億達中國控股有限公司
YIDA CHINA HOLDINGS LIMITED

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

股份代號 Stock Code : 3639.HK

2017
ANNUAL REPORT
年度報告

Dalian BEST City

Contents

Corporate Overview

Yida China Holdings Limited (the "Company"), together with its affiliates (collectively referred to as the "Group"), founded in 1988, headquartered in Shanghai, is China's largest business park developer and leading business park operator. The main business involves business park development and operation, residential properties within and outside business parks and office properties sales, business park entrusted operation and management, construction, decoration and landscaping services and property management service. On 27 June 2014, the Company was successfully listed (the "Listing") on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

During the early stage of corporate development, the Group established its foothold in Dalian and relied on its local knowledge advantages. Meanwhile, it catered to the international development trends and enjoyed the advantages of its unique business model. Since 1998, the Group had firmly been seizing the international industrial relocation opportunities of service outsourcing industry and IT outsourcing industry, implementing "Private Investment + Government Support", Internationalization and "Industry-Universities" integration strategies, creating the business model of City-Industry Integration, and constructing and operating Dalian Software Park at a high standard. The Group had become a pioneer in the field of China's service outsourcing business park development and operation and had determined its future development direction.

During the business expansion stage, the Group improved its capacities in all fields, raised abruptly based on its accumulated strength and established its own core competitiveness. The Group, by relying on its successful experiences in the operation of Dalian Software Park and the government's economic development and industrial upgrading strategies, fully integrated internal and external resources, further developed and operated Dalian Ascendas IT Park, Tianjin Seafront Service Outsourcing Industrial Part, Suzhou High-tech Software Park, Wuhan Guanggu Software Park, Dalian Tiandi, Dalian BEST City, Wuhan Software New Town, Yida Information Software Park and many other software parks and technology parks. It helped the Group achieve its preliminary strategic goals of "National Expansion, Business Model Exploration and Diversified Cooperation". For 20 years, the Group had provided its services to nearly 80 Fortune Global 500 Companies. The Group had accumulated rich client base and operation experiences, forming a blue ocean for business development featuring high entry threshold, high customer loyalty, whole production chain coverage and immunity to cyclicality risk.

After the Listing, the Group clearly put forward to be "China's Leading business park operator". It pursued its national expansion goal through the strategy of "leading the development of asset-light business to actuate asset-heavy business, and developing asset-light and asset-heavy businesses simultaneously". Thus, the Group, by virtue of using the development mode of "City-Industry Integration", had been consolidating its business in Dalian, greatly expanding its business in Wuhan, and fully exploring its business in major first-tier and second-tier cities and economically vital regions. The Group had seized the development opportunity during new period in the higher platform by obtaining the strategic investment from China Minsheng Jiaye Investment Co., Ltd. ("CMIG Jiaye"), the current controlling shareholder.

In the "second half" of the real estate industry, the Group will cater to the trends and, by virtue of its strong internal and external resources, enhance its core competitiveness as to its business park development and operation to finally achieve scale development and performance improvement.

Dalian Yida Provence Project

Corporate Information

Board of Directors

Executive Directors

Mr. Zhang Zhichao *(Chairman)*
Mr. Jiang Xiuwen *(Chief Executive Officer)*
Mr. Chen Donghui
Ms. Ma Lan
Mr. Yu Shiping

Non-executive Directors

Mr. Zhao Xiaodong
Mr. Chen Chao
Mr. Gao Wei (resigned on 26 March 2018)
Mr. Wang Gang (appointed on 26 March 2018)

Independent Non-executive Directors

Mr. Yip Wai Ming
Mr. Guo Shaomu
Mr. Wang Yinping
Mr. Han Gensheng

Joint Company Secretary

Ms. Wang Huiting
Ms. Kwong Yin Ping Yvonne

Authorised Representatives

Ms. Ma Lan
Ms. Wang Huiting

Board Committees

Audit Committee

Mr. Yip Wai Ming *(Chairman)*
Mr. Guo Shaomu
Mr. Wang Yinping
Mr. Han Gensheng

Remuneration Committee

Mr. Wang Yinping *(Chairman)*
Mr. Jiang Xiuwen
Mr. Guo Shaomu
Mr. Han Gensheng

Nomination Committee

Mr. Zhang Zhichao *(Chairman)*
Mr. Jiang Xiuwen
Mr. Yip Wai Ming
Mr. Wang Yinping
Mr. Han Gensheng

Registered Office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Headquarters in the People's Republic of China ("PRC")

5/F, People's Insurance Mansion
No. 8, Fuyou Road
Huangpu District
Shanghai
PRC

Principal Place of Business in Hong Kong

Room 1215, 12th Floor
Building 2, Pacific Place
88 Queensway
Admiralty
Hong Kong

Principal Share Registrar and Transfer Office

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

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

Auditors

Ernst & Young
Certified Public Accountants

Legal Advisors

As to Hong Kong Law
Sidley Austin

As to PRC Law
Commerce & Finance Law Offices

As to Cayman Islands Law
Conyers Dill & Pearman (Cayman) Limited

Principal Bankers

Bank of Dalian
China Bohai Bank
Industrial and Commercial Bank of China
Bank of Communications
Shanghai Pudong Development Bank

Stock Code

3639

Company's Website

www.yidachina.com

Financial Summary

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements and the prospectus of the Company dated 17 June 2014, is set out below:

	Year ended 31 December				
	2017	2016	2015	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
RESULTS					
REVENUE	**7,317,619**	7,004,548	7,473,200	7,711,305	6,399,179
Cost of sales	**(5,551,155)**	(5,460,083)	(5,400,560)	(5,280,673)	(4,293,662)
Gross profit	**1,766,464**	1,544,465	2,072,640	2,430,632	2,105,517
Other income and gains	**228,001**	660,191	134,733	108,550	256,177
Selling and marketing expenses	**(236,083)**	(215,505)	(210,469)	(302,206)	(304,413)
Administrative expenses	**(433,585)**	(434,358)	(386,458)	(427,116)	(449,562)
Other expenses	**(182,512)**	(366,238)	(36,708)	(165,370)	(64,314)
Fair value gains on investment properties	**341,216**	201,219	215,066	58,864	411,566
Finance costs	**(334,461)**	(278,346)	(311,004)	(190,699)	(260,464)
Share of profits and losses of:					
Joint ventures	**86,743**	15,466	62,975	31,543	1,540
Associates	**362,959**	(96,142)	(99,152)	(52,563)	(28,726)
PROFIT BEFORE TAX	**1,598,742**	1,030,752	1,441,623	1,491,635	1,667,321
Income tax expenses	**(504,480)**	(456,599)	(620,155)	(594,791)	(810,059)
PROFIT FOR THE YEAR	**1,094,262**	574,153	821,468	896,844	857,262
Attributable to:					
Owners of the parent	**984,302**	564,000	821,263	896,887	827,865
Non-controlling interests	**109,960**	10,153	205	(43)	29,397
	1,094,262	574,153	821,468	896,844	857,262

	As at 31 December				
	2017	2016	2015	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS					
TOTAL ASSETS	**37,097,484**	35,959,502	34,518,188	36,156,451	36,662,498
TOTAL LIABILITIES	**(25,954,578)**	(25,812,973)	(25,109,702)	(27,177,375)	(29,671,497)
NON-CONTROLLING INTERESTS	**(404,727)**	(274,189)	(12,105)	(1,399)	(1,426)
	10,738,179	9,872,340	9,396,381	8,977,677	6,989,575

Chairman's Statement

Dear shareholders,

I am pleased to present you the annual results of the Group for the year ended 31 December 2017 (the "Year").

Zhang Zhichao
Chairman
Yida China Holdings Limited

Results

During the Year, the Group recorded revenue of RMB7,317.62 million, representing a year-on-year increase of 4.5%, of which residential properties within and outside business parks and office properties sales income increased by 3.7% to RMB5,991.18 million from the corresponding period of last year; business park rental income increased by 0.8% to RMB385.51 million from the corresponding period of last year; business park entrusted operation and management income increased by 14.2% to RMB60.24 million from the corresponding period of last year; construction, decoration and landscaping income increased by 1.6% to RMB467.74 million; and property management income increased by 23.9% to RMB412.95 million from the corresponding period of last year. Gross profit increased by 14.4% to RMB1,766.46 million from the corresponding period of last year, with a gross profit margin of 24.1%. Net profit attributable to shareholders of the Company was RMB984.30 million, representing a year-on-year increase of 74.5%.

Review of 2017

In 2017, China's real estate market reached an all-time high, but was also under the restriction of stringent state regulatory measures. With the further increase in industry concentration, sizable property developers were facing increasingly fierce competition in acquiring land resources of key cities. Apart from traditional residential development, many real estate companies also speeded up their planning in emerging businesses such as industrial real estate and cultural tourism real estate. Professional real estate companies with early-development advantages were more favored by the market and the government and attracted the interest of large real estate companies for cooperation, and thus have a good potential for mid-to-long term development.

An increasingly obvious trend was seen in the industrial upgrade of various cities in China and the transfer of industries within cities and between regions. Industries such as electronics and information technology, health and intelligent manufacturing have become the hot spots for economic growth. In particular, second-tier cities had clearer demands for the development of industries, and various regions have been continuously increasing their investment in the research and development in science and technology, in finance industry and in talent development, which will vigorously increase the needs of various industries for office spaces in business parks. In addition, China formally proposed the concepts and guidelines of "high-tech zones" and "characteristic town", which have been positively responded and vigorously promoted by various regions. The real estate market will be further advanced in the direction towards the holding and operation of properties and, finally, the realization of regional value appreciation.

2017 was a year for the Company to change, develop and overcome obstacles. During the Year, the Company adhered to its development vision of "being China's leading business park operator" and its development concept of "promoting city with industry, achieving city-industry integration, accomplishing coordinative development, and creating values together", and implemented the development strategy of "leading the development of asset-light business to actuate asset-heavy business, and developing asset-light and asset-heavy businesses simultaneously". Under the guidance of new market environment and policy environment, all businesses achieved steady growth. The management and operational capability of the Company achieved a comprehensive upgrade, with significant improvement in resource integration capability.

1. **Asset-light operation business took shape, and the brand and influence of business parks continued to expand**

   In respect of the layout of asset-light business, during the Year, the operating area expanded by 1.78 million square meters. There were 24 operation management projects in 14 cities in China, with a total construction area of 4.14 million square meters under operation at the end of the Year. The Group served around 800 tenants in business parks, in which more than 80 tenants are top 500 enterprises in the world, bringing together high-end industry talents and employment of relevant staff, and the Group's scale of operation continued to lead the industry. Throughout the Year, the Group received various important industry awards. With the great attention and wide recognition on the Group's industrial operation capability from various sectors of the society, the Group have captivated the historic opportunity for rapid development.

2. **Operation of business parks drove expansion of asset-heavy business, and the city-industry integration model became the industry mainstream**

   In respect of the development of asset-heavy business, the Company firmly implemented the development strategy of "consolidating its business in Dalian, greatly expanding its business in Wuhan, and speeding up its nationwide expansion". During the Year, the Company successfully contracted the Dalian Tiandi project and will obtain 2.30 million square meters of high-quality land reserves, providing a guarantee of resources for reinforcing its leading position in Dalian's market. The Company strengthened its strategic expansion in cities in the Yangtze River Delta and Midwest regions. Led by the light asset operation business, on 28 April 2017, Changsha Yida Intelligent Manufacturing Industrial Village Development Co., Ltd. (長沙億達智造產業小鎮發展有限公司) and Hunan Yida Industrial Development Co., Ltd. (湖南億達產業發展有限公司) were established and formally signed the Investment Framework Agreement on Changsha Meixihu Yida Health Science and Technology City Project (《長沙梅溪湖億達健康科技城項目投資框架協議書》), and on 20 December 2017, the Company successfully obtained the Chengdu Intelligent Transportation Science and Technology City project. The Company has also developed several Zhengzhou, Wuhan, Changsha, Chongqing, Hefei, Nanjing and Suzhou projects. The development strategy of "leading the development of asset-light business to actuate asset-heavy business, and achieving city-industry integration" was successfully implemented in various key cities.

3. **Improved management, integrated resources, and implemented strategies**

   In respect of management, the Company gradually optimized and preliminarily formed a flat organizational management structure of "headquarters – city companies", further improving operational efficiency. The Company also systematically carried out various management enhancement work, laying a management foundation for the implementation of strategies and realization of annual operational and management objectives of the Company. The establishment of Shanghai headquarters signified that the Company will be Shanghai-centered in the future and gather more higher-quality talents and resources to rapidly and effectively promote the implementation of its corporate strategy. In respect of undertaking internal and external resources for development, the Company linked a wider range of social resources on a higher platform and effectively optimized the capabilities of corporate governance, operational management, financial internal control and access to land resources.

4. **Increased financing channels, and enhanced transparency of capital markets**

   The Company actively enhanced its financing capability to lay a solid foundation for its future development. During the Year, the Company successfully issued three-year senior notes of USD300 million with a coupon rate of 6.95% per annum in Hong Kong for the first time. The notes were over-subscribed, which reflected the optimistic outlook of the international capital market on the credit standing and future development of the Company, and opened up an important capital channel. The Company attached great importance to maintaining transparent, continuous and sincere communication with domestic and overseas capital market investors. During the Year, the Company held large-scale performance conferences, organized reverse roadshows for investors and management roadshows, and participated in various annual meetings of financial institutions and communicated face-to-face with investors to gain advice on the development of the Company from the capital market and provide information on the latest development of the Company to the capital market.

Outlook for 2018

2018 will be a year for the Company to achieve leapfrog development and a key year for us to implement a nationwide strategic expansion. The Company will focus on the development objective of enhancing economic quality proposed by the 19th National Congress of the Communist Party of China, attaching importance to human capital and innovation drive and starting from intelligence industries and knowledge economy. The Company will speed up the business development and implement asset-heavy business projects in the new era of development to significantly strengthen its industry leading position in respect of industrial clustering and operational capability.

1. Leading the development of intelligence industries, expanding the operational scale of business parks, and improving the core strength of operation of business parks

The Group will focus on the "three expansion and one construction". To expand the operational coverage of business parks, the Group will focus on the development of eight major industries including high-end equipment, intelligent manufacturing, life science, civil-military integration, artificial intelligence, Internet of Things, cultural and creative media and modern services, creating an industrial clustering effect and displaying our core strength in industrial development. To expand the operational scale of business parks, the Group will integrate the organisational systems of light asset operation, and expand its operational scale in core regions of key cities under strategic expansion to serve more parks and corporate customers. To expand the Group's investment business of business parks, the Group will assist the government and financial institutions to establish industrial investment funds with an investment focus on enterprises with high growth potential, strengthen the resource integration and cohesion of business parks, improve the operational chain of business parks of the Company, and solicit and gather businesses to business parks through capital to gradually construct a future-oriented core business system and point of profit growth. To construct an intelligent park platform, the Group will integrate and set up an intelligent park operational and management platform combining the operation and management of intelligent buildings, the resource management of business park customers and the operation and services of parks, and comprehensively upgrade the operation and management standards of parks through owning businesses parks and commissioning the operation of business parks to create a new engine of business growth and development, so that the Group can expand its business nationwide and rapidly undertake the operation and management of existing business parks of the government.

2. Implementing key projects, improving development model of city-industry integration, and reserving resources for corporate sustainable development

The Group will focus on advancing the implementation of target acquisition projects such as Wuhan, Zhengzhou, Chengdu, Chongqing, Changsha, Hefei, Yangtze River Delta and Greater Bay Area projects, continuously give full play to its business edges of business park operation and city-industry integration, and acquire more lands in key cities to reserve adequate resources for the sustainable and steady development of the Company. Take M&A approach in land purchase by leveraging on the Company's comparative advantages. Acquire lands that are reasonable in price and in line with the Company's ideal residential-office area ratio.

3. Strengthening the organization construction of the headquarters and city companies, comprehensively commencing the "year of systematic management" activity, and ensuring healthy and rapid corporate development

With "strengthening industrial core strength, and ensuring the implementation of asset-heavy business projects" as the core, the Group will further clarify the organizational, management and control model of the headquarters and city companies and each business sector, and quickly supplement professional talents for the headquarters and city companies through the combination of internal promotion and external recruitment. 2018 has also been determined to be the "year of systematic management" of the Company. The Company will systematically integrate and enhance the systems, procedures, rights and responsibilities of each business sector and each functional business line to implement comprehensive informatization, create a consistent, comprehensive and efficient management system, and provide management support for the leapfrog development of the Company.

All shareholders: the development of the country is in the new period of opportunities. The Company will keep in track with the development of the country and the era to gain more potential for development. 2018 will be the first year for the in-depth implementation of the spirit of the 19th National Congress and marks the 40th anniversary of the Reform and Opening. There will definitely be huge changes on the deepening of reform and significant improvement on the business environment. The Company will unswervingly adhere to its development vision of "being China's leading business park operator" and its development strategy of "developing asset-light and asset-heavy businesses simultaneously" and "national expansion", gradually achieving the joint development of each business sector and creating greater value for our shareholders and the society.

I, on behalf of the Board of Directors, express our heartfelt thanks to all shareholders, investors, partners and customers for their support for the Group and to the management and employees for their unremitting efforts and contributions.

Zhang Zhichao
Chairman
YIDA CHINA HOLDINGS LIMITED

Hong Kong, 26 March 2018

Management Discussion and Analysis

Mr. Jiang Xiuwen
Executive Director and Chief Executive Officer

Dear shareholders,

On behalf of the management, I hereby present the discussion and analysis of operations for 2017.

MD&A – BUSINESS REVIEW
I. Operation of Business Parks Owned by the Group

Yida Information Software Park


Dalian
Wuhan

1 Dalian Software Park: "One Kilometer to Employment" event organized by enterprises in the park and Dalian Polytechnic University

2 Dalian BEST City: India-China Entrepreneur Forum

3

4

5

3 Wuhan First City: Customized shuttle services are fully available

4-5 Office environment of the enterprises in the park

I. Operation of Business Parks Owned by the Group (continued)

During the Year, the Group's wholly owned business parks included Dalian Software Park, Dalian BEST City and Yida Information Software Park and the Group's partially owned business parks included Wuhan First City (50% stake), Dalian Ascendas IT Park (50% stake) and Dalian Tiandi (52% stake). The area available for leasing in the above parks was approximately 1,413 thousand square meters. During the Year, the Group recorded a rental income of approximately RMB385.51 million, which increased by 0.8% to that of the corresponding period of 2016.

The following table shows the business parks owned by the Group (Unit: 1,000 sq.m.):

Business Parks	Rights and Interests of the Group	Total Completed Floor Area	Leasable Area				Occupancy Rate at the End of the Period
			Office Buildings	Apartments	Shops	Parking Spaces	
Dalian Software Park	100%	637	391	180	33	42	94%
Dalian BEST City	100%	147	99	–	7	41	73%
Yida Information Software Park	100%	91	66	–	4	20	100%
Dalian Ascendas IT Park[1]	50%	204	178	–	–	25	85%
Dalian Tiandi[1]	52%	334	207	37	41	38	83%
Total		1,413					

Note:

1. The financial statements of companies holding Dalian Ascendas IT Park and Dalian Tiandi are not consolidated, therefore the rental income of the Group excludes the rental income from such two parks.

In 2017, Dalian Software Park and Yida Information Software Park continued to promote service quality, launched value-added services which served their customers extensively and received recognition from both inside and outside of the industry.

1. High quality operation service and high quality campus environment for tenants recruitment, settlement and improvement

   Many internet leading enterprises such as Lenovo Business (聯想商業), Jinwang Xintong (金網信通), Guangzhou Li Zhi Online Technology (廣州力摯網絡) (which launched zuzuche (租租車) service platform) and Beijing Dami Technology (北京大米科技) (which is principally engaged in internet remote education) etc. stationed at Dalian Software Park during the Year. The industries are more diversified and the trend of cooperation and integration between businesses has become more significant; The Graphical Password developed by Magic Image Technology, which was once incubated in the COCOSPACE of the park, was selected as the candidate for "National Brand Innovation Project" (國家品牌創新工程) while Sinoimex has become National Information Centre's "The Belt and Road" Foreign Trade Information Institute. Industries inside the park are more sophisticated in technologies, internationalised and diversified, while emerging industries from different sectors keep earning good results. This made the park the main hub for the research and development of high and new technologies and the base for growth for high and new industry in Dalian.

2. Colorful value-added services fully enhanced service capability

   With the strong support in the integration and operation capability of Dalian Software Park and Information Technology Training Centre, Human Resource Service Platform was set up and has commenced full operation. The platform provides various professional matching services such as talents matching, talents training and industry talents information sharing to about 80 enterprises in the park and it has become enterprises' preferred supplier in screening candidates and carrying out work related to human resources. The park has launched a training program "One Kilometer to Employment" which drew much attention. The program identifies enterprises' problems and refers such problems to education institutions for providing targeted training and pre-employment counselling to final-year university students in order to help students finish their last step before their employment. The park's administration platform provides customers with services such as policy consultation, administrative agency services, projects application. Enterprise customised platform provides support to cater their individual needs including planning for enterprises' anniversaries, cooperation ceremonies, annual meeting.

3. Significant enhancement of infrastructure and property management quality in the park

   Intelligent Parking System in Dalian Software Park and Yida Information Software Park officially entered into operation. This is an important initiative of intelligence park construction and has provided great convenience for people working in the park. LED lighting reconstruction project was widely promoted in the park which saves energy significantly while enhancing lighting's aesthetic quality. Construction of a walking green path, with a total length of 880m and width of 2.3m, was completed and is a perfect place for people who work or live in the park to do exercise and relax. Meanwhile, various service functions of the property system were further improved during the Year, including office fine decoration, project management consultation, facility management and maintenance. Such improvement can satisfy the special needs of more customers in the park and provide stronger support for customers to develop their businesses.

   During the Year, Dalian Ecology Technology Innovation City operation and management achieved good results. "Construction Cube" Industry Park, which focuses on industrial construction, opened and 11 sino-foreign enterprises including Taitong Construction will be the first batch of enterprises to sign contracts and enter into the park. India NASSCOM (Dalian) IT Industry corridor project was implemented, a large group of Indian enterprises introduced by NASSCOM will be settled in Technology City. "Jinlifang" (金立方) Industrial Park, which aims at establishing a new hinterland of Northeast Asia financial cooperation, has completed its registration. Big Health Industrial Park (大健康產業園) under the cooperation with Beijing Viicare Medical Co., Ltd was under construction. Industries settled in the Technology City are diversified in different segments, this realises a multi-layers and multi-dimensional development layout that makes Technology City stronger in market expansion and more competitive in the industry.

   During the Year, Wuhan First City continued its growth momentum. Office Building (Phase I), which is under Government entrusted operation and management, was still fully occupied by more than 40 enterprises; Office Building (Phase II) and Office Building (Phase III) had contracts signed with more than 50 enterprises. Fortune Global 500 companies such as IBM, Publicis and Philips as well as top 100 enterprises under software information technology industry such as Tianyuan DIC, iSoftStone, BJC, Carbit, Rogrand and some enterprises in emerging strategic industries have settled in the park. Enterprises in the intelligence health and cultural and creative e-business will also sign contracts and enter into the park. The Group has nearly 20 routes to access three towns in Wuhan. Wuhan First City received "2017 Information Technology Service Industry-Demonstration Intelligence Health Park" award (「2017年度中國信息技術服務產業智慧健康示範園區」大獎) from the Ministry of Industry and Information Technology.

MD&A – BUSINESS REVIEW
II. Sales of Properties

Dalian BEST City


Dalian
Shenyang
Chengdu
Wuhan

1



2


3


4

1 Dalian Yida Blue Mountain Project

2 Dalian Yida Blue Bay Town Project

3 Dalian Glory of the City Project

4 Dalian BEST City

5 Dalian Yida Provence Project

6 Dalian BEST City Qingwan Project

During the Year, the Group achieved contracted sales of RMB7,260 million, representing a decline of approximately 12.5% over the corresponding period last year, mainly due to the change of selling strategy by the Group according to the market conditions during the Year. The contracted sales average price was RMB11,936 per square meter, representing an increase of 18.4% from the corresponding period last year, mainly due to the increase in average market price in Dalian.

During the Year, the Group recorded revenue of RMB5,991.18 million, representing an increase of 3.7% from the corresponding period last year. The average price was RMB10,498 per square meter, representing a year-on-year decrease of 8.8%, mainly due to different region and structure of products recognised, and revenue-recognised projects during the Year mainly included low to mid-end residential properties. Revenue-recognised projects were mainly located in Dalian (67% of revenue), Wuhan (28% of revenue) and some other cities of the PRC.

During the Year, the market developments of the company's main covered cities are as follows:

1. Dalian

As one of the four Northeast sub-provincial cities (Dalian, Shenyang, Changchun, Harbin), Dalian is ranked first among the four cities by reaching RMB736.3 billion in GDP in the Year. Dalian had significant achievements in economic transformation and has realised steady economic growth for consecutive 11 quarters with a growth rate higher than the national average. Dalian retains the reputation of national civilised city and Pilot Free Trade Zone was officially opened. During the Year, Dalian was not affected by policy of limited purchase. Instead, it attracted some customers that the first-tier cities lost after regulation, and showed an overall stable growth. Sizable real estate developers continued to expand their market shares in Dalian, acquiring lands at high premium. Dalian's residential property stock level was at a five-year low. Improvement demand gradually replaced the rigid demand, becoming the main factor driving the market.

After years of dedicated effort made in Dalian, the Group continued to maintain its leading position in the industry. During the Year, Yida Springfield project ranked first in Dalian villa market transaction. House delivery rate and landlord's satisfaction level continued to lead in the industry. The Group contracted Dalian Tiandi project during the Year. Apart from achieving outstanding performance in sales during the Year, the project will definitely make significant contribution to the Company's sales growth in the next three years. The Company has brought about synergy effect from the projects sales, park and ancillary services in Dalian High-tech District and Ganjingzi District, making it more reasonable to launch various projects simultaneously while persistently promoting brand recognition and customers loyalty.

2. Wuhan

Wuhan's GDP was approximately RMB1.34 trillion during the Year, representing an increase of 8% from the corresponding period last year and ranking the eighth across the country. The area of properties with transaction completed in Wuhan reached 20.40 million sq.m. and ranked in the first tier in China. Government departments increased land supply to suppress land premiums and property prices. The total transaction amount for land in Wuhan was RMB153.1 billion during the Year, representing an increase of 37% from the corresponding period last year and ranking the fourth across the country, while gross floor area sold was 45.42 million sq.m. which ranked first in China. Real estate enterprises were eager to acquire land. The absorption rate reached 91% and serious over-demand was witnessed. Benefited from liberal political and business environment, talented workforce and non-restricted purchase, transactions of office properties kept rising and the area sold was 2.12 million sq.m., representing an increase of 9% from the corresponding period last year. The average transaction price continued to rise. The Donghu New Technology Development Zone where Wuhan First City is located had an area sold 1.91 million sq.m. during the Year. The district and Jiangxia District are collectively referred to as "Grand Optic Valley"(大光谷) district, the area sold reached 4.08 million sq.m. in total during the Year. The district has become the hottest sales district in Wuhan which is mainly driven by rigid demand and first housing replacement.

During the Year, the sales of Wuhan First City project was dominated by office properties. The Group has actively explored new projects in the main city district and it is expected to acquire new projects in 2018.

Contracted Sales Details

Project	Equity attributable to the Group	Sales Floor Area (sq.m.)	Sales Amount (RMB'000)	Average Sales Price (RMB/sq.m.)
Dalian Software Park	100%	7,357	104,210	14,165
Dalian BEST City	100%	165,168	2,512,120	15,209
Information Software Park	100%	160,576	1,641,460	10,222
Wuhan First City	50%	55,050	333,450	6,057
Dalian Tiandi	52%	98,899	1,211,260	12,247
Residential Properties outside business parks	25%-100%	121,493	1,460,940	12,025
Total		608,543	7,263,440	11,936
Residential Properties		524,800	6,606,010	12,588
Office Properties		83,743	657,430	7,851
Total		608,543	7,263,440	11,936
Dalian		519,781	6,637,400	12,770
Wuhan		55,050	333,450	6,057
Shenyang		21,261	167,670	7,886
Chengdu		12,451	124,920	10,033
Total		608,543	7,263,440	11,936
Business parks		487,050	5,802,500	11,914
Residential Properties outside business parks		121,493	1,460,940	12,025
Total		608,543	7,263,440	11,936

Contracting ceremony of Yida China with Changsha Meixihu Innovation Center


Beijing
Tianjin
Harbin
Zhengzhou
Xi'an
Mianyang
Shanghai
Suzhou
Hefei
Shenzhen
Chongqing
Wuhan
Chengdu
Changsha

1 Jinmao Plaza

2 Haikexing Sinovac Strategic Emerging Industrial Park

3



4

3 Yida Lize Center

4 Beijing Yizhuang Mobile Silicon Valley Industrial Park

During the Year, the Group's newly-added area for business park operation was 1.78 million sq.m. and the total area reached 4.14 million sq.m., representing an increase of 76% from the corresponding period of last year and covering in 14 cities and 24 projects in total. Revenue was RMB60.24 million, representing an increase of 14.2% from the corresponding period of last year, mainly due to the increase of business management area of asset-light business nationwide.

The Group, based on its owned business parks, continued to provide entrusted operation and management services with brand spillover effect, so as to achieve the national expansion of its asset-light business by leveraging on its leading operation experiences and advantageous resources. The Group provided a whole chain of asset-light operation and management services, including project addressing, product positioning, planning and design, entrusted construction management services, tenant recruitment, property management, value-added services, and etc.

During the Year, Yida Lize Center settled in Fengtai District, Beijing and Mobile Silicon Valley Innovation Center was delivered. Zhongguancun No.1(中關村一號) jointly operated with Beijing Shichuang Group will soon commence operation. The work on land formation and planning and design for Zhengzhou Gaoxin District, covering an area of 520 acres was completed. The Group has provided business solicitation service for Zhengzhou Tonghang Entrepreneurship Park, Hefei Yaohai City Science and Technology Park, Hefei Luyang DT Industrial Park (合肥廬陽DT產業園), Chengdu Creative and Intelligent Metropolis Industrial Park, Xi'an Jiaotong University State University Science Park, Xi'an Collaborative Innovation Port of Feng Dong New Town and Harbin-Israel International High & New Technology Incubator Complex Industrial Park.

In 2018, the Company will continue to firmly implement its development strategy featuring "leading the development of asset-light business to actuate asset-heavy business, developing asset-light and asset-heavy businesses simultaneously, and feeding asset-light business by developing more asset-heavy business", and, by its asset-light business, be familiar with the market, set up its brand, make its teams stronger, in a move to obtain the resources necessary for the development of the asset-heavy business. The Group will acquire more asset-heavy projects, feeding asset-light business development. Finally, ideal development efficiency and performance as to these two businesses will be achieved.

The following table illustrates the Group's entrusted operation and management projects:

Serial No.	District	Project Name	Contracted Area (1,000 sq.m.)	Operation Mode
1	Wuhan	Wuhan First City Phase 1.1 (武漢軟件新城產業1.1期)	168	Business solicitation and operation
2	Shanghai	YIDA North Hongqiao Entrepreneur Park	48	Business solicitation and operation
3	Suzhou	Suzhou Gaotie First City (蘇州高鐵新城)	203	Business solicitation and operation and Incubator
4	Suzhou	Yida Shangjinwan Headquarters Economic Park	401	Business solicitation and operation
5	Shenzhen	Haikexing Sinovac Strategic Emerging Industrial Park	70.6	Business solicitation and operation
6	Changsha	Meixihu Innovation Center	52	Business solicitation and operation
7	Chengdu	Guo Bin Headquarters in Chengdu	81.7	Business solicitation and operation
8	Chengdu	Chengdu Creative and Intelligent Metropolis Industrial Park	76	Business solicitation and operation
9	Chengdu	Chengdu Xibu Beidou Industrial Park (成都西部北斗產業園)	700	Business solicitation and operation
10	Xi'an	Collaborative Innovation Port of Feng Dong New Town	120	Sales agent, business solicitation and operation
11	Hefei	Yaohai City Science and Technology Park	425	Business solicitation and operation
12	Hefei	Hefei City Luyang DT Industry Park (合肥廬陽DT產業園)	242.6	Business solicitation and operation
13	Mianyang	Phase One of China (Mianyang) Technology City Software Industry Park (中國(綿陽)科技城軟件產業園一期)	62.6	Business solicitation and operation
14	Tianjin	Xiangyi Square (香邑廣場)	10	Business solicitation and operation
15	Harbin	Harbin-Israel International High & New Technology Incubator Complex Industrial Park	89	Business solicitation and operation
16	Beijing	Yida Lize Center	41	Charter
17	Shanghai	Yida Waigaoqiao Business Park	13.9	Charter
18	Changsha	Changsha Technology New Park	540	Sales agent, business solicitation and operation
19	Changsha	Jinmao Square North Tower	99	Business solicitation
20	Chongqing	Liangjiang Science and Technology City (Phase I)	195.3	Sales agent, business solicitation and operation
21	Chongqing	Liangjiang Science and Technology City (Phase II)	210	Sales agent, business solicitation and operation
22	Beijing	Mobile Silicon Valley Innovation Center	40.6	Sales agent, business solicitation and operation
23	Xi'an	Xi'an Jiaotong University Science and Technology Park	214	Business solicitation and operation
24	Zhengzhou	Tonghang Entrepreneurship Park	41.5	Business solicitation and operation
	Total		4,144.8	

MD&A – BUSINESS REVIEW
IV. Construction, Decoration and Landscaping

Undertaking decoration projects in Dalian


Dalian
Wuhan

1 Undertaking the Dalian Glory of the City project

2 Undertaking the Dalian Etonkids Kindergarten project

3

4

3 Undertaking landscaping projects in Dalian

4 Undertaking decoration projects in Dalian

During the Year, the construction, decoration and landscaping businesses recorded revenue of RMB467.74 million, representing an increase of 1.6% from the corresponding period of last year.

During the Year, three of the Group's businesses have been integrated for management. The Group relied on projects under construction and continued to further enhance the general contracting strategy and product strategy; the Group geared up development efforts in Dalian. Meanwhile, the Group also gradually implemented the national expansion plan with great success in construction results. The Group's image has been significantly enhanced and the Group has obtained accreditation and recognition in the industry.

The Group continued to strengthen its construction, decoration and landscaping business capabilities to support the development of internal projects of the Group and to achieve sustained and stable recurring cash flow by undertaking external projects.

