融信中國控股有限公司
RONSHINE CHINA HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

Stock Code：3301

Building with sincerity
and building with love

2017
ANNUAL REPORT

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Ou Zonghong
(Chairman and Chief Executive Officer)
Mr. Wu Jian *(Vice President)*
Mr. Lin Junling *(Vice President)*
Ms. Zeng Feiyan *(Chief Financial Officer)*

Independent Non-Executive Directors

Dr. Lo Wing Yan William
Mr. Ren Yunan
Mr. Qu Wenzhou

AUDIT COMMITTEE

Mr. Qu Wenzhou *(Chairman)*
Dr. Lo Wing Yan William
Mr. Ren Yunan

REMUNERATION COMMITTEE

Mr. Ren Yunan *(Chairman)*
Mr. Ou Zonghong
Mr. Qu Wenzhou

NOMINATION COMMITTEE

Mr. Ou Zonghong *(Chairman)*
Dr. Lo Wing Yan William
Mr. Qu Wenzhou

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
22/F, Prince's Building
Central
Hong Kong

LEGAL ADVISERS

As to Hong Kong law:
Sidley Austin

As to Cayman Islands law:
Conyers Dill & Pearman

As to PRC law:
FenXun Partners

CAYMAN ISLANDS 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 SHARE REGISTRAR

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

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS AND HEAD OFFICE IN THE PRC

6th Floor, Tower T1, Hongqiao Vanke Centre
No.988 Shen Zhang Road
Minhang District
Shanghai
The People's Republic of China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

18th Floor, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

JOINT COMPANY SECRETARIES

Ms. Zeng Feiyan
Ms. Ng Wing Shan *(FCS, FICS)*

AUTHORISED REPRESENTATIVES

Mr. Ou Zonghong
Ms. Ng Wing Shan

PRINCIPAL BANKERS

Bank of China Limited

Agricultural Bank of China Limited

Industrial and Commercial Bank of China Limited

WEBSITE

www.rongxingroup.com

STOCK CODE

STOCK

HKEx: 3301

BOND

US$400,000,000 6.95% Senior Notes due 2019
Common Code: 152895577
ISIN: XS1528955773

US$425,000,000 8.25% Senior Notes due 2021
Common Code: 174766592
ISIN: XS1747665922

Major Honours and Awards

Corporate Brand

Ranking 30th among the "2017 Best 100 of China Real Estate Developers"
Ranking 5th among the "2017 TOP10 Growth Enterprises of China Real Estate"
Enterprise Research Institute of the Development Research Center of the State Council, Real Estate Research Institute of Tsinghua University and China Index Academy

Ranking 26th among the "2017 Best 50 of China Real Estate Developers"
"2017 Best 10 of Development of China Real Estate Developers"
"2017 Best 10 of Development of China Real Estate Developers in Fujian"
China Real Estate Industry Association, China Real Estate Appraisal Centre of Shanghai E-House Real Estate Research Institute

Ranking 24th among the "2017 Top 30 Brands of Chinese Real Estate Companies (Diversified Ownership)"
Enterprise Research Institute of the Development Research Center of the State Council, Real Estate Research Institute of Tsinghua University and China Index Academy

"Enterprise Masterpiece in the Hall of Fame of China Real Estate for 25 Years"
China Real Estate Business, China Real Estate Business Think Tank and the Hall of Fame of China Real Estate for 25 Years Committee

"Boao Real Estate Forum • 2017 Most Influential Listed Real Estate Enterprise in China"
Guandian Real Estate New Media

"2017 Most Growth Enterprises of China Real Estate"
Time Weekly

"2017 Real Estate Enterprise for Integrity"
People's Daily Online

"2017 China Real Estate Innovative Enterprise on the Honour Roll"
China Internet Information Center, china.com.cn

Corporate Social Responsibility

"2017 China Enterprises with High Sense of Social Responsibility on Urban Development Summit"
China Business Journal

"China Best Employer 2017"
International Public Management Association for Human Resources, China Enterprise Confederation (Beijing) Human Resources Center and the Annual Selection Organising Committee of China Best Employer

"China Real Estate Best Employer 2017"
China Real Estate Industry Association, China Real Estate Appraisal Centre of Shanghai E-House Real Estate Research Institute

Star Projects

Qianjiang Century City Project (錢江世紀城地塊項目)

"2017 Best Brand of China Real Estate Projects"
China Real Estate Industry Association, China Real Estate Appraisal Centre of Shanghai E-House Real Estate Research Institute

The Twin Harbour City (融信 • 雙杭城)

"TOP10 among the 2017 Branded China Real Estate Residential Projects"
Development Research Center of the State Council, Real Estate Research Institute of Tsinghua University and China Index Academy

Hangzhou Mansion (杭州公館)

"China Secure Community Alliance: High-end Residential Projects"
Xinhua Net

Chairman's Statement

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Ronshine China Holdings Limited (the "**Company**" together with its subsidiaries, the "**Group**"), I am pleased to present to you the annual results of the Group for the year ended 31 December 2017.

MARKET REVIEW

In 2017, with the global economy starting to experience a turnaround, the basic economic conditions in the People's Republic of China (the "**PRC**" or "**China**") continued to improve and has maintained the momentum of "stable and sound development (穩中向好)". After decades of high-speed economic growth, China's economy is now shifting from a speed and scale mode to a quality and efficiency one. With the continuous penetration of supply-side structural reform and the constant optimization of the economic structure, a stable and favorable economic situation has come. Despite the preliminary recovery in the foreign economic situation and the acceleration of normalization of monetary policies in developed economies, a sudden tightening of global financial conditions may be triggered, thus slowing down the pace of this economic recovery.

Along with persistent strong demand in the property market as before, there appeared to be movement in two directions as a result of the government's

policy "Regulating by classification and implementing policies by city (分類調控，因城施策)". Under the "safeguarding against risk (防風險)" measures, including restrictions on purchase, loans, prices and sales, the investment fervor in first-tier and second-tier cities such as Beijing, Shanghai, Guangzhou and Shenzhen was effectively regulated. The "improved houses (改善房)" and "re-improved houses (再改善房)" in prime locations are highly sought-after due to the considerable demand for better housing. Meanwhile, there was steady growth in the market for reasonably priced housing. Influenced by the spillover effects radiating from the property markets in the first and second-tier core cities, together with incentive policies including the payment of monetary compensation for the resumption of rundown urban buildings, the reduction in the down payment for property and the granting of subsidies for house purchases, there was a significant "de-stocking (去庫存)" effect in the third and fourth-tier cities, and inventories dropped to a cyclic low level. The speedy growth of China's property market has shifted to a high-quality upgrading process, bringing unprecedented opportunities for development for quality real estate developers like the Group.

BUSINESS REVIEW

The year of 2017 marked the implementation of the national expansion strategy by Ronshine. The Group expanded its business presence from "Western Taiwan Straits City Cluster

(海峽西岸城市群)" covering cities including Fuzhou, Xiamen and Zhangzhou; and "Yangtze River Delta City Cluster (長三角城市群)" covering cities including Shanghai, Hangzhou and Nanjing, to five additional core city cluster, namely "Guangdong-Hong Kong-Macau Greater Bay Area (粵港澳大灣區)", "Beijing-Tianjin-Hebei (京津冀)", "Central China (中原)", "Chengdu-Chongqing (成渝)" and "Northwestern cities (西北城市)", laying a solid foundation in the first and second-tier cities of these core metropolitan areas. Ronshine created the "1+N" strategy in which the Company proactively expanded from the cities with existing business presence to surrounding satellite cities with obvious spillover demand, net inflows of population and emerging industries, meanwhile cultivating the mid-to-high-end real estate market and focusing on creating benchmark innovative city projects of high quality.

In 2017, for the purpose of seizing the development opportunities in quality upgrading of the industry and bringing the Group's brand reputation and market position into full play, the Group carried out a strategic cooperation with Hailiang Real Estate Holdings Group Co., Ltd* (the "**Hailiang Real Estate**") of which 35 Hailiang Real Estate projects located in 17 cities across the central and western regions of the PRC, especially the provincial capitals and their surrounding areas, were acquired representing land reserves of over 5 million square meters, and marched into the core potential cities like Suzhou, Hefei, Zhengzhou, Xi'an, Lanzhou and Yinchuan that complemented the Group's original first and second-tier core cities, accelerating the accomplishment of the Group's nationwide rollout. Currently the Group has marched into 33 cities in China, ranking 26th among the list of the "2017 Best 50 of China Real Estate Developers (2017中國房地產開發企業50強)" jointly published by the China Real Estate Industry Association, the Shanghai E-House Real Estate Research Institute and the China Real Estate Evaluation Centre.

During the year of 2017, the Group's contracted sales reached RMB50.22 billion, representing a substantial increase of 103.9% as compared with the same period of last year, significantly surpassing the contracted sales target of RMB32.5 billion set at the beginning of the year of 2017. The compound growth rate from 2014 to 2017 reached 77.7%; contracted sales area achieved another record, reaching approximately 2,386,900 square meters, representing an increase of approximately 70.0% as compared with the same period of last year. The Group recorded revenue of approximately RMB30.34 billion, representing a significant increase of 166.82% as compared with the same period of last year. As the constant growth of sales and revenue relied heavily on the support of premium land reserves, in 2017, Ronshine newly acquired 78 land parcels with a total gross floor area of 14,815,319 square meters through tender-auction-listing processes, mergers and acquisitions and other asset-light modes. During the year of 2017, the Group ranked 17th among the "TOP 100 Real Estate Companies in China by Add Value January-December 2017 (《2017年1–12月中國房地產企業新增貨值 TOP100》)" and 16th among "Top 100 Real Estate Companies in China by Add GFA of Lands January-December 2017 (《2017年1–12月中國房地產企業新增土地建面 Top100》)" according to CRIC, laying a good foundation for Ronshine's future business development and sales growth.

While strengthening scale development, Ronshine continued to facilitate the diversification of its financing channels and improve its financial structure so as to be well positioned for sound and sustainable development. In February 2017, the Group completed the issuance of US$400 million senior notes with three year maturity at an interest rate of 6.95% per annum. In October 2017, the Group secured financing of HK$1.2 billion through equity placing; from January to February 2018, the Group successfully completed the issuance of US$425 million senior notes with three year maturity at an interest rate of 8.25% per annum.

In 2017, the excellent performance of Ronshine in industry rankings, corporate governance, business modes, market power and capital markets were witnessed by people from all walks of life. Ronshine was successively incorporated into MSCI's "Global Small Cap Index — China Index Constituent Stocks (環球小型股指數 — 中國指數成份股)" and "Hang Seng Composite Small Cap Index Constituent Stocks (恒生綜合小型股指數成份股)", becoming part of the first batch of Shenzhen-Hong Kong Stock Connect Stocks to be recognised by both international and Hong Kong investment markets. Ronshine also won a number of awards from authoritative institutions including "2017 Most Valuable Real Estate Company of Golden Hong Kong Stocks (2017年金港股最具價值房地產股公司)" and "2017 China Real Estate Annual Influential Listed Company (2017年中國地產年度影響力上市企業)", and continued to attract attention in the capital area.

Adhering to the philosophy of "taking from society and giving back to society (取之社會、回報社會)", the "Ronshine Public Welfare Foundation (融信公益基金會)" was established. Ronshine donated more than RMB200 million in support of public welfare undertakings such as disaster relief, charity union, urban operations and caring for students, and has joined hands with China Youth Development Foundation, Beijing AngelMom Charity Foundation and People's Daily to organize various charity activities. In addition, last year, Ronshine founded "Ronshine Sinology (融信國學堂)" with the concept of "Quality Life (品質生活)", which promoted and continued traditional Chinese culture by leveraging its corporate resources. In the future, Ronshine will bring its own resources and advantages into full play to establish a more effective platform and further practise its social responsibilities.

FUTURE PROSPECTS

Looking forward into 2018, China's economy featured with "Development decelerating while quality improving (減速增質)" will come to fruition, the economic premium from supply-side reform continues to be realized along with the sustained improvement of economic development structure. The real estate market is expected to achieve a major breakthrough under the differential regulation and control measures of "Regulating by classification and implementing policies by city (分類調控，因城因地)", introducing an era of high-quality development.

Riding the tide of the opportunities of China's economy and real estate industry, Ronshine kept its faith shining and continued to step up efforts to establish an "ensuring housing (住有所居)" social housing system. Meanwhile, with the implementation of differentiated control policies, the Group grasped the opportunities for conducting the "Nationwide Expansion, Close Cooperation, Product Innovation, Balanced Development (拓展全國、緊密合作、創新產品、平衡發展)" as the four core development strategies. For "Nationwide Expansion (拓展全國)", the Group continues to implement the national strategic layout in order to expand our business territory and deep plowed seven core city cluster, namely "Western

Taiwan Straits City Cluster (海峽西岸城市群)", "Yangtze River Delta City Cluster (長三角城市群)", "Guangdong-Hong Kong-Macau Greater Bay Area (粵港澳大灣區)", "Beijing-Tianjin-Hebei (京津冀)", "Central China (中原)", "Chengdu-Chongqing (成渝)" and "Northwestern cities (西北城市)", building high-end boutique residential houses available for upgrading matching with the land parcels. For "Close Cooperation (緊密合作)", the Group proactively seeks partners to create synergies and continues to work hand in hand with Wanke, Greenland, Poly, Sunac and other key partners to achieve different possibilities for cooperation in asset-light modes. For "Product Innovation (創新產品)", the Group made success with quality and valued the urban cultural texture with influence on the cities, respectfully presenting the works on the city of landmark grade. For "Balanced Development (平衡發展)", the Group adopts the prudent approach of "lowering leverage, reducing debts, enhancing risk resistance, adjusting funds (降槓桿、減負債、增抗險、調資金)" and took flexible use of diversified financing channels so as to reduce the cost of financing. Looking ahead, Ronshine will continue to make good use of its brand reputation, national strategic layout and broadened financing channels to move ahead at full throttle towards a property developer leader with quality of "100 billion level (千億級)", aiming to achieve a contracted sales target of RMB120 billion in 2018.

ACKNOWLEDGEMENTS

On behalf of the Board, I hereby express my sincere gratitude to the shareholders of the Company (the "**Shareholders**"), customers and partners for their long-term support, and my heartfelt thanks go to the Directors, the management team and all employees for their hard work and contributions in the past year. In 2018, Ronshine will continue to uphold the management tenet of "building with sincerity and building with love (融鑄誠信、造有情房)" to build houses with sincerity and succeed in their quality, and set foot on the expressway of sustainable development, earning greater value for the Shareholders.

Ou Zonghong
Chairman

Hong Kong, 23 March 2018

Summary of Principal Properties

The tables below set forth the details of the property development projects of the Group as at 31 December 2017.

PROJECTS DEVELOPED BY THE GROUP

As at 31 December 2017, the subsidiaries, joint ventures and an associated company of the Group engaged in a total of 133 property development projects.

	Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of property product	Estimated aggregate GFA (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time
1	First City Rongxin Super Star City Phase I (融信•第一城一期)	Fuzhou	49,787.00	100%	Basement (including car parks)	92,665.70	151.80	1 October 2016
2	First City Rongxin Super Star City Phase III (融信•第一城三期)	Fuzhou	41,802.00	100%	Basement (including car parks)	92,558.00	161.79	1 April 2009
3	Rongxin Spanish (融信•西班牙)	Fuzhou	59,401.00	100%	Basement (including car parks)	109,760.90	–	1 September 2009
4	Broad View (融信•寬域)	Fuzhou	62,495.00	100%	Basement (including car parks)	163,238.10	164.71	10 May 2010
5	David City (融信•大衛城)	Fuzhou	191,254.70	100%	Residential	333,080.53	–	1 May 2013
					Commercial	8,930.21	3,326.91	
					Ancillary	23,796.02	–	
					Basement (including car parks)	64,548.26	7,224.62	
6	Lan County (融信•瀾郡)	Fuzhou	69,618.40	100%	Residential(Resettlement housing (Note 1))	193,020.52	–	1 August 2014
					Ancillary	6,287.15	–	
					Basement (including car parks)	70,551.34	20,946.69	
7	The White House (融信•白宮)	Fuzhou	134,789.00	80%	Residential	261,378.32	–	17 August 2017
					Commercial	2,941.52	857.67	
					Hotel	39,035.15	–	
					Ancillary	14,450.42	–	
					Basement (including car parks)	89,618.40	7,743.18	
8	David City (融信•平潭大衛城)	Fuzhou	111,320.48	51%	Residential	298,671.65	–	16 November 2017
					Commercial	34,947.11	15,116.00	
					Ancillary	9,327.37	–	
					Basement (including car parks)	85,764.37	39,737.38	

Summary of Principal Properties

	Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of property product	Estimated aggregate GFA (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time
9	The Coast (融信•後海)	Fuzhou	49,959.00	100%	Residential (Resettlement housing (Note 1))	121,104.63	–	16 September 2016
					Commercial	3,000.00	–	
					Ancillary	3,675.15	–	
					Basement (including car parks)	38,199.70	15,711.43	
10	The Twin Harbour City (融信•雙杭城)	Fuzhou	259,519.00	100%	Residential (Resettlement housing (Note 1))	725,791.00	613,368.32	18 August 2018
					Commercial	117,987.37	111,313.65	
					Office	107,623.10	–	
					Ancillary	9,242.10	–	
					Basement (including car parks)	150,643.36	89,979.46	
11	The Long Island (融信•長島)	Fuzhou	185,196.00	100%	Residential (Resettlement housing (Note 1))	291,532.00	107,503.51	18 May 2018
					Commercial (Resettlement housing (Note 1))	24,356.00	6,634.51	
					Office	17,317.10	2,670.15	
					Ancillary	20,305.86	–	
					Basement (including car parks)	94,689.59	75,667.40	
12	The Bund (平潭外灘)	Fuzhou	35,264.29	51%	Residential	116,231.20	322.00	19 November 2019
					Office	2,191.28	–	
					Commercial	7,331.00	128.00	
					Basement (including car parks)	29,579.85	1,706.48	
13	Hot Spring City (福州溫泉城項目)	Fuzhou	1,018,836.00	50%	Residential	787,856.36	495,731.21	20 December 2020
					Office	190,801.39	30,450.07	
					Hotel	49,413.78	–	
					Commercial	58,600.00	58,203.00	
					Ancillary	9,986.82	–	
					Basement (including car parks)	265,561.21	216,063.30	
14	Beyond City (世歐彼岸城)	Fuzhou	152,995.00	50%	Residential	271,376.48	–	11 May 2011
					Commercial	7,822.00	495.19	
					Basement (including car parks)	23,417.43	552.45	
15	Riverside City (世歐上江城)	Fuzhou	82,374.70	50%	Residential	201,115.78	–	13 April 2013
					Commercial	5,118.17	178.01	
					Basement (including car parks)	30,748.80	2,473.77	

Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of property product	Estimated aggregate GFA (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time
16 Lan Hill (世歐瀾山)	Fuzhou	48,313.00	50%	Residential	120,129.88	–	15 February 2015
				Commercial	4,091.18	1,499.39	
				Ancillary	3,716.62	–	
				Basement (including car parks)	40,820.80	3,868.20	
17 Show Kingdom (世歐王莊)	Fuzhou	250,708.48	50%	Residential (Resettlement housing (Note 1))	987,019.88	20,836.47	15 December 2015
				Commercial (Resettlement housing (Note 1))	377,374.19	9,586.18	
				Office	75,306.40	796.31	
				Ancillary	49,935.36	–	
				Basement (including car parks)	354,668.82	64,914.21	
18 Huayun Mansion (華雲山莊)	Fuzhou	161,008.40	25.5%	Residential	170,529.00	155,572.53	19 December 2019
				Ancillary	4,019.00	–	
				Basement (including car parks)	83,700.00	83,700.00	
19 Ocean City (融信•海上城)	Xiamen	151,344.19	100%	Commercial	4,335.72	–	16 October 2016
				Office	252,579.04	14,003.91	
				Hotel	61,611.90	–	
				Ancillary	1,525.54	–	
				Basement (including car parks)	110,602.91	15,137.02	
20 Xiamen Bowan (廈門同安鉑灣)	Xiamen	39,715.25	100%	Residential	115,266.83	102,584.21	20 May 2020
				Commercial	4,800.00	3,767.59	
				Ancillary	200.00	–	
				Basement (including car parks)	65,291.83	49,428.00	
21 Lan Garden (融信•瀾園)	Zhangzhou	56,765.70	100%	Residential	252,095.00	800.00	15 December 2015
				Ancillary	11,324.00	–	
				Basement (including car parks)	58,872.00	4,641.90	
22 Festival City (融信•觀山海)	Zhangzhou	94,190.00	100%	Residential	198,254.83	849.52	16 January 2017
				Commercial	6,790.83	2,473.88	
				Ancillary	1,410.36	–	
				Basement (including car parks)	66,595.34	34,863.82	
23 Future City (融信•未來城)	Zhangzhou	41,644.64	100%	Residential (Resettlement housing (Note 1))	114,838.00	–	16 August 2017
				Commercial	4,957.00	81.00	
				Ancillary	3,777.00	–	
				Basement (including car parks)	36,866.00	25,186.45	

Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of property product	Estimated aggregate GFA (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time
24 College City (學院名築)	Zhangzhou	71,217.99	100%	Residential	135,149.00	–	18 July 2018
				Commercial	3,150.00	1,500.00	
				Ancillary	4,436.00	–	
				Basement (including car parks)	38,298.24	24,920.09	
25 Zhangzhou Harbor B8 Lot (漳州港B8)	Zhangzhou	69,988.00	100%	Residential	104,569.66	3,618.00	18 December 2018
				Commercial	1,205.00	646.37	
				Ancillary	6,200.00	–	
				Basement (including car parks)	31,672.64	2,195.13	
26 Imperial Villa (融信•鉑灣)	Shanghai	121,376.80	51%	Residential (Resettlement housing (Note 1))	117,188.92	17,897.00	16 December 2016
				Commercial	6,266.36	1,101.00	
				Ancillary	815.20	–	
				Basement (including car parks)	78,055.92	18,459.80	
27 Shanghai Huacao Lot I (閔行區華漕鎮MHPO-1402單元41-02地塊)	Shanghai	26,360.30	50%	Office	92,557.11	–	16 December 2016
				Ancillary	1,038.91	–	
				Basement (including car parks)	24,307.50	15,950.20	
28 Shanghai Huacao Lot II (Kairi) (閔行區華漕鎮MHPO-1402單元35-01地塊(愷日))	Shanghai	13,455.90	50%	Office	33,638.74	20,358.74	19 December 2018
				Ancillary	613.08	–	
				Basement (including car parks)	13,974.77	13,974.77	
29 Shanghai Huacao Lot III (Kaichong) (閔行區華漕鎮MHPO-1402單元36-01地塊(愷崇))	Shanghai	10,994.90	25%	Office	27,057.41	16,197.41	18 December 2018
				Ancillary	807.03	–	
				Basement (including car parks)	9,708.45	9,708.45	
30 Shanghai Huacao Lot IV (Kaichang) (閔行區華漕鎮MHPO-1402單元42-01地塊(愷暢))	Shanghai	30,921.50	50%	Commercial	8,940.40	–	18 December 2017
				Office	68,308.35	3,508.84	
				Ancillary	1,964.87	–	
				Basement (including car parks)	27,530.38	24,468.00	
31 Platinum (融信 • 鉑爵)	Shanghai	21,195.60	51%	Residential (Resettlement housing (Note 1))	45,146.47	14,488.30	18 November 2018
				Commercial	19,690.53	18,534.00	
				Basement (including car parks)	38,218.00	30,844.30	
32 Shanghai Jingan Zhangxin Lot (靜安中興地塊)	Shanghai	31,034.10	50%	Residential (Resettlement housing (Note 1))	98,779.00	79,764.00	20 December 2020
				Commercial	10,975.40	–	
				Ancillary	4,832.00	–	
				Basement (including car parks)	35,250.00	35,250.00	

	Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of property product	Estimated aggregate GFA (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time
33	Shanghai Qingpu Lot (青浦36-01地塊)	Shanghai	36,279.00	30.5%	Residential (Resettlement housing (Note 1))	63,488.25	51,266.76	20 December 2020
					Commercial	27,209.25	5,441.85	
					Ancillary	4,035.00	–	
					Basement (including car parks)	67,227.40	67,227.40	
34	Xinjiangwan City (新江灣城)	Shanghai	39,805.80	50%	Residential (Resettlement housing (Note 1))	49,984.72	35,825.50	20 December 2020
					Ancillary	1,390.00	–	
					Basement (including car parks)	51,101.28	51,101.28	
35	Blue Peacock Phase I (杭州藍孔雀一期)	Hangzhou	28,215.00	51%	Residential	82,539.11	–	16 January 2017
					Commercial	5,023.89	1,689.00	
					Ancillary	2,725.00	–	
					Basement (including car parks)	34,990.40	6,254.76	
36	Blue Peacock Phase II (杭州藍孔雀二期)	Hangzhou	56,521.00	51%	Residential	133,797.51	124.50	16 January 2017
					Commercial	11,826.60	4,959.32	
					Ancillary	2,843.00	–	
					Basement (including car parks)	62,350.20	9,527.91	
37	Hangzhou Mansion (融信•杭州公館)	Hangzhou	45,573.99	100%	Residential (Resettlement housing (Note 1))	145,201.55	9,541.49	16 June 2017
					Commercial	258.00	–	
					Ancillary	7,218.93	–	
					Basement (including car parks)	76,421.23	19,123.25	
38	Lan Sky 融信 • 瀾天	Hangzhou	71,488.00	100%	Residential	158,420.00	70,124.04	18 December 2018
					Ancillary	1,285.00	–	
					Basement (including car parks)	84,887.00	41,742.78	
39	Yangxing Capital 融信 • 永興首府	Hangzhou	44,307.00	26.01%	Residential	106,960.44	58,539.38	19 December 2018
					Ancillary	1,914.36	–	
					Basement (including car parks)	48,250.00	39,579.28	
40	Xiaoshan Residence 融信 • 蕭山公館	Hangzhou	41,642.00	75%	Residential	88,221.10	55,713.99	19 December 2018
					Ancillary	3,221.30	–	
					Basement (including car parks)	40,375.00	31,602.04	
41	Jingkai Project (經開地塊)	Hangzhou	42,709.00	25.5%	Residential	105,001.21	13,938.00	19 June 2019
					Commercial	914.77	838.00	
					Ancillary	1,319.23	–	
					Basement (including car parks)	58,961.41	36,659.08	

Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of property product	Estimated aggregate GFA (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time
42 Yinhe Primary School Project (銀河小學地塊)	Hangzhou	43,686.00	51%	Residential	128,810.60	74,083.90	19 July 2019
				Ancillary	1,947.00	–	
				Basement (including car parks)	59,092.00	49,485.45	
43 Qinglong Project (慶隆地塊)	Hangzhou	27,845.00	51%	Residential	74,515.00	51,324.84	19 May 2019
				Ancillary	1,055.90	–	
				Basement (including car parks)	41,500.00	38,287.10	
44 Seattle (西雅圖)	Hangzhou	62,190.00	50%	Residential	170,962.63	119,091.37	19 June 2019
				Commercial	919.00	499.00	
				Ancillary	2,670.49	–	
				Basement (including car parks)	66,118.16	47,189.92	
45 Qianjiang Century City Project (錢江世紀城地塊)	Hangzhou	60,620.00	70%	Residential	163,490.36	91,638.94	19 June 2019
				Commercial	450.00	300.00	
				Ancillary	2,858.10	–	
				Basement (including car parks)	74,227.00	45,877.37	
46 Nanjing Jiulonghu Project (南京九龍湖NO. 2016G73地塊)	Nanjing	42,707.52	100%	Residential	181,326.45	180,679.92	20 November 2020
				Commercial	74,885.24	74,885.24	
				Ancillary	807.03	–	
				Basement (including car parks)	94,681.00	94,681.00	
47 Kunshan Project (昆山 (2016)2-4地塊)	Suzhou	76,671.70	50%	Residential	193,783.55	137,742.28	20 December 2020
				Ancillary	9,152.00	–	
				Basement (including car parks)	77,384.00	14,860.11	
48 West Coast (融信•陽光城西海岸)	Fuzhou	124,827.28	50%	Residential	241,135.84	–	16 December 2016
				Commercial	35,594.79	21,481.00	
				Office	59,170.04	–	
				Ancillary	9,717.12	–	
				Basement (including car parks)	152,497.53	38,107.76	
49 Imperial Land (一品江山)	Zhangzhou	94,291.42	50%	Residential (Resettlement housing (Note 1))	229,365.84	18,959.49	17 April 2018
				Commercial	1,038.53	1,027.52	
				Ancillary	5,627.60	—	
				Basement (including car parks)	80,314.39	44,652.03	
50 French Legend (融信•法蘭西世家)	Shanghai	113,399.70	50%	Residential (Resettlement housing (Note 1))	114,032.32	13,183.50	16 December 2016
				Ancillary	34,757.79	—	
				Basement (including car parks)	26,073.32	3,014.39	

	Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of property product	Estimated aggregate GFA (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time
51	Shanghai Xujing Project (徐涇鎮會展中心)	Shanghai	184,292.80	50%	Commercial	141,794.13	2,436.42	18 August 2018
					Hotel	101,279.00	–	
					Office	333,964.55	56,343.00	
					Ancillary	11,382.00	–	
					Basement (including car parks)	238,546.00	238,546.00	
52	Gentle Mansion (君悦府)	Hangzhou	57,394.00	30%	Residential	120,287.10	23,446.49	18 December 2018
					Commercial	1,100.00	800.00	
					Ancillary	1,822.00	–	
					Basement (including car parks)	44,646.00	19,272.93	
53	Hangzhou Wocheng Project (杭州臥城地塊)	Hangzhou	59,494.00	34%	Residential	138,908.99	11,983.80	19 June 2019
					Commercial	1,458.28	–	
					Ancillary	1,579.00	–	
					Basement (including car parks)	64,921.76	59,312.89	
54	Nanjing Xianlin Project (南京仙林2016G58地塊)	Nanjing	106,002.49	39%	Residential	235,886.73	231,169.00	18 June 2018
					Commercial	1,000.00	500.00	
					Ancillary	1,536.00	–	
					Basement (including car parks)	96,656.00	91,962.00	
55	Zhangzhou Wanke City (漳州萬科城)	Zhangzhou	235,606.37	20%	Residential (Resettlement housing (Note 1))	735,881.70	143,797.30	17 December 2017
					Commercial (Resettlement housing (Note 1))	32,680.55	11,748.00	
					Ancillary	7,847.16	–	
					Basement (including car parks)	263,812.02	187,163.92	
56	Hangzhou Yuhang Lot (餘杭2016(48)號地塊)	Hangzhou	24,560.00	100%	Residential	39,000.00	38,872.86	19 March 2019
					Ancillary	440	–	
					Basement (including car parks)	22,200.00	22,200.00	
57	Zijin Mountain Sports Park Lot (紫金山體育公園地塊)	Longyan	53,131.00	51%	Residential	128,000.00	78,375.28	19 November 2019
					Commercial	3,000.00	2,854.00	
					Ancillary	1,900.00	–	
					Basement (including car parks)	31,100.00	31,100.00	
58	Zhangzhou 2017P01 Lot (漳州2017P01地塊)	Zhangzhou	52,438.88	100%	Residential	138,823.00	130,652.76	20 March 2020
					Commercial	3,177.00	3,177.00	
					Ancillary	4,800.00	–	
					Basement (including car parks)	46,300.00	46,300.00	

	Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of property product	Estimated aggregate GFA (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time
59	Nanjing Jiangning Lot (江寧2017G02地塊)	Nanjing	82,627.65	50%	Residential	132,000.00	132,000.00	20 March 2020
					Office	10,500.00	9,250.00	
					Commercial	3,500.00	3,500.00	
					Ancillary	1,770.00	–	
					Basement (including car parks)	49,900.00	49,900.00	
60	Chengdu Jinniu Lot (金牛三號宗地)	Chengdu	11,100.00	100%	Residential	44,200.00	42,762.00	19 August 2019
					Ancillary	100	–	
					Basement (including car parks)	17,100.00	17,100.00	
61	Tianjin Jinghai Lot (靜海2013-92號地塊)	Tianjin	106,000.00	100%	Residential	123,500.00	103,495.00	20 July 2020
					Ancillary	3,800.00	–	
					Basement (including car parks)	51,900.00	51,900.00	
62	Tianjin Jinnan Lot (津南2016-06號地塊)	Tianjin	68,970.00	100%	Residential	72,800.00	51,800.00	20 July 2020
					Ancillary	4,300.00	–	
					Basement (including car parks)	53,000.00	53,000.00	
63	Fuzhou Guihu 2017-07 Lot (桂湖壟頭2017-07地塊)	Fuzhou	58,563.00	50%	Residential (Resettlement housing (Note 1))	128,000.00	74,824.00	20 November 2020
					Ancillary	900	–	
					Basement (including car parks)	44,900.00	44,900.00	
64	Fuzhou Guihu 2017-08 Lot (桂湖壟頭2017-08地塊)	Fuzhou	22,885.00	50%	Residential (Resettlement housing (Note 1))	27,000.00	14,859.00	20 November 2020
					Ancillary	400	–	
					Basement (including car parks)	9,700.00	9,700.00	
65	Fuzhou Guihu 2017-09 Lot (桂湖壟頭2017-09地塊)	Fuzhou	24,227.00	50%	Residential (Resettlement housing (Note 1))	50,300.00	16,671.00	20 November 2020
					Ancillary	500	–	
					Basement (including car parks)	17,600.00	17,600.00	
66	Putian Xibai Lot (溪白村2017-04地塊)	Putian	37,289.36	100%	Residential	95,800.00	90,953.00	20 May 2020
					Ancillary	1,800.00	–	
					Basement (including car parks)	27,500.00	27,500.00	

Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of property product	Estimated aggregate GFA (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time
67 Guangzhou Zengcheng Lot (廣州增城地塊)	Guangzhou	28,001.00	50%	Residential (Resettlement housing (Note 1))	67,500.00	27,427.00	20 May 2020
				Commercial	3,200.00	3,200.00	
				Ancillary	4,100.00	–	
				Basement (including car parks)	39,100.00	39,100.00	
68 Xiamen Tongan Lot (同安2017P01地塊)	Xiamen	11,386.12	100%	Residential	23,600.00	21,375.00	20 April 2020
				Commercial	1,000.00	1,000.00	
				Ancillary	400	–	
				Basement (including car parks)	12,400.00	12,400.00	
69 Chongqing Banan Lot (重慶巴南地塊)	Chongqing	117,541.00	50%	Residential	225,600.00	225,600.00	19 February 2019
				Commercial	7,700.00	4,527.39	
				Ancillary	1,800.00	–	
				Basement (including car parks)	95,200.00	95,200.00	
70 Jinhua 2017-07 Lot (金華2017-07地塊一)	Jinhua	64,604.83	50%	Residential	123,200.00	108,894.29	19 November 2019
				Commercial	1,100.00	1,100.00	
				Ancillary	4,900.00	–	
				Basement (including car parks)	44,000.00	44,000.00	
71 Hangzhou Jingjiang Lot (靖江花神廟地塊)	Hangzhou	48,543.00	100%	Residential	89,300.00	26,730.00	20 June 2020
				Commercial	5,000.00	–	
				Ancillary	2,700.00	–	
				Basement (including car parks)	29,900.00	29,900.00	
72 Shaoxing Shengzhou Lot (紹興嵊州地塊)	Shaoxing	248,819.00	100%	Residential	573,673.68	571,431.91	20 May 2020
				Commercial	15,931.00	15,931.00	
				Office	1401	1,400.82	
				Ancillary	12,878.00	–	
				Basement (including car parks)	149,200.00	147,225.41	
73 Hangzhou Xiaoshan Lot (蕭山2017-1號地塊)	Hangzhou	47,326.00	51%	Residential	115,800.00	115,797.00	20 July 2020
				Ancillary	2,500.00	–	
				Basement (including car parks)	53,200.00	53,200.00	

	Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of property product	Estimated aggregate GFA (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time
74	Quzhou 2017(4) Lot (衢州(2017)4號地塊)	Quzhou	85,300.00	45.00%	Residential	159,600.00	90,412.43	18 September 2018
					Commercial	1,100.00	–	
					Ancillary	1,500.00	–	
					Basement (including car parks)	47,400.00	35,344.92	
75	Ningbo Fenghua Lot (寧波奉化地塊)	Ningbo	45,993.00	25.50%	Residential	90,400.00	90,130.00	20 February 2020
					Ancillary	1,556.00	–	
					Basement (including car parks)	48,049.00	48,049.00	
76	Zhengzhou Zhongmou Lot (鄭州中牟縣地塊)	Zhengzhou	64,876.00	100%	Office	200,500.00	199,310.00	19 September 2019
					Commercial	3,200.00	3,200.00	
					Ancillary	1,400.00	–	
					Basement (including car parks)	47,500.00	47,500.00	
77	Hangzhou 2016-35 Lot (杭政儲出(2016)35號)	Hangzhou	40,685	16.00%	Residential	40,032.10	40,032.10	15 December 2020
					Ancillary	1,060.50	–	
					Basement (including car parks)	42,776.09	42,776.09	
78	Hangzhou 2016-44 Lot (杭政儲出(2016)44號)	Hangzhou	42,357	7.00%	Residential	45,490.82	45,490.82	25 June 2021
					Ancillary	1,101.88	–	
					Basement (including car parks)	49,547.32	49,547.32	
79	Nanjing 2017G31 Lot (NO.2017G31地塊)	Nanjing	108,522	7.28%	Residential	120,547.00	118,438.54	20 January 2020
					Commercial	51,818	51,818.00	
					Office	227,158.92	227,158.92	
					Ancillary	4,991.08	–	
					Basement (including car parks)	239,326.00	239,326.00	
80	Nanjing 2017G36 Lot (NO.2017G36地塊)	Nanjing	54,173	10.00%	Residential	97,032.60	96,792.00	1 June 2021
					Commercial	17,392.00	16,200.00	
					Office	59,460.00	59,400.00	
					Ancillary	1,200.00	–	
					Basement (including car parks)	61,446.00	61,446.00	
81	Jinhua 2017-10 Lot (金市土讓告字[2017]10號)	Jinhua	43,597	49.00%	Residential	64,468.69	64,468.69	1 August 2019
					Ancillary	927.57	–	
					Basement (including car parks)	22,205.00	22,205.00	

	Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of property product	Estimated aggregate GFA (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time
82	Hangzhou 2017-44 Lot	Hangzhou	53,417	67.00%	Residential	147,550.11	143,124.00	1 December 2019
	(杭政儲出(2017)44號)				Ancillary	2,017.49	–	
					Basement (including car parks)	67,169.00	67,169.00	
83	Hangzhou 2017-42 Lot	Hangzhou	39,950	25.00%	Residential	70,306.14	70,305.00	1 December 2019
	(杭政儲出(2017)42號)				Commercial	5,294.93	5,294.93	
					Office	25,775.70	25,775.70	
					Ancillary	7,855.75	–	
					Basement (including car parks)	48,609.11	48,609.11	
84	Hangzhou 2017-14 Lot	Hangzhou	63,742	25.60%	Residential	130,151.38	130,151.38	1 August 2020
	(蕭政儲出(2017)14號)				Commercial	8,309.00	8,309.00	
					Ancillary	1,772.02	–	
					Basement (including car parks)	54,385.73	54,385.73	
85	Fuzhou 2017-06 Lot	Fuzhou	113,570	13.33%	Residential	155,700.00	155,700.00	1 May 2020
	(馬宗地2017-06號地塊)				Commercial	1,000.00	1,000.00	
					Ancillary	2,300.00	–	
					Basement (including car parks)	57,400.00	57,400.00	
86	Hangzhou 2017-20 Lot	Hangzhou	106,872	25.30%	Residential	267,874.10	250,174.00	1 May 2020
	(蕭政儲出(2017)20號)				Commercial	1,676.34	1,676.34	
					Ancillary	8,316.76	–	
					Basement (including car parks)	143,650.10	143,650.10	
87	Xingyang Yijiangnan Lot-1	Zhengzhou	236,877	51.00%	Residential	520,589.62	99,150.22	1 March 2020
	(滎陽市憶江南地塊-1)				Commercial	3,081.46	1,221.80	
					Ancillary	13,742.51	–	
					Basement (including car parks)	70,101.00	24,612.72	
88	Fuzhou 2017-23 Lot	Fuzhou	25,668	100.00%	Residential	61,900.00	61,900.00	1 April 2020
	(宗地2017-23地塊)				Commercial	1,500.00	1,500.00	
					Ancillary	700.00	–	
					Basement (including car parks)	21,500.00	21,500.00	
89	Zhoushan 2017-007 Lot	Zhoushan	77,162	34.00%	Residential	128,696.70	128,610.00	1 June 2020
	(2017-007地塊)				Ancillary	24,600.00	–	
					Basement (including car parks)	48,800.00	48,800.00	

Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of property product	Estimated aggregate GFA (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time
90 Hangzhou 2017-43 Lot (餘政儲出(2017)43號)	Hangzhou	104,698	25.50%	Residential	183,844.00	164,965.00	1 December 2020
				Ancillary	2,552.00	–	
				Office	23,000.00	23,000.00	
				Basement (including car parks)	80,780.00	80,780.00	
91 Fuzhou 2016-1 Lot (2016拍-1號)	Fuzhou	46,574	34.00%	Residential	84,654.00	–	1 December 2020
				Commercial	4,719.00	–	
				Basement (including car parks)	26,610.00	–	
92 Tongling Lanshan Fu (銅陵瀾山府)	Tongling	60,475	44.45%	Residential	105,441.00	105,441.00	30 October 2019
				Commercial	6,643.00	6,643.00	
				Ancillary	2,820.00	–	
				Basement (including car parks)	26,171.00	13,867.00	
93 Ganzhou Rongxitai (贛州榕璽台)	Ganzhou	39,013	29.7%	Residential	92,879.40	92,879.40	1 December 2019
				Commercial	3,022.76	3,022.76	
				Ancillary	2,011.39	–	
				Basement (including car parks)	18,982.18	18,982.18	
94 Luan 2017-14 Lot (六出2017-14號地塊)	Lu'an	144,532	55%	Residential	298,438.00	298,438.00	30 April 2020
				Commercial	12,477.00	12,477.00	
				Basement (including car parks)	36,780.00	36,780.00	
95 Suzhou Tang Ning Fu (唐寧府)	Suzhou	106,303.44	52.25%	Residential	188,242.88	49,340.90	30 May 2019
				Ancillary	9,500.61	–	
				Basement (including car parks)	81,218.79	27,026.55	
96 Suzhou Changqiao Yayuan (長橋雅苑)	Suzhou	161,117.73	55.00%	Residential	89,784.29	30,422.42	1 May 2019
				Commercial	1,774.16		
				Ancillary	7,853.00	–	
				Basement (including car parks)	88,031.55	34,225.97	
97 Nantong Yue Rong Shu (悦榕墅)	Nantong	53,561.00	55.00%	Residential	285.89		18 September 2016
				Basement (including car parks)	3,581	3,581	
98 Hai Liang Hua Fu (海亮•華府)	Fuyang	22,873.00	55.00%	Residential	1,306.40	–	2 May 2015
				Commercial	1,482.60	–	
99 Hai Liang Yu Fu (海亮•御府)	Fuyang	130,244.00	55.00%	Commercial	4,614.33	–	12 August 2015
				Basement (including car parks)	9,880.67	–	

Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of property product	Estimated aggregate GFA (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time
100 Hai Liang Yue Fu (海亮•華府)	Fuyang	145,024.00	55.00%	Residential	320,183.17	54,932.52	2 February 2018
				Commercial	36,884.91	13,682.25	
				Ancillary	5,608.00	–	
				Basement (including car parks)	37,893.51	12,864.22	
101 The Riverside Mansion (海亮•江灣城)	Fuyang	114,375.80	55.00%	Residential	294,922.56	3,425.76	15 June 2018
				Commercial	17,159.72	5,084.16	
				Ancillary	7,940.26	–	
				Basement (including car parks)	68,858.46	10,529.52	
102 Hai Liang Long Yuan (海亮•瓏園)	Fuyang	51,589.11	55.00%	Residential	131,569.39	–	1 September 2018
				Commercial	1,187.26	–	
				Ancillary	1,649.98	–	
				Basement (including car parks)	46,587.00	–	
103 Hai Liang Xing Cheng (海亮•星城)	Fuyang	51,543.00	36.85%	Residential	123,628.12	2,795.47	10 March 2019
				Commercial	1,057.71	–	
				Basement (including car parks)	23,748.17	568.66	
104 Hai Liang Xingfu Li (海亮•幸福里)	Fuyang	154,391.00	38.50%	Residential	285,311.27	29,317.83	5 December 2018
				Commercial	9,841.77	8,169.87	
				Ancillary	13,874.94	–	
				Basement (including car parks)	93,115.02	6,363.36	
105 Xingfu Li East County (幸福里北郡)	Fuyang	86,710.00	55.00%	Residential	183,100.00	183,100.00	31 December 2019
				Commercial	10,156.29	10,171.00	
				Ancillary	6,126.99	–	
				Basement (including car parks)	54,130.58	16,252.00	
106 Xingfu Li North County (幸福里北郡)	Fuyang	47,886.00	55.00%	Residential	101,380.67	101,300.00	30 August 2020
				Commercial	4,194.26	4,274.13	
				Ancillary	4,429.78	–	
				Basement (including car parks)	31,092.40	9,380.64	
107 Bengbu Hai Liang Ming Zhu (蚌埠海亮明珠)	Bengbu	187,378.33	55.00%	Residential	169,295.27	787.90	1 December 2018
				Commercial	41,933.89	41,448.15	
				Ancillary	4,129.86	–	
				Basement (including car parks)	15,926.98	–	

Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of property product	Estimated aggregate GFA (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time
108 Bengbu Hai Liang Xi Yuan (蚌埠海亮熙園)	Bengbu	9,304.08	55.00%	Residential	25,593.68	–	30 March 2016
				Commercial	3,668.82	524.79	
				Ancillary	3,315.00	–	
				Basement (including car parks)	7,893.50	1,525.40	
109 Bengbu Hai Liang Tian Yu (蚌埠海亮天御)	Bengbu	126,792.00	55.00%	Residential	252,317.96	40,542.06	1 September 2019
				Commercial	15,821.93	4,927.34	
				Ancillary	5,876.60	–	
				Basement (including car parks)	42,498.52	20,732.35	
110 Hailiang Official Mansion (六安海亮官邸)	Lu'an	122,913.00	55.00%	Residential	138,268.49	40,112.56	1 March 2019
				Commercial	10,898.81	1,179.36	
				Ancillary	4,246.19	–	
				Basement (including car parks)	19,648.25	–	
111 Hefei Hailiang Palais Jardin (九璽花園)	Hefei	193,815.16	55.00%	Residential	37,217	28,277.63	29 November 2016
				Commercial	1,738	–	
				Ancillary	21.46	–	
				Basement (including car parks)	6,525	6,524.94	
112 Hefei Hailiang Rubellite (熙園花園)	Hefei	256.00	55.00%	Commercial	22.98	22.98	27 January 2015
				Basement (including car parks)	620.02	620.02	
113 Hefei Orchid Land (蘭郡花園)	Hefei	12,685.00	55.00%	Residential	5,070.59	2,061.44	31 May 2016
				Commercial	6,645.53	7,327.05	
114 Hailiang Rubellite (紅璽台公館)	Hefei	12,119.00	55.00%	Residential	8,024.95	5,827.99	3 March 2017
				Commercial	3,211.00	2,293.70	
				Ancillary	2,855.00	–	
				Basement (including car parks)	19,799.05	19,799.05	
115 Tangning Mansion (唐寧府)	Hefei	25,959.43	19.57%	Residential	49,690.99	49,690.99	1 December 2018
				Commercial	5,589.00	5,589.00	
				Ancillary	4,563.95	–	
				Basement (including car parks)	14,443.00	14,443.00	
116 Hailiang Sunny Riverside (陽光水岸)	Xuancheng	2,299.00	55.00%	Commercial	4,077.58	–	1 May 2014
				Basement (including car parks)	292	–	

Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of property product	Estimated aggregate GFA (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time
117 Hailiang Heavenly Mansion (海亮天御)	Xuancheng	71,320.00	55.00%	Residential	120,606.60	55,798.48	1 December 2019
				Commercial	905.59	905.59	
				Ancillary	1,824.81	–	
118 Hailiang British Polis (英倫城邦)	Guangde	298,955.00	55.00%	Residential	25,542.66	337.21	1 June 2018
				Commercial	27,506	–	
119 Hailiang time ONE (海亮時代ONE)	Zhengzhou	50,053.14	55.00%	Commercial	208,817.20	78,743.41	30 November 2020
				Basement (including car parks)	95,867.80		
120 Hai Liang Xin Ying Li (海亮•新英里)	Xi'an	103,317.34	55.00%	Residential	125,239.71	–	30 November 2020
				Commercial	98,287.89	97,287.89	
				Ancillary	1,965.56	–	
				Basement (including car parks)	67,574.84	29,915.01	
121 Hai Liang De Wen Jun (海亮•德文郡)	Xi'an	69,763.41	42.35%	Residential	196,915.88	68,734.51	30 May 2021
				Commercial	3,000.00	1,500.00	
				Ancillary	1,964.00	–	
				Basement (including car parks)	23,464.12	10,123.25	
122 Hai Liang Tang Ning Fu (海亮•唐寧府)	Xi'an	70,065.04	26.40%	Residential	186,928.16	147,415.00	30 September 2020
				Commercial	5,694.54	11,909.00	
				Ancillary	3,560.00	–	
				Basement (including car parks)	71,617.26	20,316.00	
123 Hai Liang Xi Yue (海亮熙悦)	Xi'an	63,448.10	7.00%	Residential	219,530.00	219,530.00	30 November 2020
				Commercial	22,455.00	22,455.00	
				Ancillary	9,523.00	–	
				Basement (including car parks)	58,863.00	58,863.00	
124 Lanzhou Binhe Yi Hao (濱河一號)	Lanzhou	78,533.00	52.25%	Residential	22,916.04	–	30 May 2016
				Commercial	7,259.73	–	
				Basement (including car parks)	23,309.23	–	
125 Lanzhou Hailiang Heyuan (海亮和園)	Lanzhou	28,040.20	52.25%	Residential	8,791.42	–	30 May 2016
				Commercial	801.80	541.05	
				Basement (including car parks)	8,277.78	5,455.83	
126 Lanzhou Xi'an Hua Fu (熙岸華府)	Lanzhou	65,784.80	52.25%	Residential	230,108.75	28,400.62	30 October 2018
				Commercial	7,296.68	615.82	
				Basement (including car parks)	27,296.09	12,679.92	

Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of property product	Estimated aggregate GFA (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time
127 Hailiang Da Du Hui (海亮大都匯)	Xi'ning	193,613.90	55.00%	Residential	347,231.43	61,065.14	31 October 2019
				Commercial	37,318.58	26,550.02	
				Basement (including car parks)	48,455.93	35,984.45	
128 Hailiang International Community (海亮國際社區)	Yinchuang	797,960.04	55.00%	Residential	17,834.58	7,998.73	31 December 2012
				Commercial	16,309.90	498.09	
				Basement (including car parks)	103,919.52	17,264.99	
129 Binhe No.1 Project (濱河壹號)	Yinchuang	157,815.00	55.00%	Residential	211,053.69	68,331.49	31 July 2018
				Commercial	10,840.58	6,561.64	
				Basement (including car parks)	34,924.34	15,334.34	
130 Haimao No.1 Project (海茂壹號院)	Yinchuang	176,146.41	26.95%	Residential	294,054.23	17,663.00	31 December 2018
				Commercial	23,788.52	15,557.12	
				Ancillary	5,422.00	–	
				Basement (including car parks)	85,480.33	39,338.00	
131 Shiyuefu Project (世悦府)	Yinchuang	136,828.38	26.95%	Residential	309,195.00	196,255.76	30 September 2019
				Commercial	8,826.00	–	
				Ancillary	11,631.00	–	
				Basement (including car parks)	54,462.00	13,508.30	
132 Hailiang Skyscrapers (海亮天城)	Ganzhou	148,919.07	55.00%	Residential	227,160.04	31,271.00	31 March 2019
				Commercial	12,330.00	13,674.00	
				Ancillary	5,850.00	–	
				Basement (including car parks)	84,342.96	57,928.00	
133 Yijing Garden (頤景花園)	Huaiyuan	2,015.70	55.00%	Residential	4,479.84	4,479.84	30 April 2019
				Commercial	1,341.16	1,323.44	
Total:		**12,378,198.61**			**32,224,175.00**	**14,879,219.75**	
Attributable total:		**6,980,291.43**			**18,405,077.73**	**8,062,770.84**	

Note:

(1) The Group cooperated or agreed to cooperate with local governments in constructing resettlement housing units adjacent to certain projects of the Group. The construction of such resettlement housing was typically included by the relevant local governments as part of the package for the acquisition of the related parcels of land for commercial development. Under such arrangement, the Group pays the relevant land premium and receive the land use rights certificates registered to the Group's name with respect to the land parcels underlying the resettlement properties during the construction phase, but are obligated to deliver the properties upon completion back to the local government. For further details of the construction of resettlement housing, please refer to the section headed "Business — Construction of Resettlement Housing" on pages 231 to 236 in the prospectus of the Company dated 31 December 2015 (the "**Prospectus**").

Management Discussion and Analysis

SUMMARY OF OPERATING RESULTS

	For the year ended 31 December 2017	2016	Change in percentage
Contracted sales			
Contracted sales amount *(RMB'000)*	50,234,839	24,639,328	103.88%
Contracted gross floor area *(sq.m.)*	2,386,900	1,403,859	70.02%
Average unit price of contracted sales *(RMB/sq.m.)*	21,046	17,551	19.91%
Property delivered			
Revenue from delivery of properties *(RMB'000)*	29,588,530	11,113,869	166.73%
Delivered gross floor area *(sq.m.)*	2,462,983	772,633	218.78%
Recognised average selling price of properties delivered *(RMB/sq.m.)*	12,013	14,384	(16.48)%
Revenue *(RMB'000)*	30,341,404	11,371,663	166.82%
Cost of Sales *(RMB'000)*	(25,316,550)	(9,069,848)	179.13%
Gross profit *(RMB'000)*	5,024,854	2,301,815	118.30%
Other income and other gain — net *(RMB'000)*	45,521	11,666	290.20%
Profit before income tax *(RMB'000)*	4,989,739	2,569,768	94.17%
Profit for the period *(RMB'000)*	2,646,248	1,702,868	55.40%
— attributable to owners of the Company *(RMB'000)*	1,679,521	1,292,339	29.96%
— attributable to non-controlling interests *(RMB'000)*	734,442	308,510	138.06%
— attributable to holders of Perpetual Capital Instruments *(RMB'000)*	232,285	102,019	127.69%
Gross profit margin[(1)]	16.56%	20.24%	(3.68)%
Net profit margin[(2)]	8.72%	14.97%	(6.25)%
Interest coverage ratio[(3)]	2.32 times	2.22 times	4.5%

	As at 31 December 2017	2016	Change in percentage
Total assets *(RMB'000)*	170,196,275	98,906,916	72.08%
Total liabilities *(RMB'000)*	139,435,222	75,817,594	83.91%
Total equity *(RMB'000)*	30,761,053	23,089,322	33.23%
Capital and reserve attributable to owners of the Company *(RMB'000)*	10,224,277	7,470,518	36.86%
Current ratio[(4)]	1.69 times	2.10 times	(19.52)%
Gearing ratio[(5)]	159%	98%	61%

Notes:

(1) The calculation of gross profit margin is based on gross profit divided by revenue and multiplied by 100%.

(2) The calculation of net profit margin is based on net profit divided by revenue and multiplied by 100%.

(3) The calculation of interest coverage ratio is based on (i) profit before income tax plus interest of bank and other borrowings less finance income and divided by (ii) interest of bank and other borrowings less finance income.

(4) The calculation of current ratio is based on current assets divided by current liabilities.

(5) The calculation of gearing ratio is based on total borrowings less restricted cash, cash and cash equivalents and term deposits divided by total equity.

PROPERTY DEVELOPMENT

Contracted Sales

For the year ended 31 December 2017, the Group achieved contracted sales of RMB50,234.84 million, representing a growth of approximately 103.88% compared with RMB24,639.33 million for the year ended 31 December 2016. This increase was mainly attributable to the increase in the total gross floor area ("**GFA**") of the Group's contracted sales by approximately 70.02% from 1,403,859 sq.m. for the year ended 31 December 2016 to 2,386,900 sq.m. for the year ended 31 December 2017.

The amount of the Group's contracted sales in Hangzhou, Fuzhou, Shanghai, Fuyang, Xiamen, Zhangzhou, Xi'an, Zhengzhou and Suzhou accounted for (i) approximately 33.19%, 23.03%, 10.79%, 6.90%, 4.37%, 3.27%, 2.92%, 2.50%, and 2.21% of the Group's total contracted sales amount for the year ended 31 December 2017, respectively, and (ii) approximately 15.95%, 22.92%, 5.52%, 18.34%, 3.14%, 4.57%, 4.41%, 2.86% and 1.16% of the Group's total GFA of contracted sales for the year ended 31 December 2017, respectively. The following table sets forth details of the contracted sales of the Group for the year ended 31 December 2017:

	Amount (RMB million)	Percentage (%)	GFA (sq.m.)	Percentage (%)	Average selling price (RMB/sq.m.)
Hangzhou	16,671	33.19	380,744	15.95	43,785
Fuzhou	11,568	23.03	546,992	22.92	21,149
Shanghai	5,419	10.79	131,858	5.52	41,098
Fuyang	3,466	6.90	437,831	18.34	7,916
Xiamen	2,195	4.37	74,975	3.14	29,280
Zhangzhou	1,645	3.27	109,196	4.57	15,060
Xi'an	1,467	2.92	105,228	4.41	13,939
Zhengzhou	1,254	2.50	68,206	2.86	18,392
Suzhou	1,111	2.21	27,800	1.16	39,960
Others	5,439	10.82	504,070	21.13	10,790
Total	**50,235**	**100.00**	**2,386,900**	**100.00**	**21,046**

Projects completed

For the year ended 31 December 2017, the Group and its joint ventures and associates had completed a total of 22 projects or phases of projects, with total GFA of 2,810,417 sq.m. (1,778,526 sq.m., after taking into account the interests of the owners of the Company in the relevant projects).

Projects under construction

As at 31 December 2017, the Group and its associates and joint ventures had a total of 73 projects or phases of projects under construction, with total planned GFA of 14,767,488 sq.m. (8,152,223 sq.m., after taking into account the interests of the owners of the Company in the relevant projects).

Land reserve

During the year ended 31 December 2017, there were a total of 78 newly acquired land parcels with a total GFA of 14,815,319 sq.m. (7,458,140 sq.m., after taking into account the interests of the owners of the Company in the relevant projects). The average cost of land parcels acquired was approximately RMB4,814 per sq.m. (calculated at the plot ratio-based GFA).

The following table sets forth details of the Group's newly acquired land parcels during the year ended 31 December 2017:

City	Project name	Date of acquisition	Site area (sq.m.)	Total GFA (sq.m.)	Total GFA of the owners of the Company interested (sq.m.)	Land cost (RMB million)	Total land cost attributable to the owners of the Company (RMB million)	Average land cost (RMB/sq.m.)
Hangzhou	Hangzhou Yuhang Lot (餘杭 2016(48) 號地塊)	19-Jan-17	24,560	61,640	61,640	657	657	16,721
Longyan	Zijin Mountain Sports Park Lot (紫金山體育公園地塊)	23-Feb-17	53,131	164,000	83,640	418	213	3,147
Zhangzhou	Zhangzhou 2017P01 Lot (漳州2017P01地塊)	10-Mar-17	52,439	193,100	193,100	1,600	1,600	10,897
Nanjing	Nanjing Jiangning Lot (江寧2017G02地塊)	31-Mar-17	82,628	197,670	95,835	1,910	955	12,842
Chengdu	Chengdu Jinniu Lot (金牛三號宗地)	6-Apr-17	11,100	61,400	61,400	751	751	16,915
Tianjin	Tianjin Jinghai Lot (靜海2013-92號地塊)	19-Apr-17	106,000	179,200	179,200	1,049	1,049	8,238
Tianjin	Tianjin Jinnan Lot (津南2016-06號地塊)	19-Apr-17	68,970	130,100	130,100	1,073	1,073	12,959
Fuzhou	Fuzhou Guihu 2017-07 Lot (桂湖壟頭2017-07地塊)	27-Apr-17	58,563	173,800	86,900	770	385	5,978
Fuzhou	Fuzhou Guihu 2017-08 Lot (桂湖壟頭2017-08地塊)	27-Apr-17	22,885	37,100	18,550	185	93	6,727
Fuzhou	Fuzhou Guihu 2017-09 Lot (桂湖壟頭2017-09地塊)	27-Apr-17	24,227	68,400	34,200	319	160	6,267
Putian	Putian Xibai Lot (溪白村2017-04地塊)	28-Apr-17	37,289	125,100	125,100	935	935	10,032
Guangzhou	Guangzhou Zengcheng Lot (廣州增城地塊)	4-May-17	28,001	113,900	56,950	1,176	588	14,999
Xiamen	Xiamen Tongan Lot (同安2017P01地塊)	18-May-17	11,386	37,400	37,400	788	788	31,520
Chongqing	Chongqing Banan Lot (重慶巴南地塊)	18-May-17	117,541	330,300	165,150	1,455	728	6,189
Jinhua	Jinhua 2017-07 Lot (金華2017-07地塊一)	19-May-17	64,605	173,200	86,600	1,622	811	12,550
Hangzhou	Hangzhou Jingjiang Lot (靖江花神廟地塊)	27-May-17	48,543	126,900	126,900	495	495	5,101
Shaoxing	Shaoxing Shengzhou Lot (紹興嵊州地塊)	31-May-17	248,819	753,084	753,084	1,549	1,549	2,577
Hangzhou	Hangzhou Xiaoshan Lot (蕭山2017-1號地塊)	24-Mar-17	47,326	171,500	87,465	3,646	1,859	30,816

City	Project name	Date of acquisition	Site area (sq.m.)	Total GFA (sq.m.)	Total GFA of the owners of the Company interested (sq.m.)	Land cost (RMB million)	Total land cost attributable to the owners of the Company (RMB million)	Average land cost (RMB/sq.m.)
Quzhou	Quzhou 2017(4) Lot (衢州(2017)4號地塊)	18-Apr-17	85,300	209,600	94,320	1,695	763	10,457
Ningbo	Ningbo Fenghua Lot (寧波奉化地塊)	26-Apr-17	45,993	140,005	31,501	807	206	8,773
Zhengzhou	Zhengzhou Zhongmou Lot (鄭州中牟縣地塊)	31-May-17	64,876	252,600	252,600	309	309	1,507
Hangzhou	Hangzhou 2016-35 Lot (杭政儲出(2016)35號)	26-Dec-16	40,685	83,869	13,419	1,174	188	26,106
Hangzhou	Hangzhou 2016-44 Lot (杭政儲出(2016)44號)	19-Jan-17	42,357	96,140	6,730	1,271	89	27,279
Nanjing	Nanjing 2017G31 Lot (NO.2017G31地塊)	7-Jul-17	108,522	643,841	46,872	4,910	357	12,130
Nanjing	Nanjing 2017G36 Lot (NO.2017G36地塊)	12-Jul-17	54,173	236,531	118,265	1,700	850	9,464
Jinhua	Jinhua 2017-10 Lot (金市土讓告字[2017]10號)	4-Aug-17	43,597	87,601	42,925	554	271	8,467
Hangzhou	Hangzhou 2017-44 Lot (杭政儲出(2017)44號)	14-Aug-17	53,417	216,737	145,214	6,064	4,063	40,542
Hangzhou	Hangzhou 2017-42 Lot (杭政儲出(2017)42號)	14-Aug-17	39,950	157,842	39,460	2,566	642	24,704
Hangzhou	Hangzhou 2017-14 Lot (蕭政儲出(2017)14號)	16-Aug-17	63,742	194,618	49,822	2,325	595	16,580
Fuzhou	Fuzhou 2017-06 Lot (馬宗地2017-06號地塊)	1-Sep-17	113,570	216,400	24,518	1,167	132	7,340
Hangzhou	Hangzhou 2017-20 Lot (蕭政儲出(2017)20號)	14-Sep-17	106,872	421,517	106,644	6,377	1,613	22,950
Zhengzhou	Xingyang Yijiangnan Lot-1 (滎陽市憶江南地塊-1)	14-Sep-17	236,877	607,515	309,832	253	129	470
Fuzhou	Fuzhou 2017-23 Lot (宗地2017-23地塊)	13-Oct-17	25,668	85,600	85,600	1,410	1,410	21,973
Zhoushan	Zhoushan 2017-007 Lot (2017-007地塊)	6-Nov-17	77,162	202,097	68,713	901	306	4,324
Hangzhou	Hangzhou 2017-43 Lot (餘政儲出(2017)43號)	18-Dec-17	104,698	290,176	73,995	3,351	855	16,005
Fuzhou	Fuzhou 2016-1 Lot (2016拍-1號)	7-Jul-17	46,574	115,983	39,434	246	84	2,137
Suzhou	Suzhou Tang Ning Fu (唐寧府)	27-Jul-17	106,403	279,224	145,894	3,063	1,600	15,993
Suzhou	Suzhou Changqiao Yayuan (長橋雅苑)	27-Jul-17	58,718	187,443	103,093	343.7	189.0	2,634
Nantong	Nantong Yue Rong Shu (悦榕墅)	27-Jul-17	1,598	3,867	2,127	13.4	7.4	4,665
Fuyang	Hai Liang Hua Fu (海亮•華府)	27-Jul-17	748	2,789	1,534	5.8	3.2	2,222
Fuyang	Hai Liang Yu Fu (海亮•御府)	27-Jul-17	3,533	14,495	7,972	7.2	3.9	1,018
Fuyang	Hai Liang Yue Fu (海亮•悦府)	27-Jul-17	107,012	295,576	162,567	264.9	145.7	990
Fuyang	The Riverside Mansion (海亮•江灣城)	27-Jul-17	114,098	388,881	213,884	532.3	292.7	1,662

City	Project name	Date of acquisition	Site area (sq.m.)	Total GFA (sq.m.)	Total GFA of the owners of the Company interested (sq.m.)	Land cost (RMB million)	Total land cost attributable to the owners of the Company (RMB million)	Average land cost (RMB/sq.m.)
Fuyang	Hai Liang Long Yuan (海亮•瓏園)	27-Jul-17	51,596	181,020	99,561	311.1	171.1	2,321
Fuyang	Hai Liang Xing Cheng (海亮•星城)	27-Jul-17	56,381	148,434	54,698	237.6	87.6	1,934
Fuyang	Hai Liang Xingfu Li (海亮•幸福里)	27-Jul-17	154,493	402,143	154,825	512.1	197.2	1,658
Fuyang	Xingfu Li East County (幸福里東郡)	27-Jul-17	68,245	199,526	109,740	350.8	192.9	2,235
Fuyang	Xingfu Li North County (幸福里北郡)	27-Jul-17	37,396	110,189	60,604	188.1	103.5	2,190
Bengbu	Bengbu Hai Liang Ming Zhu (蚌埠海亮明珠)	27-Jul-17	74,173	231,286	127,207	217.7	119.7	1,010
Bengbu	Bengbu Hai Liang Xi Yuan (蚌埠海亮熙園)	27-Jul-17	2,047	8,903.62	4,897	12	7	1,691
Bengbu	Bengbu Hai Liang Tian Yu (蚌埠海亮天御)	27-Jul-17	91,411	316,515	174,083	427.2	235.0	1,680
Lu'an	Hailiang Official Mansion (六安海亮官邸)	27-Jul-17	61,621	173,525	95,439	298.2	164.0	2,033
Hefei	Hefei Hailiang Palais Jardin (九璽花園)	27-Jul-17	13,990	45,502	25,026	88.6	48.7	2,300
Hefei	Hefei Hailiang Rubellite (熙園花園)	27-Jul-17	256	643	354	0.4	0.2	775
Hefei	Hefei Orchid Land (蘭郡花園)	27-Jul-17	12,685	13,878	7,633	7.7	4.2	620
Hefei	Hailiang Rubellite (紅璽台公館)	27-Jul-17	12,119	33,890	18,639	120.8	66.5	4,827
Hefei	Tangning Mansion (唐寧府)	27-Jul-17	25,972	74,322	14,548	942.8	184.5	18,156
Xuancheng	Hailiang Sunny Riverside (陽光水岸)	27-Jul-17	2,299	4,370	2,403	2.6	1.4	623
Xuancheng	Hailiang Heavenly Mansion (海亮天御)	27-Jul-17	71,320	123,337	67,835	117.2	64.5	1,094
Guangde	Hailiang British Polis (英倫城邦)	27-Jul-17	40,915	53,049	29,177	49.4	27.2	1,018
Zhengzhou	Hailiang time ONE (海亮時代 ONE)	27-Jul-17	50,077	304,685	167,577	691.1	380.1	3,284
Xi'an	Hai Liang Xin Ying Li (海亮•新英里)	27-Jul-17	64,945	293,068	161,188	735.2	404.4	3,136
Xi'an	Hai Liang De Wen Jun (海亮•德文郡)	27-Jul-17	56,170	225,344	95,433	461.6	195.5	2,546
Xi'an	Hai Liang Tang Ning Fu (海亮•唐寧府)	27-Jul-17	60,673	231,901	61,222	332.9	87.9	1,960
Xi'an	Hai Liang Xi Yue (海亮熙悦)	27-Jul-17	51,387	251,372	17,697	90.7	6.4	446
Lanzhou	Lanzhou Binhe Yi Hao (濱河一號)	27-Jul-17	11,742	53,485	27,946	65.8	34.4	1,546
Lanzhou	Lanzhou Hailiang Heyuan (海亮和園)	27-Jul-17	5,423	17,871	9,337	15.5	8.1	957
Lanzhou	Lanzhou Xi'an Hua Fu (熙岸華府)	27-Jul-17	64,036	257,663	134,629	294.7	154.0	1,293

City	Project name	Date of acquisition	Site area (sq.m.)	Total GFA (sq.m.)	Total GFA of the owners of the Company interested (sq.m.)	Land cost (RMB million)	Total land cost attributable to the owners of the Company (RMB million)	Average land cost (RMB/sq.m.)
Xi'ning	Hailiang Da Du Hui (海亮大都匯)	27-Jul-17	119,283	430,271	236,649	428.8	235.8	1,198
Yinchuan	Hailiang International Community (海亮國際社區)	27-Jul-17	94,716	138,064	75,935	57.0	31.3	403
Yinchuan	Binhe No.1 Project (濱河壹號)	27-Jul-17	214,769	349,502	192,226	161.1	88.6	530
Yinchuan	Haimao No.1 Project (海茂壹號院)	27-Jul-17	171,712	398,455	107,384	407.7	109.9	1,319
Yinchuan	Shiyuefu Project (世悦府)	27-Jul-17	98,035	275,210	74,169	250.3	67.4	1,281
Ganzhou	Hailiang Skyscrapers (海亮天城)	27-Jul-17	106,729	329,683	181,326	885.1	486.8	3,602
Huaiyuan	Yijing Garden (頤景花園)	27-Jul-17	330	5,821	3,201	0.6	0.3	102
Tongling	Tongling Lanshan Fu (銅陵瀾山府)	31-May-17	60,475	141,075	62,849	82	37	714
Ganzhou	Ganzhou Rongxitai (贛州榕璽台)	4-Aug-17	39,013	114,884	34,121	342	102	3,511
Lu'an	Luan 2017-14 Lot (六出 2017-14 號地塊)	6-Sep-17	144,532	347,695	191,232	631	347	1,984
Total			5,045,121	14,815,319	7,458,140	71,523.8	34,242.2	4,814

As at 31 December 2017, the total GFA of the Group's land reserve was approximately 23.1 million sq.m. among which, approximately 1.4 million sq.m. were completed properties held for sale, approximately 14.8 million sq.m. were under construction, and approximately 6.9 million sq.m. were held for future development.

As at 31 December 2017, the cost per sq.m. of the Group's land reserve was RMB6,568, of which, approximately 60.20% was located in the prime area in the first and second-tier cities in the PRC. The Directors believe that the relatively high-quality land reserve provides the Group with effective support for its future profitability.

