景瑞控股
JINGRUI HOLDINGS

景瑞控股有限公司*
JINGRUI HOLDINGS LIMITED

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

股份代號 Stock code : 01862

2018
年報 ANNUAL REPORT

* 僅供識別 For identification purpose only

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Corporate Profile

Corporate Profile

Jingrui Holdings Limited (stock code: 01862.HK) is a leading residential property developer, an asset management operator and a professional service provider in the PRC.

Established in Shanghai in 1993, the Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 31 October 2013. Five major business platforms including Yan Capital Management (優鉞資管), Jingrui Properties, Joyride Apartment (悦樘公寓), Carry Capital (鍇瑞辦公) and Co-Fortune Capital (合福資本) were established under the Company, covering business segments ranging from real estate development, construction, decoration, urban renewal, asset management, commercial operation and property management. The Company is committed to becoming the "pioneer in asset management with the best knowledge in both architecture and lifestyle."

With the successful penetration into two major cities, namely Beijing and Wuhan, in 2017, the Company strategically mapped out its development plans in all the municipalities directly under the central government and the first and second-tier cities in the Yangtze River Delta in the PRC as of December 2018, with a total of 94 projects in operation across 18 cities.

Being a long-established real estate enterprise with decades-long experience and keen market insights, the Company endeavored to differentiate its brand identity and capture market opportunities by taking the initiative to tap into the current developments and leveraging its "customer insights" from 2017. Focusing on the "asset-light" fund operation model, the Company integrated the upstream and downstream ecological cycle resources of the industry and fully explored development projects in cities with great potential, as well as office buildings, serviced apartments and other quality operational assets in first-tier cities such as Beijing and Shanghai, with the aim of enhancing its capabilities in community operation and urban renewal and building a large-scale asset management platform of "fund raising, investment in projects, post-investment project management and capital withdrawal".

With outstanding performance, distinctive product positioning and new strategic planning driven by a two-pronged business model, the Company has been consecutively named "China's Top 100 Real Estate Development Enterprises", "Top 10 of China's Top 100 Real Estate Enterprises in terms of Operating Efficiency" and "China's Top 50 Real Estate Development Enterprise regarding Brand Value".

Looking forward, Jingrui will continue to focus on intensively penetrating into the segments of real estate services and real estate finance with a higher added-value, achieving the dual capabilities of real estate development and asset-light production. The Company will adapt to the transformation of business model and foster its diversified investment capabilities through the five major business platforms under Jingrui and linking up the upstream and downstream industrial chains of the real estate industry, develop a vibrant ecological cycle and a multi-business model and further enhance its operation capabilities to serve customers and coordinate urban developments, thereby gradually realizing the corporate mission of "Dedicated to Building a Wonderful Life".

Corporate Information

COMPANY NAME
Jingrui Holdings Limited

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

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

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

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

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

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

JOINT COMPANY SECRETARIES
Ms. Jiang Bing Xian
Ms. So Lai Shan *(appointed on 11 October 2018)*
Ms. Lai Siu Kuen *(resigned on 11 October 2018)*

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

COMPANY'S WEBSITE
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Corporate Information

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STOCK CODE

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Shops 1712-1716, 17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL BANKS

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

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

FINANCIAL HIGHLIGHTS

KEY FINANCIAL INDICATORS:

	Year ended 31 December				
	2018		2017		Change
	RMB million	**Percentage to revenue %**	RMB million	Percentage to revenue %	%
Revenue	**11,268.2**	**100.0**	15,668.4	100.0	28.1
Gross profit	**2,547.2**	**22.6**	2,518.1	16.1	1.2
Profit for the year					
– Including non-controlling interests	**1,302.9**	**11.6**	903.9	5.8	44.1
– Attributable to equity holders	**1,031.9**	**9.2**	805.8	5.1	28.1
Core net profit (excluding fair value gains)(1)					
– Including non-controlling interests	**1,261.9**	**11.2**	877.0	5.6	43.9
– Attributable to equity holders	**1,006.3**	**8.9**	774.1	4.9	30.0

KEY OPERATION INDICATORS:

	Year ended 31 December		
	2018	2017	Change %
Contracted sales value (RMB million)	**25,235.9**	18,372.7	37.4
Contracted sales area (sq.m.)	**1,161,512.4**	1,010,755.8	14.9
Average contracted selling price (RMB/sq.m.)	**21,726.7**	18,177.2	19.5

KEY RATIO INDICATORS:

	2018 %	2017 %
Gross profit margin (%)	**22.6**	16.1
Total assets turnover (%)(2)	**25.9**	40.6
Return on equity (%)(3)	**17.4**	16.9
Net debt-to-capital ratio (%)(4)	**64**	68

(1) Fair value gains represent fair value gains on investment properties under other platforms. Gains arising from appreciation of investment properties under office and apartment platform as the core business profit of the Group are not excluded. The previous year's comparative figures of financial indicators have been restated

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

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

(4) Equal to net debt (which represents total borrowings minus cash and cash equivalents and restricted cash), divided by total equity as at the end of the respective period and multiplied by 100%

Chairman's Statement

Looking forward, Jingrui will continue to upgrade its customization system centering on its "customer insights" strategy, accelerate the launch of the customized products and expand the coverage. At the same time, Jingrui will take the opportunity to improve its product service capabilities to obtain management service fees and expand the source of profits.

Meanwhile, Jingrui will also continue its efforts to enhance the value of its services. On the one hand, we will strive to diversify our sources of income with profits from investment, management fee income and operating income from our self-owned properties and thus maximize the return to our investors with high premium. On the other hand, we will expedite our transformation into an operator with high valuation and achieve sustainable development of the Company through the development of the five major business platforms. Given our quality products and services, high-efficiency business models and excellent business performance, we expect to be recognised by customers, shareholders, investors, industry and the public, and ultimately realise the corporate value of Jingrui.

Yan Hao
Chen Xin Ge
Co-chairmen

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Jingrui Holdings Limited ("**Jingrui**" or the "**Company**"), I am pleased to present the business review and outlook of the Company and its subsidiaries (the "**Group**", "**we**" or "**us**" or "**our**") for the year ended 31 December 2018 (the "**Year**").

Market Review

In 2018, despite the escalation of trade friction between the People's Republic of China ("**the PRC**") and the United States, the US Federal Reserve's repeated interest rate hikes, and Brexit, all of which cast uncertainty on global economic condition, the global economy managed to maintain a moderate growth as the Chinese economy steadily sailed forward. In 2018, the PRC's GDP topped RMB90 trillion for the first time, representing an increase of 6.6% over the previous year. Other than the GDP, many of the PRC's economic indicators have met or exceeded expectations.

In the course of China's economic growth, the real estate industry remained the mainstay of the PRC's economy. In 2018, sales of commercial properties in the PRC neared RMB15 trillion, representing an increase of 12.2% over the previous year, which once again set a historical sales record. As the real estate industry rose up to a new heights, we were fully aware that the regulation policies on the real estate industry were constantly improved over the past year.

Looking back on 2018, China's regulation policies on its real estate industry continued to evolve towards a system of combined long and short-term regulation under the keynotes of "housing is for accommodation, not for speculation" and "equal rights for home tenants and owners". The residential leasing market continued to grow at an accelerated pace, with the regulatory policies becoming more emphatic about "adopting differential measures in light of different situations in different cities", and the local governments appearing more active in introducing regulatory policies in a responsive manner.

Chairman's Statement

With the accelerated establishment of a housing system with multiple types of suppliers, multiple channels for housing support, and encouragement for both renting and purchase, the residential leasing market received strong support in terms of policy as many local governments introduced innovative measures to promote the healthy development of the residential leasing market in terms of financial support, land supply, and increased supply of properties. The "Implementation Plan for Improving the Mechanism for Promoting Consumption (2018-2020)" issued by the General Office of the State Council in October 2018 clearly stated that from 2018 to 2020, it will vigorously develop the residential leasing market, summarize and promote the experience of residential leasing pilot projects, and accelerate the study on establishing an evaluation system for the construction of the residential leasing market. In addition to the booming growth of long-term rented apartments, the shared office market was in full swing in the past year against the background of "mass entrepreneurship and innovation".

