Yang Li MOMΛ (Jiujiang) is no longer presented separately as it has been consolidated into Man Ting Chun MOMΛ (Jiujiang).

(3) The land bank held by the Group as shown in the above table includes the land bank of its joint ventures and associates.

Land Acquisitions

In 2017, the Group continued to apply the same conservative and balanced strategy as its general direction towards land acquisitions. In the PRC, the Group purchased a total of 13 land parcels or related interests through various channels, including private negotiation and government-held public tenders, urban redevelopment projects, integrated primary and secondary development and cooperation.

The aggregate consideration for the PRC land acquisitions was approximately RMB10,206 million, with total GFA of approximately 2,902,001 sq.m..

Location	No. of Land Parcels	Approximate Total GFA (sq.m.)
Hebei	1	360,005
Jiangsu	1	154,781
Hunan	1	176,397
Hubei	4	892,791
Shanxi	2	428,233
Fujian	1	514,366
Guangdong	3	375,428
Total	13	2,902,001

Major Projects

Project	Approximate total land site area in respect of the entire project (sq.m.)	Total GFA (sq.m.)	As at 31 December 2017				Expected/ Actual construction commencement date	Expected/ Actual construction completion date	Major usage	Status	Address
			Total GFA delivered (sq.m.)	Total GFA less GFA delivered (sq.m.)	Total GFA with lease under 5 years (sq.m.)	Total GFA with lease over 5 years (sq.m.)					
Modern MOMA (Beijing)	60,004	157,577	148,274	9,303	4,767	4,025	2005.11	2010.11	Residential, commercial, car parks	Completed	1 Xiangheyuan Street, Dongcheng District, Beijing
Wan Guo Cheng MOMA (Beijing)	47,662	283,854	275,250	8,604	8,604	–	2001.09	2007.04	Residential, commercial, car parks	Completed	1 Xiangheyuan Street, Dongcheng District, Beijing
MOMA Forest Forever (Beijing)	183,161	100,141	92,156	7,985	2,560	–	2006.04	2012.12	Residential, commercial, car parks	Completed	Huosi Road, Gaoliying Town, Shunyi District, Beijing
Shangdi MOMA (Beijing)	266,865	229,667	218,504	11,163	2,721	–	2007.08	2011.04	Residential, commercial, car parks	Completed	1 Anningzhuang West Road, Haidian District, Beijing
Modern Caiyu Man Ting Chun MOMA (Beijing)	61,306	152,400	152,400	–	–	–	2014.06	2015.11	Residential, commercial, car parks	Completed	Caiyu Street, Caiyu Town, Daxing, Beijing
Modern Land • CIFI Villa (Beijing)	75,435	158,213	153,006	5,207	–	–	2014.12	2017.02	Residential, commercial, car parks	Completed	Intersection Point of Pinggu Main Street and Tiyuzhongxin West Road, Pinggu District, Beijing
Modern North Star • YUE MOMA (Beijing)	52,842	131,346	121,615	9,731	–	–	2015.06	2017.06	Residential, commercial, car parks	Completed	Southwestern Side of Wolong Roundabout, Shunyi District (intersection point of Shunsha Road and Shunbai Road), Beijing
Modern Yunjing MOMA (Beijing)	49,477	163,593	–	163,593	–	–	2017.05	2019.03	Commercial, car parks	Under construction	29th Street, Shunyi New Town, Liqiao Town, Shunyi District, Beijing
Tongzhou Wan Guo Fu (Beijing)	35,998	220,733	–	220,733	–	–	2017.04	2020.06	Residential, commercial, car parks	Under construction	Eastern Side of Yuqiao West Road, Beijing
Modern Xishan Shang Pin Wan MOMA	78,773	130,030	–	130,030	–	–	2018.04	2020.09	Residential, commercial, car parks	Not yet commenced	Bichunyuan, Yangfang Estate, Yangfang Town, Changping District, Beijing
Man Ting Chun MOMA (Zhangjiakou)	170,592	340,841	–	340,841	–	–	2018.01	2021.04	Residential, commercial, car parks	Under construction	Shalingzi Town, Xuanhua District, Zhangjiakou City
Modern Wan Guo Fu MOMA (Shanghai)	46,201	127,474	98,929	28,545	–	–	2015.05	2017.06	Residential, commercial, car parks	Completed	Cangyuan Road, Minhang District, Shanghai
Modern Wan Guo Fu MOMA (Foshan)	48,208	190,833	–	190,833	–	–	2016.07	2018.08	Residential, commercial, car parks	Under construction	B District, Financial High Tech Service Area, Nanhai District, Foshan City, Guangdong Province
Modern Shang Pin Wan MOMA (Foshan)	9,741	29,222	–	29,222	–	–	2017.03	2017.06	Residential, commercial, car parks	Under construction	Riverside North Road, Heshun, Lishui Town, Nanhai District, Foshan City, Guangdong Province

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Project	Approximate total land site area in respect of the entire project (sq.m.)	Total GFA (sq.m.)	As at 31 December 2017 Total GFA delivered (sq.m.)	Total GFA less GFA delivered (sq.m.)	Total GFA with lease under 5 years (sq.m.)	Total GFA with lease over 5 years (sq.m.)	Expected/ Actual construction commencement date	Expected/ Actual construction completion date	Major usage	Status	Address
Lishui Shang Pin Wan MOMA (Foshan)	16,424	37,776	–	37,776	–	–	2018.05	2021.03	Residential, commercial, car parks	Not yet commenced	Hutougang, Shang Street, Ganjiao Village, Lishui Town, Nanhai District, Foshan City, Guangdong Province
Man Tang Yue MOMA (Huizhou)	27,624	209,700	–	209,700	–	–	2016.12	2019.11	Residential, commercial, car parks	Under construction	Room 201, 3 Anhui Avenue, Aotou, Daya Bay, Huizhou City, Guangdong Province
Modern Wan Guo Fu MOMA (Suzhou)	27,322	72,730	59,242	13,488	–	–	2015.12	2017.12	Residential, commercial, car parks	Completed	Southeast Corner of the Intersection Point of Suzhan Road and Jiangqian Road, Gusu District, Suzhou City, Jiangsu Province
Modern Suzhou Fu MOMA (Suzhou)	14,928	24,078	–	24,078	–	–	2016.10	2019.03	Residential, car parks	Under construction	Jingde Road South and Changxu Road East, Gusu District, Suzhou City, Jiangsu Province
Xiangcheng Wan Guo Shu MOMA (Suzhou)	26,643	58,373	–	58,373	–	–	2016.09	2018.10	Residential, car parks	Under construction	Intersection Point of Chengyang Road and Taiyuan Road, Xiangcheng Economic Development Zone, Suzhou City, Jiangsu Province
Shishan Modern MOMA (Suzhou)	15,419	80,511	–	80,511	–	–	2016.09	2018.08	Residential, commercial, car parks	Under construction	Intersection Point of Zhuyuan Road and Jinfeng Road, Gaoxin District, Suzhou City, Jiangsu Province
Zhongxiang Wan Guo Fu MOMA (Suzhou)	26,136	154,294	–	154,294	–	–	2017.04	2019.04	Residential, commercial, car parks	Under construction	666 Xiangcheng Avenue, Xiangcheng District, Suzhou City, Jiangsu Province
Chun Feng Hu Shang MOMA (Wuxi)	92,610	101,871	39,582	62,289	–	–	2017.04	2018.12	Residential, commercial	Under construction	Ehu Town, Xishan District, Wu Xi City, Jiangsu Province
Wan Guo Cheng (Nanjing)	20,532	54,486	–	54,486	–	–	2016.11	2018.07	Residential, commercial, car parks	Under construction	Estuary of Sancha River, Gulou District, Nanjing City, Jiangsu Province
Wan Guo Cheng MOMA (Taiyuan)	124,496	584,641	535,563	49,078	4,186.16	14,577	2009.12	2016.01	Residential, commercial, car parks	Completed	16 Changfeng West Street, Taiyuan City, Shanxi Province
Modern MOMA Yan Hu Cheng (Taiyuan)	49,576	201,600	–	201,600	–	–	2016.12	2018.09	Residential, commercial, car parks	Under construction	Intersection Point of South Middle Ring Road and West Middle Ring Road, Jinyuan District, Taiyuan City, Shanxi Province
Modern MOMA Yan Hu Cheng (Taiyuan) (Southern Area)	36,013	140,788	–	140,788	–	–	2017.12	2020.09	Commercial, car parks	Under construction	Northeast Corner of the Intersection Point of Linnan Middle Ring Street and West Middle Ring Road, Jinyuan District, Taiyuan City, Shanxi Province
Modern City (Taiyuan)	59,790	251,124	–	251,124	–	–	2018.06	2020.09	Residential, commercial, car parks	Not yet commenced	Northwest Corner of the Intersection Point of South Middle Ring Road and Xinjinci Road, Taiyuan City, Shanxi Province

Project	Approximate total land site area in respect of the entire project (sq.m.)	Total GFA (sq.m.)	As at 31 December 2017 Total GFA delivered (sq.m.)	Total GFA less GFA delivered (sq.m.)	Total GFA with lease under 5 years (sq.m.)	Total GFA with lease over 5 years (sq.m.)	Expected/ Actual construction commencement date	Expected/ Actual construction completion date	Major usage	Status	Address
Kaifu Man Ting Chun MOMΛ (Changsha)	338,794	1,078,751	1,001,552	77,199	5,427	21,071	2007.07	2015.11	Residential, commercial, car parks	Completed	199 Fuyuan West Road, Kaifu District, Changsha City, Hunan Province
Modern Binjiang MOMΛ (Changsha)	48,241	229,374	178,147	51,227	–	–	2014.10	2016.09	Residential, commercial, car parks	Completed	Intersection Point of Hanguang Road and Guanshaling Road, Yuelu District, Changsha City, Hunan Province
MOMΛ Modern Plaza (Changsha)	79,374	341,778	236,923	104,855	–	–	2014.07	2016.01	Residential, commercial, car parks	Completed	Intersection Point of Kaiyuan Road and Huangxing Main Road, Changsha City, Hunan Province
Furong MOMΛ (Changsha)	156,285	545,752	220,385	325,367	–	–	2015.01	2019.03	Residential, commercial, car parks	Under construction	Northwest Corner of the Intersection Point of Dongyuan Avenue and Shuangyang Road, Liuyang River, Furong District, Changsha City, Hunan Province
Modern Zhuzhou Shang Pin Wan MOMΛ	48,241	164,595	–	164,595	–	–	2017.12	2020.04	Residential, commercial, car parks	Under construction	Binhe Road, Tianyuan District, Zhuzhou City, Hunan Province
Hanyang Man Ting Chun MOMΛ (Wuhan)	42,314	120,473	108,157	12,316	–	–	2014.08	2015.12	Residential, commercial, car parks	Completed	Intersection Point of Houguanhu Main Road and Fengshusi Road, Economic Development Zone, Wuhan City, Hubei Province
Guanggu Man Ting Chun MOMΛ (Wuhan)	94,050	283,100	240,398	42,702	–	–	2014.07	2017.12	Residential, commercial, car parks	Completed	Guanggusi Road, Donghu Development Zone, Wuhan City, Hubei Province
North Star-Modern • Guanggu Green Home (Wuhan)	140,817	315,203	242,576	72,627	–	–	2015.05	2018.06	Residential, commercial, car parks	Completed	East of Guanggusan Road and South of Gaoxiner Road, Gaoxin District, Wuhan City, Hubei Province
Modern Zhongrui Wan Guo Fu (Wuhan)	13,270	39,810	–	39,810	–	–	2016.10	2019.05	Residential, commercial, car parks	Under construction	Fuxing Estate Road, Jianghan District, Wuhan City, Hubei Province
Hanyang Modern Wan Guo Cheng (Wuhan)	45,200	159,944	–	159,944	–	–	2017.03	2018.12	Residential, commercial, car parks	Under construction	Intersection Point of the Third Ring Road and Hanyang Avenue, Hanyang District, Wuhan City, Hubei Province
Yangluo Man Ting Chun MOMΛ (Wuhan)	76,394	268,141	–	268,141	–	–	2017.07	2020.03	Residential, commercial, car parks	Under construction	Zhucheng Street, Xinzhou District, Wuhan City, Hubei Province
Modern Man Tang Yue MOMΛ (Jingzhou)	43,453	103,473	–	103,473	–	–	2017.11	2019.05	Residential, commercial, car parks	Under construction	Intersection Point of Planning Road and West Ring Road, Jingzhou City, Hubei Province
Modern Huangshi Man Tang Yue MOMΛ	41,807	214,468	–	214,468	–	–	2018.07	2020.12	Residential, commercial, car parks	Not yet commenced	Next to the Wanda Plaza, Huahu Avenue, Huangshigang District, Huangshi City, Hubei Province

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Project	Approximate total land site area in respect of the entire project (sq.m.)	Total GFA (sq.m.)	As at 31 December 2017 Total GFA delivered (sq.m.)	Total GFA less GFA delivered (sq.m.)	Total GFA with lease under 5 years (sq.m.)	Total GFA with lease over 5 years (sq.m.)	Expected/ Actual construction commencement date	Expected/ Actual construction completion date	Major usage	Status	Address
Modern MOMΛ (Hefei)	56,262	189,073	138,376	50,697	–	–	2015.02	2017.12	Residential, commercial, car parks	Under construction	Intersection Point of Huaining Road and Xiuning Road (riverside of Kuang River), Hefei Municipal District, Anhui Province
Modern MOMΛ Hengtong International City of the Future (Hefei)	139,189	460,037	–	460,037	–	–	2016.06	2019.12	Residential, commercial, car parks	Under construction	Southwest Corner of the Intersection Point of East Street and Wenzhong Road, Xinzhan District, Hefei City, Anhui Province
Wan Guo Fu (Hefei)	111,170	258,402	–	258,402	–	–	2017.03	2020.11	Residential, commercial, car parks	Under construction	Intersection Point of Qimen Road and Dongzhi Road, Municipal District, Hefei City, Anhui Province
Modern Jinjiang Wan Guo Cheng MOMΛ	113,218	426,305	–	426,305	–	–	2017.07	2021.01	Residential, commercial, car parks	Under construction	Intersection Point of Quanan North Road and Fengchi Road, Chidian Town, Jinjiang, Quanzhou City, Fujian Province
Man Ting Chun MOMΛ (Nanchang)	116,349	251,833	233,111	18,722	402	1,406	2010.04	2013.12	Residential, commercial, car parks	Completed	Chengdongyi Road, Qingshanhu District, Nanchang City, Jiangxi Province
Modern MOMΛ New City (Nanchang)	31,201	90,432	68,398	22,034	2,007	–	2014.03	2015.11	Residential, commercial, car parks	Completed	Gongye Main Road, Xinjian County, Nanchang City, Jiangxi Province
Modern International MOMΛ (Nanchang)	70,000	207,084	170,294	36,790	1,867	–	2014.04	2016.03	Residential, commercial, car parks	Completed	Changzhen West Road, Xinjian County, Nanchang City, Jiangxi Province
Man Ting Chun MOMΛ (Jiujiang)	173,130	493,390	464,463	28,927	938	9,315	2011.01	2017.09	Residential, commercial, car parks	Completed	Lufeng West Road, Xunyang District, Jiujiang City, Jiangxi Province
Man Ting Chun MOMΛ (Xiantao)	226,095	869,663	378,402	491,261	–	6,955	2014.11	2019.12	Residential, commercial, car parks	Under construction	88 Huangjin Main Road (West), Ganhe Bangshichu, Xiantao City, Hubei Province
Dongdaihe · Bai Jin Hai MOMΛ (Dongdaihe)	185,564	346,675	62,898	283,777	–	–	2015.05	2018.01	Residential, commercial, car parks	Under construction	Baijin Haian, Binhai Highway, Dongdaihe New District, Liaoning Province
Dongguan Zhuang Project (Guangzhou)	96,503	284,596	–	284,596	–	–	2018.12	2021.09	Residential, commercial, car parks	Not yet commenced	Dongguan Zhuang Road, Tianhe District, Guangzhou City, Guangdong Province
Total	4,210,698	12,130,247	5,638,601	6,491,646	33,479	57,349					

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately 0.6% to approximately RMB8,506.3 million for the year ended 31 December 2017 from approximately RMB8,457.9 million for the year ended 31 December 2016. Such increase was mainly attributable to the increase in sales revenue from properties in cities such as Shanghai, Suzhou, Hefei and Wuhan. The average sales price of the properties of the Group increased from approximately RMB7,187 per sq.m. for the year ended 31 December 2016 to approximately RMB13,554 per sq.m. for the year ended 31 December 2017.

Other Income, Gains and Loss

Other income, gains and loss for the year ended 31 December 2017 increased to the gains of approximately RMB652.5 million from RMB169.7 million for the year ended 31 December 2016. Such increase was mainly attributable to the gains from re-measurement of fair value of pre-existing investments in the acquiree by the Group in 2017, gains on disposal of an associate, interest income and foreign exchange gains.

Change of Fair Value

Change of fair value includes fair value gain of properties held for sale and properties under development for sale upon transfer to investment properties and changes in fair value of investment properties. The changes in fair value for the year ended 31 December 2017 decreased by approximately 47.8% to RMB102.2 million from RMB195.6 million in 2016, which was mainly attributable to the combined effect of a decrease in the GFA of additional properties held for sale and properties under development for sale upon transfer to investment properties in 2017 as compared to that of 2016 and an increase in the market rental rate for investment properties held in 2017.

Cost of Sales

The Group's cost of sales decreased by approximately 1.4% to RMB6,716.1 million in 2017 when compared to the figure in 2016.

Gross Profit and Gross Profit Margin

The Group's gross profit increased by approximately 8.7% to RMB1,790.2 million in 2017 from that in 2016 and the Group's gross profit margin in 2017 was 21.0%.

Selling and Distribution Expenses

The selling and distribution expenses of the Group for the year ended 31 December 2017 decreased by approximately 1.1% to approximately RMB300.7 million from approximately RMB303.9 million for the year ended 31 December 2016, which was primarily due to the Group's effort to enhance the business presence and scale of its own broker team and reduce the proportion of sale agents under the background of enlarged overall sales scale, leading to the decrease in selling and distribution expenses.

Administrative Expenses

The administrative expenses of the Group for the year ended 31 December 2017 was approximately RMB479.2 million, representing an increase of approximately 39.2% as compared to that for the year ended 31 December 2016. The increase was primarily due to the increase in staff engaged in acquisition and merger activities and additional expenditures at the land acquisitions stage as the Group mainly acquired lands through acquisitions and mergers.

Finance Costs

The finance costs of the Group amounted to approximately RMB393.2 million for the year ended 31 December 2017, representing an increase of approximately 115.9% from approximately RMB182.1 million for the year ended 31 December 2016, which was due to the enlarged financing scale and the fact that the interest costs in respect of part of the financing amount used for cooperation projects were unable to be capitalized.

Income Tax Expense

The income tax expense of the Group for the year ended 31 December 2017 increased by approximately 43.9% to approximately RMB531.4 million from approximately RMB369.4 million for the year ended 31 December 2016, primarily due to the increase in profit before tax.

Profit for the Year

As a result of the foregoing, the profit of the Group for the year ended 31 December 2017 increased by approximately 15.8% to approximately RMB826.5 million from approximately RMB714.0 million for the year ended 31 December 2016.

Profit for the Year Attributable to Owners of the Company

As a result of the foregoing, the profit of the Group attributable to owners of the Group for the year ended 31 December 2017 increased by approximately 6.3% to approximately RMB706.0 million from approximately RMB664.3 million for the year ended 31 December 2016.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash position

As at 31 December 2017, the cash, restricted cash and bank balances of the Group increased by approximately 53.9% to approximately RMB10,410.0 million from approximately RMB6,762.3 million as at 31 December 2016.

Borrowings and pledge of the Group's assets

As at 31 December 2017, the Group had total borrowings of approximately RMB16,240.8 million, including bank and other loans of approximately RMB10,519.1 million, senior notes of approximately RMB4,694.0 million and corporate bonds of approximately RMB1,027.7 million. As at 31 December 2017, certain banking and other facilities granted to the Group were secured by the Group's assets, such as investment properties, properties under development for sale, properties held for sale, property, plant and equipment, equity interests in subsidiaries and bank deposits which had a carrying amount of approximately RMB13,239.3 million. A majority of the carrying value of all the Group's bank loans was denominated in RMB.

Breakdown of borrowings

By type of borrowings and maturity

	31 December 2017 RMB'000	31 December 2016 RMB'000
Bank and other loans		
Within one year or on demand	**5,234,810**	2,463,064
Over one year and within two years	**3,344,440**	3,054,000
Over two years and within five years	**1,849,880**	234,500
Over five years	**90,000**	–
Subtotal	**10,519,130**	5,751,564
Senior notes		
Within one year	**1,478,140**	–
Over one year and within two years	**–**	–
Over two years and within five years	**3,215,818**	3,245,630
Subtotal	**4,693,958**	3,245,630
Corporate bonds		
Over two years and within five years	**1,027,672**	1,023,769
TOTAL	**16,240,760**	10,020,963
Less:		
Bank balances and cash (including restricted cash)	**10,409,960**	6,762,337
Net debt	**(5,830,800)**	(3,258,626)
Total equity	**7,016,774**	4,731,466
Net debt to equity	**83.1%**	68.9%

By currency denomination

	31 December 2017 RMB'000	31 December 2016 RMB'000
By type of borrowings and maturity		
– Denominated in RMB	**9,221,992**	5,622,269
– Denominated in US$	**5,862,828**	4,220,694
– Denominated in HK$	**1,155,940**	178,000
	16,240,760	10,020,963

Leverage

As at 31 December 2017, the net debt ratio recorded by the Group increased to 83.1% from 68.9% for 2016, which was mainly due to the combined effect of increase in financing and increase in sales collections.

The Group's net current assets (being current assets less current liabilities) increased by approximately 14.1% to approximately RMB8,174.5 million as at 31 December 2017 from approximately RMB7,163.8 million as at 31 December 2016.

Foreign Currency Risk

The functional currency of the major subsidiaries of the Company is RMB. Most of the transactions are denominated in RMB. Transactions of the Group's foreign operations (such as the purchase of land held for future development) and certain expenses incurred are denominated in foreign currencies. As at 31 December 2017, the Group had monetary assets which are denominated in US dollars and Hong Kong dollars of approximately RMB1,161.8 million and approximately RMB331.4 million respectively and liabilities which are denominated in US dollars and Hong Kong dollars of approximately RMB5,862.8 million and approximately RMB1,155.9 million respectively. Those amounts were exposed to foreign currency risk.

The Group currently does not have a foreign currency hedging policy in place but the management will monitor foreign exchange exposure and will consider to hedge against any significant foreign currency exposure when necessary.

Contingent Liabilities

As at 31 December 2017, the Group had contingent liabilities amounting to approximately RMB9,625.8 million (31 December 2016: approximately RMB7,329.0 million) in relation to guarantees provided to the domestic banks for their mortgage bank loans granted to the Group's customers. Under the terms of the guarantees, if a purchaser has defaulted on mortgage payments, the Group will be liable for the payment of outstanding mortgage principals plus accrued interest and penalties as owed by the defaulted purchasers to the banks, and in such circumstances, the Group will be entitled to take over the legal title and ownership of the relevant properties. These guarantees will be released upon the earlier of: (i) the satisfaction of the mortgage loan by the purchaser of the property; and (ii) the issuance of the property ownership certificate for the mortgaged property and the completion of registration of other ownership certificates.

The Group provided guarantees in respect of bank loans and other loans of joint ventures amounting to RMB1,898,000,000 as at 31 December 2017 (2016: RMB966,900,000). As at the end of the reporting period, the Directors do not consider it is probable that claims will be made against the Group under these guarantees. The Group has not recognised any deferred income in respect of these guarantees.

Employees and Compensation Policy

As at 31 December 2017, the Group had 1,705 employees (31 December 2016: 1,103). Employee's remuneration is determined based on the employee's performance, skills, knowledge, experience and market trends. The Group regularly reviews compensation policies and programs, and will make any necessary adjustment in order to be in line with the remuneration levels in the industry norm. In addition to basic salaries, employees may be granted with discretionary bonus and cash awards based on individual performance.

Compliance With Relevant Laws And Regulations

During the year of 2017, as far as the Company is aware, there was no material breach of or non-compliance with applicable laws and regulations by the Group that has a significant impact on the business and operations of the Group.

FUND AND TREASURY POLICIES AND OBJECTIVES

Executive Directors and president office will hold meeting with finance and operation teams in the first week of every month to discuss the cash position and indebtedness situation. In addition, Board office circulates monthly capital market reports to the Board members so that the Board can assess equity/debt financing opportunities. At project level, all projects are expected to reach the internal rates of return of over 15%-20%, depending on the locations and categories of the projects.

MATERIAL INVESTMENT, ACQUISITIONS AND DISPOSALS OF ASSETS

A summary of the material investment, acquisitions and disposals of assets of the Group during the year ended 31 December 2017 is set out as follows:

1. On 3 March 2017, Tengfei Moma Real Estate (Beijing) Co., Ltd. ("Tengfei Moma"), an indirect wholly-owned subsidiary of the Company, entered into the equity transfer agreement with Mr. Guan Zhiquan and Xizang Yulong Real Estate Co., Ltd., whereby Tengfei Moma agreed to acquire 100% equity interest in Wuhan Zhonglian Shengming Real Estate Company Limited from Mr. Guan Zhiquan and Xizang Yulong Real Estate Co., Ltd. at the consideration of RMB949,850,000.

2. On 5 April 2017, Modern Green Development Group Hongye Benpao Technology (Beijing) Company Limited ("Hongye Benpao"), an indirect wholly-owned subsidiary of the Company, entered into the equity cooperation agreement with Foshan Changxin Tianhao Investment Company Limited ("Tianhao Investment") and Foshan Changxin Hongchuang Real Estate Company Limited ("Hongchuang Real Estate"), pursuant to which Hongye Benpao agreed to acquire the entire equity interest of Hongchuang Real Estate and the sale loans from Tianhao Investment at the consideration of RMB230,877,436.

   On the same day, Zhihui Hongye Real Estate (Beijing) Company Limited ("Zhihui Hongye"), an indirect wholly-owned subsidiary of the Company, entered into the equity transfer agreement with Foshan Changxin Yinhao Investment Company Limited ("Yinhao Investment"), Foshan Nanhai Yongxin Investment Company Limited ("Yongxin Investment") and Foshan Xinlong Real Estate Investment Company Limited ("Xinlong Real Estate"), pursuant to which Zhihui Hongye agreed to acquire the entire equity interest in Xinlong Real Estate and the sale loans from Yinhao Investment and Yongxin Investment at the consideration of RMB202,275,598.

3. On 4 May 2017, Zhanlan Tuozhan Real Estate (Beijing) Co., Ltd. ("Zhanlan Tuozhan") (an indirect wholly-owned subsidiary of the Company), Xiamen Yuelian Real Estate Company Limited ("Xiamen Yuelian"), Xiamen Xinjingdi Group Company Limited ("Xiamen Xinjingdi") and Fujian Shengshi Lianbang Real Estate Development Company Limited ("Shengshi Lianbang") entered into the joint development agreement, pursuant to which Zhanlan Tuozhan, Xiamen Yuelian and Xiamen Xinjingdi agreed to cooperate in the development of the land located in Jinjiang, Fujian Province, the PRC via Shengshi Lianbang. The net consideration was RMB1,800,000,000.

4. On 5 May 2017, Zhanlan MOMA Real Estate (Beijing) Co., Ltd. ("Zhanlan MOMA") and Modern Green Development Co., Ltd. ("Modern Green Development") (both being indirect wholly-owned subsidiaries of the Company) entered into an equity and loan transfer agreement (the "Transfer Agreement") with Jiang Yang Group Co., Ltd. and Ms. Chen Jun (the "JY Vendors") and Mr. Ding Wenquan, pursuant to which, Zhanlan MOMA agreed to acquire from the JY Vendors the entire equity interest in the target company, namely Jiangsu Jiang Yang Jin Xin Real Estate Development Co., Ltd. ("Jiang Yang Jin Xin") and settle the outstanding loans owed by Jiang Yang Jin Xin to its external creditor(s) at a total consideration of RMB434,000,000. On 16 June 2017, the parties to the Transfer Agreement entered into the termination agreement to terminate the Transfer Agreement with immediate effect and the JY Vendors refunded the first instalment of the consideration under the Transfer Agreement to Zhanlan MOMA.

5. On 9 May 2017, Modern Green Development entered into an agreement with Shanghai Zhongcheng Canshuo Investment Center (Limited Partnership), Hongrui (Beijing) Investment Management Company Limited and Shanghai Zhongcheng Allied Investment Management Holdings Limited whereby it was agreed that, among other things, major decisions of the board of directors of Wuhan Moma Development Co., Ltd. (a company held as to 51% by the Company and was accounted for as a joint venture of the Group before the entering into of the said agreement) shall be resolved by a simple majority of the members of the board of directors instead of unanimous approval of all directors.

6. On 22 May 2017, Modern Green Development entered into an agreement with Dingxin Changcheng (Beijing) Investment Management Company Limited, Shengeng Tuozhan Investment (Beijing) Company Limited ("Shengeng Investment") and Yingtan Dingxin Yongchun Investment (Limited Partnership) ("Yingtan Dingxin") whereby it was agreed that, among other things, major decisions of the board of directors of Shengeng Investment (a company held as to 51% and 49% by Modern Green Development and Yingtan Dingxin, respectively, and a non wholly-owned subsidiary of the Company) shall be resolved by an unanimous approval instead of a majority approval.

7. On 29 June 2017, Beijing Modern Green Investment Fund Management Co., Ltd. ("Beijing Modern Green") (an indirect wholly-owned subsidiary of the Company) and Jiaxing Lan Lv Jingshen Equity Investment Fund Enterprise (LLP) ("Jiaxing Lan Lv Jingshen") (a limited partnership established by Modern Green Development) entered into the limited partnership agreement with certain other partners whereby the parties agreed to, among other things, invest in Jiaxing Lan Lv Zhanfang Equity Investment Fund Enterprise (LLP) with an aggregate capital of RMB1,901,000,000 with capital to be contributed by Beijing Modern Green and Jiaxing Lan Lv Jingshen in the amount of RMB1,000,000 and RMB475,000,000, respectively.

8. On 16 August 2017, Sushen Lvse (Beijing) Real Estate Co., Ltd. ("Sushen Lvse") (an indirect wholly-owned subsidiary of the Company), Suzhou Jieneng Technology Co., Ltd. and Mr. Qian Xinghua (collectively, the "Yuzun Vendors") entered into the equity transfer and debt settlement agreement whereby Sushen Lvse agreed to acquire 100% equity interest of Jiangsu Yuzun Real Estate Development Company Limited from the Yuzun Vendors at the consideration of RMB469,000,000.

9. On 15 September 2017, Modern Land (HKNo. 6) Co., Limited ("Modern Land No. 6") (a wholly-owned subsidiary of the Company) and Yango Group Co., Ltd. ("Yango Group") entered into the share transfer agreement whereby Modern Land No. 6 agreed to acquire 5,100 shares of Yango Yuegang Limited (representing 51% of the total issued shares thereof) from Yango Group at the consideration of HK$1,828,623,141.

10. On 20 December 2017, Beijing Modern Real Estate Development Co., Ltd. ("Modern Real Estate") (an indirect wholly-owned subsidiary of the Company) and Shaanxi Hongsheng Industrial Group Company Limited ("Hongsheng Industrial") entered into the equity transfer agreement whereby Hongsheng Industrial agreed to acquire 51% of the registered capital of Shaanxi Zhuoli Industrial Company Limited from Modern Real Estate at the consideration of RMB70,200,000, in which RMB20,000,000 will be obtained after specific conditions are met.