The following table sets forth details of the land reserve attributable to the owners of the Company as at 31 December 2017:

Region	Name of projects	Total land value (RMB'0,000)	Total GFA of reserve (10,000 sq.m.)	Average cost per sq.m. (RMB/sq.m.)
Hangzhou	Gentle Mansion (君悅府)	20,190	5.04	5,863
	Lan Sky (融信 • 瀾天)	91,200	24.46	5,739
	Yangxing Capital (融信 • 永興首府)	36,154	4.09	13,076
	Xiaoshan Residence (融信 • 蕭山公館)	127,517	9.89	18,559
	Seattle (西雅圖)	129,750	12.03	14,905
	Jingkai Project (經開地塊)	43,580	4.24	16,002
	Yinhe Primary School Project (銀河小學地塊)	92,412	9.68	13,822
	Hangzhou Wocheng Project (杭州臥城地塊)	24,820	7.05	5,113
	Hangzhou Mansion (融信 • 杭州公館)	60,967	4.13	25,717
	Qianjiang Century City Project (錢江世紀城地塊)	228,480	17.11	19,230
	Qinglong Project (慶隆地塊)	120,411	5.97	31,404
	Hangzhou Yuhang Lot (餘杭2016(48)號地塊)	65,706	6.16	16,721
	Hangzhou Jingjiang Lot (靖江花神廟地塊)	49,521	12.69	5,101
	Hangzhou Xiaoshan Lot (蕭山2017-1號地塊)	185,946	8.75	30,816
	Hangzhou 2016-35 Lot (杭政儲出(2016)35號)	18,776	1.34	26,106
	Hangzhou 2016-44 Lot (杭政儲出(2016)44號)	8,897	0.67	27,279
	Hangzhou 2017-44 Lot (杭政儲出(2017)44號)	406,269	14.52	40,542
	Hangzhou 2017-42 Lot (杭政儲出(2017)42號)	64,150	3.95	24,704
	Hangzhou 2017-14 Lot (蕭政儲出(2017)14號)	59,520	4.98	16,580
	Hangzhou 2017-20 Lot (蕭政儲出(2017)20號)	161,340	10.66	22,950
	Hangzhou 2017-43 Lot (餘政儲出(2017)43號)	85,460	7.40	16,005
Fuzhou	The Twin Harbour City (融信 • 雙杭城)	447,233	80.04	6,065
	The Long Island (融信 • 長島)	130,000	44.82	2,437
	The Bund (平潭外灘)	9,002	7.92	1,430
	Hot Spring City (福州溫泉城項目)	71,345	55.66	1,610(1)
	Lan County (融信 • 瀾郡)	25,038	4.14	8,374
	The Coast (融信 • 後海)	34,155	6.13	7,406
	Show Kingdom (世歐王莊)	53,262	16.37	4,787
	Huayun Mansion (華雲山莊)	14,689	6.59	3,300
	Fuzhou Guihu 2017-07 Lot (桂湖壟頭2017-07地塊)	38,500	8.69	5,978
	Fuzhou Guihu 2017-08 Lot (桂湖壟頭2017-08地塊)	9,250	1.86	6,727
	Fuzhou Guihu 2017-09 Lot (桂湖壟頭2017-09地塊)	15,950	3.42	6,267

Region	Name of projects	Total land value (RMB'0,000)	Total GFA of reserve (10,000 sq.m.)	Average cost per sq.m. (RMB/sq.m.)
	Fuzhou 2017-06 Lot (馬宗地 2017-06 號地塊)	13,223	2.45	7,340
	Fuzhou 2017-23 Lot (宗地2017-23地塊)	141,000	8.56	21,973
	Fuzhou 2016-1 Lot (2016拍-1號)	8,364	3.94	2,137
Shanghai	Shanghai Xujing Project (徐涇鎮會展中心)	194,602	34.09	8,539
	French Legend (融信 • 法蘭西世家)	7,718	1.09	10,803
	Shanghai Huacao Lot II (Kairi) (閔行區華漕鎮 MHPO-1402單元35-01地塊 (愷日))	10,110	2.41	6,018[1]
	Shanghai Huacao Lot III (Kaichong) (閔行區華漕鎮 MHPO-1402單元36-01地塊 (愷崇))	4,193	0.94	6,098[1]
	Shanghai Huacao Lot IV (Kaichang) (閔行區華漕鎮 MHPO-1402單元42-01地塊 (愷暢))	7,729	1.75	6,101[1]
	Imperial Villa (融信 • 鉑灣)	12,996	1.86	11,396
	Shanghai Huacao Lot I (閔行區華漕鎮MHPO-1402 單元41-02地塊)	7,685	2.23	6,165[1]
	Platinum (融信 • 鉑爵)	49,980	5.26	15,409
	Xinjiangwan City (新江灣城)	157,750	5.12	52,840
	Shanghai Qingpu Lot (青浦36-01地塊)	59,780	4.94	21,610
	Shanghai Jingan Zhangxin Lot (靜安中興地塊)	550,500	7.49	100,091
Fuyang	Hai Liang Yue Fu (海亮 • 悦府)	9,399	10.49	990[1]
	The Riverside Mansion (海亮 • 江灣城)	14,455	10.56	1,662[1]
	Hai Liang Long Yuan (海亮 • 瓏園)	17,110	9.95	2,321[1]
	Hai Liang Xing Cheng (海亮 • 星城)	8,004	5.00	1,934[1]
	Hai Liang Xingfu Li (海亮 • 幸福里)	19,704	15.47	1,658[1]
	Xingfu Li East County (幸福里東郡)	24,513	13.94	2,235[1]
	Xingfu Li North County (幸福里北郡)	13,249	7.76	2,190[1]
Zhangzhou	Future City (融信 • 未來城)	7,163	3.83	2,573
	Imperial Land (一品江山)	22,212	13.51	2,206
	Zhangzhou Wanke City (漳州萬科城)	30,080	20.80	1,773
	College City (學院名築)	57,800	18.10	4,059
	Zhangzhou Harbor B8 Lot (漳州港B8)	51,800	14.36	4,868
	Zhangzhou 2017P01 Lot (漳州2017P01地塊)	160,000	19.31	10,897
Suzhou	Kunshan Project (昆山(2016)2-4地塊)	135,150	14.02	13,573
	Suzhou Tang Ning Fu (唐寧府)	190,675	14.58	15,993[1]
	Suzhou Changqiao Yayuan (長橋雅苑)	22,025	12.01	2,634[1]

Region	Name of projects	Total land value (RMB'0,000)	Total GFA of reserve (10,000 sq.m.)	Average cost per sq.m. (RMB/sq.m.)
Hefei	Hefei Hailiang Palais Jardin (九璽花園)	12,428	6.38	2,300[1]
	Hefei Orchid Land (蘭郡花園)	1,044	1.89	620[1]
	Hailiang Rubellite (紅璽台公館)	9,666	2.71	4,827[1]
	Tangning Mansion (唐寧府)	18,445	1.45	18,156[1]
Xi'an	Hai Liang Xin Ying Li (海亮 • 新英里)	30,147	12.02	3,136[1]
	Hai Liang De Wen Jun (海亮 • 德文郡)	24,282	11.85	2,546[1]
	Hai Liang Tang Ning Fu (海亮 • 唐寧府)	10,149	7.07	1,960[1]
	Hai Liang Xi Yue (海亮熙悦)	788	2.19	446[1]
Yinchuang	Binhe No.1 Project (濱河壹號)	6,506	14.13	530[1]
	Haimao No.1 Project (海茂壹號院)	8,266	21.21	1,319[1]
	Shiyuefu Project (世悦府)	9,413	10.35	1,281[1]
Zhengzhou	Zhengzhou Zhongmou Lot (鄭州中牟縣地塊)	30,920	25.26	1,507
	Xingyang Yijiangnan Lot-1 (滎陽市憶江南地塊-1)	12,889	30.98	470
	Hailiang time ONE (海亮時代ONE)	37,992	16.75	3,284[1]
Bengbu	Bengbu Hai Liang Ming Zhu (蚌埠海亮明珠)	12,068	12.82	1,010[1]
	Bengbu Hai Liang Xi Yuan (蚌埠海亮熙園)	675	0.50	1,691[1]
	Bengbu Hai Liang Tian Yu (蚌埠海亮天御)	15,281	11.32	1,680[1]
Lanzhou	Lanzhou Binhe Yi Hao (濱河一號)	4,170	3.39	1,546[1]
	Lanzhou Hailiang Heyuan (海亮和園)	676	0.78	957[1]
	Lanzhou Xi'an Hua Fu (熙岸華府)	11,067	9.68	1,293[1]
Xiamen	Xiamen Bowan (廈門同安鉑灣)	263,400	18.56	23,207
	Ocean City (融信 • 海上城)	10,840	5.20	1,989
	Xiamen Tongan Lot (同安2017P01地塊)	78,800	3.74	31,520
Nanjing	Nanjing Jiangning Lot (江寧2017G02地塊)	95,500	9.88	12,842
	Nanjing 2017G31 Lot (NO.2017G31地塊)	35,745	4.69	12,130
	Nanjing 2017G36 Lot (NO.2017G36地塊)	85,000	11.83	9,464
	Nanjing Xianlin Project (南京仙林2016G58地塊)	226,290	13.03	24,957
	Nanjing Jiulonghu Project (南京九龍湖 NO. 2016G73地塊)	53,700	35.17	2,515
Ganzhou	Ganzhou Rongxitai (贛州榕璽台)	10,170	3.47	3,511
	Hailiang Skyscrapers (海亮天城)	41,812	15.57	3,602[1]
Tianjin	Tianjin Jinghai Lot (靜海2013-92號地塊)	104,865	17.92	8,238
	Tianjin Jinnan Lot (津南2016-06號地塊)	107,250	13.01	12,959

Region	Name of projects	Total land value (RMB'0,000)	Total GFA of reserve (10,000 sq.m.)	Average cost per sq.m. (RMB/sq.m.)
Xuancheng	Hailiang Heavenly Mansion (海亮天御)	6,810	7.17	1,094[(1)]
Jinhua	Jinhua 2017-07 Lot (金華2017-07地塊一)	81,080	8.66	12,550
	Jinhua 2017-10 Lot (金市土讓告字[2017]10號)	27,131	4.29	8,467
Lu'an	Luan 2017-14 Lot (六出2017-14號地塊)	34,705	19.12	1,984
	Hailiang Official Mansion (六安海亮官邸)	12,979	7.55	2,033[(1)]
Chengdu	Chengdu Jinniu Lot (金牛三號宗地)	75,102	6.14	16,915
Chongqing	Chongqing Banan Lot (重慶巴南地塊)	72,750	16.52	6,189
Guangzhou	Guangzhou Zengcheng Lot (廣州增城地塊)	58,800	5.70	14,999
Longyan	Zijin Mountain Sports Park Lot (紫金山體育公園地塊)	21,318	8.36	3,147
Nantong	Nantong Yue Rong Shu (悅榕墅)	3,038	0.88	4,665[(1)]
Ningbo	Ningbo Fenghua Lot (寧波奉化地塊)	20,577	3.57	8,773
Putian	Putian Xibai Lot (溪白村2017-04地塊)	93,500	12.51	10,032
Quzhou	Quzhou 2017(4) Lot (衢州(2017)4號地塊)	76,275	9.43	10,457
Shaoxing	Shaoxing Shengzhou Lot (紹興嵊州地塊)	154,900	75.31	2,577
Tongling	Tongling Lanshan Fu (銅陵瀾山府)	3,653	6.28	714
Xi'ning	Hailiang Da Du Hui (海亮大都匯)	17,203	17.26	1,198[(1)]
Zhoushan	Zhoushan 2017-007 Lot (2017-007地塊)	30,626	6.87	4,324
Total		7,099,142.16	1,266.71	6,568

Note:

(1) This represents the original land costs of these projects only, and did not reflect the fair value increase that had been recognised upon acquisitions or consolidations by the Group during the year ended 31 December 2017.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately 166.82% from RMB11,371.66 million for the year ended 31 December 2016 to RMB30,341.40 million for the year ended 31 December 2017. The Group derived its revenue primarily from (i) the sales of properties in the PRC; (ii) certain construction contracts with local PRC governments with respect to the construction of resettlement housing and (iii) the rental income generated from the lease of investment properties and others.

The following table sets forth the details of the Group's revenue recognised from such sources for the period indicated:

	For the year ended 31 December		Change in percentage
	2017 RMB'000	2016 RMB'000	
Revenue			
Sales of properties	29,588,530	11,113,869	166.23%
Construction contracts[1]	559,570	178,290	213.85%
Rental income and others	193,304	79,504	143.14%
Total	**30,341,404**	**11,371,663**	**166.82%**

Notes:

(1) The Group cooperated or agreed to cooperate with local governments in constructing resettlement housing units adjacent to certain projects of the Group. The construction of such resettlement housing was typically included by the relevant local governments as part of the package for the acquisition of the related parcels of land for commercial development. Under such arrangement, the Group pays the relevant land premium and receive the land use rights certificates registered to the Group's name with respect to the land parcels underlying the resettlement properties during the construction phase, but are obligated to deliver the properties upon completion back to the local government. For further details of the construction of resettlement housing, please refer to the section headed "Business — Construction of Resettlement Housing" on pages 231 to 236 in the prospectus of the Company dated 31 December 2015 (the "**Prospectus**").

The revenue of the Group increased by approximately 166.82% from RMB11,371.66 million for the year ended 31 December 2016 to RMB30,341.40 million for the year ended 31 December 2017. This increase was mainly attributable to:

(i) the increase in the total GFA of properties delivered by the Group by approximately 218.78% from 772,633 sq.m. for the year ended 31 December 2016 to 2,462,982 sq.m. for the year ended 31 December 2017;

(ii) the increase in revenue generated from construction contracts by approximately 213.85% from RMB178.29 million for the year ended 31 December 2016 to RMB559.57 million for the year ended 31 December 2017; and

(iii) the increase in rental income generated from a shopping mall in Fuzhou and an office building in Shanghai from RMB77.22 million for the year ended 31 December 2016 to RMB102.01 million for the year ended 31 December 2017. The others are mainly represent hotel operation. During the year, revenue from hotel operation of the Group was RMB68.82 million,

Revenue generated from the sales of properties amounted to RMB29,588.53 million for the year ended 31 December 2017. The following table sets forth the details of the revenue generated from the sales of properties of the Group by geographical location for the year ended 31 December 2017:

	For the year ended 31 December					
	2017			2016		
	Revenue (RMB million)	GFA delivered by the Group (sq.m.)	Average selling price (RMB/sq.m.)	Revenue (RMB million)	GFA delivered by the Group (sq.m.)	Average selling price (RMB/sq.m.)
Hangzhou	10,380	437,654	23,717	—	—	—
Fuzhou	7,974	678,304	11,756	5,983	475,150	12,591
Shanghai	3,315	165,132	20,076	2,671	114,940	23,236
Zhangzhou	1,556	242,003	6,432	834	107,211	7,779
Fuyang	1,453	252,224	5,761	—	—	—
Others	4,911	687,665	7,140	1,626	75,332	21,593
Total	**29,589**	**2,462,982**	**12,013**	**11,114**	**772,633**	**14,384**

Cost of sales

The Group's cost of sales increased by approximately 179.13% from RMB9,069.85 million for the year ended 31 December 2016 to RMB25,316.55 million for the year ended 31 December 2017. This increase was mainly refers to the costs incurred directly from its property development activities, including cost of construction, land use rights, interest capitalized and tax surcharge.

Gross profit and gross profit margin

Gross profit represents revenue less cost of sales. As a result of the foregoing, the Group's gross profit increased by approximately 118.30% from RMB2,301.82 million for the year ended 31 December 2016 to RMB5,024.85 million for the year ended 31 December 2017.

The Group's gross profit margin decreased from 20.24% for the year ended 31 December 2016 to 16.56% for the year ended 31 December 2017, primarily because the gross profit margin of some properties delivered in the second half year were low or zero as they were acquired from the acquisition disclosed in the section headed "Management Discussion and Analysis — material acquisition and disposal" below and used fair value on the acquisition date as their initial cost in the consolidated financial statement.

Selling and marketing costs

The Group's selling and marketing costs include (i) staff costs for sales personnel; (ii) advertisement expenses; (iii) office and travel expenses related to marketing departments; (iv) property management fees; and (v) others.

The Group's selling and marketing costs increased by approximately 72.91% from RMB473.37 million for the year ended 31 December 2016 to RMB818.51 million for the year ended 31 December 2017, primarily due to increases in the project numbers and the numbers of the sales staff of the Group as a result of increased sales activities.

Administrative expenses

The Group's administrative expenses include (i) staff costs for administrative personnel; (ii) other taxes; (iii) office and travel expenses related to administrative departments; (iv) entertainment expenses; (v) audit fees; (vi) office lease expenses; (vii) depreciation and amortisation; and (viii) others.

The Group's administrative expenses increased by approximately 83.37% from RMB477.91 million for the year ended 31 December 2016 to RMB876.35 million for the year ended 31 December 2017, mainly attributable to (i) increases in the number of administrative staff due to the increase in the number of new projects and project under construction of the Group and (ii) the significant increase in other taxes (mainly including stamp duty, land use tax) by approximately 158.74% from RMB35.31 million for the year ended 31 December 2016 to RMB91.36 million for the year ended 31 December 2017.

Fair value gains on investment properties

The increase in fair value gains on investment properties by approximately 206.93% from RMB361.03 million for the year ended 31 December 2016 to RMB1,108.10 million for the year ended 31 December 2017 was due to the inflation of market value and development of the Group' investment properties under construction.

Other income and other gains — net

The Group's other income and other gains primarily includes (i) gains from certain cash management products; and (ii) deposits forfeited from some of the Group's prospective customers who breached the relevant property purchase agreements. The Group's other income and other gains — net increased from RMB11.67 million for the year ended 31 December 2016 to RMB45.52 million for the year ended 31 December 2017.

Operating profit

The Group's operating profit for the year increased by approximately 124.03% from RMB2,001.30 million for the year ended 31 December 2016 to RMB4,483.61 million for the year ended 31 December 2017.

Finance income — net

Finance income primarily consists of interest income from bank deposits and foreign exchange gains. The Group's net finance income increased from RMB125.36 million for the year ended 31 December 2016 to RMB223.03 million for the year ended 31 December 2017. This increase was primarily due to increases in foreign exchange gains.

Profit before income tax

As a result of the aforementioned changes of the Group's financials, the Group's profit before income tax increased by approximately 94.17% from RMB2,569.77 million for the year ended 31 December 2016 to RMB4,989.74 million for the year ended 31 December 2017.

Income tax expenses

The Group's income tax expense comprise provisions made for CIT (including deferred income tax) and LAT in the PRC.

The Group's income tax expense increased by approximately 170.33% from RMB866.90 million for the year ended 31 December 2016 to RMB2,343.49 million for the year ended 31 December 2017. Specifically, CIT (including deferred income tax) increased by approximately 141.54% from RMB449.38 million for the year ended 31 December 2016 to RMB1,085.43 million for the year ended 31 December 2017, and LAT increased by approximately 201.32% from RMB417.52 million for the year ended 31 December 2016 to RMB1,258.06 million for the year ended 31 December 2017.

Amounts due from related parties

The Group's amounts due from related parties increased by approximately 1,633.64% from RMB229.10 million for the year ended 31 December 2016 to RMB3,971.79 million for the year ended 31 December 2017, which was mainly attributable to prepayment for acquisition of lands and properties for joint ventures.

FINANCING ACTIVITIES

Use of proceeds from initial public offering

On 13 January 2016, the Company issued 337,500,000 shares (the "**Shares**") at an offer price of HK$5.36 per Share on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") by global offering. On 28 January 2016, the Company further issued 2,348,000 Shares pursuant to the partial exercise of the over-allotment option at an offer price of HK$5.36 per Share. Upon completion of the global offering, the Company raised net proceeds of approximately HK$1,780 million.

The Group had utilised all of the net proceeds from initial public offering as at the date of this annual report in the manner consistent with the proposed allocations stated in the Prospectus that (i) approximately 60% of the net proceeds had been applied in the Group's property development projects; (ii) approximately 30% of the net proceeds had been applied in expanding the land reserve of the Group; and (iii) approximately 10% of the net proceeds had been used as the Group's general corporate and working capital purposes.

USE OF PROCEEDS FROM PLACING

Reference was made to the Company's announcement dated 30 October 2017 (the "**Placing Announcement**"). The Group successfully raised a net proceeds of HK$1,199.5 million through the placing (the "**Placing**") of 142,452,500 existing Shares (the "**Placing Shares**") by Dingxin Company Limited ("**Dingxin**"), a controlling shareholder of the Company, to not less than six independent professional, institutional and other individual investors at the placing price of HK$8.52 each on 7 November 2017 for the Company's development purposes and as general working capital of the Group. The Company subsequently allotted and issued 142,452,500 new Shares to Dingxin.

Upon the completion of the Placing, the Company received gross proceeds of HK$1,213.7 million and net proceeds, after deducting all applicable costs and related expenses, of HK$1,199.5 million, representing a net issue price of approximately HK$8.42 per Placing Share.

As at 31 December 2017, the Group had utilised all the net proceeds from the Placing for the Company's development purposes and as general working capital of the Group, which are consistent with the purposes disclosed in the Placing Announcement.

Issuance of 2018 Senior Notes

On 1 February 2018, the Company issued senior notes in the aggregated principal amount of US$325,000,000 due in 2021 (the "**Original 2018 Senior Notes**") on Singapore Exchange Securities Trading Limited, with an interest rate of 8.25% per annum payable semi-annually in arrears on 1 February and 1 August of each year, commencing on 1 August 2018. Subsequently on 27 February 2018, the Company issued additional notes in the aggregate principal amount of US$100,000,000 (to be consolidated and form a single series with the Original 2018 Senior Notes) (the "**Consolidated 2018 Senior Notes**"). The maturity date of the Consolidated 2018 Senior Notes is 1 February 2021. At any time and from time to time before the maturity date, the Company may at its option redeem the Consolidated 2018 Senior Notes, at a pre-determined redemption price.

As at the date of this annual report, the Group had utilised all the net proceeds from the issuance of the Consolidated 2018 Senior Notes in the manner consistent with the proposed allocations stated in the offering memorandum.

For more details, please refer to the announcements of the Company dated 25 January 2018, 26 January 2018, 2 February 2018, 12 February 2018, 13 February 2018 and 1 March 2018, and the relevant offering memorandums.

Issuance of 2017 Senior Notes

On 8 December 2016, the Company issued senior notes in the aggregated principal amount of US$175,000,000 due in 2019 (the "**Original 2017 Senior Notes**") on Singapore Exchange Securities Trading Limited, with an interest rate of 6.95% per annum payable semi-annually in arrears. Subsequently on 14 February 2017, the Company issued additional notes in the aggregate principal amount of US$225,000,000 (to be consolidated and form a single series with the Original 2017 Senior Notes) (the "**Consolidated 2017 Senior Notes**"). The maturity date of the Consolidated 2017 Senior Notes is 8 December 2019. At any time and from time to time before the maturity date, the Company may at its option redeem the Consolidated 2017 Senior Notes, at a pre-determined redemption price.

As at the date of this annual report, the Group had fully utilised the net proceeds from the issuance of the Consolidated 2017 Senior Notes in a manner consistent with the proposed allocations in the offering memorandum, of which US$50,000,000, US$100,000,000 and US$75,000,000 were applied on the projects of Lan Sky (融信•瀾天), Xiaoshan Residence (融信•蕭山公館) and Platinum (融信•鉑爵), respectively, for their construction and development. For more details, please refer to the announcements of the Company dated 28 November 2016, 2 December 2016, 12 December 2016, 14 February 2017, 15 February 2017 and 22 February 2017, and the relevant offering memorandums.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2017, the Group's net current assets amounted to RMB61,564.76 million (2016: RMB46,760.94 million). Specifically, the Group's total current assets increased by approximately 68.15% from RMB89,415.26 million as at 31 December 2016 to RMB150,348.59 million as at 31 December 2017. The Group's total current liabilities increased by approximately 108.15% from RMB42,654.32 million as at 31 December 2016 to RMB88,783.83 million as at 31 December 2017. The increase in the Group's total current assets was primarily attributable to (i) the increase in completed properties held for sale by approximately 25.15% from RMB7,572.77 million as at 31 December 2016 to RMB9,477.13 million as at 31 December 2017; (ii) the increase in properties under development by approximately 187.53% from RMB31,614.72 million as at 31 December 2016 to RMB90,900.27 million as at 31 December 2017; and (iii) the increase in total cash and cash equivalents and restricted cash by 64.13% from RMB12,432.59 million as at 31 December 2016 to RMB20,406.15 million as at 31 December 2017.

As at 31 December 2017, the Group had bank deposits (including term deposits, restricted cash, and cash and cash equivalents) of RMB20,517.15 million (2016: RMB16,749.76 million), total borrowings of RMB69,453.61 million (2016: RMB39,417.26 million) and a weighted average effective interest rate for outstanding borrowings of approximately 6.9% (including bank borrowings, trust and other borrowings, the Domestic Corporate Bonds, the Additional Senior Note and the Asset-backed Securities) (2016: approximately 6.8%).

As at 31 December 2017, the aggregated issued amount of the Domestic Corporate Bonds was RMB10,949.66 million, representing approximately 15.77% of the total borrowings of the Group.

PLEDGE OF ASSETS

As at 31 December 2017, the Group's bank and other borrowings were secured by the Group's assets of RMB68,691.9 million (2016: RMB30,101.6 million), which include (i) completed properties held for sale; (ii) properties under development; (iii) property, plant and equipment; (iv) land use rights; (v) restricted cash and (vi) investment property. Certain other borrowings were also secured by the equity interests of certain subsidiaries.

PROVISION OF A GUARANTEE IN FAVOUR OF A BANK FOR NANJING KAIJINGSHENG

On 14 August 2017, Rongxin Group, as guarantor, entered into a guarantee agreement in favour of Bank of Beijing Co., Ltd., Nanjing Branch* (北京銀行股份有限公司南京分行) (the "**Creditor**"), pursuant to which Rongxin Group has agreed to provide guarantee for the due performance of the repayment obligations of Nanjing Kaijingsheng Property Development Co., Ltd.* (南京愷璟晟房地產開發有限公司) (the "**Nanjing Kaijingsheng**"), a company established in the PRC with limited liability which is indirectly owned as to 49% by the Company as at the date of this annual report, to the Creditor under the loan agreement entered into between Nanjing Kaijingsheng and the Creditor on the same date in relation to the grant of loan in the principal amount of RMB800 million. For further details, please refer to the announcement of the Company dated 14 August 2017.

CONTINGENT LIABILITIES

The Group's contingent liabilities primarily include guarantees that the Group has provided to PRC banks in respect of the mortgage loans granted by the banks to purchasers of the Group's properties. These purchaser mortgage guarantees are typically released when the title deeds of the respective properties are pledged to the banks as security to continue to support the mortgage loans, which generally takes place after the properties are delivered to the purchasers. The borrowing guarantees represent the maximum exposure of the guarantees provided for the borrowings of related parties and an independent third party at the respective balance sheet dates. The total outstanding guarantee amounts provided by the Group amounted to RMB22,704.08 million as at 31 December 2017 (31 December 2016: RMB20,216.46 million).

The Directors believe that, in case of a default by the Group's purchasers on their mortgage payments, the net realisable value of the relevant properties will be sufficient to repay the outstanding mortgage loans, together with any accrued interest and penalty. Therefore, the Group did not make any provision in connection with these guarantees. The Group also provides various quality warranties to purchasers of its properties, with a term ranging from one to five years, in accordance with the relevant PRC laws and regulations. Such warranties are covered by back-to-back warranties provided to the Group by the respective construction contractors. In addition, the Group has, from time to time, also been a party to lawsuits and other legal proceedings in the normal course of business.

Current ratio

As at 31 December 2017, the current ratio of the Group was 1.69 times (31 December 2016: 2.10 times). The decrease in the Group's current ratio was mainly attributable to an increase of contracted sales and borrowings included in current liabilities.

Gearing ratio

As at 31 December 2017, the gearing ratio of the Group was 159.0% (2016: 98.0%), mainly due to an increase of total borrowings. This ratio is calculated as net borrowings divided by total equity as shown in the consolidated balance sheet. Net borrowings are calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less total of cash and cash equivalents, restricted cash and term deposits.

FUTURE PLANS FOR MATERIAL INVESTMENTS

Save as disclosed in the section headed "Management Discussion and Analysis — material acquisition and disposal" below, the Group has no other material acquisitions and disposals of subsidiaries, associates and joint ventures during the period under review. The Group will continue to focus on its existing property development business and acquiring high-quality land parcels in the first-tier and second-tier cities in China. No concrete plan for future investments is in place as at the date of this annual report.

FOREIGN CURRENCY RISK

The Group primarily operates its business in the PRC. The currency in which the Group denominates and settles substantially all of its transactions is Renminbi. Any depreciation of Renminbi would adversely affect the value of any dividends the Group pays to its shareholders outside of the PRC. The Group currently does not engage in hedging activities designed or intended to manage foreign exchange rate risk. The Group will continue to monitor foreign exchange changes to best preserve the Group's cash value.

MATERIAL ACQUISITION AND DISPOSAL

Save as disclosed below, during the year ended 31 December 2017 and up to the date of this annual report, the Group did not perform any material acquisition or disposal of subsidiaries and associated companies.

Acquisition of land by way of acquiring the entire equity interests of a company

On 9 February 2018, Zhengzhou Rongzhu Property Development Co., Ltd.* (鄭州融築房地產開發有限公司) ("**Zhengzhou Rongzhu**"), an indirect wholly-owned subsidiary of the Company, entered into an equity transfer agreement with Zhengzhou Zhongqiao Real Estate Development Company Limited* (鄭州中喬房地產開發有限公司) ("**Zhengzhou Qinghuayuan**"), pursuant to which Zhengzhou Rongzhu has agreed to acquire, and Zhengzhou Qinghuayuan has agreed to dispose of, the entire equity interest in Zhengzhou Keboke Enterprise Management Consultancy Co., Ltd.* (鄭州克博克企業管理諮詢有限公司), holder of the land use rights of a land located at Zhengzhou City, Henan Province, the PRC, at a consideration of RMB801.9 million.

For further details of this acquisition, please refer to the announcements of the Company dated 9 February 2018.

Ningbo Hailiang Acquisition and Anhui Hailiang Acquisition

On 27 July 2017, Shanghai Kaiyin Enterprise Company Limited* (上海愷胤實業有限公司) ("**Shanghai Kaiyin**"), an indirect wholly-owned subsidiary of the Company, entered into five equity transfer agreements with each of Zhejiang Hailiang Investment Company Limited* (浙江海亮投資股份有限公司), Mr. Feng Hailiang (馮海良), Ningbo Hairao Investment Company Limited* (寧波海鐃投資有限公司) ("**Hairao Investment**"), Mr. Tang Lu (唐魯) and Zhejiang Hailiang Charity Foundation* (浙江海亮慈善基金會), respectively, in relation to the acquisition (the "**Ningbo Hailiang Acquisition**") of a 55% equity interest in Ningbo Hailiang Property Investment Company Limited* (寧波海亮房地產投資有限公司) (the "**Ningbo Hailiang**") by Shanghai Kaiyin for an aggregate consideration of RMB2,264,023,700 (equivalent to HK$2,626,267,492).

On the same date, Shanghai Rongen Property Development Company Limited* (上海融恩房地產開發有限公司) ("**Shanghai Rongen**"), an indirect wholly-owned subsidiary of the Company, entered into an equity transfer agreement with Hairao Investment in relation to the acquisition (the "**Anhui Hailiang Acquisition**") of a 55% equity interest in Anhui Hailiang Property Company Limited* (安徽海亮房地產有限公司) (the "**Anhui Hailiang**") for an aggregate consideration of RMB632,500,000 (equivalent to HK$733,700,000).

As one or more of the applicable percentage ratios as set out in the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") in respect of the Ningbo Hailiang Acquisition and the Anhui Hailiang Acquisition is/are more than 25% but less than 100%, these acquisitions constituted major transactions of the Company under Chapter 14 of the Listing Rules.

Ningbo Hailiang and Anhui Hailiang have both become the indirect non wholly-owned subsidiaries of the Company upon completion, and the financial results of Ningbo Hailiang and Anhui Hailiang have been consolidated into the financial statements of the Group. For further details of the Ningbo Hailiang Acquisition and the Anhui Hailiang Acquisition, please refer to the announcements of the Company dated 27 July 2017, 18 August 2017 and 20 September 2017, and the circular of the Company dated 29 December 2017.

Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Ou Zonghong, aged 49, is the founder of the Group. Mr. Ou has been a Director since 11 September 2014, the chairman of the Board since 1 December 2014 and was re-designated as the executive Director and appointed as the chief executive officer of the Company on 15 December 2014. Mr. Ou is the chairman of the nomination committee and a member of the remuneration committee of the Company since 13 January 2017. Mr. Ou is primarily responsible for the overall development strategy and daily operation of the Group. He has more than 20 years of experience in the property development and construction industries. Mr. Ou established Putian Transport Engineering Company Limited on 1 August 1995, which engaged in construction of motorways. On 20 April 2000, Mr. Ou started his engagement with the property related business and established Putian Transport and Real Estate Development Company Limited. On 23 September 2003, Mr. Ou established Rongxin Group. Mr. Ou has been a director of Renmin University of China since 18 October 2011. Mr. Ou has also been the managing vice president of the Federation of Fujian Enterprise and Entrepreneur since April 2012, respectively.

Mr. Ou has also assumed various positions in the subsidiaries of the Company, including the sole director of Rongda Company Limited since 11 September 2014, the sole director of Rongtai Company Limited since 26 September 2014, a director of Rongxin Group since 23 September 2003, a director of Rongxin (Zhangzhou) Property Company Limited from 7 January 2011 to 1 February 2013 and a director of Fujian Rongshengmei Business Information Consultancy Company Limited ("**Fujian Rongshengmei**") since 28 October 2014.

Mr. Ou was awarded a member of the fourteenth and fifteenth sessions of the Excellent Entrepreneurs of Fujian in December 2011 and June 2014, respectively. He also received the Silver Award of the Ten Young Entrepreneurs of Fujian in April 2008.

Mr. Wu Jian, aged 48, has been an executive Director since 1 December 2014 and the vice president of the Group since January 2012. Mr. Wu Jian is primarily responsible for assisting the planning of corporate strategy and assisting Mr. Ou Zonghong to manage the daily operation of the Group and supervise the sales and marketing departments. He has more than 10 years of experience in property development industry. Mr. Wu Jian joined the Group in March 2004 and had assumed various positions since then, including the vice general manager of Rongxin Group from March 2004 to April 2009, the vice general manager of Fuzhou Shiou Property Development Company Limited ("**Shiou Property**"), previously one of the joint ventures of the Group, from April 2009 to December 2010 and the general manager of Rongxin Group from December 2010 to December 2011. Before joining the Group, Mr. Wu Jian had been engaged with Fuzhou Architectural Design Institute from April 1994 to May 2004, working at various time as an engineer, the engineer-in-charge and the vice chief engineer. Mr. Wu Jian has been a senior engineer authorised by the Leading Group for Professional Title Reform of Fuzhou since January 2002. Mr. Wu Jian graduated from Shanghai Jiao Tong University in Shanghai, the PRC in July 1991 with a bachelor degree in industrial and civil architecture and from Zhejiang University in Hangzhou, Zhejiang province in March 1994 with a master degree in structural engineering.

Mr. Wu Jian has also assumed various positions in the subsidiaries of the Company, including a director of Rongxin Group since 1 August 2007, a director of Rongxin (Fuzhou) Investment Development Company Limited from 7 June 2011 to 21 May 2012, a director of Rongxin (Xiamen) Property Development Company Limited from 11 January 2013 to 7 July 2014, a director of Hemei Shanghai Property from 20 May 2013 to 13 September 2013 and a director of Fujian Rongshengmei since 28 October 2014.

Mr. Lin Junling, aged 40, has been an executive Director since 1 December 2014 and the vice president of the Group since January 2014. Mr. Lin Junling is primarily responsible for assisting the planning of corporate strategy and management of the business operations of the Group in Eastern China. Mr. Lin Junling joined the Group in September 2003. He has approximately 15 years of experience in property development industry. He has served as the executive vice general manager of Rongxin Group from September 2003 to August 2007, the general manager of Rongxin Group from August 2007 to April 2010, the chairman of Shiou Property from April 2010 to December 2013 and the general manager of the Eastern China companies of the Group since January 2014. Before joining the Group, Mr. Lin Junling had served as the general manager of Putian Transport and Property Development Company Limited from January 2001 to September 2003. Mr. Lin Junling obtained an associate degree in architecture finance and accounting from Fujian College of Architecture (now known as Fujian University of Technology) in Fuzhou, Fujian province in June 1999. He is currently a candidate of the master degree in business administration in Xiamen University in Xiamen, Fujian province. In December 2014, Mr. Lin Junling was awarded an Outstanding Manager of China for the Year 2014 prize.