1. Construction

During the Year, the projects undertaken mainly comprised Dalian Zhongshan District Zhonghai Harbor City landscaping project (大連中山區中海海港城園林綠化項目), Dalian Shahekou District Warm House project (大連沙河口區暖房子項目) and other projects in other regions.

The Group's awards:

(1) In January 2017, the Group was awarded the "2016 Liaoning Outstanding Construction Enterprise (遼寧省建築業優秀企業)" from Liaoning Province Construction Industry Association;

(2) In December 2017, the Group was awarded the "2017 The Outstanding Enterprise in Dalian Green Building Industry (2017年度大連市綠色建築行業先進企業)" from the Dalian Green Building Industry Association (大連市綠色建築行業協會);

(3) In November 2017, the project Glory of the City undertaken by the Group was named the "Grade AAA Standard for Safety Production for National Construction Project (全國建設工程項目施工安全生產標準化工地(AAA)稱號)" by the Construction Safety Branch of China Construction Industry Association.

2. Decoration

The theme of the year: "For 15 years of craftsmanship services, Panasonic & Yida Decoration won the trust of the market by its quality and its good faith" was published by decoration team, aiming to promote the Group's business, enhance its service quality, expand its range of services and obtain a broader range of business contracts.

The Group took up the Wuzhen Yayuan project, which is a sample of product development for an senior housing in China. The Group provided supplies and installation services for the project, paving the road to develop projects for elderly for the Company. The Group also took up the Shanghai Ronglian Lehuoju project which is the first bathroom package project undertaken by the Company. The Group's team provided construction, installation and testing services for the project, which is its big step in development in the value chain of living, spatial design, and creation of commodity. The Group actively developed bulk package products in order to meet the demand of different customer groups. The Group launched the high-end, middle-end and low-end residential packages with a focus on the price-performance ratio of products and the quality of construction and such packages have received positive feedback from our customers. The Group's operation on packages have developed into certain scale. The Group organized one-on-one decoration consultation services offered under real settings and it received positive comments from its customers with its quality and progress of construction. As far as those communities where the property prices are relatively high with terms of residency over five years, the Group provided customers with caretaking services.

3. Landscaping

Landscaping business is an important guarantee for the Group's project quality. Excellent landscape is always an important selling point in the Group's residential and office properties. After many years of experiences, the Group has had the ability to undertake external projects and carry out expansion across China.

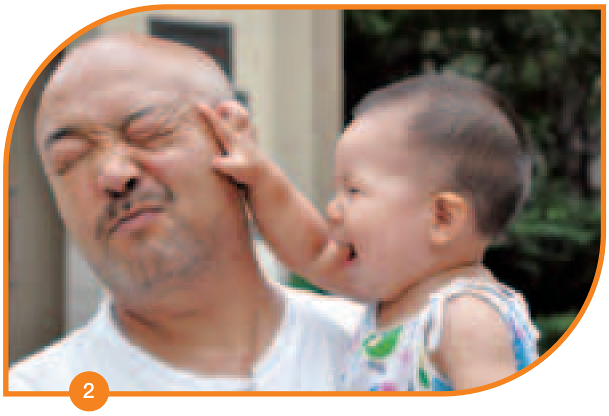
The Group adhered to the "customer-centric and market-oriented" principle to maintain high quality standards and constantly enrich the product management models, in a move to further enhance the landscaping functionality and ornamentality. The Group's more than 2 million sq.m. of nursery bases are respectively located in Shandong Province and Liaoning Province, so the landscaping needs of our projects can be met.

MD&A – BUSINESS REVIEW
V. Property Management

Snapshots of daily lives of households


Dalian
Mianyang
Hangzhou
Suzhou
Chongqing
Wuhan

1



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3

4

1-2 Snapshots of daily lives of households

3 Elderly Care Center under the Dalian Yida Blue Mountain project started construction

4 Yida Property Lease & Sales Service Center

5-8 Yida office property management services

9 Procedures and Regulations on Yida Property Management Services

During the Year, this business segment recorded revenue of RMB412.95 million, representing a growth of 23.9% from the corresponding period of last year, mainly due to increase in projects under management and increase in the income from providing services.

1. Residential Property Management

During the Year, the Group managed 55 residential projects with a total of 7.826 million sq.m. The Group was closely centered on the development ideas of "improving service level, increasing performance, and expanding the business" to further enhance the Group's abilities in providing services for general households, making profits and managing communities, and to improve the overall efficiency.

The Group's team captured the potential of serving the community, and solidly enhanced the service standard and quality. The Group strictly implemented safety rules, actively promoted the vehicle license identification system and gate system while strengthening its efforts in maintaining the fire prevention and access control system. The Group also launched a property owner APP to analyze the big data of property owners, feeding back property management service quality and providing potential data support for property management innovation in the future. 92% of the property owners has paid for the fee charged, ranking the top in North East Region. Yida Property Management Company Limited, a wholly-owned subsidiary of the Group, was awarded the "2017 Best 100 China Property Services Enterprise (2017中國物業服務百強企業)", ranking the 61st among 100 national property enterprises; and the Group was awarded the "2017 Best China Industrial Park Property Management Enterprise (2017中國產業園區物業管理優秀企業)".

2. Office Property Management

During the Year, management area was increased by 1.308 million sq.m and the total floor area of operation reached 4.268 million sq.m. Expansion in Dalian, Suzhou, Hangzhou, Chongqing, Wuhan, Mianyang was completed and the Group served almost 800 corporate customers.

In the Company's 20-year business park operation and management experience, the property management team has dedicated to serve the Fortune Global 500 companies, to understand and meet their increasingly sophisticated, personalised and modernized property management needs, helping us form a complete set of standardised business park property management systems, which had become a solid platform for the Group's business park operation and "tenant recruitment and tenant settlement". During the Year, the Group's team continued to consolidate the basic services, strictly control the risks and enhanced our quality and hence realised the win-win situation between our customers and property management. The quality of fundamental management was further enhanced. Procedures and Regulations on Yida Property Management (物業管理規章制度匯編) was revised and we passed the quality, environmental, work safety management system accreditation and have obtained the new version of three-standard systems (ISO9000, ISO14000, OHSAS18000) accredited certificates.

During the Year, the Group had a new project, namely the Dalian Public Administration Service Centre Property Management Project. The total area is 136 thousand sq.m. and is currently the largest single building of the national government public service institution. The Group successfully obtained the tender and took over the Singapore-Hangzhou Science Park Project which is located in the heart of the Hangzhou Economic and Technological Development Zone. Its total area is 300 thousand sq.m. and is the first modernised and internationalised integrated science park area in Hangzhou jointly developed by Ascendas Group and Hangzhou Economic & Technological Development Area Asset Management Group Co. Ltd. In addition, the Group also successfully obtained tenders in Chongqing, Wuhan and Mianyang and undertook a number of property projects, steadily moving forward to its aim of national expansion.

VI. Land Reserves

Dalian BEST City Provence Project

As of 31 December 2017, the Group's total floor area of land reserves was approximately 8.44 million sq.m. and the floor area of land reserves attributable to the Group was approximately 5.92 million sq.m. The land reserves were mainly concentrated in Dalian, accounting for a proportion of 86.2%.

The Group's core business is city-industry comprehensive development, emphasizing simultaneous development of office properties and residential properties. In the future, in its city-industry development and operation projects, the Group will integrate resources, carry out multi-channel cooperation and coordination, and further optimize and improve the business mode of city-industry integration development. In addition, the Group will mainly utilize its business model advantages, speed up to obtain influential integrated city-industry development projects from the provinces and major cities that cooperate with the Group strategically.

The Group will also seize the M&A opportunities brought by the overall trend of real estate market, opt to obtain asset-heavy projects at a proper time, with types including but not limited to business parks, independent office property, independent residential property and urban complex projects.

The following table sets out a breakdown of the Group's land reserves as at 31 December 2017:

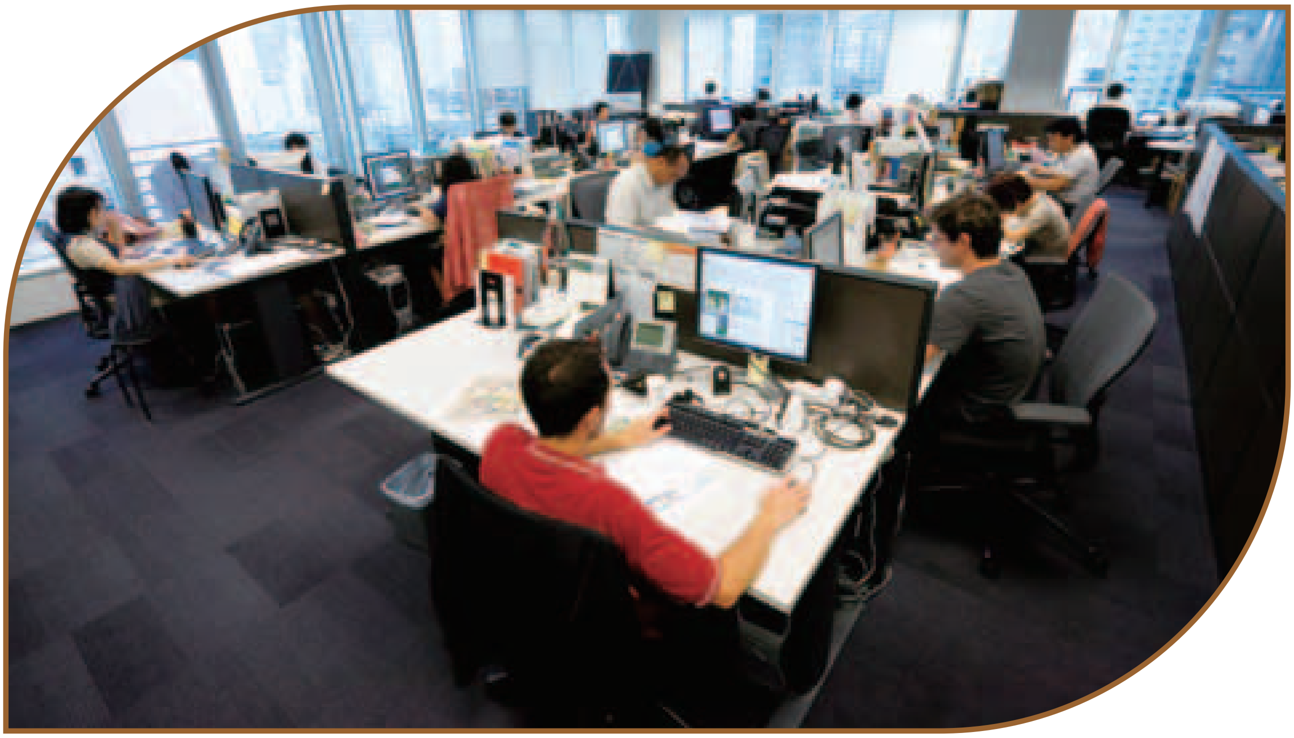
By city	Total GFA of land reserves *(sq.m.)*	Proportion	Attributable GFA of land reserves *(sq.m.)*	Proportion
Dalian	7,280,995	86.2%	5,298,435	89.44%
Wuhan	995,919	11.8%	497,959	8.41%
Chengdu	142,767	1.7%	102,376	1.73%
Shenyang	25,037	0.3%	25,037	0.42%
Total	8,444,718	100.0%	5,923,807	100.0%

By location	Total GFA of land reserves *(sq.m.)*	Proportion	Attributable GFA of land reserves *(sq.m.)*	Proportion
Within business parks	6,638,671	78.6%	4,635,794	78.3%
Outside business parks	1,806,047	21.4%	1,288,013	21.7%
Total	8,444,718	100.0%	5,923,807	100.0%

Projects Within/Outside Business Parks	Equity Held by the Group	GFA Completed Remaining Saleable/ Leasable *(sq.m.)*	GFA Under Development *(sq.m.)*	GFA Held for Future Development *(sq.m.)*
Business Parks				
Dalian Software Park				
Office	100%	594,938	–	–
Residential	100%	94,604		
Subtotal	100%	689,542	–	–
Dalian BEST City				
Office	100%	133,639	182,317	491,888
Residential	100%	318,020	13,334	14,000
Subtotal	100%	451,659	195,651	505,888
Wuhan First City				
Office	50%	350,083	–	508,501
Residential	50%	4,235	–	133,100
Subtotal	50%	354,318	–	641,601
Yida Information Software Park				
Office	100%	84,608	64,406	118,798
Residential	100%	392,705	–	–
Subtotal	100%	477,313	64,406	118,798
Dalian Ascendas IT Park				
Office	50%	202,530	–	91,918
Subtotal	50%	202,530	–	91,918

Projects Within/Outside Business Parks	Equity Held by the Group	GFA Completed Remaining Saleable/ Leasable *(sq.m.)*	GFA Under Development *(sq.m.)*	GFA Held for Future Development *(sq.m.)*
Dalian Tiandi				
Office	52%	323,000	299,655	1,267,065
Residential	52%	94,439	132,927	628,850
Subtotal	52%	417,439	432,582	1,895,915
Chengdu Tianfu Intelligent Transportation Science and Technology City				
Office	60%	–	–	99,111
Subtotal	60%	–	–	99,111
Business Parks Subtotal	50%-100%	2,592,801	692,639	3,353,231
Projects Outside Business Parks				
Dalian	25%-100%	438,715	633,092	665,547
Chengdu	80%-100%	39,920	–	3,736
Shenyang	100%	25,037	–	–
Projects Outside Business Parks Subtotal	25%-100%	503,672	633,092	669,283
Total	25%-100%	3,096,473	1,325,731	4,022,514

VII. Issuance of Senior Notes



Dalian Software Park

In April 2017, the Company successfully issued senior notes with principal amount of US$300 million with 3-year term, bear a nominal interest rate of 6.95% per annum, and was over-subscribed. The net issue proceeds had been used for new property projects and working capital purposes.

The Group attaches great importance to expansion of financing channels, and believes that main business development by virtue of domestic and foreign capital market resources will ensure it can more efficiently, sustainably, and firmly capture the strategic opportunities in a timely manner. This is of great significance to the Group's development in current stage.

MD&A – BUSINESS REVIEW
VIII. Asset acquisition

As at 14 November 2017, Many Gain International Limited ("Purchaser"), a wholly-owned subsidiary of the Company, entered into acquisition agreements with Innovate Zone Group Limited and Main Zone Group Limited (collectively known as "the vendors") respectively. The Purchaser would acquire the entire equity interest held by the vendors in Richcoast Group Limited. Upon completion of the transaction, the Group will hold 100% equity interests of Richcoast Group Limited which will become a wholly-owned subsidiary of the Company. The financial results of Richcoast Group Limited will be consolidated into the Group's consolidated financial results. As of 31 December 2017, 52% equity interest of Richcoast Group Limited was held by the Group and was not yet consolidated into our Group's consolidated financial results this year.

The real estate project held by Richcoast Group Limited, namely Dalian Tiandi, is located in Dalian High-tech District and is close to Lvshun South Road and only takes 30 minutes by car to get to the center of Dalian. The project is located in the Dalian software industrial area which is an important software and service outsourcing industrial core area and has attracted around 1,220 IT enterprises. Over 100 thousand people engage in the industry, which has continuously provided the area with great support in office leasing and sales of residential properties. The project is separated into two areas which are Huangnichuan and Hekouwan, accounted for 1.33 million sq.m. of the total area and 2.84 million sq.m. of the capacity area. The transportation is gradually improving with railway line 1 Phase II available for use and the extended line of southern sea-crossing bridge was opened in 2017. The areas of the project have also attracted quality educational support resources like Jiahui School and Eton Kindergarten and High-tech District Experimental School. The surrounding support facilities of the project include Wanda Plaza in High-tech District, Jinhui commercial circle as well as other community and commercial facilities. Dalian Tiandi Project comprises premises for business operation, offices, residential, commercial and retail properties. Undeveloped land under the project has complied with relevant terms for construction.

After years of development, the project has gradually become a large-scale business park with beautiful environment and convenient for working and living. The remaining land under construction and to be constructed of Dalian Tiandi (land reserves) was approximately 2.30 million sq.m., of which 800 thousand sq.m. was for residential land use, 500 thousand sq.m. was for commercial land use and 1 million sq.m. was for office land use. The residential and part of the commercial land was available for sale. The office land could be held for operation.

Dalian Tiandi

Dalian Tiandi is an important strategic asset of the Group. The Group will leverage its core edges of business park management throughout the years, combine resources of design, planning, construction of projects and investment management in order to make thorough enhancement with different operation standards of the project. The major aims are to foster the development of the project and sales turnover so as to enhance the efficiency of business management, be benefited from the continuous improvement of support facilities surrounding Dalian Tiandi and to promote the synergy from the sales of residential properties and business operation. Through horizontal integration of resources, the Group will be able to quickly increase the saleable and leasable resources in the future three years.

The success of the acquisition will benefit the core capabilities in acquisition and merger of the Group. In 2017, the market of land tendering, auction and listing had a surging premium. Acquisitions and mergers in the national real estate market was unexceptionally active. The trend of industry integration was significant and the acquisition and merger market is expected to stay active in 2018. Under this macro environment, real estate enterprises will form merger teams to choose cost-effective land resources which are in compliance with the selection strategy of the Company and the long-term benefits of the corporate's development.

On 20 December 2017, Chengdu Yida Industrial Town Management Limited (成都億達產業小鎮管理有限公司), a joint venture established by the Group and Xinjin Industrial Investment (新津工投), successfully obtained two plots of industrial land in Xinjin County in Chengdu with a total floor area of approximately 100 thousand sq.m. It also indicated that Chengdu Yida Tianfu Intelligent Science City project (成都億達天府智慧科技城項目) was officially launched in Chengdu Tianfu New Area. According to the industrial development plan of Tianfu South District, the Group aims to build Yida Tianfu Intelligent Transport Science City as a pioneer zone for enhancement of industries, a demonstration zone with the supply of key innovative industry elements and a model zone of building an industrial ecological system. The 100 thousand sq.m. area which the Group obtained in the first phase will be mainly used for light steel plants, framework plants and offices and providing ancillary services for production and living. On top of the existing industries of Tianfu South District Industrial Park (天府南區產業園), the project will develop industries in three main directions, namely rail links, new energy vehicles and high-tech technology. The project will be officially put into operation in the first half of 2019.

The Group's cooperation with Chengdu Xinjin Industrial Investment (成都新津工投) does not only demonstrate the Group's core capabilities as a top industrial operation expert in China in project positioning, park planning, corporate customers and operation services over the years, but also allows the Group to fully make use of the unique edges such as Chengdu Xinjin Industrial Investment's in-depth understanding of the city development strategy, the integration of regional industries, the precise capability in capturing opportunities in the upper and lower streams. The alliance between giants and the joint development mode for mutual complement of edges ensure Chengdu Yida Tianfu Intelligent Transport Science City will continue to grow healthily according to the guiding principle of "holding long-term, industry-focused and sustainable operation".

Looking forward, the Group will leverage on its core competitiveness and controlling shareholder's resources to improve its operational capabilities, expand its land reserves, and optimize its financing channels. The Group will, at the project level, cooperate with resource-based companies to get complementary advantages and expand the market through mergers and acquisitions. In 2018, in addition to vigorously promoting the sales of its residential and commercial properties, the Company will continue its management operations of the existing commercial office buildings and consider moderately expanding such operations to increase rental income to prepare for the resource reserve in coming business expansion period and transfer smoothly from its current transition period.

Revenue

The sources of revenue of the Group include (1) income from sales of properties; (2) rental income; (3) income from providing business park operation and management services; (4) income from providing construction, decoration and landscaping services; and (5) income from property management services.

During the Year, the revenue of the Group was RMB7,317.62 million, representing an increase of 4.5% from the corresponding period of last year.

The following table sets forth a breakdown of the revenue for the periods indicated:

	For the year ended 31 December			
	2017		2016	
	Amount RMB'000	% of total amount	Amount RMB'000	% of total amount
Income from sales of properties	5,991,179	81.9%	5,775,654	82.5%
Rental Income	385,508	5.3%	382,497	5.5%
Business park operation and management services income	60,236	0.8%	52,748	0.7%
Construction, decoration and landscaping income	467,742	6.4%	460,400	6.6%
Property management income	412,954	5.6%	333,249	4.7%
Total	7,317,619	100.00%	7,004,548	100.00%

(1) Income from sales of properties

The Group's income arising from sales of residential properties within and outside business parks and office properties for the Year was RMB5,991.18 million, representing an increase of 3.7% from the corresponding period of last year, which was mainly attributable to the increase in the sold area of properties carried forward during the Year.

(2) Rental income

The Group's rental income derived from operation of business parks owned by the Group for the Year amounted to RMB385.51 million, which was comparable to that of the corresponding period of last year.

(3) Business park operation and management services income

During the Year, the income arising from business park operation and management services provided by the Group amounted to RMB60.24 million, representing an increase of 14.2% from the corresponding period of last year, which was mainly attributable to the increase in entrusted operation projects during the Year.

(4) Construction, decoration and landscaping income

During the Year, the income from construction, decoration and landscaping services provided by the Group amounted to RMB467.74 million, which was comparable to that of the corresponding period of last year.

(5) Property management income

During the Year, the income from property management service provided by the Group amounted to RMB412.95 million, representing an increase of 23.9% from the corresponding period of last year, which was mainly attributable to the increase in property management projects and supporting service income.

Cost of Sales

The cost of sales of the Group during the Year amounted to RMB5,551.16 million, representing an increase of 1.7% from the corresponding period of last year, which was mainly attributable to the increase in the sold area of properties carried forward during the Year.

Gross Profit and Gross Profit Margin

The gross profit provided by the Group during the Year amounted to RMB1,766.46 million, representing an increase of 14.4% from the corresponding period of last year; The gross profit margin increased from 22.0% for the corresponding period of 2016 to 24.1% during the Year, which was mainly attributable to different structure of products recognised during the Year and corresponding average price of each products recognised increased comparing with 2016.

Other Income and Gains

Other income and gains of the Group include interest income, dividend income, government subsidy and other income. During the Year, other income and gains of the Group were RMB228.00 million, representing a decrease of approximately RMB432.19 million as compared to the corresponding period of 2016, which was mainly attributable to the gain arising from the fair value of obtaining control of the joint venture in the corresponding period of 2016 and no such business during the Year.

Selling and Marketing Expenses

The sales and marketing expenses of the Group increased by 9.5% to RMB236.08 million for the Year from RMB215.51 million in the corresponding period of 2016, which was mainly due to the increase in market development and marketing expenses during the Year.

Administrative Expenses

The administrative expenses of the Group increased by 10.2% to RMB478.59 million for the Year from RMB434.36 million in the corresponding period of 2016, which was due to the increase in rental expenses and office expenses as a result of business expansion.

Other Expenses

During the Year, other expenses of the Group were RMB137.51 million, representing a decrease of RMB228.73 million as compared to the corresponding period of 2016, which was mainly due to decrease in fair value loss on put and call options.

Increase in Fair Value on Investment Properties

The fair value gains on investment properties of the Group increased by 69.6% to RMB341.22 million during the Year from RMB201.22 million in the corresponding period of 2016, which was mainly due to increase in fair value of the land of Yida Information Software Park and Dalian Software Park during the Year.

Finance Costs

The finance costs of the Group increased by 20.2% to RMB334.46 million during the Year from RMB278.35 million in the corresponding period of 2016, which was primarily attributable to the increase in interest-bearing financing during the Year.

Share of Profits of Joint Ventures

During the Year, the Group's share of profits of joint ventures was RMB86.74 million, increased by approximately RMB71.27 million as compared to the corresponding period of 2016, which was mainly attributable to the increase in gain in investment in Dalian Software Park Ascendas Development Company Limited during the Year.

Share of Profits of Associates

The Group's share of profits of associates was primarily contributed by Richcoast Group Limited ("Richcoast Group"). During the Year, the Group's share of profits of associates was RMB362.96 million, representing an increase of approximately RMB459.10 million from the corresponding period of 2016, which was mainly attributable to the increase in gain in investment in Richcoast Group during the Year.

Income Tax Expenses

The income tax expenses of the Group includes corporate income tax, land appreciation tax and deferred income tax. The income tax expenses of the Group increased by 10.5% to RMB504.48 million during the Year from RMB456.60 million in the corresponding period of 2016, which was mainly attributable to the increase in deferred income tax resulting from the increase in fair value of investment properties.

Profit for the Year

As a result of the foregoing, the pre-tax profit of the Group increased by 55.1% to RMB1,598.74 million during the Year from RMB1,030.75 million in the corresponding period of 2016.

The profit of the Group increased by 90.6% to RMB1,094.26 million during the Year from RMB574.15 million in the corresponding period of 2016.

The net profit attributable to equity owners increased by 74.5% to RMB984.30 million during the Year from RMB564.00 million in the corresponding period of 2016.

The core profit attributable to equity owners (excluding effects of fair value gains on investment properties, net of tax) increased to RMB728.39 million during the Year from RMB413.10 million in the corresponding period of 2016.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash Position

As at 31 December 2017, the Group had cash and bank balances (including restricted cash of approximately RMB1,879.54 million) of approximately RMB3,363.68 million (31 December 2016: cash and bank balances of approximately RMB2,903.15 million, including restricted cash of approximately RMB1,047.11 million).

Debts

As at 31 December 2017, the Group had bank and other borrowings of approximately RMB16,985.73 million (31 December 2016: approximately RMB15,010.78 million), of which:

(1) By Loan Type

	31 December 2017 RMB'000	31 December 2016 RMB'000
Secured bank loans	**6,912,527**	7,124,488
Secured other borrowings	**5,041,800**	4,797,200
Unsecured other borrowings	**5,031,405**	3,089,087
	16,985,732	15,010,775

(2) By Maturity Date

	31 December 2017 RMB'000	31 December 2016 RMB'000
Within one year or on demand	**6,912,232**	4,072,068
In the second year	**2,579,040**	3,660,410
In the third to fifth year	**6,611,156**	5,926,343
Beyond five years	**883,304**	1,351,954
	16,985,732	15,010,775

Debt Ratio

The net gearing (net debt, including interest-bearing bank and other borrowings and promissory notes included in other payables, less cash and cash equivalents and restricted cash, divided by the total equity) of the Group was approximately 127.0% as at 31 December 2017, which increased by 7.7 percentage points as compared to 119.3% as at 31 December 2016.

Foreign Exchange Risks

The functional currency of the Group is RMB and most transactions were denominated in RMB. As at 31 December 2017, the Group had cash and bank balances (including restricted cash) of approximately RMB0.83 million and approximately RMB164.37 million denominated in Hong Kong dollars and USD, respectively. All such amounts were exposed to foreign currency risks. The Group currently has no foreign currency hedging policies, but the management monitors foreign exchange risks and will consider hedging significant foreign exchange risks when necessary.

Contingent Liabilities

The Group enters into arrangements with PRC commercial banks to provide mortgage facilities to its customers to purchase the Group's properties. In accordance with industry practice, the Group is required to provide guarantees to these banks in respect of mortgages provided to such customers. Guarantees for such mortgages are generally discharged at the earlier of: (I) registration of mortgage interest to the bank, or (II) the settlement of mortgage loans between the mortgagee banks and the purchasers. As at 31 December 2017, the Group provided a guarantee of approximately RMB454.93 million to commercial banks in the PRC in respect of mortgage loans granted to the customers of the Group (as at 31 December 2016: approximately RMB516.05 million).

In addition to guarantees the Group provided in respect of the mortgage facilities to its customers, as at 31 December 2017, the Group provided a guarantee in the amount of not exceeding RMB41.60 million (31 December 2016: RMB24.00 million) to the shareholders of Richcoast Group. This guarantee was provided in respect of the payment obligations of Richcoast Group to a joint venture and the joint venture partner in accordance with the Group's shareholding percentage.

As at 31 December 2016, the Group also provided guarantees to the extent of RMB569.22 million in respect of bank and other borrowings granted to the associates of the Group.

As at 31 December 2017, the Group also provided guarantees to the extent of RMB954.37 million (31 December 2016: RMB468.50 million) in respect of bank and other borrowings granted to the joint ventures of the Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2017, the Group had 1,845 full-time employees. The Group distributes remunerations to the staff based on the performances, work experiences of the employees and the current market salary level.

The Group regularly reviews the remuneration policy and plan and will make necessary adjustments to make it in line with the industry salary standards.

Environmental, Social and Governance Report

1. Environmental, Social and Governance Report

This section is the Group's second Environmental, Social and Governance (ESG) Report. It was prepared in accordance with Appendix 27 in the "Environmental, Social and Governance Reporting Guide" of the Listing Rules. The report describes the Group's performance in the areas of environmental protection, employment, operational practices and community investment for the financial year ended 31 December 2017.

The Group adheres to the development concept of "promoting the development of city through industry integration while creating value together through coordinated development". To that end, it continues to improve sustainability in every aspect of its operations and business strategy. For example, the Group is committed to incorporating low carbon measures and promote sustainable development of the industry and city while developing the business parks, and eventually to create value for all stakeholders.

2. Our Environment

Environmental management is an important component of business park development. The Group always aims to build green, low carbon and environmentally sound business parks. The Group considered its businesses' impact on the environment in terms of planning, design, construction management and property management for the park. The Group complies with the "Environmental Protection Law of the People's Republic of China". Meanwhile, the Group strictly implements the "Identification of Environmental Factors and Assessment of Control Procedures", "Environmental Operation Control Procedures" and "Environmental Monitoring and Testing Control Procedures", which were formulated at the corporate level.

The Group also strives to improve its standard of environmental management. Some of its business park landscaping project construction and related management activities already obtained ISO 14001 environmental management system accreditation. The Group's efforts in developing and managing green business parks were recognized by the public, as shown by the accreditation of the "2017 Dalian City Green Construction Industry Leading Enterprise" award.

2.1 Saving resources and reducing emissions

The Group followed China's direction towards low carbon economic development with its strict compliance with the "Energy Conservation Law of the People's Republic of China" and its exploration of opportunities for enhancing its businesses' environmental performance. For exterior wall construction, construction facilities, rooftop design, lighting, heating systems and others, the Group considered factors like saving energy, reducing carbon emissions, and minimizing environmental impacts to the greatest practical extent.

During the construction period, the Group required builders to reduce the environmental impacts of their activities as far as possible. Measures included the covering of materials on the site and spraying water regularly to reduce fugitive dust. Certain tasks that would create excessive noise were carefully phased to reduce their impacts on surrounding areas.

Green business park design

Green design features allow the business parks to significantly cut both its energy consumption and carbon emissions at source:

- Solar water heating system, the hot water volume generated should not be lower than 10% of the household hot water consumption.
- Ground-source heat pump system for indoor air-conditioning, cutting demand for coal used for heating in winter.
- Variable Refrigerant Volume system (VRV system) allows air conditioning temperature and volume to be constantly adjusted to match actual needs, reducing excessive energy use.
- Other energy saving elements include energy saving elevators, LED lighting, tube lighting in basements, and automatically adjusted lighting in public areas, photovoltaic power generation.
- Flexible interior design for offices and other spaces reduces the waste generated by renovation.

Under the Group's "Environmental Monitoring and Testing Control Procedures", it will continue to monitor the effectiveness of the park's energy saving features. The Group measures energy consumption on a per-item basis, including by cooling and heating sources, transmission systems, lighting, office equipment and hot water to effectively monitor the energy consumption at every aspects of operations. The data collected are analyzed by the engineering department, with results used to further refine energy consumption management and planning for each sub-item. During the reporting period, the Group reduced power consumption by approximately 20%-22%. The Group believes that energy monitoring and planning can help it effectively improve its energy saving performance, which in turn reduced the environmental impacts in business operations.

During the reporting period, the Group's energy consumption and greenhouse gas emissions were as shown below:

	Unit	2017 Performance
Electricity consumption[1]	kWh	20,471,910
Diesel consumption[2]	L	4,000
Energy intensity	kWh/m^2	1.63
Direct greenhouse gas emission (Scope 1)	Metric tons of carbon dioxide equivalent	10.44
Indirect greenhouse gas emission (Scope 2)	Metric tons of carbon dioxide equivalent	15,974.23

[1] The data were estimated based on other operational data (such as bills of expenses, operation time).

[2] Diesel consumption does not include properties for sale and businesses other than Dalian. Diesel was mainly used for the power generators for ancillary facilities and fire drill etc. The data were estimated based on other operational data (such as bills of expenses).

2.2 Conserving water resources

In recent years the Government has been promoting "sponge city" to improve water resource management. The Group strives to improve water resource management at the business parks in response to the development direction. To reduce water consumption, the Group strengthened the park's ability to treat reclaimed water and collect rainwater.

Water saving measures at the business parks

The Group implemented a range of measures for collecting, recycling and saving water in the planning and development of the business parks. During the reporting period, the Group's property management business segment reduced its water consumption by 20-30%. Below are some of the water saving measures implemented:

- Recycled water pump system: Used water is collected, treated, and then used for other purposes such as irrigation, washing of roads and underground parking.
- Rainwater collection devices: Reduce consumption of tap water.
- During the construction process, use of tap water by contractors is prohibited.
- Water-saving plumbing fixtures.

During the park's construction, the site's sewage was pre-treated in a sediment pool before draining into municipal sewage conduits. Online monitoring is put in place to ensure that the sewage treated meets the required standard. During the reporting period, the Group fully abided with the relevant discharge standards of the "Prevention and Treatment of Water Pollution of the People's Republic of China". No non-compliances of these standards were recorded.

During the reporting period, the Group's water consumption and sewage discharge performance was as shown below:

	Unit	2017 Performance
Water consumption[1]	m^3	286,207
Water intensity	m^3/m^2	0.02

2.3 Utilizing resources

From the leveling of the land to the development of complete business parks or residential neighborhoods, the Group's activities consume a large quantity of resources causing impacts on the environment. The Group adopts design and construction methods that reduce material consumption through recycling and reuse.

By integrating purchasing, design and construction processes, the Group enables a single developer focusing on solving all problems holistically. This encourages improvements to the consumption efficiency of building materials and reduces wastage. Meanwhile, the Group monitors the consumption of materials by the contractors and require them to comply with local environmental regulations. The Group requires contractors to avoid large and overcomplicated designs to reduce consumption of construction materials.

During the project construction phase, the Group requires contractors to strictly manage the storage and placement of raw materials to reduce their potential impacts on the environment. The Group also requires contractors to recycle construction materials, including cement and mortar, in reasonable and timely manner and are required to recycle or reuse the construction wastes to reduce the resource wastage.

2.4 Effective waste treatment

The Group strives to reduce waste generated by construction and property management, and to ensure that such waste can be properly treated. The Group requires contractors to recycle construction waste in its business park and residential construction operations, whenever possible. Waste that cannot be reused is collected by professional third party companies authorized by the local environmental hygiene departments. At business parks management operation, specific personnel are responsible for cleaning and ensuring that rubbish is collected in conformance with environmental hygiene department requirements.