The current real estate market is quite different from that in the past. After a period of high-speed development, the first-tier cities and some hot-spot second-tier cities have led the trend in entering the stock market. In such a new market environment, the simple high-turnover mode adopted by the real estate enterprises is no longer always effective, and had to shift from development-prioritized to operation-prioritized. In response to the new development of the industrial situation, Jingrui changed its route of development a few years ago and directed its transformation towards a "light-asset, refinement and operation-prioritization" model, and gradually established a two-pronged business model of "customer insights + asset-light operation", aiming to improve its operation efficiency. This business model is expected to allow Jingrui to outperform its rivals.

Chairman's Statement

In 2018, Jingrui's five major business platforms rendered outstanding performance, with its real estate business scoring the highest sales in the Company's history on the basis of significant quality improvement. The long-term rented apartments and shared office projects have also been expanding steadily, and the capability of community operation and upstream and downstream industry chain integration have been significantly improved, and the image of the Company as the "pioneer in asset management with the best knowledge in both architecture and lifestyle" began to take shape.

Operational Performance

In 2018, Jingrui deepened the implementation of its two pronged strategy of "customer insights + asset-light operation". Thanks to its in-depth analysis of customers' needs and the offering of tailored products, Jingrui's product sales maintained its growth momentum in 2018. For the year ended 31 December 2018, the Group's accumulated contracted sales (including the sales of its joint ventures and associates) was approximately RMB25.236 billion, representing an increase of 37.4% over the same period of last year. The contracted sales area was approximately 1,161,512 sq.m., with an average contracted sales price of approximately RMB21,727 per square meter.

"Focusing on the first- and second-tier cities, and seeking opportunities to enter the third- and fourth-tier cities" remained Jingrui's market penetrating strategy. For the past two years, Jingrui has been accelerating its exit from the third- and fourth-tier cities to better concentrate its attention on the first- and second-tier core cities, which will better hedge against the market risks. Under the clear strategic guidance of the Board, Jingrui secured a total of 22 projects in such core and "opportunity-rich" cities as Beijing, Tianjin, Hangzhou, Suzhou, and Taizhou through bidding, equity transfer, transaction agreements, legal auctions and other diversified land acquisition methods during the period under review, with a total project investment of RMB15.15 billion and a total product value of approximately RMB32.43 billion, of which first-hand projects accounted for 45% and second-hand projects accounted for 55%. As of 31 December 2018, the Group had a sufficient land bank of about 4.804 million square meters, which is able to meet the needs of sustainable development for the next two to three years.

While actively expanding its presence, Jingrui was also improving its financial structure through diversified financing means for more reliable development. In April 2018, the Group completed the issuance of senior notes of US$350 million, which is due in 2021 with an interest rate of 9.45%. In July, the Group placed a total of 127,839,000 new shares to not less than six independent persons, enterprises or institutional placees at a price of HK$2.5 per share through Yue Xiu Securities Company Limited, and raised a net proceeds of HK$316 million. A sound financial strategy and abundant cash flow will lay a solid foundation for the Group's future development.

In 2018, the five major business platforms of Jingrui coordinated with and empowered each other, constantly generating competitive strength. Jingrui Properties (景瑞地產), benefiting from its product quality and expansion strategy, achieved a new high of performance during the period. Joyride Apartment (悦樘公寓) sorted out three product lines including Joyride Mint Community, Joyride Vanilla Community and Joyride Linglong Community, covering youth apartments, white-collar apartments and high-end serviced apartments, and secured a number of new projects such as Beijing Xinhua Cultural Building, Beijing Jintai Road Project, Suzhou Guangyun Gusu Building, Block A of Beijing Cheng Yuan Building, Shanghai Zhongshan Building and Shanghai Yinqiao Apartment. Carry Capital (鍇瑞辦公), which is based on Beijing, Shanghai, Guangzhou, Shenzhen and the core cities between the first- and second-tier, fully expanded its presence by acquiring three new projects during the Year. Yan Capital Management (優鉞資管) completed the withdrawal of its first fund in the first half of the Year, achieving an investment return of more than 18% for its investors. Co-Fortune Capital (合福資本) achieved an accumulated investment of RMB270 million in the real estate ecosystem and the field of consumption upgrade throughout the Year.

On its way of transformation from a developer to an asset management service provider, Jingrui achieved a leap in terms of performance. At the same time, Jingrui received numerous awards and honorable titles in 2018, such as the "Top 45 Listed Property Developers of Comprehensive Power", "Real Estate Developer of Investment Value in 2018" and "Listed Company with Greatest Growth Potential", and secured the third place among the top five with the best performance.

Deepening "Customer Insights" and Consolidating Product Competitiveness

As the real estate industry entered a more mature stage, products and services have become the key to success. Returning to the customers' needs and creating fine products will be Jingrui's main guidelines of development in the second half. Jingrui has been committed to providing its customers with "wonderful houses" that are up to the standards of individualization, customization and delicacy. In response to such an appeal, Jingrui's Customer DTV (Design to Value) came into being.

Jingrui's DTV Strategy is centered on "Customer Insights" and "Excellent Product Competitiveness", which tailored solutions for the customers based on their needs, focusing on "customer value design" in seven dimensions, i.e. personalized space, green health, and attractive appearance and style. As the time is ripe, we will gradually export systematic service capabilities and complete our transformation from a low-value developer to a high-value service operator.

So far, Jingrui has gradually established a unique brand label and become a master of customized real estate development. Jingrui now offers more than 226 categories of customized products, and its customers can have up to 75% of their products tailored to their needs. Jingrui will strive to achieve 100% customization for its products and continuously improve its performance and added value.

In order to continuously optimize the quality of its customized products, Jingrui has established the PRC's first customized and industrialized R&D base for fine decoration, offering 1:1 customization space, 100% industrial example for fine decoration and "1 to N" fine decoration research. Its strong R&D base and test platform provides technical support and guarantee for Jingrui's large-scale customized & differentiation strategy.

Benefiting from its emphasis on customer demand, Jingrui's product competitiveness has been significantly improved, and its premium generation ability is significantly higher than its competitors' products. The improvement in product quality also helped bring Jingrui's sales results up to RMB25.236 billion in 2018, representing an increase of 37.4% year on year, with an average sales price of RMB20,000 per sq.m., ranking at the forefront in the industry.

Increasing Weight on "Asset-light Operation" to Secure a Place as the Leader in Asset Management

Against the background of frequent regulation on the real estate market, pure real estate development capabilities are far from enough to help the Company survive and stay ahead of future competition. We believe that with the advent of the era of real estate surplus, asset management and financial operation have become essential capabilities of a company. In 2017, Jingrui proposed the transition from a real estate developer to a leader in asset management, and has since then been actively involved in the field of stock market and urban renewal while strengthening its incremental business of residential development.

So far, Jingrui has formed a pattern with five major business platforms, namely Yan Capital Management, Jingrui Properties, Joyride Apartment, Carry Capital and Co-Fortune Capital. Its goal is to become "a pioneer in asset management with the best knowledge in both architecture and lifestyle".

Yan Capital Management and Co-Fortune Capital represented a positive step in the transition to "light-asset operation". Yan Capital Management is an asset management platform focusing on real estate-based private equity funds, especially the opportunistic and value-added funds, aiming to create end-to-end closed-loop asset operation capabilities in the real estate sector. In 2018, Yan Capital Management raised RMB803 million with the newly established funds, with a total registered fund of about RMB2 billion under its management and completed the construction of a major capital management framework and process. At the same time, Yan Capital Management has been continuously seeking partners and has established cooperative links with more than 40 renowned institutional investors, both at home and abroad. Targeting the real estate ecosystem and the field of consumption upgrade, Co-Fortune Capital actively expanded its connection with new operation management companies such as shared office and apartment operators, focusing on sectors such as education, medical care and elderly care. In 2018, the total investment by Co-Fortune Capital was nearly RMB270 million, well exceeding its annual target.

Apartments and shared offices are the two main businesses in addition to Jingrui's residential real estate business, both of which achieved steady growth in size in 2018. The expansion of its self-owned properties has enhanced Jingrui's operational and service capabilities, and the new business has in turn greatly diversified Jingrui's sources of profit and revenue. In 2018, Jingrui Joyride Apartment won the "2018 Brand Value Apartment" Award. During the period, Jingrui Joyride Apartment achieved significant increase in scale, landing a number of projects including Beijing Xinhua Cultural Building Project, Beijing Jintai Road Project, Suzhou Guangyun Gusu Building Project, Beijing Haidian Cheng Yuan Building Project, Shanghai Zhongshan Building Project, and Shanghai Yinqiao Apartment. In addition, some of the projects acquired earlier have also commenced operation.