Mr. Lin Junling has also assumed various positions in the subsidiaries of the Company, including a director of Rongxin Group from 1 August 2007 to 8 September 2011 and since 7 May 2012, a director of Rongxin (Xiamen) Property Development Company Limited since 21 April 2014, a director of Hangzhou Kaizhu Rongxin Property Development Company Limited since 16 May 2014, a director of Hangzhou Rongxin Kaisheng Property Development Company Limited since 14 May 2014, the sole director of Shanghai Qianheng Property Company Limited since 21 April 2014 and a director of Fujian Rongshengmei since 28 October 2014.

Ms. Zeng Feiyan, aged 42, has been an executive Director since 27 July 2015 and the chief financial officer since she joined the Group in August 2013. She is primarily responsible for the financial affairs and company secretarial matters of the Group. Before joining the Group, Ms. Zeng Feiyan has more than 10 years of finance related experiences in various entities. Ms. Zeng Feiyan had served as the manager of the operation and financial management center and the vice director of the supervisory committee in Hopson Development Holdings Limited (a property development company listed on the Main Board of the Stock Exchange, stock code: 754) from May 2003 to October 2007. She was the vice general manager responsible for finance and investment management of Guangdong Pearl River Investment Management Group Company Limited (a company principally engaged in the investment in energy and infrastructure projects) from October 2007 to September 2011, and the vice president and secretary of the board of directors of Cnhomeland Environmental Co., Ltd. (an environmental-protection company engaged in the provision of environmental solutions services) from September 2011 to August 2013.

Ms. Zeng Feiyan has been a certified public accountant authorised by the Institute of Certified Public Accountants of Guangdong Province since 7 January 2003. She has also been a senior economist as credentialed by the Senior Professional Titles Evaluation Committee of Dezhou Private Economic Organisations since 26 September 2013 and a Registered Tax Agents authorised by the Certified Tax Agents Association of Guangdong Province since 13 December 2011. Ms. Zeng Feiyan graduated from Changsha Communication College (now known as Changsha University of Science and Technology) in Changsha, Hunan province in June 1998 where she obtained a bachelor degree in accounting. Ms. Zeng Feiyan is currently a candidate of executive master of business administration in Guanghua School of Management of Peking University since March 2013.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Lo Wing Yan William, aged 57, Justice of the Peace, has been an independent non-executive Director and a member of the audit committee and the nomination committee of the Company since 13 January 2016. He is primarily responsible for supervising and providing independent judgment to the Board. He is currently the vice chairman of Kidsland International Holdings Limited, a company listed on the Main Board of the Stock Exchange, being one of the largest multi-brand toys and children products distribution network on the PRC, which also operates exclusively the LEGO Certified Store in Hong Kong, stock code: 2122. He is also the chairman of Strategenes Limited, a financial and strategy advisory firm in Hong Kong. Dr. Lo is a founding governor of the Charles K Kao Foundation for Alzheimer's Disease as well as The Independent Schools Foundation Academy, one of the most well-known independent schools in Hong Kong. He has also been the chairman of Junior Achievement Hong Kong since 2013. Dr. Lo served as an executive director and vice president of China Unicom Limited (a company listed on the Main Board of the Stock Exchange which principally engages in the provision of cellular and fixed-line voice and related value-added services, stock code: 762) from July 2002 to March 2006, an independent non-executive director of I.T Limited (a company listed on the Main Board of the Stock Exchange which principally engages in retailing and trading fashion wears and accessories, stock code: 999) from October 2004 to May 2006, and an executive director, vice chairman, managing director and chief financial officer of I.T Limited from May 2006 to May 2009. He had also served as the vice chairman of South China Media Group from September 2011 to August 2014.

Dr. Lo currently serves as an independent non-executive director or independent director in several listed companies, including those set out below:

Name of entity	Principal business	Place of listing and stock code	Position and period of time
SITC International Holdings Company Limited	a company principally engaged in the provision of marine transportation services	listed on the Main Board of the Stock Exchange (stock code: 1308)	an independent non-executive director since September 2010
Jingrui Holdings Limited	a company engaged in property development	listed on the Main Board of the Stock Exchange (stock code: 1862)	an independent non-executive director since October 2013
CSI Properties Limited	a company engaged in property development	listed on the Main Board of the Stock Exchange (stock code: 497)	an independent non-executive director since April 2014
Television Broadcasts Limited	a free-to-air TV broadcaster and a commercial Chinese program producer	listed on the Main Board of the Stock Exchange (stock code: 511)	an independent non-executive director since February 2015
Nam Tai Property Inc. (formerly known as Nam Tai Electronic Inc.)	a company currently and principally engaged in property development and management	listed on the New York stock exchange (stock code: NTP)	an independent director since July 2003

Dr. Lo has been appointed as Justice of the Peace by the government of the HKSAR on 1 July 1999. He was also appointed as a member of Shantou Committee of Chinese People's Political Consultative Conference from 2003 to 2016. Dr. Lo graduated from University of Cambridge in the United Kingdom with a master degree in philosophy and a doctor degree in philosophy engineering in March 1986 and March 1988, respectively. He is also an academician of Downing College of University of Cambridge.

Mr. Ren Yunan, aged 42, has been an independent non-executive Director, the chairman of the remuneration committee and a member of the audit committee of the Company since 13 January 2016. He is primarily responsible for supervising and providing independent judgment to the Board. Mr. Ren obtained a bachelor degree in law from Peking University in Beijing in July 1997 and a master degree in law from Harvard University in the U.S. in June 1999. Mr. Ren has been qualified to practice law in New York, the U.S. since March 2000 and also admitted to practice in Hong Kong since March 2003 and currently is not in private practice in Hong Kong. Mr. Ren currently focuses on technology investment.

Mr. Ren currently holds or has in the past three years held directorship in several listed companies, including those set out below:

Name of entity	Principal business	Place of listing and stock code	Position and period of time
China Child Care Corporation Limited (formerly known as Prince Frog International Holdings Limited)	a company principally engaged in the design and provision of children care products	listed on the Main Board of the Stock Exchange (stock code: 1259)	an independent non-executive director from February 2011 to October 2015 and a non-executive director from October 2015 to April 2018
Labixiaoxin Snacks Group Limited	a snack food provider	listed on the Main Board of the Stock Exchange (stock code: 1262)	a non-executive director from February 2015 to May 2017
SPI Energy Co., Ltd. (formerly known as Solar Power, Inc.)	a photovoltaic project developer	shares are traded on the NASDAQ in the U.S. (stock code: SPI)	an independent director from April 2015 to May 2017
International Entertainment Corporation	a hotel and entertainment company in the Philippines	listed on the Main Board of the Stock Exchange (stock code: 1009)	an independent non-executive director since May 2017

Mr. Qu Wenzhou, aged 46, has been an independent non-executive Director, the chairman of the audit committee and a member of the remuneration committee and the nomination committee of the Company since 13 January 2016. He is primarily responsible for supervising and providing independent judgment to the Board. Mr. Qu served as a professor of Business Management of Xiamen University since 2005. Mr. Qu has served as an independent non-executive director or independent director in several listed companies, including those set out below:

Name of entity	Principal business	Place of listing and stock code	Position and period of time
Mingfa Group (International) Company Limited	a property development company	listed on the Main Board of the Stock Exchange (stock code: 846)	an independent non-executive director and chairman of the audit committee since 19 August 2010
Fujian Cosunter Pharmaceutical Co., Ltd	a pharmaceutical company	Listed on Shenzhen Stock Exchange (stock code: 300436)	an independent director from 2 December 2014 to 20 December 2017
Guangdong Baolihua New Energy Stock Co., Ltd	a energy company	Listed on Shenzhen Stock Exchange (stock code: 000690)	an independent director since 24 March 2015
Fujian Septwolves Industry Co., Ltd	a fashion design and manufacturing company	Listed on Shenzhen Stock Exchange (stock code: 002029)	an independent director since 8 July 2016
Geo-Jade Petroleum Corporation	a petroleum company	Listed on Shanghai Stock Exchange (stock code: 600759)	an independent director since 27 July 2016

Mr. Qu has been a member of the eleventh All-China Youth Federation since August 2010. He was awarded the Youth May 4th Medal of Fujian Province in May 2008. He has been a certified public accountant authorised by The Chinese Institute of Certified Public Accountants since November 2003 and a chartered financial analyst authorised by the Chartered Financial Analyst Institute since November 2004. Mr. Qu graduated from Xiamen University in Xiamen, Fujian province with a bachelor degree in science in July 1995. He also obtained his master degree in economics in June 1999, master degree in business administration in October 2001 and doctor degree in economics in December 2003 from Xiamen University.

SENIOR MANAGEMENT

The senior management of the Group include the four executive Directors as disclosed above and the following person:

Mr. Ruan Youzhi, aged 42, has been the vice president of the Group and is primarily responsible for the real estate investment business of the Group. Before joining the Group, Mr. Ruan had been a teacher in Fengjiang High School of Xianyou from August 1997 to August 2001 and a journalist of Haixia Metropolis Daily from March 2003 to June 2009. Mr. Ruan obtained his bachelor degree in Chinese language and literature in July 2005 from Fujian Normal University in Fuzhou, Fujian province.

JOINT COMPANY SECRETARIES

Ms. Zeng Feiyan and Ms. Ng Wing Shan are the joint company secretaries of the Company.

For Ms. Zeng's background, please refer to her biographical details disclosed above.

Ms. Ng Wing Shan, one of the joint company secretaries of the Company. Ms. Ng is currently an assistant vice president of SW Corporate Services Group Limited. Ms. Ng is a fellow member of The Hong Kong Institute of Chartered Secretaries and a fellow member of The Institute of Chartered Secretaries and Administrators in the United Kingdom.

The Directors are pleased in presenting this annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2017.

CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 11 September 2014 as an exempted company with limited liability under the Companies Laws of the Cayman Islands (the "**Companies Law**"). The shares of the Company (the "**Shares**") were listed on the Stock Exchange on 13 January 2016.

Principal Activities

The Company is an investment holding company and together with its subsidiaries, joint ventures and an associated company is a property developer in the PRC primarily engaged in the development of mid- to high-end residential properties and commercial properties in cities in the Western Taiwan Straits Economic Zone, Yangtze River Delta Economic Region and selected first- and second-tier cities in the PRC. The Western Taiwan Straits Economic Zone is an area centering on the coastal areas of Fujian province known for entrepreneurship and economic growth.

Details of the principal activities of the principal subsidiaries of the Group are set out in note 10a to the consolidated financial statements of the Group in this annual report. There were no significant changes in the nature of the Group's principal activities during the year ended 31 December 2017. As at the date of this annual report, the Board has no intention to significantly change the principal business of the Group.

RESULTS

The results of the Group for the year ended 31 December 2017 are set out in the consolidated statement of comprehensive income of the Group in this annual report. The Group's business review and future business development are provided in the section headed "Chairman's Statement" in this annual report. An analysis of the Group's performance using financial key performance indicators is provided in the section headed "Management Discussion and Analysis" in this annual report.

A five year financial summary of the Group for the years ended 31 December 2013, 2014, 2015, 2016 and 2017 have been set out on page 200 in this annual report.

MATERIAL ACQUISITION AND DISPOSAL

Save as disclosed in the section headed "Management Discussion and Analysis — Material acquisition and disposal" in this annual report, during the year ended 31 December 2017 and up to the date of this annual report, the Group did not have any material acquisition or disposal of subsidiaries and associated companies.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year ended 31 December 2017 are set out in note 14 to the consolidated financial statements of the Group in this annual report.

BORROWINGS

Details of the borrowings of the Group as at 31 December 2017 are set out in note 26 to the consolidated financial statements of the Group in this annual report.

RESERVES

Details of movements in the reserves of the Group during the year ended 31 December 2017 are set out in the consolidated statement of changes in equity in this annual report. As at 31 December 2017, the distributable reserve of the Company amounted to approximately RMB3,336.1 million.

DIVIDEND

The Board does not recommend the payment of any final dividend for the year ended 31 December 2017 (2016: Same).

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the Shareholders' eligibility to attend and vote at the annual general meeting of the Company to be held on Friday, 1 June 2018 (the "**AGM**"), the register of members of the Company will be closed from Monday, 28 May 2018 to Friday, 1 June 2018 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, all transfer of share 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, no later than 4:30 p.m. on Friday, 25 May 2018.

MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

The Group primarily target customers from middle to upper-middle income households who are looking to either purchase their first homes or upgrade their living environment. The Group also derived revenue from certain local governments in Fuzhou Province for the Group's services under construction contracts. For the year ended 31 December 2017, the five largest customers of the Group accounted for 3.41% of the revenue of the Group, and the single largest customer of the Group accounted for 1.39% of the revenue of the Group during the same period.

All of the five largest customers of the Group (except local governments as counter-parties to the Group's construction contracts) for the year ended 31 December 2017 are individual purchasers of the Group's properties, and all of them are independent third parties. To the best of the knowledge of the Directors, none of the Directors, their respective close associates or any Shareholder who owns more than 5% of the issued share capital of the Company had any interest in any of the five largest customers of the Group during the year ended 31 December 2017.

Major Suppliers

For the year ended 31 December 2017, the five largest suppliers of the Group, primarily comprising construction companies which are the Group's contractors and each an independent third party, accounted for 39.57% of the total purchases of the Group, and the single largest supplier of the Group accounted for 21.67% of the Group's total costs of sales during the same period.

To the best of the knowledge of the Directors, none of the Directors, their respective close associates or any Shareholder who owns more than 5% of the issued share capital of the Company had any interest in any of the five largest suppliers of the Group during the year ended 31 December 2017.

RELATIONSHIP WITH STAKEHOLDERS

The Group recognises that the employees, customers and suppliers are keys to corporate sustainability and are keen on developing long-term relationships with stakeholders.

The Company places significant emphasis on human capital and strives to foster an environment in which the employee can develop their full potential and to assist their personal and professional growth. The Company provides a fair and safe workplace, promoting diversity to our staff, providing competitive remuneration and benefits and career development opportunities based on their merits and performance.

The Group also puts on-going efforts to provide adequate trainings and development resources to the employees so that they can keep abreast of the latest development of the market and the industry and, at the same time, improve their performance and self-fulfillment in their positions.

The Company understands that it is important to maintain good relationship with customers. The Group has established procedures in place for handling customers' complaints and customer satisfaction surveys in order to ensure customers' complaints are dealt with in a prompt and timely manner.

The Group is also dedicated to develop good relationship with suppliers as long-term business partners to ensure stable supplies of materials and timely delivery of power plants under construction. The Group reinforces business partnerships with suppliers and contractors by recurring communication in proactive and effective manner so as to ensure quality and delivery.

SHARE CAPITAL

On 13 January 2016, the Company issued 337,500,000 Shares at an offer price HK$5.36 per Share on the Stock Exchange by global offering. On 28 January 2016, the Company further issued 2,348,000 Shares pursuant to the partial exercise of the over-allotment option at an offer price of HK$5.36 per Share. On 7 November 2017, the Company allotted and issued 142,452,500 new Shares of HK$8.52 each to Dingxin Company Limited upon the completion of a placing and top-up subscription as disclosed in the announcement of the Company dated 30 October 2017. As at the date of this annual report, the Company has 1,494,800,500 Shares in issued.

ISSUANCE OF SENIOR NOTES

On 1 February 2018, the Company issued the Original 2018 Senior Notes on Singapore Exchange Securities Trading Limited, with an interest rate of 8.25% per annum payable semi-annually in arrears on 1 February and 1 August of each year, commencing on 1 August 2018. Subsequently on 27 February 2018 the Company issued additional notes in the aggregate principal amount of US$100,000,000. The maturity date of the Consolidated 2018 Senior Notes is 1 February 2021. At any time and from time to time before the maturity date, the Company may at its option redeem the Consolidated 2018 Senior Notes, at a pre-determined redemption price. For further details, please refer to the section headed "Management Discussion and Analysis — Financing Activities" in this annual report.

On 8 December 2016, the Company issued the Original 2017 Senior Notes on Singapore Exchange Securities Trading Limited, with an interest rate of 6.95% per annum payable semi-annually in arrears. Subsequently on 14 February 2017, the Company issued additional notes in the aggregate principal amount of US$225,000,000. The maturity date of the Consolidated 2017 Senior Notes is 8 December 2019. At any time and from time to time before the maturity date, the Company may at its option redeem the Consolidated 2017 Senior Notes, at a pre-determined redemption price. For further details, please refer to the section headed "Management Discussion and Analysis — Financing Activities" in this annual report.

Details of the movements in the share capital of the Company are set out in note 23 to the consolidated financial statements of the Group in this annual report.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

Executive Directors

Mr. Ou Zonghong *(Chairman and Chief Executive Officer)*
Mr. Wu Jian *(Vice President)*
Mr. Lin Junling *(Vice President)*
Ms. Zeng Feiyan *(Chief Financial Officer)*

Independent Non-executive Directors

Dr. Lo Wing Yan William
Mr. Ren Yunan
Mr. Qu Wenzhou

The biographical details of the Directors and the senior management of the Company are set out in the section headed "Directors and Senior Management" in this annual report.

In accordance with article 84(1) of the articles of association of the Company, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation and be eligible for re-election and re-appointment at every annual general meeting, provided that every Director shall be subject to retirement by rotation at the annual general meeting at least once every three years. Further, article 83(3) of the articles of association of the Company provides that any Director appointed by the Board to fulfill a casual vacancy shall hold office until the first general meeting after his/her appointment and shall be eligible for re-election at that meeting and any Directors appointed by the Board as an addition to the existing board shall hold office only until next following annual general meeting of the Company and shall then be eligible for re-election.

In accordance with article 84(1) of the articles of association of the Company, Mr. Ou Zonghong, Mr. Wu Jian and Mr. Lin Junling shall retire by rotation and, being eligible, have offered themselves for re-election as Directors at the AGM.

Directors' Service Contracts

Each of the executive Directors has entered into a service contract with the Company for a term of three years commencing from 13 January 2016 (the "**Listing Date**"), and may be terminated pursuant to the respective terms of the service contracts.

Each of the independent non-executive Directors has entered into an appointment letter with the Company for a term of three years commencing from the Listing Date, and may be terminated pursuant to the respective terms of the appointment letters.

None of the Directors has entered into any service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received a confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules. The Board has assessed their independence and concluded that all the independent non-executive Directors are considered to be independent pursuant to the Listing Rules.

DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the remuneration of the Directors and those of the five highest paid individuals of the Group for the year ended 31 December 2017 are set out in note 8 to the consolidated financial statements of the Group in this annual report.

None of the Directors waived his/her emoluments nor has agreed to waive his/her emoluments for the year ended 31 December 2017.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Mr. Ou Zonghong, the chairman and an executive Director of the Company, through his interests in a family trust, Ou Family Trust, is interested in 67.84% of the issued share capital in the Company as at the date of this annual report. Apart from holding interests in the Group as a result of the Ou Family Trust, Mr. Ou Zonghong also owns equity interest in certain other companies which are engaging in the businesses of hotel operation and property management, details of which are set out below.

(i) Hotel Operation

Hemei (Zhangzhou) Hotel Investment Company Limited is a member of the Fujian Dingcheng Investment Company Limited, which owns and operates Zhangzhou Rongxin Crowne Plaza Holiday Hotel ("**Zhangzhou Rongxin Hotel**"). Zhangzhou Rongxin Hotel is a high-end hotel in Zhangzhou, Fujian province and was opened in August 2014. For further details, please refer to the section headed "Relationship with Controlling Shareholders — No Competition and Delineation of Business" on pages 260 to 263 in the Prospectus.

(ii) Pre-delivery Property Management

Fujian Rongxin Shiou Property Management Company Limited ("**Fujian Rongxin Shiou Property Management**") is owned as to 54% by Mr. Ou Zonghong. Fujian Rongxin Shiou Property Management is engaging in the provision of pre-delivery property management services and it has been providing pre-delivery property management services to certain of the Group's property projects during the year ended 31 December 2017 and will continue to do so afterward. For further details, please refer to the announcement of the Company dated 8 November 2016 and the paragraph headed "Continuing Connected Transactions — 1. Master Pre-delivery Property Management Agreement" in this section.

(iii) Property Management

Rongxin (Fujian) Property Management Company Limited ("**Rongxin Fujian Property Management**") is owned as to 52% by Mr. Ou Zonghong. Rongxin Fujian Property Management is engaging in the provision of property management services and it has been providing property management services to certain of the Group's property projects during the year ended 31 December 2017 and will continue to do so afterward. For further details, please refer to the section headed "Relationship with Controlling Shareholders — No Competition and Clear Delineation of Business" on pages 260 to 263 in the Prospectus and the paragraph headed "Continuing Connected Transactions — 2. Management Services Agreement" in this section.

Save as disclosed above, as at the date of this annual report, none of the controlling shareholders of the Group or the Directors was engaged or had interest in any business, apart from the business of the Group, which competes or is likely to compete, directly or indirectly, with the Group's business, which would require disclosure under Rule 8.10 of the Listing Rules.

COMPLIANCE WITH NON-COMPETITION UNDERTAKINGS

Deed of Non-Competition

The Company's controlling Shareholders, namely, Mr. Ou Zonghong, Mr. Ou Guofei, Honesty Global Holdings Limited and Dingxin Company Limited (together, the "**Covenantors**") entered into a deed of non-competition on 22 December 2015 (the "**Deed of Non-Competition**") in favour of the Company, pursuant to which each of the Covenantors has, among other things, irrevocably and unconditionally undertaken, jointly and severally, with the Company that, save for the businesses carried on by them as already disclosed in the Prospectus, the Covenantors shall not, and shall procure that their close associates (other than members of the Group) shall not, directly or indirectly, carry on, engage in, invest in, participate in, attempt to participate in, render any services to, provide any financial support to or otherwise be involved in or interested in, whether alone or jointly with another person and whether directly or indirectly or on behalf of or to assist or act in concert with any other person, any business or investment activities in the PRC and Hong Kong which is the same as, similar to or in competition with the business carried on or contemplated to be carried on by any member of the Group from time to time ("**Restricted Business**").

The Deed of Non-Competition shall expire on the earlier of (i) the date when the Covenantors and, as the case may be, any of their close associates, cease to hold, or otherwise be interested in, beneficially in aggregate whether directly or indirectly, 30% or more (or such other percentage of shareholding as stipulated in the Listing Rules to constitute a controlling Shareholder) of the issued share capital of the Company; or (ii) the date on which the Shares cease to be listed on the Stock Exchange (except for temporary suspension of trading of the Shares).

For details of the Deed of Non-Completion, please refer to the section headed "Relationship with Controlling Shareholders — Non-Competition Undertakings" in the Prospectus.

Annual Review

The Covenantors have confirmed that they did not refer, or to procure the referral of, any investment or commercial opportunities relating to the Restricted Business to the Group during the year ended 31 December 2017.

The Company has received a written confirmation from each of the Covenantors in respect of the compliance by them and their close associates with the terms of the Deed of Non-Competition.

The independent non-executive Directors have reviewed the Deed of Non-Competition and assessed whether the Covenantors and their close associates have complied with the terms of the Deed of Non-Competition, and were satisfied that each of the Covenantors has complied with his/its undertakings under the Deed of Non-Competition during the year ended 31 December 2017.

CONTINUING CONNECTED TRANSACTIONS

Set forth below are the details of the continuing connected transactions of the Group during the year ended 31 December 2017, which were exempted from the requirements of independent Shareholders' approval, but subject to the reporting and annual review requirements under Chapter 14A of the Listing Rules:

1. Landscape Engineering Services Framework Agreement

The Company, as service recipient, entered into a landscape engineering services framework agreement (the "**Landscape Engineering Services Framework Agreement**") with Xiujing (Fujian) Landscape Engineering Company Limited* (秀景(福建)園林工程有限公司) ("**Xiujing Landscape**"), as service provider, on 15 September 2017, pursuant to which Xiujing Landscape has agreed to provide, among others services, (i) landscape engineering design services; (ii) landscape construction; and (iii) sale and nursery of horticultural plants (collectively, the "**Landscape Engineering Services**") to the property projects of the Group in the PRC, including but not limited to those in Fuzhou, Xiamen, Zhangzhou, Shanghai and Hangzhou, for a term commencing from the date of the Landscape Engineering Services Framework Agreement and ending on 31 December 2019 (both days inclusive).

As Xiujing Landscape is owned as to 99% by Mr. Ou Zonghong, one of the controlling Shareholders and an executive Director, and 1% by Mr. Ou Guopeng, the son of Mr. Ou Zonghong, Xiujing Landscape is an associate of Mr. Ou Zonghong and is therefore a connected person of the Company pursuant to Chapter 14A of the Listing Rules.

The service fees payable by the Company for the Landscape Engineering Services shall be determined with reference to (i) the total area of the property projects of the Group in the PRC for which the Landscape Engineering Services is required; (ii) the costs to be incurred by Xiujing Landscape for the provision of the Landscape Engineering Services (including the salaries and benefits, costs incurred for the use of facilities and disbursements to third parties); and (iii) comparable market price for the provision of the Landscape Engineering Services by other similar providers. The amount of management fees paid by the Group to Xiujing Landscape for the Landscape Engineering Services under the Landscape Engineering Services Framework Agreement during the year ended 31 December 2017 amounted to Nil.

The annual cap amounts of management fees payable by the Group to Xiujing Landscape for the period between 15 September 2017 to 31 December 2017 and the years ending 31 December 2018 and 2019 are RMB150 million, RMB400 million and RMB490 million, respectively, which were determined with reference to, among others, (i) the estimated operating income of Xiujing Landscape for each of the years ending 31 December 2017, 2018 and 2019 by providing the Landscape Engineering Services to the existing property projects requiring the Landscape Engineering Services and the future property projects expected to be undertaken by the Group which require the Landscape Engineering Service; (ii) the historical costs incurred by the Group on landscape engineering in respect of the Group's previous property projects; and (iii) the general market prices in respect of the Landscape Engineering Services.

As one or more of the applicable percentage ratios (other than the profits ratio) of the highest annual caps for the provision of the Landscape Engineering Services are more than 0.1% but less than 5%, the transactions contemplated under the Landscape Engineering Services Framework Agreement are only subject to the announcement, reporting and annual review requirements but are exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

For further details, please refer to the announcements of the Company dated 15 September 2017 and 29 September 2017.

2. Master Pre-delivery Property Management Agreement

The Company as service recipient entered into a master pre-delivery property management agreement (the "**Master Pre-delivery Property Management Agreement**") with Fujian Rongxin Shiou Property Management as service provider on 8 November 2016, pursuant to which Fujian Rongxin Shiou Property Management agreed to provide pre-delivery property management services to the Group at the pre-sale and pre-delivery stages including but not limited to security, cleaning, maintenance service and other related pre-delivery property management and maintenance services as well as car park management services (collectively, the "**Pre-delivery Property Management Services**") for a term commencing from the date of the Master Pre-delivery Property Management Agreement and ending on 31 December 2018 (both days inclusive).

As Fujian Rongxin Shiou Property Management is indirectly owned as to 54% by Mr. Ou Zonghong, one of the controlling Shareholders and executive Directors, Fujian Rongxin Shiou Property Management is an associate of Mr. Ou Zonghong and is therefore a connected person of the Company pursuant to Chapter 14A of the Listing Rules.

The management fees payable by the Group to Fujian Rongxin Shiou Property Management shall be determined in the ordinary course of business, on normal commercial terms, negotiated on arm's length basis and at prices and on terms no less favorable than those provided by independent third parties to the Group, with reference to (i) the total area of the property projects of the Group in the PRC for which Pre-delivery Property Management Services is required; (ii) the costs to be incurred by Fujian Rongxin Shiou Property Management for the provision of the Pre-delivery Property Management Services (including the salaries and benefits, costs incurred for the use of facilities and disbursements to third parties etc.); and (iii) comparable market price where the normal costs of pre-delivery property management services concerned will be taken into account. The amounts of management fees paid by the Group to Fujian Rongxin Shiou Property Management under the Master Pre-delivery Property Management Agreement during the year ended 31 December 2017 amounted to RMB45.5 million.

The annual cap amounts of management fees payable by the Group to Fujian Rongxin Shiou Property Management for each of the years ending 31 December 2016, 2017 and 2018 are RMB40 million, RMB55 million and RMB65 million, respectively, which were determined with reference to (i) the historical transaction amounts payable by the Group to Fujian Rongxin Shiou Property Management for the nine months ended 30 September 2016; and (ii) the expected amount of service fees payable to Fujian Rongxin Shiou Property Management for the provision of Pre-delivery Property Management Services with reference to (a) the anticipated increases in demand of Pre-delivery Property Management Services required by the Group during the term of the Pre-delivery Property Management Service Agreement taking into account of the expected growth in the number of property development projects of the Group in the PRC and the expected area to be completed for each year during the term of the Pre-delivery Property Management Service Agreement; and (b) the unit price per sq.m. as agreed from time to time.

As one or more of the applicable percentage ratios (other than the profits ratio) of the proposed annual caps in respect of the provision of Pre-delivery Property Management Services by Fujian Rongxin Shiou Property Management under the Master Pre-delivery Property Management Agreement is over 0.1% but less than 5% on an annual basis, the transactions contemplated under the Master Pre-delivery Property Management Agreement is subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirement under Rule 14A.76(2) of the Listing Rules.

3. Management Services Agreement

The Company as service recipient entered into a framework management services agreement (the "**Management Services Agreement**") with Rongxin Fujian Property Management as service provider on 22 December 2015, pursuant to which Rongxin Fujian Property Management agreed to provide the Group with management and related services to the display units, sales offices and community clubhouses of the Group's property projects, including but not limited to cleaning, gardening, maintenance of public order and security services to the aforesaid venues.

As Rongxin Fujian Property Management is owned as to 52% by Mr. Ou Zonghong, one of the controlling Shareholders and an executive Directors, Rongxin Fujian Property Management is an associate of Mr. Ou Zonghong and is therefore a connected person of the Company pursuant to Chapter 14A of the Listing Rules.

The management fees payable by the Group to Rongxin Fujian Property Management shall be based on the fee quotes to be submitted by Rongxin Fujian Property Management under the relevant tender bids, taking into account a wide range of factors such as nature, age and infrastructure features of the relevant property projects, geographic location and neighborhood profile. The amounts of management fees paid by the Group to Rongxin Fujian Property Management under the Management Services Agreement during the year ended 31 December 2017 amounted to RMB8.6 million.

The annual cap amounts of management fees payable by the Group to Rongxin Fujian Property Management for each of the years ending 31 December 2016 and 2017 are RMB30.5 million and RMB12.0 million, respectively, which were determined with reference to the total gross floor area, geographical locations, facilities and human resources allocation of the relevant display units, sales offices and community clubhouses and on the assumption that the costs incurred by manpower will increase steadily.

As one or more of the applicable percentage ratios (other than the profits ratio) of the proposed annual caps in respect of the management and related services under the Management Services Agreement exceed 0.1% but are all less than 5% on an annual basis, the management and related services under the Management Services Agreement and the proposed annual caps for each of the years ending 31 December 2016 and 2017 are subject to the reporting, annual review and announcement requirements but are exempt from the independent Shareholders' approval requirement pursuant to Chapter 14A of the Listing Rules.

Annual review

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors have reviewed the continuing connected transactions and have confirmed that the transactions have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms; and (iii) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Company's Shareholders as a whole.

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

A copy of the independent auditor's letter has been provided by the auditor to the Company, and has been submitted to the Stock Exchange.

RELATED PARTY TRANSACTIONS

A summary of the related party transactions entered into by the Group during the year ended 31 December 2017 is contained in note 35 to the consolidated financial statements of the Group in this annual report. The transactions summarised in note 35 to the consolidated financial statements of the Group fall under the definition of "connected transactions" under the Listing Rules. The Company has complied with the disclosure requirements set out in Chapter 14A of the Listing Rules.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACTS

Other than those transactions disclosed in note 35 to the consolidated financial statements of the Group in this annual report and in the paragraphs headed "Directors' Interests in Competing Business" and "Continuing Connected Transactions" in this section, no Director or controlling Shareholder of the Company has any material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the Group's business to which the Company, any of its subsidiaries, fellow subsidiaries or its parent companies were a party subsisted at the end of the year or at any time during the year ended 31 December 2017.

PRINCIPAL RISKS AND UNCERTAINTIES FACING THE GROUP

Principal risks and uncertainties facing the Group includes, among others, that:

(i) the Group is and will continue to be dependent on the performance of its PRC property sector;

(ii) the Group may not be able to identify suitable land or acquire land use rights for future development at commercially reasonable costs;

(iii) the Group has substantial indebtedness and may incur additional indebtedness in the future, and may not be able to generate sufficient cash to satisfy its outstanding and future debt obligations and to fund its capital expenditures;

(iv) the results of operations of the Group may fluctuate due to factors such as the schedule of the Group's property development and the timing of property sales;

(v) the Group may not be able to complete its projects according to schedule;

(vi) the Group has significant cash outflow from operations and may not be able to timely obtain sufficient financing to fund the Group's land acquisitions or property developments; and

(vii) the Group is subject to certain restrictive covenants in and risks associated with bank borrowings and trust and other borrowings which may limit or otherwise materially and adversely affect the Group's business, results of operations and financial condition.

For further details of the principal risks and uncertainties facing the Group, please refer to the section headed "Risk Factors" on pages 35 to 70 in the Prospectus.

COMPLIANCE WITH LAWS AND REGULATIONS

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations which have a significant impact to the Group. As at the date of this annual report, except as disclosed in the Prospectus, the Group complied with, in all material respects, all the relevant and applicable PRC laws and regulations governing the business of property development and management and the Group has obtained all licenses, permits and certificates for the purpose of operating its business.

As at the date of this annual report, the Company's joint ventures and associated company were not involved in and the Board is not aware of any non-compliance incidents that might adversely affect the value of the Company's interests in them.

SHARE OPTION SCHEME

The Company approved and adopted a share option scheme (the "**Share Option Scheme**") on 28 December 2015. The Share Option Scheme is subject to the requirements under Chapter 17 of the Listing Rules.

Details of the Share Option Scheme

(1) Purpose

The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. The Directors believe the Share Option Scheme will enable the Group to reward its employees, the Directors and other selected participants for their contributions to the Group. It is expected that grantees of an option will make an effort to contribute to the development of the Group so as to bring about an increased market price of the Shares in order to capitalise on the benefits of the options granted.

(2) Participants

The Directors may, at their absolute discretion, invite any person belonging to any of the following classes of participants, who the Board considers, in its sole discretion, have contributed or will contribute to the Group, to take up options to subscribe for Shares (collectively the "**Eligible Participants**"):

(i) any directors (including executive Directors, non-executive Directors and independent non-executive Directors) and employees of any members of the Group; and

(ii) any advisors, consultants, distributors, contractors, customers, suppliers, agents, business partners, joint venture business partners, service providers of any members of the Group.

(3) The maximum number of Shares available for issue

The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme shall not in aggregate exceed 10% of the aggregate of the Shares in issue on the day on which trading of the Shares commences on the Stock Exchange, and such 10% limit represents 135,000,000 Shares. 135,000,000 Shares represents approximately 9.03% of the total Shares in issue as at the date of this annual report.

(4) The maximum entitlement of each participant

The total number of Shares issued and to be issued upon exercise of the options granted and to be granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised and outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being.

(5) Time of acceptance and exercise of option

An option may be accepted by a participant to whom the offer is made within 5 business days from the date on which the letter containing the offer is delivered to that participant. An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination under the Share Option Scheme. Unless otherwise determined by the Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

(6) Subscription price for Shares and consideration for the option

The subscription price per Share under the Share Option Scheme will be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the offer of grant (provided that in the event that any option is proposed to be granted within a period of less than five business days after the trading of the Shares first commences on the Stock Exchange, the new issue price of the Shares for the Global Offering shall be used as the closing price for any business day falling within the period before listing of the Shares on the Stock Exchange); and (iii) the nominal value of a Share on the date of grant.

A nominal consideration of HK$1 is payable upon acceptance of the grant of an option.

(7) The remaining life of the Share Option Scheme

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted, i.e. 28 December 2015.

For further details of the Share Option Scheme, please refer to the section headed "Statutory and General Information — Other information — Share Option Scheme" in Appendix V to the Prospectus.