For hazardous wastes such as florescent tubes, toner cartridges, batteries, film and automobile air filters, the Group specifies procedures for centralized collection and storage. After the declaration made on the Environmental Protection Bureau website, these materials are transferred to authorized professional third parties for proper treatment. The conditions of their treatment are recorded on a "Hazardous Waste Treatment Record".

	Unit	2017 Performance
Non-hazardous waste disposed[1, 3]	Metric tons	100

[3] Non-hazardous waste includes the general waste disposed of in all offices.

2.5 Promoting environmental protection

The Group is well aware that the participation of all parties is required for effective environmental protection. Therefore, the Group carries out environmental education, particularly in initiating green construction. In his capacity as president of Dalian City Green Construction Industry Association, Mr Qin Xuesen, the Group's Vice President, leads the Association to hold at least two events per month to promote green construction, with topics including residential buildings made from mounted prefabricated materials. The Group led the establishment of standards for green construction, and assisted the industry to implement green design and construction practices.

The Group has also taken steps to advocate everyday "green living" by encouraging employees, residents and tenants to change their habits. The Group's office routinely practices such sustainable measures as reducing paper use and food waste, enhancing the environmental awareness of our employees.

2.6 Reducing impacts on the environment and natural resources

When developing the business parks, the Group will consider the impacts of construction and operation on the surrounding ecosystem. If the negative impacts of construction are unavoidable, the Group will implement a range of compensatory measures such as greening after the park is completed. Specific plants and trees installed will vary according to local conditions. The Group continues to review and improve the condition of the park's greenery after completion to ensure the planned results are obtained.

The Group has also applied for assessment of key green construction projects. The design and construction of all our business parks follow the standards of one-star green construction, while residential buildings are built according to the environmental protection standards for the use of solar energy, energy saving lighting, etc. In some cases, facilities such as ventilation system and rainwater collection systems have been installed to further reduce the projects' impact on the local ecology.

3. Our employees

Employees are the most important asset for the Group's sustainable development, and for building the Group's social and corporate value. As such, the Group's talent strategy is "People First". It provides a pleasant and healthy working environment through regular review of employment policies, continuous improvement of the salary and benefits system, by offering fair and transparent promotion opportunities, and by maintaining open channels of communication with employees. As part of these efforts, the Group holds regular employee networking activities to increase their level of satisfaction and sense of belonging. In 2017 the Group received a "China Real Estate Industry Best Employer Enterprise" award from the China Real Estate Industry Association, recognizing its effort in employee care and talent development. The Group complies with all relevant labor laws and regulations, prohibiting the use of child and forced labor. During the reporting period, the Group did not experience any labor disputes or any cases of violations of labor laws.

2017 China Real Estate Industry Best Employer Enterprise

3.1 Creating a fair and harmonious working environment

3.1.1 Employee benefits

As well as assuring employees' basic rights according to China and regional regulations, the Group also offers market-competitive wages and benefits to encourage the retention of talented people. The Group pays for employees' social insurance and housing reserve, offers paid annual leave, marriage leave, maternity leave, breastfeeding leave etc. In addition, the Group adjusts employee remuneration, and distributes performance and year-end bonuses etc. based on employees' performance annually. The Group is continuously improving employee benefits according to state regulation and industry practice, to retain its talented employees.

3.1.2 Recruitment and promotion

The Group advocates fair recruitment and promotion, and welcomes talented people regardless of their race, sex, age or religion. The Group offers fair and transparent promotion opportunities to employees. Performance assessments are carried out every six months in which employees' achievement of critical indicators and progress of working plans are reviewed, which served as a reference for remuneration adjustment and promotion. The detail of performance assessment and promotion criteria are clearly listed in the staff handbook. The Group also provides work opportunities to young people, in order to attract young energetic and innovative talent. The Group carries out on-campus recruitment programs in main business development areas, such as Dalian and Wuhan. The Group offers internship and short term project opportunities to undergraduate students, so as to recruit young talent to its team. At the end of the reporting period, the Group's total number of employees was 1,845. Employees by category are shown below:

Statistics of employee figures		Percentage of total number of employee by categories in 2017
Employees by sex	Male	65.60%
	Female	34.40%
Employee by age	<30	19.1%
	30-50	62.4%
	>50	18.5%
Employees by position	Management staff	14.0%
	Ordinary employees	86.0%
Employees by type	Official employees	100.0%
	Unofficial employees[4]	0.0%

[4] Unofficial employees mean employees for temporary work, contract work or seasonal work

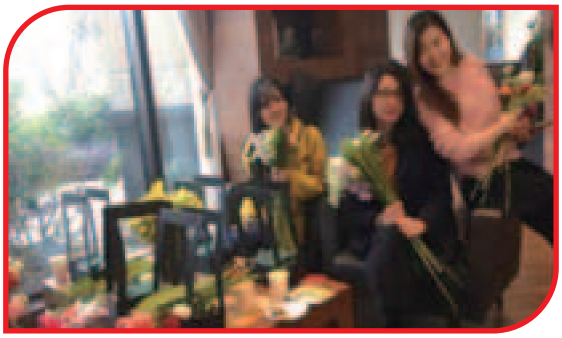
3.1.3 Employee communication

The Group values the opinions of its employees. A number of communication channels have been established to facilitate their feedback, including the appointment of employee relationship administrators, mainly assumed by the human resource management officer of each subsidiary, who is responsible for responding to employee queries and suggestions. All subsidiaries have set up labor union subdivisions with representative members chosen by election. They are responsible for participating in, communicating and monitoring all policy matters related to employee benefits. During the reporting period, the Group conducted an employee satisfaction survey which collected the opinions of almost 1,000 employees on the company and their positions. The survey helped the Group deepen its understanding of employee needs and subsequently improve employee benefits and policies. Employees may also speak directly with the Group's human resources department, labor union, and even with the vice president or chairman. Procedures are also in place for employees who wish to report any infringements of personal benefit or rules violations occurring in the company.

3.1.4 Employee activities

The Group regularly organizes various activities to promote a healthy work-life balance and to enhance team spirit. During the reporting period, Women's Festival celebration as well as a number of employee birthday parties were organized. These activities allow employees a chance to socialize and relax apart from working environment. Employees had given positive feedback and participated in the activities actively.

Japanese ikebana class
Women's Festival celebrations



Home floral arrangement class

Birthday parties for employees

3.2 Employee health and safety

3.2.1 Occupational health and safety management policy

The Group is fully in compliance with China's Work Safety Law and other relevant laws and regulations. The Group is committed to maintaining a safe and healthy working environment for its employees. The Group has established comprehensive occupational health and safety management policies, with some of its business parks obtaining OHSAS 18001 accreditation for the occupational health and safety management systems. As part of the Group's policy, each new employee receives safety training prior to assuming their positions. Safety training aims to provide employee with enough production safety knowledge and emergency response ability for their positions. Employees are also provided with protective devices whenever and wherever required. Relevant safety norms and systems are strictly imposed to avoid the occurrence of accidents. During the reporting period, no work-related accidents or injuries were reported by the Group.

3.2.2 Construction management

Relatively speaking, out of all the Group's workplaces, occupational safety risk is the highest at Group construction sites. To mitigate these risks, the Group has created a construction management system that includes comprehensive safety monitoring. During the construction phase, on-site safety officers carry out regular inspections to ensure that established safety procedures are being followed. Levels of dust and hazardous gas emissions are also monitored to ensure the compliance with government standards. The Group also requires construction contractors to formulate viable site safety management plans for each project, and to hire safety officer to monitor health and safety conditions at the site, ensuring the employees' health and safety are protected.

3.3 Developing employee talent

3.3.1 Diversified training

The Group develops with its employees, so providing development training is a matter of critical importance. The Group offers a wide variety of educational programs tailored to meet the needs of employees at every level in the company, and to support the Group's own development goals. At present, these programs comprise management training, general training, office based documenting training and professional training. Training for management staff generally involves systems, workflows and industry knowledge. Leadership training is also included for middle and senior management. The programs are conducted in the form of both online and in-classroom. Industry exchange meetings and external activities is also arranged by the Group. All employees may apply for external short- or long-term training related to their job functions or to their occupational development with the Group. In these cases, Group will review and approve training allowances depending on the employee's length of service.

The Group provides on-the-job training to each new employee, enabling them to quickly gain familiarity with the company, work conditions, and the requirements of their job. Department heads may allocate a mentor to each new employee to provide individual guidance. Mentor helps new employee to meet the requirement of the position and to foster their personal development by setting up individual counselling program and target during probation period. The Group also arranges additional training for employees who have been transferred to new positions.

Statistics of training figures		Percentage of trained employees	Average training hours per year
Employees by sex	Male	57.3%	3 hours
	Female	42.7%	24 hours
Employees by position	Management staff	70%	32.7 hours
	Ordinary employees	30%	14 hours

3.3.2 Internal trainer management system

The Group has implemented an internal trainer management system to encourage knowledge-sharing by experienced employees. Under the system, employees who have served in their positions for one year may nominate themselves (or be nominated by their department) as internal trainers. Nominees whose experience, course materials and teaching standard are confirmed by the human resources department can then become internal trainers. Depending on student satisfaction and the number of teaching hours, the Group will give such trainers and tutors coupons for book purchases as an encouragement. The coupons may also be converted into allowances for external training courses to encourage the internal trainer for continuous learnings.

4. Our supply chain

The performance of suppliers has a direct impact on the Group's reputation and its products and services. To ensure the consistent high quality of products and services from the Group suppliers, we established a "Tendering and Procurement Management System" to standardize the procurement and approval procedures, which helps to maintain a fair and open tender processes to prevent corruption in the supply chain. The decision making, approval and monitoring functions of the tendering process are carried out by a tendering committee. The Group has established clear guidelines such as "tendering proposal meeting", "qualification pre-screening", "score list of on-site study of supplier" for assessing and selecting high-quality suppliers. It also ensures that selected suppliers comply with relevant laws and regulations. Assessing suppliers' environmental and social performance a condition for selection is also under active consideration by the Group. During the selection processes, the Group will carry out on-site studies of potential suppliers to understand their

Xi Xi Wetland training camp

Water activities on Mayi Island

"Coach in Action" Training class

workflows, skills, and materials used. During the contract period, the Group continues to monitor their performance to guarantee the quality of the products or services rendered.

The Group uses diverse purchasing models to reduce potential management risks in the supply chain including strategic cooperation and centralized purchasing. For standard products and services with wider coverage – for example paints, doors and windows, lighting, electrical appliances, etc – the Group employs the centralized purchasing model, and sign framework agreements with suppliers to effectively integrate internal demand with external resources. Strategic cooperation is used for key products and services involving high risk and larger amounts, including the overall contracting of construction work, interior decoration, landscape engineering, etc. These entail imposing clear and strict requirements for the Group's strategic cooperation partners, including but not limited to their overall contracting capacity, construction quality, environmental performance, worker training and skill development, pleasant working environment. To effectively manage risks along its supply chain, the Group has also established long-term strategic cooperative relationships with well-known material suppliers and service providers in the market.

4.1 Responsibilities for products and services

As a leading integrated business park developer in China, the Group has always worked to improve the quality of its services and enhance its reputation. To this end, it has implemented innovative plans, set corresponding goals, and implemented a quality responsibility system. Using the combined advantages of advanced construction equipment and a team of technical personnel and excellent staff, the company possesses the ability to build high rise and super high rise residential and commercial buildings as well as large-scale industrial facilities. Except for construction projects, the Group is working to improve its service projects in the areas of property sales and leasing, business park management, interior decoration and landscaping. The configuration of optimized design and functions has reached advanced domestic and international standards. The Group is dedicated to satisfying the needs of customers and tenants and bringing positive influence to the surrounding communities.

The Group has prepared internal regulations and guidelines for "construction project quality objective management" and "construction quality management" systems which aid in its strict control of project construction workflows. These guides also list the duties and obligations of employees at all levels. In accordance with ISO 9001, the Group also prepared an "Integrated management system manual" to ensure strict compliance with all relevant laws and regulations. The Group regards property safety as a key task and insist on upholding the current government standards and norms in its leasing business.

The support of its clients and tenants are the pillars of the Group's sustainable development and the achievement its larger goals. At the Dalian Software Park, the Group emphasized regular two-way communication with tenants. To understand client needs in greater depth and foster even stronger bonds, the Group also pays regular visits to clients' premises. Additionally, the Group has engaged independent third party research institutions to carry out phased customer satisfaction surveys. These will further our understanding of client views and opinions on our products and services, and will guide us to making further improvements.

4.2 Customer complaints

The Group is committed to properly handling customer complaints. To create an efficient means of receiving these comments, the Group instituted a standardized handling system under its "customer complaint handling guidelines". This system grades complaints as either "routine", "significant" or "crisis incidents" and offers specific measures to respond accordingly. To continuously improve the customer satisfaction and the Group's reputation, various channels are in place for customers to convey their complaints or general feedback in person or by telephone. In every case, a complaint handling officer will be assigned to provide a reasonable and patient response. The Group will also revisits specific complaint incidents to evaluate the effectiveness of its responses.

4.3 Protecting client privacy

Client data legally obtained by the Group during operational processes is protected by technical measures such as clear chains of authorization, in order to prevent identity theft. The Group's definition, classification and management of confidential information are clearly stated in its "Administrative Management System", and includes matters such as saving the confidential and client information electronically, assigning specific personnel to manage the database, allowing operations only in restricted areas, and destroying data regularly. These and other measures strengthen the Group's ability to protect sensitive data and reduce the legal risks brought by leakage of information.

4.4 Anti-corruption

The Group strives to maintain good corporate governance and prizes its integrity, so that a firm foundation can be laid for long-term sustainable development. As such, it has developed a solid internal control system of internal control to minimize the risk of corruption and foster a culture of fair, open and transparent business. To give a clearer guidance for employees' behavior, the Group has established "Management system for internal audit", "Reporting management system" and "Management system for term-end accountability audit". Updated versions of the above are provided to employees via email and intranet to continuously combating corruption and upholding integrity.

Standard anti-corruption reporting and handling workflows have been established. The Group's audit department carries out independent internal audits and will investigate any misbehavior regarding to corruption and fraud. These investigations are reported to the audit committee and board of directors whenever appropriate. To ensure the integrity of our suppliers, the Group requests each of them to sign a "clean cooperation" agreement. To prevent all forms of bribery and corruption in all levels of the organization, the employment contracts has incorporate the "responsibility to prohibit commercial bribery". Employees may report any incidents of misbehaviors via a dedicated letter box and telephone number.

The Group will prioritize any case of corruption or improper conduct and transfer their handling to the responsible external body and meanwhile evaluate accountability internally. The Group will also cooperate fully with law enforcement authorities in their investigation work. During the reporting period, the Group was not subject to any legal action involving corruption, bribery or blackmail.

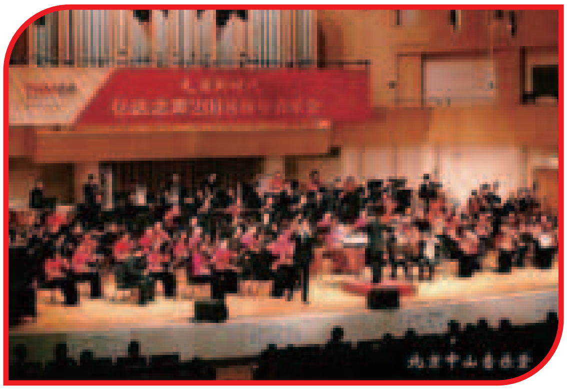
5. Our community

The Group strongly believes that "Enterprises survive for the sake of the society". As well as providing quality products and services, it also devotes time and resources to enrich culture development and mental health of people. For the past 23 years, this has taken the most visible form of the "Sound of Yida", held in cooperation with the Dalian Municipal Party Committee Propaganda Department and Dalian Bureau of Cultural Broadcast and Television. "Sound of Yida" brings charitable activities to the local community via the power of music. During the reporting period, cultural and charitable projects under the "Sound of Yida" series included the Sound of Yida 2018 New Year Concert, The 8th Sound of Yida Dalian International Summer Festival, the Sound of Yida Love Music Classroom Project, and the Sound of Yida Happy Reading for Teenagers. Through these initiatives, the Group has donated RMB4.77 million over the past two years. During the reporting period the Group also donated RMB4.17 million to the Dalian Benevolent General Association to support other charitable events in Dalian.

5.1 Sound of Yida 2018 New Year Concert

In December 2017, the Shanghai Chinese Orchestra (上海民族樂團) and Shanghai Philharmonic Orchestra (上海愛樂樂團) performed in Dalian, Beijing, Shanghai, Wuhan and Changsha under the Sound of Yida 2018 New Year Concert tour. As in years past, the Group invited people from different communities and parties to the shows, including volunteers, teachers, traffic policemen, and children from remote rural areas. All audience enjoyed the performances of a world-class orchestra. The Group also held regular master classes and indoor music appreciation concerts etc. to provide people and students who love music an opportunity to engage with professional musicians and learn more about music and culture, fostering their music and cultural development.

Dalian International Conference Center Theatre



Forbidden City Concert Hall

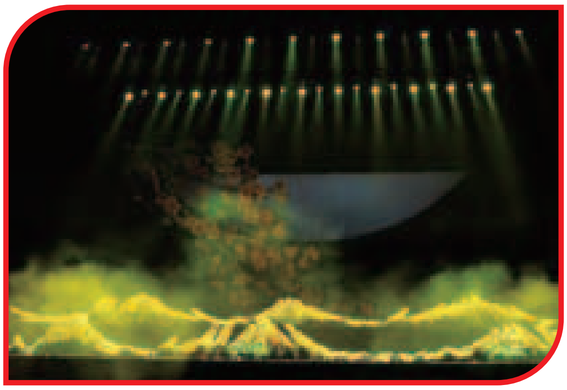
Wuhan Qintai Concert Hall

Shanghai Opera House

5.2 The 8th Sound of Yida Dalian International Summer Festival

The Group held the eighth of its annual Dalian International Summer Festival of "Sound of Yida" in collaboration with the CPC Dalian Municipal Party Committee Propaganda Department, Dalian Bureau of Culture Broadcast and Television. The festival series began in 2010, and aims at expanding cultural horizons in Dalian with a program of regional and international music performances. The event also included resident-artist exchanges and community involvement in art groups.

The latest Festival ran for one month and offered a total of 22 performances by professional troupes from Germany, Ukraine, Japan and China. Lucky draw was added to this year's program, with performance tickets and other prizes distributed via WeChat.



Snapshots of events

5.3 Sound of Yida Love Music Classroom Project

Since April 2011, the Group has collaborated with the Dalian Broadcast Television Station Music Broadcast on the Love Music Classroom Project. The Project integrates resources from all parties to donate funds for building music classrooms in underprivileged schools, giving pupils the opportunity to receive a formal and complete music education.

This is the seventh year of the Project. Thus far, 130 music classrooms have been built with its donations, spanning across Liaoning, Inner Mongolia, Hebei and Wuhan. In 2017, the Project concentrated on building music classrooms at 13 rural primary schools in Inner Mongolia.

Snapshots of events

5.4 Sound of Yida Happy Reading for Teenagers

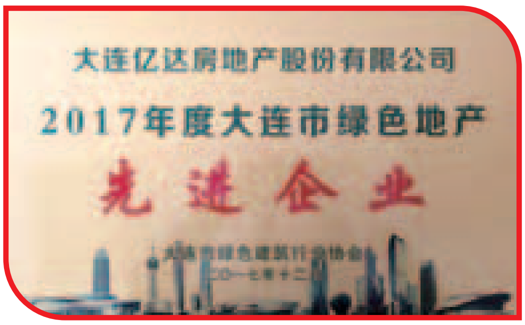
Sound of Yida Happy Reading for Teenagers consists of recitation and speech competitions jointly held by the Group and the Dalian Broadcast Television Station Financial Broadcast, under the guidance of Dalian City Civilization Office and Dalian Internet Information Office (大連市網信辦). The program aims to increase students' sense of belonging in Dalian, cultivate their reading habits, and enhance their speaking abilities.

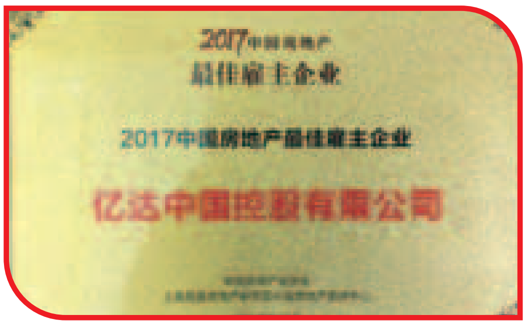
The activity attracted nearly 10,000 students from 22 primary schools in Dalian. Competitions were divided into three stages, with the first round selecting 500 participants to join the second round, and the final round resulting in 61 competitors for four prizes.

6. Our ESG prizes

The Group's sustainable development performance was widely recognized in many sectors of society. During the reporting period, the Group received the following ESG prizes:

Prize	Awarding body
For environmental protection	
Dalian City Green Construction Industry Leading Enterprise	Dalian City Green Construction Industry Association
For human resources	
China Real Estate Best Employer	China Real Estate Association





Profile of Directors and Senior Management

Executive Directors

Mr. Zhang Zhichao (**張志超**), aged 56, was appointed as an executive Director and Chairman of the Company on 31 December 2016. He is also the Chairman of the Nomination Committee of the Company, responsible for the important operation decisions on the development strategy and business development of the Group. Mr. Zhang currently serves as the vice president of China Minsheng Investment Group and the chairman of the board of directors of China Minsheng Jiaye Investment Co., Ltd.. Mr. Zhang obtained a master's degree in business administration from the China Europe International Business School in 2005. Mr. Zhang had engaged in real estate investment and management for a long period of time, has extensive experience in the real estate investment industry and excellent performance in investment and had held various positions, including the general manager of the Hainan branch of China Nonferrous Metals Materials Company, general manager of the corporate management department and investment and management department of Jin Mao (Group) Company Limited, and the vice president of Franshion Properties (China) Limited (now known as China Jinmao Holdings Group Limited) (Hong Kong stock code: 817). Mr. Zhang is the director of Sunshine City Group Co., Ltd. (Shenzhen stock code: 000671).

Mr. Jiang Xiuwen (**姜修文**), aged 41, was appointed as an executive Director of the Company on 16 December 2013, and the Chief executive officer of the Group. He is also a member of both the Nomination Committee and remuneration committee of the Company, responsible for the comprehensive operating management of the Group and responsible for making decisions in relation to human resources, finance, auditing and material matters authorized by the Board. Mr. Jiang joined the Group in July 2000 and received his bachelor's degree in thermal treatment of metal from Dalian Jiaotong University (大連交通大學) in July 2000 and an executive master's degree in advanced business administration from Dalian University of Technology (大連理工大學) in July 2011. Mr. Jiang is the vice chairman of the Liaoning Commercial Federation (遼寧省工商業聯合會) and the vice chairman of the Dalian Federation of Industry and Commerce (大連工商聯合會). Mr. Jiang also won several awards, namely the "Liaoning May 1st Labour Medal" (遼寧五一勞動獎章) of the General Labor Union of Liaoning Province in 2010 and the "Model Worker" (勞動模範) by the People's Government of Liaoning Province in 2012.

Mr. Chen Donghui (**陳東輝**), aged 45, was appointed as an executive Director of the Company on 31 December 2016, responsible for the research of business model and financial model, and the establishment of profit model. Mr. Chen holds a doctorate degree from the accounting faculty of Renmin University of China. Mr. Chen is an executive director of SRE Group Limited (Hong Kong stock code: 1207), a non-executive director of China Minsheng Drawin Technology Group Limited (Hong Kong stock code: 726) and the general manager of China Minsheng Jiaye Investment Co., Ltd.. Mr. Chen had served as the chief financial officer of China Minsheng Jiaye Investment Co., Ltd. during the period from January 2015 to October 2015. Before joining CMIG Jiaye, Mr. Chen had served as supervisor and vice supervisor of the strategic research office of the R&D center of The People's Insurance Company (Group) of China Limited, deputy general manager and then general manager of the finance and accounting department of PICC Property and Casualty Company Limited and the deputy general manager of its Jiangsu Branch, general manager of the strategic financing department of China Export & Credit Insurance Corporation, and executive director of financial sector of China Minsheng Investment Corp., Ltd.

Ms. Ma Lan (**馬蘭**), aged 46, was appointed as an executive Director of the Company on 31 December 2016. She is a vice president and the chief financial officer of the Group, responsible for the investment, financing, and investment relationship. Ms. Ma joined the Group in October 2004. Prior to joining the Group, Ms. Ma was a manager at Shanghai Youlian Strategy Management Centre (上海友聯戰略管理中心), a company principally engaged in the management of financial holding companies, where she was primarily responsible for marketing activities. Ms. Ma received her bachelor's degree in industrial economic management from Dongbei University of Finance and Economics (東北財經大學) in July 1994.

Mr. Yu Shiping (**于世平**), aged 48, was appointed as an executive Director of the Company on 18 September 2017. He is a vice president of the Group, responsible for the industrial operation, product operation and investment expansion management of the Group. Mr. Yu joined the Group in 2002. Prior to joining the Group, Mr. Yu was the head of construction department of The Fourth Engineering Company of Northeast Electricity Administration Bureau (東北電業管理局第四工程公司). Mr. Yu received a bachelor's degree in water conservancy in 1993 from Inner Mongolia Institute of Agriculture (內蒙古農牧學院). In 2014, he was also awarded the title of "Model Worker" (勞動模範) of Dalian City for the year of 2012–2013.

Non-Executive Directors

Mr. Zhao Xiaodong (**趙曉東**), aged 39, was appointed as a non-executive Director of the Company on 31 December 2016. Mr. Zhao is the non-executive director of China Minsheng Drawin Technology Group Limited (Hong Kong stock code: 726) and a vice president of China Minsheng Jiaye Investment Co., Ltd.. Mr. Zhao obtained a bachelor's degree in accounting in 2002, a master's degree in management in 2007 and a PhD degree in management in 2007. Mr. Zhao holds the qualification of certified public accountant in the PRC. Mr. Zhao has extensive experience in the construction and real estate industry and had held various positions, including the positions as a deputy general manager of the capital markets department, the general manager of the investment and development department and a deputy general manager of a subsidiary in Nanjing of Franshion Properties (China) Limited (now known as China Jinmao Holdings Group Limited) (Hong Kong stock code: 817), and an assistant to the chief financial officer of Country Garden Holdings Company Limited (Hong Kong stock code: 2007). From December 2015 to June 2016, he served as an executive director of SRE Group Limited (Hong Kong stock code: 1207).

Mr. Chen Chao (**陳超**), aged 38, was appointed as a non-executive Director of the Company on 31 December 2016. Mr. Chen is the executive director of SRE Group Limited (Hong Kong stock code: 1207), and a vice president of China Minsheng Jiaye Investment Co., Ltd.. Mr. Chen obtained a bachelor's degree in international business management from Fudan University in 2002. Mr. Chen holds the qualification of certified public accountant in the PRC. Before joining China Minsheng Jiaye Investment Co., Ltd., Mr. Chen had engaged in auditing and financial advisory work and had held various positions, including the positions as a co-director of the financial advisory department of Ernst & Young (China) and an auditing manager of KPMG (China).

Mr. Wang Gang (**王剛**), aged 43, was appointed as a non-executive director of the Company on 26 March 2018. He has been an assistant to the president of Yida Holdings Ltd (億達控股有限公司) and the chairman of Beijing Yida Investment Co., Ltd (北京億達投資有限公司) since 2016. From 2015 to 2016, Mr. Wang worked at Huaxia Happiness Holdings Limited (華夏幸福基業股份有限公司) (the Shanghai stock code: 600340) as the general manager of its investment management center. From 2006 to 2015, Mr. Wang worked at the Group as the general manager of investment department. From 2002 to 2006, Mr. Wang worked at Dalian Merro Pharmaceutical Co., Ltd (大連美羅藥業股份有限公司) (the then Shanghai stock code: 600297) as the manager of securities department and the securities representative of its board. From 1997 to 2002, Mr. Wang worked at Niaoning Machinery Import & Export Co., Ltd (遼寧機械進出口股份有限公司) as the manager of securities department.

Mr. Wang obtained his bachelor's degree in currency and banking and master's degree in business administration from Dongbei University of Finance and Economics (東北財經大學) in 1997 and 2009, respectively. Mr. Wang obtained the qualification certificate of the training for the secretary to the board of directors issued by Shanghai Stock Exchange and the securities industry qualification in Mainland China, and he was also granted the title of economist in Mainland China.

Independent Non-Executive Directors

Mr. Yip Wai Ming (**葉偉明**), aged 53, was appointed as an independent non-executive Director of the Company on 1 June 2014. He is also the chairman of the audit committee and a member of the nomination committee of the Company. Mr. Yip has over 20 years of experience in accounting, capital markets and corporate finance. From 1987 to 1996, Mr. Yip worked at Ernst & Young. From 1996 to 1998, Mr. Yip served as an associate director of ING Bank N.V., where he was principally engaged in corporate finance. From 1999 till now, Mr. Yip has held positions in a number of companies listed on the Stock Exchange, including serving as the chief financial officer of China New Energy Power Group Limited (stock code: 1041) from 1999 to 2001; the vice president of Hi Sun Technology (China) Limited (stock code: 818) from 2001 to 2003; the chief financial officer of Haier Electronics Group Co., Ltd. (stock code: 1169) from 2004 to 2009; an independent non-executive director of Ju Teng International Holdings Limited (stock code: 3336) from 2006 till now; an independent non-executive director of BBMG Corporation (stock code: 2009) from 2009 to 2015; the deputy general manager of Yuzhou Properties Company Limited (stock code: 1628) in 2010; an independent non-executive director of PAX Global Technology Limited (stock code: 327) from 2010 till now; an independent non-executive director of Far East Horizon Limited (stock code: 3360) from 2011 till now; and an independent non-executive director of Poly Culture Group Corporation Limited (stock code: 3636) from 2013 till now. Mr. Yip holds a bachelor's degree in social sciences from the University of Hong Kong and a bachelor's degree in laws from the University of London. Mr. Yip is a fellow of the Association of Chartered Certified Accountants, an associate of the Hong Kong Institute of Certified Public Accountants and a member of the Chinese Institute of Certified Public Accountants.

Mr. Guo Shaomu (**郭少牧**), aged 52, was appointed as an independent non-executive Director of the Company on 1 June 2014. He is also a member of both the audit committee and remuneration committee of the Company. Mr. Guo has over 13 years of experience in investment banking in Hong Kong. From February 2000 to February 2001, Mr. Guo served as an associate director of corporate finance of Salomon Smith Barney, an investment bank principally engaged in providing financial services (an investment banking arm of Citigroup Inc.), where he was primarily responsible for supporting the marketing and execution efforts of the China team. From March 2001 to September 2005, Mr. Guo served as an associate director of global investment banking of HSBC Investment Banking, an investment bank principally engaged in providing financial services, where he was primarily responsible for the execution of China-related transactions. From October 2005 to April 2007, Mr. Guo served as a vice president and a director of the real estate team of J.P. Morgan Investment Banking Asia, an investment bank principally engaged in providing financial services, where he was primarily responsible for marketing efforts covering the real estate sector in China. From April 2007 to April 2013, Mr. Guo served as a director and a managing director of the real estate team of Morgan Stanley Investment Banking Asia, an investment bank principally engaged in providing financial services, where he was one of the key members responsible for the business in the real estate sector in the Greater China region. From February 2015 till now, Mr. Guo has been an independent non-executive director of Fantasia Holdings Group Co., Limited (stock code: 1777), a company listed on the Stock Exchange. Mr. Guo received his bachelor's degree in electrical engineering from Zhejiang University in July 1989, a master's degree in computer engineering from the University of Southern California in May 1993 and a master's degree in business administration from the School of Management of Yale University in May 1998.

Mr. Wang Yinping (**王引平**), aged 57, was appointed as an independent non-executive Director of the Company on 31 December 2016. He is also the chairman of the remuneration committee, a member of the audit committee and nomination committee of the Company. Mr. Wang has extensive experience in corporate management. Mr. Wang joined China National Chemical Import & Export Corporation (中國化工進出口總公司) (now known as Sinochem Corporation) ("Sinochem") in 1987 until he tendered his resignation as Vice President of Sinochem in 2014. Mr. Wang had held various senior positions in Sinochem and its subsidiaries ("Sinochem Group"), including the deputy general manager of the Hainan branch of Sinochem, general manager of the Pudong branch of Sinochem, the deputy general manager of China Foreign Economic and Trade Trust Company Limited (中國對外經濟貿易信托有限公司), the general manager of the human resource department of Sinochem, the vice president of Sinochem Group, general manager of Sinochem International Trading Company Limited (now known as Sinochem International Corporation (中化國際(控股)股份有限公司)) (Shanghai stock code: 600500), the chairman of the China Foreign Economic and Trade Trust Company Limited and the chairman of the Sinochem Lantian Co., Ltd (中化藍天集團有限公司). Mr. Wang had also served as a director of the board of Bank of Communications Co., Ltd (交通銀行股份有限公司) (Hong Kong stock code: 03328) from 2001 to 2004, and non-independent Director of Zhejiang Int'l Group Co., Ltd (浙江英特集團股份有限公司) (Shenzhen stock code: 000411) from 2010 to 2014. From January 2015 to December 2016, Mr. Wang was an executive director of China Pioneer Pharma Holdings Limited (Hong Kong stock code: 1345) and was re-designated as a non-executive director in December 2016. Mr. Wang obtained a bachelor's degree in law from Renmin University of China in 1985 and a master's degree in business administration from the China Europe International Business School in 2004.

Mr. Han Gensheng (**韓根生**), aged 64, was appointed as an independent non-executive Director of the Company on 31 December 2016. He is also a member of the audit committee, remuneration committee and nomination committee of the Company. Mr. Han has extensive experience in corporate management. Mr. Han has worked in various positions since August 1978, including the director of the logistics and warehousing division of China National Chemicals Import & Export Corporation (中國化工進出口總公司), the general manager of Sinochem International Storage & Transportation Co., Ltd (中化國際儲運有限公司), vice president of America West Pacific Refinery Co., the general manager of West Rockies Inc., the general manager of refined oil division of Sinochem Group, the vice president and a party member of Sinochem Group, the general manager of Sinochem International Oil Co., Ltd. (中化國際石油有限公司), the general manager of Sinochem Petroleum Exploration and Production Co., Ltd. (中化石油勘探開發有限公司), the general manager of Sinochem Corporation (中化股份有限公司) and a director and general manager of Sinochem Europe Holdings PLC (中化歐洲集團公司). Since October 2016, Mr. Han has been an independent non-executive director of SRE Group Limited (Hong Kong stock code: 1207). Mr. Han obtained a bachelor's degree in Ocean Transportation from Shanghai Maritime University in 1978 and had participated in one month training sessions of business administration in both the Wharton School and University of Cambridge.