11. On 25 December 2017, Modern Green Development, Huzhou Dongfang New Urban Construction Development Company Limited ("Huzhou Dongfang"), Huzhou Dongjun Construction Development Company Limited ("Huzhou Dongjun") and Huzhou Dongju Construction

Development Company Limited ("Huzhou Dongju") entered into the cooperation agreement whereby Modern Green Development agreed to acquire from Huzhou Dongfang 89.8% equity interest in Huzhou Dongjun and 84.73% equity interest in Huzhou Dongju and settle all outstanding land premium and taxes in relation to the related property development projects held by the two target companies in the sum of RMB198,957,500 and RMB524,730,500, respectively. The equity transfers in the two target companies were completed on 10 January 2018.

12. On 29 December 2017, Modern Green Development, Jiaxing Lvxin Equity Investment Fund Enterprise (LLP) ("Jiaxing Lvxin"), Huojian Real Estate Investment (Beijing) Co., Ltd. ("Huojian Real Estate") and Hefei Modern Yinghe Real Estate Co., Ltd. entered into the equity transfer agreement (the "Huojian Real Estate ETA") whereby Modern Green Development agreed to acquire 80% equity interest in Huojian Real Estate from Jiaxing Lvxin at the consideration of RMB261,006,185. A supplemental agreement to the Huojian Real Estate ETA was entered into among the parties whereby the contingent valuation with respect to the consideration under the Huojian Real Estate ETA is agreed at RMB54,051,986.80 and the maximum consideration under the Huojian Real Estate ETA shall be RMB315,058,171.80.

SENIOR NOTES

Issuance of Senior Notes

On 6 January 2017, the Company issued guaranteed senior notes due 2019 with principal amount of US$150 million at a coupon rate of 6.875% per annum. For details, please refer to the announcements of the Company dated 29 December 2016 and 10 January 2017.

On 1 June 2017, the Company issued guaranteed private senior fixed rate notes with aggregate nominal value of US$100 million (the "2017 USD Notes"), at 100% of the principal, which carry fixed interest at 6.5% per annum (interest payable semi-annually in arrears) and will be fully repayable at par by 31 May 2018.

On 29 June 2017, the Company together with some of its subsidiaries entered into a purchase agreement with Guotai Junan Securities (Hong Kong) Limited, The Hongkong and Shanghai Banking Corporation Limited, Zhongtai International Securities Limited, China International Capital Corporation Hong Kong Securities Limited, Deutsche Bank AG, Hong Kong Branch, VTB Capital plc, Shanghai Pudong Development Bank Co., Ltd. Hong Kong Branch and Orient Securities (Hong Kong) Limited in connection with the Company's issuance of secured senior notes due 2018 with principal amount of US$130 million at a coupon rate of 6.5% per annum. For details, please refer to the announcements of the Company dated 29 June and 7 July 2017.

Redemption of Senior Notes

On 15 June 2017, the Company redeemed the senior notes due 2019 with principal amount of US$125 million and coupon rate of 12.75% per annum. The total redemption price paid by the Company is US$140,621,691.44 comprising the outstanding principal amount of US$125 million, applicable premium of US$9,645,128.94 and accrued and unpaid interest of US$5,976,562.50.

BONUS ISSUE AND ADJUSTMENTS TO SHARE OPTIONS

On 9 October 2017, the Company completed the issue of bonus shares on the basis of one (1) bonus share for every ten (10) then existing shares of the Company (the "Shares") held by the shareholders of the Company (the "Shareholders") registered as such on the register of members of the Company on 26 September 2017 (being the record date of bonus issue). The number of bonus shares issued under the bonus issue was 251,320,700. Upon the completion of the bonus issue, the exercise prices of the share options (the "Share Options") granted under the share option scheme adopted by the Company on 14 June 2013 and the number of Shares to be allotted and issued upon full exercise of the subscription rights attaching to the outstanding Share Options are adjusted. For details, please refer to the announcements dated 22 August, 18 September and 9 October 2017 and the circular dated 24 August 2017 of the Company.

EVENTS AFTER THE REPORTING PERIOD

Acquisition of Equity Interest in a PRC Company

On 8 January 2018, Vision Hongye Investment (Beijing) Co., Ltd. ("Vision Hongye") (an indirect wholly-owned subsidiary of the Company), Beijing Fornot Property Management Limited ("Beijing Fornot") and Beijing Ai Lihua Property Management Limited ("Beijing Ai Lihua") entered into the equity transfer agreement (the "Beijing Ai Lihua ETA") whereby Vision Hongye agreed to acquire 100% equity interest and take up the liabilities of Beijing Ai Lihua from Beijing Fornot at the consideration of RMB1,550,000,000, comprising RMB100,000,000 as the consideration for acquiring the equity interest and RMB1,450,000,000 for discharging the liabilities of Beijing Ai Lihua. The first instalment of the consideration of HK$225,000,000 was paid in accordance with the terms of the Beijing Ai Lihua ETA. As announced by the Company on 29 March 2018, there has been a delay in completion of the transactions as contemplated under the Beijing Ai Lihua ETA and Vision Hongye initiated a civil complaint against Beijing Ai Lihua, Beijing Fornot and its sole shareholder as guarantor on 12 March 2018. Vision Hongye also applied to the court for asset preservation orders against the equity interest in Beijing Ai Lihua and a commercial property in Beijing held by the guarantor which were pledged in favour of Vision Hongye. For details, please refer to the announcements of the Company dated 8 January 2018 and 29 March 2018.

Issuance of Green Senior Notes

On 27 February 2018, the Company and certain subsidiaries of the Company entered into a purchase agreement with Guotai Junan Securities (Hong Kong) Limited, Deutsche Bank AG, Hong Kong Branch, The Hongkong and Shanghai Banking Corporation Limited, BOCOM International Securities Limited, BOSC International Company Limited, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch, UBS AG Hong Kong Branch, VTB Capital plc and Zhongtai International Securities Limited in connection with the Company's issuance of senior notes due 2021 with principal amount of US$350 million at a coupon rate of 7.95% per annum. For details, please refer to the announcements of the Company dated 27 February and 28 February 2018.

INVESTOR RELATIONS REPORT

The Company attached great importance to communications with investors, financial institutions, the media and other stakeholders in order to establish a more efficient communication channel between the Company and the capital market. The investor relations department has maintained effective mutual communication and close relationships with investors, financial institutions and media through various channels such as the publication of annual report and interim report, results briefing and press briefing, press release, corporate newsletter and announcement, as well as the website of the Company. We believe that effective investor relations will help reduce financial costs and improve the liquidity of the shares of the Company, leading to a more solid shareholder base. The Company therefore undertakes to maintain high transparency and to release the financial and operation conditions and the latest news to the market promptly and accurately in compliance with the principle of "accurate, timely, and transparent" information disclosure. The Company strives to make the market have a deep understanding of the Company and maintain high corporate transparency in order to create maximum value for shareholders and other stakeholders.

During the year, the Company expanded new investor relations through multi-channels such as one-to-one meetings, non-deal roadshow, reverse roadshow for the media and investors, results briefing, industry summit held by investment bank, press briefing, telephone and e-mail exchange, seminars and the website of the Company, so as to timely promote the proprietary technologies, development philosophy and strategy, the latest development and results of operation and management to the capital market. Meanwhile, the Company also actively sought suggestions and feedbacks for the Company from investors, thereby optimising the corporate governance of the Company and continuously creating value for shareholders, investors and the society.

SHARE PERFORMANCE

2017	Highest	Lowest
The Company's share price per share (HK$)	2.01	0.85

Share Performance in 2017 (2 January 2017 to 29 December 2017)

As at 29 December 2017, the Company had a total of 2,768,071,300 Shares and the market price per Share was HK$1.68. Based on the closing price as at 29 December 2017, the market capitalisation of the Company amounted to approximately HK$4.650 billion.

INVESTOR RELATIONS EVENTS

Since listing, members of the Company's senior management such as the chairman of the Board, president and chief financial officer have participated in numerous investor activities in various types and have sufficiently communicated with the capital market, which enabled the investors to have more comprehensive interpretation and analysis for the business concepts and financial standing, and effectively realised the multi-channel bilateral communication. The Company will keep on disclosing accurate and transparent information of high quality on a timely basis.

INVESTOR RELATIONS REPORT

Key investor relations events of the Company in 2017

Date	Event	Organiser	Location
22-23 February 2017	14th Annual Citi Asia Pacific Investor Conference	Citibank	Singapore
15-17 March 2017	Non-deal Roadshow	Modern Land	London
21 March 2017	2016 Annual Result Announcement Conference	Modern Land	Hong Kong
22-24 March 2017	Non-deal Roadshow (Singapore Investor Conference Call)	Modern Land	Hong Kong
28 March 2017	Taiwan Investor Non-deal Roadshow (Conference Call)	Modern Land	Hong Kong
7 April 2017	UBS Hong Kong/China Property Conference	UBS	Hong Kong
25 May 2017	Guosen Securities Investor Meeting	Guosen	Hong Kong
7 June 2017	Shenzhen "Belt and Road" Securities Market Forum	SZ Belt and Road securities	Shenzhen
15-16 June 2017	Summit of Listed Companies in Hong Kong with Mainland's Investment Research Institutions	HKIRA	Shanghai
23 June 2017	2017 Citi Asia Pacific Investor Summit	Citibank	Hong Kong
26 June 2017	Bank of America Merrill Lynch Fixed Income Investor Meeting	Bank of America Merrill Lynch	Hong Kong
6-7 July 2017	Zhongtai Securities Selected Listed Company Exchange Summit	Zhongtai	Hangzhou
7 July 2017	Asia Financial PR Shenzhen Investor Summit	Financial PR	Shenzhen
27-28 July 2017	"MOM∧ Original Green & Blossoming Blue"Analysts Reverse Roadshow	Modern Land	Beijing, Hefei
15 August 2017	2017 Interim Results Conference Call	Modern Land	Hong Kong
15-18 August 2017	2017 Interim Results Non-deal Roadshow	Modern Land	Hong Kong
21 September 2017	Zhixin Caijing–Investors Meeting	Zhixin Caijing	Shenzhen
16-18 October 2017	Non-deal Roadshow	Modern Land	Shanghai
7 November 2017	Non-deal Roadshow	Modern Land	Shenzhen
8 November 2017	2017 Gelonghui Overseas Investment Summit Carnival	Gelonghui	Shenzhen
30 November-1 December 2017	2017 Appealing Guangzhou-Foshan Reverse Roadshow	Modern Land	Foshan
20 December 2017	Gelonghui vs HongKong Stock Market	Gelonghui	Guangzhou

The investor relations department will continue to enhance the quality of communication with investors and maintain corporate transparency. To ensure easy access to the Company's updated information, all of our published information including announcements, interim and annual reports, press releases, and monthly corporate newsletters, are posted on the Company's website www.modernland.hk in a timely manner. Interested parties can also make enquiries by contacting the investor relations department (email: ir.list@modernland.hk).

ANNUAL REPORT ON OFFSHORE GREEN BONDS

Modern Land (China) Co., Ltd. ("Modern Land" or "Company") has published "Modern Land Green Bond Framework" ("Framework") in August 2016. Under this Framework, Modern Land plans to in full or in part finance/refinance eligible green assets, consistent with Company's philosophy of being a leading full-life cycle community developer with "Green Technology + Comfort & Energy-saving + Digital Interconnection". Modern Land engaged CICERO (The Centre for International Climate and Environmental Research) for an independent Second Confirming that the Framework is in compliant with the Green Bond Principles recommended by ICMA (International Capital Market Association).

Modern Land issued its debut US$350m Green Bond in October 2016 and later upsized the issuance to US$500m in December 2016. This highly successful transaction represents the first overseas Green Bond issuance by a Chinese property developer and the first Chinese Green High Yield bond issuance in the international capital market.

Modern Land subsequently issued its second US$130m Green Bond in July 2017 and another highly successful US$350m issuance in February 2018. The latest transaction also received a score of E1/84 from S&P and a Green Finance Pre-issuance Stage Certification from HKQAA (The Hong Kong Quality Assurance Agency). The ongoing Green Bond issuances from Modern Land are testimony to the Company's focus and leadership in green real estate, and demonstration of its commitment in helping tackle climate change.

Proceeds of each Green Bond will be recorded in a register until being earmarked to eligible green assets. As of 31 December 2017, Modern Land has fully allocated the proceeds from green bond issuances.

Green bonds issued by Modern Land

Issuer:	Modern Land (China) Co., Limited		
Issue Date:	20 October 2016	5 July 2017	5 March 2018
Currency:	US$	US$	US$
Term:	3 years	363 days	3 years
Size of Issue:	500 million	130 million	350 million
Maturity:	20 October 2019	3 July 2018	5 March 2021
Coupon:	6.875%	6.5%	7.95%
ISIN:	XS1494003624	XS1641470452	XS1775946285

ANNUAL REPORT ON OFFSHORE GREEN BONDS

FUND ALLOCATION REPORT (AS AT 31 DECEMBER 2017)

Types of eligible green projects and breakdown of fund allocation:

Project Classification	Project Name	Project Green Label	Project Cost (US$)	Allocated Amount (US$)
			US$1 = RMB6.3264	
New Development	Man Ting Chun MOMA (Nanchang) – Phase I Residential	Three Star Green Building Label – Design	67,628,272	67,628,272
New Development	Modern Wan Guo Cheng MOMA (Beijing) – North Residential	Three Star Green Building Label – Operation	278,824,055	278,824,055
New Development	Man Ting Chun MOMA (Jiujiang) – Building No. 5	Three Star Green Building Label – Design	13,297,721	13,297,721
New Development	Shangdi MOMA (Beijing)	Two Star Green Building Label – Operation	74,066,547	74,066,547
New Development	Modern Park MOMA (Hefei)	Three Star Green Building Label – Design	179,236,106	179,236,106
New Development	Wan Guo Cheng MOMA (Changsha) – Phase III	Two Star Green Building Label – Operation	165,212,443	16,947,299
Total			**778,265,144**	**630,000,000**

SELECTED CASES

Project Name Modern Man Ting Chun MOMA (Jiujiang) – Building No. 5

Details Three Star Green Building Label – Design

Energy-saving Technology

- Geothermal pump system
- Ceiling cooling and heating system
- External walling system
- Recovery and processing of waste water and use of reclaimed water
- Collection and use of rain water
- Exterior window system
- Displacement ventilation system
- Intelligent system

Project Name	**Modern Park MOMA (Hefei)**
Details	Three Star Green Building Label – Design
Energy-saving Technology	• Geothermal pump system • Ceiling cooling and heating system • External walling system • Collection and use of rain water • Exterior shading system • Exterior window system • Same floor drainage system • Displacement ventilation system • Intelligent system

Project Name	**Shangdi MOMA (Beijing)**
Details	Two Star Green Building Label – Operation
Energy-saving Technology	• Geothermal pump system • Ceiling cooling and heating system • External walling system • Collection and use of rain water • Exterior shading system • Exterior window system • Same floor drainage system • Displacement ventilation system • Intelligent system

CORPORATE GOVERNANCE REPORT

The Board is committed to high standards of corporate governance and recognises that good governance is vital for the long-term success and sustainability of the Company's business.

The Company has complied with the provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") during this reporting period. In 2017, in order to fully implement the requirements of the Stock Exchange's Guidelines on Environmental, Social and Governance Reporting, the Environmental, Social and Governance Report with good quality was finished well on time, which further enhanced the good reputation of the Company in the capital market. The Company's Environmental, Social and Governance Report for the year 2017 will be published on the website of the Company and the website of the Stock Exchange.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Board is of opinion that the Company had complied with the code provisions as set out in the CG Code for the year ended 31 December 2017.

DIRECTORS' 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 for dealing in securities of the Company by the Directors. All Directors have confirmed that they complied with the required standards set out in the Model Code during the year under review. The shareholdings of the Directors, chief executive and substantial shareholders of the Company are detailed in the Directors' Report of this report.

BOARD OF DIRECTORS

As at 31 December 2017, the Board comprises ten Directors, which is chaired by Mr. Zhang Lei, consists of three executive Directors, three non-executive Directors and four independent non-executive Directors. The composition of the Board ensures a balance of skills and experience appropriate for the requirements of the business of Group and the issuance of independent opinion. Brief biographies of the existing Directors are included in the Profiles of Directors and Senior Management section of this report.

The Directors who held office during the year and up to the date of this report include:

Executive Directors

Mr. Zhang Lei *(Chairman)*
Mr. Zhang Peng *(President)*
Mr. Chen Yin

Non-executive Directors

Mr. Fan Qingguo
Mr. Chen Zhiwei
Mr. Chen Anhua *(appointed on 27 January 2017)*
Mr. Zhong Tianxiang *(resigned on 7 July 2017)*

Independent Non-executive Directors

Mr. Qin Youguo
Mr. Cui Jian
Mr. Hui Chun Ho, Eric
Mr. Zhong Bin *(appointed on 27 January 2017)*

All executive Directors and non-executive Directors have entered into service contracts with the Company for a specific term of three years. Under the articles of association of the Company (the "Articles of Association"), the Board is empowered to appoint any person as a Director to fill the casual vacancy or as an additional Director. The Board considers a candidate's experience, skill and knowledge and competency and ability to fulfil duty of care and diligence and fiduciary duty and/or recommendation by the nomination committee of the Company (the "Nomination Committee") (if any).

In compliance with Rules 3.10 and 3.10A of the Listing Rules, the Company has appointed four independent non-executive Directors (representing not less than one-third of the Board), one of whom possesses the appropriate professional qualifications in accounting and financial management. Each of the four independent non-executive Directors has confirmed his independence of the Company and the Company considers each of them to be independent in accordance with the guidelines of assessing independence as set out in Rule 3.13 of the Listing Rules. Each of the four independent non-executive Directors has signed a letter of appointment with the Company for a specific term of three years.

Pursuant to the Articles of Association, (i) any Director appointed as an addition to the existing Board shall hold office until the next following annual general meeting of the Company and shall be eligible for re-election; and (ii) at least one-third or, if the number is not a multiple of three, the nearest to one-third, of the Directors are subject to retirement from office by rotation and re-election at the annual general meeting of the Company once every three years. Accordingly, Mr. Chen Yin, Mr. Fan Qingguo, Mr. Qin Youguo and Mr. Hui Chu Ho, Eric will retire and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting to be held on 19 June 2018 (the "2018 AGM"). All other Directors will continue in office.

All Directors have given sufficient time and attention to the affairs of the Group and, in particular, the non-executive and independent non-executive Directors have provided the Board with their diversified expertise and professional advices. The Board is of the view that there is a balanced composition of executive, non-executive and independent non-executive Directors in the Board and the independent non-executive Directors are able to provide sufficient checks and balances to safeguard the interests of the shareholders of the Company (the "Shareholders") and the Group. The participation of the independent non-executive Directors in the Board and Board committee meetings also provides independent judgement on the issues relating to strategy, policy, performance, accountability, conflict of interest and standards of conduct.

The Board members have timely access to information relating to the Group's business and will be provided with further documents and information upon request to enable them to make informed decisions. Minutes of Board meetings and meetings of Board committees are kept by the Company Secretary and are open for inspection at any reasonable time on reasonable notice by any Director. Minutes of Board meetings and meetings of Board committees are recorded in sufficient details for the matters considered and decisions reached, including any concerns raised or dissenting views expressed by the Directors. Draft and final versions of minutes are sent to all Directors for their comment and record respectively within a reasonable time after the Board meeting is held. All Directors are entitled to have access to Board papers and related materials. These papers and related materials are in a form and quality sufficient to enable the Board to make informed decisions on matters placed before it. Queries raised by the Directors are given a prompt and full response.

The Board members have no financial, business, family or other material/relevant relationship with each other. Such balanced Board composition is formed to ensure strong independence across the Board.

DIRECTORS' LIABILITY INSURANCE AND INDEMNITY

The Company has purchased appropriate and sufficient liability insurance to indemnify its Directors and senior officers in respect of legal actions against the Directors and senior officers.

RESPONSIBILITY OF THE BOARD

The Board is in charge of leadership and control of the Group and is responsible for maximising the Group's financial performance and making decisions in the best interests of the Group and its Shareholders. Under the leadership of Mr. Zhang Lei, the Chairman, the Board is also responsible for formulating and overseeing the business strategies and policies of the Group, approving and monitoring annual budgets and business plans, reviewing operational and financial performance, reviewing and monitoring the Group's financial control and risk management systems. The Board has delegated the daily operation and day-to-day management of the Group as well as the implementation of the Board's policies and strategies to executive Directors and the management of the Group.

BOARD MEETINGS AND GENERAL MEETING

The Board holds meetings regularly and meets at other times as and when required to review financial, internal and compliance controls, risk management, company strategy and operating performance of the Group. In addition, the Board holds general meetings to maintain an on-going dialogue with the Shareholders. For the period from 1 January 2017 to 31 December 2017, the Board held 6 Board meetings.

The attendance of each Director at various Board, Board committee and general meetings from 1 January 2017 to 31 December 2017 is set out in the following table:

	Meetings Attended/Held				
	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	General Meeting
Executive Directors					
Mr. Zhang Lei	6/6	N/A	2/2	2/2	2/2
Mr. Zhang Peng	6/6	N/A	N/A	N/A	2/2
Mr. Chen Yin	6/6	N/A	N/A	N/A	2/2
Non-Executive Directors					
Mr. Fan Qingguo	6/6	N/A	N/A	N/A	2/2
Mr. Chen Zhiwei	5/6	N/A	N/A	N/A	2/2
Mr. Chen Anhua[1]	6/6	N/A	N/A	N/A	1/2
Mr. Zhong Tianxiang[2]	2/6	N/A	N/A	N/A	2/2
Independent Non-Executive Directors					
Mr. Qin Youguo	6/6	1/2	2/2	N/A	2/2
Mr. Cui Jian	6/6	2/2	2/2	2/2	2/2
Mr. Hui Chun Ho, Eric	6/6	2/2	N/A	2/2	2/2
Mr. Zhong Bin[1]	5/6	1/2	N/A	2/2	2/2

Note 1: On 27 January 2017, Mr. Chen Anhua was appointed as a non-executive Director and Mr. Zhong Bin was appointed as an independent non-executive Director.

Note 2: On 7 July 2017, Mr. Zhong Tianxiang resigned as a non-executive Director.

Notice of at least 14 days for regular Board meetings and sufficient notice of reasonable days for ad hoc Board meetings (if any) were given to all Directors so as to ensure that (i) each of them had an opportunity to attend the meetings; (ii) each of them had an opportunity to include matters on the agenda; and (iii) the agenda and accompanying Board papers were given to all Directors in a timely manner. As agreed by the Board, the Directors may also seek independent professional advice at the Company's expense. During the intervals between Board meetings, the senior management of the Company provides the Directors with information on a timely basis regarding all major developments or changes in the Group's businesses.

Should a Director have a potential conflict of interest in a matter being considered in the Board meeting, he or she will abstain from voting in respect of the relevant resolution. Independent non-executive Directors with no conflict of interest will be present at the meetings to deal with such issues.

Full Board or Board committee papers will be sent to all Directors at least three days (or number of days which should be reasonable and adequate) before the intended date of a Board meeting or Board committee meeting.

Management has supplied the Board and its committees with adequate information and explanations so as to enable it to make an informed assessment of the financial and other information put before the Board and its committees for approval. Management is also invited to attend the Board or Board committee meetings where appropriate.

All Directors are also entitled to have access to timely information such as monthly updates in relation to the Company's businesses and have separate and independent access to senior management.

DIRECTORS' TRAINING

During the year, all Directors were provided with monthly newsletters on the Group's business, operations and financial matters as well as regular updates on applicable legal and regulatory requirements. These updates aim at enhancing the Directors' knowledge and skills and assisting them to comply with good corporate governance practices.

In addition, every newly appointed Director will receive an induction on the first occasion of his or her appointment, so as to ensure that he or she has a proper understanding of the operations and business of the Company, and his or her responsibilities under the laws and regulations and especially the governance policies of the Company.

In 2017, the Directors have participated in various training and continuous professional development activities and the summary of which is as follows:

	Type of training
Executive Directors	
Mr. Zhang Lei	A,B
Mr. Zhang Peng	A,B
Mr. Chen Yin	A,B
Non-Executive Directors	
Mr. Fan Qingguo	A,B
Mr. Chen Zhiwei	A,B
Mr. Chen Anhua[1]	A,B
Mr. Zhong Tianxiang[2]	A,B
Independent Non-Executive Directors	
Mr. Qin Youguo	A,B
Mr. Cui Jian	A,B
Mr. Hui Chun Ho, Eric	A,B
Mr. Zhong Bin[1]	A,B

Note 1: On 27 January 2017, Mr. Chen Anhua was appointed as a non-executive Director and Mr. Zhong Bin was appointed as an independent non-executive Director.

Note 2: On 7 July 2017, Mr. Zhong Tianxiang resigned as a non-executive Director.

A: attending relevant seminars and/or conferences and/or forums; delivering speeches at relevant seminars and/or conferences and/or forums

B: reading newspapers, journals and articles

CHAIRMAN AND PRESIDENT

The Chairman and the President are currently two separate positions held by Mr. Zhang Lei and Mr. Zhang Peng respectively with clear distinction in responsibilities.

Mr. Zhang Lei, being the Chairman, is responsible for the management and leadership of the Board to formulate overall strategies and business development directions for the Group, to ensure that adequate, complete and reliable information is provided to all Directors in a timely manner, and to ensure that the issues raised at the Board meetings are explained appropriately.

One of the important roles of the Chairman is to provide leadership for the Board. The Chairman is responsible for ensuring that the Board works effectively and performs its responsibilities, and that all key and appropriate issues are discussed by it in a timely manner. The Chairman is primarily responsible for drawing up and approving the agenda for each Board meeting. He takes into account, where appropriate, any matters proposed by the other Directors for inclusion on the agenda. The Chairman may delegate this responsibility to a designated Director or the Company Secretary. The Chairman also takes primary responsibility for ensuring that good corporate governance practices and procedures are established. The Chairman encourages all Directors to make a full and active contribution to the Board's affairs and take the lead to ensure that it acts in the best interests of the Company. The Chairman encourages the Directors with different views to voice their concerns, allows sufficient time for discussion of issues and ensures that Board decisions fairly reflect Board consensus. The Chairman at least annually holds a meeting with the non-executive Directors and independent non-executive Directors without the executive Directors present.

Mr. Zhang Peng, being the President, is responsible for the daily operations of the Group and the implementation of business policies, objectives and plans as formulated and adopted by the Board, and is accountable to the Board for the overall operation of the Group.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility to present a balanced, clear and understandable assessment of the Group's performance, position and prospects in the consolidated financial statements of the annual and interim reports in accordance with statutory requirements and applicable accounting standards. Pursuant to Code Provision C.1.1 of the CG Code, the management provided such explanation and information to the Board as will enable the Board to make an informal assessment of the financial and other information put before the Board for approval. The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Company's ability to continue as a going concern.

In preparing the financial statements for the year ended 31 December 2017, the Directors have selected appropriate accounting policies and applied them consistently, and have made judgements and estimates that are prudent and reasonable.

The Group has announced its interim results in a timely manner within two months after the end of the relevant financial periods, as laid down in the Listing Rules.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has the responsibility to maintain appropriate and effective risk management and internal control systems in order to safeguard the interest of the Group and the Shareholders, review and monitor the effectiveness of the internal control and risk management systems on a regular basis to ensure that the systems in place are adequate.

The Group's risk management and internal control systems comprise, among others, the relevant financial, operational and compliance controls and risk management procedures, a well-established organisational structure with clearly defined lines of responsibility and authority. Each department is accountable for its daily operations and is required to implement the business strategies and policies adopted by the Board from time to time.

The internal audit department of the Company supported the Board and the audit committee of the Company (the "Audit Committee") in reviewing the effectiveness of risk management and internal control systems and performed its functions during the year following an annual audit plan and submitting their reports of their findings to the Board and the Audit Committee at the meetings. The Audit Committee provides independent review on effectiveness of the risk management and internal control systems of the Group and gives their recommendation to the Board. The Board is responsible for reviewing the internal audit report and approving policies and procedures designed by the management.

The Group also engaged an external consultant specialising in identifying and evaluation of significant risks of our business operations. The external consultant is independent from the Company and its connected persons and the Board believes that their involvement could enhance the objectivity and transparency of evaluation process. In conjunction with the internal audit department and senior management of the Company, the external consultant conducts an annual assessment on risk management and internal control systems of the Group together with suggestion and solutions and submit to the Audit Committee and the Board for their consideration.

The Board conducted a review and assessment of the effectiveness of the Group's risk management and internal control systems and procedures during the financial year ended 31 December 2017 by way of discussions with the management of the Group, members of the Audit Committee and the external independent auditor. The Board considered major investigation findings of the external consultant on risk management and internal control matters and management's response to these findings.

The Board believes that the existing risk management and internal control systems are adequate and effective. The Board also reviewed the resources, qualification and experience of staff of the Group's accounting and financial reporting function and their training schemes and budget and was satisfied with their adequacy.

The Board also assessed the effectiveness of the Group's internal audit function and external audit process, and satisfied itself, through the work of its Audit Committee, that the internal audit function is adequately resourced and is effective at providing assurance to the Board on the relevant risks faced by the Company, and that the external audit process is effective.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the financial statements of the Group in accordance with statutory requirements and applicable accounting standards. The Directors also acknowledge their responsibilities to ensure that the financial statements of the Group are published in a timely manner.

The reporting responsibilities of our Company's external auditor on the financial statements of the Group are set out in the "Independent Auditor's Report" in this report.

BOARD COMMITTEES AND CORPORATE GOVERNANCE FUNCTIONS

The Board has established three Board committees, namely the Audit Committee, the remuneration committee (the "Remuneration Committee") and the Nomination Committee, to oversee the relevant aspects of the Company's affairs. The three Board committees are provided with sufficient resources to discharge their duties. Each Board committee has a written term of reference, which is available on the websites of the Company and the Stock Exchange.

AUDIT COMMITTEE

Composition

In order to comply with the CG Code, the Board adopted the revised terms of reference of the Audit Committee on 18 November 2015. As at 31 December 2017, the Audit Committee comprised four independent non-executive Directors, namely Mr. Hui Chun Ho, Eric (the chairman of the Audit Committee), Mr. Cui Jian, Mr. Qin Youguo and Mr. Zhong Bin. None of them is a member of the former or existing external auditors of the Company. The Board is of the view that the members of the Audit Committee have sufficient accounting and financial management expertise and experience to discharge their duties. However, the Audit Committee is authorised to obtain external legal or other independent professional advice if it considers necessary.

Major responsibilities

The principal functions of the Audit Committee include:

- to make recommendations to the Board on the appointment, re-appointment and removal of external auditors, to approve the remuneration and terms of engagement of the external auditor, and to handle any questions of resignation or dismissal of that auditor;

- to review and monitor the independence and objectivity of the external auditors and effectiveness of the audit process in accordance with applicable standards, and to discuss the nature and scope of the audit and related reporting responsibilities with the external auditor before the audit commences;

- to monitor integrity of the Company's financial statements and the Company's annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgements contained in them;

- to oversee the Company's financial reporting system, risk management and internal control systems; and

- to discuss with the management the system of internal control and ensure that management has discharged its duty to have effective systems including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training schemes and budget.

The Audit Committee also performs corporate governance procedures of the Company, including:

- to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;

- to review and monitor the training and continuous professional development of Directors and senior management of the Company;

- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

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

- to review the Company's compliance with the code provisions and disclosure in the Corporate Governance Report of the Company.

The Audit Committee held two meetings in 2017 and conducted the following activities:

(i) reviewed the Group's annual results for 2016 and interim results for 2017;

(ii) reviewed the audit plans and findings of the external auditor;

(iii) reviewed the internal control, risk management and financial matters pursuant to its terms of reference; and

(iv) made recommendation to the Board on the re-appointment of the external auditor and its remuneration.