Details of the Share Option Granted

Details of the share options granted under the Share Option Scheme during the year ended 31 December 2017 were as follows:

Name of grantees	Date of grant	Exercise price per share (HK$)	Exercise periods (Note 1)	Balance as at 1 January 2017	Changes during the year ended 31 December 2017: Granted	Exercised	Forfeited	Lapsed	Balance as at 31 December 2017
Directors									
Mr. Wu Jian	5 January 2017	5.96	5 January 2018 to 4 January 2022	–	4,681,205	–	–	–	4,681,205
Mr. Lin Junling	5 January 2017	5.96	5 January 2018 to 4 January 2022	–	4,681,205	–	–	–	4,681,205
Ms. Zeng Feiyan	5 January 2017	5.96	5 January 2018 to 4 January 2022	–	4,681,205	–	–	–	4,681,205
Other employees	5 January 2017	5.96	5 January 2018 to 4 January 2022	–	48,425,385	–	(5,185,000)	–	43,240,385
				–	62,469,000	–	(5,185,000)	–	57,284,000

Notes:

(1) In respect of each grantee, the share options granted shall be exercisable during the relevant periods in three tranches: (i) 30% of which shall be vested on the first anniversary of the date of grant, i.e. 5 January 2018; (ii) another 30% of which shall be vested on the second anniversary of the date of grant, i.e. 5 January 2019; and (iii) the remaining of which shall be vested on the third anniversary of the date of grant, i.e. 5 January 2020.

(2) The closing price of the securities immediately before the date on which the options were granted was HK$5.98.

Save as disclosed above, no option was granted or agreed to be granted under the Share Option Scheme during the year ended 31 December 2017.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or subsisted during the year ended 31 December 2017.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed under the section headed "Share Option Scheme", at no time during the year ended 31 December 2017 were there any rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, nor were there any such rights exercised by them. Also, there was no arrangement to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries is a party that would enable the Directors to acquire such rights in any other body corporate.

PURCHASE, SALE OR REDEMPTION OF LISTING SECURITIES OF THE COMPANY

During the year ended 31 December 2017, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listing securities of the Company.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 31 December 2017, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "**SFO**")) which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or which were otherwise required, to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules (the "**Model Code**"), are set out below:

INTERESTS IN SHARES OF THE COMPANY

Name of Director	Nature of Interest/Capacity	Number of Shares or underlying Shares (Note 1)	Approximate percentage of shareholding (Note 1)
Mr. Ou Zonghong (Note 2)	Beneficiary of a trust	1,014,000,000 (L)	67.84%
Mr. Lin Junling (Note 3)	Beneficial owner	4,681,205 (L)	0.31%
Mr. Wu Jian (Note 3)	Beneficial owner	6,021,205 (L)	0.40%
Ms. Zeng Feiyan (Note 3)	Beneficial owner	4,681,205 (L)	0.31%

Notes:

(1) As at 31 December 2017, the Company issued 1,494,800,500 Shares. The letter (L) denotes the entity's long position in the relevant Shares.

(2) Mr. Ou is a beneficiary of the Ou Family Trust which is a discretionary trust established by Mr. Ou Guofei (the son of Mr. Ou) as the settlor with Mr. Ou being the protector. TMF (Cayman) Ltd., the trustee of Ou Family Trust, through a wholly owned BVI company, namely Honesty Global Holdings Limited, which in turn wholly-owned another BVI company, namely Dingxin Company Limited, held 1,014,000,000 Shares as at 31 December 2017.

(3) The Company adopted the Share Option Scheme on 28 December 2015. As at 31 December 2017, according to the Share Option Scheme, each of Mr. Lin Junling, Mr. Wu Jian and Ms. Zeng Feiyan had 4,681,205 outstanding share options.

Save as disclosed above, as at 31 December 2017, none of the Directors and chief executives of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations, recorded in the register required to be kept under section 352 of the SFO or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as is known to the Company, as at 31 December 2017, as recorded in the register required to be kept by the Company under section 336 of the SFO, the following persons, other than a Director or chief executive of the Company, had an interest of 5% or more in the Shares or underlying Shares of the Company:

Name of Shareholder	Nature of Interest/Capacity	Number of Shares or underlying Shares(1)	Approximate percentage of shareholding(1)
Dingxin Company Limited(2)	Beneficial owner	1,014,000,000 (L)	67.84%
Honesty Global Holdings Limited(2)	Interest in controlled corporation	1,014,000,000 (L)	67.84%
TMF (Cayman) Ltd.(2)	Trustee of a trust	1,014,000,000 (L)	67.84%
Mr. Ou Guofei(2)(3)	Settlor of a trust	1,014,000,000 (L)	67.84%
Ms. Xu Lixiang(4)	Beneficiary of a trust/Interest of spouse	1,014,000,000 (L)	67.84%

Notes:

(1) As at 31 December 2017, the Company issued 1,494,800,500 Shares. The letter "L" denotes the entity's long position in the relevant Shares.

(2) Dingxin Company Limited is a BVI company wholly owned by Honesty Global Holdings Limited, another BVI company, wholly-owned by TMF (Cayman) Ltd., the trustee of the Ou Family Trust which is a discretionary trust established by Mr. Ou Guofei (as the settlor) with Mr. Ou Zonghong being the protector. Accordingly, each of Honesty Global Holdings Limited, TMF (Cayman) Ltd. and Mr. Ou Guofei is deemed to be interested in the Shares held by Dingxin Company Limited.

(3) Mr. Ou Guofei is the son of Mr. Ou Zonghong.

(4) Ms. Xu Lixiang is the spouse of Mr. Ou Zonghong and is therefore deemed under the SFO to be interested in the Shares held by Mr. Ou Zonghong.

Save as disclosed above, as at 31 December 2017, the Company had not been notified of any persons (other than a Director or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company that were recorded in the register required to be kept under section 336 of the SFO.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the articles of association of the Company, or the law of Cayman Islands being the jurisdiction in which the Company was incorporated under which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the section headed "Corporate Governance Report" in this annual report.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2017, the Group employed a total of 1,683 full-time employees (2016: 1,115 full-time employees). For the year ended 31 December 2017, the staff cost recognised of the Group amounted to RMB790.1 million (2016: RMB393.1 million).

The remuneration policy of the Group is to provide remuneration packages including salary, bonuses and various allowances, so as to attract and retain top quality staff. In general, the Group determines employee salaries based on each employee's qualifications, position and seniority. The Group has designed a periodical review system to assess the performance of its employees, which forms the basis of the determination on salary rises, bonuses and promotions. As required by PRC regulations, the Group makes contributions to mandatory social security funds for the benefit of the Group's PRC employees that provide for pension insurance, medical insurance, unemployment insurance, personal injury insurance, maternity insurance and housing funds.

Furthermore, the Group has implemented systematic, specialty-focused vocational training programs for its employees at different levels on a regular basis to meet different requirements and emphasise individual initiative and responsibility. The Group believes that these initiatives have contributed to increased employee productivity.

The Group's employees do not negotiate their terms of employment through any labor union or by way of collective bargaining agreements. During the year ended 31 December 2017, no labor dispute had occurred which materially and adversely affected or was likely to have a material and adverse effect on the operations of the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Environmental Protection

The Group is subject to a number of environmental-related laws and regulations in the PRC including the PRC Environmental Protection Law, the PRC Prevention and Control of Noise Pollution Law, the PRC Environmental Impact Assessment Law and the Administrative Regulations on Environmental Protection for Development Projects. Pursuant to these laws and regulations, the Group has engaged independent third-party environmental consultants to conduct environmental impact assessments at all of the construction projects of the Group, and such environmental impact assessments were submitted to relevant governmental authorities for approval before commencement of development. Upon completion of construction works, the Group is required to be examined by a third party designated by the relevant governmental authorities and are subject to governmental authorities' acceptance. Only property development projects which have passed such examination and acceptance can be delivered. Under the typical construction contracts of the Group, the Group requires its contractors to strictly comply with relevant environmental-related laws and regulations. The Group inspects the construction sites regularly and require its contractors to immediately rectify any default or non-compliance identified.

During the year ended 31 December 2017, the Group incurred RMB7.9 million as cost for compliance with applicable environmental rules and regulations (2016: RMB3.6 million). The Directors expect that the Group will continue to incur compliance costs with respect to applicable environmental rules and regulations at a similar level. As at the date of this annual report, the Group did not encounter any material issues in passing inspections conducted by the relevant environmental authorities upon completion of the property development projects of the Group. During the year ended 31 December 2017 and up to the date of this annual report, no material fines or penalties were imposed on the Group for non-compliance of PRC environmental laws and regulations. As at the date of this annual report, the Group had obtained all required approvals in relation to the environmental impact reports, where applicable, for the projects of the Group under development.

Social Responsibility

The Group has entered into employment contracts with its employees in accordance with the applicable PRC laws and regulations.

The Group maintains social welfare insurance for its full-time employees in the PRC, including pension insurance, medical insurance, personal injury insurance, unemployment insurance and maternity insurance, in accordance with the relevant PRC laws and regulations.

Health and Work Safety

The employee's administrative measures adopted by the Group contain policies and procedures regarding work safety and occupational health issues. The Group provides its employees with annual medical checks and safety training, and the construction sites of the Group are equipped with safety equipments including gloves, boots and hats.

The chairman's office of the Group is responsible for recording and handling work accidents as well as maintaining health and work safety compliance records.

During the year ended 31 December 2017 and up to the date of this annual report, the Group did not encounter any material safety accident, there were no material claims for personal or property damages and no material compensation was paid to employees in respect of claims for personal or property damages related to safety accident.

INDEMNITY AND INSURANCE PROVISIONS

The articles of association of the Company provides that every Director shall be indemnified out of the assets of the Company against any liability, action, proceeding, claim, demand, costs, damages or expenses as a result of any act or failure to act in carrying out his/her functions. The Company has arranged appropriate directors and officers liability insurance in respect of legal action against Directors.

EQUITY-LINKED AGREEMENTS

Save for the Share Option Scheme as set out in this annual report, no equity-linked agreements were entered into by the Group, or subsisted during the year ended 31 December 2017.

SUFFICIENCY OF PUBLIC FLOAT

Rule 8.08 of the Listing Rules requires there to be an open market in the securities for which listing is sought and a sufficient public float of an issuer's listed securities to be maintained. This normally means that at least 25% of the issuer's total issued share capital must at all times be held by the public.

Based on the information that is publicly available to the Company and to the knowledge of the Directors as at the latest practicable date prior to the issue of this annual report, the Company has maintained a sufficient public float as required under the Listing Rules.

CHARITABLE DONATIONS

During the year ended 31 December 2017, the Group made charitable and other donations in a total amount of RMB37.8 million (2016: RMB112.2 million).

AUDITOR

The consolidated financial statements for the year ended 31 December 2017 have been audited by PricewaterhouseCoopers. A resolution for the re-appointment of PricewaterhouseCoopers as the Company's auditor is to be proposed at the AGM. There is no change in the auditor of the Company in the preceding 3 financial years.

PROFESSIONAL TAX ADVICE RECOMMENDED

If the 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 an expert.

For and on behalf of the Board
Ronshine China Holdings Limited
Ou Zonghong
Chairman

Hong Kong, 23 March 2018

Corporate Governance Report

The Group is committed to achieving high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Board is pleased in presenting this Corporate Governance Report for the year ended 31 December 2017.

CORPORATE GOVERNANCE

The Company has adopted the corporate governance code (the "**Corporate Governance Code**") contained in Appendix 14 to the Listing Rules as its own code on corporate governance and, to the best knowledge of the Directors, the Company had complied with all applicable code provisions under the Corporate Governance Code during the year ended 31 December 2017, save and except for the deviation from Code Provision A.2.1 of the Corporate Governance Code disclosed in the paragraph headed "The Board – 3. Chairman and Chief Executive Officer" in this section below.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the guidelines for the Directors' dealings in the securities of the Company. Following specific enquiries to each of the Directors, the Directors have confirmed their compliance with the required standards set out in the Model Code during the year ended 31 December 2017.

INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

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

For the year ended 31 December 2017, each of the Directors has attended training in connection with their responsibilities as a director of the Company, and the attendance of each Director is set out in the table below:

Name of Director	
Executive Directors	
Mr. Ou Zonghong	√
Mr. Wu Jian	√
Mr. Lin Junling	√
Ms. Zeng Feiyan	√
Independent Non-Executive Directors	
Dr. Lo Wing Yan William	√
Mr. Ren Yunan	√
Mr. Qu Wenzhou	√

THE BOARD

1. Responsibilities

The Board assumes the responsibility of leadership and control of the Company, and supervises and approves significant decisions regarding financial performance, strategic development objectives and operations of the Company. The Board delegates to the management authority and responsibility for the Company's daily operations and businesses management according to the Board's instructions. The Board has established various committees and has delegated to the audit committee (the "**Audit Committee**"), the remuneration committee (the "**Remuneration Committee**"), and the nomination committee (the "**Nomination Committee**") of the Board (collectively, the "**Board Committees**") various duties. All the Board Committees perform their distinct roles in accordance with their respective terms of reference.

All Directors shall at all times ensure that they carry out duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and the Shareholders.

2. Board Composition

Executive Directors	Mr. Ou Zonghong *(Chairman and Chief Executive Officer)* Mr. Wu Jian *(Vice President)* Mr. Lin Junling *(Vice President)* Ms. Zeng Feiyan *(Chief Financial Officer)*
Independent Non-Executive Directors	Dr. Lo Wing Yan William Mr. Ren Yunan Mr. Qu Wenzhou

There is no material financial, business, family or other relationship between any members of the Board. The biographies of the Directors are set out under the section headed "Directors and Senior Management" in this annual report. All the Directors, including the independent non-executive Directors, bring a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee.

During the year ended 31 December 2017, the Board at all times met the requirements under Rules 3.10(1) and 3.10(2) of the Listing Rules by the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company also complied with Rule 3.10A of the Listing Rules, which relates to the appointment of independent non-executive Directors representing at least one-third of the Board. The Company has received a confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules. The Board has assessed their independence and concluded that all the independent non-executive Directors are considered to be independent pursuant to the Listing Rules.

Each of the independent non-executive Directors has entered into an appointment letter with the Company for a term of three years.

3. Chairman and Chief Executive Officer

The roles of the chairman and the chief executive officer of the Company have not been separated as required by Code Provision A.2.1 of the Corporate Governance Code. The roles of the chairman and chief executive officer of the Company are both performed by Mr. Ou Zonghong, an executive Director. The Board believes that vesting the roles of both chairman and chief executive officer in the same individual enables the Company to achieve higher responsiveness, efficiency and effectiveness when formulating business strategies and executing business plans. Furthermore, in view of Mr. Ou Zonghong's extensive industrial experience and significant role in the historical development of the Group, the Board believes that it is beneficial to the business prospects of the Group that Mr. Ou Zonghong continues to act as the chairman and chief executive officer of the Group following the Listing Date, and that the balance of power and authority is sufficiently maintained by the operation of the Board, comprising the executive Directors and independent non-executive Directors.

4. Board Meetings

Code Provision A.1.1 of the Corporate Governance Code prescribes that at least four regular Board meetings should be held in each year at approximately quarterly intervals with active participation of majority of directors, either in person or through electronic means of communication.

The Company has adopted the practice of holding Board meetings regularly. Notice of not less than 14 days is given of all regular Board meetings to provide all Directors with the opportunity to attend and include matters in the agenda. For other committee meetings, 14 days notice is given. The agenda and accompanying board papers are dispatched to the Directors or committee members at least three days before meetings to ensure that they have sufficient time to review these documents and be adequately prepared. When Directors or committee members are unable to attend a meeting, they are advised of the matters to be discussed and given an opportunity to make their views known to the chairman prior to the meeting.

Minutes of the Board meetings and committee meetings are recorded in detail and include the matters considered by the Board and the committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and committee meeting are sent to the Directors within a reasonable time after the date on which the meeting is held so that they have an opportunity to request amendments.

The Board convened one annual general meeting and six board meetings during the year ended 31 December 2017. The table below sets forth the details of the attendance at these meetings:

	Attended/Number of meetings held	
Name of Director	**Board meetings**	**Annual general meeting**
Executive Directors		
Mr. Ou Zonghong	6/6	1/1
Mr. Wu Jian	6/6	1/1
Mr. Lin Junling	6/6	1/1
Ms. Zeng Feiyan	6/6	1/1
Independent Non-Executive Directors		
Dr. Lo Wing Yan William	6/6	1/1
Mr. Ren Yunan	6/6	1/1
Mr. Qu Wenzhou	6/6	1/1

BOARD COMMITTEE

The Company has established the Audit Committee, the Remuneration Committee and the Nomination Committee. Each of these committees has specific written terms of reference which deal clearly with their authority and duties. The chairmen of these committees will report their findings and recommendations to the Board after each meeting.

1. Audit Committee

The Board has established the Audit Committee with written terms of reference in compliance with the Corporate Governance Code. The terms of reference of the Audit Committee has been uploaded to the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.rongxingroup.com).

The primary duties of the Audit Committee are to review and supervise the financial reporting process, risk management and internal control system of the Group, oversee the audit process, provide advice and comments to the Board and perform other duties and responsibilities as may be assigned by the Board. The Audit Committee consists of three members, namely Mr. Qu Wenzhou, Dr. Lo Wing Yan William and Mr. Ren Yunan, each of them is an independent non-executive Director. The chairman of the Audit Committee is Mr. Qu Wenzhou who possesses appropriate professional qualifications.

The Audit Committee convened two meetings during the year ended 31 December 2017. The table below sets forth the details of the attendance at these meetings:

Name of committee member	Attended/Number of meetings held
Mr. Qu Wenzhou *(Chairman)*	2/2
Dr. Lo Wing Yan William	2/2
Mr. Ren Yunan	2/2

At the above meetings, members of the Audit Committee have reviewed the audited annual results of the Group for the year ended 31 December 2016 and the unaudited interim results of the Group for the six months ended 30 June 2017. The Audit Committee have also reviewed the significant issues on the financial reporting and compliance procedures, internal control and risk management systems and connected transactions, and have discussed with the auditor of the Company about the tasks they performed.

The Audit Committee has reviewed the remuneration of the auditor for the year ended 31 December 2017 and has recommended the Board to re-appoint PricewaterhouseCoopers as the auditor of the Company for the year ending 31 December 2018, subject to approval by the Shareholders at the AGM.

The works performed by the Audit Committee during the year ended 31 December 2017 included, among others, the following:

- reviewed the interim and annual consolidated financial statements of the Group;
- reviewed the cash flow projections and monitored the Group's overall financial condition;
- reviewed the appropriateness and effectiveness of the risk management and internal control systems of the Group and made recommendations to the Board on the improvement of the risk management and internal control systems of the Group;
- reviewed the appropriateness and effectiveness of the internal audit function of the Group and made recommendations to the Board on the improvement of the internal audit function of the Group;
- reviewed the adoption of the relevant accounting principles generally accepted and made recommendations to the Board on the adoption of accounting policies; and

- met with external auditor in the absence of executive Directors and senior management to discuss matters in relation to the audit.

2. Remuneration Committee

The Board has established the Remuneration Committee with written terms of reference in compliance with the Corporate Governance Code. The terms of reference of the Remuneration Committee has been uploaded to the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.rongxingroup.com).

The primary duties of the Remuneration Committee are to establish, review and make recommendations to the Board on the Group's policy and structure concerning remuneration of the Directors and senior management and on the establishment of a formal and transparent procedure for developing policies concerning such remuneration, to make recommendation to the Board on the terms of the specific remuneration package of each executive Director and senior management and review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Directors from time to time. The Remuneration Committee consists of three members, namely Mr. Ou Zonghong, an executive Director, Mr. Ren Yunan and Mr. Qu Wenzhou, independent non-executive Directors. The chairman of the remuneration committee is Mr. Ren Yunan.

The Remuneration Committee convened two meetings during the year ended 31 December 2017. The table below sets forth the details of the attendance at these meetings:

Name of committee member	**Attended/Number of meetings held**
Mr. Ren Yunan *(Chairman)*	2/2
Mr. Ou Zonghong	2/2
Mr. Qu Wenzhou	2/2

The major work performed by the Remuneration Committee during the year ended 31 December 2017 included, among others, reviewing and making recommendation to the Board of the remuneration of the Directors and the senior management of the Group for the year ending 31 December 2018.

Details of the remuneration of the Directors and those of the five highest paid individuals of the Group for the year ended 31 December 2017 are set out in note 8 to the consolidated financial statements of the Group in this annual report.

The remuneration of the senior management (excluding the Directors) by band for the year ended 31 December 2017 is set out below:

Remuneration bands	Number of person(s)
HK$6,500,000 – HK$7,000,000	1

3. Nomination Committee

The Board has established the Nomination Committee with written terms of reference in compliance with the Corporate Governance Code. The terms of reference of the Nomination Committee has been uploaded to the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.rongxingroup.com).

The primary duties of the Nomination Committee are to review the structure, size and composition of the Board on a regular basis and make recommendations to the Board regarding any proposed changes, identify, select or make recommendations to the Board on the selection of individuals nominated for directorship, assess the independence of the independent non-executive Directors and make recommendations to the Board on relevant matters relating to the appointment, reappointment and removal of the Directors and succession planning for the Directors. The Nomination Committee consists of three members, namely Mr. Ou Zonghong, an executive Director, Dr. Lo, Wing Yan William and Mr. Qu Wenzhou, independent non-executive Directors. The chairman of the nomination committee is Mr. Ou Zonghong.

The Nomination Committee convened two meetings during the year ended 31 December 2017. The table below sets forth the details of the attendance at these meetings:

Name of committee member	Attended/Number of meetings held
Mr. Ou Zonghong *(Chairman)*	2/2
Dr. Lo Wing Yan William	2/2
Mr. Qu Wenzhou	2/2

The works performed by the Nomination Committee during the year ended 31 December 2017 included, among others, the following:

- reviewed the structure, size and composition of the Board;
- assessed the independence of the independent non-executive Directors; and
- made recommendations to the Board on the re-appointment of Directors.

The Company has adopted the board diversity policy (the "**Board Diversity Policy**") to assess the composition of the Board. The Nomination Committee would take into account various aspects set out in the Board Diversity Policy, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption. In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's character, qualifications, experience, independence and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity before making recommendation to the Board.

4. Corporate Governance Functions

The Board is responsible for performing the functions set out in the Code Provision D.3.1 of the Corporate Governance Code.

During the year ended 31 December 2017, the Board met twice to review the Company's corporate governance policies and practices, training and continuous professional development of the Directors and the senior management of the Group, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code, and the Company's compliance with the Corporate Governance Code and disclosure in this Corporate Governance Report.

AUDITOR'S REMUNERATION

For the year ended 31 December 2017, the fee paid/payable to the external auditor of the Company in respect of audit services and non-audit services is set out as follows:

	Year ended 31 December 2017 RMB million
Audit and related service:	5.2
Non-audit service:	2.8

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibilities for preparing all information and representations contained in the consolidated financial statements of the Group for the year ended 31 December 2017 which give a true and fair view of the state of affairs of the Group and of the results and cash flow for the relevant period. The Directors consider that the consolidated financial statements of the Group for the year ended 31 December 2017 have been prepared in conformity with all applicable accounting standards and requirements and reflect amounts that are based on the best estimates and reasonable, informed and prudent judgment of the Board and the management. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the financial statements of the Company on a going concern basis. The statements of the auditor of the Group about its reporting responsibility on the consolidated financial statements of the Group is set out in the section headed "Independent Auditor's Report" in this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for the risk management and internal control systems of the Group and for reviewing their effectiveness.

The Company continues to adopt best practices and industry standards for risk management and internal control. The Group's risk management and internal control systems include a well-established organisational structure with clearly defined lines of responsibility and authority. Such system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Day-to-day departmental operations are entrusted to individual departments, which are accountable for their own conduct and performance and are required to operate their own department's business within the scope of the delegated authority and to implement and strictly adhere to the strategies and policies set by the Company from time to time. Each department is also required to keep the Board informed of material developments in the department's business and of the implementation of the policies and strategies set by the Board on a regular basis.

Systems and procedures are also in place in the Group to identify, control and report on the major types of risks the Group encounters. Each department is responsible for the assessment of individual types of risk arising under their areas of responsibility. Relevant risks identified are reported to the Board for oversight and monitoring. The Group's risk management systems are monitored and reviewed regularly by the Board.

The Audit Committee and the Board have reviewed the internal audit findings of the Group's from financial, operational, compliance and risk management controls perspectives for the year ended 31 December 2017. The Board is satisfied that the internal control and risk management systems are effective and adequate. In addition, the Board has reviewed and is satisfied with the adequacy of resources, the qualifications and experience of the staff of the Company's accounting, internal audit and financial reporting functions, and their training programmes and budget.

INFORMATION DISCLOSURE

The Company discloses information in compliance with the Listing Rules and other applicable laws, and publishes periodic reports and announcements to the public in accordance with relevant laws and regulations. In particular, the Group has put in place a robust framework for the disclosure of inside information in compliance with the SFO. The framework sets out the procedures and internal controls for the handling and dissemination of inside information in a timely manner so as to allow all the stakeholders to apprehend the latest position of the Group. The framework and its effectiveness are subject to review by the Board on a regular basis.

INTERNAL AUDIT

The Group has an internal audit function. The primary role of the internal audit function is to help the Board and the senior management of the Group to protect the assets, reputation and sustainability of the Group. The internal audit function provides independent and objective assurance as to whether the design and operational effectiveness of the Group's framework of risk management, control and governance processes, as designed and represented by the Company's management, is adequate. The internal audit function of the Group is independent of the risk management and internal control systems of the Group.

Results of audit work together with an assessment of the overall risk management and control framework are reported to the Audit Committee as appropriate. The internal audit function also reviews the Company's management's action plans in relation to audit findings and verifies the adequacy and effectiveness of the mitigating controls before formally closing the issue.

COMMUNICATION WITH SHAREHOLDERS

The Company is committed to pursue active dialogue with Shareholders as well as to provide timely disclosure of information concerning the Company's material developments to its Shareholders, investors and other stakeholders. Annual general meeting of the Company serves as an effective forum for communication between the Shareholders and the Board. Notice of annual general meeting together with the meeting materials will be despatched to all Shareholders not less than 21 clear days and not less than 20 clear business days before the annual general meeting. As one of the measures to safeguard the Shareholders' interests and rights, separate resolutions will be proposed at general meetings on each substantial issue, including the election of individual Directors, for Shareholders' consideration and voting. In addition, the Company regards annual general meeting as an important event, and all Directors, the chairmen of all Board Committees, senior management and external auditor will attend the annual general meeting of the Company to address Shareholders' inquiries. If the chairmen of the Board or each Board Committee fail to attend the meeting, then other members of each Board Committee will be invited to attend the annual general meeting and answer Shareholders' inquiries thereat. All resolutions proposed at general meetings will be voted by poll. The voting results will be posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.rongxingroup.com) on the same day of the relevant general meetings.

To promote effective communication, the Company maintains a website (www.rongxingroup.com), where the latest information and updates on its business operation and development, corporate governance practice, contact information of investor relations and other information are published for the public's access.

PROCEDURES FOR SHAREHOLDERS TO CONVENE AN EXTRAORDINARY GENERAL MEETING

In accordance with article 58 of the articles of association of the Company, any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at the general meetings of the Company shall at all times have the rights, by written requisition to the Board or the company secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and 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 process 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.

PROCEDURES FOR PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS

There are no provisions allowing Shareholders to propose new resolutions at the general meetings under the articles of association of the Company and the Cayman Islands Companies Law. However, Shareholders who wish to propose resolutions may follow article 58 of the articles of association of the Company for requisitioning an extraordinary general meeting and including a resolution at such meeting. The requirements and procedures of article 58 are set out above.

PROCEDURES FOR DIRECTING SHAREHOLDERS' ENQUIRIES TO THE BOARD

Shareholders may at any time send their enquiries and concerns to the Board in writing through the investor relations which contact details are as follows:

Porda Havas International Finance Communications Group

Address:	Units 2009–2018, 20th Floor, Shui On Centre, 6–8 Harbour Road, Wanchai, Hong Kong
Tel:	(852) 3150-6788
Fax:	(852) 3150-6728
Email:	ronshine@pordahavas.com

JOINT COMPANY SECRETARIES

Ms. Zeng Feiyan and Ms. Ng Wing Shan are the joint company secretaries of the Company.

Ms. Zeng Feiyan is the executive Director and the chief financial officer of the Group. For further details of Ms. Zeng's background, please refer to her biographical details disclosed in the section headed "Directors and Senior Management" in this annual report.

Ms. Ng Wing Shan is an assistant vice president of SW Corporate Services Group Limited. For further details of Ms. Ng's background, please refer to her biographical details disclosed in the section headed "Directors and Senior Management" in this annual report. The primary corporate contact person of the Company with Ms. Ng is Ms. Zeng.

In compliance with Rule 3.29 of the Listing Rules, Ms. Zeng and Ms. Ng each has undertaken no less than 15 hours of relevant professional training during the year ended 31 December 2017.

AMENDMENT TO THE MEMORANDUM AND ARTICLES OF ASSOCIATIONS

During the year ended 31 December 2017, the Company has not made any other amendments to the memorandum and articles of associations of the Company.

Environmental, Social and Governance Report

About ESG Report

Report Profile

The Environmental, Social and Governance Report (the "**ESG Report**") published by Ronshine China Holdings Limited (the "**Company**") and its subsidiaries (hereinafter referred as the "**Group**") expounded the Group's concept of sustainable development and its performance in corporate social responsibilities. The ESG Report detailed the Group's various work of adhering to the principle of sustainable development and the performance in social governance in 2017.

Scope of the Report

The ESG Report focused on the environmental and social performance of the core business of the Group in mainland China from 1 January 2017 to 31 December 2017 (the "**Year**"). The key performance indicators (KPIs) of environmental subject area as disclosed in the ESG Report focused on the Group's headquarters and regional offices in Fuzhou, Hangzhou, and Shanghai (data is listed in the Appendix). For details of Corporate Governance, please refer to the Corporate Governance Report of the Company's Annual Report.

Criteria of Reporting

The ESG Report was prepared based on the Environmental, Social and Governance Reporting Guide under Appendix 27 of the Rules Governing the Listing of Securities issued by the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Stakeholder Engagement

The preparation of the ESG Report, which was supported by employees from different departments of the Group, enabled us to better understand our current development in environmental and social aspects. The collected information was not only a summary of the Group's work relating to environment and society in 2017, but also a basis for us to map out short-term and long-term strategies of sustainable development.

Information and Feedback

For details of the environment and corporate governance of the Group, please refer to our official website (http://www.rongxingroup.com) and the Annual Report. The Group highly values your opinions towards this report. If you have any advice or suggestions, please contact us via email (nixy@rxgcn.com).

Environment and Resources

Emissions Management

Wastewater Treatment

The main types of wastewater generated during our operation are domestic sewage and effluent discharged from construction sites. In the Year, the Group continued to comply with the laws and regulations relating to prevention of pollutants and environmental protection. Domestic sewage was discharged to municipal drainage system to avoid improper discharge. During the construction, the Group required contractors to meet the national and regional standards and ensure wastewater generated in construction sites was treated before being discharged so as to reduce the impact on the environment. For instance, according to the Approval Comments of the Fuzhou Environment Protection Bureau on Environmental Impact Report of Ronshine Bay Project, temporary environmental protection facilities were installed at the construction sites in Ronshine Bay project, such as grease traps, sedimentation tanks and septic tanks in an attempt to fully reuse wastewater after treatment.

Waste Disposal

During the Group's operation, the major sources of solid waste are construction waste and office waste. The solid waste was stored and handled in accordance with Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste and other laws and regulations. All construction waste generated at the sites was handled by contractors based on the outsourcing agreement. In order to minimize the effect on the environment, the Group required contractors to recycle reusable construction waste in construction projects, or hire qualified organizations to recycle waste. For non-recyclable waste, specialized collectors are informed to clear, remove and transport the waste. Furthermore, the Group asked contractors to classify and separately store inflammable and explosive substances and other dangerous substances and take safety measures, including installing fire equipment to reduce the accidental risks and environmental hazards.

Subsequently, the Group has taken initiatives to reduce office waste. For non-hazardous waste, waste classification devices were used to recycle papers, metals and plastic. We reused envelopes, folders, file cards and other stationeries and organized Competition for Less Use of Paper, No Plastic Bottles Day and Green Design Contest. For a small amount of hazardous waste, the Group cooperated with electronic companies to recycle obsolete electronic waste. Recyclable ink and toner cartridges were used. And we collected batteries in certain recycle box for further handling by qualified collectors. We also encouraged our employees to reduce the use of disposable and non-recyclable products.

Noise Management

To reduce noise emission during construction, the Group continued to strictly abide by Emission Standard of Environmental Noise for Boundary of Construction Site (GB12523-2011) and other relevant regulations. If construction needs to be carried out at nighttime, it is required to be reported to the local Environmental Protection Department for approval.

Air Pollution Management

The main exhaust gas generated by the Group during the course of operation includes dust, fugitive dust during transportation and vehicle emissions. In the Year, the Group controlled exhaust pursuant to the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution and other relevant laws and regulations. For dust control, the Group required contractors to have their sheds of mixers and cement storehouses be built in the form of a color-coated steel house in a completely closed structure, with gutters and dustproof facilities available nearby to avoid dust leakage. Especially at the phase of earth excavation and the implementation of construction pits, the contractors were required to take measures to cover the exposed waste soil at the construction site, to prevent the dust from rising in the air. For fugitive dust during transportation, construction vehicles should be equipped with functions including automatic washing, anti-fog and dust removal in accordance with relevant regional regulations. All vehicles entering or leaving the construction sites were washed. To reduce air pollution caused by vehicle emission, crew should arrange regular maintenance checks for the Group's vehicles to enhance efficiency of vehicles and reduce emissions of exhaust gas. The Group also provided low-carbon driving training for drivers in this regard.

Resources Conservation

The Group applies the concept of energy saving and environmental protection in its operating management. In order to minimize wastage of water resources and increase efficiency of using water, we continued various initiatives at operation sites during the Year, for instance, installing rainwater collection system for irrigation of plants, recycling greywater for cleaning and irrigation, immediately repairing dripping water taps, using water taps with water efficiency labels, using dual flush toilets, posting signs to remind employees to save water and urging employees to turn off taps. Besides, the Group carried out regular checks on concealed piping and water tanks and examined water meter readings to inspect for any hidden leaks.

A series of measures were adopted in daily operation to improve efficiency of energy utilization and reduce energy consumption. For lighting system, the Group divided the office into different lighting areas and installed luminaries that were energy efficient with independent control at different lighting areas (for example T5 fluorescent lamps and light emitting diode). The lighting systems and lamps were also kept clean to enhance their energy efficiency. For air conditioning systems, the Group used the split air conditioners with the Grade 1 energy label and water-cooled air conditioning systems. UV-resistant window insulation film was applied to low-emissivity glass, so as to reduce heat absorption and energy consumption. The Group also examined and changed the pressure gauges, pressure hoses and connectors of air compressors regularly, in order to reduce possibility of refrigerant leakage. The Group encouraged employees to set the computers to standby or sleep mode automatically if they were left idle and switch off the electronic devices completely in non-office hours. In addition, the Group encouraged employees to use the telecommunication technology to send messages, and set double-side printing as default setting with a view to reduce the use of paper.

Protection of Environment and Natural Resources

In the Year, the Group's operation did not cause any major impact on the ecological environment. During the course of our operation, the Group put the idea of low-carbon development into practice and actively developed "Green Charity". We were devoted to promoting sustainable development of the environment. In daily practice, the Group reduced the amount of papers, electricity and water used through promoting electronic office, video-conferencing and teleconferencing. At the same time, employees were encouraged to participate in trainings and activities about environmental protection and travel by public transport, so as to protect the environment and natural resources and minimize the impact of our operation on the environment.

Employment and Labor Practices

Employment Guidelines

During the Year, the Group continued to act in strict compliance with the relevant laws and regulations, including the Employment Ordinance of Hong Kong, Labor Law of the PRC and Labor Contract Law of the PRC. All employees are treated with fairness and equality, ensuring that there is no sex, regional and other kinds of discrimination. In accordance with the relevant national laws, the Group requires full-time or temporary employees to work no more than 8 hours per day and no more than 40 hours per week. Employees would not be forced to work overtime or restricted to get off work on time. In addition, the Group offers employees the equal employment rights and the freedom to choose their own career, in accordance with the Employment Promotion Law of the PRC.

In terms of recruitment, the Group focuses on diversity of our employees, and recruits talents from different cultures and backgrounds. Internal recruitments are organized twice a year. Apart from internal recruitment, the Group recruits through official website, campus recruitment and community recruitment. The Group would sign the labor contract with new employee, in accordance with the Labor Contract Law of the PRC and local labor law, to ensure there is no child labor and forced labor. The Group offers employees the annual remuneration package which comprises two components, namely fixed income and variable income. The Group provides not only the statutory benefits for full-time employees in mainland China, including endowment insurance, medical insurance, work-related injury insurance and housing provident fund, but also offers other benefits including traveling allowances, special rate for purchasing residential property and training subsidies. The Group has established the appraisal system to evaluate performance of employees regularly. The appraisal result would be served as the basis for determining any salary increase, bonus and promotion. The Group also emphasizes the protection of the employees' basic rights. All employees are entitled to personal leave, sick leave, annual leave, wedding leave, maternity leave, sick leave due to work injuries and funeral leave.