Senior Management

Ms. Zheng Xiaohua (**鄭曉華**), aged 49, is the vice president of the Group, and is responsible for financial management, financial accounting and tax planning of the Group. Ms. Zheng joined the Group in 2003 and has been engaging in financial management so far, and served as the Chief of Finance Department of Neusoft University of Information (東軟信息學院), the chief financial officer of Dalian Software Park Co. and the chief financial officer of the Group. Before joining the Group, Ms. Zheng served as the accountant in Dalian Huaneng Onoda Cement Co., Ltd. (大連華能小野田水泥有限公司) from 1992 to 1995, and the deputy director of Dalian Daxin Tax Accountant (CPA) Firm (大連達信稅務師(會計師)事務所) from 1995 to 2002. Ms. Zheng was a financial manager in the financial department of Qingtang Industrial (Dalian) Co., Ltd. (慶堂工業(大連)有限公司) from 2002 to 2003. Ms. Zheng obtained a bachelor' degree in applied mathematics in Liaoning University in 1992. Ms. Zheng was a member of the Chinese Institute of Certified Public Accountants and a fellow of China Certified Tax Agents Association.

Mr. Yu Dahai (**于大海**), aged 44, is a vice president of the Group. He is responsible for the Group's strategic development, external cooperation, brand management, corporate culture promotion, etc. Mr. Yu joined the Group in 2012, and served as the general manager of Dalian Yida Property Company Limited (大連億達房地產股份有限公司) and the president of Yida Technology New City Management Co., Ltd. (億達科技新城管理有限公司). Prior to joining the Group, Mr. Yu served as the deputy general manager of Dalian Tianfu Hotel (大連天富大酒店) from 1995 to 1998, the general manager of Dalian Jinlian Building Co., Ltd. (大連錦聯大廈有限公司) from 1998 to 2002, and the president of Dalian Jinlian Real Estate Group Co., Ltd. (大連錦聯地產集團有限公司) from 2002 to 2012. Mr. Yu obtained a master's degree in economics from Dongbei University of Finance and Economics (東北財經大學) in 2004, a master's degree in business administration from Macau University of Science and Technology (澳門科技大學) in 2002, and a bachelor's degree in marine engineering management from Dalian Maritime University (大連海事大學) in 1995. Mr. Yu was awarded the Dalian May 1st Labor Medal in 2007.

Mr. Qin Xuesen (**秦學森先生**), aged 47, is a vice president of our Group. He is responsible for the design and planning, product positioning, cost control, construction management of our Group. Mr. Qin joined our Group in 2002, as the head of quality control department of Dalian Software Park Development Co., Ltd. (大連軟件園開發有限公司). Prior to joining us, Mr. Qin was the director of engineering at Dalian Jian-An Engineering Construction Supervision & Management Co., Ltd. (大連建安工程建設監理有限公司), a company principally engaged in building construction supervision, from 1996 to 2002, where he was primarily responsible for construction management. Mr. Qin was accredited as an engineer by the Liaoning Province Department of Personnel (遼寧省人事廳) in 2002. Mr. Qin received his bachelor's degree in construction surveying at the Hohai University (河海大學) in 1995.

Joint Company Secretaries

Ms. Wang Huiting (**王慧婷**), is one of joint company secretaries of the Company. She is primarily responsible for the Company's compliance and other related legal work. Prior to joining the Group, Ms. Wang worked at Merro Pharmaceutical Co., Ltd. (美羅藥業股份有限公司) and Dashang Co., Ltd. (大商股份有限公司), both companies of whose shares are listed on the Shanghai Stock Exchange. Ms. Wang obtained her bachelor of law degree in international economic law and her master of law degree in international law from Dalian Maritime University (大連海事大學). Ms. Wang holds a PRC legal professional qualification certificate.

Ms. Kwong Yin Ping Yvonne (**鄺燕萍**), is one of joint company secretaries of the Company. She is a vice president of SW Corporate Services Group Limited. She holds a degree in accountancy from the Hong Kong Polytechnic University and is a fellow of the Hong Kong Institute of Chartered Secretaries and a fellow of The Institute of Chartered Secretaries and Administrators. Ms. Kwong has extensive experience in providing company secretarial and compliance services to numerous private and listed companies. She is currently the named company secretary or joint company secretary of several companies listed on the Stock Exchange.

Directors' Report

The Board is pleased to present the report and audited financial statements of the Group for the year ended 31 December 2017.

Principal Activities

The Company is an investment holding company and its subsidiaries principally engage in the business of development and operation of business parks, the development and sales of multifunctional integrated residential community projects, the operation and management, construction, decoration, landscaping and the property management of business parks. There were no significant changes in nature of the Group's principal activities during the year.

Results

The results of the Group for the year ended 31 December 2017 are set out on page 102 of this annual report.

Business review

The fair review of the Group's business, the financial key performance indicators and analysis of future development of the Group are disclosed in sections headed "Chairman's Statement" and "Management Discussion and Analysis" in this annual report. Both sections form parts of this report.

Environmental policy and performance

The Group puts emphases on environmental responsibility, always adheres to the concept of low carbon environmental protection, enhances its environmental protection performance through planning, construction and property management, and fulfills its commitment to environmental protection by actively implementing green construction design and adopting measures of energy saving and emission reduction during construction of buildings and throughout all aspects in property management and office operation. For the details, please refer to the "Environmental, Social and Governance Report" of this annual report.

Compliance with relevant laws and regulations

The Group always operates its businesses in compliance with laws and regulations. The Group closely monitors various policies and regulations promulgated by the state from time to time, in particular those in land, credit and tax associated with the production and operations of the Group, and adapts to the economic trend and the changes in the orientation of policies and regulations.

Major risks and uncertainties

The Group is mainly exposed to risks and uncertainties arising from the changes of its own operations and industry environment. Risks from own operations include cross-regional operations risk, vacant land risk, construction quality risk and human resources management risk. Risks from the industry environment include risk arising from the fluctuation of the macro economy and the industry cycle, risk of increase in costs of land, raw materials and labor, risk of changes in financial policies, risk of changes in land policies and risk of changes in tax policies.

Relationships with major stakeholders

The Group encourages the participation of stakeholders, keeps in touch with stakeholders by different means and coordinates the opinions and requirements from different stakeholders.

The Group regularly submits documents to the relevant regulatory authority, or receives its inspection from time to time to meet the requirements of the regulatory authority. In addition, the regulatory authority will investigate the Group's projects through investors, customers and suppliers and strengthen the mutual communication.

Dividends

The Board has recommended a payment of final dividend of RMB8 cents per share for the year ended 31 December 2017, payable to shareholders whose names appear in the register of members of the Company on 25 June 2018. The proposed final dividend will be payable on or around 18 July 2018, subject to the approval of the shareholders of the Company in the forthcoming annual general meeting ("AGM") to be held by the Company.

The proposed final dividend will be declared in Renminbi and paid in Hong Kong dollars. The payable final dividend will be translated into Hong Kong dollars at the average middle exchange rate for Renminbi to Hong Kong dollars as published by The People's Bank of China between 12 June 2018 and 14 June 2018.

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

Closure of Register of Members

The register of members of the Company will be closed from Friday, 8 June 2018 to Thursday, 14 June 2018 (both days inclusive), during such period no transfer of shares will be registered. To ascertain shareholders who are eligible to attend and vote at the AGM to be held on Thursday, 14 June 2018, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 7 June 2018.

The register of members of the Company will be closed from Thursday, 21 June 2018 to Monday, 25 June 2018 (both days inclusive), during such period no transfer of shares will be registered. In order to qualify for entitlement to the final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 20 June 2018.

Financial Summary

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years is set out on page 6 of this annual report.

Property, Plant and Equipment and Investment Properties

The details of changes of the property, plant and equipment and investment properties of the Company and the Group during the year are set out in notes 13 and 14 to the consolidated financial statements of the Group, respectively. Further details of the Group's major investment properties are set out on page 18 of this annual report.

Borrowings

Details of borrowings are set out in note 30 to the financial statements of the Group.

Reserves

The changes of reserves of the Group during the year are set out in the consolidated statement of changes in equity and note 36 to the financial statements of the Group.

Distributable Reserves

As at 31 December 2017, the available distributable reserves of the Company was approximately RMB1,495,452,000.

Donations

The donations made by the Group during the year was approximately RMB5,906,000.

Major Customers and Suppliers

For the year ended 31 December 2017, the aggregate sales attributable to the Group's five largest customers was less than 30% of the Group's total sales for the same period and the aggregate purchases attributable to the Group's five largest suppliers was less than 30% of the Group's total purchases for the same period. None of the Directors, their close associates or any shareholder (who to the knowledge of the Directors owns more than 5% of the share capital of the Company) had any interest in the share capital of any of the five largest customers and suppliers of the Group for the year ended 31 December 2017.

Share Capital

The details of the changes in the share capital of the Company during the year are set out in note 34 to the financial statements of the Group.

Purchases, Sale or Redemption of Listed Securities of the Company

During the year, neither the Company nor its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

On 14 November 2017, the Company and Many Gain International Limited (the "Purchaser"), a wholly-owned subsidiary of the Company, entered into the first acquisition agreement with Innovate Zone Group Limited ("Vendor A") and Shui On Development (Holding) Limited ("Vendor A Guarantor"); and the Company and the Purchaser entered into the second acquisition agreement with Main Zone Group Limited ("Vendor B") and SOCAM Development Limited ("Vendor B Guarantor"). Pursuant to these two acquisition agreements, the Purchaser has conditionally agreed to acquire (1) 61.5% interest in Richcoast Group Limited (the "Target Company", together with its subsidiaries, the "Target Group") and all of Vendor A's benefits of and interests in offshore loans from Vendor A for a consideration of RMB3,160 million (the "First Acquisition"); and (2) 28.2% interest in the Target Company and all of Vendor B's benefits of and interests in offshore loans from Vendor B for a consideration of RMB1,300 million (the "Second Acquisition"). The Purchaser shall procure the repayment by the Target Group of the onshore debts of the Target Group for the two acquisitions out of the Target Group's operating funds. As at the date of the transaction, each of the Purchaser, Vendor A and Vendor B held 10.3%, 61.5% and 28.2%, respectively, of the equity interests in the Target Company. After completion of the acquisitions, the Target Company will become a wholly-owned subsidiary of the Company.

The acquisitions contemplated under the two acquisition agreements constitute a very substantial acquisition of the Company, and a circular was dispatched by the Company on 8 December 2017 pursuant to the Listing Rules. The acquisitions were considered and approved at the extraordinary general meeting on 23 December 2017. On 28 December 2017, the Second Acquisition was completed. On the same day, the Purchaser, the Company, Vendor A and Vendor A Guarantor entered into the first acquisition supplemental agreement, pursuant to which the long stop date with respect to the First Acquisition was extended to 31 March 2018 and the conditions precedent to the First Acquisition completion were amended.

Please refer to the announcements of the Company dated 14 November 2017 and 28 December 2017 respectively and the circular dated 8 December 2017.

Save as disclosed above, during the year, the Group had no material acquisitions or disposals of subsidiaries and affiliated companies.

Pre-Emptive Rights

There are no provisions for pre-emptive rights over shares of the Company under the Company's Articles of Association or the laws of Cayman Islands where the Company is incorporated.

Professional Tax Advice Recommended

If Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to the Shares, they are advised to consult a professional adviser.

Permitted Indemnity Provision

The Articles of Association of the Company provide that each Director, secretary or other senior officer of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which any of them may incur or sustain in or about the execution of the duties in their respective offices. The Company has taken out and maintained appropriate insurance to cover potential legal actions against its Directors. Save as disclosed in this report, the Company has not come into any permitted indemnity provision with the Directors.

Share Option Scheme

The Company adopted a share option scheme on 1 June 2014 (the "Share Option Scheme"). During the period from the date of adoption to 31 December 2017, no share options have been granted under the Share Option Scheme.

The following is a summary of the principal terms of the Share Option Scheme:

1. Purpose of the Share Option Scheme:

The Share Option Scheme is established to recognize and acknowledge the contributions the Eligible Participants (as defined in paragraph 2 below) had or may have made to the Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives:

(i) motivate the Eligible Participants to optimize their performance efficiency for the benefit of the Group; and

(ii) 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 the Group.

2. **Participants of the Share Option Scheme:**

   The Board may, at its discretion, offer to grant an option to the following persons (collectively the "Eligible Participants") to subscribe for such number of new Shares as the Board may determine:

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

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

   (iii) any advisers, consultants, suppliers, customers, distributors and such other persons who in the sole opinion of the Board will contribute or have contributed to the Company or any of its subsidiaries.

3. Total number of Shares available for issue under the Share Option Scheme and percentage of issued share capital as at 31 December 2017:

   As at 31 December 2017, no share option has been granted under the Share Option Scheme.

   The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme shall not in aggregate exceed 258,000,000 Shares.

4. **Maximum entitlement of each participant under the Share Option Scheme:**

   The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as at 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 the Company containing the identity of the Eligible Participant, the numbers and terms of the options to be granted (and options previously granted to such participant) and the information as required under Rules 17.02(2)(d) and the disclaimer required under 17.02(4) of the Listing Rules; and

   (ii) the approval of the shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time with such Eligible Participant and his/her associates (as defined in the Listing Rules) abstaining from voting.

5. **The period within which the Shares must be exercised under the Share Option Scheme:**

   An option may be exercised at any time during a period to be determined and notified by the Directors to each grantee, but shall not be more than 10 years from the date of grant of options subject to the provisions for early termination set out in the Share Option Scheme.

6. **The minimum period for which an option must be held before it can be exercised:**

   There is no minimum period for which an option granted must be held before it can be exercised except otherwise imposed by the Directors.

7. **The basis of determining the exercise price:**

The subscription 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 must be at least the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant of options, which must be a trading day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant of options; and (iii) the nominal value of a Share.

8. **The remaining life of the Share Option Scheme:**

Subject to the earlier termination by the Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years from the date of its adoption.

Use of Proceeds from Global Offering

On 27 June 2014, the shares of the Company were listed on the Main Board of the Stock Exchange. The net proceeds from the above global offering were approximately HK$1,328.0 million (after deducting relevant listing expenses). From the date of listing until 31 December 2017, the Company has been using the net proceeds in proportion on the terms of that listed out in the section headed "Future Plans and Use of Proceeds — Use of Proceeds" in the prospectus issued by the Company on 17 June 2014.

Directors and Directors' Service Contracts

The Directors during the year and up to the date of this annual report are:

Executive Directors

Mr. Zhang Zhichao *(Chairman)*
Mr. Jiang Xiuwen *(Chief executive officer)*
Mr. Chen Donghui
Ms. Ma Lan
Mr. Yu Shiping (appointed on 18 September 2017)

Non-Executive Directors

Mr. Sun Yansheng (resigned on 18 September 2017)
Mr. Zhao Xiaodong
Mr. Chen Chao
Mr. Gao Wei (resigned on 26 March 2018)
Mr. Wang Gang (appointed on 26 March 2018)

Independent Non-Executive Directors

Mr. Yip Wai Ming
Mr. Guo Shaomu
Mr. Wang Yinping
Mr. Han Gensheng

Executive directors Zhang Zhichao, Chen Donghui and Ma Lan have entered into a service contract with the Company for a term of three years commencing from 31 December 2016. Mr. Jiang Xiuwen, an executive Director, has entered into a service contract with the Company for a term of three years commencing from 27 June 2017. Mr. Yu Shiping, an executive Director, has entered into a service contract with the Company for a term of three years commencing from 18 September 2017. Non-executive Directors Mr. Zhao Xiaodong and Mr. Chen Chao have entered into a letter of appointment with the Company for a term of three years commencing from 31 December 2016. Mr. Gao Wei, a non-executive Director, has entered into a letter of appointment with the Company for a term of three years commencing from 18 September 2017. Mr. Wang Gang has entered into a letter of appointment with the Company for a term of three years commencing from 26 March 2018. Independent non-executive Directors Mr. Wang Yinping and Mr. Han Gensheng have entered into a letter of appointment with the Company for a term of three years commencing from 31 December 2016. Independent non-executive Directors Mr. Yip Wai Ming and Mr. Guo Shaomu have entered into a letter of appointment with the Company for a term of three years commencing from 27 June 2017. None of the Directors, including Directors being proposed for re-election at the forthcoming annual general meeting, has a service contract with the Company or any of its subsidiaries, which is not determinable by the Group within one year without payments of compensation other than statutory compensation.

In accordance with Article 83(3) and 84.(1)(2) of the Articles of Association, Mr. Yu Shiping, Mr. Jiang Xiuwen, Mr. Wang Gang, Mr. Chen Chao and Mr. Wang Yinping shall retire and being eligible, have offered themselves for re-election at the Company's forthcoming annual general meeting.

Remuneration of Directors and Five Highest Paid Individuals

For the year ended 31 December 2017, the details of the remuneration of the directors and five highest paid individuals of the Group are set out in notes 8 and 9 to the financial statements of the Group, respectively.

Directors' Interests in Contracts of Significance

Save as those transactions disclosed in the paragraph headed "Related Party Transactions" below, no contracts of significance in relation to the Group's business to which the Company, any of its subsidiary, or its holding company was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' Interests in a Competing Business

As at 31 December 2017, none of the Directors had interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

Connected Transactions

On 17 August 2017, the Company and Jiarui (Holdings) Investment Limited ("Subscriber") entered into the subscription agreement, pursuant to which the Subscriber conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue 339,130,000 shares ("Subscription Shares") for cash at the subscription price of HK$2.3 per share (HK$779,999,000 in aggregate). The Subscription Shares represent (i) approximately 13.12% of the issued share capital of the Company as at the date of the subscription agreement; and (ii) 11.60% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

Pursuant to the Listing Rules, the Subscriber is an indirect wholly-owned subsidiary of China Minsheng Jiaye Investment Co., Ltd, the controlling shareholder of the Company, and is therefore a connected person under Chapter 14A of the Listing Rules. Accordingly, the subscription constitutes a connected transaction of the Company under the Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

A circular relating to the subscription was dispatched by the Company on 31 August 2017 pursuant to the Listing Rules. The subscription agreement was considered and approved at the extraordinary general meeting on 15 September 2017. The Company and the Subscriber originally expected that the completion of the subscription would take place no later than 31 October 2017. However, as the conditions precedent to completion have not been fulfilled, the completion of the subscription was delayed to 31 December 2017 or before. On 29 December 2017, the Company and the Subscriber reached an agreement to extend the long stop date to 17 August 2018.

Please refer to the announcements of the Company dated 17 August 2017, 15 September 2017, 31 October 2017, 29 December 2017 and 10 January 2018 respectively and the circular dated 31 August 2017.

The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules for the year ended 31 December 2017.

Related Party Transactions

During the year ended 31 December 2017, the Group entered into transactions with related parties as disclosed in note 44 to the financial statements of the Group. The transactions set out in note 44(a) Related Party Transactions do not constitute connected transactions of the Company, and the transactions set out in paragraph (b) constitute fully exempt connected transactions of the Company, for all of which the applicable requirements under the Listing Rules have been duly complied with.

Directors and Chief Executives' Interests and Short Positions in the Shares and Underlying Shares or Debentures of the Company or Any of its Associated Corporations

As at 31 December 2017, the interests and short positions of each of the Directors and the chief executives of the Company in the shares (the "Shares") and underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (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 the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

(I) Interest in the Shares and underlying Shares

Name of Director	Capacity/Nature of interest	Number of shares held (1)	Approximate percentage in the Company's issued share capital
Mr. Jiang Xiuwen	Interest of a controlled corporation	68,600,000(L) (2)	2.65%
Mr. Gao Wei	Interest of a controlled corporation	78,800,000(L) (3)	3.05%

Notes:

(1) The letter "L" denotes the person's long position in such securities.

(2) Mr. Jiang Xiuwen beneficially owns the entire issued share capital of Grace Excellence Limited, Everest Everlasting Limited and Wonderful High Limited, which, in total own 74.21% of the issued share capital of Keen High Keen Source Limited. Keen High Keen Source Limited owns 2.65% of the issued share capital of the Company. By virtue of the SFO, Mr. Jiang Xiuwen is deemed to be interested in the Shares held by Keen High Keen Source Limited.

(3) Mr. Gao Wei beneficially owns the entire issued share capital of Everest Excellence Limited, which in turn owns 25% of the issued share capital of Keen Sky Grace Limited. Keen Sky Grace Limited owns 3.05% of the issued share capital of the Company. By virtue of the SFO, Mr. Gao Wei is deemed to be interested in the Shares held by Keen Sky Grace Limited.

(II) Interest in associated corporations of the Company

Name of Director	Name of associated corporation	Capacity	Number of Shares [1]	Percentage of the issued share capital of that associated corporation held
Mr. Jiang Xiuwen	Keen High Keen Source Limited	Interest of a controlled corporation	5,180(L) [2]	74.21%
Mr. Gao Wei	Keen Sky Grace Limited	Interest of a controlled corporation	2,000(L) [3]	25.00%

Notes:

(1) The letter "L" denotes the person's long position in such securities.

(2) These shares held by Grace Excellence Limited with 3,000 shares, Everest Everlasting Limited with 180 shares and Wonderful High Limited with 2,000 shares, which are wholly owned by Mr. Jiang Xiuwen.

(3) These shares are held by Everest Excellence Limited which is wholly owned by Mr. Gao Wei.

(III) Interest in debentures of the Company

US$300 million 6.95% senior notes due 2020 ("2020 USD Notes")

Director	Nature of interest	Amount of debentures of the Company held	Approximate percentage of the interest in the 2020 USD Notes as at 31 December 2017
Ms. Ma Lan	Beneficial owner	USD500,000	0.17% [1]

Note:

(1) The percentage of interest is based on the aggregate principal amount of the 2020 USD Notes.

Save as disclosed above, as at 31 December 2017, none of the Directors and chief executive of the Company and/or their respective associated persons had any personal, family, corporate or other interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which were required to be entered into the register kept by the Company pursuant to section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code (including interests and short positions which he/she was deemed or taken to have under such provisions of the SFO).

Substantial Shareholders' Interests and Short Positions in the Shares and Underlying Shares of the Company

As at 31 December 2017, so far as the Directors are aware, the following persons (other than the Directors and the chief executive of the Company) or institutions have interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of shareholder	Capacity/Nature of interest	Number of shares held [1]	Approximate percentage in the Company's issued share capital
Jiayou (International) Investment Limited [2]	Beneficial owner	1,578,751,750(L)	61.11%
Jiahuang (Holdings) Investment Limited [2]	Interest of corporation controlled by the substantial shareholder	1,578,751,750(L)	61.11%
Jiaxin Investment (Shanghai) Co., Ltd. [2]	Interest of corporation controlled by the substantial shareholder	1,578,751,750(L)	61.11%
Jiarui (Holdings) Investment Limited [3]	Beneficial owner	339,130,000(L)	13.12%
Jialan (Shanghai) Corporate Management Co., Ltd. [3]	Interest of corporation controlled by the substantial shareholder	339,130,000(L)	13.12%
China Minsheng Jiaye Investment Co., Ltd. [2] [3]	Interest of corporation controlled by the substantial shareholder	1,917,881,750(L)	74.22%
China Minsheng Investment Corp., Ltd. [2] [3]	Interest of corporation controlled by the substantial shareholder	1,917,881,750(L)	74.22%
Right Won Management Limited [4]	Beneficial owner	241,400,000(L)	9.34%
Sun Yinhuan [4]	Interest of corporation controlled by the substantial shareholder	241,400,000(L)	9.34%

Notes:

(1) The letter "L" denotes the person's long position in such securities.

(2) China Minsheng Investment Corp., Ltd ("China Minsheng") owns 69.40% share equity of China Minsheng Jiaye Investment Co., Ltd ("CMIG Jiaye"). Jiaxin Investment (Shanghai) Co., Ltd. ("Jiaxin") is beneficially owned by CMIG Jiaye. Jiahuang (Holdings) Investment Limited ("Jiahuang") is beneficially wholly-owned by Jiaxin. Jiayou (International) Investment Limited ("Jiayou") is beneficially wholly-owned by Jiahuang. By virtue of the SFO, China Minsheng, CMIG Jiaye, Jiaxin and Jiahuang are deemed to hold equity in 1,578,751,750 shares held by Jiayou.

(3) Jiarui (Holdings) Investment Limited ("Jiarui") is beneficially wholly-owned by Jialan (Shanghai) Corporate Management Co., Ltd. ("Jialan"), which is wholly-owned by CMIG Jiaye. By virtue of the SFO, Jialan, China Minsheng and CMIG Jiaye are deemed to be interested in the 339,130,000 shares held by Jiarui.

(4) Right Won Management Limited is beneficially owned by Mr. Sun Yinhuan. By virtue of the SFO, Mr. Sun Yinhuan is deemed to be interested in the Shares held by Right Won Management Limited.

Save as disclosed above, as at 31 December 2017, there was no other person, other than a Director or chief executive of the Company, who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company 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 pursuant to section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

Adequacy of Public Float

Immediately after the close of the mandatory unconditional cash offer by HSBC on behalf of Jiayou (the "Offer") on 30 December 2016, the Company could not satisfy the minimum public float requirement of 25% as set out under Rules 8.08(1)(a) and 13.32 of the Listing Rules ("Public Float Requirement"). The Company made an application to the Stock Exchange for a temporary waiver from strict compliance with the Public Float Requirement for a period commencing from 30 December 2016 to 30 March 2017 (the "Waiver") and the Stock Exchange granted the Waiver to the Company on 16 January 2017. On 30 March 2017, the public float of the Company has been restored in compliance with the Public Float Requirement.

As at the date of this annual report, based on information publicly available to the Company and to the knowledge of the Directors, the Company had a diversified shareholding structure and had maintained sufficient public float as required under the Listing Rules.

Auditors

The financial statements have been audited by the Company's auditors, Ernst & Young.

By order of the Board
Yida China Holdings Limited
Chairman
Zhang Zhichao

Hong Kong, 26 March 2018

Corporate Governance Report

The Board is pleased to present this Corporate Governance Report for the year ended 31 December 2017.

The Company recognizes the value and importance of achieving high corporate governance standards to enhance corporate performance and accountability. The Board will strive to uphold the principles of corporate governance and adopt sound corporate governance practices to meet the legal and commercial standards, focusing on areas such as internal control, fair disclosure and accountability to all shareholders of the Company.

The Board is of the view that, for the period from 1 January 2017 to 31 December 2017 (the "Review Period"), the Company has complied with the principles and the code provisions set out in the Corporate Governance Code and Corporate Governance Report in Appendix 14 of the Listing Rules (the "CG Code") as policies on inner corporate governance.

(A) The Board of Directors

Board Composition

During the Review Period and up to the date of this annual report, the Board consisted of twelve Directors, including Mr. Zhang Zhichao (Chairman), Mr. Jiang Xiuwen (Chief Executive Officer), Mr. Chen Donghui, Ms. Ma Lan and Mr. Yu Shiping as the executive Directors; Mr. Zhao Xiaodong, Mr. Chen Chao and Mr. Gao Wei (resigned on 26 March 2018) and Mr. Wang Gang (appointed on 26 March 2018) as non-executive Directors; Mr. Yip Wai Ming, Mr. Guo Shaomu, Mr. Wang Yinping and Mr. Han Gensheng as the independent non-executive Directors. The biographical details of the Directors as at the date of this report are set out in the section headed "Profile of Directors and Senior Management" of this annual report. The overall management of the Company's operation is vested in the Board. Saved as disclosed in this annual report, to the knowledge of the Company, the Board members have no financial, business, family or other material relationship with each other.

Board's Responsibilities

The Board takes on the responsibility to oversee all major matters of the Group, including the formulation and approval of all policy matters, overall strategies, internal control and risk management systems, and monitor the performance of the senior management. The Board has established three Board committees and has delegated to these Board committees various responsibilities as set out in their respective terms of reference. All relevant terms of reference are published on the websites of the Stock Exchange and the Company. All Directors have carried out their duties in good faith and in compliance with the standards of applicable laws and regulations, and have acted in the best interests of the Company and its shareholders at all times.

Liability insurance for Directors and senior management officers of the Company was maintained by the Company with coverage for any legal liabilities which may arise in the course of performing their duties.

Delegation by the Board

The management, consisting of the Company's executive Directors along with other senior management officers, is delegated with responsibilities for implementing the strategy and direction as adopted by the Board from time to time, and conducting the day-to-day operations of the Group. Executive Directors and senior management officers meet regularly to review the performance of the businesses of the Group as a whole, co-ordinate overall resources and make financial and operational decisions. The Board also gives clear directions as to their powers of management and will review the delegation arrangements on a periodic basis to ensure that they remain appropriate to the needs of the Group.

Compliance with the Model Code for 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 of the Listing Rules as the standard for securities transactions by the Directors. The Company has made specific enquiries of all the Directors and all the Directors confirmed that they have complied with the required standards set out in the Model Code during the Review Period. The Company has also established written guidelines on no less exacting terms than the Model Code (the "Employees Written Guidelines") for securities transactions by the relevant employees, including the Directors, who are likely to be in possession of inside information of the Company. No incident of non-compliance of the Employees Written Guidelines by any employees was noted by the Company.

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 the Company's external auditors on the financial statements of the Group are set out in the "Independent Auditor's Report" in this annual report.

Chairman and Chief Executive Officer

Pursuant to the code provision A.2.1 of the CG Code, the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. During the Review Period, the roles of the chairman and the chief executive officer of the Company have been performed by Mr. Zhang Zhichao and Mr. Jiang Xiuwen, respectively. Pursuant to the code provision A.2.4 of the CG Code, the chairman plays a leadership role in the Board and is responsible for the management and functioning of the Board. The chairman is also responsible for the formulation of the Group's strategic vision, direction and objectives as well as participating in the Group's strategic and key operational decision-making process. The chairman is also responsible for establishing good corporate governance practices and procedures for the Company. On the other hand, the chief executive officer primarily focuses on developing and implementing objectives and policies approved and delegated by the Board. The chief executive officer is also responsible for the Group's day-to-day management and operations and the formulation of the organization structure, control systems and internal procedures and processes of the Company for the Board's approval.

Independent Non-Executive Directors

During the Review Period, the Board at all times met the requirements of the Listing Rules and the Company appointed four independent non-executive Directors representing one-third of the Board, of which Mr. Yip Wai Ming, an independent non-executive Director, possessed appropriate professional qualifications, accounting and related financial management expertise.

The Company has also received an annual written confirmation from each of the independent non-executive Directors in respect of their independence in accordance with the requirement under Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors to be independent.

All independent non-executive Directors of the Company possess extensive industry expertise, professional and management experience. They play a significant role in the Board by virtue of their independent judgment. They advise on the Company's strategies, performance and control. They are also members of various Board committees and devote sufficient amount of time and attention to the affairs of the Company.

Board Meetings and General Meetings

The Board meets regularly to discuss and formulate the overall strategy as well as the operation and financial performance of the Group. Directors may participate either in person or through electronic means of communications. Pursuant to the code provision A.1.1 of the CG Code, during the Review Period, the Company held seven Board meetings at about twice per quarter. All Directors participated in the Board meetings.

At least 14 days' notice will be given for a regular Board meeting. All Directors are provided with relevant materials relating to the matters in issue in advance before the meetings and have the opportunity to include matters in the agenda for Board meetings.

Directors can separately get access to the senior management and the company secretary at all time and may seek independent professional advice at the Company's expense. Pursuant to the code provisions A.1.4 and A.1.5 of the CG Code, minutes of Board meetings and meetings of Board committees are kept by the company secretary of the meeting and such minutes are open for inspection at any reasonable time on reasonable notice by any Director. Minutes of Board meetings and meetings of Board committees record in sufficient detail the matters considered by the Board and decisions reached.

Pursuant to the code provision A.1.7 of the CG Code, if a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter would not be dealt with by way of circulation of resolutions or by a committee (except an appropriate Board committee set up for that purpose pursuant to a resolution passed in a Board meeting) but a formal Board meeting would be held. Executive Directors and independent non-executive Directors who have no material conflict of interest in the transaction would be present at such Board meeting.

The Board procedures are in compliance with the articles of association (the "Articles") of the Company, as well as relevant rules and regulations.

During the Review Period, the Company held an annual general meeting on 16 June 2017 and extraordinary general meetings on 15 September 2017 and 23 December 2017, respectively.

Appointment, Re-election and Removal of Directors

The procedures of appointment, re-election and removal of Directors are set out in the Articles of the Company. The Nomination Committee is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of Directors, monitoring the appointment and succession planning of Directors and assessing the independence of independent non-executive Directors.

Each of the executive Directors, non-executive Directors and independent non-executive Directors has entered into a service contract or a letter of appointment with the Company for a term of three years and subject to his re-election by the Company at an annual general meeting upon retirement. The Articles provide that any Director appointed by the Board to fill a casual vacancy in the Board shall hold office until the first general meeting of the Company after his appointment and shall then be eligible for re-election at such meeting. Besides, any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at the meeting. In accordance with the Articles, at every annual general meeting of the Company, one third of the Directors for the time being or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years and being eligible offer themselves for re-election.

In accordance with Article 83(3) and 84(1)(2) of the Articles, Mr. Yu Shiping and Mr. Jiang Xiuwen, as executive Directors, Mr. Chen Chao and Mr. Wang Gang as non-executive Directors and Mr. Wang Yinping as independent non-executive Director, shall retire by rotation, and being eligible, have offered themselves for re-election as Directors at the annual general meeting to be held on 14 June 2018.

The shareholders of the Company may, at any general meetings convened and held in accordance with the Articles, remove a Director at any time before the expiration of his period of office notwithstanding anything contrary in the Articles or in any agreement between the Company and such Director.

Induction and Continuing Development for Directors

Each newly appointed director receives formal, comprehensive and tailored induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements. The Directors are continually provided with information related to the latest developments in the legal and regulatory regime and the business and market environments to facilitate the execution of their responsibilities. Relevant training such as continuing briefing and professional development for Directors were also arranged by the Company and its legal adviser.

During the Review Period, a training course was organized by the Company for Directors to update the Directors on the new amendments to the relevant code and the related Listing Rules. All Directors participated in such training course. Some Directors also attended seminars, conferences and/or forums and read newspapers, journals, Company newsletters and updates relating to the economy, general business, real estate or Directors' duties and responsibilities, etc.