The Audit Committee will also meet with the external auditor annually in the absence of management to discuss matters relating to any issues arising from audit and any other matters the auditor may wish to raise.

AUDITOR'S REMUNERATION

For the year ended 31 December 2017, the external auditor's remuneration in respect of audit services provided to the Group amounted to approximately RMB5.8 million. During the year, the non-audit service fee to external independent auditor amounted to RMB0.2 million.

NOMINATION COMMITTEE

Composition

The Nomination Committee was established on 14 June 2013 with written terms of reference as suggested under the code provisions in the CG Code. As at 31 December 2017, the Nomination Committee comprised three independent non-executive Directors and one executive Director, namely Mr. Cui Jian (the chairman of the Nomination Committee), Mr. Hui Chun Ho, Eric, Mr. Zhang Lei and Mr. Zhong Bin.

Major responsibilities

The primary duties of the Nomination Committee include:

- reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least once a year and making recommendations to the Board regarding any proposed changes to the Board for conforming to the strategy of the Company;

- identifying and nominating qualified individuals to act as Directors and making recommendations to the Board regarding such matters;

- assessing the independence of the independent non-executive Directors; and

- making recommendations to the Board regarding the appointment or re-appointment of Directors and succession planning for the Directors, in particular the Chairman and the President.

The chairman of the Nomination Committee shall attend the annual general meeting of the Company to answer the questions raised by the Shareholders on Director's nomination and other nomination policy matters.

The Nomination Committee shall meet at least once a year (or in accordance with the regulations of regulatory authorities applicable to the Company from time to time) at the time as required to discharge its duties. The meeting shall be convened and chaired by the chairman. For the year ended 31 December 2017, two meetings of the Nomination Committee were held to assess the independence of independent non-executive Directors and structure of the Board, review the re-appointment of Directors at the annual general meeting and review the renewal of director's service contract, etc.

BOARD DIVERSITY POLICY

The Board has adopted a "Board Diversity Policy" in relation to the nomination and appointment of new Directors, which provides that the selection of Board candidates shall be based on a range of diversity perspectives with reference to the Company's business model and specific needs, including but not limited to gender, age, race, language, cultural background, educational background, industry experience and professional experience.

The above measurements were also reviewed and adopted when the Nomination Committee reviewed the composition of the Board. After assessing the suitability of the Directors' skills and experience to the Company's business, the Nomination Committee confirmed that the existing Board was appropriately structured and no change was required.

REMUNERATION COMMITTEE

Composition

The Remuneration Committee was established on 14 June 2013 with written terms of reference as suggested under the code provisions in the CG Code. The Remuneration Committee comprised two independent non-executive Directors, namely Mr. Qin Youguo (the chairman of the Remuneration Committee) and Mr. Cui Jian, and an executive Director, Mr. Zhang Lei, during the year ended 31 December 2017.

Major Responsibilities

The primary duties of the Remuneration Committee include (but not limited to):

- making recommendations to the Board on the Company's policies and structures for all remuneration of the Directors and senior management of the Company and on the establishment of a formal and transparent procedure for developing policy on such remuneration;

- making recommendations to the Board on the remuneration package of executive Directors and senior management; and

- considering salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group.

The amount of the executive Directors' remuneration is determined by the Remuneration Committee on the basis of the relevant executive Directors' experience, responsibility, workload and the time devoted to the Group. The Directors' remuneration is reviewed by the Remuneration Committee from time to time.

The Remuneration Committee may also consult the Chairman on proposals relating to the remuneration of other executive Directors and has access to professional advice if necessary. For the year ended 31 December 2017, the Remuneration Committee held two meetings and conducted the following activities:

(i) reviewed the remuneration policy of the Group and Directors' remunerations;

(ii) reviewed and approved the remuneration package of individual executive Directors, non-executive Directors and senior management; and

(iii) reviewed the revised terms of reference of the Remuneration Committee.

FIVE HIGHEST PAID INDIVIDUALS

The five highest paid individuals included two Directors for the year ended 31 December 2017 (2016: 2 Directors). The emoluments of the remaining three highest paid individuals for the year ended 31 December 2017 (2016: remaining 3 highest paid individuals) are as follows:

	2017 **RMB'000**	2016 RMB'000
Employees		
– Basic salaries and allowances	**4,154**	2,931
– Bonus	**2,737**	838
– Share-based payment	**1,178**	1,760
– Retirement benefit contributions	**152**	121
	8,221	5,650

During the year, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

COMPANY SECRETARY

For the year ended 31 December 2017, in compliance with Rule 3.28 of Listing Rules, the Company's company secretary (the "Company Secretary") is a full-time employee of the Company and familiar with the ordinary affairs of the Company. The Company Secretary is responsible for giving advice to the Board on corporate governance matters in order to assist the Group to cope with the changing regulatory environment and to suit different commercial needs. Details of the Company Secretary are set out in the section headed "Profiles of Directors and Senior Management" of this report.

For the year ended 31 December 2017, the Company Secretary had complied with Rule 3.29 of the Listing Rules by taking no less than 15 hours of relevant professional training.

MEMORANDUM OF ASSOCIATION AND ARTICLES OF ASSOCIATION

There were no significant changes in the constitutional documents of the Company during the year ended 31 December 2017.

CORPORATE COMMUNICATION AND INVESTOR RELATIONS

The major task and objective of the Group's investor relations is to clearly introduce the Group, including the business positioning, existing operations and future development of the Group, to the media, Shareholders, investors, analysts and investment banks through different communication channels. In future, the Group shall further enhance communication with the media, Shareholders, investors, analysts and investment banks on various aspects such as development strategies, operation and management, financial prospects and business operation through meetings, senior management's participation in investor forums, conferences and roadshows. The Group is confident in establishing and maintaining a good relationship with the international capital institutions through the continued enhancement of information transparency.

The Group emphasises the importance of maintaining good communication with the Shareholders, so as to increase the Company's transparency and understanding by the Shareholders. To enable that the Shareholders are effectively informed of the Group's status and developments, the Group issues announcements, circulars, notices, interim and annual reports in a timely manner. To enhance the Company's transparency, other information about the Company is published at the Company's website (www.modernland.hk).

ANNUAL GENERAL MEETING

The Company's annual general meetings allow the Directors to meet and communicate with the Shareholders and to answer any queries that the Shareholders may have. An external independent auditor is also present at the annual general meetings. The Chairman will propose separate resolutions for each issue to be considered at the annual general meetings. A notice of annual general meeting is delivered to all Shareholders at least twenty (20) clear business days prior to the date of the meeting, setting out details of each proposed resolution and other information. Voting results are posted on the websites of the Company and of the Stock Exchange.

SHAREHOLDERS' RIGHTS

The general meetings of the Company provide an opportunity for communication between the Shareholders and the Board. An annual general meeting of the Company shall be held in each year and at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting.

PROCEDURES FOR SHAREHOLDERS TO CONVENE AN EXTRAORDINARY GENERAL MEETING AND TO PUT FORWARD PROPOSALS THEREAT

The following procedures for the Shareholders to convene an extraordinary general meeting are prepared in accordance with Article 58 of the Articles of Association:

(1) 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 have the right, by written requisition to the Board or the Company Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition.

(2) The written requisition must state the objects of the meeting, and must be signed by the Shareholder(s) concerned and may consist of several documents in like form, each signed by one or more of those Shareholders.

(3) The requisition shall be made in writing to the Board or the Company Secretary via mail to the Company's principal place of business in Hong Kong at Suites 805-6, Champion Tower, 3 Garden Road, Central, Hong Kong.

(4) The extraordinary general meeting shall be held within two months after the deposit of the requisition.

(5) If the Directors fail to proceed to convene the extraordinary general meeting within twenty-one (21) days of the deposit of such requisition, such Shareholder(s) may do so in the same manner, and all reasonable expenses incurred by the Shareholder(s) as a result of the failure of the Board shall be reimbursed to the Shareholder(s) by the Company.

PROPOSALS FOR PROPOSING A PERSON FOR ELECTION AS A DIRECTOR

Subject to applicable laws and regulations, including the Companies Law of the Cayman Islands, the Listing Rules and the Articles of Association as amended from time to time, the Company may from time to time in a general meeting by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an additional Director.

A Shareholder may propose any person (the "Person") for election as a Director by lodging the following documents at the Company's principal place of business in Hong Kong at Suites 805-6, Champion Tower, 3 Garden Road, Central, Hong Kong:

(1) a notice in writing signed by the Shareholder concerned of his/her/its intention to propose the Person as a Director with full particulars of the Person including his/her full name and biographical details as required under Rule 13.51(2) of the Listing Rules; and

(2) a notice in writing signed by the Person of his/her willingness to be elected as a Director.

Such notices shall be lodged at least seven (7) days prior to the date of the general meeting and the period for lodgement of such notices shall commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and shall be at least seven (7) days in length.

PROCEDURES FOR RAISING ENQUIRIES

To ensure effective communication between the Board and the Shareholders, the Company has adopted a Shareholders' communication policy:

(1) Shareholders may direct their questions about their shareholdings to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited.

(2) Shareholders may at any time send their enquires and concerns to the Board in writing through the Company Secretary whose contact details are as follows:

Modern Land (China) Co., Limited
Suites 805-6, Champion Tower
3 Garden Road, Central, Hong Kong
Fax: (852) 2187 3619
Email: ir.list@modernland.hk

(3) Shareholders may also make enquiries with the Board at general meetings of the Company.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Zhang Lei (張雷先生), aged 55, is an executive Director and our founder and Chairman. He is responsible for strategic planning, board management and overall management of our Group. Mr. Zhang is a director of Modern Green Development Co., Ltd ("Modern Green Development") and New Power (Beijing) Architectural Technology Co., Ltd. ("Beijing New Power"), both being indirect wholly-owned subsidiaries of the Company. He is also a director of certain subsidiaries and project companies of the Group in China, Hong Kong and North America.

Mr. Zhang has over 18 years of experience in the real estate business in the PRC. From July 1985 to February 1995, he worked as a department manager in the aspect of talents information management and exchange at China International Talent Exchange Center (中國國際人才交流中心), which is a State-owned enterprise. From February 1995 to July 2000, he worked for his controlled entity, Zhongji Real Estate Development Co., Ltd. (中際房地產開發有限公司), as the general manager. Mr. Zhang founded our Group in 2000. In January 2005, Mr. Zhang received an Executive Master of Business Administration degree from Tsinghua University (清華大學).

Mr. Zhang Peng (張鵬先生), aged 42, is an executive Director and Executive President. He graduated from Beifang University of Nationalities (北方民族大學) in 1997 with a bachelor's degree in Law. Mr. Zhang is a director and president of Modern Green Development and a director of Beijing New Power. He is also a director and supervisor of certain subsidiaries and project companies of the Group. Mr Zhang is a director of First Estate (Beijing) Co., Ltd., First Moma Renju Environmental Technology (Beijing) Company Limited and First Moma Sports Cultural Development (Beijing) Company Limited. First Estate (Beijing) Co., Ltd. has been quoted on the National Equities Exchange and Quotations System since 18 May 2016. First Moma Renju Environmental Technology (Beijing) Company Limited and First Moma Sports Cultural Development (Beijing) Company Limited have been quoted on the National Equities Exchange and Quotations System since 17 August 2017 and 6 March 2018 respectively.

Mr. Zhang joined the Company in November 2001. He was the chief human resources officer, vice president and chief operating officer of Modern Green Development, a subsidiary of the Company. Mr. Zhang is familiar with real estate project management and property development based on green technologies. He is also a representative of the National People's Congress of Beijing Dongcheng, the vice chairman of China Real Estate Chamber of Commerce (全聯房地產商會) and the chairman of Refined Decoration Branch of China Real Estate Chamber of Commerce.

Mr. Chen Yin (陳音先生), aged 62, is an executive Director and our chief technology officer and general engineer. Mr. Chen is responsible for R&D and project management in our Group. He is also a director of Modern Green Development and Beijing New Power.

Mr. Chen graduated from Beijing University of Civil Engineering and Architecture (北京建築工程學院) in July 1982 with a bachelor's degree in Heat Energy Engineering. In January 2007, Mr. Chen received a master's degree in Business Administration degree from Renmin University of China (中國人民大學).

From 1982 to 1987, Mr. Chen taught in Beijing University of Civil Engineering and Architecture (北京建築工程學院). From July 1987 to May 2001, Mr. Chen worked for Sinotrans Limited (中國外運集團) as a deputy general manager of Sinotrans Real Estate Development Company, where he was mainly responsible for management of infrastructure projects and development of real estate projects. Meanwhile, Mr. Chen served as a member of the expert committee at the Center for Housing Industrialisation of the Ministry of Housing and Urban-Rural Development, a member of China Green Building Council at Chinese Society for Urban Studies and a member of the expert committee on Real Estate Technology Policy of China Property Association. Mr. Chen joined us in May 2001. Mr. Chen Yin is a well-known expert in the architectural energy-saving field. He is a member of the Committee on Green Architectures of Architectural Society of China and Renewable Energy Resource Society of China. Mr. Chen has over 28 years of experience in the real estate business in the PRC.

NON-EXECUTIVE DIRECTORS

Mr. Fan Qingguo (范慶國先生), aged 46, is a non-executive Director. He graduated from Renmin University of China (中國人民大學) in July 1998 with a graduation certificate in Accounting. In January 1999, he received a bachelor's degree in Accounting from Renmin University of China (中國人民大學). In June 2006, he graduated from Renmin University of China (中國人民大學) with a graduate degree in Finance.

Mr. Fan joined the Company since our inception in December 2000. He served as an executive Director and the chief financial officer of the Company, and was re-designated as a non-executive Director in August 2014. Before joining the Company, he worked for Beijing Huayuan Property Company (北京華遠房地產公司), Beijing Fazheng Group (北京法政集團) and Beijing KFC Limited Company (北京肯德基有限公司) as an accountant, respectively. Mr. Fan has over 18 years of experience in the real estate business in the PRC.

Mr. Chen Zhiwei (陳志偉先生), aged 33, is a non-executive Director and was appointed to our Board on 30 December 2016. He graduated from Tsinghua University (清華大學) with a bachelor's degree in Economics in 2004. He then graduated from the National University of Singapore with a master's degree in Science (Estate Management) in 2009.

Mr. Chen has over 10 years of investment and research experience in finance industry. He joined Cinda HK in 2010 and is currently the investment director and managing director of its investment business department, responsible for managing Cinda HK's investment and financing businesses. Prior to joining Cinda HK, Mr. Chen was the executive assistant to the chairman of TIG Group in Singapore between 2007 and 2010, responsible for TIG Group's private equity investment business in the Greater China region. Between 2005 and 2007, Mr. Chen was a research scholar at the National University of Singapore.

Mr. Chen Anhua (陳安華先生), aged 50, is a non-executive Director and was appointed to our Board on 27 January 2017. Mr. Chen is currently a non-executive Director of CNQC International Holdings Limited (stock code: 1240). He graduated from Fudan University (復旦大學) with a bachelor's degree in Economics, Central South University (中南大學) with a master's degree in Business Administration and the post-experience certificate in Engineering Business Management by the University of Warwick in England. Mr. Chen has over 20 years' extensive experience in areas of commercial banking, asset management and investment.

Prior to joining Changsha office ("GW Changsha Office") of China Great Wall Asset Management Co., Limited ("China Great Wall"), he worked in the Agricultural Bank of China in Hunan branch and GW Changsha Office as section head of loan department, the sub-branch deputy chief manager and senior/senior deputy manager of different departments. From 2015 to 2016, he served in the Asset Operation Department of the head office of China Great Wall. Since November 2016, Mr. Chen serves as the deputy general manager of China Great Wall AMC (International) Holdings Company Limited.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Qin Youguo (秦佑國先生), aged 74, is an independent non-executive Director and was appointed to our Board on 14 June 2013. He has been appointed as an independent non-executive director to provide independent advice since March 2008. Mr. Qin is currently a professor of the School of Architecture at Tsinghua University (清華大學). Mr. Qin graduated from Tsinghua University with bachelor's degree in Architecture in July 1967, and completed his postgraduate study in Building Science at Tsinghua University and received a master's degree in Engineering in April 1981, and thereafter taught in Tsinghua University. Mr. Qin was the vice-dean of the School of Architecture, Tsinghua University from March 1990 to November 1997, and was the dean of School of Architecture, Tsinghua University from December 1997 to December 2004. He was a visiting scholar at Harvard University from September 1996 to March 1997.

Mr. Qin has won several awards, including the Second Prize for Technology Improvement (科技進步獎二等獎) issued by The Chinese People's Liberation Army Headquarters of the Central Staff (中國人民解放軍總參謀部) in 1990, the First Prize for Outstanding Design (優秀設計一等獎) issued by Ministry of Education of the PRC (中華人民共和國教育部) in 1995, the First Prize for Outstanding Design (優秀設計一等獎) issued by PLA General Armament Department of the PRC (中國人民解放軍總裝備部) in 2000, the Gold Prize of Technology for High-end Residential Building (精瑞住宅科學技術獎金獎) issued by China Real Estate Chamber of Commerce (全國工商聯住宅產業商會) in 2004, the First Prize for Technology (科技獎一等獎) issued by Beijing municipal government (北京市政府) in 2005, Outstanding Contributor of Green Buildings (綠色建築傑出貢獻人物) by International House Association (國際住宅協會) in 2007. He was awarded with a special subsidy by the State Council for his contributions in the tertiary education of the PRC.

Mr. Cui Jian (崔健先生), aged 47, is an independent non-executive Director and was appointed to our Board on 14 June 2013. Mr. Cui is currently the chairman of Beijing Zhixing Chuangxin Investment Management Co., Ltd. (北京知行創新投資有限公司). From January 2008 to December 2011, Mr. Cui worked as the general manager of Navi Capital (Beijing) Co., Ltd. (領航藍海投資諮詢（北京）有限公司). Before that, Mr. Cui worked for China Mobile Communications Corporation (中國移動通信集團公司) as the director in the Products and Marketing Department from March 1997 to December 2007 and China International Telecommunication Construction Corporation (中國通信建設總公司) as an engineer from July 1992 to March 1997. In December 2002, Mr. Cui obtained the senior engineer qualification certificate from China Mobile Communications Corporation (中國移動通信集團公司). Mr. Cui received his bachelor's degree in Communications Engineering from Changchun Institute of Posts and Telecommunications (長春郵電學院) in July 1992. In April 2001, he received his master's degree in International Management from The Australian National University. He also received an Executive Master of Business Administration degree from Peking University (北京大學) in July 2006.

Mr. Hui Chun Ho, Eric (許俊浩先生), aged 43, is an independent non-executive Director and was appointed to our Board on 14 June 2013. In addition, Mr. Hui is currently the financial controller and company secretary of Hong Kong Finance Group Limited (stock code: 1273) and an independent non-executive director of ECI Technology Holdings Limited (stock code: 8013). Before joining the above companies, Mr. Hui worked for an international accounting firm and hold several senior positions in other listed companies in Hong Kong. Mr. Hui is a fellow member of both Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants, and an associate member of The Taxation Institute of Hong Kong. In 1998, Mr. Hui received his bachelor's degree in Accounting from The Hong Kong Polytechnic University and was awarded a master's degree in Business Administration with distinction by The University of Manchester, United Kingdom in 2013. Mr. Hui has extensive professional experience in auditing, financial accounting and reporting, company secretarial matters and corporate finance.

Mr. Zhong Bin (鍾彬先生), aged 46, is an independent non-executive Director and was appointed to our Board on 27 January 2017. He graduated from Sichuan University (四川大學) in 1993. He is currently an independent non-executive Director of Sansheng Holdings (Group) Co. Ltd. (stock code: 2183). Mr. Zhong was the secretary general of China Real Estate Chamber of Commerce (全聯房地產商會, formerly known as 全國工商聯房地產商會) ("CRECC") as well as the joint secretary general of the financial working committee of CRECC and participated in a series of innovative real estate financial projects led by CRECC and accumulated extensive practical experience in that field. The said real estate financial projects include the establishment of green property fund, travel industry fund and pension industry fund. Mr. Zhong also participated in the initial preparation of Elite International Investment Fund, which was jointly set up by members of CRECC. As a renowned expert in both real estate development and financial services in China, Mr. Zhong is frequently invited as senior lecturer and invited by financial institutions to conduct professional trainings in respect of real estate financial services. He was invited for lecturing at top universities in China including but not limited Xiamen University (廈門大學), Guanghua School of Management of the Peking University (北京大學光華管理學院), Zhejiang University (浙江大學) and Southwestern University of Finance and Economics (西南財經大學).

Since April 2013, Mr. Zhong has been an independent director of Yunnan Metropolitan Real Estate Development Company Limited, whose shares are listed and traded on the Shanghai Stock Exchange (stock code: 600239).

Except as disclosed herein, each of our Directors confirmed with respect to him that: (i) he has not held any directorships during the last three years in any public companies, the securities of which are listed on any securities market in Hong Kong or overseas; (ii) he does not have any relationship with any other Directors, senior management or substantial Shareholders or controlling Shareholders of our Company; (iii) he does not hold any other positions in our Company or other members of our Group; (iv) he does not have any interests in our Shares within the meaning of Part XV of SFO; (v) there is no other information that should be disclosed for him pursuant to the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules; and (vi) there are no other matters that need to be brought to the attention of holders of securities of our Company.

SENIOR MANAGEMENT

Mr. Wang Qiang (王強先生), aged 45, joined the Group in March 2002. He worked successively as the vice president of the financial planning centre of Modern Green Development, the general manager and the director of information operation centre of Hubei Wanxing Real Estate Co., Ltd. Mr. Wang is currently the vice president of the Group and is responsible for the Company's financial capital lines and the Group's specialised process of financial plans and operations. Mr. Wang graduated from Tianjin University of Commerce (天津商學院) and obtained a diploma in Accounting in July 1996. He has 14-year experience in the real estate business in the PRC.

Mr. Yeung Tak Yip (楊德業先生), aged 37, has 15 years of extensive experience in accounting and financial reporting, corporate finance, regulatory compliance and investor related matters. He joined the Company in April 2016 as the company secretary and the group financial controller of the Company in Hong Kong. He is a fellow member of The Association of Chartered Certified Accountants and is a member of the Hong Kong Institute of Certified Public Accountants.

DIRECTORS' REPORT

The Board presents the annual report together with the audited consolidated financial statements of the Group for the financial year ended 31 December 2017.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Its subsidiaries are principally engaged in property development, provision of real estate agency services, project management, hotel operation, property, leasing, provision of innovative household technology services, and immigration services as well as project management.

SUBSIDIARIES

Details of the principal subsidiaries as at 31 December 2017 are set out in note 41 to the consolidated financial statements.

SEGMENT INFORMATION

An analysis of the Group's revenue and operating results for the year from principal activities is set out in note 5 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The Group's results and financial position for the year ended 31 December 2017 are set out in the consolidated statement of profit and loss and other comprehensive income and the consolidated statement of financial position on pages 89 to 93.

The Board is pleased to recommend a final dividend of HK3.6 cents per Share for the year ended 31 December 2017. Subject to the approval of the proposed final dividend by the Shareholders at the 2018 AGM, it is expected that the final dividend will be paid on or around Friday, 13 July 2018 to the Shareholders whose names appear on the register of members of the Company on Tuesday, 26 June 2018.

CLOSURE OF THE REGISTER OF MEMBERS

(a) For determining the entitlement of Shareholders to attend and vote at the 2018 AGM

For determining the entitlement of Shareholders to attend and vote at the 2018 AGM, the register of members of the Company will be closed from Wednesday, 13 June 2018 to Tuesday, 19 June 2018 (both days inclusive), during which period no transfer of Shares of the Company will be effected. In order to determine the identity of members who are entitled to attend and vote at the 2018 AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 12 June 2018.

(b) For determining the entitlement to the proposed final dividend (subject to Shareholders' approval at the 2018 AGM)

For determining the entitlement to the proposed final dividend (subject to Shareholders' approval at the 2018 AGM), the register of members of the Company will be closed from Monday, 25 June 2018 to Tuesday, 26 June 2018 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify for the proposed final dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 22 June 2018.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the investment properties and property, plant and equipment of the Group during the year under review are set out in notes 13 and 14 respectively to the consolidated financial statements. The Group's investment properties were revalued at the year end date. The revaluation resulted in a net increase in fair value of RMB102,190,000 which has been charged directly to the consolidated statement of profit or loss and other comprehensive income.

SENIOR NOTES

Issuance of Senior Notes

On 6 January 2017, the Company issued guaranteed senior notes due 2019 with principal amount of US$150 million at a coupon rate of 6.875% per annum. For details, please refer to the announcements of the Company dated 29 December 2016 and 10 January 2017. On 1 June 2017, the Company issued guaranteed private senior fixed rate notes with aggregate nominal value of US$100 million (the "2017 USD Notes"), at 100% of the principal, which carry fixed interest at 6.5% per annum (interest payable semi-annually in arrears) and will be fully repayable at par by 31 May 2018. On 29 June 2017, the Company together with some of its subsidiaries entered into a purchase agreement with Guotai Junan Securities (Hong Kong) Limited, The Hongkong and Shanghai Banking Corporation Limited, Zhongtai International Securities Limited, China International Capital Corporation Hong Kong Securities Limited, Deutsche Bank AG, Hong Kong Branch, VTB Capital plc, Shanghai Pudong Development Bank Co., Ltd. Hong Kong Branch and Orient Securities (Hong Kong) Limited in connection with the Company's issuance of senior notes due in 2018 with principle amount of US$130 million at a coupon rate of 6.5% per annum (the "US$130 million Senior Notes"). For details, please refer to the announcements of the Company dated 29 June and 7 July 2017.

Redemption of Senior Notes

On 15 June 2017, the Company redeemed the senior notes due 2019 with principal amount of US$125 million and coupon rate of 12.75% per annum. The total redemption price paid by the Company is US$140,621,691.44 comprising the outstanding principal amount of US$125 million, applicable premium of US$9,645,128.94 and accrued and unpaid interest of US$5,976,562.50.

SHARE CAPITAL

Details of the movements in the issued share capital of the Company are set out in note 29 to the consolidated financial statements.

RESERVES AND DISTRIBUTABLE RESERVES

Details of the movements in the reserves of the Company and the Group during the year ended 31 December 2017 are set out in note 40 to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2017, purchases from the Group's five largest suppliers (excluding purchases of land) accounted for less than 25% of the Group's total purchases. Sales to the Group's five largest customers accounted for less than 25% of the Group's total turnover.

Save as disclosed in the consolidated financial statements, to the best knowledge of the Directors, none of the Directors or President of the Company and their close associates, or any Shareholder owning more than 5% of the number of issued shares of the Company, has any interest in the Group's five largest customers or five largest suppliers.

DIRECTORS

The Directors in office during the year ended 31 December 2017 and up to the date of this report are as follows:

Executive Directors

Mr. Zhang Lei *(Chairman)*
Mr. Zhang Peng *(President)*
Mr. Chen Yin

Non-executive Directors

Mr. Fan Qingguo
Mr. Chen Zhiwei
Mr. Chen Anhua *(appointed on 27 January 2017)*
Mr. Zhong Tianxiang *(resigned on 7 July 2017)*

Independent Non-executive Directors

Mr. Qin Youguo
Mr. Cui Jian
Mr. Hui Chun Ho, Eric
Mr. Zhong Bin *(appointed on 27 January 2017)*

In accordance with the Articles of Association, Mr. Chen Yin, Mr. Fan Qingguo, Mr. Qin Youguo and Mr. Hui Chun Ho, Eric will retire from office by rotation at the 2018 AGM and, being eligible, offer themselves for re-election.

The Company has received from each of the independent non-executive Directors an annual written confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. Based on such information, the Company considers the independent non-executive Directors to be independent.

DIRECTORS' BIOGRAPHIES

Biographical details of the Directors are set out in the "Profiles of Directors and Senior Management" section of this report.

DIRECTORS' SERVICE CONTRACTS

Each of Mr. Zhang Lei and Mr. Chen Yin entered into a service contract with the Company, pursuant to which each of them agreed to act as executive Director for a term of three years with effect from 14 June 2016. Mr. Zhang Peng entered into a service contract with the Company to act as executive Director for a term of three years with effect from 27 January 2017. Mr. Fan Qingguo entered into a service contract with the Company, pursuant to which he agreed to act as non-executive Director for a term of three years with effect from 26 August 2017. Mr. Chen Zhiwei entered into a service contract with the Company, pursuant to which he agreed to act as non-executive Director for a term of three years with effect from 30 December 2016. Each of Mr. Chen Anhua and Mr. Zhong Bin entered into a service contract and a letter of appointment with the Company, pursuant to which each of them agreed to act as non-executive Director and independent non-executive Director respectively for a term of three years with effect from 27 January 2017. Each of Mr. Qin Youguo, Mr. Cui Jian and Mr. Hui Chun Ho, Eric entered into a letter of appointment with the Company, pursuant to which each of them agreed to act as independent non-executive Director for a term of three years with effect from 14 June 2016.

Save as disclosed above, no Director has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTEREST IN CONTRACTS

Save for the relevant transactions as disclosed in note 37 to the consolidated financial statements and the connected transactions and continuing connected transactions set out in this report, none of the Directors or any entity connected with a Director had a material interest, whether directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group subsisting during the year ended 31 December 2017, nor any contract of significance had been entered into during the year ended 31 December 2017 between the Company or any of its subsidiaries and the controlling Shareholders or any of their subsidiaries.

MANAGEMENT CONTRACT

No contracts for the management and administration of the whole or any substantial part of the Group's business were entered into or existed during the year ended 31 December 2017.

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors and five highest paid individuals are set out in note 10 to the consolidated financial statements.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2017, the interests and short positions of the Directors and chief executives 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 (Chapter 571 of the Laws of Hong Kong) (the "SFO")), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or pursuant to the Model Code, were as follows or as disclosed under the section headed "Share Option Scheme" below:

INTERESTS IN THE COMPANY (LONG POSITION)

Name of Director	Capacity/Nature of Interest	Number of Shares	Approximate % of Interest in the Company
Mr. Zhang Lei	Beneficiary of a trust *(Note 1)*	1,827,293,270	66.01%
	Beneficial owner *(Notes 2, 6)*	21,447,140	0.77%
Mr. Chen Yin	Interest in a controlled corporation *(Note 3)*	6,911,520	0.25%
Mr. Fan Qingguo	Interest in a controlled corporation *(Note 4)*	5,982,240	0.22%
Mr. Zhang Peng	Interest in a controlled corporation *(Note 5)*	5,982,240	0.22%
	Beneficial owner *(Note 6)*	16,390,000	0.59%
Mr. Hui Chun Ho, Eric	Beneficial owner *(Note 6)*	187,000	0.01%

Note 1: Such 1,827,293,270 Shares are held by Super Land Holdings Limited as a registered holder. The entire issued share capital of Super Land Holdings Limited is wholly-owned by Fantastic Energy Ltd., the entire issued share capital of which is in turn wholly-owned by TMF (Cayman) Limited as the trustee of the Family Trust. The Family Trust is a discretionary trust established by Mr. Salum Zheng Lee as the settlor and the capital and income beneficiaries thereof include Mr. Salum Zheng Lee, Mr. Zhang Lei and their respective daughters. Mr. Salum Zheng Lee is the younger brother of Mr. Zhang Lei. Therefore, Mr. Zhang Lei is deemed to have the same interest in the Company.

Note 2: 9,327,890 Shares out of the 21,447,140 Shares are beneficially held by Mr. Zhang Lei in his own capacity while the remaining 12,119,250 Shares are held pursuant to share options granted under the Share Option Scheme (as defined below).