Training and Development

The group insists that "Human Resource is the most prominent for the corporate". Through respecting and trusting our employees, improving allocation of human resources and enhancing talent cultivation, we hope employees can grow with the Group. According to the "Training Materials of Fundamental Knowledge for New Employees", the Group provides fundamental training for new employees to help them to know the Group more quickly.

Fresh graduates will be the backbone of the Group in the future, and are fundamental to sustainable development of the Group. Hence, the Group provides regular systematic and professional training for different employees to enhance their working efficiency. In the Year, the Group's Human Resources Department formulated the training programs "Empower You with Trust" ("Xin Li Liang") and "Spread Your Wings with Trust" ("Xin Zhi Yi") for the fresh graduates and established training courses in "Ronshine College". In the meantime, in order to meet the needs of recruiting talents for the Group's strategic development, the Group's President Office has adopted a consistent approach of managing the talent pool and implemented the Talent Acquisition Management System, in accordance with the Group's strategic development plan and the allocation of human resources.

Health and Safety

To guarantee employers' health and safety, the Group continued to act in strict compliance with the relevant laws and regulations, including the Occupational Safety and Health Ordinance in Hong Kong, and the Law of the PRC on the Prevention and Control of Occupational Diseases. Body check and safety training are provided to employees every year. It is clearly stipulated in the contract signed with construction contractor that the contractor shall provide accidental insurance for employees engaged in hazardous work.

For the sake of compliance with the Work Safety Law of the PRC, the Group continued to require contractors to identify any source of critical hazards before the construction and formulate related management plans and safety supervision system. A comprehensive accountability system for safety production should be established. The contractor should abide by regulations relating to construction and safety production and carry out construction work strictly meeting the safety standard. The contractors should be prepared for examinations supervised by the industry safety inspectors according to the laws, and take the necessary

safety precautions to avoid any hidden risk of accident. For example, different types of protective equipment should be provided to employees according to their job nature, such as gloves, safety shoes and helmets. Safety warning signs should be placed at different locations of the construction site, such as safe access, processing shed, production zone of steel bars, and substation. The processing sheds should be built of steel bars and wood with rainproof and protective function. The stairs on the podium of the building should be covered with safety nets. The contractors, who are accountable for the safety of construction workers, should provide safety education for them. If any construction work would be performed near any power plant, power transmission line, underground pipeline, sealed and shockproof manufacturing plant, flammable and explosive area, and main traffic area, the contractors shall propose safety precautions to the engineers in advance, and the work could only be carried out with the approval of engineers. For blasting operation, as the work involves (the storage, transportation and use of) radioactive and poisonous substances and the use of poisonous and corrosive materials, the contractors shall inform the engineers in written form 14 days prior to the construction and propose the relevant safety precautions. Such work could only be carried out with the approval of engineers. If there is any heavy casualty and safety accident, the contractors shall report it to the related departments and inform the engineers immediately in accordance with the relevant regulations and handle it in accordance with the requirements as set by the related government departments.

In the meantime, the Group puts great emphasis on employees' physical and mental health. We not only provide venues for badminton and table tennis, but also actively organize different activities, such as birthday party, Christmas Family Day, seminar about tea ceremony, health talks on Chinese Medicine and so on. To ensure employees to work in healthy and comfortable environment, the Group puts plants in different areas, including office, conference room, meeting room and so on.

Operational Practice

Supply Chain Management

The suppliers of the Group are from different fields, including construction, advisory services, materials and equipment and so on. Our suppliers are from internal recommendations, other company's recommendations, suppliers' self-recommendations and searching on the Internet. We are devoted to maintaining close relationship with suppliers, to ensure stable supply of materials. Headquarter is responsible for sending invitations of tenders to all suppliers. And the whole process of tender is carried out in accordance with the Bidding Law of the PRC and other laws and related internal regulations, including the "Suppliers Management System" and "Management System of Tender of Construction and Materials and Equipment". In the tendering process, suppliers would be firstly required to register on the recruitment system. Then the officers of the Procurement Department would carry out the inspection of suppliers, fill in an evaluation form upon the completion of the review, prepare an evaluation report and submit it for approval. It is ensured that the whole tendering process is transparent, open, fair and impartial, and black box operation is eliminated.

Product Responsibility

The business philosophy of the Group stresses "Creating Value for Clients and Outperforming the Rest of the Market by Service Quality". In the Year, the Group continued to act in strict compliance with the relevant laws and regulations applicable to mainland China relating to the property development and management, environment protection and preservation of antiquities and monuments. The Group has obtained register certificate, permit and relevant certificate for each of the Group's project, including business license, construction land planning permit, state-owned land use certificate, as required by the rules. The construction contracts signed with the contractors are designed in accordance with the Contract Law of the PRC, Construction Law of the PRC and other relevant rules and administrative regulations after the negotiations with the contractors.

To assure product quality, the Group continuously required contractors to meet our requirements stipulated in the "Agreement of Construction Safety", "Liability Agreement for Security and Fire", "Measures on Administration of the Company's Quality, Skills and Progress", "Perceived Standard for the Roughcast House of Engineering Department", "Standards of Spray Test and Water Spray Test for Exterior Walls and Windows", "Standards for the Gaps in Exterior Walls and Windows" and so on. The contractors should provide product certificate after procuring the materials and equipment, so as to facilitate the Group's effective supervision of the quality of the procured materials and equipment. The Group continuously kept active and effective communication with the contractors and strengthened the business relationship with them, so that quality and delivery can be ensured. To have better management of the construction systems, the Group engaged supervision companies for supervising the construction projects. The supervising engineers act on behalf of the Group and are responsible for supervising every part of the project, including work quality, construction progress, safe and civilized construction, materials and equipment. The contractors shall allow supervision and provide necessary support to the supervision companies. Upon the completion of the project, the engineers commissioned by the Group have the rights to organize an inspection. The Department of Environmental Protection and Administration should also carry out the inspection of the construction project, ensuring that the construction project meets the local requirements.

The Group continued to enhance regulations, systems and operation process, including clients' privacy protection, complaints handling, reasonable charge, and protection of clients' right of knowledge and option. Various sound systems and procedures have been established to identify, monitor and report the major types of risk faced by the Group. To meet the regulatory standards, the Group also continued to implement regulatory requirements and made the information of all fee items public. The Group would further boost the well-rounded performance in product design, branding, construction quality and property services, so as to strengthen the product competitiveness in the market.

In respect of advertisement, the Group shares true and accurate product information with the public through different promotional channels, including newspaper, television, broadcast, internet, billboard, magazine, text message and so on. The Group continued to launch advertisement and promotional event in accordance with the Advertising Law of the PRC, the Consumer Protection Law of the PRC and other relevant laws and regulations, so as to ensure that all advertisements are authentic and any use of false and misleading trade description to deceive clients is strictly prohibited.

In terms of privacy protection, the Group continued to strictly abide by the "Confidentiality System of the Company's Information" and required the contractors to keep all the data and information confidential, including related construction drawings, and tender-related documents of invitation, application, evaluation and confirmation. Besides, the Group has established various systems to protect the privacy of employees and business partners, including the "Confidentiality System of the Company's Information", "Regulations of the Management of Information Security", "File Management System", and so on. Confidentiality agreement would be signed with the employees and third parties according to different circumstances to protect the information security.

Anti-Corruption

Acting in strict compliance with the Prevention of Bribery Ordinance in Hong Kong and Criminal Law of the PRC, the Group continued to maintain a fair and competitive market and promote sustainable development of the industry in the Year. It is clearly stated on the labor contract and employee handbook that any form of corruption, bribery or rebate is strictly prohibited. The Audit Department of the Group monitors the daily operation of each department to prevent any illegal acts including corruption, bribery and money laundering.

Community Engagement

Since the establishment of the Group, we have always adhered to the principle of "Gain from society and Contribute to society" and integrated the concept of charity into the blood of enterprise to put it as a vital part of our corporate culture. In recent years, Ronshine Charity Foundation had donated over RMB200 million to disaster relief, charity organizations, city development, education support and so on, for the purpose of promoting the development of education, environmental protection, social, cultural heritage and other aspects.

In July 2017, the Group organized "Ronshine's Night • Xiaoshan Cultural Night Performance" in Hangzhou International Expo Center, where G20 Hangzhou Summit was held. The party used sinology as a link to eulogize the "Righteous", "Wisdom", "Filial Piety" and "Charity", which have been pursued by the people of China for thousands of years. The perfect blend of world view and Chinese beauty gave visitors a fresh experience.

The “Youth in China Project”, a public welfare project jointly organized by Ronshine Charity Foundation, China Youth Development Foundation and Angel Mother, was launched in November 2017. This public welfare project covered three aspects of “children’s education, children’s health, and children’s aid”. The specific contents included donations to schools in poverty-stricken areas, library reading rooms, hope playgrounds, children’s treatment, and the establishment of scholarship programs. Through this activity, we provided children and young children with the most important love and care, and helped transmit positive energy in the society.

Due to the achievements in operation and contribution to society, the Group was awarded "2017 China Urban Development Summit Corporate Social Responsibility Practice Benchmarking Award", "2017 Best Employers of China's Real Estate Industry", "2017 China Top 50 Real Estate Development Enterprises" and "2017 China Top 10 Comprehensive Developments of Real Estate Development Enterprises" and so on. In the future, the Group will continue to serve society, contribute to society, and pay back to society, so as to promote the construction of a harmonious society and assist the sustainable development of the city.

Appendix: Summary of KPIs for Subject Area A. Environment

Environmental Indicators	Year 2017
Emissions	
Nitrogen oxide emissions (kg)	88
Sulfur dioxide emissions (kg)	1
Particulate matter emissions (kg)	6
Greenhouse Gas (GHG) Emissions	
GHG emissions in total (tonnes of carbon dioxide equivalent)	661
GHG emissions per square meter of floor area (tons of carbon dioxide equivalent)	0.09
Direct emissions (Scope 1) (tons of carbon dioxide equivalent)	160
Indirect emissions (Scope 2) (tons of carbon dioxide equivalent)	204
Indirect emissions (Scope 3) (tons of carbon dioxide equivalent)	297
Waste	
Non-hazardous waste generated in total (tons)	Non-hazardous waste generated by the Group's office is collected by the property management office. The data is not disclosed
Non-hazardous waste generated per square meter of floor area (tons)	Not applicable
Hazardous waste generated in total (tons)	The Group's offices generate a small amount of hazardous waste, with no material impact on the environment. The data is not disclosed
Hazardous waste generated per square meter of floor area (tons)	Not applicable
Use of Resources	
Energy consumption in total (MWh)	968
Energy consumption per square meter of floor area (MWh)	0.13
Water consumption in total (m^3)	2,450
Water consumption per square meter of floor area (m^3)	0.32
Total amount of packaging materials used in finished products (tons)	The Group's business does not involve product packaging. The data is not disclosed
Amount of packaging material per product (kg)	Not applicable

Independent Auditor's Report

pwc

羅兵咸永道

To the Shareholders of Ronshine China Holdings Limited
(incorporated in the Cayman Islands with limited liability)

Opinion

What we have audited

The consolidated financial statements of Ronshine China Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 111 to 199, which comprise:

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

Our opinion

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

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

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
Tel: +852 2289 8888, Fax: +852 2810 9888, www.pwchk.com

Independence

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

Key Audit Matters

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

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

- Provisions for properties under development ("PUD") and completed properties held for sale ("PHS")

- Classification of subsidiaries, joint ventures and associates

- Valuation of investment properties

Key Audit Matters (continued)

Key Audit Matter 1 : Provisions for properties under development (“PUD”) and completed properties held for sale (“PHS”)	How our audit addressed the Key Audit Matter
Refer to Note 4 (a) and Note 18 to the consolidated financial statements. The total of PUD and PHS amounted to approximately RMB100,377 million as at 31 December 2017, accounting for approximately 59% of the Group’s total assets. The carrying amounts of PUD and PHS are stated at the lower of cost or net realisable value (“NRV”). Based on management’s best estimates, impairment write-down amounted to RMB32 million for PUD and PHS in total, during the year ended 31 December 2017. The Group assesses the carrying amounts of PUD and PHS according to their NRV based on the realisability of these properties. As a result, provisions for PUD and PHS involve critical accounting estimates on the future selling prices and variable selling expenses for the properties, as well as the costs to completion for PUD.	Our procedures in relation to management’s provision assessment for PUD and PHS included: 1. We understood, evaluated and validated management’s key internal controls that were present in the Group’s process in relation to determine the critical accounting estimates such as selling prices and selling expenses for their properties and, the costs to completion for PUD. 2. We challenged management’s key estimates for: • Selling prices which were estimated based on the prevailing market conditions. We selected PUD and PHS on a sample basis to compare their estimated selling prices to the recent market transactions, making reference to the Group’s selling prices of the same project’s pre-sale units or the prevailing market prices of comparable properties with similar sizes, usages and locations; • Variable selling expenses were estimated based on certain percentages of selling prices. We compared the above estimated percentages with the actual average selling expenses to revenue ratio of the Group in recent years; and • For the estimated costs to completion for PUD, we reconciled them to the budgets approved by management, examined the signed construction contacts on a sample basis, or compared the anticipated completion costs to the actual costs of comparable properties with similar sizes, usages and locations of the Group in recent years. We found that the key estimates used in management’s assessment of the provision for PUD and PHS were properly supported by the available evidence.

Key Audit Matters (continued)

Key Audit Matter 2: Classification of subsidiaries, joint ventures and associates	How our audit addressed the Key Audit Matter
Refer to Note 4 (b), Note 10 and Note 11 to the consolidated financial statements. As at 31 December 2017, the Group had a total of 108 property development companies, of which 85, 17 and 6 are accounted for as subsidiaries, joint ventures and associates, respectively. The classification of an investment as a subsidiary, a joint venture or an associate is based on whether the Group is determined to have control, joint control or significant influence over the investee, which involves judgements through the analysis of various factors, including the Group's representation on the chief decision making authorities of an investee, such as board of directors' meetings and shareholders' meetings, as well as other facts and circumstances. Subsidiaries are consolidated, which means each of their assets, liabilities and transactions are included line-by-line in the Group's consolidated financial statements, whereas the interests in joint ventures and associates are equity accounted for as investments on the consolidated balance sheet. Accordingly, any inappropriate classification as a result of recognition or derecognition of the investments could have a material and pervasive impact on the consolidated financial statements.	In assessing the classification of material new investments or changes to existing investments during the year whether each of them should be accounted for as a subsidiary, a joint venture or an associate, we have performed the following procedures: 1. We obtained and examined the legal documents associated with the investees ("Investment Documents"), such as the cooperation agreements with other co-developers and articles of associations of the investee, to understand the key terms, including rights of the investors, terms of co-developers' agreements, dispute resolution provisions, termination provisions, governance structures, and profit-sharing arrangements, and assessed management's judgement by analysing these key terms against accounting standards based on our own expertise and experience. In cases where there have been subsequent changes to the co-developers' agreements, articles of association, governance structures etc., we critically assessed management's re-assessment to consider whether those changes impact the initial classification. 2. We sent confirmation to selected co-developers to confirm the completeness of Investment Documents we obtained and there was no supplemental documents or subsequent amendments. 3. We inquired selected co-developers for their cooperation arrangement in the investees and the project management and decision making process of those investees. 4. We reviewed the investees' minutes of shareholders' meetings and board of directors' meetings on a sample basis, to corroborate management's representation about the Group's involvement in the decision making process in those investees. Based on the procedures performed, we noted that management's judgement applied in determining the classification of the Group's investments in subsidiaries, joint ventures and associates were supported by the available evidence.

Key Audit Matters (continued)

Key Audit Matter 3: Valuation of investment properties	How our audit addressed the Key Audit Matter
Refer to Note 3.3 (b), 4 (c) and Note 16 to the consolidated financial statements. The Group's investment properties are stated at fair value. As at 31 December 2017, the Group's investment properties amounted to RMB10,465 million, which represents 6% of the Group's total assets, and the fair value gains on investment properties for the year ended 31 December 2017 amounted to RMB1,108 million. We focused on this area due to the significance of the investment properties balance and the fair value adjustments to the financial statements. In addition, the valuations of the investment properties were highly dependent on a range of estimates, such as future rental cash inflows, term yield, reversionary yield, estimated construction costs to completion, and estimated profit margin required to hold and develop property to completion which were carried out by an independent professional valuer engaged by the Group.	Our procedures in relation to management's valuation of investment properties included: 1. We evaluated the competence, capabilities and objectivity of the independent external valuer who was involved in the preparation of the valuation reports. 2. We assessed the appropriateness of valuation techniques adopted in the valuation of different nature of investment properties based on our industry knowledge. 3. For the expected rental income used in the valuation, we checked the amounts to rent roll and lease arrangement on a sample basis. 4. For the key assumptions applied in the valuations, including term yields, reversionary yields, market rents, market price and developer's profit margin, we compared them with our own expectation using evidence of comparable market transactions. Where we identified estimates and assumptions used that were outside the typical ranges, we discussed these with the valuer and management to understand the rationale and then assessed, based on all the available evidence including market research in the relevant locations of the Group's investment properties and our experience in this sector, whether the use of such estimates and assumptions were justified. 5. Furthermore, for the estimated costs to completion for investment properties, we reconciled them to the budgets approved by management, examined the signed construction contacts on a sample basis, and compared the anticipated completion costs to the actual costs of comparable properties with similar sizes, usages and locations of the Group in recent years. Our testing indicated that the estimates and assumptions used were supported with available evidence in the context of the Group's property portfolio.

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of 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 Directors and Those Charged with Governance for the Consolidated Financial Statements

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

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

Those charged with governance are responsible 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. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

- 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 those charged with governance 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 those charged with governance 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.

From the matters communicated with those charged with governance, 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 Mr. Wong Kam Chin.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 23 March 2018

Consolidated Income Statement

	Note	Year ended 31 December 2017 RMB'000	2016 RMB'000
Revenue	6	**30,341,404**	11,371,663
Cost of sales		**(25,316,550)**	(9,069,848)
Gross profit		**5,024,854**	2,301,815
Selling and marketing costs		**(818,513)**	(473,370)
Administrative expenses		**(876,349)**	(477,911)
Fair value gains on investment properties	16	**1,108,095**	361,026
Fair value gains on the remeasurement of joint ventures		**—**	278,074
Other income and other gains — net		**45,521**	11,666
Operating profit		**4,483,608**	2,001,300
Finance income	9	**247,660**	131,546
Finance cost	9	**(24,629)**	(6,183)
Finance income — net	9	**223,031**	125,363
Share of net profit of associates and joint ventures accounted for using the equity method	11	**283,100**	443,105
Profit before income tax		**4,989,739**	2,569,768
Income tax expense	12	**(2,343,491)**	(866,900)
Profit for the year		**2,646,248**	1,702,868
Profit for the year is attributable to:			
— Owners of the Company		**1,679,521**	1,292,339
— Non-controlling interests		**734,442**	308,510
— Holders of Perpetual Capital Instruments	25	**232,285**	102,019
		2,646,248	1,702,868
Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)			
— Basic earnings per share	13	**1.22**	0.96
— Diluted earnings per share	13	**1.22**	0.96

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

Consolidated Statement of Comprehensive Income

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
Profit for the year	**2,646,248**	1,702,868
Other comprehensive income	**—**	—
Total comprehensive income for the year	**2,646,248**	1,702,868
Total comprehensive income for the year is attributable to:		
— Owners of the Company	**1,679,521**	1,292,339
— Non-controlling interests	**734,442**	308,510
— Holders of Perpetual Capital Instruments	**232,285**	102,019
	2,646,248	1,702,868

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

Consolidated Balance Sheet

	Note	As at 31 December 2017 RMB'000	2016 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	**1,518,138**	1,321,057
Land use rights	15	**464,407**	479,518
Investment properties	16	**10,465,400**	4,058,000
Intangible assets		**8,485**	4,876
Investments accounted for using the equity method	11	**6,743,913**	2,695,532
Available-for-sale financial assets		**42,000**	33,724
Prepayments	20	**92,729**	—
Term deposits	22	**—**	640,000
Deferred tax assets	27	**512,609**	258,949
Total non-current assets		**19,847,681**	9,491,656
Current assets			
Properties under development	18	**90,900,267**	31,614,716
Completed properties held for sale	18	**9,477,128**	7,572,767
Amounts due from customers for contract works	19	**140,745**	1,249,435
Trade and other receivables and prepayments	20	**23,720,226**	32,103,325
Amounts due from related parties	35	**3,971,790**	229,101
Prepaid taxation		**1,604,331**	512,156
Available-for-sale financial assets		**16,959**	24,000
Restricted cash	21	**1,933,517**	907,034
Term deposits	22	**111,000**	3,677,169
Cash and cash equivalents	22	**18,472,631**	11,525,557
Total current assets		**150,348,594**	89,415,260
Total assets		**170,196,275**	98,906,916
EQUITY			
Share capital	23	**13**	12
Share premium	23	**3,506,038**	2,485,669
Other reserves	24	**6,718,226**	4,984,837
Capital and reserves attributable to owners of the Company		**10,224,277**	7,470,518
Non-controlling interests		**17,794,795**	12,386,271
Perpetual Capital Instruments	25	**2,741,981**	3,232,533
Total equity		**30,761,053**	23,089,322

	Note	As at 31 December 2017 RMB'000	2016 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	26	**47,609,990**	31,683,744
Deferred tax liabilities	27	**3,041,401**	1,479,533
Total non-current liabilities		**50,651,391**	33,163,277
Current liabilities			
Borrowings	26	**21,843,620**	7,733,520
Trade and other payables	29	**21,594,588**	10,947,247
Amounts due to related parties	35	**1,354,824**	1,474,137
Pre-sale proceeds received from customers		**41,244,149**	20,968,395
Current tax liabilities		**2,746,650**	1,531,018
Total current liabilities		**88,783,831**	42,654,317
Total liabilities		**139,435,222**	75,817,594
Total equity and liabilities		**170,196,275**	98,906,916

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

The financial statements on pages 111 to 199 were approved by the Board of Directors of the Company (the "Board") on 23 March 2018 and were signed on its behalf.

Ou Zonghong **Zeng Feiyan**

Consolidated Statement of Changes in Equity

	Attributable to owners of the Company									
	Share capital RMB'000 (Note 23)	Share premium RMB'000 (Note 23)	Capital reserves RMB'000 (Note 24(a))	Statutory reserves RMB'000 (Note 24(b))	Share-based compensation reverse RMB'000 (Note 24(c))	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Perpetual Capital Instruments RMB'000 (Note 25)	Total equity RMB'000
Balance at 1 January 2017	12	2,485,669	1,403,011	503,023	–	3,078,803	7,470,518	12,386,271	3,232,533	23,089,322
Comprehensive income										
– Profit for the year	–	–	–	–	–	1,679,521	1,679,521	734,442	232,285	2,646,248
– Other comprehensive income	–	–	–	–	–	–	–	–	–	–
Total comprehensive income	–	–	–	–	–	1,679,521	1,679,521	734,442	232,285	2,646,248
Issuance of ordinary shares in connection with private placement	1	1,020,369	–	–	–	–	1,020,370	–	–	1,020,370
Acquisition of subsidiaries	–	–	–	–	–	–	–	2,782,913	–	2,782,913
Capital injections from non-controlling interests	–	–	–	–	–	–	–	1,891,169	–	1,891,169
Redemption of Perpetual Capital Instruments	–	–	–	–	–	–	–	–	(500,000)	(500,000)
Distributions made to holders of Perpetual Capital Instruments	–	–	–	–	–	–	–	–	(222,837)	(222,837)
Share option scheme – value of employee services	–	–	–	–	53,868	–	53,868	–	–	53,868
Transfer to statutory reserves	–	–	–	323,170	–	(323,170)	–	–	–	–
Balance at 31 December 2017	13	3,506,038	1,403,011	826,193	53,868	4,435,154	10,224,277	17,794,795	2,741,981	30,761,053

Consolidated Statement of Changes in Equity

	Attributable to owners of the Company								
	Share capital RMB'000 (Note 23)	Share premium RMB'000 (Note 23)	Capital reserves RMB'000 (Note 24(a))	Statutory reserves RMB'000 (Note 24(b))	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Perpetual Capital Instruments RMB'000 (Note 25)	Total equity RMB'000
Balance at 1 January 2016	–	989,745	1,023,290	337,228	1,952,259	4,302,522	770,210	–	5,072,732
Comprehensive income									
– Profit for the year	–	–	–	–	1,292,339	1,292,339	308,510	102,019	1,702,868
– Other comprehensive income	–	–	–	–	–	–	–	–	–
Total comprehensive income	–	–	–	–	1,292,339	1,292,339	308,510	102,019	1,702,868
Issue of shares in connection with the capitalisation issue	9	(9)	–	–	–	–	–	–	–
Issue of shares in connection with the Company's listing	3	1,540,694	–	–	–	1,540,697	–	–	1,540,697
Share issuance costs	–	(44,761)	–	–	–	(44,761)	–	–	(44,761)
Dividend of a subsidiary	–	–	–	–	–	–	(414,760)	–	(414,760)
Acquisitions of subsidiaries	–	–	–	–	–	–	945,380	–	945,380
Change from joint ventures to subsidiaries	–	–	–	–	–	–	2,688,342	–	2,688,342
Capital injections from non-controlling interests	–	–	379,721	–	–	379,721	8,088,589	–	8,468,310
Issuance of Perpetual Capital Instruments	–	–	–	–	–	–	–	4,700,000	4,700,000
Redemption of Perpetual Capital Instruments	–	–	–	–	–	–	–	(1,500,000)	(1,500,000)
Distributions made to holders of Perpetual Capital Instruments	–	–	–	–	–	–	–	(69,486)	(69,486)
Transfer to statutory reserves	–	–	–	165,795	(165,795)	–	–	–	–
Balance at 31 December 2016	12	2,485,669	1,403,011	503,023	3,078,803	7,470,518	12,386,271	3,232,533	23,089,322

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

Consolidated Statement of Cash Flows

	Note	Year ended 31 December 2017 RMB'000	2016 RMB'000
Cash flows from operating activities			
Cash used in operations	30	**(8,459,527)**	(16,187,518)
PRC corporate income tax paid		**(1,034,641)**	(380,288)
PRC land appreciation tax paid		**(877,571)**	(592,945)
Net cash used in operating activities		**(10,371,739)**	(17,160,751)
Cash flows from investing activities			
Payments for purchase of property, plant and equipment and investment properties		**(4,716,362)**	(405,385)
Payments for purchase of intangible assets		**(3,764)**	(1,650)
Proceeds from disposal of equipment		**5,050**	2,909
Capital injections to joint ventures and associates		**(3,238,593)**	(2,127,957)
Purchase of subsidiaries arising on business combination, net of cash acquired	34(b)	**131,628**	(1,754,080)
Cash acquired from change of joint ventures to subsidiaries		**—**	72,555
Payments for acquisition of available-for-sale financial assets		**(42,000)**	(222,000)
Proceeds from disposal of available-for-sale financial assets		**40,765**	251,276
Interest received		**85,365**	60,210
Cash advances to related parties		**(3,881,863)**	(426,153)
Repayments from related parties		**633,109**	—
Decrease/(increase) in term deposits		**4,206,169**	(3,295,370)
Net cash used in investing activities		**(6,780,496)**	(7,845,645)

	Note	Year ended 31 December 2017 RMB'000	2016 RMB'000
Cash flows from financing activities			
Proceeds from borrowings	30(b)	**41,577,553**	41,456,341
Repayments of borrowings	30(b)	**(15,052,461)**	(22,775,743)
Issuance of Perpetual Capital Instruments		**—**	4,700,000
Redemption of Perpetual Capital Instruments		**(500,000)**	(1,500,000)
Distribution to holders of Perpetual Capital Instruments		**(222,837)**	(69,486)
Cash advances from related parties	30(b)	**1,137,877**	4,153,220
Repayments to related parties	30(b)	**(1,390,467)**	(151,502)
Issuance of shares in connection with the Company's listing		**—**	1,540,697
Issuance of ordinary shares in connection with private placement	23	**1,020,370**	—
Share issuance costs		**—**	(35,214)
Capital injection from non-controlling interests		**1,891,169**	8,468,310
Interest paid		**(3,934,296)**	(1,749,724)
Restricted cash pledged for borrowings		**(362,148)**	(312,688)
Net cash generated from financing activities		**24,164,760**	33,724,211
Net increase in cash and cash equivalents		**7,012,525**	8,717,815
Cash and cash equivalents at beginning of the year		**11,525,557**	2,742,466
Exchange (loss)/gains on cash and cash equivalents		**(65,451)**	65,276
Cash and cash equivalents at end of the year		**18,472,631**	11,525,557

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

Notes to the Consolidated Financial Statements

1 General information

Ronshine China Holdings Limited (the "Company") was incorporated in the Cayman Islands on 11 September 2014 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company's principal activity is investment holding. The Company and its subsidiaries (together the "Group") are principally engaged in property development business in the People's Republic of China (the "PRC").

The Company's shares were listed on the The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 13 January 2016.

These consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board on 23 March 2018.

2 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the group consisting of the Company and its subsidiaries.

2.1 Basis of preparation

(i) Compliance with HKFRSs and HKCO

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") and disclosure requirements of the Hong Kong Companies Ordinance ("HKCO") Cap. 622.

(ii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for available-for-sale financial assets and investment properties which are measured at fair value.

(iii) Amended standards adopted by the Group

The Group has applied the following amendments for the first time for their annual reporting period commencing 1 January 2017. The adoption of these new amendments to standards does not have any significant impact to the results and financial position of the Group.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(iii) Amended standards adopted by the Group (continued)

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	Disclosure of Interest in Other Entities

(iv) New standards, amendments and interpretations not yet adopted

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 1: First Time Adoption of HKFRSs	Annual Improvements to HKFRS Standards 2014–2016 Cycle[1]
Amendments to HKAS 28: Investments in Associates and Joint Ventures	Annual Improvements to HKFRS Standards 2014–2016 Cycle[1]
Amendments to HKAS 40	Transfers of Investment Property[1]
HK (IFRIC) 22	Foreign Currency Transactions and Advance Consideration[1]
Amendments to HKFRS 4	Applying HKFRS 9 *Financial Instruments* with HKFRS 4 *Insurance Contracts*[2]
HKFRS 16	Leases[3]
HK (IFRIC) 23	Uncertainty over Income Tax Treatments[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture[4]

1 Effective for annual periods beginning on or after 1 January 2018.

2 Effective for annual periods beginning on or after 1 January 2018 or when the entity first applies HKFRS 9.

3 Effective for annual periods beginning on or after 1 January 2019.

4 Effective date to be determined.

None of these is expected to be relevant or have material impact to the consolidated financial statements of the Group, except for the followings set out in Note (a), (b), and (c):

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(iv) New standards, amendments and interpretations not yet adopted (continued)

(a) HKFRS 15, *Revenue from contracts with customers*

Nature of change

The HKICPA has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts and the related literature.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Impact

Management has assessed the effects of applying the new standard on the Group's financial statements and has identified the following areas that will be affected:

- Revenue from pre-sales of properties under development is recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and laws that apply to the contract, control of the properties under development may transfer over time or at a point in time. Control of the properties under development is transferred over time if the Group's performance do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

  When control of the property transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the completed property.

  The progress towards complete satisfaction of the performance obligation is measured based on the property development costs incurred as a percentage of total estimated costs for complete satisfaction as allocated to the contract.

  Revenue for certain pre-sale properties contracts will be changed and recognised earlier over the period of time, instead of at a single point in time under the current accounting policy.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(iv) New standards, amendments and interpretations not yet adopted (continued)

(a) HKFRS 15, *Revenue from contracts with customers (continued)*

Impact (continued)

- The timing of revenue recognition for sale of completed properties, which is currently based on whether significant risk and reward of ownership of properties transfer, will be recognized at a later point in time when the underlying property is legally or physically transfer to the customer under the control transfer model.

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

- The Group provides different incentives to customers when they sign a property sale contract. Certain incentives (e.g. free gift and property management service) represents separate performance obligation in a contract. Part of the consideration of the contract will be allocated to those performance obligations and recognised as revenue only when performance obligation is satisfied. The amount of revenue for the sale of property will also be reduced for any cash payment to customer which doesn't not represent fair value of good or service provided by the customer.

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

Date of adoption by the Group

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

The Group is estimating the overall impact of the above to the Group's retained earnings on 1 January 2018.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(iv) New standards, amendments and interpretations not yet adopted (continued)

(b) HKFRS 9, *Financial instruments and associated amendments to various other standards*

Nature of change

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

Impact

The Group has reviewed its financial assets and liabilities and is expecting the following impact from the adoption of the new standard on 1 January 2018:

- *Changes on classification and measurement of financial assets and liabilities*

  The majority of the Group's equity instruments that are currently classified as available-for-sale will satisfy the conditions for classification as at fair value through other comprehensive income and hence there will be no change to the accounting for these assets.

  Accordingly, the Group does not expect the new guidance to affect the classification and measurement of these financial assets.

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

- *Changes on the impairment model*

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

  The model includes operational simplifications for trade receivables. For trade receivables that do not contain a significant financing component, the loss allowance should be measured at initial recognition and throughout the life of the receivable at an amount equal to lifetime expected credit loss.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(iv) New standards, amendments and interpretations not yet adopted (continued)

(b) HKFRS 9, *Financial instruments and associated amendments to various other standards (continued)*

Impact (continued)

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

The directors of the Group expect the new impairment model introduced by HKFRS 9 will generally result in earlier recognition of losses compared to the current incurred loss model of HKAS 39 (Note 2.13).

Date of adoption by the Group

Must be applied for financial years commencing on or after 1 January 2018. The Group will apply the new rules retrospectively from 1 January 2018, with the practical expedients permitted under the standard. Comparatives for 2017 will not be restated.

(c) HKFRS 16, *Leases*

Nature of change

It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.

Impact

The standard will affect primarily the accounting for the Group's operating leases. As at 31 December 2017, the Group has non-cancellable operating lease commitments of RMB49,955,000 (Note 32(b)). The Group is a lessee of certain office premises which are currently classified as operating leases and recognised on a straight-line basis as an expense in profit or loss (Note 2.15). However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(iv) New standards, amendments and interpretations not yet adopted (continued)

(c) HKFRS 16, Leases (continued)

Date of adoption by the Group

Mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

2.2 Subsidiaries

2.2.1 Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(i) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interest and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRSs.

Acquisition-related costs are expensed as incurred.

2 Summary of significant accounting policies (continued)

2.2 Subsidiaries (continued)

2.2.1 Consolidation (continued)

(i) Business combinations (continued)

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

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

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

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

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

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

2 Summary of significant accounting policies (continued)

2.2 Subsidiaries (continued)

2.2.1 Consolidation (continued)

(iii) Disposal of subsidiaries

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

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend received and receivable.

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

2.3 Equity method, associates and joint arrangements

(i) Equity method

Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss of the investee after the date of acquisition. The Group's investments in an associate or joint ventures include goodwill identified on acquisitions. Upon the acquisitions of the ownership interests in an associate or joint ventures, any differences between the costs of the associate or joint ventures and the Group's share of the net fair value of the associate's or joint ventures' identifiable assets and liabilities are accounted for as goodwill.

If the ownership interests in the associate or joint ventures are reduced but significant influence or joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

2 Summary of significant accounting policies (continued)

2.3 Equity method, associates and joint arrangements (continued)

(i) Equity method (continued)

The Group's share of post-acquisition profit or loss is recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investments. When the Group's share of losses in the associate or joint ventures equals or exceeds its interests in the associate or joint ventures, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint ventures.

The Group determines at each balance sheet date whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amounts of the associate or joint ventures and their carrying values and recognises the amounts adjacent to "share of profits of investments accounted for using equity method, net" in the consolidated income statement.

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

Gains and losses on dilution of equity interests in the associate or joint ventures are recognised in the consolidated income statement.

(ii) Associate

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting.

(iii) Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control and over which none of the participating parties has unilateral control. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint venture is accounted for using the equity method.