Carry Capital, which focuses on Beijing, Shanghai, Guangzhou, Shenzhen and the core cities between the first and second tier and aims to create the first-grade quality business offices, added three new projects to its inventory, including Beijing NAGA Shangyuan Project, Beijing Zhongguancun Foresea Zhongjin Project and Shanghai Lufa Plaza Project.

Prospects

Looking forward to 2019, the PRC's economy will maintain a trend of healthy development and head into a stage of high-quality development, and the uncertainty it faces will be more controllable than that in 2018. For the internal and external risks, we can tell that the fiscal and monetary policies have begun to deal with some of the risks of economic decline, and the reshuffle of economic drivers will be further advanced. It is foreseeable that the economic risks in 2019 will be controllable and the economy will remain relatively stable.

As far as the real estate market is concerned, "stabilizing land prices, stabilizing property prices, and stabilizing expectations" will remain the main target of the regulation, and the keynotes of "housing is for accommodation, not for speculation" and "equal rights for home tenants and owners" will remain unchanged. While there will be a high possibility that the real estate policy will be fine-tuned, the policy in different places will be adjusted under the guideline of "adjustment based on local conditions" and the real estate industry will usher in further transformation and upgrading.

With the change of market trend, there is a high probability that the property developers will roll out major upgrade in their products in 2019, which is not only the improvement in standards, but more of a review of product positioning for the needs of customers. Jingrui will also continue to upgrade its customization system centering on its "customer insights" strategy, accelerate the launch of the customized products and expand the coverage. At the same time, Jingrui will take the opportunity to improve its product service capabilities to obtain management service fees and expand its source of profits.

Jingrui will also continue to enhance its service value. On the one hand, it will strive to diversify its sources of income with profits from investment, management fee income and operating income from its self-owned properties and thus maximize the return to our investors with high premium; on the other hand, it will expedite its transformation into an operator with high valuation and achieve sustainable development of the Company through the development of the five major business platforms. We wish to be recognised by our customers, shareholders, investors as well as the industry and the public for our quality products and services, high-efficiency business models and excellent operating results, and constantly generate our corporate value.

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

Yan Hao
Chen Xin Ge
Co-chairmen
Jingrui Holdings Limited

Breakdown of Major Properties

Completed and Partially Completed Projects

Project Name	Project Type	GFA Available for Sale, Lease or Use by the Group (sq.m.)	Percentage of Interest in the Project attributable to the Group (%)	Attributable GFA (sq.m.)
Shanghai Jingrui Life Square	Commercial	6,848	100.00	6,848
Shanghai Jingrui City Park	Composite	67,358	100.00	67,358
Phase 1		63,027		
Phase 3		4,331		
Shanghai Jingrui The French Lakeside Villa	Residential	2,373	100.00	2,373
Shanghai Jingrui Xuhui New City	Residential	1,918	100.00	1,918
Shanghai Jingrui Upper Riverside	Commercial	7,740	100.00	7,740
Shanghai Jingrui Shenxin Tower	Commercial	3,361	100.00	3,361
Shanghai Jingrui Keyuan Tower	Composite	10,061	100.00	10,061
Shanghai Jingrui Elite Residences	Residential	9,916	100.00	9,916
Shanghai Jingrui Xinmei Mansion Project	Commercial	7,118	100.00	7,118
Shanghai Jingrui North Zhongshan Road Project in Jing'An District	Composite	3,207	100.00	3,207
Shanghai Jingrui Zhongshan Building Project in Huangpu District	Composite	3,013	100.00	3,013
Shanghai Jingrui Yinqiao Apartment Project	Commercial	8,883	100.00	8,883
Shanghai Jingrui Lufa Project	Commercial	112,013	23.12	25,896
Chongqing Jingrui Online Family	Residential	1,976	100.00	1,976
Chongqing Jingrui Royal Bay	Residential	4,983	100.00	4,983
Tianjin The Great Habitat Mansion House (Maritime International)	Composite	11,529	20.00	2,306
Tianjin Jingrui Sunny City	Residential	1,391	100.00	1,391
Wuhan Jingrui Wanfu International	Residential	4,518	100.00	4,518
Beijing Jingrui San Quan Apartments Project	Residential	24,300	100.00	24,300
Beijing Jingrui Foresea Zhongjin Project in Zhongguancun	Office	5,369	100.00	5,369

Breakdown of Major Properties

Project Name	Project Type	GFA Available for Sale, Lease or Use by the Group (sq.m.)	Percentage of Interest in the Project attributable to the Group (%)	Attributable GFA (sq.m.)
Beijing Jingrui Block A of Cheng Yuan Building	Composite	9,699	100.00	9,699
Beijing Jingrui NAGA Shangyuan Project	Residential & commercial	5,768	100.00	5,768
Beijing Jingrui Xinhua Cultural Building Project	Commercial	4,262	100.00	4,262
Beijing Jingrui Jintai Road Project	Commercial	2,209	100.00	2,209
Hangzhou Jingrui Shenhua County	Commercial	135	100.00	135
Hangzhou Jingrui Yangming Valley	Residential	6,684	100.00	6,684
Hangzhou Jingrui Yuan Villa (Acer Serrulatum Villa Garden)	Residential	17,921	100.00	17,921
Hangzhou Jingrui Changxing Dignity Mansion	Residential	641	100.00	641
Hangzhou Jingrui The Zhuji Mansion	Residential	4,054	100.00	4,054
Ningbo Jingrui Dignity Mansion	Composite	2,564	100.00	2,564
Ningbo Jingrui The Mansion	Residential	945	100.00	945
Ningbo Jingrui Harbour City	Commercial	42,026	50.00	21,013
Ningbo Jingrui Headream Mansion	Residential	935	50.00	468
Ningbo Jingrui Tili Garden	Residential	920	40.00	368
Zhoushan Jingrui Peninsula Bay	Residential	4,409	100.00	4,409
Shaoxing Jingrui Dignity Mansion	Residential	1,060	100.00	1,060
Phase 3		1,060		
Suzhou Jingrui Majestic Mansion	Residential	23,046	70.00	16,132
Suzhou Jingrui Guangyun Gusu Building	Commercial	12,081	100.00	12,081
Changzhou Jingrui Dawn City/England County	Residential	9,814	100.00	9,814
Nanjing Golden East	Composite	21,203	17.00	3,604
Nanjing Jingrui The Spring Lake	Residential	1,082	100.00	1,082
Nantong Jingrui Nobility Mansion	Residential	1,184	100.00	1,184
Total		**470,517**		**328,632**

Breakdown of Major Properties

Projects under Development and under Planning

Project	Project Type	Expected Completion Date	GFA under Development (sq.m.)	GFA under Planning (sq.m.)	Percentage of Interest in the Project attributable to the Group (%)	Attributable GFA (sq.m.)
Shanghai Jingrui City Park	Composite	2021/8/30		39,628	100.00	39,628
Phase 2				39,628		
Tianjin The Great Habitat Mansion House (Maritime International)	Composite	2021/9/25	157,422	244,239	20.00	80,332
Tianjin Jingrui No.1 Tang Gu Bay	Residential & commercial	2019/12/13	103,293		100.00	103,293
Tianjin Jingrui Hanlin (Lot 14, Hai Jiao Yuan)	Residential & commercial	2019/12/26	128,020		100.00	128,020
Tianjin Haixi Mansion (Lot 13, Tuanbo West)	Residential & commercial	2019/11/23	52,026		20.00	10,405
Tianjin Liuhe Mingzhu (Lot 14, Tuanbo West)	Residential & commercial	2019/11/30	57,156		16.50	9,431
Tianjin Sea Blue City (Lot 05, Xianshuigu)	Residential	2020/11/20	247,820		49.00	121,432
Hangzhou Greentown Xixi Yunlu (Liuxia Plot)	Residential	2019/12/31	96,140		7.00	6,730
Hangzhou Joy Mountain (North Linpingshan)	Residential	2019/12/31	221,508		12.75	28,242
Hangzhou Jingrui Flange Park	Residential	2019/11/30	262,674		50.00	131,337
Hangzhou Jingrui Future Technology City	Residential	2020/9/30	94,748		60.00	56,849
Ningbo Jingrui South Cixi Sanskrit Garden	Residential	2020/11/30		43,170	100.00	43,170
Ningbo Jingrui Tianfu Yaojiang (Hongtang Plot)	Residential	2019/11/30	77,856		100.00	77,856
Ningbo Jingrui Xingning Mansion (Huaguang City)	Commercial & residential	2020/12/30	55,919		44.00	24,604
Ningbo Jingrui Xinghai Land (Chunxiao 160#)	Residential	2019/12/25	325,323		50.00	162,662
Ningbo Jingrui Nobility Mansion (Lot 8, Jiangshan)	Residential	2019/12/25	92,058		51.00	46,950