Note 3: Mr. Chen Yin holds 100% of the issued share capital of Dragon Shing Technology Ltd., which owns 6,911,520 Shares. Therefore, Mr. Chen Yin is deemed to have the same interest in the Company.

Note 4: Mr. Fan Qingguo holds 100% of the issued share capital of Create Success Development Ltd., which owns 5,982,240 Shares. Therefore, Mr. Fan Qingguo is deemed to have the same interest in the Company.

Note 5: Mr. Zhang Peng holds 100% of the issued share capital of Zhou Ming Development Ltd., which owns 5,982,240 Shares. Therefore, Mr. Zhang Peng is deemed to have the same interest in the Company.

Note 6: Such share interest (including Mr. Zhang Lei's interest in 12,119,250 Shares, Mr. Zhang Peng's interest in 12,645,000 Shares and Mr. Hui Chun Ho, Eric's interest in 187,000 Shares) is held pursuant to the share options granted under the Share Option Scheme, details of which are set out on pages 69 to 73 in this report.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Share Option Scheme") on 14 June 2013. A summary of the principal terms and conditions of the Share Option Scheme is set out as follows:

The purpose of the scheme is to motivate the eligible participants to optimise their performance efficiency for the benefit of our Group and to attract and retain or otherwise maintain on-going business relationship with the eligible participants whose contributions are or will be beneficial to the long-term growth of our Group.

The participants of the scheme include:

(i) any full-time or part-time employees, executives or officers of our Company or any of its subsidiaries;

(ii) any Directors (including independent non-executive directors) of our Company or any of its subsidiaries; and

(iii) any advisors, consultants, suppliers, customers and agents of our Company or any of its subsidiaries.

Pursuant to the Share Option Scheme, the Company may grant share options to eligible participants entitling to subscribe for a total up to 250,404,400 Shares, representing 10% of the total number of issued shares as at the date on which the resolution regarding the refreshment of the scheme mandate limit under the Share Option Scheme was passed at the annual general meeting held on 29 June 2017, being 2,504,044,000 Shares. The maximum entitlement of each participant under the Share Option Scheme in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as of the date of grant. Any further grant of options in excess of this 1% limit shall be subject to:

(i) the issue of a circular by our Company which shall comply with Rules 17.03(4) and 17.06 of the Listing Rules containing the identity of the eligible participant, the numbers of and terms of the options to be granted (and options previously granted to such participant), and the information as required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules; and

(ii) the approval of our Shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time with such eligible participant and his close associates (or his associates if the participant is a connected person) abstaining from voting. The numbers and terms (including the exercise price) of options to be granted to such participant must be fixed before the Shareholders' approval and the date of the Board meeting at which our Board proposes to grant the options to such eligible participant shall be taken as the date of grant for the purpose of calculating the subscription price of the Shares. The Board shall forward to such eligible participant an offer document in such form as the Board may from time to time determine.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The minimum period, if any, for which an option must be held before it may be exercised will be determined by the Board in its absolute discretion. Upon acceptance of the option, the grantee shall pay HK$1.00 to our Company by way of consideration for the grant.

The exercise price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price will not be less than the highest of:

(i) the official closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;

(ii) the average of the official closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and

(iii) the nominal value of a Share.

If the participant granted with the option is a Director, chief executive or substantial Shareholder of the Company or any of their associates, he shall be subject to the approval of independent non-executive Directors (other than the independent non-executive Directors granted with options). Subject to earlier termination by our Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years up to 13 June 2023.

During the year from 1 January 2017 to 31 December 2017, the changes in the share options granted by the Company under the Share Option Scheme are as follows:

Share option movement

From 1 January 2017 to 31 December 2017

		1 January 2017 Opening	Exercised	Lapsed	Adjustment	31 December 2017 Closing
Tranche One Option-4 September 2014						
Exercise price: HK$1.041 (Exercise price prior to 9 October 2017: HK$1.145)						
Zhang Lei		3,217,500	–	–	321,750	3,539,250
Zhang Peng		8,250,000	(720,000)	–	825,000	8,355,000
Employee		9,460,000	(2,662,500)	(880,000)	626,750	6,544,250
Tranche One Option- 4 September 2014		20,927,500	(3,382,500)	(880,000)	1,773,500	18,438,500
Tranche Two Option-10 July 2015						
Exercise price: HK$1.138 (Exercise price prior to 9 October 2017: HK$1.252)						
Plan A	Zhang Lei	3,900,000	–	–	390,000	4,290,000
Plan A	Hui Chun Ho, Eric	500,000	(330,000)	–	17,000	187,000
Plan A	Employee	32,200,000	(8,137,600)	(1,462,600)	2,485,200	25,085,000
Plan A		36,600,000	(8,467,600)	(1,462,600)	2,892,200	29,562,000
Plan B	Employee	26,250,000	(750,000)	(5,250,000)	2,025,000	22,275,000
Plan B		26,250,000	(750,000)	(5,250,000)	2,025,000	22,275,000
Tranche Two Option- 10 July 2015		62,850,000	(9,217,600)	(6,712,600)	4,917,200	51,837,000

DIRECTORS' REPORT

		1 January 2017				31 December 2017
		Opening	Exercised	Lapsed	Adjustment	Closing
Tranche Three Option-28 September 2016						
Exercise price: HK$1.045 (Exercise price prior to 9 October 2017: HK$1.15)						
Zhang Lei		3,900,000	–	–	390,000	4,290,000
Zhang Peng		3,900,000	–	–	390,000	4,290,000
Employee		35,200,000	(965,000)	(6,250,000)	2,895,000	30,880,000
Tranche Three Option-28 September 2016		43,000,000	(965,000)	(6,250,000)	3,675,000	39,460,000
Total		**126,777,500**	**(13,565,100)**	**(13,842,600)**	**10,365,700**	**109,735,500**
Summary:						
Director						
Zhang Lei	Tranche One Option-4 September 2014	3,217,500	–	–	321,750	3,539,250
	Tranche Two Option-10 July 2015	3,900,000	–	–	390,000	4,290,000
	Tranche Three Option-28 September 2016	3,900,000	–	–	390,000	4,290,000
		11,017,500	–	–	1,101,750	12,119,250
Zhang Peng	Tranche One Option-4 September 2014	8,250,000	(720,000)	–	825,000	8,355,000
	Tranche Three Option-28 September 2016	3,900,000	–	–	390,000	4,290,000
		12,150,000	(720,000)	–	1,215,000	12,645,000
Hui Chun Ho, Eric	Tranche Two Option-10 July 2015	500,000	(330,000)	–	17,000	187,000
Director sub-total		23,667,500	(1,050,000)	–	2,333,750	24,951,250
Employees						
	Tranche One Option-4 September 2014	9,460,000	(2,662,500)	(880,000)	626,750	6,544,250
	Tranche Two Option-10 July 2015	58,450,000	(8,887,600)	(6,712,600)	4,510,200	47,360,000
	Tranche Three Option-28 September 2016	35,200,000	(965,000)	(6,250,000)	2,895,000	30,880,000
Employees sub-total		103,110,000	(12,515,100)	(13,842,600)	8,031,950	84,784,250
Total		**126,777,500**	**(13,565,100)**	**(13,842,600)**	**10,365,700**	**109,735,500**

For details of the vesting periods and exercise periods of the share options, please refer to note 36 to the consolidated financial statements on page 168 of this report.

The exercise periods of the share options may be determined by the Company at the time of the grant, and the share options shall be valid no more than 10 years from the relevant date of the grant. As at 31 December 2017, share options to subscribe for 109,735,500 Shares remained outstanding. The additional information on the Share Option Scheme is set out in note 36 to the consolidated financial statements.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

So far as is known to any Directors or chief executives of the Company, as at 31 December 2017, other than the interests and short positions of the Directors or chief executives of the Company as disclosed in the sections headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares or Debentures" and "Share Option Scheme" above, the following persons had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name	Capacity/Nature of Interest	Number of Shares	Approximate % of Interest in the Company
Super Land Holdings Limited	Registered holder *(Note 1)*	1,827,293,270	66.01%
Fantastic Energy Ltd.	Interest in a controlled corporation *(Note 1)*	1,827,293,270	66.01%
TMF (Cayman) Limited	Trustee *(Note 1)*	1,827,293,270	66.01%
Mr. Salum Zheng Lee	Settlor of a discretionary trust *(Note 1)*	1,827,293,270	66.01%
Ms. Zhang Degui	Interest of a spouse *(Note 2)*	1,827,293,270	66.01%

Note 1: All of the 1,827,293,270 Shares are held by Super Land Holdings Limited as a registered holder. The entire issued share capital of Super Land Holdings Limited is wholly-owned by Fantastic Energy Ltd., the entire issued share capital of which is in turn wholly-owned by TMF (Cayman) Limited as the trustee of the Family Trust. The Family Trust is a discretionary trust established by Mr. Salum Zheng Lee as the settlor and the capital and income beneficiaries thereof include Mr. Salum Zheng Lee, Mr. Zhang Lei and their respective daughters. Mr. Salum Zheng Lee is deemed to be interested in 1,827,293,270 Shares held by the Family Trust.

Note 2: Ms. Zhang Degui is the spouse of Mr. Salum Zheng Lee. Therefore, Ms. Zhang Degui is deemed to be interested in 1,827,293,270 Shares.

Save as disclosed above, as at 31 December 2017, there was no other person (other than the Directors or chief executives of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

COMPLIANCE WITH NON-COMPETITION DEED

Each of Mr. Zhang Lei and Mr. Salum Zheng Lee, the ultimate controlling Shareholders, has confirmed that save for the Modern Building Business Hotel project, none of them is engaged in, or is interested in any business (other than our Group) which, directly or indirectly, competes or may compete with our businesses. To protect our Group from any potential competition, our controlling Shareholders have entered into an irrevocable non-competition deed (the "Non-competition Deed") in our favour on 14 June 2013 pursuant to which each of them has, among other matters, irrevocably and unconditionally undertaken with us on a joint and several basis that at any time during the Relevant Period (Note 1), each of them shall, and shall procure that his/its respective associates (other than our Group) shall:

(i) save for Other Business (Note 2), not, directly or indirectly, participate in, carry on, invest in or be engaged in any business including without limitation any property development business in the PRC and the U.S. which will or may compete with the business currently and from time to time engaged by our Group (the "Restricted Business");

(ii) not solicit any existing or then existing employee of our Group for employment by them or their respective associates (excluding our Group);

(iii) not, without our consent, make use of any information pertaining to the business of our Group which may have come to their knowledge in their capacity as our controlling Shareholders and/or Directors for the purpose of competing with the Restricted Business; and

(iv) in respect of unsolicited enquiries or business opportunities coming to their knowledge, unconditionally use reasonable endeavors to procure that such potential customers appoint or contact directly with any member of our Group.

In order to properly manage any potential or actual conflict of interests between us and our controlling Shareholders in relation to the compliance and enforcement of the Non-competition Deed, we have adopted the following corporate governance measures:

(i) the independent non-executive Directors will review, at least on an annual basis, the compliance with and enforcement of the terms of the Non-competition Deed by the controlling Shareholders; and

(ii) we will disclose in the corporate governance report of our annual report, our compliance measures and enforcement measures relating to the Non-competition Deed.

Our Directors consider that the above corporate governance measures are sufficient to manage any potential conflict of interests between our controlling Shareholders and their respective associates and our Group and to protect the interests of our Shareholders, in particular, our minority Shareholders.

Pursuant to the annual declaration in relation to the compliance with the Non-competition Deed provided by each of Mr. Zhang Lei and Mr. Salum Zheng Lee, each of them confirms that during the period from 1 January to 31 December 2017, all relevant terms of the Non-competition Deed have been fully complied with in all material respects.

Our independent non-executive Directors, upon their review, confirmed that effective compliance with and enforcement of terms of the Non-competition Deed had been conducted by the controlling Shareholders in 2017.

Note 1: The "Relevant Period" means the period commencing from 12 July 2013 and shall expire upon the earliest date of occurrence of the events below:

(a) the date on which Mr. Zhang Lei, Mr. Salum Zheng Lee, Super Land Holdings Limited, Fantastic Energy Ltd. and TMF (Cayman) Limited (individually or taken as a whole) cease to be controlling Shareholders for the purpose of the Listing Rules;

(b) the date on which shares of the Company cease to be listed on the Stock Exchange or (if applicable) other stock exchange;

Note 2: the "Other Business" refers to:

(a) any direct or indirect investment of Mr. Zhang Lei, Mr. Salum Zheng Lee, Super Land Holdings Limited, Fantastic Energy Ltd. and TMF (Cayman) Limited and/or their respective associates (excluding our Group) in any member of our Group;

(b) any direct or indirect investment of Mr. Zhang Lei, Mr. Salum Zheng Lee, Super Land Holdings Limited, Fantastic Energy Ltd. and TMF (Cayman) Limited and/or their respective associates (excluding our Group) in shares of a publicly listed company (other than any member of our Group) whereby

(i) the aggregate interests held by him/it and/or his/its associates shall not exceed 5% of the entire issued share capital of that company;

(ii) none of him/it and/or his/its associates (individually or taken as a whole) will be the single largest shareholder or equity holder of that company; and

(iii) none of him/it and/or his/its associates will be involved in the operation and management of that company and/or its subsidiaries; and

(c) the Modern Building Business Hotel project.

DIRECTORS' INTEREST IN COMPETING BUSINESS

Save as disclosed in this report, as at 31 December 2017, none of the Directors or their respective associates had engaged in or had any interest in any business which competes or may compete with the businesses of the Group.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Connected transactions

1. On 11 March 2017, Beijing New Power, an indirect wholly-owned subsidiary of the Company, entered into certain partnership interest transfer agreements with Jiaxing Changtian Lifeng No.1 Investment Management Partnership (Limited Partnership) ("Lifeng No.1"), Jiaxing Changtian Lifeng No.2 Investment Management Partnership (Limited Partnership) ("Lifeng No.2") and certain transferees to acquire partnership interests in Lifeng No. 1 and Lifeng No. 2 at an aggregated consideration of RMB3,725,000, upon which Beijing New Power held 51.31% and 61.02% partnership interest in Lifeng No. 1 and Lifeng No. 2, respectively. On the same day, Lifeng No. 1 and Lifeng No. 2, both became subsidiaries of Beijing New Power, entered into certain equity transfer agreements with First Moma Renju Environmental Technology (Beijing) Company Limited ("First Moma Renju Environmental Technology") and certain transferees for the purpose of disposing of 3.97% and 2.18% equity interest in First Moma Renju Environmental Technology to such transferees for the exchange of giving up their rights of distribution in Lifeng No. 1 and Lifeng No. 2. First Moma Renju Environmental Technology is a connected person of the Company and the transactions constituted connected transactions under the Listing Rules, details of which are disclosed in the announcement of the Company dated 11 March 2017.

2. On 9 May 2017, Modern Green Development, an indirect wholly-owned subsidiary of the Company, entered into an agreement with Shanghai Zhongcheng Canshuo Investment Center (Limited Partnership) ("Zhongcheng Canshuo Investment"), Hongrui (Beijing) Investment Management Company Limited and Shanghai Zhongcheng Allied Investment Management Holdings Limited, whereby it was agreed that, among other things, major decisions of the board of directors of Wuhan Moma Development Co., Ltd. shall be resolved by a simple majority instead of unanimous approval of all directors. Zhongcheng Canshuo Investment is a connected person of the Company at the subsidiary level and the agreement constituted a connected transaction under the Listing Rules, details of which are disclosed in the announcement of the Company dated 9 May 2017.

3. On 22 May 2017, Modern Green Development, an indirect wholly-owned subsidiary of the Company, entered into an agreement with Dingxin Changcheng (Beijing) Investment Management Company Limited ("Dingxin Changcheng"), Shengeng Tuozhan Investment (Beijing) Company Limited ("Shengeng Investment") and Yingtan Dingxin Yongchun Investment (Limited Partnership) ("Yingtan Dingxin") whereby it was agreed that, among other things, major decisions of the board of directors of Shengeng Investment shall be resolved by an unanimous approval instead of a majority approval. Each of Yingtan Dingxin and Dingxin Changcheng is a connected person of the Company at the subsidiary level and the agreement constituted a connected transaction under the Listing Rules, details of which are disclosed in the announcement of the Company dated 22 May 2017.

4. On 10 August 2017, Modern Green Development Group Beijing Company Limited Xi'an Branch Company ("Modern Green"), a wholly-owned subsidiary of the Company, entered into an entrusted management agreement (the "Entrusted Management Agreement") with First Moma Hotel Management (Beijing) Company Limited ("First Moma Hotel Management") and Beijing Beige Venture Ecological Science and Technology Co., Ltd ("Beijing Beige"), pursuant to which Modern Green agreed to provide the entrusted management services in relation to Xi'an Hongfu Building for First Moma Hotel Management and Beijing Beige. First Moma Hotel Management and Beijing Beige are connected persons of the Company and the transaction contemplated under the Entrusted Management Agreement constituted a connected transaction under the Listing Rules. On 3 November 2017, the parties to the Entrusted Management Agreement entered into a termination agreement to terminate the Entrusted Management Agreement with immediate effect. Details of this transaction are disclosed in the announcements of the Company dated 10 August and 3 November 2017.

5. On 20 December 2017, Beijing Modern Real Estate Development Co., Ltd. ("Modern Real Estate"), an indirect wholly-owned subsidiary of the Company, and Shaanxi Hongsheng Industrial Group Company Limited ("Hongsheng Industrial") entered into an equity transfer agreement, pursuant to which, Hongsheng Industrial agreed to acquire and Modern Real Estate agreed to sell 51% equity interest in Shaanxi Zhuoli Industrial Company Limited at the consideration of RMB70,200,000. Hongsheng Industrial is a connected person of the Company at the subsidiary level and the disposal constituted a connected transaction under the Listing Rules, details of which are disclosed in the announcement of the Company dated 20 December 2017.

Continuing connected transactions

(i) Property Management Services

During the year ended 31 December 2017, certain subsidiaries of First Moma Asset Management (Beijing) Co., Ltd. ("First Moma Asset", together with its subsidiaries, the "First Moma Asset Group") had provided property management services to the Group. First Moma Asset is indirectly owned as to more than 30% by Mr. Zhang Lei, the Chairman, an executive Director and a controlling Shareholder, hence a connected person of the Company. Transactions between First Moma Asset Group and the Group constitute continuing connected transactions of the Company.

On 13 May 2015, First Moma Asset Group and the Company entered into a master agreement for the provision of property management services to the Group commencing on 1 January 2015 and ending on 31 December 2017 (the "Previous Master Property Management Agreement"). On 8 August 2017, the same parties entered into a renewed master agreement for the provision of property management services to the Group commencing on 8 August 2017 to 31 December 2019 (the "Master Property Management Agreement") whilst the Previous Master Property Management Agreement was terminated.

It is envisaged that from time to time and as required, members of the Group will enter into individual property management services agreements with members of First Moma Asset Group which will set out specific terms and conditions such as the type of management service required, service fee and service period. The management fees will be determined by the parties having regard to the area of the properties served, fair market prices, historical management fees and costs of management services as required under the individual property management services agreement to be entered into between members of the Group and members of First Moma Asset Group.

It is expected that the aggregate annual property management fees payable by the Group to First Moma Asset Group in relation to the Master Property Management Agreement for each of the three years ending 31 December 2017, 2018 and 2019 will not exceed RMB150 million respectively. The annual caps for the three years ending 31 December 2017, 2018 and 2019 were determined by the Directors with reference to the historical management fees under the Previous Master Property Management Agreement and a number of factors including: the fair market price, the costs associated with the expected area of the projects to be completed, including the property management fees payable by us in respect of the clubhouses, office districts, sales offices and vacant car parks and properties, costs of labour for the provision of cleaning, maintenance and security services, costs for setting up show flats, costs of heating, fresh air displacement ventilation fees, costs incurred as a result of reduced small owners' property management fees, costs of installation and maintenance services of elevators, costs of operation and provision of catering services for staff. In addition to the management of properties of completed projects, property management services provided by the connected parties include, among others, the setting up and management of sales offices and the management and maintenance of vacant properties prior to sale in respect of the projects which are under development.

The aggregate amounts of the property management fees paid by the Group was approximately RMB66.04 million for the year ended 31 December 2017, which did not exceed the annual cap for the year ended 31 December 2017 for this transaction.

(ii) ***Lease of Properties***

The Company entered into the following leases (the "Leases") relating to the leasing of the properties to certain connected persons of the Company:

Lease of certain portion of 3rd floor, Block 8, Wan Guo Cheng MOMA, Beijing

First Estate Service (Beijing) Co., Ltd. ("Beijing First Estate") is owned indirectly by Mr. Zhang Lei and hence a connected person of the Company. Modern Green Development entered into a tenancy agreement with Beijing First Estate on 28 March 2013, pursuant to which Beijing Green Development agreed to let the property at 3rd floor, Block 8, Wan Guo Cheng MOMA, Beijing, the PRC with a leased area of approximately 458 sq. m. to Beijing First Estate for a term of three years commencing from 28 March 2013 to 27 March 2016 at a rental of RMB66,722 per month. The parties to the tenancy agreement have renewed the tenancy agreement for a term of one year from 28 March 2016 to 27 March 2017 at a rental of RMB66,722 per month.

Lease of Shop Nos. 106-109, 1/F., Complex Building at iMOMA, Anningzhuang West Road, Qinghe, Haidian District, Beijing

Beijing Moma Preschool Education Technology Operations Co., Ltd. ("Beijing Moma Preschool") is owned indirectly by Mr. Zhang Lei and hence a connected person of the Company. Modern

Real Estate entered into a tenancy agreement with Beijing Moma Preschool on 12 April 2011 (the "iMOMΛ Preschool Lease Agreement"), pursuant to which Modern Real Estate agreed to let the property at Shop Nos. 106-109, 1/F., Complex Building at iMOMΛ, Anningzhuang West Road, Qinghe, Haidian District, Beijing, the PRC with a leased area of approximately 580 sq. m. to Beijing Moma Preschool for a term of five years commencing from 1 April 2011 to 31 March 2016 at a rental of RMB21,177 per month with a three-month rent free period from 1 April 2011 to 30 June 2011. The parties to the tenancy agreement have renewed the tenancy agreement for a term of three years from 1 April 2016 to 31 March 2019 at a rental of RMB31,765 per month. The property is used for the operation of a preschool.

On 13 May 2015, First Moma Asset and the Company entered into a master agreement for the leasing of certain properties of the Group to members of the First Moma Asset Group commencing on 1 January 2015 and ending on 31 December 2017 (the "Previous Master Lease Agreement"). On 8 August 2017, the same parties entered into a renewed master agreement for the leasing of certain properties of the Group to members of the First Moma Asset Group commencing on 8 August 2017 and ending on 31 December 2019 (the "Master Lease Agreement") whilst the Previous Master Lease Agreement was terminated.

It is envisaged that, from time to time and as required, members of the Group will enter into individual lease agreements with members of the First Moma Asset Group, which will set out specific terms and conditions such as relevant property, rental fees and rental period.

It is expected that the aggregate annual rental fees payable to the Group under the Master Lease Agreement for each of the three years ending 31 December 2017, 2018 and 2019 will not exceed RMB3 million respectively, which have been determined by reference to rental fees of comparable properties in the locality as well as similar locations, the prevailing market rates and expected growth of rental fee in the PRC property market.

The aggregate rental fee received by the Group was approximately RMB1.72 million for the year ended 31 December 2017, which did not exceed the annual cap for the year ended 31 December 2017 for this transaction.

(iii) ***Contracting Services***

During the year ended 31 December 2017, First Moma Renju Construction Engineering (Beijing) Co., Ltd. ("First Moma Renju Construction") and certain subsidiaries of First Moma Renju Environmental Technology (together with its subsidiaries, the "First Moma Renju Group") had provided contracting services to the Group. First Moma Renju Construction is wholly-owned by First Moma Renju Environmental Technology, which is indirectly owned as to more than 30% by Mr. Zhang Lei, hence each of First Moma Renju Construction and First Moma Renju Environmental Technology is a connected person of the Company. Transactions between First Moma Renju Group and the Group constitute continuing connected transactions of the Company.

On 8 August 2017, First Moma Renju Construction and the Company entered into a master agreement for the provision of contracting services to the Group commencing on 8 August 2017 and ending on 31 December 2019 (the "Master Contracting Services Agreement").

It is envisaged that from time to time and as required, members of the Group will enter into individual contracting services agreement with members of First Moma Renju Group which will set out specific terms and conditions such as particulars of the service, service fee, payment terms and method, quality standard and service period. The service fees will be determined by the parties having regard to the type of the properties developed by the Group, fair market prices, materials costs, labor costs and reasonable profit of the contracting services as required under the individual contracting services agreement to be entered into between members of the Group and members of First Moma Renju Group.

It is expected that the aggregate annual contracting services fees payable by the Group to First Moma Renju Group in relation to the Master Contracting Services Agreement for the three years ending 31 December 2017, 2018 and 2019 will not exceed RMB15 million, RMB20 million and RMB20 million, respectively. The annual caps for the three years ending 31 December 2017, 2018 and 2019 were determined by the Directors with reference to the estimated scale of the properties to be completed by the Group, the prevailing market rate for provision of similar contracting services, the expected demand of the haze clearing instruments, the estimated installation fee for each haze clearing instrument and the estimated costs of materials and labor.

The aggregate amounts of the contracting services fees paid by the Group was RMB Nil for the year ended 31 December 2017, which did not exceed the annual cap for the year ended 31 December 2017 for this transaction.

(iv) ***Energy-saving Advisory***

During the year ended 31 December 2017, First Moma Renju Group had provided green construction energy-saving technology advisory services to the Group.

On 8 August 2017, First Moma Renju Environmental Technology and the Company entered into a master agreement for the provision of green construction energy-saving technology advisory services to the Group commencing on 8 August 2017 and ending on 31 December 2019 (the "Master Energy-saving Advisory Agreement").

It is envisaged that from time to time and as required, members of the Group will enter into individual energy-saving advisory services agreement with members of First Moma Renju Group which will set out specific terms and conditions such as particulars of the service, service fee, payment terms and method, quality standard and service period. The service fees will be determined by the parties having regard to the type of the properties developed by the Group, the strategic prices corresponding to the prevailing market prices of similar services and actual area that the energy-saving advisory service is applied as required under the individual energy-saving advisory services agreement to be entered into between members of the Group and members of First Moma Renju Group.

It is expected that the aggregate annual advisory services fees payable by the Group to First Moma Renju Group in relation to the Master Energy-saving Advisory Agreement for the three years ending 31 December 2017, 2018 and 2019 will not exceed RMB15 million, RMB20 million and RMB20 million, respectively. The annual caps for the three years ending 31 December 2017, 2018 and 2019 were determined by the Directors with reference to the estimated scale of the area that the advisory services will be applied and the strategic prices corresponding to the prevailing market rate for provision of similar advisory services.

The aggregate amounts of the advisory services fees paid by the Group was approximately RMB0.75 million for the year ended 31 December 2017, which did not exceed the annual cap for the year ended 31 December 2017 for this transaction.

Annual review and confirmation in pursuance of Rules 14A.55 and 14A.56 of the Listing Rules

The independent non-executive Directors have reviewed and confirmed in pursuance of Rule 14A.55 of the Listing Rules that the continuing connected transactions of the Group during the year were carried out (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms at which the transactions are either on an arm's length basis or on terms no less favorable to the Company than terms available to or from (as appropriate) independent third parties; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

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

(i) nothing has come to the attention of the auditor that causes them to believe that the continuing connected transactions have not been approved by the Board;

(ii) for transactions involving the provision of goods or services by the Group, nothing has come to the attention of the auditor that causes them to believe that the continuing connected transactions were not, in all material respects, in accordance with the pricing policies of the Group;

(iii) nothing has come to the attention of the auditor that causes them to believe that the continuing connected transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

(iv) with respect to the aggregate amount of each of the continuing connected transactions, nothing has come to the attention of the auditor that causes them to believe that the continuing connected transactions have exceeded the annual cap as set by the Company.

Others

The continuing connected transactions disclosed above also constitute related party transactions under the International Financial Reporting Standards. A summary of significant related party transactions carried out during the year is disclosed in note 37 to the consolidated financial statements.

The Board confirms that the Company has complied with the requirements of the Listing Rules in relation to the disclosure of the aforementioned connected transactions or continuing connected transactions.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2017, neither the Company nor any of its subsidiaries and its jointly controlled entities has purchased, redeemed or sold any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the Companies Law of the Cayman Islands.

RETIREMENT BENEFIT SCHEME

The Group had joined a mandatory provident fund scheme (the "MPF Scheme") for all employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong). The assets of the MPF Scheme are held separately from the funds of the Group in funds and are managed by an independent trustee. Under the MPF Scheme, the employer and its employees are each required to make corresponding contributions at the rates specified by the MPF Scheme. The employees of the Company's subsidiaries established in the PRC are members of a state-managed retirement benefit scheme operated by the PRC government. These subsidiaries are required to contribute certain percentage of payroll costs to the retirement benefit scheme. The only obligation of the Group with respect to the scheme is to make the required contributions under the scheme.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed amount of public float during the year and up to the date of this report as required under the Listing Rules.

UPDATED INFORMATION OF DIRECTORS DISCLOSED PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Pursuant to Rule 13.51B(1) of the Listing Rules, the biographies of Directors are updated as follows:

- Mr. Zhang Peng is currently a director of First MOMA Living Environmental Technology (Beijing) Co., Limited and First MOMA living Sports Culture Development Co., Limited., whose shares have been quoted on the National Equities Exchange and Quotation System.

- Mr. Chen Anhua is currently a non-executive director of CNQC International Holdings Limited (Stock code: 1240).

- Mr. Zhong Bin is currently an independent non-executive director of Sansheng Holdings (Group) Co. Ltd. (Stock code: 2183).

Save as disclosed above and after all reasonable inquiries, the Board is not aware of any other information discloseable under Rule 13.51B(1) of the Listing Rules since the date of the Company's annual report for 2016.

UPDATED USE OF PROCEEDS FROM THE SUBSCRIPTIONS

In September 2016 and November 2016, the Company allotted and issued an aggregate of 416,397,000 new Shares to Great Wall Pan Asia International Investment Company Limited and China Cinda (HK) Asset Management Co., Limited pursuant to the general mandate of the Company (the "Subscriptions"), details of which are disclosed in the Company's announcements dated 8 September, 20 September, 4 November and 14 November 2016, respectively.

The Board wishes to update the Shareholders of the use of net proceeds from the Subscriptions as at the date of this report:

Date of announcement	Details of the Subscription	Net proceeds raised	Intended use of net proceeds	Actual use of net proceeds
8 September and 20 September 2016	Subscription of 172,872,000 Shares pursuant to the general mandate	Approximately HK$174,295,720	For the Group's property development business outside the PRC and/or for general working capital of the Group	The net proceeds are fully utilised in the Group's property development business in North America.
4 November and 14 November 2016	Subscription of 243,525,000 Shares pursuant to the general mandate	Approximately HK$267,720,000	For general working capital of the Group	An amount of approximately HK$248,000,000 is utilised in the Group's property development business in North America. The remaining net proceeds are used for general working capital of the Group.

BANK AND OTHER BORROWINGS, SENIOR NOTES AND CORPORATE BOND

Particulars of bank and other borrowings, senior notes and corporate bond of the Group as at 31 December 2017 are set out in notes 25, 26 and 27 to the consolidated financial statements respectively.

BUSINESS REVIEW AND PERFORMANCE

A fair review of the business of the Group and a discussion and analysis of the Group's performance during the year and the material factors underlying its results and financial position are provided in the Chairman's Statement and the Management Discussion and Analysis section respectively from pages 10 to 13 and pages 16 to 34 of this report.