Board Diversity Policy

The Board adopted a board diversity policy setting out the approach to achieve diversity on the Board. In designing the Board's composition, the Company considered diversity of board members from a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Board Committees

The Board has established three committees, namely, the Nomination Committee, the Remuneration Committee and the Audit Committee, for overseeing particular aspects of the Board and the Group's affairs. All Board committees are established with defined written terms of reference which are available to shareholders on the Company's website and the website of the Stock Exchange. The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense.

Nomination Committee

The Nomination Committee of the Company is established with written terms of reference in compliance with Rule A.5 of the CG Code. The Nomination Committee is comprised of two executive directors and three independent non-executive directors, namely Mr. Zhang Zhichao as the chairman and Mr. Jiang Xiuwen, Mr. Yip Wai Ming, Mr. Wang Yinping and Mr. Han Gensheng as members.

The Nomination Committee is primarily responsible for recommending to the Board suitably qualified persons to become the member of the Board and is also responsible for reviewing the structure, size and composition of the Board on a regular basis and as required as well as assessing the independence of each independent Director. Its written terms of reference cover recommendations to the Board on the appointment, succession or removal of Directors, evaluation of Board composition and the management of Board succession with reference to certain guidelines as endorsed by the committee. These guidelines include appropriate professional knowledge and industry experience, personal ethics, integrity and personal skills, and time commitments of members. The written terms of reference of the committee are in line with the provisions of the code. During the Review Period, the Nomination Committee convened a meeting on 24 March 2017 to discuss the structure, size and composition of the Board and assess the independence of each independent non-executive Director, and convened a meeting on 18 September 2017 to discuss the appointment and re-designation of Directors.

Audit Committee

The Audit Committee of the Company is established with written terms of reference in compliance with Rule 3.21 of the Listing Rules and code provisions C.3 and D.3 of the CG Code. The Audit Committee is comprised of all independent non-executive Directors. Mr. Yip Wai Ming is the chairman and Mr. Guo Shaomu, Mr. Wang Yinping and Mr. Han Gensheng are members. The Group's accounting principles and practices, financial statements and related materials for the year ended 31 December 2017 had been reviewed by the committee.

The primary duties of the Audit Committee include, but are not limited to: (i) reviewing and monitoring the relationship of the external auditors and the Group, particularly the independence, objectivity and effectiveness of the external auditors; (ii) providing an independent view of the effectiveness of the financial reporting process, internal control, compliance and risk management systems of the Group; (iii) overseeing the audit process and performing other duties and responsibilities as assigned by the Board; (iv) developing, reviewing and monitoring our policies and practices on corporate governance, compliance with legal and regulatory requirements and requirements under the Listing Rules; (v) reviewing the financial statements of the Company including the completeness of the annual and interim reports as well as ensuring compliance with accounting standards and reviewing significant adjustments resulting from audit; and (vi) developing, reviewing and monitoring the code of conduct applicable to our employees and Directors. The written terms of reference of the committee are in line with the provisions of the code.

During the Review Period, the Audit Committee convened a meeting on 24 March 2017 to review the Company's annual financial report as of 31 December 2016, and convened a meeting on 16 August 2017 to review the Company's interim financial report as of 30 June 2017.

Remuneration Committee

The Remuneration Committee of the Company is established with written terms of reference in compliance with Rule B.1 of the CG Code. The Remuneration Committee is comprised of three independent non-executive Directors and one executive Director. During the Review Period, the committee comprised Mr. Wang Yinping as the chairman and Mr. Jiang Xiuwen, Mr. Guo Shaomu and Mr. Han Gensheng as members.

The primary duties of the Remuneration Committee include, but are not limited to: (i) making recommendations to the Board on our policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration; (ii) reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives and ensuring that it is consistent with contractual terms and are reasonable and appropriate; and (iii) determining the terms of the remuneration package of our Directors and senior management with reference to their time commitment and responsibilities, and employment condition in the Group, and comparable companies. The written terms of reference of the committee are in line with the provisions of the code.

During the Review Period, the Remuneration Committee convened a meeting on 24 March 2017 to discuss the reasonableness matters related to the remuneration of the Directors and senior management, and convened a meeting on 18 September 2017 to discuss the appointment and re-designation of Directors.

The remuneration policy of the Group and details of the remuneration of the Directors are set out in the section headed "Management Discussion and Analysis" and note 8 to the financial statements.

The emolument paid to each of three senior management of the Company was between RMB2.00 million to RMB2.10 million as at 31 December 2017.

Meeting Attendance

The attendance of Directors at Board meetings, meetings of the Board committees and general meetings during the Review Period, as well as the number of such meetings held, are set out as follows:

	Meetings attended/held				
Directors	**Board**	**Audit Committee**	**Nomination Committee**	**Remuneration Committee**	**General meetings**
Executive Directors					
Zhang Zhichao	7/7		2/2		2/3
Jiang Xiuwen	7/7		2/2	2/2	1/3
Chen Donghui	7/7				1/3
Ma Lan	7/7				3/3
Yu Shiping (1)	2/2				0/3
Non-executive Directors					
Sun Yansheng (2)	5/5				1/3
Zhao Xiaodong	7/7				1/3
Chen Chao	7/7				1/3
Gao Wei (3)	7/7				1/3
Independent Non-executive Directors					
Yip Wai Ming	7/7	2/2	2/2		1/3
Guo Shaomu	7/7	2/2		2/2	2/3
Wang Yinping	7/7	2/2	2/2	2/2	1/3
Han Gensheng	7/7	2/2	2/2	2/2	1/3

(1) Mr. Yu Shiping was appointed as an executive Director on 18 September 2017.

(2) Mr. Sun Yansheng resigned on 18 September 2017.

(3) Mr. Gao Wei was re-designated as a non-executive Director on 18 September 2017 and has resigned on 26 March 2018.

Company Secretary

Ms. Wang Huiting, a full-time employee of the Company, is the joint company secretary of the Company. Ms. Kwong Yin Ping Yvonne is an external joint company secretary and assist Ms. Wang to discharge the functions. During Review period, both of them have confirmed that they have complied with Rule 3.29 of the Listing Rules.

The major contact person of the Company is Ms. Wang Huiting, the joint company secretary.

(B) Financial Reporting and Internal Control

Financial Reporting

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2017, and for ensuring the financial statements are published in a timely manner.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and other financial disclosures required by the Listing Rules and other regulatory requirements.

Pursuant to the code provision C.1.1 of the CG Code, the senior management has provided such explanation and information to the Board as necessary to enable the Board to carry out an informed assessment of the financial information and position of the Company put to the Board for approval.

The working scope and reporting responsibilities of Ernst & Young, the Company's external auditors, are set out on page 97 of the "Independent Auditor's Report" in this annual report.

External Auditors and Auditors' Remuneration

The statement of the external auditors of the Company about its reporting responsibilities for the financial statements is set out under the section headed "Independent Auditor's Report" in this annual report.

The external auditors of the Company will be invited to attend the AGM to answer questions about the conduct of the audit, the preparation and content of the auditors' report and auditors' independence.

During the year, the remuneration paid to the external auditors of the Company in respect of audit services and non-audit services for the year ended 31 December 2017 amounted to approximately RMB5.5 million and RMB2.9 million, respectively.

Ernst & Young has been appointed as the Company's external auditors since 2014.

Risk Management and Internal Control

During the year, the Board has conducted a review of the effectiveness of the internal control system of the Group. The review has covered the financial, operational compliance and risk management aspects of the Group.

The Board is responsible for maintaining an adequate internal control system to safeguard shareholders' investments and the Group's assets, and reviewing the effectiveness of such on an annual basis through the Audit Committee. In addition to the external audit, an internal audit department has been established to perform regular financial and operational reviews and conduct audit of the Company and its subsidiaries. The work carried out by the internal audit department will ensure the internal controls are in place and functioning properly as intended.

The Directors of the Company believe that the above internal control measures are adequate and effective.

(C) Communications with Shareholders and Investors

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

To promote effective communication, the Company maintains a website at www.yidachina.com, where information and updates on the Company's business developments and operations, financial information, corporate governance practices and other information are available for public access.

In addition, the Company has also established and maintained various channels of communication with the Company's shareholders and the public to ensure that they are kept abreast of the Company's latest news and business development. Information relating to the Company's financial results, corporate details, property projects and major events are disseminated through publications of interim and annual reports, announcements, circulars, press release and newsletters. The Company is committed to maintaining a high level of corporate transparency and disclosing relevant information to shareholders, investors, analysts and bankers in a timely manner.

There were no changes to the Company's constitutional documents during the year ended 31 December 2017. The Company's existing constitutional documents have been published at the website of the Company and the website of Hong Kong Exchanges and Clearing Limited and are available for access.

(D) General Meetings and Shareholders' Rights

If shareholders have any enquiries about their shareholdings and entitlements to dividend, they can contact Computershare Hong Kong Investor Services Limited, the share registrar and transfer office of the Company, at Shops 1712–16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. Shareholders who wish to put enquiries to the Board can send their enquiries to the company secretary at the Company's principal place of business in Hong Kong who will ensure these enquiries to be properly directed to the Board. Shareholders may at any time make a request for the Company's information to the extent such information is publicly available.

Pursuant to the code provisions of the CG Code, to safeguard shareholders' interests and rights, in respect of each substantially separate issue at a general meeting, a separate resolution would be proposed by the chairman of that meeting. The chairman of the Board should attend the AGM and arrange for the chairman of the Audit, Remuneration and Nomination Committees or in the absence of the chairman of such committees, another member of the committee, to be available to answer questions at the AGM. The Company would arrange for the notice to shareholders to be sent in the case of AGM at least 20 clear business days before the meeting and to be sent at least 10 clear business days in the case of all other general meetings. The chairman of a meeting should at the commencement of the meeting ensure that an explanation is provided of the detailed procedures for conducting a poll and then answer any questions from shareholders regarding voting by way of a poll.

Pursuant to article 58 of the Articles of Association, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying rights of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or 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. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Shareholders who wish to put forward proposals at general meetings may follow article 58 of the Articles of Association for requisitioning an extraordinary general meeting and including a resolution at such meeting. The requirements and procedures of article 58 of the Articles of Association of the Company are set out above.

Immediately after the close of the Offer on 30 December 2016, the Company could not satisfy the minimum public float requirement of 25% as set out under Rules 8.08(1)(a) and 13.32 of the Listing Rules. The Company made an application to the Stock Exchange for a temporary waiver from strict compliance with the Public Float Requirement for a period commencing from 30 December 2016 to 30 March 2017 and the Stock Exchange granted the Waiver to the Company on 16 January 2017. On 30 March 2017, the public float of the Company has been restored in compliance with the Public Float Requirement.

As at the date of this annual report, based on information publicly available to the Company and to the knowledge of the Directors, the Company had a diversified shareholding structure and had maintained sufficient public float as required under the Listing Rules.

Independent Auditor's Report

EY 安永

To the shareholders of Yida China Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Yida China Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 102 to 196, which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss, the consolidated statement of 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 Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Recoverability of other receivables for primary land development	
In the prior years, the Group entered into certain cooperation agreements with local government authorities under which the Group provides funding to the local government authorities for the primary land development of certain land parcels. As at 31 December 2017, the amount of receivables due from the local government authorities was approximately RMB2,425 million. We identified this as a key audit matter because the estimation of the recoverable amount of the other receivables for primary land development involves subjective judgements made by management of the Group. Related disclosures are included in notes 3 and 25 to the consolidated financial statements.	We assessed the Group's processes and controls relating to the monitoring of other receivables and identifying any impairment indicators. Our procedures included performing interviews with debtors on the amount and timing of settlement, consideration of the discounting impact of the non-current balances, the debtor's historical payment patterns, and whether any post year-end payment had been received up to the date of completing our procedures. We also obtained corroborative evidence including correspondence between the Group and the local government authorities. We also assessed the Group's disclosures in the financial statements.
Valuation of investment properties	
As at 31 December 2017, the Group held investment properties with a carrying amount of approximately RMB12,245 million. The carrying amount of the investment properties represented 33% of the total assets of the Group as at 31 December 2017 and is significant to the consolidated financial statements. The Group has engaged an external valuer to determine the fair value of the investment properties bi-annually. We identified this as a key audit matter because the carrying amount of the investment properties is significant to the Group and significant estimations are involved in determining the fair value of the investment properties. The determination of valuation models adopted also involved judgements. Related disclosures are included in notes 3 and 14 to the consolidated financial statements.	We evaluated the independence, competence and relevant experiences of the external valuer engaged by management of the Group. We also involved our internal valuation specialists to assist us with our audit in evaluating the valuation models, assumptions and parameters adopted in the valuation. We also evaluated the inputs for the valuation including the transaction price per square metre, estimated yearly rental value per square metre, the gross floor area and the capitalisation rate used.

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Impairment review of properties under development ("PUD"), completed properties held for sale ("CPFS") and land held for development for sale ("Land") (collectively the "Properties")	
As at 31 December 2017, the Group held Land, PUD and CPFS with carrying amounts of approximately RMB1,109 million, RMB1,671 million and RMB6,121 million, respectively. The aggregate carrying amount of the Properties represented 24% of the total assets of the Group as at 31 December 2017 and is significant to the consolidated financial statements. The Group considered the selling prices on sales contracts and has engaged an external valuer to perform a valuation of the Group's Land, PUD and CPFS as at 31 December 2017 to assess if the net realisable values of these assets are higher than their carrying amounts. Different valuation models were applied by the external valuer on different types of the Properties held by the Group. We identified this as a key audit matter because the aggregate carrying amount of the Properties is significant to the Group and significant estimations are involved in determining the net realisable values of the Land, PUD and CPFS. The determination of valuation models adopted also involves judgements. Related disclosures are included in notes 3, 15, 20 and 21 to the consolidated financial statements.	We evaluated the independence, competence and relevant experiences of the external valuer engaged by management of the Group. We also involved our internal valuation specialists to assist us with our audit in evaluating the valuation models, assumptions and parameters adopted in the valuation. We also evaluated the inputs for the valuation including the unit rate per square metre and the gross floor area.

Other Information Included in the Annual Report

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

In preparing the consolidated financial statements, the directors of the Company 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 of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our 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.

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

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

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

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

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

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

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

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

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 Chow Chi Chung.

Ernst & Young
Certified Public Accountants
22/F CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

26 March 2018

Consolidated Statement of Profit or Loss

Year ended 31 December 2017

	Notes	2017 RMB'000	2016 RMB'000
REVENUE	5	**7,317,619**	7,004,548
Cost of sales		**(5,551,155)**	(5,460,083)
Gross profit		**1,766,464**	1,544,465
Other income and gains	5	**228,001**	660,191
Selling and marketing expenses		**(236,083)**	(215,505)
Administrative expenses		**(478,585)**	(434,358)
Other expenses		**(137,512)**	(366,238)
Fair value gains on investment properties	14	**341,216**	201,219
Finance costs	7	**(334,461)**	(278,346)
Share of profits and losses of:			
Joint ventures		**86,743**	15,466
Associates		**362,959**	(96,142)
PROFIT BEFORE TAX	6	**1,598,742**	1,030,752
Income tax expenses	10	**(504,480)**	(456,599)
PROFIT FOR THE YEAR		**1,094,262**	574,153
Attributable to:			
Owners of the parent		**984,302**	564,000
Non-controlling interests		**109,960**	10,153
		1,094,262	574,153
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12		
Basic and diluted (RMB per share)		**0.38**	0.22

Consolidated Statement of Comprehensive Income

Year ended 31 December 2017

	2017 RMB'000	2016 RMB'000
PROFIT FOR THE YEAR	**1,094,262**	574,153
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	**(29,178)**	44,470
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**1,065,084**	618,623
Attributable to:		
Owners of the parent	**955,124**	608,470
Non-controlling interests	**109,960**	10,153
	1,065,084	618,623

Consolidated Statement of Financial Position

31 December 2017

	Notes	2017 RMB'000	2016 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**88,044**	89,594
Investment properties	14	**12,244,622**	11,795,033
Investments in joint ventures	17	**2,585,466**	1,669,217
Investments in associates	18	**20,699**	479,425
Prepayments for acquisition of land		**2,297,438**	2,107,462
Land held for development for sale	15	**501,643**	730,421
Prepayments and other receivables	25	**705,094**	614,895
Intangible assets	16	**14,992**	17,177
Available-for-sale investments	19	**24,540**	24,540
Deferred tax assets	32	**124,892**	141,330
Total non-current assets		**18,607,430**	17,669,094
CURRENT ASSETS			
Inventories	23	**10,199**	8,172
Land held for development for sale	15	**607,203**	607,203
Properties under development	20	**1,670,574**	6,919,490
Completed properties held for sale	21	**6,121,194**	3,784,559
Prepayments for acquisition of land		**249,655**	249,655
Gross amount due from contract customers	22	**162,463**	132,940
Trade receivables	24	**990,036**	814,411
Prepayments, deposits and other receivables	25	**5,131,013**	2,679,039
Prepaid corporate income tax		**30,851**	30,613
Prepaid land appreciation tax		**153,188**	161,174
Restricted cash	26	**1,879,540**	1,047,113
Cash and cash equivalents	26	**1,484,138**	1,856,039
Total current assets		**18,490,054**	18,290,408

	Notes	2017 RMB'000	2016 RMB'000
CURRENT LIABILITIES			
Gross amount due to contract customers	22	**525,575**	518,183
Receipts in advance	27	**881,468**	2,787,291
Trade payables	28	**2,319,770**	2,633,113
Other payables and accruals	29	**1,935,900**	1,500,759
Derivative financial instruments	33	**591,065**	491,403
Interest-bearing bank and other borrowings	30	**6,912,232**	4,072,068
Tax payable		**454,604**	600,580
Provision for land appreciation tax	31	**382,116**	399,063
Total current liabilities		**14,002,730**	13,002,460
NET CURRENT ASSETS		**4,487,324**	5,287,948
TOTAL ASSETS LESS CURRENT LIABILITIES		**23,094,754**	22,957,042
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	30	**10,073,500**	10,938,707
Other payables	29	**–**	73,370
Deferred tax liabilities	32	**1,878,348**	1,798,436
Total non-current liabilities		**11,951,848**	12,810,513
Net assets		**11,142,906**	10,146,529
EQUITY			
Equity attributable to owners of the parent			
Issued capital	34	**159,418**	159,418
Reserves	36	**10,578,761**	9,712,922
		10,738,179	9,872,340
Non-controlling interests		**404,727**	274,189
Total equity		**11,142,906**	10,146,529

Zhang Zhichao
Director

Jiang Xiuwen
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2017

	Attributable to owners of the parent										
	Issued capital RMB'000 (Note 34)	Share premium account RMB'000	Statutory surplus reserve RMB'000 (Note 36(a))	Merger reserve RMB'000 (Note 36(b))	Captial reserve RMB'000	Share-based payment reserve RMB'000 (Note 36(c))	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2017	159,418	1,578,139	483,368	352,979	-	81,000	8,151	7,209,285	9,872,340	274,189	10,146,529
Profit for the year	-	-	-	-	-	-	-	984,302	984,302	109,960	1,094,262
Other comprehensive loss for the year:											
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(29,178)	-	(29,178)	-	(29,178)
Total comprehensive income for the year	-	-	-	-	-	-	(29,178)	984,302	955,124	109,960	1,065,084
Acquisition of non-controlling interests	-	-	-	-	(6,598)	-	-	-	(6,598)	(3,402)	(10,000)
Capital contribution from a non-controlling shareholder of a subsidiary	-	-	-	-	-	-	-	-	-	23,980	23,980
Transfer from retained profits	-	-	29,212	-	-	-	-	(29,212)	-	-	-
Final 2016 dividend declared	-	(82,687)	-	-	-	-	-	-	(82,687)	-	(82,687)
At 31 December 2017	159,418	1,495,452*	512,580*	352,979*	(6,598)*	81,000*	(21,027)*	8,164,375*	10,738,179	404,727	11,142,906

	Attributable to owners of the parent									
	Issued capital RMB'000 (Note 34)	Share premium account RMB'000	Statutory surplus reserve RMB'000 (Note 36(a))	Merger reserve RMB'000 (Note 36(b))	Share-based payment reserve RMB'000 (Note 36(c))	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2016	159,418	1,710,650	450,102	352,979	81,000	(36,319)	6,678,551	9,396,381	12,105	9,408,486
Profit for the year	–	–	–	–	–	–	564,000	564,000	10,153	574,153
Other comprehensive income for the year:										
Exchange differences on translation of foreign operations	–	–	–	–	–	44,470	–	44,470	–	44,470
Total comprehensive income for the year	–	–	–	–	–	44,470	564,000	608,470	10,153	618,623
Transfer from retained profits	–	–	33,266	–	–	–	(33,266)	–	–	–
Final 2015 dividend	–	(132,511)	–	–	–	–	–	(132,511)	–	(132,511)
Obtaining control of a subsidiary (note 38)	–	–	–	–	–	–	–	–	251,931	251,931
At 31 December 2016	159,418	1,578,139*	483,368*	352,979*	81,000*	8,151*	7,209,285*	9,872,340	274,189	10,146,529

* These reserve accounts comprise the consolidated reserves of RMB10,578,761,000 (2016: RMB9,712,922,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 December 2017

	Notes	2017 RMB'000	2016 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**1,598,742**	1,030,752
Adjustments for:			
Depreciation	6	**16,081**	15,316
Amortisation of intangible assets	6	**6,476**	3,224
Loss on disposal of items of property, plant and equipment	6	**846**	7,772
Gain on disposal of an investment property	6	**–**	(2,321)
Fair value gains on investment properties	14	**(341,216)**	(201,219)
Fair value loss on derivative financial instruments	6	**99,662**	238,318
Share of profits and losses of joint ventures		**(86,743)**	(15,466)
Share of profits and losses of associates		**(362,959)**	96,142
Gains on remeasurement of pre-existing interests in joint ventures to the date of obtaining control and acquisition	5	**–**	(252,973)
Gains on bargain purchases	5	**–**	(330,140)
Impairment of properties under development and completed properties held for sale	6	**55,622**	–
Impairment of trade receivables	6	**–**	19,270
Finance costs	7	**334,461**	278,346
Interest income	5	**(52,002)**	(55,102)
Dividend income	5	**(1,254)**	(1,171)
		1,267,716	830,748
Increase in inventories		**(2,027)**	(2,004)
Increase in properties under development		**(990,122)**	(1,652,173)
Decrease in completed properties held for sale		**4,593,603**	4,697,133
Increase in land held for development for sale		**(803)**	–
Increase in prepayments for acquisition of land		**(189,976)**	(164,340)
Increase in gross amount due from contract customers		**(29,523)**	(54,409)
Increase in trade receivables		**(175,625)**	(231,416)
(Increase)/decrease in prepayments, deposits and other receivables		**(190,675)**	966,999
(Decrease)/increase in trade payables		**(313,343)**	61,522
Increase/(decrease) in other payables and accruals		**57,044**	(502,687)
Decrease in receipts in advance		**(1,905,823)**	(1,140,646)
Increase in gross amount due to contract customers		**7,392**	7,364
Decrease in deferred income		**(780)**	(13,632)
Cash generated from operations		**2,127,058**	2,802,459
Interest received		**52,002**	55,102
PRC corporate income tax paid		**(420,828)**	(161,199)
PRC land appreciation tax paid		**(185,556)**	(213,068)
PRC land appreciation tax refunded		**43,079**	–
Net cash flows from operating activities		**1,615,755**	2,483,294

Consolidated Statement of Cash Flows (continued)

Year ended 31 December 2017

	Notes	2017 RMB'000	2016 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Advances to associates		**–**	(5,308)
(Increase)/decrease in amounts due from joint ventures and associates		**(674,660)**	399,505
Purchases of items of property, plant and equipment	13	**(15,377)**	(9,845)
Purchases of intangible assets	16	**(4,291)**	(9,501)
Investment in an associate		**(5,000)**	(5,000)
Investments in joint ventures		**(380,964)**	(3,520)
Settlement of consideration payable for acquisition of subsidiaries	38	**(436,420)**	–
Payment for acquisition of interests in joint ventures		**(338,332)**	–
Additions to investment properties	14	**(108,373)**	(111,014)
Proceeds from disposal of an investment property		**–**	5,821
(Increase)/decrease in restricted cash		**(832,427)**	1,205,041
Obtaining control and acquisition of subsidiaries	38	**–**	1,043,962
Dividends received		**1,254**	1,171
Net cash flows (used in)/from investing activities		**(2,794,590)**	2,511,312
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital contribution from non-controlling shareholders		**23,980**	–
Acquisition of non-controlling interests		**(10,000)**	–
Interest paid		**(1,051,248)**	(1,031,029)
Dividend paid		**(185,247)**	(29,951)
New bank and other borrowings		**7,656,299**	7,892,393
Repayment of bank and other borrowings		**(5,626,850)**	(11,028,545)
Net cash flows from/(used in) financing activities		**806,934**	(4,197,132)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(371,901)**	797,474
Cash and cash equivalents at beginning of year		**1,856,039**	1,058,565
CASH AND CASH EQUIVALENTS AT END OF YEAR		**1,484,138**	1,856,039
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	26	**1,484,138**	1,856,039

1. Corporate and Group Information

Yida China Holdings Limited (the "**Company**") was incorporated in the Cayman Islands on 26 November 2007 as an exempted company with limited liability under the Companies Law, Cap 22 of the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. During the year, the Company and its subsidiaries (collectively referred to as the "**Group**") were principally involved in property development, property investment, business park operation and management, property construction, decoration and landscaping and property management in Dalian, Wuhan, Shenyang, Beijing, Shanghai, Tianjin, Zhengzhou, Hefei, Xi'an, Suzhou, Hangzhou, Shenzhen, Changsha and Chengdu, the People's Republic of China (the "**PRC**" or "**Mainland China**").

In the opinion of the directors of the Company (the "**Directors**"), the holding company of the Company is Jiayou (International) Investment Limited (the "**Jiayou**"), which is incorporated in the British Virgin Islands (the "**BVI**"), and the ultimate holding company of the Company is China Minsheng Investment Corp., Ltd..

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Company name	Place of incorporation/ registration and business	Issued ordinary share capital/paid-up registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Dalian Service Outsourcing Base Development Company Limited (大連服務外包基地發展有限公司)*#	PRC/ Mainland China	RMB210,000,000	–	100	Property development
Dalian BEST City Development Company Limited (大連科技城發展有限公司)*#	PRC/ Mainland China	RMB10,000,000	–	100	Investment holding
Dalian BEST City Taifeng Development Company Limited (大連科技城泰楓開發有限公司)*#	PRC/ Mainland China	RMB22,000,000	–	100	Property investment
Dalian BEST City Changyuan Development Company Limited (大連科技城常源開發有限公司)*#	PRC/ Mainland China	RMB10,000,000	–	100	Property investment
Dalian BEST City Xintong Development Company Limited (大連科技城欣同開發有限公司)*#	PRC/ Mainland China	RMB10,000,000	–	100	Property investment
Dalian BEST City Xinyuan Development Company Limited (大連科技城欣原開發有限公司)*#	PRC/ Mainland China	RMB10,000,000	–	100	Property investment

1. Corporate and Group Information (continued)

Information about subsidiaries (continued)

Company name	Place of incorporation/ registration and business	Issued ordinary share capital/paid-up registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Dalian BEST City Xinrui Development Company Limited (大連科技城欣鋭開發有限公司)*#	PRC/ Mainland China	RMB10,000,000	–	100	Property investment
Dalian BEST City Tairui Development Company Limited (大連科技城泰鋭開發有限公司)*#	PRC/ Mainland China	RMB10,000,000	–	100	Property investment
Dalian BEST City Changde Development Company Limited (大連科技城昌得開發有限公司)*#	PRC/ Mainland China	RMB10,000,000	–	100	Property investment
Dalian Shengyue Property Development Company Limited (大連聖躍房地產開發有限公司)*#	PRC/ Mainland China	RMB10,000,000	–	100	Property development
Dalian Changhe Property Development Company Limited (大連昌和房地產開發有限公司)*#	PRC/ Mainland China	RMB10,000,000	–	100	Property development
Dalian Yitong Property Development Company Limited (大連益通房地產開發有限公司)*#	PRC/ Mainland China	RMB10,000,000	–	100	Property development
Dalian San Ann Real Estate Development Co., Ltd. (大連聖安房地產開發有限公司)@#	PRC/ Mainland China	RMB563,000,000	–	100	Property development
Dalian San Yan Real Estate Development Co., Ltd. (大連聖仁房地產開發有限公司)@#	PRC/ Mainland China	RMB257,700,000	–	100	Property development
Dalian Software Park Development Company Limited (大連軟件園發展有限公司)*#	PRC/ Mainland China	RMB200,000,000	–	100	Property development

1. Corporate and Group Information (continued)

Information about subsidiaries (continued)

Company name	Place of incorporation/ registration and business	Issued ordinary share capital/paid-up registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Dalian Software Park Hengrui Development Company Limited (大連軟件園恒瑞開發有限公司)*#	PRC/ Mainland China	RMB10,000,000	–	100	Property investment
Dalian Software Park Hengrong Development Company Limited (大連軟件園恒榮開發有限公司)*#	PRC/ Mainland China	RMB10,000,000	–	100	Property development
Dalian Yida Information Consulting Company Limited (大連億達信息諮詢有限公司)*#	PRC/ Mainland China	RMB10,000,000	–	100	Property investment
Dalian Software Park Company Limited (大連軟件園股份有限公司)*#	PRC/ Mainland China	RMB1,000,000,000	–	100	Property investment
Yida Construction Group Company Limited (億達建設集團有限公司)*#△	PRC/ Mainland China	RMB400,000,000	–	100	Construction
Yida Property Management Company Limited (億達物業管理有限公司)*#&	PRC/ Mainland China	RMB85,000,000	–	100	Property management
Yida Landscaping Engineering Company Limited (億達園林綠化工程有限公司)*#^	PRC/ Mainland China	RMB20,000,000	–	100	Landscaping
Yida Development Company Limited (億達發展有限公司)@#	PRC/ Mainland China	RMB1,000,000,000	–	100	Property development
Dalian Yida Jincheng Development Company Limited (大連億達金城開發有限公司)*#	PRC/ Mainland China	RMB10,000,000	–	100	Property development
Dalian Yida Management Consulting Co., Ltd. (大連億達管理諮詢有限公司)*#	PRC/ Mainland China	RMB10,000,000	–	100	Investment holding

1. Corporate and Group Information (continued)

Information about subsidiaries (continued)

Company name	Place of incorporation/ registration and business	Issued ordinary share capital/paid-up registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Dalian Yida Service Consulting Co., Ltd. (大連億達服務諮詢有限公司)*#	PRC/ Mainland China	RMB10,000,000	–	100	Investment holding
Sichuan Yixing Real Estate Development Company Limited (四川億興置業發展有限公司)*#	PRC/ Mainland China	RMB30,000,000	–	100	Property development
Dalian Gaoji Property Development Company Limited (大連高基房地產開發有限公司)*#	PRC/ Mainland China	RMB561,000,000	–	100	Property development
Dalian Shengbei Development Company Limited (大連聖北開發有限公司)*#	PRC/ Mainland China	RMB10,000,000	–	100	Property development
Dalian Yida Meijia Property Development Company Limited (大連億達美加房地產開發有限公司)*#	PRC/ Mainland China	RMB120,000,000	–	100	Property development
Dalian Lanwan Property Company Limited (大連藍灣房地產有限公司)*#	PRC/ Mainland China	RMB250,000,000	–	100	Property development
Dalian Shenghe Property Development Company Limited (大連聖和房地產開發有限公司)*#	PRC/ Mainland China	RMB10,000,000	–	100	Property development
Liaoning Jiaye Real Estate Development Company Limited (遼寧佳業地產開發有限公司)*#	PRC/ Mainland China	RMB20,000,000	–	100	Property development
Dalian Ruanjing Property Development Company Limited (大連軟景房地產開發有限公司)*#	PRC/ Mainland China	RMB30,000,000	–	100	Property development

1. Corporate and Group Information (continued)

Information about subsidiaries (continued)

Company name	Place of incorporation/ registration and business	Issued ordinary share capital/paid-up registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Dalian Yida Property Company Limited (大連億達房地產股份有限公司)*#	PRC/ Mainland China	RMB150,000,000	–	100	Property development
Wuhan New Software Park Development Company Limited ("Wuhan NSP") (武漢軟件新城發展有限公司)*#	PRC/ Mainland China	RMB400,000,000	–	44^^	Property development
Dalian Software Park Ambo Development Company Limited ("Dalian Ambo") (大連軟件園安博開發有限公司)*#	PRC/ Mainland China	RMB427,600,000	–	100	Property development
Dalian Software Park Shitong Development Company Limited ("Dalian Shitong") (大連軟件園世通開發有限公司)*#	PRC/ Mainland China	RMB550,000,000	–	100	Property development
King Equity Holdings Limited	Hong Kong	HK$2	–	100	Investment holding

* Registered as domestic limited liability companies under PRC law.

@ Registered as Sino-foreign equity entities under PRC law.

\# The English names of these companies represent the best effort made by management of the Company to directly translate their Chinese names as they did not register any official English names.

△ The name of the company was changed from Dalian Yida Construction Engineering Company Limited to Yida Construction Group Limited in 2017.

& The name of the company was changed from Dalian Yida Property Management Company Limited to Yida Property Management Company Limited in 2017.

^ The name of the company was changed from Dalian Yida Landscaping Engineering Company Limited to Yida Landscaping Engineering Company Limited in 2017.

^^ The Group considers that it controls Wuhan NSP even though it owns less than 50% of the equity interests in Wuhan NSP. A joint venture partner of Wuhan NSP confirmed that it will follow the Group on any decision regarding operational and financial activities of Wuhan NSP. As such, management considers that the Group is in a position to exercise control over the relevant activities of Wuhan NSP.

1. Corporate and Group Information (continued)

Information about subsidiaries (continued)

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

Except for King Equity Holdings Limited and Yida Development Company Limited, the above subsidiaries were not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

2.1 Basis of Preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and derivative financial instruments which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2017. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e. existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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

2.1 Basis of Preparation (continued)

Basis of consolidation (continued)

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 described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 Changes in Accounting Policies and Disclosures

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

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

Except for the amendments to HKAS 12 and HKFRS 12 included in the *Annual Improvements 2014-2016 Cycle*, which has had no significant financial effect on these financial statements, the nature and the impact of the amendment is described below:

Amendments to HKAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Disclosure of the changes in liabilities arising from financing activities is provided in note 43(b) to the financial statements.