Breakdown of Major Properties

Project	Project Type	Expected Completion Date	GFA under Development (sq.m.)	GFA under Planning (sq.m.)	Percentage of Interest in the Project attributable to the Group (%)	Attributable GFA (sq.m.)
Ningbo Rong An Zodiac Tower	Residential	2019/9/30	34,271		25.00	8,568
Ningbo Jingrui Maple House (Zhenghuang's Haimen Land)	Commercial & residential	2019/12/27	76,733		100.00	76,733
Ningbo Jingrui In Times (High-tech Zone Commercial Project)	Commercial	2020/6/30	45,966		100.00	45,966
Zhoushan Jingrui HOPSCA	Residential	2020/8/25	66,477		100.00	66,477
Phase 3			66,477			
Shaoxing Jingrui Dignity Mansion	Residential	2021/9/30		40,139	100.00	40,139
Phase 5				40,139		
Changzhou Jingrui Tianxi (Dignity Mansion)	Residential	2019/11/15	122,295		100.00	122,295
Phase 3			122,295			
Suzhou Junyue Tower (Project in Meili Town, Changshu)	Residential	2019/11/15	87,088		25.00	21,772
Suzhou Jingrui Changshu In Times (Yuyue Plaza)	Commercial	2020/6/15	127,065		80.00	101,652
Suzhou Changshu Jiangnan Mansion	Residential	2020/8/30	530,186		33.00	174,961
Suzhou Qidu Miaogang (Lot 16, Qidu)	Residential	2019/3/30	21,000		50.00	10,500
Nanjing Jingrui Liuhe G18	Composite	2020/12/10	124,021		50.00	62,011
Nanjing Daishan G30 (Lot 30, Daishan)	Commercial & residential	2021/3/20	109,243		19.75	21,575
Wuhan Jingrui Tianfu Binjiang (Lot K4, Dazhou Village)	Composite		238,183	347,034	40.00	234,087
Phase 1		2021/5/28	238,183			
Phase 2		2022/11/30		347,034		
Wuhan Jingrui Houguan Lake Project	Tourist & residential	2020/4/30	64,974		54.00	35,086
Total			**3,619,465**	**714,210**		**2,092,763**

Management Discussion and Analysis

Market Review

In 2018, aggregate economic output of the PRC hit another record high, exceeding RMB90 trillion for the first time, an increase of approximately RMB8 trillion from the previous year. During the Year, not only did GDP achieve the expected growth target of 6.6%, but its growth rate also ranked first among the top five economies in the world. Overall, the economy maintained stable growth in 2018, well achieving the major targets of the PRC government for economic development.

In the course of the PRC's steady economic growth, the real estate industry remained the mainstay of its economy. In 2018, the sales of commercial properties in the PRC neared RMB15 trillion, representing an increase of 12.2% over the previous year, which once again hit a historical sales record high. As the real estate industry rose up to a new height, we were fully aware that the regulation policies on the real estate industry were still evolving in the past year. The central and local governments have repeatedly emphasized that the regulation policy on real estate market will never be relaxed. The regulation policies continued to evolve towards a system of combined long and short-term regulation under the keynotes of "housing is for accommodation, not for speculation" and "equal rights for home tenants and owners", and the residential leasing market continued to grow at an accelerated pace, with the regulatory policies becoming more emphatic about "adopting differential measures in light of different situations in different cities", and the local governments appearing more active in introducing regulatory policies in a responsive manner.

With the accelerated establishment of a housing system with multiple types of suppliers, multiple channels for housing support, and encouragement for both renting and purchase, the residential leasing market received strong support in terms of policy as many local governments introduced innovative measures to promote the healthy development of the residential leasing market in terms of financial support, land supply, and increased supply of properties. The "Implementation Plan for Improving the Mechanism for Promoting Consumption (2018-2020)" issued by the General Office of the State Council in October 2018 clearly stated that from 2018 to 2020, it will vigorously develop the residential leasing market, summarize and promote the experience of residential leasing pilot projects, and accelerate the study on establishing an evaluation system for the construction of the residential leasing market. In addition to the booming growth of long-term rental apartments, the shared office market was in full swing in the past year against the background of "mass entrepreneurship and innovation".

Business Overview

In 2018, the Group achieved (including those of joint ventures and associates on a 100% basis) contracted sales of approximately RMB25,235.9 million and total contracted gross floor area ("**GFA**") sold of approximately 1,161,512 square meters ("**sq.m.**"). At the same time, the Group implemented strong sales receivables collection management, and the amount collected from property sales was RMB22,851.4 million for the Year, accounting for approximately 90.6% of our contracted sales for the Year.

Management Discussion and Analysis

During the Year, the contracted sales of the Group were mainly distributed across 27 development projects in 10 cities in the PRC, accounting for approximately 94.5% of the total contracted sales. In 2018, the Group successively launched 19 new development projects pre-sold for the first time, mainly including Hangzhou Greentown Xixi Yunlu, Hangzhou Joy Mountain, Wuhan Jingrui Wanfu International, Ningbo Xinghai Land, Ningbo Jingrui Nobility Mansion, Suzhou Changshu Jiangnan Mansion, Taizhou Jingrui Maple House, Zhoushan Jingrui Titian Garden, Ningbo Jingrui Tianfu Yaojiang, Hangzhou Jingrui Yuan Villa, Suzhou Junyue Tower, Ningbo Jingrui Xingning Mansion, Ningbo Jingrui In Times, the contracted sales of which accounted for approximately 45.4% of the total contracted sales. In the meantime, sales of existing projects continued to perform well, accounting for approximately 54.6% of the total contracted sales, mainly including Nanjing Golden East, Tianjin The Great Habitat Mansion House, Suzhou Jingrui Majestic Mansion, Hangzhou Jingrui Flange Park, Ningbo Tili Garden, Hangzhou Jingrui Yangming Valley, Shanghai Jingrui Upper Riverside, Ningbo Rong An Zodiac Tower, Shanghai Jingrui City Park, Ningbo Jingrui Headream Mansion, Changzhou Jingrui Tianxi.

During the Year, revenue from property sales recognized by the Group amounted to RMB10,440.3 million, representing a decrease of 31.6% as compared to last year. It was mainly due to the transformation and upgrading of the Group which lead to a decrease in projects within consolidation scope and an increase in fund-based and cooperative development projects. Revenue from property sales of the Group accounted for approximately 92.7% of our total revenue for the Year, and property sales were the principal operating business of the Group. The Group also provided property management services for all self-developed projects to enhance project value, establish good reputation and brand image for our projects and increase customer loyalty and satisfaction.

Management Discussion and Analysis

The Group continued to pursue the development strategy by deeply penetrating into the Yangtze River Delta region, with a special focus on first-tier and second-tier core cities therein. In 2018, we acquired 22 projects in cities such as Shanghai, Hangzhou, Ningbo, Nanjing, Beijing, Wuhan and Tianjin with a total investment amount of these projects being approximately RMB15,148 million, thereby increasing our total GFA of land reserves by approximately 1,659,188 sq.m., with the land cost per sq.m. (calculated based on the expected total GFA) amounting to approximately RMB9,130 per sq.m.. As at 31 December 2018, the total GFA of the land reserves held by the Group in aggregate amounted to approximately 4,804,192 sq.m.. The increase in total GFA as compared with last year was mainly due to the increased efforts made in land acquisition in 2018, especially the acquisition of existing and investment properties. We expect our land reserves to be sufficient to meet our development needs for the next two to three years. We believe that a majority of our land reserves are situated in first-tier and second-tier core cities in the Yangtze River Delta region in the PRC, which will be more beneficial to our development strategy of intensively penetrating into the Yangtze River Delta region.