The future development of the Group's business is discussed throughout this report including the Chairman's Statement from pages 10 to 13 of this report and the Management Discussion and Analysis section from pages 16 to 34 of this report. In addition, more details regarding the Group's performance by reference to environmental and social-related key performance indicators and policies, as well as compliance with relevant laws and regulations which have a significant impact on the Group, are provided in this report in the Environmental, Social and Governance Report and the Management Discussion and Analysis section. This discussion forms part of this Directors' Report.

PERMITTED INDEMNITY PROVISION

The Articles of Association provides that every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto. The Company has maintained appropriate Directors' liability insurance coverage for the Directors during the year under review.

AUDIT COMMITTEE

The principal duties of the Audit Committee include the review of the internal controls and consolidated financial statements of the Group. The members of the Audit Committee are satisfied with the Company's internal control procedures and the consolidated financial statements for the year ended 31 December 2017.

AUDITOR

KPMG will retire and, being eligible, will offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditor of the Company will be proposed at the 2018 AGM.

EVENTS AFTER THE REPORTING PERIOD

Details of the events after the reporting period are set out in the paragraph headed "Management Discussion and Analysis – Events after the Reporting Period" on page 38 of this report and note 42 to the consolidated financial statements.

On behalf of the Board
Zhang Lei
Chairman

22 March 2018

** The English names are for identification purposes only.*

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Modern Land (China) Co., Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Modern Land (China) Co., Limited ("the Company") and its subsidiaries ("the Group") set out on pages 93 to 195, which comprise the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

INDEPENDENT AUDITOR'S REPORT

Valuation of investment properties	
Refer to note 13 to the consolidated financial statements and the accounting policies on page 116.	
The Key Audit Matter	**How the matter was addressed in our audit**
The Group held investment properties with a total carrying amount of RMB1,965 million as at 31 December 2017, which accounted for 4.4% of the Group's total assets as at that date. The net changes in fair value of investment properties recorded in the consolidated statement of profit or loss and other comprehensive income represented 7.54% of the Group's profit before taxation for the year ended 31 December 2017. The investment properties principally comprise retail properties mainly located in tier 1 and tier 2 cities in Mainland China. The fair values of investment properties as at 31 December 2017 were assessed by the board of directors based on independent valuations prepared by a qualified external property valuer based on certain estimates, including capitalisation rates, market prices, prevailing market rents for comparable properties in the same location and condition, expected future market rents and appropriate discount rates.	Our audit procedures to assess the valuation of investment properties included: • evaluating the independence, competence, capability and experience of the external property valuer which included making inquiries regarding interests and relationships that may have created a threat to the external property valuer's objectivity; • meeting the external property valuer to assess the approach to the valuations and the conclusions reached, reviewing management's instructions to the external property valuer and assessing whether there were any limitations of scope or restrictions placed upon the work of the external property valuer; • assessing whether the properties held by the Group were valued on a consistent basis using a consistent methodology by inquiry of management and the external property valuer;

Valuation of investment properties	
Refer to note 13 to the consolidated financial statements and the accounting policies on page 116.	
The Key Audit Matter	**How the matter was addressed in our audit**
We identified the valuation of investment properties as a key audit matter because of the significance of investment properties to the Group's total assets and the significance of the net changes in fair value of investment properties to the Group's profit before taxation and because determining the fair values of investment properties involves a significant degree of judgement and could be subject to management bias.	• involving our internal valuation specialists to assist us in assessing the valuations prepared by the external property valuer by evaluating the valuation methodology adopted, challenging the assumptions adopted, including those relating to capitalisation rates, comparable market transactions and prevailing market rents for comparable properties in the same location and condition, by comparing these against market available data and government produced market statistics, and considering the possibility of management bias in the selection of assumptions adopted; • comparing inputs to the valuation model, on a sample basis, with the Group's records, which included underlying lease agreements and documentation, details of the number of property units held for investment purposes and current rents; and • considering whether the disclosures in the consolidated financial statements in respect of the valuation of investment properties reflected the risks inherent in the key assumptions with reference to the requirements of the prevailing accounting standards.

INDEPENDENT AUDITOR'S REPORT

Assessing the net realisable value of properties under development for sale and properties held for sale	
Refer to notes 18 and 19 to the consolidated financial statements and the accounting policies on page 118 and 119.	
The Key Audit Matter	**How the matter was addressed in our audit**
The carrying value of properties under development for sale and properties held for sale totalled RMB22,569 million as at 31 December 2017, which accounted for 50.0% of the Group's total assets as at that date. Properties under development for sale and properties held for sale of the Group are primarily residential and retail projects, located mainly in tier 1 and tier 2 cities in Mainland China, and are stated at the lower of cost and net realisable value. The assessment of the net realisable value of properties under development for sale and properties held for sale involves the exercise of significant management judgement, particularly in estimating forecast development costs and forecast selling prices. Forecast development costs and selling prices are inherently uncertain due to changes in market conditions.	Our audit procedures to assess the net realisable value of properties under development for sale and properties held for sale included: • evaluating the design, implementation and operating effectiveness of key internal controls over the preparation and monitoring of management budgets and forecasts of construction and other costs for each property development project; • conducting site visits to property development sites, on a sample basis, and discussing with management the progress of each project and challenging management's development budgets reflected in the latest forecasts for each project with reference to market available data about estimated construction costs, signed construction contracts and/or unit construction costs of recently completed projects developed by the Group;

INDEPENDENT AUDITOR'S REPORT

Assessing the net realisable value of properties under development for sale and properties held for sale	
Refer to notes 18 and 19 to the consolidated financial statements and the accounting policies on page 118 and 119.	
The Key Audit Matter	**How the matter was addressed in our audit**
Recent property market cooling measures imposed by the local governments in different cities in Mainland China, which include increased percentages for mortgage down payments and home purchase restrictions, could lead to volatility in property prices in these cities. We identified assessing the net realisable value of properties under development for sale and properties held for sale as a key audit matter because the inherent uncertainties involved in assessing the net realisable value require a significant degree of management judgement and could be subject to error or management bias.	• assessing the accuracy of management's historical forecasts of net realisable value by comparing the actual selling prices achieved in the current year with forecasts prepared in previous periods and by comparing forecast selling prices as at 31 December 2017 with actual prices achieved subsequent to the end of the reporting period; • challenging the forecast property selling prices as estimated by management with reference to independent third party house price indices for properties of a similar type and size and in a similar location; and • evaluating the sensitivity analyses performed by management for the key assumptions adopted in the net realisable value estimations, including forecast selling prices and forecast construction costs, and considering the possibility of error or management bias.

INDEPENDENT AUDITOR'S REPORT

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do 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 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, 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.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB 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 directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITY 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. This report is made 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.

INDEPENDENT AUDITOR'S REPORT

- 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.

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 communicate with them 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 Choi Chung Chuen.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
22 March 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017 – (Expressed in Renminbi)

	Note	2017 RMB'000	2016 RMB'000
Revenue	5	**8,506,328**	8,457,903
Cost of sales		**(6,716,111)**	(6,811,651)
Gross profit		**1,790,217**	1,646,252
Other income, gains and losses	6	**652,518**	169,678
Recognition of changes in fair value of properties held for sale and properties under development for sale upon transfer to investment properties	13	**27,883**	115,396
Changes in fair value of investment properties, net	13	**74,307**	80,246
Selling and distribution expenses		**(300,682)**	(303,898)
Administrative expenses		**(479,220)**	(344,151)
Finance costs	7	**(393,189)**	(182,093)
Share of losses of joint ventures		**(7,021)**	(98,038)
Share of losses of associates		**(6,898)**	–
Profit before taxation		**1,357,915**	1,083,392
Income tax expense	8	**(531,376)**	(369,379)
Profit for the year	9	**826,539**	714,013

The notes on pages 105 to 195 form part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017 – (Expressed in Renminbi)

	Note	2017 RMB'000	2016 RMB'000
Other comprehensive income for the year:			
Item that will not be reclassified to profit or loss:			
Gain on revaluation of owner-occupied properties upon transfer to investment properties		**5,676**	–
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of nil tax		**(8,268)**	(3,660)
Total comprehensive income for the year		**823,947**	710,353
Profit for the year attributable to:			
Owners of the Company		**705,999**	664,332
Non-controlling interests		**120,540**	49,681
		826,539	714,013
Total comprehensive income attributable to:			
Owners of the Company		**703,407**	660,672
Non-controlling interests		**120,540**	49,681
		823,947	710,353
Earnings per share, in Renminbi cents:			
Basic	12	**25.6**	27.9
Diluted	12	**25.6**	27.9

The notes on pages 105 to 195 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2017 – (Expressed in Renminbi)

	Note	2017 RMB'000	2016 RMB'000
Non-current assets			
Investment properties	13	**1,965,000**	1,820,000
Property, plant and equipment	14	**483,613**	517,273
Intangible assets		**2,302**	2,455
Freehold land held for future development		**29,732**	31,564
Interests in associates	15	**106,664**	99,890
Interests in joint ventures	16	**2,698,333**	643,355
Loan to joint ventures	16	**3,190,116**	2,163,958
Available-for-sale investments		**50,085**	46,350
Deferred tax assets	17	**421,242**	274,230
		8,947,087	5,599,075
Current assets			
Inventories		**7,263**	4,737
Properties under development for sale	18	**20,173,043**	10,331,289
Properties held for sale	19	**2,396,366**	2,277,087
Trade and other receivables, deposits and prepayments	20	**3,009,880**	2,775,600
Amounts due from related parties	37(a)	**227,391**	756,858
Restricted cash	21	**2,876,247**	2,177,946
Bank balances and cash	22	**7,533,713**	4,584,391
		36,223,903	22,907,908

The notes on pages 105 to 195 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2017 – (Expressed in Renminbi)

	Note	**2017** **RMB'000**	2016 RMB'000
Current liabilities			
Trade and other payables, deposits received and accrued charges	23	**16,846,552**	9,263,016
Amounts due to related parties	37(b)	**2,550,226**	2,257,987
Taxation payable	24	**1,939,709**	1,760,075
Bank and other borrowings – due within one year	25	**5,234,810**	2,463,064
Senior notes – due within one year	26	**1,478,140**	–
		28,049,437	15,744,142
Net current assets		**8,174,466**	7,163,766
Total assets less current liabilities		**17,121,553**	12,762,841
Capital and reserves			
Share capital	29	**173,932**	156,459
Reserves		**5,003,879**	4,491,834
Equity attributable to owners of the Company		**5,177,811**	4,648,293
Non-controlling interests		**1,838,963**	83,173
Total equity		**7,016,774**	4,731,466

The notes on pages 105 to 195 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2017 – (Expressed in Renminbi)

	Note	**2017 RMB'000**	2016 RMB'000
Non-current liabilities			
Bank and other borrowings – due after one year	25	**5,284,320**	3,288,500
Senior notes – due after one year	26	**3,215,818**	3,245,630
Corporate bond	27	**1,027,672**	1,023,769
Long term payables	28	**334,711**	295,317
Deferred tax liabilities	17	**242,258**	178,159
		10,104,779	8,031,375
		17,121,553	12,762,841

Approved and authorised for issue by the board of directors on 22 March 2018.

Zhang Lei	**Zhang Peng**
Director	*Director*

The notes on pages 105 to 195 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017 – (Expressed in Renminbi)

	Attributable to owners of the Company										
	Share capital RMB'000	Share premium RMB'000 (note a)	Special reserve RMB'000 (note b)	Revaluation reserve RMB'000	Share option reserve RMB'000	Statutory surplus reserve RMB'000	Foreign currency translation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2017	156,459	799,559	345,480	34,384	15,095	400,449	2,574	2,894,293	4,648,293	83,173	4,731,466
Gain on revaluation of owner-occupied properties	–	–	–	5,676	–	–	–	–	5,676	–	5,676
Exchange differences on translating foreign operations	–	–	–	–	–	–	(8,268)	–	(8,268)	–	(8,268)
Other comprehensive income	–	–	–	5,676	–	–	(8,268)	–	(2,592)	–	(2,592)
Profit for the year	–	–	–	–	–	–	–	705,999	705,999	120,540	826,539
Total comprehensive income for the year	–	–	–	5,676	–	–	(8,268)	705,999	703,407	120,540	823,947
Share-based payment	–	–	–	–	14,327	–	–	–	14,327	–	14,327
Bonus issue of shares (Note 29(d))	16,613	(16,613)	–	–	–	–	–	–	–	–	–
Issue of shares on exercises of share options (Note 29(c))	860	13,353	–	–	(605)	–	–	–	13,608	–	13,608
Contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	1,730,198	1,730,198
Contribution from a company controlled by a shareholder (note b)	–	–	407	–	–	–	–	–	407	–	407
Acquisition of subsidiaries (Note 31)	–	–	–	–	–	–	–	–	–	27,094	27,094
Disposal of a subsidiary	–	–	–	–	–	–	–	–	–	(1,784)	(1,784)
Acquisition of additional interest in a subsidiary	–	–	(15,817)	–	–	–	–	–	(15,817)	10,817	(5,000)
Appropriations to reserves (note c)	–	–	–	–	–	67,033	–	(67,033)	–	–	–
Dividend (Note 11)	–	–	–	–	–	–	–	(186,414)	(186,414)	–	(186,414)
Dividend distribution to non-controlling interests	–	–	–	–	–	–	–	–	–	(131,075)	(131,075)
At 31 December 2017	173,932	796,299	330,070	40,060	28,817	467,482	(5,694)	3,346,845	5,177,811	1,838,963	7,016,774

The notes on pages 105 to 195 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017 – (Expressed in Renminbi)

	Attributable to owners of the Company										
	Share capital RMB'000	Share premium RMB'000 (note a)	Special reserve RMB'000 (note b)	Revaluation reserve RMB'000	Share option reserve RMB'000	Statutory surplus reserve RMB'000	Foreign currency translation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2016	128,094	435,219	345,073	34,384	12,765	383,030	6,234	2,420,561	3,765,360	9,689	3,775,049
Exchange differences on translating foreign operations	–	–	–	–	–	–	(3,660)	–	(3,660)	–	(3,660)
Other comprehensive income	–	–	–	–	–	–	(3,660)	–	(3,660)	–	(3,660)
Profit for the year	–	–	–	–	–	–	–	664,332	664,332	49,681	714,013
Total comprehensive income for the year	–	–	–	–	–	–	(3,660)	664,332	660,672	49,681	710,353
Share-based payment	–	–	–	–	3,275	–	–	–	3,275	–	3,275
Issue of shares (Note 29(b))	27,952	357,718	–	–	–	–	–	–	385,670	–	385,670
Issue of shares on exercises of share options (Note 29(c))	413	6,622	–	–	(945)	–	–	–	6,090	–	6,090
Contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	23,700	23,700
Contribution from a company controlled by a shareholder (note b)	–	–	407	–	–	–	–	–	407	–	407
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	–	103	103
Appropriations to reserves (note c)	–	–	–	–	–	17,419	–	(17,419)	–	–	–
Dividend (Note 11)	–	–	–	–	–	–	–	(173,181)	(173,181)	–	(173,181)
At 31 December 2016	156,459	799,559	345,480	34,384	15,095	400,449	2,574	2,894,293	4,648,293	83,173	4,731,466

The notes on pages 105 to 195 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017 – (Expressed in Renminbi)

Notes:

(a) Pursuant to article 134 of the Company's Articles of Association, the Company is permitted to pay out final dividend from share premium account.

(b) Special reserve relates to acquisition of additional interests in subsidiaries, deemed acquisition of a subsidiary, disposals of partial interests in subsidiaries, contribution from a company controlled by a shareholder of the Company and deemed contribution from a shareholder of the Company.

Pursuant to the agreement dated 29 November 2010 entered into between Modern Green Development Co.,Ltd. 當代節能置業股份有限公司 (formerly known as Beijing Modern Hongyun Real Estate Development Co., Ltd. 北京當代鴻運房地產經營開發有限公司) ("Modern Green Development") and an employee of Modern Green Development, the employee can use the property developed by Beijing Modern City Real Estate Development Co., Ltd. 北京當代城市房地產開發有限公司 ("Beijing Modern City Real Estate"), a company controlled by a shareholder of the Company. The title of the property will be transferred to the employee upon his completion of service with Modern Green Development for 10 years commencing from 30 October 2010. As at 29 November 2010, the market value of the property was RMB4,071,000. The Group recognised this transaction as staff cost and contribution from a company controlled by a shareholder amounted to RMB407,000 for the year ended 31 December 2017 (2016: RMB407,000).

(c) In accordance with the Articles of Association of certain entities established in the People's Republic of China ("PRC") now comprising the Group, these entities are required to transfer 10% of the profit after taxation, prepared in accordance with PRC generally accepted accounting principles, to the statutory surplus reserve until the reserve reaches 50% of the registered capital of the respective entities. Transfer to this reserve must be made before distributing dividends to equity holders. The statutory surplus reserve can be used to make up for previous years' losses, expand the existing operations or convert into additional capital of the entities.

The notes on pages 105 to 195 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2017 – (Expressed in Renminbi)

	Note	**2017 RMB'000**	2016 RMB'000
Operating activities			
Profit before taxation		**1,357,915**	1,083,392
Adjustments for:			
Finance costs	7	**393,189**	182,093
Interest income	6	**(89,620)**	(107,474)
Dividend income from available-for-sale investments	6	**(7,073)**	(4,051)
Depreciation of property, plant and equipment	9(b)	**28,959**	24,018
Amortisation of intangible assets	9(b)	**198**	211
Share-based payment	9(a)	**14,327**	3,275
Gain on disposal of subsidiaries	6	**(22,765)**	–
Gain on disposal of a joint venture	6	**(42,570)**	(1,306)
Gain on disposal of an associate	6	**(147,195)**	–
Gain on acquisition of subsidiaries		**–**	(390)
Fair value gain upon transfer from properties held for sale and properties under development for sale to investment properties		**(27,883)**	(115,396)
Changes in fair value of investment properties, net		**(74,307)**	(80,246)
Allowance for doubtful debts		**668**	316
(Gain)/loss on disposal of property, plant and equipment	6	**(1,283)**	80
Contribution from a company controlled by a shareholder, recognised as staff cost		**407**	407
Share of losses of associates		**6,898**	–
Share of losses of joint ventures		**7,021**	98,038
Gain on re-measurement to fair value of pre-existing interest in acquirees	6	**(116,988)**	(201,593)
Gain on disposal of investment properties		**(17,112)**	(32,532)
Unrealised exchange (gain)/loss, net		**(359,485)**	184,689
Operating cash flows before movements in working capital		**903,301**	1,033,531

The notes on pages 105 to 195 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2017 – (Expressed in Renminbi)

	Note	**2017 RMB'000**	2016 RMB'000
Movements in working capital:			
Increase in inventories		**(2,526)**	(796)
Increase in properties under development for sale and properties held for sale		**(7,084,217)**	(448,403)
Decrease in trade and other receivables, deposits and prepayments		**574,666**	887,932
Decrease in amounts due from related parties		**42,724**	149,897
Increase in prepaid lease payments		**–**	(1,617,423)
Increase/(decrease) in trade and other payables, deposits received and accrued charges		**1,975,746**	(2,158,688)
Increase in amounts due to related parties		**3,080**	4,412
Cash used in from operating activities		**(3,587,226)**	(2,149,538)
Income tax paid		**(808,352)**	(676,075)
Net cash used in operating activities		**(4,395,578)**	(2,825,613)

The notes on pages 105 to 195 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2017 – (Expressed in Renminbi)

	Note	2017 RMB'000	2016 RMB'000
Investing activities			
Interest received		**89,620**	90,070
Dividend received from available-for-sale investments		**7,073**	4,051
Purchase of available-for-sale investments		**(3,735)**	(11,500)
Purchase of property, plant and equipment		**(10,590)**	(48,654)
Purchase of intangible assets		**(45)**	(311)
Proceeds on disposal of available-for-sale investments		**50,200**	–
Proceeds on disposal of property, plant and equipment		**5,879**	8,187
Net cash inflow from acquisition of subsidiaries		**184,634**	481,046
Proceeds on disposal of an associate		**147,195**	–
Net cash outflow from disposals of subsidiaries		**(5,062)**	–
Investment in associates		**–**	(43,540)
Investment in joint ventures		**(1,491,355)**	(422,388)
Capital reduction of a joint venture		**–**	531,637
Loan to joint ventures		**(1,411,704)**	(1,753,006)
Repayment from joint ventures		**505,979**	543,573
Advances to related parties		**(183,712)**	(774,856)
Repayment from related parties		**670,455**	404,937
Proceeds on disposal of investment properties		**49,222**	48,855
Increase in investment properties		**(22,052)**	(43,873)
Increase in restricted cash		**(698,301)**	(1,100,879)
Repayment from employees		**–**	31,139
Net cash used in investing activities		**(2,116,299)**	(2,055,512)

The notes on pages 105 to 195 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2017 – (Expressed in Renminbi)

	Note	**2017 RMB'000**	2016 RMB'000
Financing activities			
Interest paid		**(1,142,625)**	(766,630)
Dividend paid to owners of the Company		**(185,886)**	(172,649)
Dividend paid to a non-controlling shareholder		**(131,075)**	–
Repayments of bank borrowings	22(b)	**(4,730,286)**	(2,295,355)
Repayments of other borrowings	22(b)	**(4,080,000)**	(655,400)
New bank borrowings raised	22(b)	**8,061,133**	1,935,232
New other borrowings raised	22(b)	**5,780,000**	3,110,000
Net proceeds from issue of senior notes and corporate bond	22(b)	**2,531,514**	3,309,112
Repayments of senior notes	22(b)	**(848,378)**	(2,135,000)
Repayment to related parties	22(b)	**(237,987)**	(87,030)
Advances from related parties	22(b)	**1,963,600**	2,342,551
Advances from non-controlling interests	22(b)	**1,622,420**	1,954,588
Repayments to non-controlling interests	22(b)	**(873,597)**	–
Proceeds from issue of shares on share placement		**–**	386,069
Transaction costs attributable to issue of shares on share placement		**–**	(399)
Proceeds from issue of shares upon exercise of share options		**13,608**	6,090
Capital injection from non-controlling interests		**1,730,198**	23,700
Purchase of additional interest in subsidiaries		**(5,000)**	–
Net cash generated from financing activities		**9,467,639**	6,954,879
Net increase in cash and cash equivalents		**2,955,762**	2,073,754
Cash and cash equivalents at the beginning of the year		**4,584,391**	2,520,759
Effects of exchange rate changes on the balance of cash held in foreign currencies		**(6,440)**	(10,122)
Cash balance and cash equivalents at the end of the year	22	**7,533,713**	4,584,391

The notes on pages 105 to 195 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

1 GENERAL

The Company was incorporated in the Cayman Islands on 28 June 2006 as an exempted company with limited liability under the Companies Law of the Cayman Islands. Its parent is Super Land Holdings Limited, a company incorporated in the British Virgin Islands ("BVI") and its ultimate holding company is Fantastic Energy Ltd., a company incorporated under the laws of Commonwealth of the Bahamas. These entities do not produce financial statements available for public use.

The Company and its subsidiaries (collectively, the "Group") are principally engaged in real estate development, property investment, hotel operation, project management, real estate agency services, immigration services and innovative household technology services in the PRC and the United States (the "US").

The consolidated financial statements are presented in Renminbi ("RMB"), the currency of the primary economic environment in which the group entities operate (the functional currency of the major subsidiaries of the Company).

2 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017

Up to the date of issue of these financial statements, the IASB has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 December 2017 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

2 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017

(Continued)

	Effective for accounting periods beginning on or after
Annual Improvements to IFRSs 2014-2016 cycle	
IAS 28, *Investments in Associates and Joint Ventures*	1 January 2018
Amendments to IFRS 2, *Classification and measurement of share-based payment transactions*	1 January 2018
Amendments to IAS 40, *Transfers of investment property*	1 January 2018
IFRIC 22, *Foreign currency transactions and advance consideration*	1 January 2018
IFRS 15, *Revenue from contracts with customers*	1 January 2018
IFRS 9, *Financial instruments (2014)*	1 January 2018
IFRS 16, *Leases*	1 January 2019
Annual Improvements to IFRSs 2015-2017 cycle	1 January 2019

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. While the assessment has been substantially completed for IFRS 15, the actual impacts upon the initial adoption of the standards may differ as the assessment completed to date is based on the information currently available to the Group, and further impacts may be identified before the standards are initially applied in the Group's interim financial report for the six months ending 30 June 2018. The Group may also change its accounting policy elections, including the transition options, until the standards are initially applied in that financial report

2 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017
(Continued)

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Based on the assessment completed to date, the Group has identified the following areas which are expected to be affected:

- Revenue from pre-sales of properties under development for sale is recognized when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and laws that apply to the contract, control of the properties under development for sale may transfer over time or at a point in time.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

2 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017 (Continued)

IFRS 15 *Revenue from Contracts with Customers* (Continued)

- The Group currently offers different payment schemes to customers, the transaction price and the amount of revenue for the sale of property will be adjusted when significant financing component exists in that contract.

- Certain costs incurred for obtaining a pre-sale property contract (e.g. sale commission), which is currently expenses off in profit or loss directly, will be eligible for capitalization under IFRS 15 and match with revenue recognition pattern of related contract in the future.

The Group plans to elect to use the cumulative effect transition method for the adoption of IFRS 15 and will recognise the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2018. As allowed by IFRS 15, the Group plans to apply the new requirements only to contracts that are impacted but not completed before 1 January 2018. Since the number of "open" contracts for sales of properties that are impacted by IFRS 15 at 31 December 2017 is limited, the Group expects that the transition adjustment to be made upon the initial adoption of IFRS 15 will not be material. However, the expected changes in accounting policies as described above could have a material impact on the Group's financial results from 2018 onwards.

3 SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRSs. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for the investment properties and available for sale investments which are measured at fair value, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. In addition, a fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of the other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of consolidation (Continued)

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the company.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

(b) Changes in accounting policies

The IASB has issued a number of amendments to IFRSs that are first effective for the current accounting period of the Group. None of these impact on the accounting policies of the Group. However, additional disclosure has been included in note 22(b) to satisfy the new disclosure requirements introduced by the amendments to IAS 7, *Statement of cash flow: Disclosure initiative,* which require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Change in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in losing control over the subsidiaries are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests will be adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(d) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date; and

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Business combinations (Continued)

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

(e) Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Investments in associates and joint ventures (Continued)

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Investments in associates and joint ventures (Continued)

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

(f) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from sale of properties in the ordinary course of business is recognised when the construction of respective properties have been completed and the significant risks and rewards of ownership of the properties are transferred to the customers, that is when the customers completed the necessary procedures to acknowledge receipts of delivery of properties in accordance with the terms under respective sales and purchases agreements. Deposits and instalments received from purchasers prior to the date of revenue recognition are included in the consolidated statement of financial position under current liabilities.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Revenue from hotel accommodation, food and beverage sales and other ancillary services is recognised when the services are rendered.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Revenue recognition (Continued)

Other service income is recognised when the services are provided.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

(g) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

If an item of property, plant and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in revaluation reserve. On the subsequent sale or retirement of the asset, the relevant revaluation reserve will be transferred directly to retained profits.

Where properties held for sale transferred to investment properties when there is a change of intention to hold the property to earn rentals or/and capital appreciation, which is evidenced by the commencement of an operating lease to another party, any difference between the carrying amount and fair value of that item at the date of transfer is recognised in profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any recognised impairment losses.

Properties in the course of construction for production, supply or administrative purpose are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment, other than construction in progress, over their estimated useful lives after taking into account of their estimated residual values, using the straight-line method.

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

(i) Intangible assets

Intangible assets acquired separately and with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Prepaid lease payments

The prepaid lease payments represent upfront payments for land use rights for the purpose of development of properties for sale and are initially recognised at cost and released to profit or loss over the lease term on a straight-line basis. They would be transferred to properties under development for sale upon commencement of the related construction work in property development project.

(k) Freehold land held for future development

The freehold land held for future development represents parcels of land owned by the Group for the purpose of development of properties for sale. The freehold land is initially recognised at cost and not depreciated. It would be transferred to properties under development for sale upon commencement of the related construction work in property development project.

(l) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

(m) Properties under development for sale

Properties under development which are intended to be sold in the ordinary course of business upon completion of development are classified as current assets, and carried at the lower of cost and net realisable value. Costs include the related land cost, development expenditure incurred and, where appropriate, borrowing costs capitalised.

Properties under development for sale are transferred to properties held for sale upon completion.

Properties under development for sale are transferred to property, plant and equipment when there is a change of intention to hold the properties under development for own use.

Net realisable value represents the estimated selling price less estimated costs of completion and costs to be incurred in selling the property.

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value. Cost includes the costs of land, development expenditure incurred and, where appropriate, borrowing costs capitalised. Net realisable value is determined based on prevailing market conditions.

Properties held for sale are transferred to property, plant and equipment when there is a change of intention to hold the properties held for sale for own use.

(o) Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transactions costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments, of which interest income is included in other income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Financial instruments (Continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade receivables, other receivables, amounts due from related parties, loans to joint ventures, restricted cash, bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Bank balances and cash comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

At the end of each reporting period the fair value for available for sale investments is measured, with any resultant gain or loss being recognized in other comprehensive income and accumulated separately in equity in the fair value reserve. For 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, they are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy on impairment loss on financial assets below). When the available for sale investments are derecognised or impaired (see note 3 (p)), the cumulative gain or loss recognised in equity is reclassified to profit or loss. Investments are recognised/derecognised on the ate the group commits to purchase/sell the investments or they expire.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Financial instruments (Continued)

Financial liabilities

Financial liabilities including bank and other borrowings, senior notes, trade payables, other payables and amounts due to related parties are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Equity instruments

Equity instruments issued by the group entities are recorded at the proceeds received, net of direct issue costs.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at fair value through profit or loss, are subsequently measured at the higher of: (i) the amount of the obligation under the contract, as determined in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and (ii) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with IAS 18 *Revenue*.

Derecognition

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire, or when the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities are derecognised when the Group's obligation specified in the relevant contract is discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Impairment of assets

(i) Impairment of investments in debt and equity securities and other receivables

Investments in debt and equity securities and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale securities are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

– a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

– For investments in associates and joint ventures (see Note 3(e)) and investments in subsidiaries in the Company's statement of financial position (see Note 3(b)), the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with Note 3(p)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with Note 3(p)(ii).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Impairment of assets (Continued)

(i) Impairment of investments in debt and equity securities and other receivables (Continued)

– For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

– For available-for-sale securities, the cumulative loss that has been recognised in the fair value reserve is reclassified to profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortization) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

Impairment losses recognised in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised in other comprehensive income.

Impairment losses in respect of available-for-sale debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversals of impairment losses in such circumstances are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Impairment of assets (Continued)

(i) ***Impairment of investments in debt and equity securities and other receivables*** (Continued)

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of loans and receivables included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against loans and receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) ***Impairment of other assets***

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment; and

– intangible assets.

If any such indication exists, the asset's recoverable amount is estimated.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Impairment of assets (Continued)

(ii) Impairment of other assets (Continued)

– Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with IAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see Notes 1(p)(i) and (ii)).

Impairment losses recognised in an interim period in respect of available-for-sale equity securities are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates. Consequently, if the fair value of an available-for-sale equity security increases in the remainder of the annual period, or in any other period subsequently, the increase is recognised in other comprehensive income and not profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Operating lease payments are recognised as an expenses on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

(r) Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Borrowing costs

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.

(t) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Renminbi using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before taxation as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Taxation (Continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model in accordance with IAS 40 *Investment Property*, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with the above general principle set out in IAS 12 (i.e. based on the expected manner as to how the properties will be recovered).

(v) Retirement benefit costs

Payments to defined contribution retirement benefits scheme under the state-managed retirement benefit scheme in PRC are charged as an expense when employees have rendered service entitling them to the contributions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Share-based payment transactions

Equity-settled share-based payment transactions with employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits.