2.3 Issued but not yet Effective Hong Kong Financial Reporting Standards

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*[1]
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*[1]
HKFRS 9	*Financial Instruments*[1]
Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 15	*Revenue from Contracts with Customers*[1]
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*[1]
HKFRS 16	*Leases*[2]
HKFRS 17	*Insurance Contracts*[3]
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*[2]
Amendments to HKAS 40	*Transfer of Investment Property*[1]
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*[1]
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*[2]
Annual Improvements 2014-2016 Cycle	Amendments to HKFRS 1 and HKAS 28[1]
Annual Improvements 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23[2]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after 1 January 2021
4 No mandatory effective date yet determined but available for early adoption

Further information about those HKFRSs that are expected to be applicable to the Group is described below:

The HKICPA issued amendments to HKFRS 2 in August 2016 that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding a certain amount in order to meet an employee's tax obligation associated with the share-based payment; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. The amendments clarify that the approach used to account for vesting conditions when measuring equity-settled share-based payments also applies to cash-settled share-based payments. The amendments introduce an exception so that a share-based payment transaction with net share settlement features for withholding a certain amount in order to meet the employee's tax obligation is classified in its entirety as an equity-settled share-based payment transaction when certain conditions are met. Furthermore, the amendments clarify that if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction from the date of the modification. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if they elect to adopt for all three amendments and other criteria are met. The Group will adopt the amendments from 1 January 2018. The amendments are not expected to have any significant impact on the Group's financial statements.

2.3 Issued but not yet Effective Hong Kong Financial Reporting Standards (continued)

Amendments to HKFRS 4, issued in January 2017, address issues arising from the different effective dates of HKFRS 9 and HKFRS 17. The amendments introduce two options for entities issuing contracts within the scope of HKFRS 4 upon the adoption of HKFRS 9 and before the implementation of HKFRS 7, notably a temporary exemption and an overlay approach. The temporary exemption enables entities whose activities are predominantly connected with insurance to defer the implementation date of HKFRS 9. The overlay approach allows entities applying HKFRS 9 to remove from profit or loss the effects arising from the adoption of HKFRS 9 and reclassify the amounts to other comprehensive income for designated financial assets. The Group expects to adopt the amendments from 1 January 2018.

As HKFRS 9 does not change the general principles of how an entity accounts for effective hedges, applying the hedging requirements of HKFRS 9 will not have a significant impact on the Group's financial statements

Amendments to HKFRS 9, issued in December 2017, allow financial assets with prepayment features that permit or require either the borrower or the lender to pay or receive reasonable compensation for the early termination of the contract to be measured at amortised cost or at fair value through other comprehensive income, instead of at fair value through profit or loss. The amendments clarify that a financial asset passes the "solely payments of principal and interest on the principal amount outstanding" criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for that early termination. The Group expects to adopt these amendments from 1 January 2019 and to apply the exemption from restating comparative information of prior periods. Any difference between the previous carrying amount and the adjusted carrying amount will be recognised in the opening balance of equity. The amendments do not apply to the Group as the Group does not have any debt instruments with prepayment features along with compensation for early termination. In addition, as clarified in the amendments to the basis for conclusions on HKFRS 9, the gain or loss arising on modification of a financial liability that does not result in derecognition (calculated by discounting the change in contractual cash flows at the original effective rate) is immediately recognised in profit or loss. As there is no specific relief on this clarification, this requirement shall be applied retrospectively. The Group's current accounting policy is consistent with this clarification and therefore the adoption of the amendments is not expected to have any impact on the Group.

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group will adopt HKFRS 9 from 1 January 2018. The Group will not restate comparative information and will recognise any transition adjustments against the opening balance of equity at 1 January 2018. During 2017, the Group has performed a detailed assessment of the impact of the adoption of HKFRS 9. The expected impacts relate to the classification and measurement and the impairment requirements and are summarised as follows:

(a) Classification and measurement

The Group does not expect that the adoption of HKFRS 9 will have a significant impact on the classification and measurement of its financial assets. It expects to continue measuring at fair value all financial assets currently held at fair value. Equity investments currently held as available for sale will be measured at fair value through other comprehensive income as the investments are intended to be held for the foreseeable future and the Group expects to apply the option to present fair value changes in other comprehensive income. Gains and losses recorded in other comprehensive income for the equity investments cannot be recycled to profit or loss when the investments are derecognised.

2.3 Issued but not yet Effective Hong Kong Financial Reporting Standards (continued)

(b) Impairment

HKFRS 9 requires an impairment on debt instruments recorded at amortised cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under HKFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group will apply the simplified approach and record lifetime expected losses that are estimated based on the present values of all cash shortfalls over the remaining life of all of its trade receivables. Furthermore, the Group will apply the general approach and record twelve-month expected credit losses that are estimated based on the possible default events on its other receivables within the next twelve months.

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

HKFRS 15, issued in July 2014, establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. Either a full retrospective application or a modified retrospective adoption is required on the initial application of the standard. In June 2016, the HKICPA issued amendments to HKFRS 15 to address the implementation issues on identifying performance obligations, application guidance on principal versus agent and licences of intellectual property, and transition. The amendments are also intended to help ensure a more consistent application when entities adopt HKFRS 15 and decrease the cost and complexity of applying the standard. The Group plans to adopt the transitional provisions in HKFRS 15 to recognise the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2018. In addition, the Group plans to apply the new requirements only to contracts that are not completed before 1 January 2018. The Group expects that the transitional adjustment to be made on 1 January 2018 upon initial adoption of HKFRS 15 will not be material. However, the expected changes in accounting policies, as further explained below, will have a material impact on the Group's financial statements from 2018 onwards. During 2017, the Group has performed a detailed assessment on the impact of the adoption of HKFRS 15.

The Group sells completed properties in the Mainland China. The expected impacts arising from the adoption of HKFRS 15 on the Group are summarised as follows:

2.3 Issued but not yet Effective Hong Kong Financial Reporting Standards (continued)

Timing of revenue recognition

Currently, sale of completed properties is recognised when the significant risks and rewards of ownership of the properties are transferred to the buyers, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the completed properties, that is when the construction of the relevant properties has been completed and the properties have been delivered to the buyers pursuant to the sale agreements, and the collectability of related receivables is reasonably assured. Upon the adoption of HKFRS 15, revenue from the sale of completed properties will be recognised when control over the properties is transferred to the buyers. Judgement will be required to assess whether control transfers over time or at a point of time. Properties that have no alternative use to the Group due to contractual restriction and which the Group has an enforceable right to payment from the customers for performance completed to date, the Group will recognise revenue as the performance obligations are satisfied over time by applying an input method for measuring progress. The Group has assessed that the sale agreements used by the Group are standardised in a large extent and in the case of pre-completion sales using standard agreements for sale and purchase, the Group does not have an enforceable right to payment for performance completed to date in accordance with HKFRS 15, and accordingly, the criteria for recognising revenue over time are not met. The Group expects to recognise the sale of completed properties until the point in time at which the Group delivers the properties to the buyers. The Group does not anticipate that the application of HKFRS 15 will have a material impact on the timing of revenue recognised in the respective periods.

Sales commission

The Group pays commission to the sales agents when agreement for sale and purchase is signed with property buyer. Following the adoption of HKFRS 15, incremental costs of obtaining a contract, including sales commission, if recoverable, are capitalised as an asset and shall be amortised on a systematic basis that is consistent with the transfer of the related property to the customer. Currently, the Group expensed off the sales commission associated with obtaining agreement for sale and purchase with property buyer. Accordingly, the Group expects the recognition of an asset would result in an increase of opening retained profits as at 1 January 2018. The adoption of HKFRS 15 will not have a material impact for the sales commission in the respective periods.

Financing component for sale of completed properties

HKFRS 15 requires property developers to account for the financing component in a contract separately from revenue if the financing effects are significant, subject to a practical expedient where the period between the payment and delivery of properties will be less than one year. Currently, it is expected that the length of time between the payment and delivery of properties of the Group's projects will exceed one year. Accordingly, the financing component is considered to be significant. The amount of the financing component is estimated at the contract inception and the payment plan is confirmed by the property buyer by using a discount rate that would be reflected in a separate financing transaction between the Group and the customer reflecting the credit characteristics of the Group as well as any collateral or security provided. Interest expense is recognised only to the extent that a contract liability (receipts in advance) is recognised in accounting for the contract with the customer. The Group expects an adjustment to reduce the current year opening retained profits with a corresponding increase in receipts in advance.

2.3 Issued but not yet Effective Hong Kong Financial Reporting Standards (continued)

HKFRS 16, issued in May 2016, replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases – Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two elective recognition exemptions for lessees – leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in HKAS 40, or relates to a class of property, plant and equipment to which the revaluation model is applied. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under HKFRS 16 is substantially unchanged from the accounting under HKAS 17. Lessors will continue to classify all leases using the same classification principle as in HKAS 17 and distinguish between operating leases and finance leases. HKFRS 16 requires lessees and lessors to make more extensive disclosures than under HKAS 17.

Lessees can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group expects to adopt HKFRS 16 from 1 January 2019. The Group is currently assessing the impact of HKFRS 16 upon adoption and is considering whether it will choose to take advantage of the practical expedients available and which transition approach and reliefs will be adopted. As disclosed in note 41(b) to the financial statements, at 31 December 2017, the Group had future minimum lease payments under non-cancellable operating leases in aggregate of approximately RMB826,476,000. Upon adoption of HKFRS 16, certain amounts included therein may need to be recognised as new right-of-use assets and lease liabilities. Further analysis, however, will be needed to determine the amount of new rights of use assets and lease liabilities to be recognised, including, but not limited to, any amounts relating to leases of low-value assets and short-term leases, other practical expedients and reliefs chosen, and new leases entered into before the date of adoption.

In January 2018, the HKICPA issued HKFRS 17, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, HKFRS 17 will replace the existing HKFRS 4 Insurance Contracts. The standard applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of the standard is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in HKFRS 4, which are largely based on grandfathering previous local accounting policies, the standard provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of the standard is the general model, supplemented by:

- a specific adaptation for contracts with direct participation features (the variable fee approach).

- a simplified approach (the premium allocation approach) mainly for short-duration contracts.

2.3 Issued but not yet Effective Hong Kong Financial Reporting Standards (continued)

HKFRS 17 is effective for reporting periods beginning on or after 1 January 2021. Early application is permitted, provided the entity also applies HKFRS 9 and HKFRS 15 on or before the date it first applies HKFRS 17. The standard is not expected to have any impact on the Group.

Amendments to HKAS 28 issued in January 2018 clarify that the scope exclusion of HKFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies HKFRS 9, rather than HKAS 28, including the impairment requirements under HKFRS 9, in accounting for such long-term interests. HKAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group expects to adopt the amendments on 1 January 2019 and will assess its business model for such long-term interests based on the facts and circumstances that exist on 1 January 2019 using the transitional requirements in the amendments. The Group also intends to apply the relief from restating comparative information for prior periods upon adoption of the amendments.

Amendments to HKAS 40, issued in April 2017, clarify when an entity should transfer property, including property under construction or development, into or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments should be applied prospectively to the changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at the date that it first applies the amendments and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application is only permitted if it is possible without the use of hindsight. The Group expects to adopt the amendments prospectively from 1 January 2018. The amendments are not expected to have any significant impact on the Group's financial statements.

HK(IFRIC)-Int 22, issued in June 2017, provides guidance on how to determine the date of the transaction when applying HKAS 21 to the situation where an entity receives or pays advance consideration in a foreign currency and recognises a non-monetary asset or liability. The interpretation clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset (such as a prepayment) or non-monetary liability (such as deferred income) arising from the payment or receipt of the advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the entity must determine the transaction date for each payment or receipt of the advance consideration. Entities may apply the interpretation on a full retrospective basis or on a prospective basis, either from the beginning of the reporting period in which the entity first applies the interpretation or the beginning of the prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation. The Group expects to adopt the interpretation prospectively from 1 January 2018. The interpretation is not expected to have any significant impact on the Group's financial statements.

HK(IFRIC)-Int 23, issued in July 2017, addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. The interpretation is to be applied retrospectively, either fully retrospectively without the use of hindsight or retrospectively with the cumulative effect of application as an adjustment to the opening equity at the date of initial application, without the restatement of comparative information. The Group expects to adopt the interpretation from 1 January 2019. The interpretation is not expected to have any significant impact on the Group's financial statements.

2.3 Issued but not yet Effective Hong Kong Financial Reporting Standards (continued)

Annual Improvements to HKFRSs 2014-2016 Cycle, issued in March 2017, sets out amendments to HKFRS 1, HKFRS 12 and HKAS 28. Except for the amendments to HKFRS 12 which have been adopted by the Group for the current year's financial statements, the Group expects to adopt the amendments from 1 January 2018. None of the amendments are expected to have a significant financial impact on the Group. Details of the amendments to HKFRS 1 and HKAS 28 are as follows:

- HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards:* Deletes the short-term exemptions for first-time adopters because the reliefs provided in the exemptions are no longer applicable.

- HKAS 28 *Investments in Associates and Joint Ventures*: Clarifies that an entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. If an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries when applying the equity method. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (i) the investment entity associate or joint venture is initially recognised; (ii) the associate or joint venture becomes an investment entity; and (iii) the investment entity associate or joint venture first becomes a parent. These amendments should be applied retrospectively.

Annual Improvements to HKFRSs 2015-2017 Cycle, issued in February 2018, sets out amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23. The Group expects to adopt the amendments from 1 January 2019. None of the amendments are expected to have a significant financial impact on the Group. Details of the amendments are as follows:

- HKFRS 3 *Business Combinations*: Clarifies that, when an entity obtains control of a business that is a joint operation, it must apply the requirements for a business combination achieved in stages and remeasure its entire previously held interest in the joint operation at fair value.

- HKFRS 11 *Joint Arrangements*: Clarifies that when an entity that participates in, but does not have joint control of a joint operation, obtains joint control over that joint operation that is a business, it does not remeasure the interest it previously held in that joint operation.

- HKAS 12 *Income Taxes*: Clarifies that an entity recognises all income tax consequences of dividends in profit or loss, other comprehensive income or equity, depending on where the entity recognised the originating transaction or event that generated the distributable profits giving rise to the dividend.

- HKAS 23 *Borrowing Costs*: Clarifies that an entity treats as part of general borrowings any specific borrowing originally made to develop a qualifying asset, and that is still outstanding, when substantially all of the activities necessary to prepare that asset for its intended use or sales are complete.

2.4 Summary of Significant Accounting Policies

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise 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 type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed 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. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquire's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

2.4 Summary of Significant Accounting Policies (continued)

Business combinations and goodwill (continued)

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

Fair value measurement

The Group measures investment properties and derivative financial instruments at fair value at the end of each reporting period. Also, fair values of financial instruments measured at amortised cost including loans to joint ventures and associates and interest-bearing bank and other borrowings are disclosed in note 46. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability; or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best use.

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.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) prices in active markets for identical assets or liabilities

- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.4 Summary of Significant Accounting Policies (continued)

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and 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 of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures 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); and

(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 parent of the Group.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, construction contract assets, financial assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

2.4 Summary of Significant Accounting Policies (continued)

Impairment of non-financial assets (continued)

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold land and buildings	Over the shorter of lease terms and 20 years
Plant and machinery	5 to 10 years
Motor vehicles	3 to 10 years
Furniture, fixtures and office equipment	3 to 20 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

2.4 Summary of Significant Accounting Policies (continued)

Property, plant and equipment and depreciation (continued)

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investment properties

Investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Property under construction or development for future use as an investment property is classified as investment property under construction. If the fair value cannot be reliably determined, the investment property under construction will be measured at cost until such time as fair value can be determined or construction is completed.

When the Group completes the construction or development of a self-constructed investment property, any difference between the fair value of the property at the completion date and its previous carrying amount is recognised in the statement of profit or loss.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the statement of profit or loss.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Licences

Purchased licences are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 10 to 15 years.

2.4 Summary of Significant Accounting Policies (continued)

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

Land held for development for sale

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

Properties under development

Properties under development are intended to be held for sale after completion.

Properties under development are stated at the lower of cost and net realisable value and comprise land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period.

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

Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value.

Cost of completed properties held for sale is determined by an apportionment of total land and building costs attributable to the unsold properties.

Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management estimates based on the prevailing market conditions.

2.4 Summary of Significant Accounting Policies (continued)

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in finance costs for loans and in other expenses for receivables.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the statement of profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to the statement of profit or loss in other expenses. Dividends earned whilst holding the available-for-sale financial investments are reported as dividend income and are recognised in the statement of profit or loss as other income in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

2.4 Summary of Significant Accounting Policies (continued)

Investments and other financial assets (continued)

Available-for-sale financial investments (continued)

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset measured at cost is impaired, an amount comprising the difference between the carrying amount of the financial assets and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset is recognised in the statement of profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through the statement of profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

2.4 Summary of Significant Accounting Policies (continued)

Impairment of financial assets (continued)

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in the statement of profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.4 Summary of Significant Accounting Policies (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables and accruals, derivative financial instruments, promissory notes and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing bank and other borrowings are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately. Further details of derivative financial instruments are disclosed in note 33.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

2.4 Summary of Significant Accounting Policies (continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2.4 Summary of Significant Accounting Policies (continued)

Income tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of completed properties, when the significant risks and rewards of ownership of the properties are transferred to the buyers, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the completed properties, that is when the construction of the relevant properties has been completed and the properties have been delivered to the buyers pursuant to the sales agreement, and the collectability of the related receivables is reasonably assured;

(b) from construction contracts, using the percentage of completion basis, as further explained in the accounting policy for "Construction contracts" below;

2.4 Summary of Significant Accounting Policies (continued)

Revenue recognition (continued)

(c) from the rendering of property management services, when the services are rendered;

(d) from the provision of business park operation and management services, when the services are provided;

(e) rental income, on a time proportion basis over the lease terms;

(f) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and

(g) dividend income, when the shareholders' right to receive payment has been established.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to other payables and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Employee benefits

Pension scheme

The employees of the Group's subsidiaries in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries are required to contribute certain percentages of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when 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 capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Construction contracts

Contract revenue comprises the agreed contract amount and appropriate amounts from variation orders, claims and incentive payments. Contract costs incurred comprise direct materials, the costs of subcontracting, direct labour and an appropriate proportion of variable and fixed construction overheads.

2.4 Summary of Significant Accounting Policies (continued)

Construction contracts (continued)

Revenue from fixed price construction contracts is recognised using the percentage of completion method, measured by reference to the progress of certified value of work performed to date.

Provision is made for foreseeable losses as soon as they are anticipated by management. Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from customers for contract work. Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amount due to customers for contract work.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Foreign currencies

These financial statements are presented in RMB which is the Company's functional and presentation currency. In the opinion of the Directors, as the Group's operations are mainly in the PRC, the use of RMB as the presentation currency is more appropriate for the presentation of the Group's results and financial position. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising from settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period, and their statements of profit or loss are translated into RMB at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. Significant Accounting Judgements and Estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments-Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Classification between investment properties and properties held for sale

The Group develops properties held for sale and properties held to earn rentals and/or for capital appreciation. Judgement is made by management in determining whether a property is designated as an investment property or a property held for sale. The Group considers its intention of holding the properties at the early development stage of the related properties. During the course of construction, the related properties under construction are accounted for as properties under development included in current assets if the properties are intended for sale after its completion, whereas, the properties are accounted for as investment properties under construction included in non-current assets if the properties are intended to be held to earn rentals and/or for capital appreciation. Upon completion of construction of the properties, the properties held for sale are transferred to completed properties held for sale and are stated at cost, while the properties held to earn rentals and/or for capital appreciation are transferred to completed investment properties. Investment properties, both under construction and completed, are subject to revaluation at the end of each reporting period.

3. Significant Accounting Judgements and Estimates (continued)

Judgements (continued)

Deferred tax on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the Directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Group's deferred tax on investment properties, the Directors have determined that the presumption set out in HKAS 12 Income Taxes that investment properties measured using the fair value model are recovered through sale is rebutted.

Consolidation of entities in which the Group holds less than a majority of equity interests

The Group considers that it is in a position to exercise control over the relevant activities of Wuhan NSP even though it owns less than 50% of the equity interests in Wuhan NSP, having considered that a joint venture partner of Wuhan NSP confirmed by entering into an agreement with a subsidiary of the Group that it will follow the Group on any decision regarding operational and financial activities of Wuhan NSP. As such, Wuhan NSP was accounted for as a subsidiary of the Group.

Estimation uncertainty

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, are described below.

Impairment review of properties under development, completed properties held for sale and land held for development for sale

Properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. The estimated net realisable value is the estimated selling price less selling expenses and the estimated cost of completion (if any), which are estimated based on the best available information. The land held for development for sale is initially stated at cost less any impairment losses and is not depreciated. The Group has engaged an external valuer to perform a valuation of the Group's properties under development and completed properties held for sale as at 31 December 2017 to assess if the net realisable values of these assets are lower than their carrying amounts and a valuation of the Group's land held for development for sale as at 31 December 2017 to assess if there is any impairment. As at 31 December 2017, the carrying amounts of properties under development, completed properties held for sale and land held for development for sale were RMB1,670,574,000 (2016: RMB6,919,490,000), RMB6,121,194,000 (2016: RMB3,784,559,000) and RMB1,108,846,000 (2016: RMB1,337,624,000), respectively.

Allocation of construction cost on properties under development

When developing properties, the Group typically divides the development projects into phases. Costs directly related to the development of a phase are recorded as the cost of such phase. Costs that are common to each phase are allocated to each phase based on the saleable floor area of each phase as a percentage of the total saleable floor area of the entire project. The cost of the unit sold is determined by the floor area in square metres sold during the year multiplied by the average cost per square metre of that particular phase of the project.

PRC corporate income tax ("CIT")

The Group is subject to income taxes in the PRC. As a result of the fact that certain matters relating to income taxes have not been confirmed by the local tax bureau, objective estimate and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realise.

3. Significant Accounting Judgements and Estimates (continued)

Estimation uncertainty (continued)

PRC land appreciation tax ("LAT")

The Group is subject to LAT in the PRC. The provision for LAT is based on management's best estimates according to its understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Group has not finalised its LAT calculation and payments with the tax authorities for certain property development projects. The final outcome could be different from the amounts that were initially recorded, and any differences will have impact on the land appreciation tax expense and the related provision in the period in which the differences realise.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Fair value of investment properties

Investment properties including completed investment properties and investment properties under construction are revalued at the end of the reporting period on a market value, existing use basis by independent professionally qualified valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimation, information from current prices in an active market for similar properties is considered and assumptions that are mainly based on market conditions existing at the end of the reporting period are used.

Fair values of derivative financial instruments

The fair values of derivative financial instruments that are not traded in an active market are estimated by management based on the valuation performed by an independent professional valuer using the Binomial Model. This valuation requires the Group to make estimates on dividend yield, net asset value volatility, option life, risk-free interest rate, and stock volatility of comparable companies, and hence they are subject to uncertainty. The fair values of the derivative financial instruments at 31 December 2017 were RMB591,065,000 (2016: RMB491,403,000). Further details are included in note 33 to the financial statements.

Impairment of trade and other receivables

The provision for impairment of trade and other receivables (other than other receivables for primary land development) of the Group is based on the evaluation of collectability and ageing analysis of accounts and on management's estimation. Significant estimation is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each debtor. If the financial conditions of debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The carrying amounts of trade receivables and other receivables at 31 December 2017 were RMB990,036,000 (2016: RMB814,411,000) and RMB2,974,502,000 (2016: RMB700,980,000), respectively. Further details are set out in notes 24 and 25 to the financial statements.

Recoverability of other receivables for primary land development

The Group has entered into certain cooperation agreements with the local government authorities under which the Group provides funding to the local government authorities for the primary land development of certain land parcels. Management estimates the expected repayment schedule and amounts and considers the discounting impact of the receivables. The provision for impairment of other receivables for primary land development of the Group is based on the evaluation of collectability and ageing analysis of these receivables and on management's estimation. Significant estimation is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of the local government authorities. If the financial conditions of the local government authorities were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The carrying amount of other receivables for primary land development at 31 December 2017 was RMB2,425,327,000 (2016: RMB2,183,015,000). Further details are set out in note 25 to the financial statements.

4. Operating Segment Information

For management purposes, the Group is organised into business units based on their products and services and has six reportable operating segments as follows:

(a) the property development segment engages in the development and sale of properties;

(b) the property investment segment invests in properties for their rental income potential and/or for capital appreciation;

(c) the business park operation and management segment engages in the provision of operation and management services to the business park projects owned by the local governments or other independent third parties;

(d) the construction, decoration and landscaping segment engages in property construction, the provision of interior decoration to property buyers and landscaping services to property projects;

(e) the property management segment engages in the provision of management services to properties; and

(f) the others segment comprises corporate income and expense items.

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

Segment assets exclude deferred tax assets, prepaid corporate income tax, prepaid land appreciation tax, amounts due from related parties, restricted cash and cash and cash equivalents as these assets are managed on a group basis.

Segment liabilities exclude derivative financial liabilities, interest-bearing bank and other borrowings, amounts due to related parties, tax payable, provision for land appreciation tax and deferred tax liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

During the year, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

4. Operating Segment Information (continued)

Year ended 31 December 2017

	Property development RMB'000	Property investment RMB'000	Business park operation and management RMB'000	Construction, decoration and landscaping RMB'000	Property management RMB'000	Others RMB'000	Total RMB'000
Segment revenue:							
Sales to external customers	5,991,179	385,508	60,236	467,742	412,954	–	7,317,619
Segment results	1,345,622	645,683	(93,067)	21,079	77,440	(17,148)	1,979,609
Reconciliation:							
Interest income							52,002
Dividend income and unallocated gains							1,254
Corporate and other unallocated expenses							(99,662)
Finance costs							(334,461)
Profit before tax							1,598,742
Income tax expenses							(504,480)
Profit for the year							1,094,262
Segment assets	36,149,335	14,633,395	113,944	5,747,445	315,046	9,256,265	66,215,430
Reconciliation:							
Elimination of intersegment receivables							(32,790,555)
Corporate and other unallocated assets							3,672,609
Total assets							37,097,484
Segment liabilities	23,881,986	2,458,647	266,856	4,570,068	310,324	6,965,387	38,453,268
Reconciliation:							
Elimination of intersegment payables							(32,790,555)
Corporate and other unallocated liabilities							20,291,865
Total liabilities							25,954,578
Other segment information:							
Depreciation and amortisation	15,208	2,170	598	4,250	174	157	22,557
Capital expenditure*	4,477	109,183	9,401	3,598	1,382	–	128,041
Fair value gains on investment properties	–	341,216	–	–	–	–	341,216
Share of profits and losses of joint ventures	(20,973)	115,470	(218)	(7,613)	77	–	86,743
Share of profits of associates	362,959	–	–	–	–	–	362,959
Investments in joint ventures	1,797,001	757,499	1,992	26,441	2,533	–	2,585,466
Investments in associates	20,699	–	–	–	–	–	20,699

* Capital expenditure consists of additions to property, plant and equipment, additions to investment properties and additions to intangible assets.

4. Operating Segment Information (continued)

Year ended 31 December 2016

	Property development RMB'000	Property investment RMB'000	Business park operation and management RMB'000	Construction, decoration and landscaping RMB'000	Property management RMB'000	Others RMB'000	Total RMB'000
Segment revenue:							
Sales to external customers	5,775,654	382,497	52,748	460,400	333,249	–	7,004,548
Segment results	1,066,098	506,235	(31,710)	9,669	49,230	(108,379)	1,491,143
Reconciliation:							
Interest income							55,102
Dividend income and unallocated gains							1,171
Corporate and other unallocated expenses							(238,318)
Finance costs							(278,346)
Profit before tax							1,030,752
Income tax expenses							(456,599)
Profit for the year							574,153
Segment assets	35,024,089	14,092,631	95,257	4,426,111	306,038	6,497,739	60,441,865
Reconciliation:							
Elimination of intersegment receivables							(27,718,632)
Corporate and other unallocated assets							3,236,269
Total assets							35,959,502
Segment liabilities	23,860,398	2,332,206	160,589	2,809,175	132,574	5,936,406	35,231,348
Reconciliation:							
Elimination of intersegment payables							(27,718,632)
Corporate and other unallocated liabilities							18,300,257
Total liabilities							25,812,973
Other segment information:							
Depreciation and amortisation	14,234	1,889	240	982	153	1,042	18,540
Capital expenditure*	5,181	114,491	2,592	4,742	3,052	302	130,360
Fair value gains on investment properties	–	201,219	–	–	–	–	201,219
Share of profits and losses of joint ventures	(57,630)	77,670	(850)	(3,681)	(43)	–	15,466
Share of losses of associates	(96,142)	–	–	–	–	–	(96,142)
Investments in joint ventures	987,122	645,414	170	34,054	2,457	–	1,669,217
Investments in associates	479,425	–	–	–	–	–	479,425

* Capital expenditure consists of additions to property, plant and equipment, additions to investment properties and additions to intangible assets.

Geographical information

Geographical information is not presented since all of the Group's revenue from external customers is generated in Mainland China and over 90% of the segment assets of the Group are located in Mainland China. Accordingly, in the opinion of the directors, the presentation of geographical information would provide no additional useful information to the users of these financial statements.

5. Revenue, Other Income and Gains

Revenue represents the gross proceeds from the sale of properties, gross rental income received and receivable from investment properties, property management income received and receivable, an appropriate proportion of contract revenue from construction, decoration and landscaping, and business park operation and management service income received and receivable from the provision of operation and management services to the business park projects, all net of business tax, value-added tax and surcharges, during the year.

An analysis of the Group's revenue, other income and gains is as follows:

	Notes	2017 RMB'000	2016 RMB'000
Revenue			
Sale of properties		**5,991,179**	5,775,654
Rental income		**385,508**	382,497
Business park operation and management service income		**60,236**	52,748
Construction, decoration and landscaping income		**467,742**	460,400
Property management income		**412,954**	333,249
		7,317,619	7,004,548
Other income and gains			
Interest income		**52,002**	55,102
Dividend income		**1,254**	1,171
Government subsidies	(a)	**17,235**	16,676
Gains on remeasurement of pre-existing interests in joint ventures to the date of obtaining control and acquisition	38	**–**	252,973
Gains on bargain purchases	38	**–**	330,140
Foreign exchange differences, net		**36,316**	–
Gain on disposal of an investment property		**–**	2,321
Others		**121,194**	1,808
		228,001	660,191

Note:

(a) Government subsidies have been received by the Group from government authorities in Mainland China mainly in respect of the operation of a recreational facility of the Group. The government subsidies have been recognised in the consolidated statement of profit or loss to the extent of operating expenses incurred up to the year ended 31 December 2017. There are no unfulfilled conditions or contingencies relating to these subsidies.

6. Profit Before Tax

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	2017 RMB'000	2016 RMB'000
Cost of properties sold		**4,593,603**	4,697,335
Cost of services provided		**756,926**	656,217
Depreciation	13	**16,081**	15,316
Amortisation of intangible assets*	16	**6,476**	3,224
Loss on disposal of items of property, plant and equipment		**846**	7,772
Gain on disposal of an investment property***		**–**	2,321
Impairment of properties under development and completed properties held for sale****		**55,622**	–
Impairment of trade receivables**	24	**–**	19,270
Fair value loss on derivative financial instruments**		**99,662**	238,318
Auditor's remuneration		**5,530**	4,780
Minimum lease payments under operating leases		**53,041**	16,387
Employee benefit expense (including directors' and chief executive's remuneration (note 8)):			
Wages and salaries		**249,966**	211,755
Pension scheme contributions		**39,254**	39,144
		289,220	250,899
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties****		**145,004**	106,531
Foreign exchange differences, net***/#		**(36,316)**	48,419

* Included in "Administrative expenses" in the consolidated statement of profit or loss.

** Included in "Other expenses" in the consolidated statement of profit or loss.

*** Included in "Other income and gains" in the consolidated statement of profit or loss.

**** Included in "Cost of sales" in the consolidated statement of profit or loss.

The foreign exchange differences, net for the prior year was included in "Other expenses" in the consolidated statement of profit or loss.

7. Finance Costs

An analysis of finance costs is as follows:

	2017 RMB'000	2016 RMB'000
Interest on bank loans and other loans	**1,106,317**	1,167,833
Less: Interest capitalised	**(771,856)**	(889,487)
	334,461	278,346

8. Directors' and Chief Executive Officer's Remuneration

Directors' and chief executive officer's remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2017 RMB'000	2016 RMB'000
Fees	**1,200**	900
Other emoluments:		
Salaries, allowances and benefits in kind	**5,398**	5,787
Discretionary bonuses	**5,183**	16,161
Pension scheme contributions	**356**	396
	10,937	22,344
	12,137	23,244

8. Directors' and Chief Executive Officer's Remuneration (continued)

The remuneration of each of the directors and chief executive officer for the year ended 31 December 2017 is set out below:

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Executive directors:					
Mr. Jiang Xiuwen	–	1,726	2,195	112	4,033
Mr. Gao Wei*	–	316	–	35	351
Mr. Zhang Zhichao	–	54	–	–	54
Mr. Chen Donghui	–	54	–	–	54
Ms. Ma Lan	–	1,674	1,102	112	2,888
Mr. Yu Shiping#	–	846	1,886	97	2,829
	–	4,670	5,183	356	10,209
Non-executive directors:					
Mr. Sun Yansheng@	–	620	–	–	620
Mr. Chen Chao	–	54	–	–	54
Mr. Zhao Xiaodong	–	54	–	–	54
Mr. Gao Wei*	–	–	–	–	–
	–	728	–	–	728
Independent non-executive directors:					
Mr. Yip Wai Ming	300	–	–	–	300
Mr. Guo Shaomu	300	–	–	–	300
Mr. Wang Yinping	300	–	–	–	300
Mr. Han Gensheng	300	–	–	–	300
	1,200	–	–	–	1,200
	1,200	5,398	5,183	356	12,137

@ Resigned as non-executive director on 18 September 2017.

Appointed as executive director on 18 September 2017.

* Redesignated from the executive director to non-executive director on 18 September 2017.