The Group has consistently applied the principle of steady financial management, with a view to maintain healthy cash flows and guarantee capital safety. In April 2018, the Company issued senior notes of US$350 million at coupon rate of 9.45% with a term of 3 years in Hong Kong. We believe that the issuance will further optimize our debt structure.

The strong performance of contracted property sales further strengthened our financial position during the Year. As at 31 December 2018, our cash at bank and on hand (including restricted cash) reached RMB13,070.2 million. At the same time, unutilized bank facilities amounted to approximately RMB16,952.6 million. As at 31 December 2018, our net debt-to-capital ratio was approximately 64%. We believe that the current liability level is within a reasonable range given our current development stage and also matches our operations. The Group will continue to optimize our liability level and structure for sound risk control so as to lay a solid foundation for our sustained operations and steady future growth.

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

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

Business Review

Jingrui Properties

Property Development

In 2018, we achieved (including those of joint ventures and associates on a 100% basis) contracted sales of approximately RMB25,235.9 million and the total contracted GFA sold was approximately 1,161,512 sq.m.. Our contracted sales were primarily generated from the Zhejiang and Jiangsu regions. The contracted sales (excluding car parks) generated from the Zhejiang and Jiangsu regions were approximately RMB13,707.1 million and RMB5,696.6 million respectively, representing 54.3% and 22.6% of the total contracted sales, respectively.

Details of the Group's contracted sales in 2018

The following table sets out the geographic breakdown of the Group's contracted sales in 2018:

Project Name	Contracted GFA Sold	Contracted Sales	Contracted Average Selling Price ("ASP")
			RMB/sq.m.
Shanghai			
Shanghai Jingrui City Park	13,111	504,891	38,510
Shanghai Jingrui Upper Riverside	6,698	795,848	118,819
Shanghai Jingrui Life Square	584	24,156	41,393
Shanghai Jingrui The French Lakeside Villa	545	15,500	28,441
Tianjin			
Tianjin The Great Habitat Mansion House (Maritime International)	144,094	2,070,526	14,369
Tianjin Jingrui Hyatt Mansion	1,261	26,436	20,958
Tianjin Jingrui Hanlin (Lot 14, Hai Jiao Yuan)	1,321	27,034	20,464
Tianjin Jingrui Lot 1, Tang Gu Bay	12,964	191,299	14,756
Tianjin Liuhe Mingzhu (Lot 14, Tuanbo West)	4,489	65,802	14,657
Tianjin Sea Blue City (Lot 05, Xianshuigu)	5,099	75,201	14,749
Chongqing			
Chongqing Jingrui Royal Bay	2,131	15,445	7,248
Chongqing Jingrui Online Family	659	16,733	25,373
Sub-total of centrally direct-controlled municipalities	**192,956**	**3,828,871**	**19,843**

Project Name	Contracted GFA Sold	Contracted Sales	Contracted Average Selling Price ("ASP") RMB/sq.m.
Hangzhou			
Hangzhou Jingrui Royal Bay	510	2,913	5,707
Hangzhou Jingrui Royal Mansion	1,937	20,440	10,555
Hangzhou Jingrui Shenhua No. One	3,880	103,624	26,706
Hangzhou Jingrui Majestic Mansion	176	5,945	33,826
Hangzhou Jingrui Flange Park	97,419	1,841,160	18,899
Hangzhou Jingrui Yangming Valley	11,601	957,987	82,578
Hangzhou Jingrui Yuan Villa (Acer Serrulatum Villa Garden)	8,552	319,680	37,379
Hangzhou Greentown Xixi Yunlu (Liuxia Plot)	37,120	2,367,544	63,781
Hangzhou Joy Mountain (North Linpingshan)	114,327	2,020,122	17,670
Ningbo			
Ningbo Jingrui Dignity Mansion	1,464	30,060	20,534
Ningbo Jingrui Harbour City	730	11,060	15,149
Ningbo Jingrui Titian Garden	466	10,505	22,521
Ningbo Jingrui Headream Mansion	14,124	394,098	27,902
Ningbo Tili Garden	54,823	1,117,917	20,391
Ningbo Rong An Zodiac Tower	22,828	520,848	22,817
Ningbo Jingrui Nobility Mansion (Project Lot 8, Jiangshan)	46,391	993,354	21,413
Ningbo Xinghai Land (Chunxiao 160#)	81,779	1,134,673	13,875
Ningbo Jingrui Tianfu Yaojiang (Hongtang Project)	21,791	380,464	17,460
Ningbo Jingrui Xingning Mansion (Huaguang City)	10,706	296,220	27,670
Ningbo Jingrui In Times (High-tech Zone Commercial Project)	23,033	253,360	11,000
Zhoushan			
Zhoushan Jingrui Titian Garden	33,287	408,328	12,267
Taizhou			
Taizhou Jingrui Maple House (Zhenghuang's Haimen Land)	38,844	446,109	11,485
Shaoxing			
Shaoxing Jingrui Dignity Mansion	1,207	21,929	18,165
Shaoxing Jingrui Lake of Dawn	3,753	35,799	9,538
Shaoxing Jingrui Nobility Mansion	811	7,352	9,070
Huzhou			
Changxing Jingrui Dignity Mansion	332	5,560	16,770
Sub-total of Zhejiang Province	**631,891**	**13,707,051**	**21,692**

Project Name	Contracted GFA Sold	Contracted Sales	Contracted Average Selling Price ("ASP") RMB/sq.m.
Suzhou			
Suzhou Jingrui Nobility Mansion	155	4,300	27,733
Suzhou Jingrui Majestic Mansion	65,747	2,003,035	30,466
Suzhou Junyue Tower (Project in Meili Town, Changshu)	19,539	300,270	15,368
Suzhou Jingrui Jade Bay	186	2,850	15,326
Suzhou Qidu Dignity Mansion (Lot 17, Qidu)	16,997	179,402	10,555
Suzhou Qidu Miaogang (Lot 16, Qidu)	5,619	67,290	11,976
Suzhou Changshu Jiangnan Mansion	33,350	685,194	20,546
Changzhou			
Changzhou Jingrui Tianxi (Dignity Mansion)	14,898	229,631	15,413
Wuxi			
Wuxi Jingrui Dignity Mansion	842	8,866	10,529
Nantong			
Nantong Jingrui Nobility Mansion	6,346	83,541	13,164
Nanjing			
Nanjing Golden East	95,705	2,104,930	21,994
Yangzhou			
Yangzhou Jingrui Dignity Mansion	2,403	27,321	11,371
Sub-total of Jiangsu Province	**261,787**	**5,696,630**	**21,761**
Wuhan			
Wuhan Jingrui Wanfu International	74,878	1,234,945	16,493
Sub-total of Wuhan	**74,878**	**1,234,945**	**16,493**
Car park (lots)	6,438	768,376	
Total	**1,161,512**(1)	**25,235,873**	**21,727**

Note:

(1) Excluding the area of car parks.

Land Bank

As at 31 December 2018, the total land bank of the Group was approximately 4,804,192 sq.m. or approximately 2,421,395 sq.m. on an attributable basis.

Breakdown of the Group's land bank by cities for the year ended 31 December 2018

City	Total GFA sq.m.	Percentage of the Group's Total GFA	GFA Attributable to the Group's Interests sq.m.	Percentage of GFA Attributable to the Group's Interests
Municipalities directly under the central government				
Shanghai	283,436	5.9%	197,319	8.1%
Beijing	51,608	1.1%	51,608	2.1%
Tianjin	1,002,896	20.9%	456,610	18.9%
Chongqing	6,959	0.1%	6,959	0.3%
Sub-total	**1,344,899**	**28.0%**	**712,496**	**29.4%**
Zhejiang Province				
Hangzhou	704,505	14.7%	252,593	10.4%
Ningbo	798,686	16.6%	511,866	21.2%
Shaoxing	41,199	0.8%	41,199	1.7%
Zhoushan	70,886	1.5%	70,886	2.9%
Sub-total	**1,615,276**	**33.6%**	**876,544**	**36.2%**
Jiangsu Province				
Suzhou	800,466	16.7%	337,099	13.9%
Nanjing	255,549	5.3%	88,272	3.7%
Changzhou	132,109	2.8%	132,109	5.5%
Nantong	1,184	0.0%	1,184	0.0%
Sub-total	**1,189,308**	**24.8%**	**558,664**	**23.1%**
Wuhan	654,709	13.6%	273,691	11.3%
Total	**4,804,192**	**100.0%**	**2,421,395**	**100.0%**

In 2018, we acquired 22 projects in cities such as Beijing, Tianjin, Wuhan, Suzhou, Hangzhou, Taizhou, Shanghai and Nanjing, with the total investment amount of these projects being approximately RMB15,148 million, increasing our total GFA of land reserves by approximately 1,659,188 sq.m..