(x) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

(y) Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) Provisions and contingent liabilities (Continued)

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(z) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or a joint venture of the other entity (or an associate or a joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are a joint venture of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(z) Related Parties (Continued)

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Valuation of investment properties

Investment properties are stated at fair value based on the valuation performed by an independent firm of professional valuers after taking into consideration the market evidences of transaction prices, and where appropriate, the rental income allowing for reversionary income potential.

In determining the fair value, the valuers have taken into consideration the market conditions existed at the end of each reporting period or where appropriate, a method of valuation where involves, inter alia, certain estimates including market prices, prevailing market rents for comparable properties in the same location and condition, appropriate discount rate and expected future market rents. In relying on the valuation report, the management has exercised their judgement and are satisfied that the method of valuation is reflective of the prevailing market conditions as at the end of each reporting period.

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(b) Write-down of completed properties held for sale and properties under development for sale

Management performs a regular review on the carrying amount of completed properties held for sale and properties under development for sale. Based on management's review, write-down of completed properties held for sale and properties under development for sale will be made when the estimated net realisable value has declined below the carrying amount.

In determining the net realisable value of completed properties held for sale and properties under development for sale, management refers to prevailing market data such as recent sales transactions as the basis for evaluation.

(c) Income tax expense

Deferred tax assets of approximately RMB421,242,000 (2016: RMB274,230,000) mainly in relation to tax losses, land appreciation tax provisions, allowance for bad and doubtful debts, write-down of properties held for sale, advertising expenses, temporary differences on property sales and cost of sales and others have been recognised at 31 December 2017, as set out in Note 17. The realisability of the deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. The Directors of the Company determine the deferred tax assets based on the enacted or substantially enacted tax rates and the best knowledge of profit projections of the Group for coming years during which the deferred tax assets are expected to be utilised. The Directors of the Company have reviewed the assumptions and profit projections at the end of the reporting period. In cases where the actual future profits generated are more or less than expected, an additional recognition or a reversal of deferred tax assets may arise, which would be recognised in the profit or loss for the period in which such a recognition or reversal takes place.

(d) Land appreciation tax

The Group is subject to land appreciation tax in the PRC. However, the implementation and settlement of the tax varies amongst different tax jurisdictions in various cities of the PRC and certain property development projects of the Group have not finalised their land appreciation tax calculations and payments with local tax authorities in the PRC. Accordingly, significant judgement is required in determining the amount of land appreciation and its related income tax provisions. The Group recognised the land appreciation tax based on management's best estimates. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and the related income tax provisions in the periods in which such tax is finalised with local tax authorities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

5 REVENUE AND SEGMENT INFORMATION

The Group's operating activities are attributable to a single reportable and operating segment focusing on (a) sale of properties, (b) property investment, (c) hotel operation, (d) project management, (e) real estate agency services, (f) immigration services and (g) innovative household technology services. The operating segment has been identified on the basis of internal management reports reviewed by the chief operating decision maker of the Group ("CODM"), Mr. Zhang Peng, who is the President of the Group. The CODM mainly reviews the revenue information on sales of properties from property development, leasing properties from property investment, hotel operation, project management, real estate agency services, immigration services and innovative household technology services. However, other than revenue information, no operating results and other discrete financial information is available for the assessment of performance of the respective types of revenue. The CODM reviews the overall results and organization structure of the Group as a whole to make decision about resources allocation. Accordingly, no analysis of this single reportable and operating segment is presented.

Revenue represents the fair value of the consideration received or receivable.

Entity-wide information

An analysis of the Group's revenue by type is as follows:

	2017 **RMB'000**	2016 RMB'000
Sale of properties	**8,282,941**	8,234,930
Real estate agency services	**68,690**	73,117
Project management	**13,162**	13,718
Hotel operation	**67,608**	52,107
Property investment	**59,556**	51,747
Immigration services	**2,335**	15,535
Innovative household technology services	**12,016**	16,749
	8,506,328	8,457,903

Geographic information

The Group's operations are substantially located in the PRC, therefore no geographical segment reporting is presented.

No revenue from transaction with single external customer amounted to 10% or more of the Group's revenue for the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

6 OTHER INCOME, GAINS AND LOSSES

	2017	2016
	RMB'000	RMB'000
Interest income	**89,620**	107,474
Dividend income from available-for-sale investments	**7,073**	4,051
Government grants (note a)	**2,833**	18,688
Remeasurement to fair value of pre-existing interest in acquirees (note b)	**116,988**	201,593
Net exchange gain/(loss) (note d)	**205,102**	(167,091)
Gain on disposal of a subsidiary	**22,765**	–
Gain on disposal of a joint venture (note c)	**42,570**	1,306
Gain on disposal of an associate (note e)	**147,195**	–
Gain/(loss) on disposal of property, plant and equipment	**1,283**	(80)
Others	**17,089**	3,737
	652,518	169,678

Notes:

(a) Government grants represent incentive subsidies from various PRC governmental authorities. There are no conditions or future obligations attached to these subsidies.

(b) For the year ended 31 December 2017, the Group acquired two subsidiaries which were joint ventures of the Group before the acquisition. The remeasurement to fair value of the Group's pre-existing interest in these acquirees resulted in a gain of RMB116,988,000 (Note 31).

For the year ended 31 December 2016, the Group acquired subsidiaries which were joint ventures of the Group before acquisition. The re-measurement to fair value of the Group's pre-existing interest in these acquirees resulted in a total gain of RMB201,593,000.

(c) For the year ended 31 December 2017, the Group disposed of the interest in a joint venture for a consideration of RMB50,200,000, which resulted in a gain of RMB42,570,000.

(d) The net exchange gain/(loss) for the years ended 31 December 2017 and 2016 mainly arose from retranslation of senior notes issued by the Company denominated in US$ due to appreciation/(depreciation) of RMB against US$.

(e) For the year ended 31 December 2017, the Group disposed of the interest in an associate, for a consideration of RMB150,000,000, which resulted in a gain of RMB147,195,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

7 FINANCE COSTS

	2017 RMB'000	2016 RMB'000
Interest on bank and other borrowings	**(685,178)**	(317,695)
Interest expense on senior notes and corporate bond	**(508,085)**	(577,326)
	(1,193,263)	(895,021)
Less: Amount capitalised in properties under development	**800,074**	712,928
	(393,189)	(182,093)

The borrowing costs have been capitalised at a rate of 1.27% – 11.50% (2016: 1.65% – 15.18%) per annum.

8 INCOME TAX EXPENSE

	2017 RMB'000	2016 RMB'000
Current tax		
PRC Corporate Income Tax	**(501,578)**	(121,237)
Land appreciation tax ("LAT")	**(164,343)**	(138,946)
Deferred tax (Note 17)	**128,739**	(109,196)
Over-provision of PRC Corporation Income Tax in respect of prior years	**5,806**	–
Income tax expense	**(531,376)**	(369,379)

In accordance with the Corporate Income Tax Law of the PRC, the income tax rate applicable to the Company's subsidiaries in the PRC is 25%.

The provision of LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided on the appreciated amount at progressive rates ranging from 30% to 60%, with certain allowable exemptions and deductions.

Pursuant to the rules and regulation of BVI and the Cayman Islands, the Group is not subject to any income tax in BVI and the Cayman Islands.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

8 INCOME TAX EXPENSE (Continued)

No provision for Hong Kong profits tax has been made as the income generated from the Group neither arose in, nor was derived from, Hong Kong for the years ended 31 December 2017 and 2016.

The tax charge for the year can be reconciled to the profit before taxation per consolidated statement of profit or loss and other comprehensive income as follows:

	2017 RMB'000	2016 RMB'000
Profit before taxation	**1,357,915**	1,083,392
PRC corporate income tax at 25%	**(339,479)**	(270,848)
Provision for LAT	**(164,343)**	(135,729)
Tax effect of LAT deductible for PRC Corporate Income Tax	**41,085**	33,932
Tax effect of share of losses of joint ventures	**(1,755)**	(24,510)
Tax effect of share of losses of associates	**(1,725)**	–
Tax effect of non-deductible expenses	**(104,642)**	(70,228)
Tax effect of non-taxable income	**97,230**	57,015
Tax effect of unused tax losses not recognised	**(63,553)**	(26,426)
Over-provision of PRC Corporation Income Tax in respect of prior years	**5,806**	–
Effect of withholding tax on retained profits to be distributed	**–**	67,415
Tax charge	**(531,376)**	(369,379)

9 PROFIT FOR THE YEAR

	2017 RMB'000	2016 RMB'000
Profit for the year has been arrived at after charging:		
(a) Staff cost		
Salaries, wages and other benefits	**328,482**	257,470
Equity-settled share based payment expenses (Note 36)	**14,327**	3,275
	342,809	260,745
(b) Other items		
Depreciation of property, plant and equipment recognised in profit and loss	**28,959**	24,018
Amortisation of intangible assets	**198**	211
Operating lease rentals	**15,026**	11,130
Auditors' remuneration		
– Audit services	**5,770**	4,370
– Non-audit services	**180**	880
Allowance for doubtful debts	**668**	316
Cost of properties held for sale	**6,651,225**	6,772,263

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

10 DIRECTORS' AND EMPLOYEES' EMOLUMENTS

	Directors' fee RMB'000	Basic salaries and allowance RMB'000	Bonus RMB'000	Retirement benefit contribution RMB'000	Share-based payment RMB'000	Total RMB'000
Year ended 31 December 2017						
Name of director						
Executive Directors						
Zhang Lei	**–**	**1,774**	**1,085**	**51**	**907**	**3,817**
Zhang Peng	**–**	**1,774**	**1,093**	**51**	**828**	**3,746**
Chen Yin	**–**	**903**	**321**	**–**	**–**	**1,224**
Non-executive Directors						
Fan Qingguo	**160**	**–**	**–**	**–**	**–**	**160**
Zhong Tianxiang (resigned on 7 July 2017)	**93**	**–**	**–**	**–**	**–**	**93**
Chen Zhiwei	**–**	**–**	**–**	**–**	**–**	**–**
Chen Anhua (appointed on 27 January 2017)	**–**	**–**	**–**	**–**	**–**	**–**
Independent non-executive Directors						
Cui Jian	**167**	**–**	**–**	**–**	**–**	**167**
Hui Chun Ho, Eric	**167**	**–**	**–**	**–**	**34**	**201**
Qin Youguo	**167**	**–**	**–**	**–**	**–**	**167**
Zhong Bin (appointed on 27 January 2017)	**155**	**–**	**–**	**–**	**–**	**155**
	909	**4,451**	**2,499**	**102**	**1,769**	**9,730**
Year ended 31 December 2016						
Name of director						
Executive Directors						
Zhang Lei	–	1,223	980	52	668	2,923
Zhang Peng	–	1,246	530	52	468	2,296
Chen Yin	–	736	213	–	–	949
Non-executive Directors						
Fan Qingguo	160	–	–	–	–	160
Zhong Tianxiang	160	–	–	–	–	160
Chen Zhiwei (appointed on 30 December 2016)	–	–	–	–	–	–
Independent non-executive Directors						
Cui Jian	171	–	–	–	–	171
Hui Chun Ho, Eric	171	–	–	–	62	233
Qin Youguo	171	–	–	–	–	171
	833	3,205	1,723	104	1,198	7,063

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

10 DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

Notes:

Mr. Zhang Lei is the Chairman of the Company and his emoluments disclosed above include those for services rendered by him as the Chairman.

Mr. Zhang Peng is the President of the Company and his emoluments disclosed above include those for services rendered by him as the President.

Mr. Chen Yin is the Chief Technology Officer of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Technology Officer.

The bonus is determined by the management with reference to the Group's operating results, individual performance and prevailing market conditions.

The share-based payments are estimated value of the share options granted to the directors under the company's share option scheme. The value of these share options is measured according to the Group's accounting policies for share-based payment transactions as set out in Note 3(w) and, in accordance with that policy, includes adjustments to reverse amounts accrued in previous years where grants of equity instruments are forfeited prior to vesting.

No directors waived any emoluments during the years ended 31 December 2017 and 2016.

Five highest paid individuals

The five highest paid individuals included 2 directors for the year ended 31 December 2017 (2016: 2 directors). The emoluments of the remaining 3 highest paid individuals for the year ended 31 December 2017 (2016: remaining 3 highest paid individuals) are as follows:

	2017 **RMB'000**	2016 RMB'000
Employees		
– Basic salaries and allowances	**4,154**	2,931
– Bonus	**2,737**	838
– Share-based payment	**1,178**	1,760
– Retirement benefit contributions	**152**	121
	8,221	5,650

During the year, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

10 DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

Five highest paid individuals (Continued)

The emoluments of the remaining highest paid individuals are within the following bands:

	2017	2016
HK$2,000,001 to HK$2,500,000	**–**	3
HK$2,500,001 to HK$3,000,000	**1**	–
HK$3,000,001 to HK$3,500,000	**1**	–
HK$3,500,001 to HK$4,000,000	**1**	–

11 DIVIDEND

(i) Dividends payable to owners of the Company attributable to the year

	2017 RMB'000	2016 RMB'000
Interim dividend declared and paid of HK2.3 cents per ordinary share (2016: nil cents per ordinary share)	**49,065**	–
Final dividend proposed after the end of the reporting period of HK3.6 cents per ordinary share (2016: HK6.3 cents per ordinary share)	**80,740**	137,349
	129,805	137,349

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(ii) Dividends payable to owners of the Company attributable to the previous financial year, approved and paid during the year

	2017 RMB'000	2016 RMB'000
Final dividend in respect of previous financial year, approved and paid during the year, of HK6.3 cents per share (2016: HK9.9 cents per share)	**137,349**	173,181

(iii) Bonus issue

A resolution on a bonus share issue of 1 bonus share for every 10 then existing was duly passed by the shareholders by way of poll at an extraordinary general meeting held on 18 September 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

12 EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	2017 **RMB'000**	2016 RMB'000
Earnings		
Earnings for the purpose of calculating basic and diluted earnings per share (profit for the year attributable to owners of the Company)	**705,999**	664,332

	2017 **'000**	2016 '000 (Restated)
Number of shares (basic)		
Issued ordinary shares at 1 January	**2,503,405**	2,080,760
Effect of bonus issue (note a)	**251,321**	216,365
Effect of issuance of shares	**–**	79,922
Effect of share options exercised	**3,113**	2,967
Weighted average number of ordinary shares at 31 December	**2,757,839**	2,380,014
Number of shares (diluted)		
Number of ordinary shares for the purpose of calculating basic earnings per share	**2,757,839**	2,380,014
Effect of dilutive potential ordinary shares:		
– Share options (note b)	**5,714**	2,222
Number of ordinary shares for the purpose of calculating diluted earnings per share	**2,763,553**	2,382,236

Notes:

(a) The weighted average number of ordinary shares for the purpose of basic earnings per share for the year ended 31 December 2016 has been retrospectively adjusted by 216,365,000 shares for the bonus issue completed during the year ended 31 December 2017 (see Note 29(d)).

(b) The computation of the diluted earnings per share for the year ended 31 December 2017 has taken into consideration the weighted average number of 5,714,000 shares (2016: 2,222,000 shares) deemed to be issued at nil consideration as if all outstanding share options had been exercised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

13 INVESTMENT PROPERTIES

	Properties under construction RMB'000	Completed properties RMB'000	Total RMB'000
Fair value:			
At 1 January 2016	–	1,368,240	1,368,240
Additions	43,873	–	43,873
Transfer from properties under development for sale and completed properties held for sale	52,872	291,092	343,964
Transfer to completed properties	(26,000)	26,000	–
Net change in fair value recognised in profit or loss	7,415	72,831	80,246
Disposals	–	(16,323)	(16,323)
At 31 December 2016 and 1 January 2017	78,160	1,741,840	1,820,000
Additions	**22,052**	**–**	**22,052**
Transfer from properties under development for sale and completed properties held for sale	**46,751**	**15,000**	**61,751**
Transfer from property, plant and equipment	**–**	**19,000**	**19,000**
Transfer to completed properties	**(50,000)**	**50,000**	**–**
Net change in fair value recognised in profit or loss	**4,197**	**70,110**	**74,307**
Disposals	**–**	**(32,110)**	**(32,110)**
At 31 December 2017	**101,160**	**1,863,840**	**1,965,000**

All of the Group's property interests held under operating leases to earn rentals are measured using the fair value model and are classified and accounted for as investment properties. The investment properties are all situated in the PRC. The lease terms of land on which the investment properties are situated range from 40 to 50 years.

The Group had pledged investment properties of RMB274,110,000 (2016: RMB184,543,000) at 31 December 2017 to secure certain banking facilities granted to the Group as set out in Note 32.

At 31 December 2017, the amount transferred from properties under development for sale and properties held for sale upon change in use included the cost of the properties held for sale and properties under development for sale amounted to RMB33,868,000 (2016: RMB228,568,000) with fair value gain of approximately RMB27,883,000 (2016: RMB115,396,000) based on valuation performed at the respective dates of transfer.

13 INVESTMENT PROPERTIES (Continued)

The fair value of the Group's investment properties at the respective dates of transfer and as at 31 December 2017 and 2016 has been arrived at on the basis of a valuation at each of those dates carried out by Cushman & Wakefield Limited, independent qualified professional valuers not connected to the Group, who have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The Group's property manager and the chief financial officer have discussion with the surveyors on the valuation assumptions and valuation results when the valuation is performed at each interim and annual reporting date.

For the completed investment properties, the valuations were arrived at with adoption of investment approach by capitalisation of the rental income derived from the existing tenancies with due allowance for reversionary income potential of the properties. There has been no change from the valuation technique used in the prior year for the completed investment properties. For the investment properties under development, the valuations were arrived at using the residual method. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

In estimating the fair value of an asset, the Group uses market-observable data to the extent available.

Details of the Group's investment properties and information about the fair value hierarchy as at 31 December 2017 and 2016 are as follows:

	Level 3 RMB'000	**Fair value as at 31 December 2017 RMB'000**
Investment properties located in the PRC	**1,965,000**	**1,965,000**

	Level 3 RMB'000	Fair value as at 31 December 2016 RMB'000
Investment properties located in the PRC	1,820,000	1,820,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

13 INVESTMENT PROPERTIES (Continued)

There were no transfers into or out of Level 3 during the year. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

Investment properties held by the Group in the consolidated statement of financial position	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Investment properties located in Beijing, Changsha, Nanchang, Jiujiang, Taiyuan, and Xiantao, PRC (mainly retails)	Investment approach	Capitalisation rate, from 3.75% to 6% (2016: 3.75% to 6%)	The higher the capitalisation rate, the lower the market value.
	The key inputs are: 1. Capitalisation rate; 2. Unit rent of individual unit	Unit rent, from RMB48 to RMB397 (2016: from RMB24 to RMB323) per sqm. per month	The higher the unit rent, the higher the market value.

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14 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings RMB'000	Motor vehicles RMB'000	Electronic equipment and furniture RMB'000	Properties under construction RMB'000	Total RMB'000
Cost:					
At 1 January 2016	450,851	30,457	18,334	108,603	608,245
Additions	–	3,965	2,270	42,419	48,654
Transfer	144,519	–	–	(144,519)	–
Acquisition of subsidiaries (Note 31)	374	958	700	–	2,032
Disposals	(8,345)	(3,623)	(658)	–	(12,626)
Exchange differences	17	10	58	–	85
At 31 December 2016 and 1 January 2017	587,416	31,767	20,704	6,503	646,390
Additions	–	5,352	3,017	2,234	10,603
Transfer	6,389	–	–	(6,389)	–
Acquisition of subsidiaries (Note 31)	–	605	142	–	747
Transfer to investment property	(12,823)	–	–	–	(12,823)
Disposals	(7,741)	(2,246)	(848)	–	(10,835)
Exchange differences	(19)	(3)	(9)	–	(31)
At 31 December 2017	573,222	35,475	23,006	2,348	634,051
Accumulated depreciation:					
At 1 January 2016	77,407	20,575	11,447	–	109,429
Charge for the year	17,796	3,489	2,733	–	24,018
Eliminated on disposals	(1,268)	(2,513)	(578)	–	(4,359)
Exchange differences	3	1	25	–	29
At 31 December 2016 and 1 January 2017	93,938	21,552	13,627	–	129,117
Charge for the year	20,550	4,421	3,988	–	28,959
Transfer to investment property	(1,391)	–	–	–	(1,391)
Eliminated on disposals	(2,711)	(2,289)	(1,239)	–	(6,239)
Exchange differences	(3)	(1)	(4)	–	(8)
At 31 December 2017	110,383	23,683	16,372	–	150,438
Carrying amount:					
At 31 December 2017	462,839	11,792	6,634	2,348	483,613
At 31 December 2016	493,478	10,215	7,077	6,503	517,273

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

14 PROPERTY, PLANT AND EQUIPMENT (Continued)

Notes:

(a) The Group has entered into agreements with the eligible employees in connection with certain properties developed by the Group (the "Scheme"). Under the Scheme, the eligible employees can use the properties while remain with the Group for a service period ranging from 1.5 to 15 years, the title of the properties will be transferred to the eligible employees upon the completion of the service period as stated under the Scheme. As at 31 December 2017, the carrying amount of leasehold land and buildings which were being occupied by the eligible employees under the Scheme was RMB14,730,000 (2016: RMB20,842,000).

(b) The Group has pledged buildings, including properties under construction, of RMB136,023,000 at 31 December 2016 to secure certain banking and other facilities granted to the Group as set out in Note 32.

The above items of property, plant and equipment, other than properties under construction, are depreciated using the straight-line method after taking into account of their estimated residual values at the following rates per annum:

Leasehold land and buildings	Over the shorter of unexpired lease term of land and 30 years
Leasehold land and buildings under the Scheme	1.5 to 15 years
Motor vehicles	19%
Electronic equipment and furniture	19.00%-31.67%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

15 INTERESTS IN ASSOCIATES

Details of the Group's interests in associates are as follows:

	At 31 December 2017 RMB'000	At 31 December 2016 RMB'000
Share of net assets	**106,664**	99,890

The associates are accounted for using the equity method in these consolidated financial statements. None of the Group's associates is individually material.

Aggregate information of associates that are not individually material:

	2017 RMB'000	2016 RMB'000
Aggregate amounts of the Group's share of those associates' loss and total comprehensive income for the year	**(6,898)**	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

16 INTERESTS IN JOINT VENTURES AND LOANS TO JOINT VENTURES

Details of the Group's interests in joint ventures are as follows:

	At 31 December 2017 RMB'000	At 31 December 2016 RMB'000
Cost of investment in joint ventures	**2,678,210**	727,916
Share of post-acquisition profits/(losses) and other comprehensive income	**20,123**	(84,561)
	2,698,333	643,355
Loans to joint ventures, gross	**3,241,816**	2,191,607
Less: share of post-acquisition losses that are in excess of cost of the investments	**(51,700)**	(27,649)
	3,190,116	2,163,958

Loans to joint ventures are unsecured, have no fixed term of repayment, out of which RMB79,794,000 (2016: RMB705,003,000) bear interest at fixed rate of 13% (2016: 6% to 13%) per annum, and the remaining balances are interest free. All the loans to joint ventures are expected to be recovered after one year and, in substance, form part of the Group's net investments in these joint ventures.

Details of the Group's material joint ventures as at 31 December 2017 are as follows:

Name of company	Place of establishment	Effective interests attributable to the Group **2017**	2016	Principal activities
Jiaxing Lvmintou Equity Investment Fund Management Co., Ltd.* ("Jiaxing LMT") (note) 嘉興綠民投股權投資基金管理有限公司	PRC	**40%**	53%	Investment management
Yango Yuegang Limited ("Yango Yuegang") 陽光城粵港有限公司	PRC	**51%**	N/A	Property development

* The English names of the companies which operate in the PRC are for reference only and have not been registered.

16 INTERESTS IN JOINT VENTURES AND LOANS TO JOINT VENTURES (Continued)

Note:

In July 2015, Beijing Modern Green Investment Fund Management Co., Ltd. 北京當代綠色投資基金管理有限公司 ("MG Fund Management"), a wholly-owned subsidiary of the Company, entered into a cooperative framework agreement (the "Fund Agreement") with Beijing Shine Asset Management Co., Ltd. 北京喜神資產管理有限公司 ("Beijing Shine"), an independent third party, based on which, a number of limited companies and limited partnerships (collectively, the "Funds") were established. Jiaxing LMT, jointly controlled by MG Fund Management and Beijing Shine, act as general partners and are fully in charge of operations of the Funds.

As at 31 December 2017, a total capital of RMB1,248,995,000 has been injected into the Funds by the Group, Beijing Shine and other independent third parties who act as limited partners of the Funds. As at 31 December 2017, the capital was invested into the following entities:

(i) a total amount of RMB63,000,000 was invested into Yilijingshen Investment (Beijing) Co., Ltd. 毅力精神投資(北京)有限公司 ("YLJS") as capital contributions of RMB3,000,000, representing 30% equity interest in YLJS, and shareholder loans of RMB60,000,000. YLJS is a subsidiary of the Company and wholly owns a property development company which develops project in Suzhou.

(ii) a total amount of RMB110,000,000 was invested into Huojiantuishou Investment (Beijing) Co., Ltd. 火箭推手投資(北京)有限公司 ("HJTS"), as capital contributions of RMB5,000,000, representing 50% equity interest in HJTS, and shareholder loans of RMB105,000,000. HJTS is a joint venture of the Company and wholly owns a property development company which develops project in Suzhou.

(iii) a total amount of RMB100,000,000 was invested into Beijing Hongye Tengfei Assets Management Co. Ltd., 北京鴻業騰飛資產管理有限公司 ("HYTF"), as capital contributions of RMB5,000,000, representing 50% equity interest in HYTF, and shareholder loans of RMB95,000,000. HYTF is a joint venture of the Company and wholly owns a property development company which develops project in Suzhou.

(iv) a total amount of RMB80,000,000 was invested into Yuanjing Nengdong Investment (Beijing) Co. Ltd., 遠景能動投資(北京)有限公司 ("YJND"), as capital contributions, representing 80% equity interest in HYTF. HYTF is a subsidiary of the Company and wholly owns a property development company which develops project in Suzhou.

(v) a total amount of RMB387,000,000 was invested into Anhui Moma Wanguofu Real Estates Co., Ltd., 安徽當代萬國府置業有限公司 ("Anhui Wanguofu"), as capital contribution of RMB20,400,000, representing 20.4% equity interest in Anhui Wanguofu, and shareholder loans of RMB366,600,000. Anhui Wanguofu is a subsidiary of the Company and is a property development company which develops project in Hefei.

(vi) a total amount of RMB58,000,000 was invested into Wuhan Sanqing Kaiwen Property Development Co., Ltd., 武漢三慶凱文實業發展有限公司 ("Wuhan Kaiwen"), as capital contribution of RMB28,000,000, representing 28% equity interest in Wuhan Kaiwen, and shareholder loans of RMB30,000,000. Wuhan Kaiwen is a subsidiary of the Company and is a property development company which develops project in Wuhan.

(vii) a total amount of RMB115,000,000 was invested into Jingzhou Moma Jindao Real Estates Co., Ltd., 荊州市當代金島置業有限公司 ("Jingzhou Moma"), as capital contribution of RMB7,000,000, representing 70% equity interest in Jingzhou Moma, and shareholder loans of RMB108,000,000. Jingzhou Moma is a subsidiary of the Company and is a property development company which develops project in Jingzhou.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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16 INTERESTS IN JOINT VENTURES AND LOANS TO JOINT VENTURES (Continued)

Summarised financial information of material joint ventures

Summarised financial information in respect of the Group's material joint ventures is set out below. The summarised financial information below represents amounts shown in the joint ventures' unaudited financial statements prepared in accordance with IFRSs.

The joint ventures are accounted for using the equity method in these consolidated financial statements.

Jiaxing LMT

	At 31 December 2017 RMB'000	At 31 December 2016 RMB'000
Current assets	**1,777,284**	104,184
Non-current assets	**203,644**	563,658
Current liabilities	**(1,016,470)**	(8,948)
Partners' capital	**964,458**	658,894
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	**111,470**	52,887

	2017 RMB'000	2016 RMB'000
Revenue	**–**	–
Loss and total comprehensive income for the year	**(55,438)**	(95,756)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Jiaxing LMT recognised in the consolidated financial statements:

	At 31 December 2017 RMB'000	At 31 December 2016 RMB'000
Net assets of Jiaxing LMT	**964,458**	658,894
Proportion of the Group's ownership interest in Jiaxing LMT	**40%**	53%
Carrying amount of the Group's interest in Jiaxing LMT	**386,707**	347,228

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16 INTERESTS IN JOINT VENTURES AND LOANS TO JOINT VENTURES (Continued)

Summarised financial information of material joint ventures (Continued)

Yango Yuegang

	At 31 December 2017 RMB'000
Current assets	**6,567,699**
Non-current assets	**5,731**
Current liabilities	**(429,304)**
Non-current liabilities	**(2,157,834)**
Net assets	**3,986,292**
Attributable to equity shareholders	**2,985,439**
Non-controlling interest	**1,000,853**
The above amounts of assets and liabilities include the following:	
Cash and cash equivalents	**6,756**

	For the period from 15 September 2017 to 31 December 2017 RMB'000
Revenue	**–**
Loss and total comprehensive income for the year	**(17,125)**

Reconciliation of the above summarised financial information to the carrying amount of the interest in Yango Yuegang recognised in the consolidated financial statements:

	At 31 December 2017 RMB'000
Net assets of Yango Yuegang	**2,985,439**
Proportion of the Group's ownership interest in Yango Yuegang	**51%**
Carrying amount of the Group's interest in Yango Yuegang	**1,522,574**

Aggregate information of joint ventures that are not individually material

	2017 RMB'000	2016 RMB'000
Aggregate carrying amount of individually immaterial joint ventures in the consolidated financial statements	**789,052**	296,127
Aggregate amounts of the Group's share of those joint ventures' loss and total comprehensive income	**23,888**	(47,289)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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17 DEFERRED TAXATION

The following are the major deferred tax assets (liabilities) recognised and movements thereon during the year:

	Withholding tax on retained profits RMB'000	Investment properties RMB'000	Tax loss RMB'000	Land appreciation tax provision RMB'000	Temporary differences on property sales and cost of sales RMB'000	Others RMB'000	Total RMB'000
At 1 January 2016	(67,415)	(226,928)	24,983	334,184	103,679	25,208	193,711
(Charged)/credited to profit or loss (Note 8)	67,415	(47,224)	(1,070)	(66,854)	(82,067)	20,604	(109,196)
Acquisition of subsidiaries	–	–	14,282	(19,669)	113,611	(96,668)	11,556
At 31 December 2016 and 1 January 2017	–	(274,152)	38,195	247,661	135,223	(50,856)	96,071
(Charged)/credited to profit or loss (Note 8)	–	(27,225)	9,070	(69,535)	133,396	83,033	128,739
Charged to reserve	–	(1,892)	–	–	–	–	(1,892)
Acquisition of subsidiaries (Note 31)	–	–	55,501	(9,706)	28,234	(117,963)	(43,934)
At 31 December 2017	–	(303,269)	102,766	168,420	296,853	(85,786)	178,984

For the purpose of presentation in the consolidated statement of financial position, the following is the analysis of the deferred tax balances for financial reporting purpose:

	At 31 December 2017 RMB'000	At 31 December 2016 RMB'000
Deferred tax assets	**421,242**	274,230
Deferred tax liabilities	**(242,258)**	(178,159)
	178,984	96,071

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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17 DEFERRED TAXATION (Continued)

No deferred tax asset has been recognised in respect of the following unutilised tax losses due to the uncertainty of future profit streams. The unrecognised tax losses will expire in the following years:

	At 31 December 2017 RMB'000	At 31 December 2016 RMB'000
Expiring on:		
31 December 2018	**6,086**	6,086
31 December 2019	**16,426**	16,426
31 December 2020	**78,521**	78,521
31 December 2021	**105,705**	105,705
31 December 2022	**254,212**	–
Total unused tax losses not recognised as deferred tax assets	**460,950**	206,738

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

18 PROPERTIES UNDER DEVELOPMENT FOR SALE

	At 31 December 2017 RMB'000	At 31 December 2016 RMB'000
At the beginning of the year	**10,331,289**	3,653,643
Additions	**14,539,310**	8,265,915
Transfer from prepaid lease payment upon commencement of construction work	**–**	116,310
Transfer to properties held for sale upon completion	**(6,780,086)**	(7,965,934)
Transfer to investment properties	**(28,080)**	(40,144)
Acquisition of subsidiaries (Note 31)	**4,164,276**	6,301,499
Disposal of a subsidiary	**(2,053,666)**	–
At the end of the year	**20,173,043**	10,331,289

The properties under development are located in the PRC with lease terms ranging from 40 to 70 years.