8. Directors' and Chief Executive Officer's Remuneration (continued)

The remuneration of each of the directors and chief executive officer for the year ended 31 December 2016 is set out below:

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Executive directors:					
Mr. Sun Yinhuan	–	1,037	6,920	–	7,957
Mr. Sun Yinfeng	–	791	2,164	90	3,045
Mr. Sun Yansheng	–	1,653	1,300	36	2,989
Mr. Jiang Xiuwen	–	1,177	1,806	90	3,073
Mr. Gao Wei	–	596	2,199	90	2,885
Mr. Wen Hongyu	–	533	1,772	90	2,395
Mr. Zhang Zhichao	–	–	–	–	–
Mr. Chen Donghui	–	–	–	–	–
Ms. Ma Lan	–	–	–	–	–
	–	5,787	16,161	396	22,344
Non-executive directors:					
Mr. Sun Yansheng	–	–	–	–	–
Mr. Chen Chao	–	–	–	–	–
Mr. Zhao Xiaodong	–	–	–	–	–
	–	–	–	–	–
Independent non-executive directors:					
Mr. Ip Yuk Chi Eddie	300	–	–	–	300
Mr. Yip Wai Ming	300	–	–	–	300
Mr. Guo Shaomu	300	–	–	–	300
Mr. Wang Yinping	–	–	–	–	–
Mr. Han Gensheng	–	–	–	–	–
	900	–	–	–	900
	900	5,787	16,161	396	23,244

There was no arrangement under which a director or the chief executive officer waived or agreed to waive any remuneration during the year.

9. Five Highest Paid Individuals

The five highest paid individuals of the Group during each of the years ended 31 December 2017 and 2016 are directors of the Company, details of whose remuneration for these years are set out in note 8 to the financial statements.

10. Income Tax Expenses

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2016: 16.5%). The income tax for the subsidiaries operating in Mainland China is calculated at the applicable tax rates on the taxable profits for the year.

An analysis of the income tax charges for the year is as follows:

	2017 **RMB'000**	2016 RMB'000
Current – PRC		
Corporate income tax charge for the year	**274,614**	297,631
Land appreciation tax charge for the year (note 31)	**214,306**	191,072
Overprovision of PRC land appreciation tax in prior years*	**(80,790)**	(38,099)
	408,130	450,604
Deferred (note 32):		
Current year	**76,153**	(3,530)
Reversal of deferred tax assets on LAT overprovided in prior years	**20,197**	9,525
	96,350	5,995
Total tax charge for the year	**504,480**	456,599

* During the year ended 31 December 2017, the Group filed and agreed with the local tax bureau in the PRC the computation for the LAT of certain property development projects that had been completed and sold in previous years. As a result of the local tax bureau's assessments, the Group has reversed and recognised an overprovision of LAT on the relevant property development projects of RMB80,790,000 (2016: RMB38,099,000) in the consolidated statement of profit or loss.

10. Income Tax Expenses (continued)

A reconciliation of the tax expense applicable to profit before tax using the statutory rate for the jurisdiction in which the majority of the Company's subsidiaries are domiciled to the tax expense at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate for the year, are as follows:

	2017		2016	
	RMB'000	%	RMB'000	%
Profit before tax	**1,598,742**		1,030,752	
At the statutory income tax rate	**399,685**	**25.0**	257,688	25.0
Tax losses utilised from previous periods	**(16,291)**	**(1.0)**	(4,615)	(0.4)
Profits and losses attributable to joint ventures and associates	**(112,426)**	**(7.0)**	20,169	2.0
Income not subject to tax	**(81,502)**	**(5.1)**	(170,010)	(16.5)
Effect of withholding tax at prevailing tax rate on the distributable profits of the Group's PRC subsidiaries	**–**	**–**	77,300	7.5
Expenses not deductible for tax	**129,531**	**8.1**	90,624	8.8
Tax losses not recognised	**85,346**	**5.3**	70,713	6.8
Reversal of an overprovision for LAT in prior years	**(80,790)**	**(5.1)**	(38,099)	(3.7)
Reversal of deferred tax effect on an overprovision for LAT in prior years	**20,197**	**1.3**	9,525	0.9
LAT	**214,306**	**13.4**	191,072	18.5
Tax effect of LAT	**(53,576)**	**(3.3)**	(47,768)	(4.6)
Tax charge at the Group's effective rate	**504,480**	**31.6**	456,599	44.3

The share of tax attributable to joint ventures amounting to RMB42,296,000 (2016: RMB49,645,000) is included in "Share of profits and losses of joint ventures" in the consolidated statement of profit or loss.

The share of tax attributable to associates amounting to RMB35,243,000 (2016: tax credit RMB34,476,000) is included in "Share of profits and losses of associates" in the consolidated statement of profit or loss.

11. Dividend

	2017	2016
	RMB'000	RMB'000
Proposed final – RMB8 cents (2016: RMB3.2 cents) per ordinary share	**206,718**	82,687

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

12. Earnings Per Share Attributable to Ordinary Equity Holders of the Parent

The calculation of the basic and diluted earnings per share amounts is based on the profit for the year attributable to the ordinary equity holders of the parent of RMB984,302,000 (2016: RMB564,000,000), and the weighted average number of ordinary shares of 2,583,970,000 (2016: 2,583,970,000) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2017 and 2016 as the Group had no potentially dilutive ordinary shares in issue during those years.

13. Property, Plant and Equipment

	Leasehold land and buildings RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Furniture, fixtures and office equipment RMB'000	Total RMB'000
31 December 2017					
At 31 December 2016 and at 1 January 2017:					
Cost	126,974	50,007	23,833	47,440	248,254
Accumulated depreciation	(64,601)	(34,973)	(19,506)	(39,580)	(158,660)
Net carrying amount	62,373	15,034	4,327	7,860	89,594
At 1 January 2017, net of accumulated depreciation	62,373	15,034	4,327	7,860	89,594
Additions	7,445	665	810	6,457	15,377
Depreciation provided during the year	(7,978)	(3,996)	(942)	(3,165)	(16,081)
Write-off/disposal	(16)	(292)	(409)	(100)	(817)
Exchange realignment	–	–	–	(29)	(29)
At 31 December 2017, net of accumulated depreciation	61,824	11,411	3,786	11,023	88,044
At 31 December 2017:					
Cost	134,403	48,357	20,036	48,626	251,422
Accumulated depreciation	(72,579)	(36,946)	(16,250)	(37,603)	(163,378)
Net carrying amount	61,824	11,411	3,786	11,023	88,044

13. Property, Plant and Equipment (continued)

	Leasehold land and buildings RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Furniture, fixtures and office equipment RMB'000	Total RMB'000
31 December 2016					
At at 1 January 2016:					
Cost	117,097	58,641	25,215	42,116	243,069
Accumulated depreciation	(52,370)	(39,333)	(18,867)	(33,308)	(143,878)
Net carrying amount	64,727	19,308	6,348	8,808	99,191
At 1 January 2016, net of accumulated depreciation	64,727	19,308	6,348	8,808	99,191
Additions	3,675	248	494	5,428	9,845
Obtaining control/acquisition of subsidiaries (note 38)	1,629	–	1,139	878	3,646
Depreciation provided during the year	(7,440)	(337)	(920)	(6,619)	(15,316)
Write-off/disposal	(218)	(4,185)	(2,734)	(654)	(7,791)
Exchange realignment	–	–	–	19	19
At 31 December 2016, net of accumulated depreciation	62,373	15,034	4,327	7,860	89,594
At 31 December 2016:					
Cost	126,974	50,007	23,833	47,440	248,254
Accumulated depreciation	(64,601)	(34,973)	(19,506)	(39,580)	(158,660)
Net carrying amount	62,373	15,034	4,327	7,860	89,594

At 31 December 2017, a building of the Group with a carrying value of RMB50,721,000 (2016: RMB56,134,000) was pledged to a financial institution to secure the loans granted to the Group (note 30).

14. Investment Properties

	Completed RMB'000	Under construction RMB'000	Total RMB'000
Carrying amount at 1 January 2016	8,965,700	2,520,600	11,486,300
Additions	52,605	58,409	111,014
Disposals	(3,500)	–	(3,500)
Transfers from investment properties under construction to completed investment properties	721,000	(721,000)	–
Net gains from fair value adjustments	200,545	674	201,219
Carrying amount at 31 December 2016 and 1 January 2017	**9,936,350**	**1,858,683**	**11,795,033**
Additions	**63,694**	**44,679**	**108,373**
Transfers from investment properties under construction to completed investment properties	**480,000**	**(480,000)**	–
Net gains from fair value adjustments	**51,906**	**289,310**	**341,216**
Carrying amount at 31 December 2017	**10,531,950**	**1,712,672**	**12,244,622**

At 31 December 2017, certain of the Group's investment properties of RMB11,949,268,000 (2016: RMB11,156,972,000) were pledged to banks to secure the loans granted to the Group (note 30).

The Group's completed investment properties are leased to third parties under operating leases, further summary details of which are included in note 41(a) to the financial statements.

The Group's completed investment properties and investment properties under construction, which were stated at fair value, were revalued at the end of the reporting period by DTZ Cushman & Wakefield Limited, independent professionally qualified valuers.

For completed investment properties, valuations were based on the capitalisation of net rental income derived from the existing tenancies with due allowance for the reversionary income potential of the properties.

14. Investment Properties (continued)

For investment properties under construction which were stated at fair value at 31 December 2017 and 2016, valuations were based on the residual and market approach, and have taken into account the expended construction costs and the costs that will be expended to complete the development to reflect the quality of the completed development on the basis that the properties will be developed and completed in accordance with the Group's latest development plan.

In the opinion of the Directors, for all investment properties that are measured at fair value, the current use of the properties is their highest and best use. Included in the Group's investment properties are certain completed investment properties and investment properties under construction measured at fair value in the aggregate carrying amount of RMB1,495,000,000 (2016: RMB1,384,000,000) as at 31 December 2017, which are subject to restrictions on sale and transfer, but may be leased to tenants that are engaged in software research and development and outsourcing services.

Movement for investment properties that are measured at fair value:

	Completed RMB'000	Under construction RMB'000	Total RMB'000
At 1 January 2016	8,965,700	1,960,823	10,926,523
Additions	52,605	57,920	110,525
Disposal	(3,500)	–	(3,500)
Transfers from investment properties under construction to completed investment properties	721,000	(721,000)	–
Net gains from fair value adjustments	200,545	674	201,219
At 31 December 2016 and 1 January 2017	**9,936,350**	**1,298,417**	**11,234,767**
Additions	**63,694**	**44,089**	**107,783**
Transfers from investment properties measured at cost	**–**	**33,426**	**33,426**
Transfers from investment properties under construction to completed investment properties	**480,000**	**(480,000)**	**–**
Net gains from fair value adjustments	**51,906**	**289,310**	**341,216**
At 31 December 2017	**10,531,950**	**1,185,242**	**11,717,192**

Unrealised gains included in the consolidated statement of profit or loss for completed investment properties for the year ended 31 December 2017 amounted to RMB51,906,000 (2016: RMB200,545,000).

Unrealised gains included in the consolidated statement of profit or loss for investment properties under construction for the year ended 31 December 2017 amounted to RMB289,310,000 (2016: RMB674,000).

14. Investment Properties (continued)

Investment properties which have been measured at cost included in the consolidated statement of financial position as at 31 December 2017 were RMB527,430,000 (2016: RMB560,266,000).

Description of valuation techniques used and key inputs to valuation on investment properties:

	Valuation technique	Significant unobservable inputs	Range (weighted average) 2017	2016
Completed	Income approach (refer above)			
Retail		Estimated yearly rental value per square metre (RMB)	**476-2,020**	513-2,056
Office		Estimated yearly rental value per square metre (RMB)	**539-865**	564-879
Car park		Estimated yearly rental value per lot (RMB)	**3,526-5,306**	3,564-5,012
Retail		Capitalisation rate	**4.8%-5.5%**	5%-6%
Office		Capitalisation rate	**4.3%-5.3%**	4.5%-5%
Car park		Capitalisation rate	**3.8%**	3.5%-4%
Under construction	Residual and market approach (refer above)			
Office		Estimated yearly rental value per square metre (RMB)	**604-697**	699-727
Car park		Estimated yearly rental value per lot (RMB)	**3,726-4,946**	4,198-4,288
Office		Capitalisation rate	**4.8%**	5%
Car park		Capitalisation rate	**3.8%**	3.5%
Office and car park		Development profit	**4.5%-25%**	2%-7%

A significant increase/(decrease) in the estimated yearly rental value per square metre or per lot in isolation would result in a significantly higher/(lower) fair value of the investment properties. A significant increase/(decrease) in the capitalisation rate in isolation would result in a significantly lower/(higher) fair value of the investment properties.

Generally, a change in the assumption made for the estimated yearly rental value per square metre or per lot is accompanied by a directionally similar change in the development profit and an opposite change in the capitalisation rate.

15. Land Held for Development for Sale

	2017 RMB'000	2016 RMB'000
Carrying amount at beginning of year	**1,337,624**	946,563
Additions	**803**	–
Obtaining control/acquisition of subsidiaries (note 38)	**–**	549,918
Transfer to properties under development	**(229,581)**	(158,857)
Carrying amount at end of year	**1,108,846**	1,337,624
Current portion	**(607,203)**	(607,203)
Non-current portion	**501,643**	730,421

At 31 December 2017, certain of the Group's land held for development for sale of RMB461,673,000 (2016: RMB840,726,000) were pledged to banks to secure the bank and other loans granted to the Group (note 30).

16. Intangible Assets

	Software licences RMB'000
At 1 January 2016	10,845
Additions during the year	9,501
Obtaining control/acquisition of subsidiaries (note 38)	55
Amortisation during the year	(3,224)
At 31 December 2016 and 1 January 2017	17,177
Additions during the year	4,291
Amortisation during the year	(6,476)
At 31 December 2017	14,992

17. Investments in Joint Ventures

	2017 RMB'000	2016 RMB'000
Share of net assets	**2,558,331**	1,669,217
Loans to joint ventures	**27,135**	–
	2,585,466	1,669,217

The loans to joint ventures are unsecured, interest-free and have no fixed terms of repayment.

The Group's other receivable balances due from joint ventures are disclosed in note 25 to the financial statements.

The Group's other payable balances due to joint ventures are disclosed in note 29 to the financial statements.

Particulars of the joint ventures, all of which are unlisted corporate entities, are as follows:

Company name	Registered and paid-up capital	Place of registration/ business	Percentage of ownership interest 2017	2016	Principal activities
Richcoast Group*&^	US$780	BVI/Mainland China	**38.46**	–	Investment holding
Dalian Delan Software Development Co., Ltd. ("Dalian Delan")*&&	RMB300,000,000	PRC/Mainland China	**52**	–	Property development
Dalian Jiadao Information Co., Ltd. ("Dalian Jiadao")*&&	RMB300,000,000	PRC/Mainland China	**52**	–	Property development
Dalian Qiantong Science & Technology Development Co., Ltd. ("Dalian Qiantong")*&&	RMB800,000,000	PRC/Mainland China	**52**	–	Property development
Dalian Ruisheng Software Development Co., Ltd. ("Dalian Ruisheng")*&&	RMB800,000,000	PRC/Mainland China	**52**	–	Property development
Dalian Software Park Ascendas Development Company Limited (大連軟件園騰飛發展有限公司) *@@#	US$52,700,000	PRC/Mainland China	**50**	50	Property investment

17. Investments in Joint Ventures (continued)

Company name	Registered and paid-up capital	Place of registration/ business	Percentage of ownership interest 2017	2016	Principal activities
Dalian Yida Deji Decoration Engineering Company Limited (大連億達德基裝飾工程有限公司) *@@#	RMB10,800,000	PRC/Mainland China	**50**	50	Interior decoration
Dalian Yize Property Development Company Limited (大連億澤房地產開發有限公司)@@#	RMB314,770,000	PRC/Mainland China	**52.57**	52.57	Property development
Dalian Yihong Property Development Company Limited (大連億鴻房地產開發有限公司)@@#	RMB347,200,000	PRC/Mainland China	**52.57**	52.57	Property development
Dalian Qingyun Sky Realty and Development Company Limited (大連青雲天下房地產開發有限公司) *@@^	RMB2,963,280,000	PRC/Mainland China	**25**	25	Property development
Panasonic Yida Decoration Co., Ltd. (松下億達裝飾工程有限公司) *	RMB50,000,000	PRC/Mainland China	**49**	49	Decoration
Shenzhen Shenlong Yida BEST City Development Company Limited (深圳市深龍億達科技園發展有限公司) *@#	RMB5,000,000	PRC/Mainland China	**55**	55	Business park investment and management
Dalian Qingyun Sky Property Service Company Limited (大連青雲天下物業服務有限公司) *@#	RMB5,000,000	PRC/Mainland China	**50**	50	Property management
Chengdu Yida Chuangzhi Park Zone Operation Management Company Limited (成都億達創智園區運營管理有限公司) *@#	RMB2,000,000	PRC/Mainland China	**51**	51	Business park investment and management
Eagle Fit Limited ("Eagle Fit")	US$200	BVI	**35**	35	Dormant

17. Investments in Joint Ventures (continued)

* Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

@ Registered as domestic limited liability companies under PRC law.

@@ Registered as Sino-foreign joint ventures under PRC law.

& Richcoast Group was considered to be an associate of the Group as at 31 December 2016. During the year, the Group acquired 28.21% equity interest of Richcoast Group and therefore the Group has increased the equity interest in Richcoast Group from 10.26% to 38.47%. Richcoast Group has since then become a joint venture of the Group.

&& Dalian Delan, Dalian Jiadao, Dalian Qiantong and Dalian Ruisheng, subsidiaries of Richcoast Group, were considered to be associates of the Group as at 31 December 2016. During the year, the Group acquired 28.21% equity interest of Richcoast Group and therefore the Group has increased the equity interest in Dalian Delan, Dalian Jiadao, Dalian Qiantong and Dalian Ruisheng from 30% to 52%. Dalian Delan, Dalian Jiadao, Dalian Qiantong and Dalian Ruisheng have since then become joint ventures of the Group.

The English names of these companies represent the best effort made by management of the Company to directly translate their Chinese names as these companies did not register any official English names.

^ Material joint venture

The following tables illustrate the summarised financial information in respect of two material joint ventures, namely Richcoast Group and Dalian Qingyun Sky Realty and Development Company Limited, adjusted for any differences in accounting policies and reconciled to the carrying amounts in the financial statements:

Richcoast Group:

	2017 RMB'000
Current assets	**5,020,035**
Non-current assets	**8,342,958**
Current liabilities	**(7,766,625)**
Non-current liabilities	**(4,190,539)**
	1,405,829

17. Investments in Joint Ventures (continued)

The above amounts of assets and liabilities include the following:

	2017 RMB'000
Revenue	657,943
Cost of sales and operating expenses	(417,985)
Profit before tax	239,958
Income tax expense	(116,478)
Profit for the year and total comprehensive loss for the year	123,480
The above profit for the year includes the following:	
Depreciation and amortisation	(426)
Interest income	219
Interest expense	(20,604)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated statement of financial position:

	2017 RMB'000
Net assets of the joint venture	1,405,829
Group's effective interest	52%
Carrying amount of the Group's interest in the joint venture	731,031

As at 31 December 2016, Richcoast Group was not considered as a material associate of the Group.

17. Investments in Joint Ventures (continued)

Dalian Qingyun Sky Realty and Development Company Limited:

	2017 RMB'000	2016 RMB'000
Current assets	**3,511,175**	3,122,598
Non-current assets	**2,452**	5,240
Current liabilities	**(730,094)**	(318,681)
	2,783,533	2,809,157

The above amounts of assets and liabilities include the following:

	2017 RMB'000	2016 RMB'000
Revenue	**–**	–
Cost of sales and operating expenses	**(25,624)**	(30,085)
Loss before tax	**(25,624)**	(30,085)
Income tax expense	**–**	–
Loss for the year and total comprehensive loss for the year	**(25,624)**	(30,085)
The above loss for the year includes the following:		
Depreciation and amortisation	**(540)**	(536)
Interest income	**4,166**	324
Interest expense	**(20)**	(18)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated statement of financial position:

	2017 RMB'000	2016 RMB'000
Net assets of the joint venture	**2,783,533**	2,809,157
Group's effective interest	**25%**	25%
Carrying amount of the Group's interest in the joint venture	**695,883**	702,289

17. Investments in Joint Ventures (continued)

Aggregate information of joint ventures that are not individually material:

	2017 RMB'000	2016 RMB'000
The Group's share of profit	**93,149**	22,987
The Group's share of total comprehensive income	**93,149**	22,987
Aggregate carrying amount of the Group's interests in these joint ventures	**1,131,417**	966,928

The joint ventures had the following contingent liabilities at the end of the reporting period:

	2017 RMB'000	2016 RMB'000
Guarantees in respect of the mortgage facilities provided to certain purchasers of a joint venture's properties	**65,018**	72,714

The joint ventures cannot distribute their profits until they obtain the consent of the joint venturers.

18. Investments in Associates

	2017 RMB'000	2016 RMB'000
Share of net assets	**20,699**	452,290
Loans to associates	–	27,135
	20,699	479,425

The loans to associates in the prior year were unsecured, interest-free and were not repayable within one year.

18. Investments in Associates (continued)

Particulars of the associates, which are unlisted corporate entities, are as follows:

Company name	Registered and paid-up capital	Place of registration/ business	Percentage of ownership interest 2017	2016	Principal activities
Richcoast Group*	US$780	BVI/Mainland China	–	10.26	Investment holding
Dalian Delan*	RMB300,000,000	PRC/Mainland China	–	30.00	Property development
Dalian Jiadao*	RMB300,000,000	PRC/Mainland China	–	30.00	Property development
Dalian Qiantong*	RMB800,000,000	PRC/Mainland China	–	30.00	Property development
Dalian Ruisheng*	RMB800,000,000	PRC/Mainland China	–	30.00	Property development
Hunan Jinke Yida Estate Development Company Limited (湖南金科億達產業發展有限公司)*#	RMB100,000,000	PRC/Mainland China	**10.00**	10.00	Business park investment and management
Chongqing Jinke Kejian Real Estate Company Limited (重慶金科科健置業有限公司)*#	RMB100,000,000	PRC/Mainland China	**10.00**	10.00	Property management
Crown Speed Investments Limited	HK$10,000	Hong Kong/ Mainland China	**21.22**	21.22	Investment holding

* Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

\# The English names of these companies represent the best effort made by management of the Company to directly translate their Chinese names as these companies did not register any official English names.

The Group did not have any material associates for the year. The following table illustrates the aggregate financial information of the Group's associates that are not individually material.

	2017 RMB'000	2016 RMB'000
The Group's share of profit/(loss)	**362,959**	(96,142)
The Group's share of total comprehensive profit/(loss)	**362,959**	(96,142)
Aggregate carrying amount of the Group's interests in the associates	**20,699**	452,290

19. Available-for-sale Investments

	2017 RMB'000	2016 RMB'000
Unlisted equity investments, at cost	**24,540**	24,540

The above investments consist of investments in equity securities which were designated as available-for-sale financial assets and have no fixed maturity date or coupon rate.

As at the end of the reporting period, the above investments were stated at cost because the range of reasonable fair value estimates is so significant that the Directors are of the opinion that their fair value cannot be measured reliably.

20. Properties Under Development

	2017 RMB'000	2016 RMB'000
Properties under development expected to be completed:		
Within normal operating cycle included under current assets	**1,670,574**	6,919,490
Properties under development expected to be completed within normal operating cycle and recoverable:		
– Within one year	**1,453,231**	4,483,381
– After one year	**217,343**	2,436,109
	1,670,574	6,919,490

At 31 December 2017, certain of the Group's properties under development of RMB1,243,299,000 (2016: RMB4,452,927,000) were pledged to banks to secure the loans granted to the Group (note 30).

21. Completed Properties Held for Sale

The completed properties held for sale are stated at the lower of cost and net realisable value.

22. Construction Contracts

	2017 RMB'000	2016 RMB'000
Gross amount due from contract customers	**162,463**	132,940
Gross amount due to contract customers	**(525,575)**	(518,183)
	(363,112)	(385,243)
Contract costs incurred plus recognised profits less recognised losses to date	**5,234,660**	4,833,732
Less: Progress billings	**(5,597,772)**	(5,218,975)
	(363,112)	(385,243)

At 31 December 2017, retentions held by customers for contract works included in trade receivables amounted to approximately RMB51,343,000 (2016: RMB52,171,000).

23. Inventories

	2017 RMB'000	2016 RMB'000
Construction materials	**10,199**	8,172

24. Trade Receivables

	2017 RMB'000	2016 RMB'000
Trade receivables	**1,009,306**	833,681
Impairment	**(19,270)**	(19,270)
	990,036	814,411

Trade receivables mainly represent receivables for contract works. The payment terms of contract works receivables are stipulated in the relevant contracts. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

24. Trade Receivables (continued)

An aging analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provision, is as follows:

	2017 RMB'000	2016 RMB'000
Neither past due nor impaired		
Within 1 year	**792,132**	630,848
1 to 2 years	**138,896**	82,278
Over 2 years	**30,818**	67,028
Past due but not impaired		
1 to 2 years	**28,190**	34,257
	990,036	814,411

The movements in provision for impairment of trade receivables are as follows:

	2017 RMB'000	2016 RMB'000
At beginning of year	**19,270**	–
Impairment losses recognised (note 6)	**–**	19,270
At end of year	**19,270**	19,270

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivable of RMB19,270,000 (2016: RMB19,270,000) with a carrying amount before provision of RMB19,270,000 (2016: RMB19,270,000).

The individually impaired trade receivables relate to a customer that was in financial difficulties and the receivable is expected not to be recovered.

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

As at 31 December 2016, included in the Group's trade receivables were amounts due from related companies controlled by Yida Group Co., Ltd. (a company controlled by Right Won Management Limited ("Right Won"), the former ultimate holding company of the Company) of RMB24,386,000, which were repayable on credit terms similar to those offered to the major customers of the Group. The balance has been settled during the current year.

24. Trade Receivables (continued)

As at 31 December 2017, included in the Group's trade receivables are amounts due from the Group's joint ventures of RMB325,760,000 (2016: RMB126,214,000), which are repayable on credit terms similar to those offered to the major customers of the Group.

As at 31 December 2016, included in the Group's trade receivables were amounts due from the Group's associates of RMB95,375,000, which are repayable on credit terms similar to those offered to the major customers of the Group.

25. Prepayments, Deposits and Other Receivables

	2017 RMB'000	2016 RMB'000
Prepayments	**436,278**	409,939
Deposits and other receivables	**5,399,829**	2,883,995
Carrying amount at end of year	**5,836,107**	3,293,934
Current portion	**(5,131,013)**	(2,679,039)
Non-current portion	**705,094**	614,895

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

As at 31 December 2017, included in the Group's other receivables are amounts due from joint ventures of RMB44,733,000 (2016: RMB47,074,000), which are unsecured, interest-free and repayable on demand.

As at 31 December 2017, included in the Group's other receivables are amounts due from joint ventures of RMB2,254,560,000 (31 December 2016: Nil), which are unsecured, bear interest at rates ranging from 4.8% to 5.2% per annum and are repayable in 2018.

As at 31 December 2017, included in the Group's other receivables are advances of RMB2,425,327,000 (2016: RMB2,183,015,000) to certain local government authorities in Dalian, the PRC, in connection with the primary land development of certain land parcels in Dalian, the PRC.

As at 31 December 2016, included in the Group's other receivables was an amount due from a joint venture of RMB38,000,000, which was unsecured, bore interest at 4.75% per annum and has been settled during the current year.

As at 31 December 2016, included in the Group's other receivables were amounts due from associates of RMB329,489,000, which were unsecured and bore interest at rates ranging from 4.8% to 5.2% per annum. The balance has been settled during the current year.

26. Cash and Cash Equivalents and Restricted Cash

	2017 RMB'000	2016 RMB'000
Cash and bank balances	**3,363,678**	2,903,152
Less: Restricted cash (notes)	**(1,879,540)**	(1,047,113)
Cash and cash equivalents	**1,484,138**	1,856,039

Cash at banks earns interest at floating rates based on daily bank deposit rates.

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to RMB3,198,477,000 (2016: RMB2,894,424,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Notes:

(a) According to the relevant loan facility agreements signed by certain subsidiaries of the Group with the banks, the subsidiaries are required to place the pre-sale proceeds from their properties at designated bank accounts. The deposits can only be used for the payment of property development costs incurred by the subsidiaries and the repayment of the relevant loans. At 31 December 2017, such guarantee deposits amounted to RMB1,082,292,000 (2016: RMB770,389,000).

(b) According to the relevant construction safety regulation implemented by the local government, certain subsidiaries of the Group are required to place at designated bank accounts certain amounts as deposits for potential industrial accidents during construction works. At 31 December 2017, such deposits amounted to RMB20,248,000 (2016: RMB21,724,000).

(c) At 31 December 2017, certain of the Group's time deposits of RMB777,000,000 (2016: RMB255,000,000) were pledged to banks to secure the bank and other loans granted to the Group (note 30).

27. Receipts in Advance

Receipts in advance of the Group represented amounts received from buyers in connection with the pre-sale of properties during the year.

28. Trade Payables

An aging analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2017 RMB'000	2016 RMB'000
Due within 1 year or on demand	**1,805,833**	1,922,538
Due within 1 to 2 years	**513,937**	710,575
	2,319,770	2,633,113

The trade payables are non-interest-bearing and unsecured.

As at 31 December 2017, included in the Group's trade payables are amounts due to the Group's joint ventures of RMB36,924,000 (2016: RMB72,755,000), which are unsecured, interest-free and repayable within one to two years.

29. Other Payables and Accruals

	2017 RMB'000	2016 RMB'000
Accruals	**368,313**	336,392
Other payables	**1,567,587**	1,237,737
Carrying amount at end of the year	**1,935,900**	1,574,129
Current portion	**(1,935,900)**	(1,500,759)
Non-current portion	**–**	73,370

As at 31 December 2017, included in the Group's other payables are amounts due to joint ventures of RMB119,634,000 (2016: RMB161,175,000), which are unsecured, interest-free and repayable within one year.

As at 31 December 2017, included in Group's other payables are promissory notes issued by the Company with an aggregate principal amount of RMB534,521,000 on 28 December 2017, as part of the consideration for the acquisition of 28.21% equity interests in Richcoast Group. The promissory notes carried interest at a rate of 5% per annum payable annually and has a maturity period of one year after the date of issue.

30. Interest-Bearing Bank and Other Borrowings

	2017			2016		
	Effective interest rate (%)	**Maturity**	**RMB'000**	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans – secured	**2.24 – 7.50**	**2018**	**3,147,877**	4.09 – 8.71	2017	2,549,688
Other loans – secured	**1.20 – 12.00**	**2018**	**2,732,300**	1.20 – 12.00	2017	1,487,900
Other loans – unsecured	**3.00 – 6.76**	**2018**	**1,032,055**	3.00 – 4.75	2017	34,480
			6,912,232			4,072,068
Non-current						
Bank loans – secured	**3.58 – 7.50**	**2019-2030**	**3,764,650**	3.58 – 8.71	2018-2024	4,574,800
Other loans – secured	**1.20 – 10.60**	**2019-2025**	**2,309,500**	1.20 – 12.00	2018-2025	3,309,300
Other loans – unsecured	**6.76 – 8.23**	**2020-2021**	**3,999,350**	6.76 – 7.10	2020-2021	3,054,607
			10,073,500			10,938,707
			16,985,732			15,010,775

	2017 RMB'000	2016 RMB'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**3,147,877**	2,549,688
In the second year	**1,359,040**	730,610
In the third to fifth years, inclusive	**1,539,806**	2,509,736
Beyond five years	**865,804**	1,334,454
	6,912,527	7,124,488
Other loans repayable:		
Within one year or on demand	**3,764,355**	1,522,380
In the second year	**1,220,000**	2,929,800
In the third to fifth years, inclusive	**5,071,350**	3,416,607
Beyond five years	**17,500**	17,500
	10,073,205	7,886,287
	16,985,732	15,010,775

30. Interest-Bearing Bank and Other Borrowings (continued)

(a) Included in other loans of the Group are corporate bonds in an aggregate principal amount of RMB3,000,000,000 (31 December 2016: RMB3,000,000,000). The first tranche of RMB1,000,000,000 and the second tranche of RMB2,000,000,000 of the corporate bonds was issued by Yida Development Company Limited ("Yida Development"), an indirectly wholly-owned subsidiary of the Company, on 24 September 2015 and 8 March 2016, respectively. At the end of third year, Yida Development shall be entitled to adjust the coupon rate of corporate bonds and the bond holders shall be entitled to sell back the bonds to Yida Development. The first tranche of the corporate bonds with a principal amount of RMB1,000,000,000 is classified as a current liability as at 31 December 2017.

(b) Included in other loans of the Group are senior notes in a principal amount of USD300,000,000 (approximately RMB1,960,260,000) (31 December 2016: Nil) issued by the Company in April 2017 (the "Senior Notes"). The net proceeds after deducting the issuance costs, amounted to approximately USD289,819,000 (approximately RMB1,998,876,000). The Senior Notes are unsecured, have a term of three years and bear interest at a rate of 6.95% per annum. The Senior Notes will mature on 19 April 2020.

The Company, at its option, can redeem all or up to 35% of the aggregate principal outstanding amount of the Senior Notes at any time prior to the maturity date at the redemption prices (principal amount plus applicable premium) plus accrued interest and unpaid interest up to the redemption date, as set forth in the written agreement between the Company and the trustees of the Senior Notes.

The Senior Notes of the Company are denominated in United States dollars ("USD") and are guaranteed by certain subsidiaries of the Group.

(c) Certain of the Group's bank and other loans are secured or guaranteed by:

(i) mortgages over the Group's properties under development with an aggregate carrying value at 31 December 2017 of approximately RMB1,243,299,000 (2016: RMB4,452,927,000);

(ii) pledges of the Group's investment properties with an aggregate carrying value at 31 December 2017 of approximately RMB11,949,268,000 (2016: RMB11,156,972,000);

(iii) pledges of the Group's land held for development for sale with an aggregate carrying value at 31 December 2017 of approximately RMB461,673,000 (2016: RMB840,726,000);

(iv) pledges of the Group's completed properties held for sale with an aggregate carrying value at 31 December 2017 of approximately RMB3,708,060,000 (2016: RMB1,590,526,000);

(v) pledge of a building of the Group with a carrying value at 31 December 2017 of approximately RMB50,721,000 (2016: RMB56,134,000);

(vi) pledge of the Group's prepayment for acquisition of land with a carrying value at 31 December 2016 of approximately RMB249,655,000;

(vii) corporate guarantees executed by certain subsidiaries of the Group to the extent of RMB10,612,607,000 (2016: RMB8,952,188,000) as at 31 December 2017;

(viii) pledges of certain equity interests of the subsidiaries of the Company as at the end of the reporting period;

(ix) pledges of certain of the Group's time deposits with an aggregate carrying value at 31 December 2017 of approximately RMB777,000,000 (2016: RMB255,000,000); and

(x) the assignment of property management fee and rental income from certain properties at 31 December 2016.