Details of land and property acquisition for the year ended 31 December 2018

Details of land acquisition since 1 January 2018

City	Project/Land Parcel	Land Use	Attributable Interest	Site Area	Expected Total GFA	Expected Total GFA Above Ground	Total Investment	Average Land/ Property Cost (based on the expected total GFA)	Average Land/ Property Cost (based on the expected total GFA above ground)
				sq.m.	sq.m.	sq.m.	RMB million	RMB million	RMB million
Beijing	Block A Project of Cheng Yuan Building in Haidian District	Composite	100%	2,700	9,699	8,388	269	27,735	32,070
Beijing	NAGA Shangyuan Project in Dongzhimen	Residential & commercial	100%	11,929	5,768	5,768	280	48,541	48,541
Tianjin	Jin Bin Tang (Gua) No. 2017-1 (Lot 1, Tang Gu Bay)	Residential & commercial	100%	44,722	105,334	80,500	538	5,105	6,680
Tianjin	Jin Hai He Yuan (Gua) No. 2018-014 (Lot 14, Hai Jiao Yuan)	Residential & commercial	100%	60,460	119,463	90,690	1,140	9,543	12,570
Wuhan	Houguan Lake Plot in Caidian District	Tourist & residential	54%	38,020	54,020	38,020	266	4,927	7,000
Beijing	Foresea Zhongjin Project in Zhongguancun	Office	100%	425	5,369	5,369	300	55,873	55,873
Beijing	Xinhua Cultural Building Project	Commercial	100%		4,262	4,262	240	56,310	56,310
Suzhou	Guangyun Gusu Building Project	Commercial	100%	3,410	12,081	12,081	157	12,995	12,995
Tianjin	Lot 13, Tuanbo West	Residential & commercial	20%	35,827	46,921	42,993	253	5,396	5,889
Tianjin	Lot 14, Tuanbo West	Residential & commercial	16.5%	36,267	52,545	43,520	255	4,852	5,859
Suzhou	Changshu Jiangnan Mansion Project	Residential	33%	297,143	456,544	316,939	3,283	7,191	10,358
Suzhou	Phase II Land of Changshu Southeast Yuyue Plaza	Commercial	80%	34,128	123,607	92,547	154	1,242	1,659
Hangzhou	Future Technology City	Residential	60%	38,381	94,501	57,572	1,554	16,447	26,998
Tianjin	Lot 05, Xianshuigu	Residential	49%	99,258	249,669	192,513	1,610	6,449	8,363
Taizhou	Zhenghuang's Haimen Land	Commercial & residential	100%	29,108	76,579	52,394	340	4,440	6,489
Beijing	Jintai Road Project	Commercial	100%	522	2,209	2,209	108	48,742	48,742
Shanghai	Zhongshan Building Project in South Tibet Road, Huangpu District	Composite	100%	2,285	3,013	3,013	81	26,884	26,884
Shanghai	North Zhongshan Road Project in Jing'An District	Composite	100%	6,544	3,207	3,207	81	25,321	25,321
Shanghai	Yinqiao Apartment Project in Pudong New Area	Commercial	100%	14,057	8,883	8,883	234	26,300	26,300
Nanjing	Lot 03, Daishan Project in Xishanqiao Street, Yuhuatai District	Commercial & residential	19.75%	26,829	106,383	80,487	1,140	10,716	14,164
Shanghai	Xinmei Project at Tianmu Middle Road in Jing'An District	Commercial	100%		7,118	7,118	132	18,600	18,600
Shanghai	Lufa Project in Pudong New Area	Commercial	23.12%	17,271	112,013	83,982	2,733	24,399	32,543
Total				**799,286**	**1,659,188**	**1,232,455**	**15,148**	**9,130**	**12,291**

Revenue from Sale of Properties

The revenue from sales of properties in 2018 was approximately RMB10,440.3 million, representing a decrease of 31.6% as compared to last year, and its distribution is mainly as follows:

	Revenue	Percentage of Total Revenue	GFA	ASP
	RMB'000	%	sq.m.	RMB/sq.m.
Shanghai				
Shanghai Jingrui @WAY Across	6,796	0.1	132	51,531
Shanghai Jingrui City Park	350,583	3.4	9,031	38,822
Shanghai Jingrui The French Lakeside Villa	35,495	0.3	1,114	31,861
Jiangsu Province				
Suzhou Jingrui Nobility Mansion	18,322	0.2	738	24,813
Suzhou Jingrui Jade Bay	568,121	5.4	51,663	10,997
Suzhou Jingrui Dignity Mansion	104,136	1.0	8,084	12,882
Suzhou Jingrui Happy Family Garden	327,923	3.1	23,740	13,813
Suzhou Jingrui Majestic Mansion	1,008,876	9.7	36,522	27,624
Changzhou Jingrui Dignity Mansion	54,677	0.5	4,454	12,275
Nanjing Jingteng The Spring Lake	536,422	5.1	26,783	20,028
Nantong Jingrui Nobility Mansion	45,352	0.4	3,406	13,314
Nantong Jingrui Royal Mansion	983,228	9.4	116,197	8,462
Yangzhou Jingrui Dignity Mansion	26,020	0.2	2,403	10,830
Wuxi Jingrui Dignity Mansion	23,254	0.2	2,147	10,828
Zhejiang Province				
Huzhou Jingrui Dignity Mansion	40,104	0.4	2,624	15,286
Shaoxing Jingrui Dignity Mansion	95,696	0.9	6,869	13,931
Shaoxing Jingrui The Mansion	69,324	0.7	6,362	10,897
Shaoxing Jingrui Lake of Dawn	193,501	1.9	21,130	9,158
Taizhou Jingrui Dignity Mansion	57,810	0.6	2,807	20,597
Ningbo Jingrui Dignity Mansion	10,419	0.1	632	16,485
Ningbo Jingrui Titian Garden	1,051,770	10.1	87,248	12,055
Ningbo Jingrui The Mansion	13,767	0.1	722	19,070
Ningbo Jingrui Harbour City	3,025	–	103	29,257
Ningbo Jingrui Majestic Mansion	5,190	–	115	45,293
Ningbo Jingrui Headream Mansion	1,783,998	17.1	87,743	20,661
Hangzhou Jingrui Royal Bay	26,084	0.2	1,746	14,944
Hangzhou Jingrui Royal Mansion	20,342	0.2	1,814	11,215
Hangzhou Jingrui Shenhua No. One	70,165	0.7	2,321	60,997
Hangzhou Jingrui Shenhua County	12,167	0.1	469	25,954
Hangzhou Jingrui Majestic Mansion	2,171,376	20.8	70,571	30,769
Hangzhou Jingrui Yangming Valley	102,213	1.0	7,354	13,900
Hangzhou Jingrui Yuan Villa	19,488	0.2	4,527	4,305

	Revenue RMB'000	Percentage of Total Revenue %	GFA sq.m.	ASP RMB/sq.m.
Chongqing				
Chongqing Jingrui Royal Bay	21,858	0.2	3,134	6,974
Chongqing Jingrui Online Family	21,682	0.2	819	26,466
Tianjin				
Tianjin Jingrui Hyatt Mansion	23,594	0.2	1,240	19,027
Other projects	11,462	0.1	826	13,877
Sub-total	**9,914,240**	**95.0**	**597,590**	**16,590**
Car park	526,033	5.0	4,438	–
Total	**10,440,273**	**100.0**	**–**	**–**

Yan Capital Management (優鉞資管)

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

As at 31 December 2018, Yan Capital Management promoted and established six funds with a total size of approximately RMB2 billion. The proceeds from fund raising in 2018 amounted to approximately RMB800 million.