The Group has pledged properties under development for sale of RMB10,112,937,000 (2016: RMB4,086,815,000) at 31 December 2017 to secure certain banking and other facilities granted to the Group and a joint venture as set out in Note 32.

As at 31 December 2017, properties under development for sale with carrying value of RMB7,561,994,000 (2016: RMB7,830,268,000) are expected to be completed after twelve months from the end of the reporting period.

19 PROPERTIES HELD FOR SALE

The Group's properties held for sale are stated at cost and situated in the PRC.

As at 31 December 2017, properties held for sale of RMB380,000,000 (2016: RMB131,560,000) are pledged to secure certain banking facilities granted to the Group and a joint venture as set out in Note 32.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

20 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Trade receivables mainly are rental receivable and receivable from sale of properties. Considerations in respect of properties sold are settled in accordance with the terms of the related sales and purchase agreements, normally within 45 days from the agreement date.

	note	**At 31 December 2017 RMB'000**	At 31 December 2016 RMB'000
Trade receivables, net of allowance		**167,157**	126,764
Other receivables, net of allowance		**1,234,943**	495,639
Guarantee deposits for housing provident fund loans provided to customers	i	**33,796**	19,276
Loans and receivables		**1,435,896**	641,679
Prepayments to suppliers of construction materials		**151,053**	102,087
Deposits paid for acquisition of land use rights		**40,000**	1,617,423
Deposits paid for acquisition of subsidiaries		**428,859**	–
Prepaid LAT and business tax		**954,072**	414,411
		3,009,880	2,775,600

Note:

i Guarantee deposits for housing provident fund loans provided to customers represent amounts placed with Housing Provident Fund Management Center, a state-owned organisation responsible for the operation and management of housing provident fund, to secure the housing provident fund loans provided to customers and will be refunded to the Group upon customers obtaining the property individual ownership certificate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

20 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

The following is an ageing analysis of trade receivables based on due date for rental receivables and agreement date for receivables from properties sold, which approximated the respective revenue recognition dates, at the end of each reporting period:

	At 31 December 2017 RMB'000	At 31 December 2016 RMB'000
Less than 1 year	**134,729**	90,940
1 – 2 years	**32,428**	35,824
	167,157	126,764

All of the above trade receivables are overdue rental receivables and receivables from properties sold but not impaired at the end of the reporting period. For the overdue rental receivables, the Group does not hold any collateral over those balances. For the receivables from properties sold, the Group holds the title of the property units as collateral over those balances.

Movements in the allowance for doubtful debts on trade receivables are set out as follows:

	2017 RMB'000	2016 RMB'000
At the beginning of the year	**4,041**	4,055
Written off during the year	**–**	(14)
At the end of the year	**4,041**	4,041

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

20 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

Movements in the allowance for doubtful debts on other receivables are set out as follows:

	2017 **RMB'000**	2016 RMB'000
At the beginning of the year	**2,763**	3,274
Provided during the year	**668**	316
Written off during the year	**–**	(827)
At the end of the year	**3,431**	2,763

21 RESTRICTED CASH

	At 31 December 2017 **RMB'000**	At 31 December 2016 RMB'000
Guarantee deposits for mortgage loans provided to customers (note a)	**135,143**	114,528
Guarantee deposits for construction of pre-sold properties (note b)	**1,192,032**	703,430
Guarantee deposits for bank borrowings (note c)	**1,549,072**	1,359,988
Balance of restricted cash	**2,876,247**	2,177,946

Notes:

(a) Guarantee deposits for mortgage loans provided to customers represent restricted cash placed with the banks to secure the mortgage guarantees provided to customers and will be released upon customers obtaining the individual property ownership certificate.

(b) In accordance with relevant documents issued by the PRC local State-Owned Land and Resource Bureau, certain property development companies of the Group are required to place the proceeds received from pre-sale of properties as guarantee deposits for construction of properties. The deposits can only be used to pay for construction fees and purchase of construction materials of the relevant projects when approvals are obtained from the PRC local State-Owned Land and Resource Bureau. Such guarantee deposits will be released according to the completion stage of the related pre-sold properties.

(c) During the year, the Group obtained certain bank borrowings secured by pledged deposits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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22 BANK BALANCES AND CASH AND OTHER CASH FLOW INFORMATION

(a) Bank balances and cash

	At 31 December 2017 RMB'000	At 31 December 2016 RMB'000
Cash at bank and in hand	**10,409,960**	6,762,337
Less: Restricted cash	**(2,876,247)**	(2,177,946)
	7,533,713	4,584,391

Bank balances and cash comprise cash and short-term deposits held by the Group with an original maturity of three months or less.

The deposits carry variable rates of 0.35% – 2.50% per annum as at 31 December 2017 and 2016.

Bank balances and cash at 31 December 2017 were mainly denominated in RMB which is not a freely convertible currency in the international market. The exchange rate of RMB is determined by the government of the PRC and the remittance of these funds out of the PRC is subject to exchange restrictions imposed by the government of the PRC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

22 BANK BALANCES AND CASH AND OTHER CASH FLOW INFORMATION (Continued)

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Note	Bank and other borrowings RMB'000 (note 25)	Senior notes RMB'000 (note 26)	Corporate bond RMB'000 (note 27)	Amount due to related parties RMB'000 (note 37(b))	Amount due to non-controlling interests RMB'000 (note 23)	Total RMB'000
At 1 January 2017		5,751,564	3,245,630	1,023,769	2,253,575	1,954,588	14,229,126
Changes from financing cash flows:							
New bank borrowings raised		8,061,133	–	–	–	–	8,061,133
Repayment of bank borrowings		(4,730,286)	–	–	–	–	(4,730,286)
New other borrowings raised		5,780,000	–	–	–	–	5,780,000
Repayments of other borrowings		(4,080,000)	–	–	–	–	(4,080,000)
Net proceeds from issue of senior notes		–	2,531,514	–	–	–	2,531,514
Repayments of senior notes		–	(848,378)	–	–	–	(848,378)
Advances from related parties		–	–	–	1,963,600	–	1,963,600
Repayment to related parties		–	–	–	(237,987)	–	(237,987)
Repayment to non-controlling interests		–	–	–	–	(873,597)	(873,597)
Advances from non-controlling interests		–	–	–	–	1,622,420	1,622,420
		10,782,411	4,928,766	1,023,769	3,979,188	2,703,411	23,417,545
Exchange adjustments		(92,721)	(266,764)	–	–	–	(359,485)
Acquisition of subsidiaries	31	1,029,440	–	–	–	–	1,029,440
Disposal of a subsidiary		(1,200,000)	–	–	(1,436,454)	(396,900)	(3,033,354)
Other changes:							
Finance costs		–	31,956	3,903	–	–	35,859
At 31 December 2017		10,519,130	4,693,958	1,027,672	2,542,734	2,306,511	21,090,005

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

23 TRADE AND OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUED CHARGES

	At 31 December 2017 RMB'000	At 31 December 2016 RMB'000
Trade payables	**1,534,024**	1,298,844
Accrued expenditure on construction	**562,754**	456,309
Amount due to non-controlling interests	**2,306,511**	1,954,588
Accrued interest on senior notes	**80,557**	95,333
Accrued payroll	**31,858**	4,373
Dividend payable	**1,648**	1,121
Other payables	**1,343,128**	544,370
Financial liabilities measured at amortised cost	**5,860,480**	4,354,938
Deposits received and receipt in advance from property sales	**10,796,614**	4,794,689
Other tax payables	**189,458**	113,389
	16,846,552	9,263,016

Trade payables and accrued expenditure on construction comprise construction costs and other project-related expenses which are payable based on project progress measured by the Group. The Group has financial risk management policies in place to ensure that all payables are within the credit timeframe, if any.

The following is an ageing analysis of trade payables based on invoice date at the end of the reporting period:

	At 31 December 2017 RMB'000	At 31 December 2016 RMB'000
Less than 1 year	**1,037,273**	1,104,793
1 to 2 years	**327,314**	186,240
More than 2 years and up to 3 years	**169,437**	4,037
Over 3 years	**–**	3,774
	1,534,024	1,298,844

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

24 TAXATION PAYABLE

	At 31 December 2017 RMB'000	At 31 December 2016 RMB'000
LAT payable	**1,079,924**	1,091,112
Income tax payable	**859,785**	668,963
	1,939,709	1,760,075

25 BANK AND OTHER BORROWINGS

	At 31 December 2017 RMB'000	At 31 December 2016 RMB'000
Bank loans, secured	**6,276,130**	3,141,564
Other loans, secured	**3,290,000**	2,610,000
Other loans, unsecured	**953,000**	–
	10,519,130	5,751,564

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

25 BANK AND OTHER BORROWINGS (Continued)

The borrowings are repayable:

	At 31 December 2017 RMB'000	At 31 December 2016 RMB'000
Within one year or on demand	**5,234,810**	2,463,064
More than one year, but not exceeding two years	**3,344,440**	3,054,000
More than two years, but not exceeding five years	**1,849,880**	234,500
More than five years	**90,000**	–
	10,519,130	5,751,564
Less: Amount due within one year shown under current liabilities	**(5,234,810)**	(2,463,064)
Amount due after one year	**5,284,320**	3,288,500
Analysis of borrowings by currency		
– Denominated in RMB	**8,194,320**	4,598,500
– Denominated in US$	**1,168,870**	975,064
– Denominated in HK$	**1,155,940**	178,000
	10,519,130	5,751,564

Certain bank and other loans as at the end of the reporting period were secured by the pledge of assets as set out in Note 32.

Borrowings include RMB3,006,810,000 (2016: RMB990,689,000) variable rate borrowings which carry interest ranging from 1.6% to 6.9% (2016: 1.6% to 6.5%) per annum for the year ended 31 December 2017, and exposed the Group to cash flow interest rate risk. The remaining borrowings are arranged at fixed rate, the effective interest rate ranged from 4.8% to 10.0% (2016: 2.4% to 9.5%) per annum for the year ended 31 December 2017, and exposed the Group to fair value interest rate risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

26 SENIOR NOTES

	At 31 December 2017 RMB'000	At 31 December 2016 RMB'000
Carrying amount at the beginning of the year	**3,245,630**	2,802,214
Net proceeds from issuance of 2016 USD Notes (note (a))	**–**	2,331,012
Net proceeds from issuance of 2017 USD Notes I (note (b))	**994,646**	–
Net proceeds from issuance of 2017 USD Private Notes (note (c))	**678,617**	–
Net proceeds from issuance of 2017 USD Notes II (note (d))	**858,251**	–
Exchange (gain)/loss	**(266,764)**	184,689
Other finance costs	**31,956**	62,715
Redemption	**(848,378)**	(2,135,000)
Carrying amount at the end of the year	**4,693,958**	3,245,630
Less: current portion of senior notes	**(1,478,140)**	–
Amount due after one year	**3,215,818**	3,245,630

(a) 2016 USD Notes

On 20 October 2016, the Company issued guaranteed senior fixed rate notes to the public with aggregate nominal value of US$350,000,000 (equivalent to approximately RMB2,335,900,000,000) (the "2016 USD Notes"), at 99.667% of the principal amount of the 2016 USD Notes, which carried fixed interest at 6.875% per annum (interest payable semi-annually in arrears) and will be fully repayable at par by 20 October 2019.

The 2016 USD Notes are listed on the Singapore Stock Exchange, are senior obligations of the Company, and guaranteed by certain of the Company's existing subsidiaries other than those established under the laws of the PRC. The guarantees are effectively subordinated to the other secured obligations of each guarantor, to the extent of the value of assets serving as security.

At any time prior to 20 October 2019, the Company may at its option redeem the 2016 USD Notes, in whole but not in part, at a price equal to 100% of the principal amount of the 2016 USD Notes plus the applicable premium (which is defined as to the greater of (1) 1% of the principal amount of such senior notes and (2) the excess of (A) the present value at such redemption date of the principal amount of such senior notes, plus all required remaining scheduled interest payments due on such senior notes through the maturity date of such senior notes (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to an adjusted treasury rate plus 100 basis points, over (B) the principal amount of such senior note on such redemption date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

26 SENIOR NOTES (Continued)

(a) 2016 USD Notes (Continued)

At any time prior to 20 October 2019, the Company may redeem up to 35% of the principal amount of the 2016 USD Notes at a redemption price of 106.875% of the principal amount of the 2016 USD Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date; provided that at least 65% of the aggregate principal amount of the 2016 USD Notes originally issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

In the opinion of the Directors of the Company, the fair value of the early redemption options is insignificant at initial recognition and the end of the reporting period.

(b) 2017 USD Notes I

On 6 January 2017, the Company issued guaranteed senior fixed rate notes to the public with aggregate nominal value of US$150,000,000 (approximately RMB1,014,210,000) (the "2017 USD Notes I") at 98.193% of the principal amount plus accrued interest from (and including) 20 October 2016 to (but excluding) 6 January 2017,which will be consolidated and form a single series with the 2016 USD Notes as described in Note 26(a), the terms and conditions except for the issue date and issue price are the same.

(c) 2017 USD Private Notes

On 1 June 2017, the Company issued guaranteed private senior fixed rate notes with aggregate nominal value of US$100,000,000 (approximately RMB689,000,000) (the "2017 USD Private Notes"), at 100% of the principal, which carry fixed interest at 6.5% per annum (interest payable semi-annually in arrears) and will be fully repayable at par by 31 May 2018.

The above senior notes are jointly guaranteed by certain of the Company's existing subsidiaries other than those established under the laws of the PRC. The guarantees are effectively subordinated to the other secured obligations of each guarantor, to the extent of the value of assets serving as security.

(d) 2017 USD Notes II

On 5 July 2017, the Company issued guaranteed senior fixed rate notes to the public with aggregate nominal value of US$130,000,000 (equivalent to approximately RMB884,000,000) (the "2017 USD Notes II"), at 100% of the principal amount of the 2017 USD Notes II, which carry fixed interest at 6.5% per annum (interest payable semi-annually in arrears) and will be fully repayable at par by 3 July 2018.

The above senior notes are listed on the Singapore Stock Exchange, are senior obligations of the Company, and guaranteed by certain of the Company's existing subsidiaries other than those established under the laws of the PRC. The guarantees are effectively subordinated to the other secured obligations of each guarantor, to the extent of the value of assets serving as security.

27 CORPORATE BOND

On 24 April 2016, the Company issued corporate bond with aggregate nominal value of RMB1,000,000,000, at 100.00% of its principal amount, which carried fixed interest at a rate of 6.4% per annum (interest payable annually in arrears) and will be due on 20 April 2021.

28 LONG TERM PAYABLES

As at 31 December 2017, an aggregate of capital contribution ("Contribution") amounted to US$51,224,480 (equivalent to approximately RMB334,711,000) (2016: US$42,571,000 (equivalent to approximately RMB295,317,000)) was made by individual investors ("Immigrant Investors"), as limited partners, into three limited partnerships ("LPs") established in the US by the Group, for the purpose of making investment in newly established property development projects located in the US under the EB-5 Immigrant Investor Program ("EB-5 Program"). The EB-5 Program was created by the US Congress in 1990 to stimulate the US economy through job creation and capital investment by foreign investors. Pursuant to limited partnership agreements ("LPA") entered into between the Immigrant Investors and the LPs' general partner, who is in charge of operations of LPs and is also a wholly-owned subsidiary of the Group, the capital contribution made by the Immigrant Investors were to be invested into three property development projects located in Texas, held by wholly-owned subsidiaries of the Group.

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29 SHARE CAPITAL

	Number of shares '000	Amount USD'000	Equivalent to RMB'000
Ordinary shares of US$0.01 each			
Authorised:			
At 31 December 2016	3,000,000	30,000	184,404
Increase on 5 July 2017 (note a)	5,000,000	50,000	339,610
At 31 December 2017	8,000,000	80,000	524,014
Issued and fully paid:			
At 1 January 2016	2,080,760	20,808	128,094
Issue of shares (note b)	416,397	4,164	27,952
Exercise of share options (note c)	6,248	62	413
At 31 December 2016 and 1 January 2017	2,503,405	25,034	156,459
Bonus issue of shares (note d)	251,321	2,503	16,613
Exercise of share options (note c)	13,565	137	860
At 31 December 2017	2,768,291	27,674	173,932

Notes:

(a) Pursuant to the resolutions passed at the Company's annual general meeting held on 29 June 2017, the authorised share capital of the Company was increased from US$30,000,000 divided into 3,000,000,000 shares to US$80,000,000 divided into 8,000,000,000 shares on 5 July 2017.

(b) On 20 September and 14 November 2016, a total of 172,872,000 and 243,525,000 shares were allotted and issued by the Company at HK$1.01 (equivalent to approximately RMB0.83) and HK$1.10 (equivalent to approximately RMB0.83) per share under the general mandate, respectively, and total net proceeds of approximately HK$442,016,000 (equivalent to approximately RMB385,670,000) were raised.

(c) During the year ended 31 December 2017, share options were exercised to subscribe for 2,312,500, 1,070,000, 7,490,000, 1,727,000 and 965,000 ordinary shares of the Company at HK$1.145, HK$1.041, HK$1.252, HK$1.138 and HK$1.045 (equivalent to approximately RMB0.967, RMB0.879, RMB1.057, RMB0.961 and RMB0.882, respectively) per share, respectively, with the aggregate amount of HK$16,115,000 (equivalent to approximately RMB13,608,000). During the year ended 31 December 2016, share options were exercised to subscribe for 6,247,500 ordinary shares of the Company at HK$1.145 (equivalent to approximately RMB0.95) per share, with the aggregate amount of HK$7,360,000 (equivalent to approximately RMB6,090,000).

(d) Pursuant to the bonus issue which was completed on 9 October 2017, a total of 251,321,000 bonus shares were issued on the basis of one bonus share for every ten shares then existing as at 26 September 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

30 RETIREMENT BENEFIT PLANS

According to the relevant laws and regulations in the PRC, the Company's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated by the local municipal government. The Group entities in the PRC contribute funds which are calculated at a certain percentage of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees. The principal obligation of the Group with respect to the retirement benefit scheme is to make the required contributions under the scheme.

31 ACQUISITION OF SUBSIDIARIES

(a) Wuhan Moma Development Co., Ltd. ("Wuhan Moma") is a property development company. The Group held 65.63% equity interests in Wuhan Moma, with the remaining 34.37% equity interest held by three other independent parties as at 31 December 2016. Pursuant to the Articles of Association of Wuhan Moma, the relevant business activities of Wuhan Moma require unanimous consent of the shareholders and the board of directors. Therefore, Wuhan Moma was accounted for as a joint venture of the Group.

During the year ended 31 December 2017, the Group entered into an agreement with the other three shareholders, whereby it was agreed that, among other things, major decisions of Wuhan Moma shall be resolved by a simple majority of the shareholders and the board of directors instead of unanimous approval. Since the Group holds more than 50% shareholding in Wuhan Moma and has the power to appoint majority of its board of directors, Wuhan Moma has become a non-wholly-owned subsidiary of the Group.

(b) Huojianzhiye Investment (Beijing) Co., Ltd. ("HJZY") is a property development company and held as to 20% and 80% by the Group and Jiaxing LMT, respectively, as at 31 December 2016. The Group, Jiaxing LMT and an independent third party entered into a cooperative development agreement and related supplementary agreements (collectively, the "HJZY Agreements") to develop a parcel of land through a project company, which is a wholly-owned subsidiary of HJZY. Pursuant to the Articles of Association of HJZY, relevant business activities of HJZY required unanimous consent of the shareholders and the board of directors. Therefore, HJZY was accounted for as a joint venture of the Group.

During the year ended 31 December 2017, the Group entered into an equity transfer agreement with Jiaxing LMT to acquire 80% equity interests in HJZY for a consideration of RMB261,006,185. The Group also entered into an agreement with the independent third party, whereby it was agreed that, among other things, major decisions of HJZY shall be resolved by a simple majority of the shareholders and directors instead of unanimous approval. HJZY has become a wholly-owned subsidiary of the Group thereupon.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

31 ACQUISITION OF SUBSIDIARIES (Continued)

The identifiable assets acquired and liabilities assumed at the respective dates of the above acquisitions are as follows:

	HJZY RMB'000	Wuhan Moma RMB'000	Total RMB'000
Property, plant and equipment	298	449	747
Properties under development for sale	1,784,330	2,379,946	4,164,276
Deferred tax assets	45,575	38,159	83,734
Trade and other receivables, deposits and prepayments	423,445	2,205,786	2,629,231
Bank balances and cash	857,012	17,487	874,499
Trade and other payables, deposits received and accrued charges	(2,109,722)	(3,937,585)	(6,047,307)
Bank and other borrowings	(549,440)	(480,000)	(1,029,440)
Taxation payable	–	(142,984)	(142,984)
Deferred tax liabilities	(125,241)	(2,427)	(127,668)
Identifiable net assets acquired	326,257	78,831	405,088
Fair value of pre-existing interests in joint ventures (note)	(65,251)	(51,737)	(116,988)
Non-controlling interests	–	(27,094)	(27,094)
Total consideration satisfied by cash	(261,006)	–	(261,006)
Net cash inflow arising on acquisitions:			
Cash paid	(261,006)	–	(261,006)
Bank balances and cash acquired	857,012	17,487	874,499
	596,006	17,487	613,493

The remeasurement to fair value of the Group's pre-existing interest in these acquirees resulted in a gain of RMB116,988,000, which has been included in "Other income, gain and losses"(see note 6).

32 PLEDGE OF ASSETS

The following assets were pledged to secure certain banking and other facilities granted to the Group and mortgage loans granted to buyers of sold properties at the end of reporting period:

	At 31 December 2017 RMB'000	At 31 December 2016 RMB'000
Investment properties	**274,110**	184,543
Properties under development for sale	**10,112,937**	4,086,815
Properties held for sale	**380,000**	131,560
Property, plant and equipment	**–**	136,023
Equity interests in a subsidiary	**754,225**	511,395
Bank deposits	**1,684,215**	1,474,516
Guarantee deposits for housing provident fund loans provided to customers	**33,796**	19,276
	13,239,283	6,544,128

The following assets were pledged to secure certain banking and other facilities granted to an associate and joint ventures at the end of reporting period:

	At 31 December 2017 RMB'000	At 31 December 2016 RMB'000
Equity interests in joint ventures	**76,192**	–

33 CAPITAL AND OTHER COMMITMENTS

At the end of the reporting period, the Group had the following commitments:

	At 31 December 2017 RMB'000	At 31 December 2016 RMB'000
Contracted but not provided for in the consolidated financial statements:		
– Expenditure in respect of properties under development	**5,105,179**	1,280,825
– Expenditure in respect of acquisition of a subsidiary	**1,844,829**	–
– Expenditure in respect of acquisition of land use rights	**570,000**	2,720,000
– Expenditure in respect of capital contribution to a joint venture	**–**	950,000
	7,520,008	4,950,825

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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34 CONTINGENT LIABILITIES

(a) The Group has provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. Pursuant to the terms of the guarantees, if there is a default of the mortgage payments by these purchasers, the Group will be responsible for repaying the outstanding mortgage loans together with accrued interests thereon and any penalty owed by the defaulted purchasers to banks. The Group is then entitled to take over the legal title of the related properties. The guarantee period commences from the date of grant of the mortgage loan and ends after the purchaser has obtained the individual property ownership certificate. In the opinion of the Directors of the Company, the fair value of guarantee contracts is insignificant at initial recognition. Also, no provision for the guarantee contracts at the end of the reporting period is recognised as the default risk is low.

The amounts of the outstanding guarantees given to banks for mortgage facilities at the end of the reporting period are as follows:

	At 31 December 2017 RMB'000	At 31 December 2016 RMB'000
Mortgage guarantees	**9,625,761**	7,328,978

(b) The Group provided guarantees to bank loans and other loans of joint ventures amounting to RMB1,898,000,000 at 31 December 2017 (2016: RMB966,900,000). At the end of the reporting period, the Directors of the Company do not consider it probable that claims will be made against the Group under these guarantees. The Group has not recognised any deferred income in respect of these guarantees.

35 OPERATING LEASE COMMITMENTS

The Group as a lessor

At the end of the reporting period, the Group has contracted with tenants for the following future minimum lease payments as follows:

	2017 RMB'000	2016 RMB'000
Within one year	**59,600**	50,199
In the second to fifth year inclusive	**160,034**	142,299
After five years	**108,305**	74,414
	327,939	266,912

36 SHARE-BASED PAYMENT TRANSACTIONS

Pursuant to the share option scheme (the "Share Option Scheme") adopted by the Company on 14 June 2013, the board of Directors of the Company (the "Board") may grant Share options to eligible participants entitling to subscribe for a total up to 208,000,000 shares, representing 10% of the total number of issued shares as at the date on which the resolution regarding the refreshment of the scheme mandate limit under the Share Option Scheme was passed at the extraordinary general meeting held on 20 October 2015, being 2,080,000,000 shares.

The maximum entitlement of each participant under the scheme in any 12-month period up to the date of grant shall not exceed 1% of the shares in issue as of the date of grant. The exercise price of the options shall be at least the higher of: (a) the official closing price of the shares of the Company as stated in the daily quotation sheets of the Stock Exchange on the date of grant; (b) the average of the official closing price of the shares of the Company as stated in the daily quotation sheets of the Stock Exchange for the 5 business days immediately preceding the date of grant; and (c) the nominal value of a share.

On 4 September 2014, the Company granted an aggregate of 25,700,000 options to two directors and six employees to subscribe for an aggregate of 25,700,000 shares in the Company, representing approximately 1.61% of the shares issued by the Company as at the date of grant.

On 10 July 2015, the Company granted an aggregate of 60,100,000 options to two directors and fifteen employees to subscribe for an aggregate of 60,100,000 shares in the Company, representing approximately 3.41% of the shares issued by the Company as at the date of grant ("Plan A").

On 10 July 2015, the Company granted an aggregate of 45,500,000 options to twelve employees to subscribe for an aggregate of 45,500,000 shares in the Company, representing approximately 2.59% of the shares issued by the Company as at the date of grant ("Plan B").

On 28 September 2016, the Company granted an aggregate of 43,000,000 options to two directors and twenty-six employees to subscribe for an aggregate of 43,000,000 shares in the Company, representing approximately 1.91% of the shares issued by the Company as at the date of grant.

At 31 December 2017, the number of shares in respect of which options has been granted and remained outstanding under the Share Option Scheme was 109,735,500 (31 December 2016: 126,777,500), representing 3.98% (31 December 2016: 5.06%) of the shares of the Company in issue at that date.

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36 SHARE-BASED PAYMENT TRANSACTIONS (Continued)

The details of the options granted are as follows:

	Number of options*	Vesting period	Contractual life of options
Share options granted to directors			
On 4 September 2014	15,290,000	25% from the date of grant to 3 September 2015	2 years
		25% from the date of grant to 3 September 2016	5 years
		25% from the date of grant to 3 September 2017	5 years
		25% from the date of grant to 3 September 2018	5 years
On 10 July 2015 Plan A	4,840,000	33% from the date of grant to 10 July 2016	3 years
		67% from the date of grant to 10 July 2017	3 years
On 28 September 2016	8,580,000	25% from the date of grant to 28 September 2017	5 years
		25% from the date of grant to 28 September 2018	5 years
		25% from the date of grant to 28 September 2019	5 years
		25% from the date of grant to 28 September 2020	5 years
Share options granted to employees			
On 4 September 2014	12,980,000	25% from the date of grant to 3 September 2015	2 years
		25% from the date of grant to 3 September 2016	5 years
		25% from the date of grant to 3 September 2017	5 years
		25% from the date of grant to 3 September 2018	5 years
On 10 July 2015 Plan A	61,270,000	33% from the date of grant to 10 July 2016	3 years
		67% from the date of grant to 10 July 2017	3 years
On 10 July 2015 Plan B	50,050,000	25% from the date of grant to 10 July 2016	1.5 year
		25% from the date of grant to 31 December 2016	4 years
		25% from the date of grant to 30 June 2017	4 years
		25% from the date of grant to 30 June 2018	4 years
On 28 September 2016	38,720,000	25% from the date of grant to 28 September 2017	5 years
		25% from the date of grant to 28 September 2018	5 years
		25% from the date of grant to 28 September 2019	5 years
		25% from the date of grant to 28 September 2020	5 years
Total share options	191,730,000		
Exercisable at 31 December 2016	11,146,250		
Exercisable at 31 December 2017	38,117,800		

The exercise of the share options by the eligible directors and employees is conditional upon the fulfilment of certain financial indicators as set out by the Company.

* The number of options are adjusted after the bonus issue of share on 9 October 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

36 SHARE-BASED PAYMENT TRANSACTIONS (Continued)

The following table discloses movements of the Company's share options held by directors and employees during the year ended 31 December 2017:

Option type	Date of grant	Outstanding at 1 January 2017	Exercised during the year	Forfeited during the year	Effect of bonus issue	Outstanding at 31 Decemeber 2017
2014	4 September 2014	20,927,500	(3,382,500)	(880,000)	1,773,500	18,438,500
2015 Plan A	10 July 2015	36,600,000	(8,467,600)	(1,462,600)	2,892,200	29,562,000
2015 Plan B	10 July 2015	26,250,000	(750,000)	(5,250,000)	2,025,000	22,275,000
2016	28 September 2016	43,000,000	(965,000)	(6,250,000)	3,675,000	39,460,000
		126,777,500	(13,565,100)	(13,842,600)	10,365,700	109,735,500

Note: The average share price during the year ended 31 December 2017 is HK$1.298 (2016: HK$1.291).

The Group recognised total expense of RMB14,327,000 (2016: RMB3,275,000) for the year ended 31 December 2017 in relation to share options under the Share Option Scheme granted by the Company.

On 28 June 2017, the board of directors made adjustment on the exercise period of the options granted and the fair value of share options is revaluated by Roma Appraisals Limited, an independent qualified professional valuer not connected to the Group. The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on the binomial option pricing model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the binomial option pricing model.