30. Interest-Bearing Bank and Other Borrowings (continued)

(d) Other than certain other borrowings with a carrying amount of RMB2,603,370,000 (2016: RMB513,338,000) denominated in USD as at 31 December 2017, all bank and other borrowings of the Group are denominated in RMB as at 31 December 2017 and 2016.

(e) As at 31 December 2017, included in other loans of the Group are loans from joint ventures with principal amounts of RMB21,000,000 (2016: RMB21,000,000), which is unsecured, bears interest at 4.75% per annum and is repayable on demand, and RMB13,480,000 (2016: RMB13,480,000), which is unsecured, bears interest at 3% per annum and is repayable on demand, respectively.

(f) As at 31 December 2017, included in bank loans of the Group is an amount of RMB1,472,000,000 (2016: Nil) containing an on-demand clause, which has been classified as current liabilities. For the purpose of the table above, the loan is included within current interest-bearing bank and other borrowings and analysed into bank loans repayable within one year or on demand.

31. Provision for Land Appreciation Tax

	RMB'000
At 1 January 2016	407,760
Charged to the consolidated statement of profit or loss during the year (note 10)	191,072
Overprovision in prior years (note 10)	(38,099)
Payment for the year	(161,670)
At 31 December 2016 and 1 January 2017	399,063
Charged to the consolidated statement of profit or loss during the year (note 10)	214,306
Overprovision in prior years (note 10)	(80,790)
Payment for the year	(150,463)
At 31 December 2017	382,116

According to the requirements of the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例) effective from 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例實施細則) effective from 27 January 1995, all gains arising from the sale or transfer of state-owned land use rights, buildings and their attached facilities in Mainland China are subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for the sale of ordinary residential properties (普通標準住宅) if their appreciation values do not exceed 20% of the sum of the total deductible items.

The Group has estimated, made and included a provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated.

32. Deferred Tax

Net deferred tax assets and liabilities recognised in the consolidated statement of financial position are as follows:

	2017 RMB'000	2016 RMB'000
Deferred tax assets	**124,892**	141,330
Deferred tax liabilities	**(1,878,348)**	(1,798,436)
	(1,753,456)	(1,657,106)

The movements in deferred tax assets and liabilities during the year are as follows:

	Unrealised profits from ntra-group transactions RMB'000	Provision for LAT RMB'000	Revaluation of investment properties RMB'000	Fair value adjustments arising from obtaining control/ acquisition of subsidiaries RMB'000	Others RMB'000	Total RMB'000
At 1 January 2016	38,899	101,940	(1,602,233)	–	–	(1,461,394)
(Charged)/credited to the consolidated statement of profit or loss during the year (note 10)	(8,913)	(6,277)	(50,305)	59,500	–	(5,995)
Obtaining control/acquisition of subsidiaries (note 38)	–	–	–	(189,717)	–	(189,717)
At 31 December 2016 and 1 January 2017	29,986	95,663	(1,652,538)	(130,217)	–	(1,657,106)
(Charged)/credited to the consolidated statement of profit or loss during the year (note 10)	(16,811)	(15,227)	(85,304)	50,755	(29,763)	(96,350)
At 31 December 2017	13,175	80,436	(1,737,842)	(79,462)	(29,763)	(1,753,456)

The Group had unutilised tax losses of approximately RMB1,504,153,000 (2016: RMB1,227,933,000) as at 31 December 2017, that can be carried forward for five years from the year in which the losses arose for offsetting against future taxable profits of the tax entities in which the losses arose. Deferred tax assets are recognised for tax losses carried forward only to the extent that the realisation of the related benefits through future taxable profits is probable. The Group did not recognise deferred tax assets in respect of such unutilised tax losses as the realisation of the related benefits is uncertain.

32. Deferred Tax (continued)

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be levied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable tax rate is 5% or 10%. The Group is therefore liable to withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

As 31 December 2017 and 2016, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the Directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amounts of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB3,371,806,000 (2016: RMB2,543,156,000) as at 31 December 2017.

During the year ended 31 December 2016, due to the change in the ultimate holding company of the Company, certain PRC subsidiaries of the Group declared dividends amounting to RMB1,348,000,000 to their foreign investor parents and paid withholding tax amounting to RMB77,300,000.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

33. Derivative Financial Instruments

	2017 **RMB'000**	2016 RMB'000
Liabilities		
Current		
Call and put options, net	**591,065**	491,403

In April 2010 and November 2011, the Group granted a total of four put options to certain joint venture partners to sell their interests in certain joint ventures to the Group, which can be exercised at any time after the expiry of the first 54 months after the date of initial investments or after the pre-sale of a certain percentage of saleable construction area and a certain percentage of saleable construction area is delivered, whichever is earlier, at the option price determined based on the adjusted net asset value of the joint ventures.

In December 2013, a supplemental agreement was signed between certain subsidiaries of the Group and the joint venture partners and two of the put options were modified. Besides, a new put option was granted to the joint venture partners and, after an agreed amount has been paid by the Group, a new call option will be granted by the joint venture partners to the Group which can be exercised at any time within the first 54 months after the date of initial investments.

33. Derivative Financial Instruments (continued)

The new call option and put options are correlated and offset against each other and the net balance is recorded as derivative liabilities in the consolidated statement of financial position and carried at fair value with reference to a valuation performed by an independent professional valuer using the Binomial Model.

Description of valuation techniques used and key inputs to valuation on put options:

		Range/weighted average	
Valuation technique	Significant unobservable inputs	31 December 2017	31 December 2016
Binomial model	Dividend yield	**0%**	0%
	Net asset value volatility	**19.45%**	14.26%-15.39%
	Option life (year(s))	**2**	0.26-0.50
	Risk-free interest rate	**3.53%**	2.44%-3.05%
	Stock volatility of comparable companies	**31.78%**	23.07%-25.34%

Generally, a change in the assumption made for the net asset value volatility is accompanied by a directionally similar change in the risk-free interest rate and an opposite change in the dividend yield, the option life and stock volatility.

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in combined net effect of the dividend yield, net asset value volatility, risk-free interest rate and stock volatility of comparable companies (collectively the "Combined factors").

	Increase/(decrease) in basis points	Combined net effect on profit before tax RMB'000
31 December 2017		
Combined factors	**100**	**(14,586)**
Combined factors	**(100)**	**15,942**
31 December 2016		
Combined factors	100	(3,307)
Combined factors	(100)	3,549

In November 2014 and June 2015, the Group received notices served by certain joint venture partners during the option exercise period in respect of the exercise of certain put options. The acquisition of the equity interests in the joint ventures being subject to the put options exercised has been completed in December 2016.

In June 2016, the Group received notices served by certain joint venture partners during the option exercise period in respect of the exercise of certain put options. On 23 October 2017, the Group received an arbitration notice in respect of the submission of arbitration applications by the joint venture partners. As at the date of approval of these financial statements, the Group submitted a response to the arbitration notice and no further notice was given up to date.

34. Share Capital

	2017 RMB'000	2016 RMB'000
Authorised:		
50,000,000,000 shares of US$0.01 each	**3,124,300**	3,124,300
Issued and fully paid:		
2,583,970,000 ordinary shares of US$0.01 each	**159,418**	159,418

On 17 August 2017, the Company and the subscriber, Jiarui (Holdings) Investment Limited, a company incorporated in Hong Kong with limited liability and a connected person of the Company by virtue of being an indirect wholly-owned subsidiary of Jiayou, a controlling shareholder of the Company, entered into a subscription agreement pursuant to which the subscriber conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue the 339,130,000 subscription shares in cash at the subscription price of HK$2.3 per share. The subscription has not been completed as at the date of approval of these financial statements.

35. Share Option Scheme

The Company operates a share option scheme (the "Scheme") for the purpose of motivating eligible participants to optimise their performance efficiency for the benefit of the Group and to attract and retain or otherwise maintain an on-going business relationship with such eligible participants whose contributions are or will be beneficial to the long-term growth of the Group. Eligible participants of the Scheme include the Directors, including independent non-executive directors, executives or officers of the Group, full-time or part-time employees of the Group, and advisers, consultants, suppliers, customers, distributors and such other persons who in the sole opinion of the Directors will contribute or have contributed to the Group. The Scheme became effective on 1 June 2014 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of shares in respect of which options may be granted under the Scheme must not in aggregate exceed 10% of the total number of shares in issue of the Company immediately following the completion of the Company's initial public offering, i.e. 258,000,000 shares. The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme shall not exceed 30% of the Company's issued shares from time to time. The maximum number of shares issuable under the share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue as at the date of grant. Any further grant of options in excess of this 1% limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

35. Share Option Scheme (continued)

The offer of a grant of share options may be accepted within 21 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the Directors, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of offer of the share options.

The exercise price of share options is determinable by the Directors, but must be at least of the highest of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer; and (iii) the nominal value of the Company's shares.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

As at the date of approval of these financial statements, no options had been granted since the adoption of the Scheme.

36. Reserves

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the financial statements.

(a) Statutory surplus reserve

Transfers from retained profits to the statutory surplus reserve were made in accordance with the relevant PRC rules and regulations and the articles of association of the Company's subsidiaries established in the PRC, and were approved by the respective boards of directors.

(b) Merger reserve

The merger reserve represents the reserve arising pursuant to the reorganisation of the Group in 2013.

(c) Share-based payment reserve

On 27 November 2013, a total of 1,550 ordinary shares of US$1.00 each of the Company (before capitalisation issue and sub-division) were issued for cash of US$180,100,000 (equivalent to RMB1,101,977,000) to certain companies owned by certain employees of the Group. The shortfall in the amount of RMB81,000,000 between the estimated fair value of the shares at the date of issue and the consideration paid by the companies owned by certain employees of the Group for the shares was accounted for as share-based payment during the year ended 31 December 2013. The fair value of the shares was determined with reference to the business value of the Group determined by an external valuer using a market approach.

37. Partly-Owned Subsidiary with Material Non-controlling Interests

Details of the Group's subsidiary that has material non-controlling interests are set out below:

	2017	2016
Percentage of equity interest held by non-controlling interests:		
Wuhan NSP	**56%**	58%

	2017 RMB'000	2016 RMB'000
Profit for the year allocated to non-controlling interests:		
Wuhan NSP	**112,357**	15,945
Accumulated balance of non-controlling interests at reporting date:		
Wuhan NSP	**380,233**	267,876

The following tables illustrate the summarised financial information of the above subsidiary. The amounts disclosed are before any inter-company eliminations:

	2017 RMB'000	2016 RMB'000
Revenue	**1,681,125**	389,643
Total expenses	**(1,456,411)**	(357,478)
Profit for the year	**224,714**	32,165
Total comprehensive income for the year	**224,714**	32,165
Current assets	**2,555,309**	3,316,747
Non-current assets	**11,603**	12,560
Current liabilities	**(1,074,603)**	(2,189,642)
Non-current liabilities	**(816,564)**	(696,263)
Net cash flows (used in)/from operating activities	**(176,525)**	714,463
Net cash flows from investing activities	**275,630**	79,544
Net cash flows from/(used in) financing activities	**29,026**	(778,091)
Net increase in cash and cash equivalents	**128,131**	15,916

38. Business Combinations

In June 2016, a joint venture partner of Wuhan NSP, in which the Group held a 42% equity interest, confirmed that it will follow the Group on any decision regarding operational and financial activities of Wuhan NSP. As such, management considers that the Group is in a position to exercise control over the relevant activities of Wuhan NSP and therefore, Wuhan NSP was thereafter accounted for as a subsidiary of the Group. Wuhan NSP is principally engaged in property development in Wuhan, the PRC.

In December 2016, the Group acquired 49% equity interests in Dalian Ambo and Dalian Shitong from the joint venture partners. After the completion of the acquisitions, Dalian Ambo and Dalian Shitong became wholly-owned subsidiaries of the Group. Dalian Ambo and Dalian Shitong are engaged in property development in Dalian, the PRC. The acquisitions were made as part of the Group's strategy to expand the market share of property development in Dalian, the PRC. The purchase consideration for the acquisition of Dalian Ambo and Dalian Shitong was in the form of cash of RMB436,420,000. The consideration payable has not been paid by the Group as at 31 December 2016.

The fair values of the identifiable assets and liabilities of Wuhan NSP, Dalian Ambo and Dalian Shitong as at the date of obtaining control/acquisition were as follows:

	Fair value recognised on acquisition		
	Wuhan NSP	Dalian Ambo and Dalian Shitong	Total
	RMB'000	RMB'000	RMB'000
Property, plant and equipment	3,068	578	3,646
Intangible assets	55	–	55
Properties under development	2,204,900	–	2,204,900
Completed properties held for sale	–	2,253,000	2,253,000
Land held for development for sale	549,918	–	549,918
Trade receivables	5,232	–	5,232
Prepayments, deposits and other receivables	27,991	549,820	577,811
Prepaid corporate income tax	2,585	689	3,274
Prepaid land appreciation tax	4,796	53,232	58,028
Cash and cash equivalents	996,206	47,756	1,043,962
Trade payables	(225,101)	(182,854)	(407,955)
Other payables and accruals	(719,172)	(7,678)	(726,850)
Receipts in advance	(537,474)	(1,128,539)	(1,666,013)
Deferred tax liabilities	(43,588)	(146,129)	(189,717)
Interest-bearing bank borrowings	(1,765,554)	–	(1,765,554)
Total identifiable net assets at fair value	503,862	1,439,875	1,943,737

38. Business Combinations (continued)

	Fair value recognised on acquisition		
	Wuhan NSP	Dalian Ambo and Dalian Shitong	Total
	RMB'000	RMB'000	RMB'000
Total identifiable net assets at fair value	503,862	1,439,875	1,943,737
Gains on bargain purchases	–	(330,140)	(330,140)
Gain on remeasurement of pre-existing interests in joint ventures	(46,420)	(206,553)	(252,973)
Non-controlling interests	(251,931)	–	(251,931)
	205,511	903,182	1,108,693
Satisfied by:			
Reclassification from pre-existing interest in joint ventures to investment in subsidiaries	205,511	527,783	733,294
Consideration payable included in other payables	–	436,420	436,420
Carrying amount of put options exercised	–	(146,436)	(146,436)
Waiver of a shareholder's loan	–	85,415	85,415
	205,511	903,182	1,108,693

The gain on remeasurement of a pre-existing interest in the joint venture to the date of obtaining control fair value of RMB46,420,000 upon obtaining control of Wuhan NSP is included in "other income and gains" in the consolidated statement of profit or loss for the year ended 31 December 2016.

38. Business Combinations (continued)

The gain on remeasurement of pre-existing interests in the joint ventures to the date of acquisition amounting to RMB206,553,000 upon the acquisitions of Dalian Ambo and Dalian Shitong is included in "other income and gains" in the consolidated statement of profit or loss for the year ended 31 December 2016.

An analysis of the cash flows in respect of obtaining control of Wuhan NSP and acquisitions of Dalian Ambo and Dalian Shitong is as follows:

	Wuhan NSP RMB'000	Dalian Ambo and Dalian Shitong RMB'000	Total RMB'000
Cash and cash equivalents obtained control and acquired and net inflow of cash and cash equivalents included in cash flows from investing activities	996,206	47,756	1,043,962

Since obtaining control of Wuhan NSP and the acquisitions of Dalian Ambo and Dalian Shitong, Wuhan NSP, Dalian Ambo and Dalian Shitong contributed revenue of RMB389,643,000 and RMB1,053,745,000 to the Group's revenue and profit of RMB32,165,000 and RMB148,435,000 to the consolidated profit for the year ended 31 December 2016, respectively.

Had the combination taken place at the beginning of the prior year, the revenue and the profit of the Group for the year ended 31 December 2016 would have been RMB7,021,454,000 and RMB586,155,000, respectively.

39. Financial Guarantees

The Group had the following financial guarantees as at the end of the reporting period:

(a) As at 31 December 2017, the maximum obligation in respect of the mortgage facilities provided to certain purchases of the Group's properties amounted to RMB454,930,000 (2016: RMB516,050,000).

At the end of the reporting period, the Group provided guarantees in respect of the mortgage facilities granted by certain banks to certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default on mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with the accrued interest and penalties owed by the defaulted purchasers to the banks.

Under the above arrangement, the related properties were pledged to the banks as security on the mortgage loans. Upon default on mortgage payments by these purchasers, the banks are entitled to take over the legal titles and can realise the pledged properties through open auction. The Group is obliged to repay the banks for the shortfall if the proceeds from the auction of the properties cannot cover the outstanding mortgage principals together with the accrued interest and penalties.

The Group's guarantee period starts from the dates of grant of the relevant mortgage loans, and ends upon the earlier of (i) the issuance of real estate ownership certificates to the purchasers, which will generally be available within one to two years after the purchasers take possession of the relevant properties; and (ii) the settlement of mortgage loans between the mortgage banks and the purchasers.

(b) As at 31 December 2017, the Group provided a guarantee for an amount not exceeding RMB41,600,000 (2016: RMB24,000,000) in respect of the payment obligations of a subsidiary of Richcoast Group to a joint venture (formed between Richcoast Group and an independent third party) and the joint venture partner.

(c) The Group provided guarantees to the extent of RMB569,222,000 as at 31 December 2016 in respect of the bank and other loans granted to the associates.

(d) The Group provided guarantees to the extent of RMB954,372,000 (2016: RMB468,502,000) as at 31 December 2017 in respect of bank loans granted to the joint ventures.

In determining whether financial liabilities should be recognised in respect of the Group's financial guarantee contracts, the Directors exercise judgement in the evaluation of the probability of resources outflow that will be required and the assessment of whether a reliable estimate can be made of the amount of the obligation.

In the opinion of the Directors, the fair values of the financial guarantee contracts of the Group are insignificant at initial recognition and the Directors consider that the possibility of the default of the parties involved is remote, and accordingly, no value has been recognised in the financial statements.

40. Pledge of Assets

Details of the Group's assets pledged for the Group's bank and other loans are included in note 30 to the financial statements.

41. Operating Lease Arrangements

(a) As lessor

The Group leases its investment properties (note 14) under operating lease arrangements, with leases negotiated for terms ranging from one to thirteen years. The terms of the leases generally also require the tenants to pay security deposits and to provide for periodic rent adjustments according to the then prevailing market conditions. Certain contingent rent receivables are determined based on the turnover of the lessees.

At the end of the reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	2017	2016
	RMB'000	RMB'000
Within one year	**304,005**	266,422
In the second to fifth years, inclusive	**492,311**	499,407
After five years	**41,120**	43,720
	837,436	809,549

(b) As lessee

The Group leases certain of the office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to fourteen years.

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2017	2016
	RMB'000	RMB'000
Within one year	**40,531**	13,469
In the second to fifth years, inclusive	**209,618**	4,523
After five years	**576,327**	–
	826,476	17,992

42. Commitments

In addition to the operating lease commitments detailed in note 41(b) above, the Group had the following capital commitments at the end of the reporting period:

	2017 RMB'000	2016 RMB'000
Contracted, but not provided for:		
Capital expenditure for investment properties under construction and properties under development in Mainland China	**1,666,962**	4,470,935
Capital contribution to an associate	**–**	234,300
Capital contribution to a joint venture	**234,300**	–
	1,901,262	4,705,235

In addition, the Group's share of the joint ventures' own capital commitments, which are not included in the above, is as follows:

	2017 RMB'000	2016 RMB'000
Contracted, but not provided for:		
Capital expenditure for investment properties under construction and properties under development in Mainland China	**264,292**	124,655

43. Notes to the Consolidated Statement of Cash Flows

(a) Major non-cash transactions

In June 2016, a joint venture partner of Wuhan NSP, in which the Group held a 42% equity interest, confirmed by entering into an agreement with a subsidiary of the Group that it will follow the Group on any decision regarding operational and financial activities of Wuhan NSP. As such, management considers that the Group is in a position to exercise control over the relevant activities of Wuhan NSP and therefore, Wuhan NSP was thereafter accounted for as a subsidiary of the Group. Further details are set out in note 38 to the financial statements.

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank and other borrowings RMB$'000
At 1 January 2017	15,010,775
Changes from financing cash flows	1,771,330
Foreign exchange movement	(9,828)
Interest expense	213,455
At 31 December 2017	16,985,732

44. Related Party Transactions

(a) In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during year:

	Notes	**2017** **RMB'000**	2016 RMB'000
Service fees from joint ventures	(i)	**206,321**	181,975
Service fees to a joint venture	(i)	**11,512**	36,354
Service fees from associates	(i)	**172,026**	129,326
Consulting fees to non-controlling shareholders	(iii)	**8,000**	20,000
Service fees from companies controlled by Right Won	(i)	**–**	4,139
Rental income from joint ventures	(ii)	**2,617**	5,684
Rental income from companies controlled by Right Won	(ii)	**–**	3,010
Rental expense to a company controlled by Right Won	(ii)	**–**	1,333
Consulting fees from a joint venture	(iii)	**–**	4,717
Interest income from a joint venture	(iv)	**416**	2,290
Interest expenses to a joint venture	(iv)	**1,421**	1,040
Interest income from associates	(iv)	**34,476**	32,920

Notes:

(i) The service fees were related to the construction services, landscaping services and property management services provided by the Group and related to decoration provided to the Group by a joint venture at rates determined in accordance with the terms and conditions set out in the contracts entered into between the related parties.

(ii) The rentals were determined at rates mutually agreed by the related parties.

(iii) The consulting fees were charged for the project design, implementation and management services provided by the Group at rates determined in accordance with the terms and conditions set out in the contracts entered into between the related parties.

(iv) The interest income was related to advances made by the Group to a joint venture and associates. The interest expense was related to loans from a joint venture to the Group. The interest rates were mutually agreed with the related parties.

In the opinion of the Directors, the above transactions were entered into in the ordinary course of business of the Group.

(b) Compensation of key management personnel of the Group

In the opinion of the Directors, the Directors represent the key management personnel of the Group and details of the compensation are set out in note 8 to the financial statements.

45. Financial Instruments by Category

The carrying amounts of each of the categories of financial instruments of the Group as at the end of the reporting period are as follows:

At 31 December 2017

Financial assets

	Loans and receivables RMB'000	Available–for-sale financial assets RMB'000	Total RMB'000
Loans to joint ventures (note 17)	27,135	–	27,135
Available-for-sale investments (note 19)	–	24,540	24,540
Trade receivables (note 24)	990,036	–	990,036
Deposits and other receivables (note 25)	5,399,829	–	5,399,829
Restricted cash (note 26)	1,879,540	–	1,879,540
Cash and cash equivalents (note 26)	1,484,138	–	1,484,138
	9,780,678	24,540	9,805,218

Financial liabilities

	Financial liabilities at fair value through profit or loss RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
Derivative financial instruments (note 33)	591,065	–	591,065
Trade payables (note 28)	–	2,319,770	2,319,770
Other payables and accruals (note 29)	–	1,705,935	1,705,935
Interest-bearing bank and other borrowings (note 30)	–	16,985,732	16,985,732
	591,065	21,011,437	21,602,502

45. Financial Instruments by Category (continued)

At 31 December 2016

Financial assets

	Loans and receivables RMB'000	Available-for-sale financial assets RMB'000	Total RMB'000
Loans to associates (note 18)	27,135	–	27,135
Available-for-sale investments (note 19)	–	24,540	24,540
Trade receivables (note 24)	814,411	–	814,411
Deposits and other receivables (note 25)	2,883,995	–	2,883,995
Restricted cash (note 26)	1,047,113	–	1,047,113
Cash and cash equivalents (note 26)	1,856,039	–	1,856,039
	6,628,693	24,540	6,653,233

Financial liabilities

	Financial liabilities at fair value through profit or loss RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
Derivative financial instruments (note 33)	491,403	–	491,403
Trade payables (note 28)	–	2,633,113	2,633,113
Other payables and accruals (note 29)	–	1,271,458	1,271,458
Interest-bearing bank and other borrowings (note 30)	–	15,010,775	15,010,775
	491,403	18,915,346	19,406,749

46. Fair Value and Fair Value Hierarchy of Financial Instruments

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

At 31 December 2017

	Carrying amounts RMB'000	Fair values RMB'000
Financial assets		
Loans to joint ventures (note 17)	**27,135**	**27,135**
Financial liabilities		
Derivative financial instruments (note 33)	**591,065**	**591,065**
Interest-bearing bank and other borrowings (note 30)	**16,985,732**	**16,985,732**
	17,576,797	**17,576,797**

At 31 December 2016

	Carrying amounts RMB'000	Fair values RMB'000
Financial assets		
Loans to associates (note 18)	27,135	27,135
Financial liabilities		
Derivative financial instruments (note 33)	491,403	491,403
Interest-bearing bank and other borrowings (note 30)	15,010,775	15,010,775
	15,502,178	15,502,178

46. Fair Value and Fair Value Hierarchy of Financial Instruments (continued)

Fair value hierarchy as at 31 December 2017

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets measured at fair value:				
Investment properties (note 14)	–	–	**11,717,192**	**11,717,192**
Assets measured at amortised cost:				
Loans to joint ventures (note 17)	–	–	**27,135**	**27,135**
Liabilities measured at fair value:				
Derivative financial instruments (note 33)	–	–	**591,065**	**591,065**
Liabilities measured at amortised cost:				
Interest-bearing bank and other borrowings (note 30)	–	–	**16,985,732**	**16,985,732**

Fair value hierarchy as at 31 December 2016

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets measured at fair value:				
Investment properties (note 14)	–	–	11,234,767	11,234,767
Assets measured at amortised cost:				
Loans to associates (note 18)	–	–	27,135	27,135
Liabilities measured at fair value:				
Derivative financial instruments (note 33)	–	–	491,403	491,403
Liabilities measured at amortised cost:				
Interest-bearing bank and other borrowings (note 30)	–	–	15,010,775	15,010,775

46. Fair Value and Fair Value Hierarchy of Financial Instruments (continued)

The fair values of the non-current portion of loans to associates, other receivables and interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group assessed the credit risks as at the end of the reporting period of loans to associates and other receivables to be insignificant. The Group's own non-performance risk for interest-bearing bank and other borrowings as at the end of each of the reporting period was assessed to be insignificant.

The details of the valuation technique and inputs used in the fair value measurement of investment properties and derivative financial instruments have been disclosed in note 14 and note 33 to the financial statements, respectively.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2016: Nil).

The Group's finance department determines the policies and procedures for recurring fair value measurement, such as investment properties and derivative financial instruments. The finance department comprises the head of the investment properties segment, head of the Group's investment team, chief financial officer and the managers of each property.

External valuers are involved for the valuation of significant assets, such as investment properties and significant liabilities, such as derivative financial liabilities. Involvement of external valuers is decided upon annually by the finance department. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The finance department decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the finance department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the finance department verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The finance department, in conjunction with the Group's external valuers, also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

The finance department and the Group's external valuers present the valuation results to the Group's independent auditors. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

47. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise bank and other borrowings and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are market risk, interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Market risk

The Group's assets are predominantly in the form of land held for development for sale, investment properties, properties under development and completed properties held for sale. In the event of a severe downturn in the property market, these assets may not be readily realised.

The sensitivity analyses of fair value measurement of investment properties and derivative financial instruments are disclosed in note 14 and note 33 to the financial statements, respectively.

Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Other than deposits held at banks, the Group does not have significant interest-bearing assets. Restricted deposits were held at banks in Mainland China at the same savings rate of unrestricted deposits throughout the year. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk. Since the Group has mainly entered into floating interest rate loans, there is no significant fair value interest rate risk. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax. There is no material impact on other components of the Group's equity.

	Increase/(decrease) in basis points	Effect on profit before tax RMB'000
31 December 2017		
RMB	**50**	**(24,312)**
RMB	**(50)**	**24,312**
31 December 2016		
RMB	50	(22,427)
RMB	(50)	22,427

47. Financial Risk Management Objectives and Policies (continued)

Foreign currency risk

All of the Group's revenue and substantially all of the Group's operating expenses are denominated in RMB, which is currently not a freely convertible currency. The PRC Government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of Mainland China. Shortages in the availability of foreign currencies may restrict the ability of the Group's PRC subsidiaries to remit sufficient foreign currencies to pay dividends or other amounts to the Group.

Under the existing PRC foreign exchange regulations, payments of current account items, including dividends, trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the State Administration of Foreign Exchange by complying with certain procedural requirements. However, approval from appropriate PRC governmental authorities is required where RMB is to be converted into a foreign currency and remitted out of Mainland China to pay capital account items, such as the repayment of bank and other borrowings denominated in foreign currencies.

Currently, the Group's PRC subsidiaries may purchase foreign currencies for settlement of current account transactions, including payment of dividends to the Company, without prior approval of the State Administration of Foreign Exchange. The Group's PRC subsidiaries may also retain foreign currencies in their current accounts to satisfy foreign currency liabilities or to pay dividends. Since foreign currency transactions on the capital account are still subject to limitations and require approval from the State Administration of Foreign Exchange, this could affect the Group's subsidiaries' ability to obtain required foreign exchange through debt or equity financing, including by means of loans or capital contributions from the Company.

The Group's financial assets and liabilities including certain short term deposits denominated in Hong Kong dollars are subject to foreign currency risk. Therefore, the fluctuations in the exchange rates of RMB against foreign currencies could affect the Group's results of operations.

There are limited hedging instruments available in Mainland China to reduce the Group's exposure to exchange rate fluctuations between RMB and other currencies. To date, the Group has not entered into any hedging transactions in an effort to reduce the Group's exposure to foreign currency exchange risk. While the Group may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited and the Group may not be able to hedge the Group's exposure successfully, or at all.

As at 31 December 2017, if RMB had weakened/strengthened by 3% (2016: 3%) against the United States dollar, which was considered reasonably possible by management, the Group's profit before tax for the year would have been increased/decreased by RMB49,136,000 (2016: RMB14,259,000) and there would be no material impact on other components of the Group's equity.

Credit risk

It is the Group's policy that all customers are required to pay deposits in advance of the purchase of properties. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. There is no significant concentration of credit risk within the Group.

On top of the credit risk arising from the financial guarantees provided by the Group as detailed in note 39, the credit risk of the Group's other financial assets, which mainly comprise cash and short term deposits and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

47. Financial Risk Management Objectives and Policies (continued)

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank and other borrowings. In addition, banking facilities are available for contingency purposes.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	At 31 December 2017				
	On demand or within 1 year RMB'000	In the second year RMB'000	3 to 5 years RMB'000	Beyond 5 years RMB'000	Total RMB'000
Interest-bearing bank and other borrowings (note 30)	7,364,788	2,757,459	7,074,400	926,849	18,123,496
Trade payables (note 28)	1,805,833	513,937	–	–	2,319,770
Other payables and accruals (note 29)	1,732,661	–	–	–	1,732,661
Derivative financial instruments (note 33)	611,934	–	–	–	611,934
	11,515,216	3,271,396	7,074,400	926,849	22,787,861
Financial guarantees issued: Maximum amount guaranteed (note 39)	1,450,902	–	–	–	1,450,902

47. Financial Risk Management Objectives and Policies (continued)

Liquidity risk (continued)

	At 31 December 2016				
	On demand or within 1 year RMB'000	In the second year RMB'000	3 to 5 years RMB'000	Beyond 5 years RMB'000	Total RMB'000
Interest-bearing bank and other borrowings (note 30)	4,388,036	3,955,254	6,292,925	1,427,579	16,063,794
Trade payables (note 28)	1,922,538	710,575	–	–	2,633,113
Other payables and accruals (note 29)	1,271,458	–	–	–	1,271,458
Derivative financial instruments (note 33)	506,391	–	–	–	506,391
	8,088,423	4,665,829	6,292,925	1,427,579	20,474,756
Financial guarantees issued: Maximum amount guaranteed (note 39)	1,577,774	–	–	–	1,577,774

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and provide returns for shareholders and benefits for other stakeholders.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is subject to financial covenants attached to the interest-bearing bank and other borrowings that define capital structure requirements. The financial institutions have the right to call the bank and other borrowings immediately for breach of the relevant financial covenants. There have been no breaches in the financial covenants during the year. No changes were made in the objectives, policies or processes for managing capital during the year.

47. Financial Risk Management Objectives and Policies (continued)

Capital management (continued)

The Group monitors capital using a net debt ratio, which is net debt divided by the capital. Net debt includes interest-bearing bank and other borrowings and promissory notes, less cash and cash equivalents and restricted cash. Capital represents total equity. The net debt ratios as at the end of the reporting periods were as follows:

	2017 RMB'000	2016 RMB'000
Interest-bearing bank and other borrowings	**16,985,732**	15,010,775
Promissory notes included in other payables	**534,521**	–
Less: Cash and cash equivalents	**(1,484,138)**	(1,856,039)
Less: Restricted cash	**(1,879,540)**	(1,047,113)
Net debt	**14,156,575**	12,107,623
Total equity	**11,142,906**	10,146,529
Net debt ratio	**127%**	119%

48. Statement of Financial Position of the Company

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2017 RMB'000	2016 RMB'000
NON-CURRENT ASSET		
Investment in a subsidiary	–*	–*
CURRENT ASSETS		
Other receivables	**106,842**	101,510
Due from subsidiaries	**3,187,640**	2,560,599
Cash and cash equivalents	**382,099**	3,181
Total current assets	**3,676,581**	2,665,290
CURRENT LIABILITIES		
Other payables and accruals	–	108,095
Due to subsidiaries	**227,194**	268,309
Interest-bearing bank loan	–	513,338
Total current liabilities	**227,194**	889,742
NET CURRENT ASSETS	**3,449,387**	1,775,548
NON-CURRENT LIABILITY		
Interest-bearing bank and other borrowings	**1,935,575**	–
Net assets	**1,513,812**	1,775,548
EQUITY		
Issued capital	**159,418**	159,418
Reserves (note)	**1,354,394**	1,616,130
Total equity	**1,513,812**	1,775,548

* Less than RMB1,000

48. Statement of Financial Position of the Company (continued)

Note:

A summary of the Company's reserves is as follows:

	Share premium account RMB'000	Share-based payment reserve RMB'000	Accumulated losses RMB'000	Total reserves RMB'000
As at 1 January 2016	1,710,650	81,000	(51,027)	1,740,623
Final 2015 dividend	(132,511)	–	–	(132,511)
Profit for the year and total comprehensive income for the year	–	–	8,018	8,018
As at 31 December 2016 and 1 January 2017	1,578,139	81,000	(43,009)	1,616,130
Final 2016 dividend	(82,687)	–	–	(82,687)
Loss for the year and total comprehensive loss for the year	–	–	(179,049)	(179,049)
As at 31 December 2017	1,495,452	81,000	(222,058)	1,354,394

49. Approval of the Financial Statements

The financial statements were approved and authorised for issue by the board of directors on 26 March 2018.

商務園區運營專家
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