2 Summary of significant accounting policies (continued)

2.4 Segment reporting

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

2.5 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "Functional Currency"). These consolidated financial statements are presented in RMB, which is the Company's functional and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the Functional Currency using the exchange rates prevailing at the dates of the transactions or valuations when items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to cash and cash equivalents and borrowings are presented in the consolidated income statement, within "*finance costs – net*". All other foreign exchange gains and losses are presented in the consolidated income statement on a net basis within "*other income and other gain — net*".

2.6 Property, plant and equipment

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

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

2 Summary of significant accounting policies (continued)

2.6 Property, plant and equipment (continued)

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

Buildings	20 years
Office equipment	3–5 years
Motor vehicles	4 years
Leasehold improvements and furniture, fitting and equipment	3–5 years

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

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in consolidated income statement. When revalued assets are sold, it is group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

Assets under construction are stated at cost. Costs include construction and acquisition costs. No provision for depreciation is made on assets under construction until such time as the relevant assets are completed and ready for intended use. When the assets concerned are brought into use, the costs are transferred to property and equipment and depreciated in accordance with the policy as stated above.

The carrying amount of an asset under construction is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

2.7 Intangible assets

Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 4 to 10 years.

2 Summary of significant accounting policies (continued)

2.8 Investment property

Investment property, principally comprising leasehold land and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties. Land held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in the consolidated income statement within "*fair value gains on investment properties*".

2.9 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to depreciation and amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets ("Cash-generating Units"). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.10 Properties under development and completed properties held for sale

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

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

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.

2 Summary of significant accounting policies (continued)

2.11 Investments and other financial assets

(i) Classification

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

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets.

The Group's loans and receivables comprise "*trade and other receivables*", "*amounts due from related parties*", "*amounts due from customers for contract works*", "*restricted cash*", "*cash and cash equivalents*" and "*term deposits*" in the consolidated balance sheet.

(b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either so designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months from the end of the reporting period.

(ii) Reclassification

The Group may choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held for trading or available-for-sale categories if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

2 Summary of significant accounting policies (continued)

2.11 Investments and other financial assets (continued)

(iii) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

(iv) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Available-for-sale financial assets are subsequently carried at fair value. Gains or losses arising from changes in the fair value are recognised, when monetary and non-monetary securities classified as available-for-sale in other comprehensive income.

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

Interest on available-for-sale securities calculated using the effective interest method is recognised in the consolidated income statement as part of other income and other gain — net from continuing operations.

Details on how the fair value of financial instruments is determined are disclosed in Note 3.3(a).

2.12 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2 Summary of significant accounting policies (continued)

2.13 Impairment of financial assets

(a) Assets carried at amortised cost

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

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

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. As a practical expedient, the Group may measure impairment on the basis of fair value of an instrument using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement. Impairment testing of trade receivable is described in Note 20.

2 Summary of significant accounting policies (continued)

2.13 Impairment of financial assets (continued)

(b) Assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria referred to in (a) above. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss — is removed from equity and recognised in profit or loss. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated income statement.

2.14 Construction contracts

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract by reference to the stage of completion. Contract costs are recognised as expenses by reference to the stage of completion of the contract activity at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured.

The Group uses the "percentage-of-completion" method to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the period in connection with future activity on a contract are excluded from contract costs in determining the stage of completion.

On the consolidated balance sheet, the Group reports the net contract position for each contract as either an asset or a liability. A contract represents an asset where costs incurred plus recognised profits (less recognised losses) exceed progress billings; a contract represents a liability where the opposite is the case.

2 Summary of significant accounting policies (continued)

2.15 Leases

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

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

2.16 Land use rights

All land in the PRC is state-owned or collectively-owned and no individual ownership right exists. Land use rights are acquired by the Group for development of properties. Land use rights held for development for sale are inventories and included in properties under development or completed properties held for sale and measured at lower of cost and net realisable value, of which those within normal operating cycle are classified as current assets, while those out of the normal operating cycle are classified as non-current assets. Land use rights to be developed for hotel properties and self-use buildings, are non-current assets, which are stated at cost and subsequently amortised in the consolidated income statement on a straight-line basis over the operating lease periods. Land use rights to be developed for investment properties are accounted for as part of investment properties.

2.17 Trade and other receivables and amounts due from related parties

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

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

2 Summary of significant accounting policies (continued)

2.18 Cash and cash equivalents, restricted cash and term deposits

In the consolidated statement of cash flow, cash and cash equivalents includes cash on hand and deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank deposits which are restricted to use are included in "*restricted cash*" of the consolidated balance sheet. Bank deposits with initial terms of over three months are included in "*term deposits*" in the consolidated balance sheet. Restricted cash and term deposits are excluded from cash and cash equivalents.

2.19 Share capital

Ordinary shares are classified as equity.

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

2.20 Perpetual Capital Instruments

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

2.21 Trade and other payables and amounts due to related parties

Trade payables are obligations to pay for construction costs or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables and amounts due to related parties are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

2.22 Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2 Summary of significant accounting policies (continued)

2.22 Borrowings and borrowing costs (continued)

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

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, like properties under development, assets under construction and investment properties under construction, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

2.23 Current and deferred income tax

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

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2 Summary of significant accounting policies (continued)

2.23 Current and deferred income tax (continued)

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using the tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associate and joint ventures, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for its associate, only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognised. Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint ventures only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

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

2 Summary of significant accounting policies (continued)

2.24 Employee benefits

(a) Pension obligations

The Group companies incorporated in the PRC contribute based on certain percentage of the salaries of the employees to a defined contribution retirement benefit plan organised by relevant government authorities in the PRC on a monthly basis. The government authorities undertake to assume the retirement benefit obligations payable to all existing and future retired employees under these plans and the Group has no further obligation for post-retirement benefits beyond the contributions made.

Contributions to these defined contribution plans are expensed as incurred.

(b) Housing benefits

PRC employees of the Group are entitled to participate in government-sponsored housing funds. The Group contributes to these funds based on certain percentages of the salaries of these employees on a monthly basis. The Group's liability in respect of these funds is limited to the contribution payable in each period. Contributions to the housing funds are expensed as incurred.

(c) Employee leave entitlements

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

2.25 Share-based payments

Share-based compensation benefits are provided to directors and employees via the Group. Information relating to these schemes is set out in Note 24(c).

Share options

The fair value of options granted by the Group is recognised as a director and employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

2 Summary of significant accounting policies (continued)

2.26 Provisions

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

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

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

2.27 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for the sales of properties and services provided, stated net of discounts, value added taxes, returns and after eliminating sales within the Group.

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

(a) Sale of properties

Revenue from sales of properties is recognised when the risks and rewards of properties are transferred to the purchasers, which is when the construction of relevant properties has been completed, notification of delivery of properties has been issued to the buyers and collectability of related receivables pursuant to the sale agreements is reasonably assured. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the consolidated balance sheet as "pre-sale proceeds received from customers" under current liabilities.

2 Summary of significant accounting policies (continued)

2.27 Revenue recognition (continued)

(b) Construction contracts

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract by reference to the stage of completion (Note 2.14).

(c) Rental income

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

(d) Service income

Service income is recognised when the related services are rendered.

2.28 Interest income

Interest income is recognised using the effective interest method.

2.29 Dividend income

Dividends are recognised as revenue when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence.

2.30 Dividend distribution

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

2.31 Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

3 Financial risk management

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

3.1 Financial risk factors

(a) Market risk

(i) Foreign exchange risk

The Group's operates in the PRC with most transactions being settled in RMB, which is the Functional Currency of the Group companies, except for certain transactions which are settled in United State Dollars ("US$"). The Group currently does not have a foreign currency hedging policy, and manages its foreign currency risk by closely monitoring the movement of the foreign currency rates.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at 31 December 2017 were as follows:

	As at 31 December	
	2017	2016
	RMB'000	RMB'000
Monetary assets denominated in:		
— US$	**1,589**	2,008,739
Monetary liabilities denominated in:		
— US$	**5,114,756**	1,186,049

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

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

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
5% appreciation in RMB against:		
— US$	**255,658**	(41,135)
5% depreciation in RMB against:		
— US$	**(255,658)**	41,135

(ii) Interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group closely monitors the trend of interest rate and its impact on the Group's interest rate risk exposure. The Group currently has not used any interest rate swap arrangements but will consider hedging interest rate risk should the need arise.

As at 31 December 2017, if interest rates on borrowings at floating rates had been 100 basis points higher or lower with all other variables held constant, interest charges for the year ended 31 December 2017 would increase/decrease RMB117,923,000 (2016: RMB44,069,000), which would have been capitalised in qualified assets.

(b) Credit risk

The Group has no concentrations on credit risk. Cash transactions are limited to high credit quality institutions. The Group's maximum exposure to credit risk in relation to financial assets is the carrying amounts of cash and cash equivalents (excluding cash on hand), term deposits, restricted cash, trade and other receivable, amounts due from related parties, amounts due from customers for contract works and available-for-sale financial assets shown in the consolidated balance sheet.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

As at 31 December 2017, substantially all the Group's bank deposits included in cash and cash equivalents, term deposits and restricted cash, were deposited with major financial institutions incorporated in the PRC, which management believes are of high credit quality without significant credit risk. The Group's bank deposits as at 31 December 2017 were as follows:

	As at 31 December	
	2017	2016
	RMB'000	RMB'000
Big four commercial banks of the PRC (Note (i))	**3,825,245**	513,800
Other listed banks in the PRC	**8,620,817**	7,978,625
Other non-listed banks in the PRC	**8,070,480**	8,244,872
Other non-listed banks in the Macau	**58**	11,586
	20,516,600	16,748,883

Note:

(i) Big four commercial banks include Industrial and Commercial Bank of China, China Construction Bank, Agricultural Bank of China and Bank of China.

For the trade receivables arising from sales of properties, the Group managed the credit risk by fully receiving cash or properly arranging the purchasers' mortgage loans financing procedures before delivery of properties unless strong credit records of the customers could be established. The Group closely monitors the collection of progress payments from customers in accordance with payment schedule agreed with customers. The Group has policies in place to ensure that sales are made to purchasers with an appropriate financial strength.

Meanwhile, the Group has the right to cancel the contracts once repayment from the customers is in default; it also has monitoring procedures to ensure that follow-up actions are taken to recover overdue balances. The Group has no significant concentrations of credit risk, with exposure spread over a number of counterparties and customers.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Detailed disclosure of such guarantees is made in Note 31. If a purchaser defaults on the payment of its mortgage loan during the guarantee period, the bank holding the guarantee may demand the Group to repay the outstanding principal of the loan and any interest accrued thereon. Under such circumstances, the Group is able to forfeit the customer's deposit and resell the property to recover any amounts paid by the Group to the bank. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

For other receivables and amounts due from related parties, the Group assessed the credit quality of the counter parties by taking into account their financial position, credit history and other factors. Management also regularly reviews the recoverability of these receivables and follow up the disputes or amounts overdue, if any. The directors are of the opinion that the risk of default by counter parties is low.

(c) Liquidity risk

Management of the Group aims to maintain sufficient cash and cash equivalents or have available funding through proceeds from pre-sale of properties and an adequate amount of available financing including short-term and long-term borrowings and obtaining additional funding from shareholders. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining adequate amount of cash and cash equivalents and through having available sources of financing.

The table below sets out the Group's financial liabilities by relevant maturity grouping at each balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 31 December 2017					
Borrowings (Note)	**25,389,158**	**32,747,787**	**15,876,079**	**1,774,700**	**75,787,724**
Trade and other payables, excluding accrual for staff costs and other taxes payable	**20,506,007**	**–**	**–**	**–**	**20,506,007**
Amounts due to related parties	**1,354,824**	**–**	**–**	**–**	**1,354,824**
Financial guarantee	**20,646,169**	**–**	**–**	**–**	**20,646,169**
Guarantee provided for joint ventures	**2,057,910**	**–**	**–**	**–**	**2,057,910**
	69,954,068	**32,747,787**	**15,876,079**	**1,774,700**	**120,352,634**
As at 31 December 2016					
Borrowings (Note)	10,131,233	19,700,990	13,531,060	1,178,662	44,541,945
Trade and other payables, excluding accrual for staff costs and other taxes payable	10,620,085	–	–	–	10,620,085
Amounts due to related parties	1,474,137	–	–	–	1,474,137
Financial guarantee	17,049,550	–	–	–	17,049,550
Guarantee provided for joint ventures	3,166,910	–	–	–	3,166,910
	42,441,915	19,700,990	13,531,060	1,178,662	76,852,627

Note: Interests on borrowings were calculated on borrowings held as at 31 December 2017 (2016: same). Floating-rate interests were estimated using the current interest rate as at 31 December 2017 (2016: same).

3 Financial risk management (continued)

3.2 Capital management

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

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

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

	As at 31 December	
	2017	2016
	RMB'000	RMB'000
Total borrowings (Note 26)	**69,453,610**	39,417,264
Less: Cash and cash equivalents (Note 22)	**(18,472,631)**	(11,525,557)
Term deposits (Note 22)	**(111,000)**	(4,317,169)
Restricted cash (Note 21)	**(1,933,517)**	(907,034)
Net borrowings	**48,936,462**	22,667,504
Total equity	**30,761,053**	23,089,322
Gearing ratio	**1.59**	0.98

3 Financial risk management (continued)

3.3 Fair value estimation

(a) Financial assets and liabilities

The Group's financial assets include cash and cash equivalents, term deposits, restricted cash, trade and other receivables, amounts due from related parties, amounts due from customers for contract works and available-for-sale financial assets. The Group's financial liabilities include trade and other payables, amounts due to related parties and borrowings. The fair value for financial assets and liabilities with maturities of less than one year are assumed to approximate their carrying amounts due to their short term maturities.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

The available-for-sale financial assets were measured at fair value, which was grouped into level 3 fair value measurements, subsequent to initial recognition. Techniques, such as discounted cash flow analysis, were used to determine fair value for the available-for-sale financial assets.

The Group's policy was to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There were no transfers between levels 1 and 2 for recurring fair value measurements and no changes in level 3 instruments during the year ended 31 December 2017 (2016: same).

3 Financial risk management (continued)

3.3 Fair value estimation (continued)

(b) Non-financial assets

The non-financial assets of investment properties of the Group were measured at fair value.

(i) Fair value hierarchy

This note explains the judgements and estimates made in determining the fair values of the non-financial assets that are recognised and measured at fair value in the consolidated financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its non-financial assets into the three levels prescribed under the accounting standards. An explanation of each level is provided in Note 3.3(a).

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers among Level 1, 2 and 3 for recurring fair value measurements during the year.

(ii) Valuation techniques used to determine level 3 fair values

The directors determine a property's value within a range of reasonable fair value estimates. Fair values of the Group's completed investment properties are derived using the income capitalisation approach. This valuation method takes into account the net rental income of a property derived from its existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the fair value at an appropriate capitalisation rate.

Fair values of the Group's investment properties under development are derived using the direct comparison approach and residual approach. The direct comparison approach involves the analysis of recent market sales evidence of similar properties to compare with the premises under valuation. Each comparable is analysed on the basis of its unit rate; each attribute of the comparable is then compared with the subject and where there is a difference, the unit rate is adjusted in order to arrive at the appropriate unit rate for the subject. The residual approach takes into account the residual value on the completed gross development value ("GDV") after deduction of the outstanding construction costs and expenses as well as profit element. It first assesses the GDV or estimated value of the proposed developments as if completed at the date of valuation. Estimated cost of the development includes construction costs, marketing, professional fees, finance charges, and associated costs, plus an allowance for the developer's risk and profit. The development costs are deducted from the GDV. The resultant figure is the residual value of the subject property.

All resulting fair value estimates for investment properties are included in level 3.

3 Financial risk management (continued)

3.3 Fair value estimation (continued)

(b) Non-financial assets (continued)

(iii) Fair value measurements using significant unobservable inputs (level 3)

Detailed disclosures of the changes in level 3 items for the years ended 31 December 2017 and 31 December 2016 for recurring fair value measurements are disclosed in Note 16.

(iv) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements. See (ii) above for the valuation techniques adopted.

Properties status	Fair value at 31 December 2017 RMB'000	2016 RMB'000	Unobservable inputs	Range of inputs in 2017	2016
Completed	4,392,000	4,058,000	Capitalisation rate[1]	2.5%~5.0%	2.5%~5.5%
			Market rents[2] (RMB/square meter/month)	14-213	19-195
Under development	6,073,400	N/A	Market prices[2] (RMB/square meter)	4,792-60,726	N/A
			Capitalisation rate[1]	4.5%~5.0%	N/A
			Market rents[2] (RMB/square meter/month)	150	N/A
			Budgeted cost[3] (RMB/square meter)	12,210-12,624	N/A
			Anticipated developer's profit margins[4]	25%	N/A
Total	10,465,400	4,058,000			

3 Financial risk management (continued)

3.3 Fair value estimation (continued)

(b) Non-financial assets (continued)

(iv) Valuation inputs and relationships to fair value (continued)

Relationship of unobservable inputs to fair value:

— 1 The higher the capitalisation rate, the lower the fair value;

— 2 The higher the market rents and market prices, the higher the fair value;

— 3 The higher the budgeted cost, the lower the fair value;

— 4 The higher the anticipated developer's profit margins, the higher the fair value.

(v) Valuation processes

The Group's investment properties were valued at 31 December 2017 by independent professionally qualified valuer, Jones Lang LaSalle Corporate Appraisal and Advisory Limited, who holds a recognised relevant professional qualification and has recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

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

At each reporting period end, the finance department:

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

As part of this discussion, the team presents a report that explains the reasons for the fair value movements.

4 Critical estimates and judgments

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Provisions for properties under development, completed properties held for sale and prepayment for acquisition of land use rights

The Group assesses the carrying amounts of properties under development, completed properties held for sale and prepayments for acquisition of land use rights according to their net realisable values based on the realisability of these properties and prepayments. As a result, provisions for properties under development, completed properties held for sale and prepayment for acquisition of land use rights involve critical accounting estimates on the future selling prices and variable selling expenses for the properties, as well as the costs to completion for properties under development and prepayments for acquisition of land use rights. Based on management's best estimates, impairment write-down amounted to RMB31,973,000 (2016: RMB42,478,000) was provided for properties under development and completed properties held for sale as at 31 December 2017.

(b) Classification of subsidiaries, joint ventures and associates

The classification of an investment as a subsidiary, a joint venture or an associate is based on whether the Group is determined to have control, joint control or significant influence over the investee, which involves judgements through the analysis of various factors, including the Group's representation on the chief decision making authorities of an investee, such as board of directors' meetings and shareholders' meetings, as well as other facts and circumstances.

Subsidiaries are consolidated, which means each of their assets, liabilities and transactions are included line-by-line in the Group's consolidated financial statements, whereas the interests in joint ventures and associates are equity accounted for as investments on the consolidated balance sheet.

Accordingly, any inappropriate classification as a result of recognition or derecognition of the investments could have a material and pervasive impact on the consolidated financial statements.

As at 31 December 2017, the Group had a total of 108 property development companies of which 85, 17 and 6 are accounted for as subsidiaries, joint ventures and associates, respectively.

4 Critical estimates and judgments (continued)

(c) Valuation of investment properties

The fair value of investment properties is determined by using valuation techniques. Details of the judgement and assumptions have been disclosed in Note 3.3(b).

(d) Corporate income tax, land appreciation tax and deferred taxation

The Group is subject to corporate income tax and land appreciation tax ("LAT") in the PRC. Judgment is required in determining the provision for corporate income tax and LAT. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. The Group has not finalised its corporate income tax and LAT calculations and payments with certain local tax authorities in charge of certain of the Group's projects in the PRC. The Group recognised the corporate income tax and LAT based on management's best estimates according to the interpretation of the applicable tax rules. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the corporate income tax and LAT provision in the year in which such determination is made.

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

Deferred income tax liabilities are provided to the taxable temporary differences arising from the Group's investments in subsidiaries, joint ventures and an associate unless the Group can control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Provisions for deferred land appreciation tax liabilities relating to the taxable temporary difference of investment properties are provided unless management determines that the expected manner of recovery of the properties is through rental income from the lease of the properties only. All these involve management's judgments and estimations and the actual outcome may be different.

5 Segment information

The executive directors have been identified as the CODM. Management has determined the operating segments based on the reports reviewed by the executive directors, which are used to allocate resources and assess performance.

The Group is principally engaged in the property development in the PRC. Management reviews the operating results of the business as one segment to make decisions about resources to be allocated. Therefore, the executive directors regard that there is only one segment which is used to make strategic decisions. Revenue and profit after income tax are the measures reported to the executive directors for the purpose of resources allocation and performance assessment.

The major operating entities of the Group are domiciled in the PRC. All of the Group's revenue are derived in the PRC for the year ended 31 December 2017 (2016: same).

As at 31 December 2017, all of non-current assets of the Group were located in the PRC (2016: same).

There was no revenue derived from a single external customer accounting for 10% or more of the Group's revenue for the year ended 31 December 2017 (2016: same).

6 Revenue

Revenue of the Group for the year ended 31 December 2017 was as follow:

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
Revenue from sales of properties	**29,588,530**	11,113,869
Revenue from construction contracts	**559,570**	178,290
Rental income and others	**193,304**	79,504
	30,341,404	11,371,663

7 Expenses by nature

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
Cost of properties sold (excluding staff costs)	**24,140,449**	8,273,388
Business taxes and other taxes	**712,425**	471,409
Staff costs (including directors' emoluments) (Note 8)	**790,093**	393,058
Advertising costs	**448,025**	295,004
Property management fees	**77,826**	41,308
Office and travelling expenses	**77,014**	46,498
Depreciation (Note 14)	**67,030**	16,688
Office lease payments	**58,310**	28,452
Entertainment expenses	**49,616**	22,986
Donation	**37,804**	112,227
Write-down of completed properties held for sale and properties under development	**31,973**	42,478
Auditors' remuneration	**10,015**	5,305
Amortisation of intangible assets and land use right	**7,747**	1,589

8 Staff costs — including directors' emoluments

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
Fees, salaries and other benefits	**694,587**	375,132
Pension costs	**41,638**	17,926
Value of employee services under share option scheme	**53,868**	—
	790,093	393,058

8 Staff costs — including directors' emoluments (continued)

(a) Directors' emoluments

The directors' emoluments paid/payable by the Group are as follows:

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
Fees, salaries and other benefits	**6,832**	5,779
Pension costs	**188**	164
Value of employee services under share option scheme	**14,559**	—
	21,579	5,943

The emoluments received by individual directors are presented as below:

(i) For the year ended 31 December 2017

Name of Directors	Fees	Salaries and other benefits	Pension costs	Value of employee services under share option scheme	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:					
— Mr. Ou Zonghong ("Mr. Ou")	–	1,468	47	–	1,515
— Mr. Wu Jian	–	1,703	47	4,853	6,603
— Mr. Lin Junling	–	1,459	47	4,853	6,359
— Ms. Zeng Feiyan	–	1,599	47	4,853	6,499
Independent non-executive directors:					
— Mr. Lo, Wing Yan William	201	–	–	–	201
— Mr. Ren Yunan	201	–	–	–	201
— Mr. Qu Wenzhou	201	–	–	–	201
	603	6,229	188	14,559	21,579

8 Staff costs — including directors' emoluments (continued)

(a) Directors' emoluments (continued)

(ii) For the year ended 31 December 2016

Name of Directors	Fees	Salaries and other benefits	Pension costs	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:				
— Mr. Ou	—	1,342	41	1,383
— Mr. Wu Jian	—	1,459	41	1,500
— Mr. Lin Junling	—	1,400	41	1,441
— Ms. Zeng Feiyan	—	963	41	1,004
Independent non-executive directors:				
— Mr. Lo, Wing Yan William	205	—	—	205
— Mr. Ren Yunan	205	—	—	205
— Mr. Qu Wenzhou	205	—	—	205
	615	5,164	164	5,943

During the year ended 31 December 2017, none of the directors of the Company waived his emoluments nor has agreed to waive his emoluments (2016: same).

During the year, no retirement benefits, payments or benefits in respect of termination of directors' services were paid or made, directly or indirectly, to the directors, nor are any payable (2016: same). No consideration was provided to or receivable by third parties for making available directors' services (2016: same).

There were no loans, quasi-loans or other dealings in favor of the directors, their controlled bodies corporate and connected entities as at 31 December 2017 (2016: same).

Other than those disclosed in Note 35(e), there were no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2016: same).

8 Staff costs — including directors' emoluments (continued)

(b) Five highest paid individuals

For the year ended 31 December 2017, the five individuals whose emoluments were the highest in the Group included three (2016: four) directors, whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two (2016: one) individual during the year are as follows:

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
Fees, salaries and other benefits	**2,945**	1,462
Pension costs	**94**	41
Value of employee services under share option scheme	**8,444**	—
	11,483	1,503

The emoluments payable to the remaining two (2016: one) individual falls within the following band:

	Year ended 31 December	
	2017	2016
Annual emolument band:		
— HK$1,500,000 — HK$2,000,000	**—**	1
— HK$6,500,000 — HK$7,000,000	**2**	—

During the year ended 31 December 2017, no emolument was paid by the Group to any of the above directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2016: none).

9 Finance income — net

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
Finance income		
— Interest income from bank deposits	**85,365**	60,210
— Net foreign exchange gains	**162,295**	71,336
	247,660	131,546
Finance costs		
— Interest expenses of borrowings	**(4,018,484)**	(2,245,043)
Less: capitalised interest (Note (i))	**3,993,855**	2,238,860
	(24,629)	(6,183)
Finance income — net	**223,031**	125,363

(i) The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Group's general borrowings during the year ended 31 December 2017, in this case 6.65% (2016: 6.81%).

10 Subsidiaries

(a) The Group's principal subsidiaries

The Group's principal subsidiaries at 31 December 2017 are set out below. The proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of companies		Type of legal status	Place of operation/ establishment	Principal activities	Authorised/registered/ paid up capital	Ownership interest held by the Group at 31 December 2017	Ownership interest held by non-controlling interests at 31 December 2017
						%	%
Indirectly held by the Company:							
融信(福建)投資集團有限公司	Rongxin (Fujian) Investment Group Co., Ltd.	Limited liability company	PRC	Property development	Registered and paid up capital of RMB3,825,000,000	100	–
融信(福州)置業有限公司	Rongxin (Fuzhou) Property Co., Ltd.	Limited liability company	PRC	Property development	Registered and paid up capital of RMB270,833,300	80	20
融信(廈門)房地產開發有限公司	Rongxin (Xiamen) Property Development Co., Ltd.	Limited liability company	PRC	Property development	Registered and paid up capital of RMB200,000,000	100	–
和美(上海)房地產開發有限公司	Hemei (Shanghai) Property Development Co., Ltd.	Limited liability company	PRC	Property development	Registered and paid up capital of RMB19,607,843	51(i)	49
福建藍湖房地產開發有限公司	Fujian Lanhu Property Development Co., Ltd.	Limited liability company	PRC	Property development	Registered and paid up capital of RMB110,000,000	100	–
杭州愷築融信房地產開發有限公司	Hangzhou Kai zhu Rongxin Property Development Co., Ltd.	Limited liability company	PRC	Property development	Registered and paid up capital of RMB510,000,000	51(i)	49
福州融信雙杭投資發展有限公司	Fuzhou Rongxin Shuanghang Investment Development Co., Ltd.	Limited liability company	PRC	Property development	Registered capital of RMB200,000,000 and paid up capital of RMB100,000,000	100	–
杭州融信愷昇房地產開發有限公司	Hangzhou Rongxin Kaisheng Property Development Co., Ltd.	Limited liability company	PRC	Property development	Registered and paid up capital of RMB1,000,000,000	100	–
福建世歐投資發展有限公司	Fujian Shiou Investment Development Co., Ltd.	Limited liability company	PRC	Property development	Registered and paid up capital of RMB500,000,000	50(i)	50
上海愷譽房地產開發有限公司	Shanghai Kaiyu Property Development Co., Ltd.	Limited liability company	PRC	Property development	Registered and paid up capital of RMB425,000,000	50(i)	50
上海愷暢房地產開發有限公司	Shanghai Kaichang Property Development Co., Ltd.	Limited liability company	PRC	Property development	Registered and paid up capital of RMB5,000,000	50(i)	50
上海愷冠臻房地產開發有限公司	Shanghai Kaiguanzhen Property Development Co., Ltd.	Limited liability company	PRC	Property development	Registered and paid up capital of RMB5,500,000,000	50(i)	50
杭州信鴻置業有限公司	Hangzhou Xinhong Property Development Co., Ltd.	Limited liability company	PRC	Property development	Registered and paid up capital of RMB1,700,000,000	70	30
上海愷珺瀚置業有限公司	Shanghai Kaijunhan Property Co., Ltd.	Limited liability company	PRC	Property development	Registered capital of RMB10,000,000 and paid up capital of nil	50(i)	50
安徽海亮房地產有限公司	Anhui Hailiang Property Co., Ltd. ("Anhui Hailiang")	Limited liability company	PRC	Property development	Registered and paid up capital of RMB3,150,000,000	55	45(b)
寧波海亮房地產投資有限公司	Ningbo Hailiang Property Investment Co., Ltd. ("Ningbo Hailiang")	Limited liability company	PRC	Investment holdings	Registered and paid up capital of RMB300,000,000	55	45(b)

* The English names of PRC companies referred to above in this note represent management's best efforts in translating the Chinese names of those companies as no English names have been registered or available.

10 Subsidiaries (continued)

(a) The Group's principal subsidiaries (continued)

(i) After making the assessments and judgments as disclosed in Note 4(b), the Group considered it has control over these entities as at 31 December 2017 (2016: same).

(ii) Significant restriction

The conversion of RMB denominated balances of cash and cash equivalents, term depostis and restricted cash into foreign currencies and the remittance of such foreign currencies out of the PRC are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.These regulations provide for restrictions on exporting capital from the PRC, other than through normal dividends. As at 31 December 2017, the carrying amount of the cash and cash equivalents, term depostis and restricted cash included within the consolidated financial statements to which these restrictions applied was denominated in RMB (2016: same).

Certain equity interests in the subsidiaries of the Company were pledged for financing arrangements of the Group as at 31 December 2017 and 2016 (Note 33).

(b) Summarised financial information on subsidiaries with material non-controlling interests

As at 31 December 2017, Anhui Hailiang and Ningbo Hailiang (collectively, "Hailiang Group") were considered that have non-controlling interests material to the Group. Set out below are the combined summarised financial information for Hailiang Group as the non-conrolling shareholder of Hailiang Group is the same party. The amounts disclosed before inter-company eliminations. Hailiang Group was acquired from a third party on 31 July 2017 (the "Acquisition Date") (Note 34).

Summarised balance sheets as at 31 December 2017

	Hailiang Group RMB'000
Non-current assets	857,519
Non-current liabilities	(2,371,338)
Non-current net liabilities	(1,513,819)
Current assets	31,002,705
Current liabilities	(21,928,796)
Current net assets	9,073,909
Net assets	7,560,090
Proportionate share of the net assets attributable to non-controlling interests	3,627,845

10 Subsidiaries (continued)

(b) Summarised financial information on subsidiaries with material non-controlling interests (continued)

Summarised income statement and statement of comprehensive income for the period from the Acquisition Date to 31 December 2017 (the "Period")

	Hailiang Group RMB'000
Loss before income tax	(91,366)
Income tax expense	(33,788)
Loss for the Period	(125,154)
Total comprehensive income for the Period	(125,154)
Total loss and comprehensive income for the period allocated to non-controlling interests	(60,920)

Summarised statement of cash flows for the Period

	Hailiang Group RMB'000
Net cash used in operating activities	(747,306)
Net cash used in investing activities	(4,648)
Net cash generated from financing activities	388,911
Net decrease in cash and cash equivalents	(363,043)
Cash and cash equivalents at beginning of the Period	3,028,152
Cash and cash equivalents at end of the Period	2,665,109

11 Investments accounted for using the equity method

There was no associate nor joint venture of the Group as at 31 December 2017 which, in the opinion of the executive directors, are material to the Group. For those individually immaterial associates and joint ventures that are accounted for using the equity method, amounts recognised in the consolidated balance sheet and the consolidated income statement are set out as below:

(i) Amounts recognised in the consolidated balance sheet

	As at 31 December	
	2017	2016
	RMB'000	RMB'000
Investments accounted for using the equity method:		
— Joint ventures	**5,831,016**	2,603,872
— Associates	**912,897**	91,660
	6,743,913	2,695,532

(ii) Amounts recognised in the consolidated income statement

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
Share of net profit of associates and joint ventures accounted for using the equity method:		
— Joint ventures	**202,000**	445,764
— Associates	**81,100**	(2,659)
	283,100	443,105

12 Income tax expense

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
Current income tax:		
PRC corporate income tax	**1,140,187**	418,185
PRC LAT	**1,258,057**	417,522
	2,398,244	835,707
Deferred income tax:		
PRC corporate income tax	**(54,753)**	31,193
Income tax expense	**2,343,491**	866,900

The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the tax rate applicable to profit/loss of the consolidated entities as follows:

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
Profit before income tax	**4,989,739**	2,569,768
Less: share of net profits of associates and joint ventures	**(283,100)**	(443,105)
fair value gains on the remeasurement of joint ventures	**—**	(278,074)
	4,706,639	1,848,589
Tax calculated at applicable corporate income tax rates	**1,160,068**	442,238
Effect of expenses not deductible for income tax	**239,880**	111,521
PRC LAT deductible for income tax purpose	**(314,514)**	(104,381)
PRC corporate income tax	**1,085,434**	449,378
PRC LAT	**1,258,057**	417,522
	2,343,491	866,900

Deferred tax liabilities of RMB666,144,000 (2016: RMB279,186,000) have not been recognised for the withholding tax that would be payable on the unremitted earnings of certain subsidiaries. Such amounts are permanently reinvested.

12 Income tax expense (continued)

PRC corporate income tax

The income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the years ended 31 December 2016 and 2017, based on the existing legislation, interpretations and practices in respect thereof.

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

PRC LAT

Pursuant to the requirements of the Provisional Regulations of the PRC on LAT effective on 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT effective on 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

The Group has made provision of LAT for sales of properties according to the aforementioned progressive rates.

PRC dividend withholding income tax

Pursuant to the Detailed Implementation Regulations for implementation of the CIT Law issued on 6 December 2007, dividends distributed from the profits generated by the PRC companies after 1 January 2008 to their foreign investors shall be subject to this withholding income tax of 10%, a lower 5% withholding income tax rate may be applied when the immediate holding companies of the PRC subsidiaries are incorporated in Hong Kong and fulfil the requirements to the tax treaty arrangements between the PRC and Hong Kong. The Group has not accrued any withholding income tax for these undistributed earnings of its PRC subsidiaries as the Group does not have a plan to distribute these earnings from its PRC subsidiaries.

Hong Kong profits tax

The applicable Hong Kong profits tax rate was 16.5% for the year ended 31 December 2017 (2016: 16.5%). Hong Kong profits tax was not been provided as the Group did not have any assessable profit subject to Hong Kong profits tax for the year ended 31 December 2017 (2016: Nil).

Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and, is exempted from Cayman Islands income tax. The Company's direct subsidiary in the British Virgin Islands (the "BVI") was incorporated under the Business Companies Act of the British Virgin Islands and is exempted from British Virgin Islands income tax.

13 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Year ended 31 December 2017	2016
Profit attributable to owners of the Company (RMB'000)	**1,679,521**	1,292,339
Weighted average number of ordinary shares in issue	**1,373,813,000**	1,341,078,000
Basic earnings per share (RMB per share)	**1.22**	0.96

(b) Diluted earnings per share

Diluted earnings per share was calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company's dilutive potential ordinary shares consist of share options. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options.