	2014 Share Option	2015 Share Option Plan A	2015 Share Option Plan B	2016 Share Option
Fair value at measurement date (HK$'000)	4,425	1,771	3,598	9,838
Share price at the date of grant	HK$1.169	HK$1.169	HK$1.169	HK$1.169
Exercise price	HK$1.145	HK$1.252	HK$1.252	HK$1.15
Expected volatility	59.035%	43.935%	57.996%	49.415%
Option life (year)	2	1	2	4
Expected dividends	5.1%	5.1%	5.1%	5.1%
Risk-free interest rate	0.73%	0.48%	0.72%	0.91%

The expected volatility is based on the historical price volatility over the contractual life of the options as at the date of valuation. Expected dividends are estimated regarding to the historical dividend payout of the Company.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

37 RELATED PARTY BALANCES AND TRANSACTIONS

(a) At the end of the reporting period, the Group has amounts receivable from the following related parties and the details are set out below:

	At 31 December 2017 RMB'000	At 31 December 2016 RMB'000
Amount due from companies controlled by Mr. Zhang Lei	**29,223**	6,335
Amount due from associates	**–**	68,416
Amount due from joint ventures and their subsidiaries	**162,101**	603,315
Total non-trade balance (note i)	**191,324**	678,066
Amount due from companies controlled by Mr. Zhang Lei	**1,784**	15,364
Amount due from an associate	**4,478**	25,057
Amount due from joint ventures and their subsidiaries	**29,805**	38,371
Total trade balance (note ii)	**36,067**	78,792
	227,391	756,858
Loans to joint ventures (note iii)	**3,190,116**	2,163,958

Notes:

(i) Balances at 31 December 2017 and 2016 are of non-trade nature, unsecured, interest free and repayable on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

37 RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

(a) At the end of the reporting period, the Group has amounts receivable from the following related parties and the details are set out below: (Continued)

Notes: (Continued)

(ii) Trade receivables from related parties at 31 December 2017 and 2016 are unsecured, interest free and repayable on demand. The following is an ageing analysis of amounts due from related parties of trade nature based on invoice date which approximated the revenue recognition date, at the end of each reporting period:

	At 31 December 2017 RMB'000	At 31 December 2016 RMB'000
Less than 1 year	**20,464**	78,792
1-2 years	**15,603**	–
	36,067	78,792

(iii) The terms of loans to joint ventures are disclosed in Note 16.

(b) At the end of the reporting period, the Group has amounts payable to the following related parties and the details are set out below:

	At 31 December 2017 RMB'000	At 31 December 2016 RMB'000
Amount due to a company controlled by Mr. Zhang Lei	**–**	962
Amount due to joint ventures and their subsidiaries	**2,542,734**	2,252,613
Total non-trade balance (note i)	**2,542,734**	2,253,575
Amount due to companies controlled by Mr. Zhang Lei	**7,492**	4,412
Total trade balance (note ii)	**7,492**	4,412
	2,550,226	2,257,987

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

37 RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

(b) At the end of the reporting period, the Group has amounts payable to the following related parties and the details are set out below: (Continued)

Notes:

(i) Balances at 31 December 2017 and 2016 are of non-trade nature, unsecured, interest free and repayable on demand.

(ii) Trade payables to related parties are unsecured, interest free and repayable on demand. The following is an ageing analysis of amounts due to related parties of trade nature based on invoice date at the end of each reporting period:

	2017 RMB'000	2016 RMB'000
Less than 1 year	**7,492**	4,412

(c) During the year, the Group entered into the following transactions with its related parties:

Nature of related party	Nature of transaction	**2017 RMB'000**	2016 RMB'000
Companies controlled by Mr. Zhang Lei	Rental income	**1,719**	1,150
Companies controlled by Mr. Zhang Lei	Energy-saving advisory expense	**751**	–
Companies controlled by Mr. Zhang Lei	Property management services expenses	**66,036**	86,103
Associate	Interest income	**611**	20,240
Associate	Income from real estate agency services	**3,906**	8,593
Associate	Income from provision of technical know-how	**13,537**	9,818
Joint venture	Income from provision of technical know-how	**1,721**	733
Joint venture	Income from real estate agency services	**4,850**	15,348
Joint venture	Interest income	**21,103**	78,053
Joint venture	Management services income	**9,919**	13,718

The Group pledged certain assets to secure certain banking and other facilities granted to an associate and joint ventures as at 31 December 2017. Details are set out in Note 32.

As at 31 December 2017, the Group provided guarantees to bank loans and other loans of an associate and joint ventures. Details are set out in Note 34(b).

37 RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

(d) Transaction with key management personnel

	2017 RMB'000	2016 RMB'000
Key management compensation		
Short-term benefits	**21,065**	14,526
Post-employment benefits	**532**	482
Share-based payment	**6,391**	4,785
	27,988	19,793

(e) The Listing Rules relating to connected transactions

The related party transactions in respect of rental income from related parties, and property management services expense and energy-saving advisory expense charged by related parties above constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in section Continuing Connected Transactions of the Directors' Report.

38 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes the borrowings and senior notes disclosed in Notes 25 and 26, net of bank balances and cash and equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits. The capital structure of the Company consists of bank balances and cash and equity attributable to owners of the Company, comprising issued share capital and reserves.

The Directors of the Company review the capital structure on a regular basis. As part of this review, the Directors of the Company consider the cost of capital and the risks associated with each class of capital, and take appropriate actions to balance its overall capital structure.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

39 FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	At 31 December 2017 RMB'000	At 31 December 2016 RMB'000
The Group		
Financial assets		
Loans and receivables (including bank balances and cash)	**15,263,362**	8,804,229
Available-for-sale investments	**50,085**	46,350
Financial liabilities		
Liabilities measured at amortised cost	**24,954,316**	16,924,832

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, amounts due from related parties, loans to joint ventures, available-for-sale investments, restricted cash, bank balances and cash, trade and other payables, amounts due to related parties, bank and other borrowings, senior notes and corporate bond. Details of these financial instruments are set out in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Market risk

The Group's activities expose primarily to the market risks of changes in interest rates, foreign currency exchange rates risks and other price risk (see below).

There has been no significant change to the Group's exposure to market risks or the manner in which it manages and measures the risk over the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

39 FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

(1) Interest rate risk

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances and deposits, restricted cash and bank borrowings which carry at prevailing deposit interest rates and variable rate based on the interest rates quoted by the People's Bank of China and London Interbank Offered Rate.

The Group's fair value interest rate risk relates primarily to its fixed rate other borrowings, senior notes, and corporate bond.

The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk. However, the management will consider hedging significant interest rate exposure should the need arise.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity

The sensitivity analysis below has been prepared based on the exposure to interest rates on bank balances and deposits, restricted cash and variable rate bank borrowings at the end of each reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the year. A 20 basis points increase or decrease for variable rate bank borrowings and a 10 basis points increase or decrease for bank balances and deposits and restricted cash are used when reporting interest rate risk internally to key management personnel.

If interest rates had been increased/decreased by 20 basis points in respect of variable rate bank borrowings and all other variables were held constant, the Group's profit after tax (net of interest capitalisation effect) would decrease/increase by approximately RMB1,519,000 (2016: RMB1,185,000) for the year ended 31 December 2017.

If interest rates had been increased/decreased by 10 basis points in respect of bank balances and deposits and restricted cash and all other variables were held constant, the Group's profit after tax would increase/decrease by approximately RMB7,807,000 (2016: RMB5,072,000) for the year ended 31 December 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

39 FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

(2) Price risk

The Group is exposed to equity price risks through its available-for-sale investments. At 31 December 2017, the management considers that the Group's exposure to fluctuation in equity price is minimal. Accordingly, no sensitivity analysis is presented.

(3) Foreign currency risk

The functional currency of the major subsidiaries of the Company is RMB in which most of the transactions are denominated. Foreign currencies denominated transactions arise from the Group's overseas operation, such as purchases of land held for further development and certain expenses incurred. Certain bank balances and bank borrowings are denominated in foreign currencies, while senior notes are issued in US$ and expose the Group to currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets At 31 December		Liabilities At 31 December	
	2017 RMB'000 equivalent	2016 RMB'000 equivalent	**2017 RMB'000 equivalent**	2016 RMB'000 equivalent
US$	**1,161,809**	806,455	**5,862,828**	4,220,694
HK$	**331,350**	43,740	**1,155,940**	178,000

The Group currently does not have a foreign currency hedging policy but the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The following tables detail the Group's sensitivity to a change of 5% in exchange rate of each foreign currency against RMB while all other variables are held constant. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency exchange rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

39 FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

An analysis of sensitivity to currency risk for the Group is as follows:

	2017 **RMB'000**	2016 RMB'000
(Decrease) increase in post-tax profit for the year		
– if RMB weakens against US$	**(235,051)**	(170,712)
– if RMB weakens against HK$	**(41,229)**	(6,713)
– if RMB strengthens against US$	**235,051**	170,712
– if RMB strengthens against HK$	**41,229**	6,713

Credit risk management

At 31 December 2017, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees issued by the Group is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position and the amount of contingent liabilities disclosed in Note 34. In order to minimise the credit risk, monitoring procedures are carried out to ensure that follow up action is taken to recover overdue debts. In addition, the Group regularly reviews the recoverable amount of trade and other receivables and amounts due from related parties at the end of each reporting period. The amounts presented in the consolidated statement of financial position are net of allowances for bad and doubtful debts, estimated by the Group's management based on prior experience and their assessment of the current economic environment.

The Group has no significant concentration of credit risk on trade receivables, with exposure spread over a number of counterparties and customers.

For properties that are pre-sold but development has not been completed, the Group typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of the properties for an amount up to 80% of the purchase price of the individual property. If a purchaser defaults on the payment of its mortgage during the period of guarantee, the bank holding the mortgage may demand the Group to repay the outstanding loan and any interest accrued thereon. Under such circumstances, the Group is able to forfeit the sales deposit received and resell the repossessed properties. Therefore, management considers that it would likely recover any loss incurred arising from such guarantee provided by the Group. Management considers the credit risk exposure to financial guarantees provided to property purchasers is limited because the facilities are secured by the properties and the market price of the properties is higher than the guaranteed amounts. In this regard, the Directors of the Company consider that the Group's credit risk is generally insignificant.

The credit risk on liquid funds is considered to be limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies or state-owned banks in the PRC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

39 FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and the flexibility through the use of borrowings. The Directors of the Company closely monitor the liquidity position and expect to have adequate sources of funding to finance the Group's projects and operations.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period. The amounts included below for non-derivative variable rate financial liabilities is subject to changes if changes in interest rates differ to those estimates of interest rates determined at the end of the reporting period.

	Weighted average effective interest rate %	Repayable on demand or less than 1 year RMB'000	1-3 years RMB'000	Over 3 years RMB'000	Total undiscounted cashflows RMB'000	Carrying amount RMB'000
Non-interest bearing	**–**	**8,378,845**	**334,711**	**–**	**8,713,556**	**8,713,556**
Fixed interest rate instruments	**7.00**	**5,705,214**	**7,701,064**	**1,219,389**	**14,625,667**	**13,191,283**
Variable interest rate instruments	**4.28**	**1,934,430**	**1,303,923**	**–**	**3,238,353**	**3,006,810**
Financial guarantee contracts	**–**	**11,322,764**	**–**	**–**	**11,322,764**	**–**
At 31 December 2017		**27,341,253**	**9,339,698**	**1,219,389**	**37,900,340**	**24,911,649**
Non-interest bearing	–	6,608,552	295,317	–	6,903,869	6,903,869
Fixed interest rate instruments	7.25	2,293,948	6,940,930	1,083,556	10,318,434	9,030,274
Variable interest rate instruments	2.77	783,649	242,641	40,180	1,066,470	990,689
Financial guarantee contracts	–	8,295,878	–	–	8,295,878	–
At 31 December 2016		17,982,027	7,478,888	1,123,736	26,584,651	16,924,832

39 FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk management (Continued)

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty suffer credit losses.

(c) Fair value

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The Directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximated their respective fair values at 31 December 2017 and 2016.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

40 FINANCIAL INFORMATION OF THE COMPANY

(a) Financial information of the financial position of the Company:

	Note	At 31 December 2017 RMB'000	At 31 December 2016 RMB'000
Non-current assets			
Investments in subsidiaries		**12,976,425**	8,751,669
		12,976,425	8,751,669
Current assets			
Prepayments and other receivables		**228,203**	707
Amounts due from related parties		**211,049**	664,694
Bank balances and cash		**256,585**	140,386
		695,837	805,787
Current liabilities			
Accrued charges and other payables		**61,839**	86,310
Amounts due to subsidiaries		**1,413,844**	424,189
Bank borrowings due within one year		**2,324,810**	1,153,064
Senior notes-due within one year		**1,478,140**	–
		5,278,633	1,663,563
Net current liabilities		**(4,582,796)**	(857,776)
Total assets less current liabilities		**8,393,629**	7,893,893
Capital and reserves			
Share capital		**173,932**	156,459
Reserves	40(b)	**5,003,879**	4,491,804
Total equity		**5,177,811**	4,648,263
Non-current liabilities			
Senior notes - due after one year		**3,215,818**	3,245,630
		8,393,629	7,893,893

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

40 FINANCIAL INFORMATION OF THE COMPANY (Continued)

(b) Movement of capital and reserves of the Company:

	Note	Share capital RMB'000	Share premium RMB'000	Share option reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2016		128,094	435,219	12,765	3,189,282	3,765,360
Issue of shares	29(b)	27,952	357,718	–	–	385,670
Share-based payment		–	–	3,275	–	3,275
Issue of shares on exercise of share options	29(c)	413	6,622	(945)	–	6,090
Profit and total comprehensive income for the year		–	–	–	661,049	661,049
Dividend	11	–	–	–	(173,181)	(173,181)
At 31 December 2016 and 1 January 2017		**156,459**	**799,559**	**15,095**	**3,677,150**	**4,648,263**
Bonus issue of shares		**16,613**	**(16,613)**	**–**	**–**	**–**
Share-based payment		**–**	**–**	**14,327**	**–**	**14,327**
Issue of shares on exercise of share options	29(c)	**860**	**13,353**	**(605)**	**–**	**13,608**
Profit and total comprehensive income for the year		**–**	**–**	**–**	**688,027**	**688,027**
Dividend	11	**–**	**–**	**–**	**(186,414)**	**(186,414)**
At 31 December 2017		**173,932**	**796,299**	**28,817**	**4,178,763**	**5,177,811**

(c) Distributability of reserves

At 31 December 2017, the aggregate amount of reserves available for distribution to the owners of the Company was RMB4,975,062,000 (2016: RMB4,476,709,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

41 PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries at 31 December 2017 and 2016 are as follows:

Name of Company	Place and date of incorporation/ establishment	Equity interest attributable to the Group At 31 December 2017	2016	Authorised/ registered and issued and fully paid/ paid-up capital	Principal activities
Direct subsidiaries					
Nanchang Xinjian Development Co., Ltd.* (note ii) 南昌新建房地產開發有限公司	PRC 11 September 2013	**100%**	100%	Registered RMB230,000,000 Paid up capital RMB230,000,000	Property development
Nanchang Moma Development Co., Ltd.* (note ii) 南昌摩碼置業有限公司	PRC 15 April 2016	**100%**	100%	Registered RMB400,000,000 Paid up capital RMB400,000,000	Property development
Indirect subsidiaries					
Modern Green Development Co., Ltd.* (note i) 當代節能置業股份有限公司	PRC 21 September 2000	**100%**	100%	Registered RMB800,000,000 Paid up capital RMB800,000,000	Property development, investment and hotel operation
Beijing Modern Real Estate Development Co., Ltd.* (note i) 北京當代房地產開發有限公司	PRC 15 February 2000	**100%**	100%	Registered RMB60,000,000 Paid up capital RMB60,000,000	Property development and investment
Beijing Dongjun Real Estate Development Co., Ltd.* (note i) 北京東君房地產開發有限公司	PRC 13 November 2001	**100%**	100%	Registered RMB569,000,000 Paid up capital RMB569,000,000	Property development
New Power (Beijing) Architectural Technology Co., Ltd.* (note i) 新動力 (北京) 建築科技有限公司	PRC 22 March 2006	**100%**	100%	Registered RMB30,000,000 Paid up capital RMB30,000,000	Technology development and consulting

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For the year ended 31 December 2017

41 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name of Company	Place and date of incorporation/ establishment	Equity interest attributable to the Group At 31 December 2017	2016	Authorised/ registered and issued and fully paid/ paid-up capital	Principal activities
Shanxi Modern Green Development Co., Ltd.* (note i) 山西當代紅華置業有限公司	PRC 16 August 2007	**100%**	100%	Registered RMB190,000,000 Paid up capital RMB190,000,000	Property development
Shanxi Modern Green Real Estate Development Co., Ltd.* (note i) 山西當代紅華房地產開發有限公司	PRC 16 August 2007	**100%**	100%	Registered RMB150,000,000 Paid up capital RMB150,000,000	Property development
Hunan Modern Green Development Co., Ltd.* (note i) 當代置業 (湖南) 有限公司	PRC 14 September 2005	**100%**	100%	Registered RMB200,000,000 Paid up capital RMB200,000,000	Property development
Jiangxi Modern Green Development Co., Ltd.* (note i) 江西當代節能置業有限公司	PRC 22 December 2009	**100%**	100%	Registered RMB180,000,000 Paid up capital RMB180,000,000	Property development
Jiujiang Moma Development Co., Ltd.* (note i) 九江摩碼置業有限公司	PRC 22 December 2010	**100%**	100%	Registered RMB140,000,000 Paid up capital RMB140,000,000	Property development
Hubei Wanxing Development Co., Ltd.* (note i) 湖北萬星置業有限公司	PRC 27 January 2010	**100%**	100%	Registered RMB100,000,000 Paid up capital RMB100,000,000	Property development
Jiujiang Modern Green Development Co., Ltd.* (note ii) 九江當代綠建置業有限公司	PRC 18 February 2014	**100%**	100%	Registered RMB30,000,000 Paid up capital RMB30,000,000	Property development

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For the year ended 31 December 2017

41 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name of Company	Place and date of incorporation/ establishment	Equity interest attributable to the Group At 31 December 2017	2016	Authorised/ registered and issued and fully paid/ paid-up capital	Principal activities
Beijing Modern Moma Investment Management Co., Ltd.* (note i) 北京當代摩碼投資管理有限公司	PRC 11 January 2011	**100%**	100%	Registered RMB10,000,000 Paid up capital RMB10,000,000	Investment holding
Liaoning Dongdaihe Modern Development Co., Ltd.* (note i) 遼寧東戴河新區當代置業有限公司	PRC 28 January 2008	**100%**	100%	Registered RMB10,000,000 Paid up capital RMB10,000,000	Property development
Wuhan Green Development Co., Ltd.* (note i and ii) 武漢綠建節能置業有限公司	PRC 12 March 2014	**99.02%**	99.02%	Registered RMB50,000,000 Paid up capital RMB50,000,000	Property development
Beijing Green Spring Equity Investment Fund, LLP* (note i) ("Green Fund") 北京綠色春天股權投資基金(有限合夥)	PRC 17 April 2014	**100%**	100%	Registered RMB430,000,000 Paid up capital RMB430,000,000	Investment management and consulting
Beijing Modern Moma Development Co., Ltd.* (note i) 北京當代摩碼置業有限公司	PRC 8 January 2014	**100%**	100%	Registered RMB200,000,000 Paid up capital RMB200,000,000	Property development
Shanghai Yujing Investment Management Co., Ltd.* (note i) 上海鈺景投資管理有限公司	PRC 23 October 2013	**100%**	100%	Registered RMB10,000,000 Paid up capital RMB10,000,000	Investment holding
Modern Pinye (Beijing) Real Estate Brokerage Co., Ltd.* (note i) 當代品業(北京)房地產經紀有限公司	PRC 9 October 2014	**100%**	100%	Registered RMB100,000 Paid up capital RMB100,000	Real estate brokerage services

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For the year ended 31 December 2017

41 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name of Company	Place and date of incorporation/ establishment	Equity interest attributable to the Group At 31 December 2017	2016	Authorised/ registered and issued and fully paid/ paid-up capital	Principal activities
America Modern Green Development (Houston), LLC 美國當代綠色發展(休斯頓)有限責任公司	Texas, US 15 October 2012	**100%**	100%	100% of issued and outstanding membership interest in consideration at an aggregate contribution of US$100	Property development
Beijing Modern Green Investment Fund Management Co., Ltd.* (note i) 北京當代綠色投資基金管理有限公司	PRC 3 December 2013	**100%**	100%	Registered RMB30,000,000 Paid up capital RMB30,000,000	Investment holding
Crown Point Regional Center, LLC	Texas, US 31 March 2010	**100%**	100%	Authorised US$100 Paid up capital US$100	Investment immigration services
Beijing CIFI Modern (notes i) 北京旭輝當代置業有限公司	PRC 10 March 2014	**50%**	50%	Registered RMB10,000,000 Paid up capital RMB10,000,000	Property development
Modern Green Development (Suzhou) Co., Ltd.* (note i) 當代節能置業(蘇州)有限公司	PRC 6 June 2015	**70%**	70%	Registered RMB100,000,000 Paid up capital RMB100,000,000	Property development
Jiaxing Modern Qinglv Asset Management Co., Ltd.* (note i) 嘉興當代氫綠資產管理有限公司	PRC 23 July 2015	**100%**	100%	Registered RMB50,000,000 Paid up capital RMB0	Investment holding

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41 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name of Company	Place and date of incorporation/ establishment	Equity interest attributable to the Group At 31 December 2017	2016	Authorised/ registered and issued and fully paid/ paid-up capital	Principal activities
Crown Point (Beijing) Advisory Co., Ltd. (note i) 凰觀(北京)諮詢有限公司	PRC 8 October 2015	**100%**	100%	Registered RMB10,000,000 Paid up capital RMB0	Immigration advisory
Anhui Moma Development Co., Ltd.* (note i) 安徽摩碼置業有限公司	PRC 1 January 2016	**100%**	100%	Registered RMB100,000,000 Paid up capital RMB100,000,000	Property development
Wuhan Modern Green Development Co., Ltd.* (note i) 武漢當代節能置業有限公司	PRC 27 June 2016	**100%**	99.95%	Registered RMB200,000,000 Paid up capital RMB200,000,000	Property development
Hunan Modern Moma Development Co., Ltd.* (note i) 湖南當代摩碼置業有限公司	PRC 1 November 2016	**100%**	100%	Registered RMB320,000,000 Paid up capital RMB320,000,000	Property development
Hunan Modern Green Development Co., Ltd.* (note iii) 湖南當代綠建置業有限公司	PRC 1 November 2016	**100%**	100%	Registered RMB700,000,000 Paid up capital RMB700,000,000	Property development
Nanjing Xinlei Development Co., Ltd.* (note i) 南京鑫磊房地產開發有限公司	PRC 20 June 2016	**100%**	100%	Registered RMB50,000,000 Paid up capital RMB50,000,000	Property development
Foshan Modern Green Development Co., Ltd.* (note i) 佛山當代綠色置業有限公司	PRC 14 January 2016	**60%**	60%	Registered RMB100,000,000 Paid up capital RMB100,000,000	Property development

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For the year ended 31 December 2017

41 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name of Company	Place and date of incorporation/ establishment	Equity interest attributable to the Group At 31 December 2017	2016	Authorised/ registered and issued and fully paid/ paid-up capital	Principal activities
Wuhan Moma Development Co., Ltd.* (notes i and iii) 武漢摩碼置業有限公司	PRC 13 February 2014	**100%**	65.35%	Registered RMB10,000,000 Paid up capital RMB10,000,000	Investment holding
Shanghai Mantingchun Real Estate Company Limited* (note i and iii) 上海滿庭春置業有限公司	PRC 5 March 2015	**100%**	65.35%	Registered RMB100,000,000 Paid up capital RMB100,000,000	Property development
Jiangsu Yuzun Property development Co., Ltd.* (note i) 江蘇御尊房地產開發有限公司	PRC 25 April 2011	**100%**	N/A	Registered RMB50,000,000 Paid up capital RMB45,600,000	Property development
Zhanlan Tuozhan Property (Beijing) Co., Ltd.* (note i) 綻藍拓展置業（北京）有限公司	PRC 13 March 2017	**100%**	N/A	Registered RMB10,000,000 Paid up capital RMB10,000,000	Investment holding
Fujian Shengshi Lianbang Real Estate Development Co., Limited* (note i) 福建盛世聯邦置業發展有限公司	PRC 30 August 2013	**60%**	N/A	Registered RMB67,105,000 Paid up capital RMB34,223,500	Property development
Foshan Changxin Hongchuang Real Estate Development Co., Limited 佛山市長信宏創房地產有限公司	PRC 2017	**100%**	N/A	Registered RMB60,000,000 Paid up capital RMB36,000,000	Property development
Foshan Xinlong Property Investment Co., Limited* (note i) 佛山市信隆置業投資有限公司	PRC 10 December 2017	**100%**	N/A	Registered RMB60,000,000 Paid up capital RMB36,000,000	Property development

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41 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name of Company	Place and date of incorporation/ establishment	Equity interest attributable to the Group At 31 December 2017	2016	Authorised/ registered and issued and fully paid/ paid-up capital	Principal activities
Huojianzhiye Investment (Beijing) Co., Ltd.* (note i and iii) 火箭智業投資（北京）有限公司	PRC 9 July 2015	**100%**	20%	Registered RMB100,000,000 Paid up capital RMB80,000,000	Investment holding
Hefei Modern Land Yinghe Real Estate Company Limited* (note i and iii) 合肥當代英赫置業有限公司	PRC 14 December 2015	**100%**	20%	Registered RMB100,000,000 Paid up capital RMB100,000,000	Property development
Wuhan Zhonglian Shengming Real Estate Company Limited* (note i) 武漢中聯晟鳴置業有限公司	PRC 5 May 2014	**100%**	N/A	Registered RMB10,000,000 Paid up capital RMB10,000,000	Property development
Shanxi North Star Modern Development Co., Ltd.(note i) 山西北辰當代置業有限公司	PRC 27 April 2016	**50%**	50%	Registered RMB10,000,000 Paid up capital RMB10,000,000	Property development
Shanxi Modern North Star Development Co., Ltd.(note i) 山西當代北辰置業有限公司	PRC 5 December 2016	**51%**	51%	Registered RMB10,000,000 Paid up capital RMB10,000,000	Property development
Shanxi Wanxing Modern Development Co., Ltd. (note i) 山西萬興當代置業有限公司	PRC 7 February 2017	**51%**	N/A	Registered RMB10,000,000 Paid up capital RMB10,000,000	Property development

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41 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name of Company	Place and date of incorporation/ establishment	Equity interest attributable to the Group At 31 December 2017	2016	Authorised/ registered and issued and fully paid/ paid-up capital	Principal activities
Shanxi Modern Wanxing Development Co., Ltd. (note i) 山西當代萬興置業有限公司	PRC 25 August 2016	**51%**	51%	Registered RMB10,000,000 Paid up capital RMB10,000,000	Property development
Wuhan Sanqing Kaiwen Development Co., Ltd. (note i) 武漢三慶凱文實業發展有限公司	PRC 29 September 2011	**80%**	N/A	Registered RMB100,000,000 Paid up capital RMB100,000,000	Property development
Guangshen Development Co., Ltd.(note i) 廣深置業（北京）有限公司	PRC 22 April 2016	**100%**	100%	Registered RMB50,000,000 Paid up capital RMB50,000,000	Property development
Yuanjing Nengdong Investment (Beijing) Co., Ltd.(note i) 遠景能動投資(北京)有限公司	PRC 29 January 2015	**100%**	100%	Registered RMB10,000,000 Paid up capital RMB10,000,000	Investment holding
Suzhou Modern MOMA Development Co., Ltd. (note i) 蘇州當代摩碼置業有限公司	PRC 27 April 2016	**100%**	100%	Registered RMB100,000,000 Paid up capital RMB100,000,000	Property development
Shengeng Hongye Development Co., Ltd.(note i) 深耕鴻業置業（北京）有限公司	PRC 18 April 2016	**51%**	51%	Registered RMB10,000,000 Paid up capital RMB14,720,324	Property development
Wuhan Modern Shangcheng Wanguofu Development Co., Ltd.(note i) 武漢當代尚城萬國府置業有限公司	PRC 21 July 2016	**51%**	51%	Registered RMB10,000,000 Paid up capital RMB10,000,000	Property development

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For the year ended 31 December 2017

41 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name of Company	Place and date of incorporation/ establishment	Equity interest attributable to the Group At 31 December 2017	2016	Authorised/ registered and issued and fully paid/ paid-up capital	Principal activities
Liaoning Dongdaihe Modern Development Co., Ltd.(note i) 遼寧東戴河新區當代置業有限公司	PRC 28 January 2008	**60.02%**	60.02%	Registered RMB16,660,000 Paid up capital RMB16,660,000	Property development
Anhui Modern Wanguofu Development Co., Ltd. (note i) 安徽當代萬國府置業有限公司	PRC 21 December 2016	**100%**	100%	Registered RMB100,000,000 Paid up capital RMB100,000,000	Property development
Chuanglv Development Co., Ltd.(note i) 創綠置業(北京)有限公司	PRC 11 May 2016	**100%**	100%	Registered RMB10,000,000 Paid up capital RMB10,000,000	Property development
Fujian Modern Development Co., Ltd.(note i) 福建當代置業有限公司	PRC 1 March 2017	**51%**	N/A	Registered RMB40,000,000 Paid up capital RMB40,000,000	Property development
Zhangjiakou Green Development Co., Ltd.(note i) 張家口原綠房地產開發有限公司	PRC 31 March 2017	**100%**	N/A	Registered RMB10,000,000 Paid up capital RMB10,000,000	Property development
Huizhou Modern Culture&Travelling Development Co., Ltd.(note i) 惠州當代文旅房地產開發有限公司	PRC 15 June 2017	**65%**	N/A	Registered RMB20,000,000 Paid up capital RMB20,000,000	Property development
Shaanxi Jiabao MOMA Development Co., Ltd. (note i) 陝西嘉寶摩碼置業有限公司	PRC 4 July 2017	**60%**	N/A	Registered RMB10,000,000 Paid up capital RMB10,000,000	Property development

41 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Notes:

(i) These companies are PRC limited liability companies.

(ii) These companies are wholly foreign-owned companies.

(iii) During the year ended 31 December 2017, Wuhan Moma Development Co., Ltd. and Hunan Modern Green Development Co., Ltd. became subsidiaries of the Company. Details are set out in Note 31.

* The English names of the companies which operate in the PRC are for reference only and have not been registered.

The above table lists out those subsidiaries of the Group which, in the opinion of the Directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors of the Company, result in particulars of excessive length.

42 EVENT AFTER THE END OF THE REPORTING PERIOD

(i) Issuance of senior notes

On 27 February 2018, the Company entered into an offering memorandum to issue guaranteed senior fixed rate notes to the public with aggregate nominal value of US$350,000,000 (equivalent to RMB2,286,970,000, approximately), at 100% of the principal amount, which carried fixed interest at 7.95% per annum (interest payable semi-annually in arrears) and will be fully repayable at par by 5 March 2021. The issuance was completed on 5 March 2018.

(ii) Acquisition of Beijing Ai Lihua Property Management Limited ("Beijing Ai Lihua")

On 8 January 2018, a subsidiary of the Company entered into an equity transfer agreement to acquire from independent third parties 100% equity interest in Beijing Ai Lihua which holds a property project located in Beijing, the PRC, for a total consideration of RMB1,550,000,000.

SUMMARY OF FINANCIAL INFORMATION

	For the year ended 31 December				
	2017	2016	2015	2014	2013
	RMB million	RMB million	RMB million	RMB million	RMB million
RESULT					
Revenue	**8,506**	8,458	6,350	4,079	3,469
Profit before taxation	**1,358**	1,083	1,340	1,167	1,022
Income taxes expense	**(531)**	(369)	(739)	(626)	(494)
Profit for the year	**827**	714	601	541	528
Attributable to:					
Owners of the Company	**706**	664	578	521	529
Non-controlling interests	**121**	50	23	20	(1)
	827	714	601	541	528
Earning per share (basic), RMB cents	**25.6**	27.9	30.5	32.6	38.1
ASSETS AND LIABILITIES					
Total assets	**45,171**	28,507	15,723	15,178	11,053
Total liabilities	**(38,154)**	(23,776)	(11,948)	(11,944)	(8,582)
	7,017	4,731	3,775	3,234	2,471
Equity attributable to owners of the Company	**5,178**	4,648	3,765	2,861	2,472
Non-controlling interests	**1,839**	83	10	373	(1)
	7,017	4,731	3,775	3,234	2,471