Joyride Apartment (悦樘公寓)

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

In 2018, Joyride Apartment acquired seven projects including Block A Project of Beijing Cheng Yuan Building, Beijing Xinhua Cultural Building Project, Suzhou Guangyun Gusu Building Project, Beijing Jintai Road Project, Shanghai Zhongshan Building Project, North Zhongshan Road Project in Jing'an District of Shanghai and Shanghai Yinqiao Apartment Project with total apartment areas of 43,354 sq.m.. As at 31 December 2018, Beijing Sanquan Apartment Project, Shanghai Shenxin Tower Project, Shanghai Yangti Project and Hangzhou Chengxi Intime Project have been put into operation. The new projects acquired in 2018 and Shanghai Elite Residences Project are undergoing renovation.

Carry Capital (鍇瑞辦公)

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

In 2018, Carry Capital acquired the NAGA Shangyuan Project in Dongzhimen, Beijing, the Foresea Zhongjin Project in Zhongguancun, Beijing and the Shanghai Lufa Project, with a total office areas of 123,150 sq.m.. As at 31 December 2018, the Shanghai Keyuan Tower Project, the NAGA Shangyuan Project in Dongzhimen, Beijing and the Foresea Zhongjin Project in Zhongguancun, Beijing have been put into operation. The Shanghai Lufa Project is undergoing renovation.

Co-Fortune Capital (合福資本)

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

In 2018, Co-Fortune Capital made outward investments of approximately RMB270 million.

Employees and Remuneration Policies

On 31 December 2018, we had a total of 3,546 full-time employees. 1,173 of our employees worked in property development operations, 2,137 of our employees were engaged in property management and 236 of our employees worked in customer service and other related operations.

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

The Group's staff costs for the year ended 31 December 2018 amounted to RMB453.2 million (for the year ended 31 December 2017: RMB444.9 million). Staff costs include a remuneration expenses in relation to share-based payments of RMB4.1 million recognized for the Year (for the year ended 31 December 2017: RMB8.6 million).

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

Financial Review

Revenue

For the year ended 31 December 2018, the revenue of the Group reached RMB11,268.2 million, representing a decrease of 28.1% as compared to RMB15,668.4 million in last year. Our revenue consists of revenue from (i) sales of properties, (ii) property management service, (iii) decoration of properties, (iv) rental income and (v) others. The table below sets forth our revenue for each of the businesses described above and the percentage of total revenue represented for the periods indicated:

Revenue by business segments

	2018		2017		
		Percentage of Total Revenue		Percentage of Total Revenue	Year-on-year change
	RMB'000	%	RMB'000	%	%
Revenue from contracts with customers recognised at a point in time					
– Sales of properties	10,440,273	92.7	15,254,725	97.4	(31.6)
– Others	56,894	0.5	16,410	0.1	246.7
	10,497,167	93.2	15,271,135	97.5	(31.3)
Revenue from contracts with customers recognised over time					
– Property management service	386,329	3.4	272,538	1.7	41.8
– Decoration of properties	250,976	2.2	66,942	0.4	274.9
	637,305	5.6	339,480	2.1	87.7
Rental income	133,731	1.2	57,789	0.4	131.4
Total	11,268,203	100	15,668,404	100	(28.1)

Revenue from sales of properties has constituted, and is expected to continue to constitute, a substantial majority of our total revenue, representing approximately 92.7% of our total revenue for the Year.

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

During the Year, the properties delivered by the Group mainly included Suzhou Jingrui Majestic Mansion, Ningbo Jingrui Titian Garden, Ningbo Jingrui Headream Mansion and Hangzhou Jingrui Majestic Mansion. Revenue from sales of properties decreased by approximately 31.6% to approximately RMB10,440.3 million in 2018 from approximately RMB15,254.7 million in 2017, mainly due to the transformation and upgrading of the Group which led to a decrease in projects within consolidation scope and an increase in fund-based and cooperative development projects.

Our property management service revenue represents revenue generated from property management services we provide through our wholly-owned subsidiary, Shanghai Jingrui Property Management Co., Ltd., to owners of all our properties and certain properties developed by third parties. Property management revenue is recognized over the period when our property management services are rendered. In

2018, property management revenue of the Group was approximately RMB386.3 million, representing an increase of approximately 41.8% as compared to that of last year. Our property management revenue increased significantly, primarily due to the continued growth in the total area of our completed properties and the increase in the third-party property management fee.

Revenue from decoration of properties represents realised revenue generated from decoration works we provided. In 2018, such revenue of the Group was approximately RMB251.0 million, representing an increase of 274.9% as compared to that of last year, which was due to the increase in revenue derived from implement of customized decoration services to certain new projects launched by the Group.

Rental income mainly includes operating revenue from leasing our investment properties and certain other completed properties and is recognized on a straight line basis over the relevant lease terms. In 2018, rental income of the Group was approximately RMB133.7 million, representing an increase of 131.4% as compared to that of last year. It was mainly due to the significant increase in the rental income from properties held by the Group arising from the further expansion of the apartment and office platform during the Year. The rental income was mainly derived from investment properties such as Beijing Jingrui Sanquan Apartment, Ningbo Jingrui Harbour City, Shanghai Jingrui Keyuan Tower and Shanghai Jingrui Upper Riverside.

Cost of Sales

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

Our cost of sales decreased by 33.7% from RMB13,150.3 million in 2017 to RMB8,721.0 million in 2018, primarily due to the reduction in the number and GFA of delivered development property projects during the Year.

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

	2018		2017	
	RMB'000	**%**	RMB'000	%
Construction costs	**2,952,733**	**33.9**	5,588,090	42.5
Land use right costs	**4,438,114**	**50.9**	5,743,559	43.7
Capitalized interest	**813,874**	**9.3**	1,234,997	9.4
Sub-total: Total cost of properties	**8,204,721**	**94.1**	12,566,646	95.6
Business tax and surcharges	**60,764**	**0.7**	224,987	1.7
Provision for impairment of properties held or under development for sale, net	**1,855**	**–**	55,697	0.4
Other costs (1)	**453,670**	**5.2**	302,935	2.3
Total	**8,721,010**	**100.0**	13,150,265	100.0
Total GFA delivered (sq.m.)	**597,590**		1,205,323	
Average cost of properties per sq.m. sold (RMB) (2)	**13,730**		10,426	
Average cost per sq.m. as % of ASP	**82.8**		85.1	

Notes:

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

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

Gross Profit and Gross Profit Margin

Our gross profit increased by 1.2% from RMB2,518.1 million in 2017 to RMB2,547.2 million in 2018. The Group recorded a gross profit margin of approximately 22.6% for the year ended 31 December 2018, compared to that of approximately 16.1% for the year ended 31 December 2017. Our gross profit margin significantly increased as compared to that of last year, which was mainly due to the completion of a majority of the adjustment in our overall strategy of shifting our focus from third-tier and fourth-tier cities to first-tier and second-tier cities which resulted in high-quality business growth and a substantial increase in the average selling prices of properties in line with an increase in our stock of properties in first-tier and second-tier cities.

Gains arising from Appreciation of Investment Properties under Office and Apartment Platform

For the year ended 31 December 2018, the gains arising from appreciation of investment properties under office and apartment platform were RMB388.1 million (2017: RMB38.8 million).The gains arising from appreciation of investment properties in 2018 were mainly attributable to price premium of the Shanghai Jingrui Keyuan Tower, Shanghai Jingrui Life Square Project, Beijing Jingrui Foresea Zhongjin Project in Zhongguancun, Beijing Jingrui NAGA Shangyuan Project in Dongzhimen, Beijing Jingrui Sanquan Apartment Project and Suzhou Jingrui Guangyun Gusu Building Project.

Fair Value Gains/(Losses) on Investment Properties under Other Platforms

For the year ended 31 December 2018, the fair value gains on investment properties under other platforms were RMB54.7 million (2017: losses of RMB2.8 million). The fair value gains on investment properties in 2018 were mainly attributable to appreciation of Ningbo Jingrui Harbour City Project.