	Year ended 31 December 2017	2016
Profit attributable to owners of the Company (RMB'000)	**1,679,521**	1,292,339
Weighted average number of ordinary shares in issue	**1,373,813,000**	1,341,078,000
Adjustments — share options and awarded shares	**2,725,000**	—
Weighted average number of ordinary shares for diluted earnings per share	**1,376,538,000**	1,341,078,000
Diluted earnings per share (RMB per share)	**1.22**	0.96

14 Property, plant and equipment

	Buildings RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements and furniture, fitting and equipment RMB'000	Assets under construction RMB'000	Total RMB'000
As at 1 January 2016						
Cost	18,624	23,536	29,548	–	813,770	885,478
Accumulated depreciation	(12,376)	(11,689)	(20,589)	–	–	(44,654)
Net book amount	6,248	11,847	8,959	–	813,770	840,824
Year ended 31 December 2016						
Opening net book amount	6,248	11,847	8,959	–	813,770	840,824
Acquisition of a subsidiary and consolidations of entities previously held as joint ventures	87,251	972	4,428	6,167	–	98,818
Additions	–	8,487	17,439	43,052	331,259	400,237
Transfer	570,231	–	–	–	(570,231)	–
Disposals	–	(1,001)	(1,133)	–	–	(2,134)
Depreciation charges	(2,592)	(5,731)	(6,650)	(1,715)	–	(16,688)
Closing net book amount	661,138	14,574	23,043	47,504	574,798	1,321,057
At 31 December 2016						
Cost	675,656	27,668	44,859	49,219	574,798	1,372,200
Accumulated depreciation	(14,518)	(13,094)	(21,816)	(1,715)	–	(51,143)
Net book amount	661,138	14,574	23,043	47,504	574,798	1,321,057
Year ended 31 December 2017						
Opening net book amount	**661,138**	**14,574**	**23,043**	**47,504**	**574,798**	**1,321,057**
Business combination (Note 34)	**2,366**	**–**	**4,481**	**4,471**	**–**	**11,318**
Additions	**1,231**	**9,594**	**10,659**	**9,329**	**225,181**	**255,994**
Transfer	**784,587**	**–**	**–**	**15,392**	**(799,979)**	**–**
Disposals	**–**	**(705)**	**(2,496)**	**–**	**–**	**(3,201)**
Depreciation charges	**(36,134)**	**(7,407)**	**(8,235)**	**(15,254)**	**–**	**(67,030)**
Closing net book amount	**1,413,188**	**16,056**	**27,452**	**61,442**	**–**	**1,518,138**
At 31 December 2017						
Cost	**1,463,840**	**35,571**	**51,344**	**78,411**	**–**	**1,629,166**
Accumulated depreciation	**(50,652)**	**(19,515)**	**(23,892)**	**(16,969)**	**–**	**(111,028)**
Net book amount	**1,413,188**	**16,056**	**27,452**	**61,442**	**–**	**1,518,138**

Refer to Note 33 for information on non-current assets pledged as security by the Group.

15 Land use rights

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
Opening net book amount	**479,518**	483,787
Acquisition of a subsidiary	**—**	10,682
Amortisation	**(15,111)**	(14,951)
Closing net book amount	**464,407**	479,518

Amounts represented the land use rights of hotels properties. The relevant land use rights were held on leases of 40 years.

Refer to Note 33 for information on non-current assets pledged as security by the Group.

16 Investment properties

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
Non-current assets — at fair value:		
Opening balance at 1 January	**4,058,000**	—
Addition	**4,571,905**	57,974
Transfer from properties under development	**727,400**	320,000
Consolidation of entity previously held as a joint venture	**—**	3,319,000
Fair value gains	**1,108,095**	361,026
Closing balance at 31 December	**10,465,400**	4,058,000
Total gains for the year recognised in profit or loss and included in "*fair value gains on investment properties*" of the consolidated income statement — unrealised	**1,108,095**	361,026
Rental income	**102,012**	77,224

As at 31 December 2017, the Group had no contractual obligations for repairs, maintenance or enhancements (2016: same). Refer to Note 33 for information on non-current assets pledged as security by the Group.

17 Financial instruments by category

	As at 31 December	
	2017	2016
	RMB'000	RMB'000
Financial assets:		
Loans and receivables		
— Trade receivable and other receivables	**7,743,495**	2,424,591
— Amounts due from related parties	**3,971,790**	229,101
— Amounts due from customers for contract works	**140,745**	1,249,435
— Restricted cash	**1,933,517**	907,034
— Term deposits	**111,000**	4,317,169
— Cash and cash equivalents	**18,472,631**	11,525,557
Available-for-sale financial assets	**58,959**	57,724
	32,432,137	20,710,611
Financial liabilities:		
Liabilities at amortised cost		
— Trade and other payables, excluding accrual for staff costs and allowances and other taxes payable	**20,506,007**	10,620,085
— Amounts due to related parties	**1,354,824**	1,474,137
— Borrowings	**69,453,610**	39,417,264
	91,314,441	51,511,486

The Group's exposure to various risks associated with the financial instruments is discussed in Note 3. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

18 Properties under development and completed properties held for sale

Properties under development and completed properties held for sale of the Group are all located in the PRC and expected to be completed and available for sale within one operating cycle. The relevant land use rights are on leases of 40 to 70 years.

	As at 31 December	
	2017	2016
	RMB'000	RMB'000
Properties under development:		
— Construction costs	**13,950,974**	7,173,551
— Capitalised interests	**6,932,891**	4,843,820
— Land use rights	**70,016,402**	19,597,345
	90,900,267	31,614,716
Completed properties held for sale:		
— Construction costs	**4,869,516**	4,480,617
— Capitalised interests	**1,180,057**	952,358
— Land use rights	**3,427,555**	2,139,792
	9,477,128	7,572,767

(a) Assigning costs to inventories

The costs of individual items of properties under development are determined where costs are assigned by specific identification and include the cost of acquisition, development and borrowing costs incurred during the development. See Note 2.10 for the Group's accounting policies for properties under development and completed properties held for sale.

(b) Amounts recognised in profit or loss

Completed properties held for sale recognised as costs of sales during the year ended 31 December 2017 amounted to RMB24,274,435,000 (2016: RMB8,382,711,000).

18 Properties under development and completed properties held for sale (continued)

(b) Amounts recognised in profit or loss (continued)

Write-downs of inventories to net realisable value amounted to RMB31,973,000 (2016: RMB42,478,000), which were recognised as costs of sales during the year ended 31 December 2017.

(c) Pledge information

Refer to Note 33 for information on non-current assets pledged as security by the Group.

19 Amounts due from customers for contract works

	As at 31 December	
	2017	2016
	RMB'000	RMB'000
Contracts in progress at the end of the year:		
Contract costs incurred plus recognised profits	**350,356**	1,450,891
Less: progress billings	**(209,611)**	(201,456)
	140,745	1,249,435

Amounts due from customers for contract works arise from the Group's involvement in constructions of resettlement housing and land development projects.

According to the agreements of acquisition of land use rights entered into with certain local governments, as part of the consideration to obtain the land use rights, certain subsidiaries of the Group were required to construct houses for the respective governments.

20 Trade and other receivables and prepayments

	As at 31 December	
	2017	2016
	RMB'000	RMB'000
Trade receivables (Note (a))	**316,456**	109,051
Notes receivable	**2,300**	1,305
Other receivables:		
— Amounts due from minority shareholders	**3,426,786**	1,351,105
— Deposits for acquisition of land use rights and property development projects	**2,461,113**	40,000
— Deposits for construction contracts	**50,000**	64,545
— Receivables from local governments	**405,265**	440,845
— Others	**1,081,575**	417,740
	7,424,739	2,314,235
Prepayments:		
— Prepayments for acquisition of land use rights	**14,459,839**	28,897,965
— Prepaid value added tax, business taxes and other taxes	**1,469,653**	763,305
— Others	**139,968**	17,464
	16,069,460	29,678,734
Total trade and other receivables and prepayments	**23,812,955**	32,103,325
Less: non-current portion of prepayments	**(92,729)**	—
Current portion of trade and other receivables and prepayments	**23,720,226**	32,103,325

(a) Ageing analysis of the trade receivables based on invoice date is as follows:

	As at 31 December	
	2017	2016
	RMB'000	RMB'000
Within one year	**307,735**	82,856
Over one year	**8,721**	26,195
	316,456	109,051

20 Trade and other receivables and prepayments (continued)

(a) Ageing analysis of the trade receivables based on invoice date is as follows: (continued)

Proceeds receivable in respect of sale of properties is settled in accordance with the terms stipulated in the sale and purchase agreements. Generally, purchasers of properties are required to settle the balance within 90 days as specified in the sales and purchase agreements.

As at 31 December 2017, trade receivables of RMB8,721,000 were past due but not impaired (2016: RMB26,195,000). These relate to a number of independent customers for whom there is no significant financial difficulty. Management is of the view that the overdue amounts can be recovered as the Group is entitled to take over legal title and possession of underlying properties for re-sales.

(b) As at 31 December 2017, the Group's trade and other receivables were all denominated in RMB (2016: same). As at 31 December 2017, the Group's maximum exposure to credit risk was the carrying value of each class of receivables mentioned above (2016: same). No material trade and other receivables were passed due nor impaired as at 31 December 2017 (2016: same).

21 Restricted cash

	As at 31 December	
	2017	2016
	RMB'000	RMB'000
Denominated in RMB:		
— Restricted cash from properties presale proceeds (Note (a))	**574,701**	488,329
— Security for borrowings	**1,130,109**	324,336
— Security for issuance of commercial bills	**228,707**	94,369
	1,933,517	907,034

(a) In accordance with relevant documents issued by local State-Owned Land and Resource Bureau, certain property development companies of the Group were required to place certain amount of presale proceeds of properties at designated bank accounts as guarantee deposits for constructions of related properties. The deposits can only be used for purchases of construction materials and payments of construction fee of the relevant property projects when approval from the PRC local State-Owned Land and Resource Bureau is obtained. The remaining balances of the deposits will be released after completion of related pre-sold properties or issuance of the real estate ownership certificate of the properties, whichever is the earlier.

22 Cash and cash equivalents and term deposits

	As at 31 December	
	2017	2016
	RMB'000	RMB'000
Cash and cash equivalents denominated in (Note (a)):		
— RMB	**18,466,148**	11,472,816
— US$	**1,524**	36,550
— HK$	**4,959**	16,191
	18,472,631	11,525,557
Term deposits (Note (a)):		
— RMB	**111,000**	2,344,980
— US$	**—**	1,972,189
	111,000	4,317,169
Less: non-current portion of term deposits	**—**	(640,000)
Current portion of term deposits	**111,000**	3,677,169

(a) The weighted average effective interest rate of the Group's term deposits as at 31 December 2017 was 3.6% per annum (2016: 0.58% per annum). The carrying amounts of the Group's term deposits approximate their fair values, as the impact of discounting is not significant.

23 Share capital and share premium

	Number of ordinary shares	Nominal value of ordinary shares HK$	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000	Total RMB'000
At 1 January 2016	1,000	0.01	–	989,745	989,745
Issue of shares in connection with the capitalisation issue	1,012,499,000	10,125	9	(9)	–
Issue of shares in connection with the Company's listing	339,848,000	3,398	3	1,540,694	1,540,697
Share issuance costs	–	–	–	(44,761)	(44,761)
At 31 December 2016	1,352,348,000	13,523	12	2,485,669	2,485,681
At 1 January 2017	1,352,348,000	13,523	12	2,485,669	2,485,681
Issue of ordinary shares in connection with private placement (Note (b))	142,452,500	1,425	1	1,020,369	1,020,370
At 31 December 2017	1,494,800,500	14,948	13	3,506,038	3,506,051

(a) The authorised share capital of the Company as at 31 December 2017 was HK$380,000 (2016: HK$380,000) divided into 38,000,000,000 shares (2016: 38,000,000,000 shares).

(b) On 7 November 2017, 142,452,500 shares of the Company were placed to certain independent investors at price of HK$8.52 per share.

24 Other reserves

(a) Capital reserves

Capital reserves mainly represented accumulated capital contribution from the then shareholders of the Group companies.

(b) Statutory reserves

In accordance with relevant rules and regulations in the PRC, when declaring dividend, the Group's PRC subsidiaries are required to appropriate not less than 10% of their profit after taxation calculated under PRC accounting rules and regulations to the statutory reserve fund, until the accumulated total of the fund reaches 50% of the registered capital of the respective companies. The statutory reserve fund can only be used, upon approval by the relevant authority, to offset losses brought forward from prior years or to increase the paid up capital of respective companies.

(c) Share-based compensation reserve

The Company approved and adopted a share option scheme on 28 December 2015 (the "Share Option Scheme"). Share options under the Share Option Scheme (the "Option") are granted to eligible participant (the "Eligibles") including directors and other employees. Options are conditional on the Eligibles have served the Group for certain periods (the vesting period). Share Options are granted for no consideration and carry no dividend or voting rights. When exercisable, each Option is convertible into one ordinary share. The Group has no legal or constructive obligation to repurchase or settle the Options in cash.

On 5 January 2017, approximately 62,469,000 Options were granted to Eligibles with an exercise price of HK$5.96 per share. None of the outstanding Options as at 31 December 2017 was exercisable or expired. The expiry date of the Options will be 4 January 2022. Particulars of Options are as follows:

Vesting period	Exercise period	Number of outstanding Options as at 31 December 2017
1 year to 5 January 2018	5 January 2018 to 4 January 2022	**17,185,000**
2 years to 5 January 2019	5 January 2019 to 4 January 2022	**17,185,000**
3 years to 5 January 2020	5 January 2020 to 4 January 2022	**22,914,000**
		57,284,000

24 Other reserves (continued)

(c) Share-based compensation reserve (continued)

Set out below are movement of Options granted under the Share Option Scheme:

	Number of Options
As at 1 January 2017	–
Granted during the year	62,469,000
Forfeited during the year	(5,185,000)
As at 31 December 2017	57,284,000

The fair values of Options determined by reference to valuation prepared by an independent values, JLL, using the Binomial valuation model range from HK$1.88 to HK1.99 per Option. The significant inputs in the model were as follows:

(a)	expected expiry date:	4 January 2022
(b)	stock price at grant date and exercise price	HK$5.96 per share
(c)	volatility	34.41%
(d)	annual risk-free interest rate	2.09%
(e)	dividend yield	nil
(f)	suboptimal factors	2 or 3

The total expenses recognised in consolidated income statement for Options granted to Eligibles for the year ended 31 December 2017 was RMB53,868,000 (2016: Nil).

25 Perpetual Capital Instruments

In 2016, certain group companies issued certain subordinated Perpetual Capital Instruments (the "Perpetual Capital Instruments"). The Perpetual Capital Instruments do not have maturity dates and the distribution payments can be deferred at the discretion of either the Group companies or the Company. Therefore, the Perpetual Capital Instruments are classified as equity instruments and recorded in equity in the consolidated balance sheet. When the Group companies or the Company elects to declare dividends to their shareholders, the Group companies shall make distributions to the holders of Perpetual Capital Instruments at the distribution rates as defined in the subscription agreements. Movements of the Perpetual Capital Instruments are as follows:

	Principal RMB'000	Distribution/ appropriation of profit RMB'000	Total RMB'000
Balance as at 1 January 2017	**3,200,000**	**32,533**	**3,232,533**
Redemption of Perpetual Capital Instruments	**(500,000)**	**—**	**(500,000)**
Profit attributable to holders of Perpetual Capital Instruments	**—**	**232,285**	**232,285**
Distributions made to holders of Perpetual Capital Instruments	**—**	**(222,837)**	**(222,837)**
Balance as at 31 December 2017	**2,700,000**	**41,981**	**2,741,981**
Balance as at 1 January 2016	—	—	—
Issuance of Perpetual Capital Instruments	4,700,000	—	4,700,000
Redemption of Perpetual Capital Instruments	(1,500,000)	—	(1,500,000)
Profit attributable to holders of Perpetual Capital Instruments	—	102,019	102,019
Distributions made to holders of Perpetual Capital Instruments	—	(69,486)	(69,486)
Balance as at 31 December 2016	3,200,000	32,533	3,232,533

26 Borrowings

	As at 31 December	
	2017	2016
	RMB'000	RMB'000
Borrowings included in non-current liabilities:		
Senior notes — unsecured	**2,566,458**	1,178,955
Asset backed securities — secured	**827,200**	827,200
Corporate bonds — unsecured	**10,949,664**	10,861,197
Borrowings from financial institutions — secured (Note (a))	**49,165,935**	23,568,912
Less: current portion of non-current borrowings	**(15,899,267)**	(4,752,520)
	47,609,990	31,683,744
Borrowings included in current liabilities:		
Borrowings from financial institutions — secured (Note (a))	**5,944,353**	2,981,000
Current portion of non-current borrowings	**15,899,267**	4,752,520
	21,843,620	7,733,520
Total borrowings	**69,453,610**	39,417,264

(a) The carrying amounts of financial and non-financial assets pledged as security for current and non-current borrowings are disclosed in Note 33. In addition to pledge of the Group's assets, Mr. Ou has provided personal guarantee for the borrowings from financial institutions of RMB2,185,500,000 as at 31 December 2017 (2016: RMB1,850,951,000).

(b) At 31 December, the Group's borrowings were repayable as follows.

	As at 31 December	
	2017	2016
	RMB'000	RMB'000
Within 1 year	**21,843,620**	7,733,520
Between 1 and 2 years	**31,267,858**	18,061,179
Between 2 and 5 years	**14,668,873**	12,703,065
Over 5 years	**1,673,259**	919,500
Total	**69,453,610**	39,417,264

26 Borrowings (continued)

(c) The weighted average effective interest rates are as follows:

	As at 31 December	
	2017	2016
Senior notes	**8.96%**	8.25%
Asset backed securities	**5.62%**	5.62%
Corporate bonds	**7.83%**	7.83%
Borrowings from financial institutions	**6.64%**	6.37%
Weighted average effective interest rates	**6.90%**	6.81%

(d) The Group's borrowings were denominated:

	As at 31 December	
	2017	2016
	RMB'000	RMB'000
— RMB	**64,338,853**	38,238,309
— US$	**5,114,757**	1,178,955
	69,453,610	39,417,264

(e) The fair value of senior notes as at 31 December 2017 was RMB2,569,692,000 (2016: RMB1,196,154,000), which was quoted in Singapore Exchange Ltd. and within level 1 of the fair value hierarchy. The carrying amounts of borrowings other than senior notes approximate their fair values as at 31 December 2017 (2016: same) as either the impact of discounting were not significant or the borrowings carry floating rates of interests.

Details of the Group's exposure to risks arising from current and non-current borrowings are set out in Note 3.1.

27 Deferred tax assets and liabilities

(i) The net movement on the deferred tax accounts is as follows:

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
At 1 January	**(1,220,584)**	151,282
Credited/(charged) to the consolidated income statement (Note 12)	**54,753**	(31,193)
Business combination (Note 34)	**(1,362,961)**	(1,340,673)
At 31 December	**(2,528,792)**	(1,220,584)

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

	Deferred tax assets – tax losses and others RMB'000	Deferred tax liabilities – fair value gains RMB'000
At 1 January 2016	**151,282**	—
Credited/(charged) to the consolidated income statement	**107,667**	(138,860)
Acquisition of a subsidiary and consolidations of entities previously held as joint ventures	**—**	(1,340,673)
At 31 December 2016	**258,949**	(1,479,533)
At 1 January 2017	**258,949**	(1,479,533)
Business combination (Note 34)	**137,493**	(1,500,454)
Credited/(charged) to the consolidated income statement	**127,949**	(73,196)
At 31 December 2017	**524,391**	(3,053,183)

28 Dividend

The directors of the Company did not recommend the payment of any dividend for the year ended 31 December 2017 (2016: same).

29 Trade and other payables

	As at 31 December	
	2017	2016
	RMB'000	RMB'000
Trade payables (Note (a))	**7,007,075**	3,661,156
Notes payable	**592,778**	323,891
Other payables:		
— Amounts due to minority shareholders	**8,659,701**	5,184,526
— Deposits received for sales of properties	**2,047,107**	95,372
— Other taxes payable	**928,904**	223,926
— Interests payable	**635,312**	551,124
— Amounts due to a trust company	**388,639**	388,639
— Deposits from contractors and suppliers	**374,096**	204,441
— Accrued payroll	**159,677**	103,236
— Others	**801,299**	210,936
	21,594,588	10,947,247

29 Trade and other payables (continued)

(a) The ageing analysis of the trade payables based on invoice date is as follows:

	As at 31 December	
	2017	2016
	RMB'000	RMB'000
Within one year	5,017,284	1,765,614
Over one year	1,989,791	1,895,542
	7,007,075	3,661,156

(b) Trade and other payables were unsecured. interest-free, repayable on demand and denominated in RMB.

(c) The carrying amounts of trade and other payables were considered to be the same as their fair values.

30 Cash flow information

(a) Net cash used in operating activities:

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
Profit before income tax	**4,989,739**	2,569,768
Adjustments for:		
— Depreciation charges	**67,030**	16,688
— Interest income	**(85,365)**	(60,210)
— Net foreign exchange loss/(gain)	**65,451**	(71,336)
— Amortisation of intangible assets and land use rights	**7,746**	1,589
— Gains from disposal of property, plant and equipment	**(1,849)**	(775)
— Fair value gains on investment properties	**(1,108,095)**	(361,026)
— Fair value gains on remeasurement of joint ventures	**—**	(278,074)
— Share of net profits of investments accounted for using the equity method	**(283,100)**	(443,105)
Changes in working capital:		
— Properties under development and completed properties held for sale	**(34,968,524)**	(1,077,003)
— Trade and other receivables	**(3,348,218)**	(1,419,345)
— Prepayments	**14,545,937**	(28,190,287)
— Pre-sale proceeds received from customers	**3,513,389**	9,618,867
— Trade and other payables	**8,367,042**	4,026,619
— Restricted cash	**(220,710)**	(519,888)
Cash used in operations	**(8,459,527)**	(16,187,518)

30 Cash flow information (continued)

(b) Reconciliation of liabilities arising from financing activities

Borrowings	1 January 2017 RMB'000	Financing cash flow RMB'000	Business combination (Note 34) RMB'000	Non-cash items RMB'000	31 December 2017 RMB'000
	39,417,264	26,525,092	3,739,000	(227,746)	69,453,610
Amounts due to related parties	1,464,170	(252,590)	127,391	—	1,338,971
	40,881,434	26,272,502	3,866,391	(227,746)	70,792,581

31 Financial guarantee

	As at 31 December	
	2017	2016
	RMB'000	RMB'000
Guarantee in respect of mortgage facilities for certain purchasers (Note (a))	**20,646,169**	17,049,550
Guarantee provided for the borrowings of the joint ventures (Note (b))	**2,057,910**	3,166,910
	22,704,079	20,216,460

(a) The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificates which will generally be available within an average period of two to three years upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by the purchasers of properties.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the mortgages. The directors consider that the likelihood of loss of the Group resulting from the default in payments by purchasers is minimal and therefore the financial guarantee measured at fair value is immaterial.

(b) Amounts represented the maximum exposure of the guarantees provided by the Group.

32 Commitments

(a) Commitments for property development expenditures and equity investments as at 31 December 2017 were as follows:

	As at 31 December	
	2017	2016
	RMB'000	RMB'000
Contracted but not provided for		
— Property development activities	**10,019,267**	4,446,705
— Land use rights	**7,550,424**	9,670,950
— Equity investment	**151,033**	526,500
	17,720,724	14,644,155

(b) **Operating leases commitments — the Group as lessee**

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

	As at 31 December	
	2017	2016
	RMB'000	RMB'000
— Not later than one year	**28,107**	16,540
— Later than one year and not later than three years	**21,848**	23,983
	49,955	40,523

33 Assets pledged as security

	As at 31 December	
	2017	2016
	RMB'000	RMB'000
ASSETS		
Non-current assets		
Property, plant and equipment	**1,369,186**	574,798
Land use rights	**454,168**	479,518
Investment properties	**5,702,000**	4,058,000
Total non-current assets pledged as security	**7,525,354**	5,112,316
Current assets		
Properties under development and completed properties held for sale	**59,807,747**	24,570,618
Restricted cash	**1,358,816**	418,705
Total current assets pledged as security	**61,166,563**	24,989,323
Total assets pledged as security	**68,691,917**	30,101,639

Investments amounted to RMB1,130,109,000 (2016: RMB324,336,000) in certain subsidiaries directly or indirectly held by the Company were pledged as security for borrowing of the Group at 31 December 2017.

34 Business combination

(a) Summary of acquisition

The Group acquired 55% equity interests in Hailiang Group from an independent third party, respectively during the year (the "Acquisition"). The Acquisition was completed on 31 July 2017.

Hailiang Group is engaged in commercial and residential development, principally in Anhui Province, Shaanxi Province and Ningxia Province of the PRC. The Acquitsition has increased the Group's market share in these areas and complements the Group. According to their articles of association, the Group is able to control the decision rights on the financing and operating policies of Hailiang Group. On the acquisition date, the Hailiang Group were developing several real estate projects in the PRC, hence the Acquisition was treated one transaction as business combination.

34 Business combination (continued)

(a) Summary of acquisition (continued)

	RMB'000
Purchase considerations — cash	2,896,524

The assets and liabilities recognised as a result of the Acquisition on the Acquisition Date are as follows:

	Fair value RMB'000
Property, plant and equipment	11,318
Intangible assets	2,500
Deferred tax assets	137,493
Investments accounted for using the equity method	530,426
Properties under development	20,555,249
Completed properties held for sale	3,632,542
Trade and other receivables and prepayments (Note (i))	1,807,124
Amounts due from related parties	485,470
Prepaid taxation	529,978
Restricted cash	443,625
Cash and cash equivalents	3,028,152
Borrowings	(3,739,000)
Deferred tax liabilities	(1,500,454)
Trade and other payables	(3,187,711)
Amounts due to associates and other related parties	(127,391)
Amounts due to customers for contract works	(115)
Pre-sale proceeds received from customers	(16,762,366)
Current tax liabilities	(167,403)
Net identifiable assets acquired	5,679,437
Less: non-controlling interests	(2,782,913)
Add: goodwill	—
Net assets acquired	2,896,524

34 Business combination (continued)

(a) Summary of acquisition (continued)

(i) Acquired receivables

The fair value of acquired trade and other receivables and prepayments was RMB1,807,124,000, which was equal to its gross contractual amounts receivable. At the Acquisition Date, none of such balance was expected to be uncollectible.

(ii) Accounting policy choice for non-controlling interests

The Group recognises non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. For the non-controlling interests in Hailiang Group, the Group elected to recognise the non-controlling interests in at its proportionate share of the acquired net identifiable assets. See Note 2.2.1(i) for the Group's accounting policies for business combinations.

(iii) Revenue and profit contribution

The acquired business contributed revenues of RMB5,436,825,000 and net loss of RMB 125,154,000 to the Group for the period from 1 August 2017 to 31 December 2017. If the Acquisition had occurred on 1 January 2017, consolidated pro-forma revenue and profit for the year ended 31 December 2017 of the Group would have been RMB32,986,510,000 and RMB2,831,052,000 respectively. These amounts have been calculated using the subsidiary's results and adjusting them for:

- differences in the accounting policies between the group and the subsidiaries, and
- the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to properties under development and completed properties held for sale had applied from 1 January 2017, together with the consequential tax effects.

34 Business combination (continued)

(b) Purchase consideration — cash outflow

	2017 RMB'000	2016 RMB'000
Outflow of cash to acquire subsidiary, net of cash acquired:		
Cash consideration	**2,896,524**	953,763
Settlements of loans to former shareholder resulting from the acquisition	**—**	926,000
Less: cash and cash equivalents acquired	**(3,028,152)**	(125,683)
Net (inflow)/outflow of cash — investing activities	**(131,628)**	1,754,080

The purchase consideration — cash outflow is related to 55% equity interest in Hailiang Group in 2017 (2016: related to 50% equity interests in Fujian Ronghui Real Estate Company Limited and 51% equity interests in Fuzhou Shengtian Property Development Company Limited, respectively).

(c) Acquisition-related costs

Acquisition-related costs of approximately RMB7,000,000 were included in consolidated income statement.

35 Significant related party transactions

(a) Parent entities

The Group is controlled by the following entities:

Name	Type	Place of incorporation	Ownership interest As at 31 December 2017	2016
Dingxin	Immediate parent company of the Company	BVI	**67.84%**	74.87%
TMF (Cayman) Limited	Ultimate parent entity and controlling party	the Cayman Island	**67.84%**	74.87%

(b) Subsidiaries

Interests in subsidiaries are set out in Note 10(a).

(c) Major related parties that had significant transactions during the year with the Group are as follows:

Related parties	Relationship with the Group
Mr. Ou	Controlling Shareholder and director of the Company
Rongxin (Fujian) Property Management Co., Ltd. 融信(福建)物業管理有限公司	A company controlled by the Controlling Shareholder
Fujian Rongxin Shiou Property Management Co., Ltd. 福建融信世歐物業管理集團有限公司	A company controlled by the Controlling Shareholder
Fuzhou Yubaichuan Real Estate Development Co., Ltd. 福州裕百川房地產開發有限公司	Joint venture
Hairong (Zhangzhou) Property Co., Ltd. 海融(漳州)房地產有限公司	Joint venture
Hangzhou Zhongxu Property Co., Ltd. 杭州眾旭置業有限公司	Joint venture
Hangzhou Xinchen Property Co., Ltd. 杭州信辰置業有限公司	Joint venture
Jinhua Ruiying Real Estate Co., Ltd. 金華市瑞盈房地產有限公司	Joint venture

35 Significant related party transactions (continued)

(c) Major related parties that had significant transactions during the year with the Group are as follows: (continued)

Related parties	Relationship with the Group
Nanjing Huihe Property Co., Ltd. 南京薈合置業有限公司	Joint venture
Nanjing Kaijingsheng Property Development Co., Ltd. 南京愷璟晟房地產開發有限公司	Joint venture
Nanjing Taiyi hexin Management Consultancy Co., Ltd. 南京泰熠和信企業管理諮詢有限公司	Joint venture
Hangzhou Wanjing Property Co., Ltd. 杭州萬璟置業有限公司	Joint venture
Hangzhou Zhongxu Property Co., Ltd. 杭州眾旭置業有限公司	Joint venture
Hangzhou Ronghao Property Co., Ltd. 杭州融浩置業有限公司	Joint venture
Hangzhou Jinsheng Real Estate Development Co., Ltd. 杭州金昇房地產開發有限公司	Joint venture
Hefei Hai Liang Property Co., Ltd. 合肥海亮置業有限公司	Joint venture
Ningbo Fenghua hedu Real Estate Development Co., Ltd. 寧波奉化和都房地產開發有限公司	Joint venture
Zhengzhou Huizhimen Management Consultancy Co., Ltd. 鄭州慧之門企業管理諮詢有限公司	Joint venture
Zhengzhou Rongxin Langyue Property Co., Ltd. 鄭州融信朗悅置業有限公司	Joint venture
Zhoushan Kairong Real Estate Development Co., Ltd. 舟山愷融房地產開發有限公司	Joint venture
Hangzhou Lvcheng Wangxi Real Estate Development Co., Ltd. 杭州綠城望溪房地產開發有限公司	Associate
Hangzhou Zhenmao Investment Co., Ltd. 杭州臻茂投資有限公司	Associate
Shaanxi Hai He Real Estate development Co., Ltd. 陝西海和房地產開發有限公司	Associate
Yinchuan Shihai Real Estate Co., Ltd. 銀川世海房地產有限公司	Associate
Yinchuan Hai Mao Real Estate Co., Ltd. 銀川海茂房地產有限公司	Associate
Yinchuan Hai Mao Real Estate Co., Ltd. 銀川海茂房地產有限公司	Associate
Shaanxi Shengshi Haihong Real Estate development Co., Ltd. 陝西盛世海宏房地產開發有限公司	Associate

The English names of the PRC companies referred to above in this note represent management's best efforts in translating the Chinese names of those companies as no English names have been registered or available.

35 Significant related party transactions (continued)

(d) Key management compensation

Compensation for key management other than those for directors as disclosed in Note 8(a) is set out below.

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
Key management compensation:		
— Salaries and other employee benefits	**1,484**	2,948
— Pension costs	**47**	82
— Value of employee services under share option scheme	**4,222**	—
	5,753	3,030

(e) Transactions with related parties

Save as disclosed elsewhere in these consolidated financial statement, during the year ended 31 December 2017, the Group had the following transactions with related parties.

35 Significant related party transactions (continued)

(e) Transactions with related parties (continued)

Property management services provided by related parties

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
— Fujian Shiou Property Management Co., Ltd.	**45,546**	34,373
— Rongxin (Fujian) Property Management Co., Ltd.	**8,624**	690
	54,170	35,063

The directors of the Company are of the opinion that the following related party transactions were conducted on normal commercial terms and in the ordinary course of business.

Refer to Note 31 and Note 26(a) for information on guarantee provided for the borrowings of the joint ventures by the Group and the information on guarantee provided by Mr Ou for the borrowings of the Group, respectively.

35 Significant related party transactions (continued)

(f) Balances with related parties

	As at 31 December	
	2017	2016
	RMB'000	RMB'000
Amounts due from related parties		
— Joint ventures	**3,628,985**	229,101
— Associates	**342,805**	—
	3,971,790	229,101
Amounts due to related parties		
— Joint ventures	**933,569**	1,377,681
— Associates	**300,412**	—
— other related parties	**120,843**	96,456
— Mr. Ou	**104,990**	85,998
— Fujian Rongxin Shiou Property Management Co., Ltd.	**15,853**	9,967
— Dingxin	**—**	491
	1,354,824	1,474,137

Amounts due from related parties were mainly represented the cash advances made to related parties which are unsecured, interest-free, repayable on demand and denominated in RMB.

Amounts due to Fujian Rongxin Shiou Property Management Co., Ltd. represented mainly the payables of property management fees which were unsecured, interest free, and to be settled according to agreed terms and were denominated in RMB. Other amounts due to related parties mainly represented cash advances from related partied which were unsecured, interest-free, repayable on demand and denominated in RMB.

36 Balance sheet of the Company

	As at 31 December 2017 RMB'000	2016 RMB'000
ASSETS		
Non-current assets		
Interests in a subsidiary	**1,993,141**	1,993,141
Current assets		
Prepayments and other receivable	**1,296**	11,141
Amount due from subsidiaries	**6,654,600**	1,434,069
Cash and cash equivalents	**49,585**	352,666
Total current assets	**6,705,481**	1,797,876
Total assets	**8,698,622**	3,791,017
EQUITY		
Equity attributable to owners of the Company		
Share capital	**13**	12
Share premium (Note ((a))	**3,506,038**	2,485,669
Other reserves (Note (a))	**(169,894)**	107,451
Total equity	**3,336,157**	2,593,132
LIABILITIES		
Non-current liabilities		
Borrowings	**197,013**	1,178,955
Current liabilities		
Borrowings	**5,114,757**	—
Other payables	**50,695**	18,176
Amounts due to related parties	**—**	754
Total current liabilities	**5,165,452**	18,930
Total liabilities	**5,362,465**	1,197,885
Total equity and liabilities	**8,698,622**	3,791,017

The balance sheet of the Company was approved by the Board of Directors on 23 March 2018 and was signed on its behalf:

Ou Zonghong **Zeng Feiyan**

36 Balance sheet of the Company (continued)

(a) Reserve movement of the Company

		Other reserves		
	Share premium RMB'000	Share-based compensation reverse RMB'000	Retained earnings/ accumulated losses RMB'000	Total RMB'000
At 1 January 2016	989,745	–	20,692	1,010,437
Profit for the year	–	–	86,759	86,759
Issue of shares in connection with the capitalisation issue	(9)	–	–	(9)
Issue of shares in connection with the Company's listing	1,540,694	–	–	1,540,694
Share issuance costs	(44,761)	–	–	(44,761)
At 31 December 2016	2,485,669	–	107,451	2,593,120
At 1 January 2017	**2,485,669**	**–**	**107,451**	**2,593,120**
Loss for the year	**–**	**–**	**(223,477)**	**(223,477)**
Share option scheme — value of employee services	**–**	**(53,868)**	**–**	**(53,868)**
Issuance of ordinary shares in connection with private placement (Note 23(b))	**1,020,369**	**–**	**–**	**1,020,369**
At 31 December 2017	**3,506,038**	**(53,868)**	**(116,026)**	**3,336,144**

Five Years' Financial Summary

CONSOLIDATED RESULTS

	For the year ended 31 December				
	2017	2016	2015	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**30,341,404**	11,371,663	7,414,576	4,099,230	2,128,898
Profit for the year attributable to owners of the Company	**1,679,521**	1,292,339	1,432,813	506,507	517,691

CONSOLIDATED ASSETS, LIABILITIES AND EQUITY

	As at 31 December				
	2017	2016	2015	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets	**19,847,681**	9,491,656	4,059,405	3,459,744	1,310,945
Current assets	**150,348,594**	89,415,260	30,737,465	28,075,017	17,443,584
Total assets	**170,196,275**	98,906,916	34,796,870	31,534,761	18,754,529
Non-current liabilities	**50,651,391**	33,163,277	6,926,063	10,999,600	4,985,700
Current liabilities	**88,783,831**	42,654,317	22,798,075	19,506,115	12,229,884
Total liabilities	**139,435,222**	75,817,594	29,724,138	30,505,715	17,215,584
Total equity	**30,761,053**	23,089,322	5,072,732	1,029,046	1,538,945
Total equity attributable to shareholders of the Company	**10,224,277**	7,470,518	4,302,522	1,020,877	1,525,908