Selling and Marketing Costs

Our selling and marketing costs decreased by 15.6% from RMB363.9 million in 2017 to RMB307.2 million in 2018, primarily due to the decrease in consolidated projects arising from the increase in fund-based and corporative development projects of the Group.

Administrative Expenses

Our administrative expenses increased by 28.4% from RMB607.8 million in 2017 to RMB780.3 million in 2018. Such an increase was primarily due to the increase in expenses arising from our business expansion and staff costs.

Other Income and Other Gains, Net

Other income decreased by 76.5% from RMB290.7 million in 2017 to RMB68.3 million in 2018. Other income recorded in 2018 was mainly attributable to the gain on government grants we obtained of RMB27.0 million and interest income on loans to joint venture of RMB21.1 million.

We recorded other gains of RMB228.8 million in 2018, compared to other gains of RMB136.1 million in 2017. Other gains recorded in 2018 were primarily due to gains from disposal of investment properties of RMB166.7 million. Other gains recorded in 2017 were primarily due to the appreciation of the existing equity interests arising from the share repurchase by Ningbo Jingrui Property Co., Ltd. and gains from disposal of 50 % equity interest in Hangzhou Xiaoying Real Estate Development Co., Ltd. (杭州銷穎房地產開發有限公司), as well as gains from sales of investment properties held by the Group.

Finance (Costs)/Income, Net

Our finance income decreased by 10.6% from RMB59.6 million in 2017 to RMB53.3 million in 2018, primarily as a result of the decrease in interest income on bank deposits. Our finance costs increased by 98.3% from RMB170.3 million in 2017 to RMB337.7 million in 2018, mainly due to the significant exchange rate fluctuations in this year, resulting in an increase in exchange losses.

Share of Results of Joint Ventures/Associates

For the year ended 31 December 2018, our share of results of joint ventures/associates was a gain of RMB125.1 million (2017: loss of RMB78.2 million), mainly because of a substantial increase in the income and profit carried forward for some associates during the Year.

Income Tax Expense

Our income tax expense decreased by 19.5% from RMB916.4 million in 2017 to RMB737.5 million in 2018, primarily due to the return of the prepaid land value-added tax during the Year from low margin projects developed in previous years.

Profit for the Year

Profit for the Year reached RMB1,302.9 million, of which profit attributable to our equity holders was RMB1,031.9 million in 2018. Profit for the Year without taking into account the changes in fair values of investment properties and relevant deferred tax was RMB1,261.9 million.

Profit attributable to the holders of perpetual capital instruments decreased from RMB20.5 million in 2017 to RMB0 in 2018.

Profit attributable to non-controlling interests increased by 248.8% from a gain of RMB77.7 million in 2017 to a gain of RMB271.0 million in 2018. It was mainly due to an increase in the delivery of non-wholly owned projects for the Year which led to more revenue recognised.

Liquidity and Capital Resources

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

Cash Positions

As at 31 December 2018, our cash at bank and on hand (including restricted cash) was RMB13,070.2 million. Our cash at bank and on hand are mainly denominated in RMB and US dollars. Restricted cash of the Group mainly comprised deposits pledged for borrowings and guarantees in respect of mortgage facilities for certain purchasers of the Group's properties.

Borrowings

Our total outstanding borrowings increased from RMB14,114.8 million as at 31 December 2017 to RMB18,700.8 million as at 31 December 2018. As at 31 December 2018, we had unutilized banking facilities of approximately RMB16,952.6 million. All of the Group's secured borrowings were secured by one or a combination of the following methods: land use rights, properties under development, investment properties, properties, shares of the Company's subsidiaries, bank deposits and/or guarantees by the Company's subsidiaries. As at 31 December 2018, the assets used as collaterals for the borrowings amounted to RMB16,855.3 million (31 December 2017: RMB10,838.2 million) and the total guarantee provided to joint ventures for their borrowings amounted to RMB930.5 million (31 December 2017: RMB1,000.0 million). Our borrowings are mainly denominated in RMB and US dollars.

Breakdown of our borrowings by categories

	As at 31 December		
	2018	2017	Year-on-year change
	RMB'000	RMB'000	%
Current Borrowings:			
Bank loans, secured	**1,045,600**	764,418	36.8
Other loans, secured	**1,055,620**	–	–
Trust financing arrangements, secured:			
– conventional loan	**231,900**	471,400	(50.8)
Add: current portion of long-term borrowings:			
Bank loans, secured	**1,194,120**	1,772,770	(32.6)
Other loans, secured	**420,000**	–	–
Trust financing arrangements, secured	**297,700**	1,374,300	(78.3)
Senior notes due 2018, secured	**–**	422,192	(100.0)
Corporate bonds due 2019	**946,942**	–	–
Corporate bonds due 2021	**1,491,522**	–	–
Total Current Borrowings	**6,683,404**	4,805,080	39.1
Non-Current Borrowings:			
Bank loans, secured	**5,392,476**	4,061,368	32.8
Other loans, secured	**2,335,000**	1,000,000	133.5
Trust financing arrangements, secured:			
– conventional loan	**1,094,700**	1,904,800	(42.5)
– equity with repurchase obligation	**–**	480,000	(100.0)
Senior notes due 2020, secured	**2,724,530**	2,579,882	5.6
Senior notes due 2021, secured	**2,382,473**	–	–
Senior notes due 2018, secured	**–**	422,192	(100.0)
Corporate bonds due 2019	**946,942**	942,783	0.4
Corporate bonds due 2021	**1,491,522**	1,487,920	0.2
Less: current portion of long-term borrowings:			
Bank loans, secured	**(1,194,120)**	(1,772,770)	(32.6)
Other loans, secured	**(420,000)**	–	–
Trust financing arrangements, secured	**(297,700)**	(1,374,300)	(78.3)
Senior notes due 2018, secured	**–**	(422,192)	(100.0)
Corporate bonds due 2019	**(946,942)**	–	–
Corporate bonds due 2021	**(1,491,522)**	–	–
Total Non-Current Borrowings	**12,017,359**	9,309,683	29.1
Total	**18,700,763**	14,114,763	32.5

Breakdown of our borrowings by maturity profiles

	As at 31 December			
	2018		2017	
	RMB'000	**%**	RMB'000	%
Within 1 year	**6,683,404**	**35.7**	4,805,080	34.0
Between 1 and 2 years	**7,126,294**	**38.1**	3,582,494	25.4
Between 2 and 5 years	**3,923,218**	**21.0**	4,894,389	34.7
Over 5 years	**967,847**	**5.2**	832,800	5.9
Total	**18,700,763**	**100**	14,114,763	100.0

The proportion of the Group's long-term borrowings in the total borrowings was 64.26% for the year ended 31 December 2018, ensuring the healthy and stable cash flow of the Group in the future.

Borrowing Costs

The Group's weighted average effective interest rates on bank and other borrowings were 7.88% and 6.98% as at 31 December 2018 and 2017 respectively. The Group's bank and other borrowings as at 31 December 2018 were primarily borrowings at fixed interest rates.

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

	Year ended 31 December		
	2018	2017	Year-on-year change
	RMB'000	RMB'000	%
Borrowing costs			
– Interest expensed	**148,144**	258,566	(42.7)
– Net foreign exchange losses/(gains) on financing activities expensed	**188,965**	(143,388)	(231.8)
– Amount capitalized	**1,387,128**	855,329	62.2
– Loss from early redemption of senior notes	**–**	53,822	(100.0)
Total	**1,724,237**	1,024,329	68.3

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

	As at 31 December	
	2018	2017
Bank loans	**6.37%**	5.98%
Trust financing arrangements	**12.97%**	9.57%
Senior notes	**8.39%**	9.66%
Corporate bonds	**7.09%**	6.28%
Other loans	**9.86%**	–
Weighted average effective interest rates	**7.88%**	6.98%

Net Debt-to-Capital Ratio

As at 31 December 2018, our net debt-to-capital ratio was 64% (31 December 2017: 68%). Net debt-to-capital ratio is calculated as net borrowings at the end of the period divided by total equity, and multiplied by 100%. Net debt is calculated as total borrowings minus cash and cash equivalents and restricted cash.

Contingent Liabilities

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

As at 31 December 2018, the material contingent liabilities incurred for our provision of guarantees to financial institutions in respect of the mortgage loans they provided to our property purchasers were approximately RMB3,862.0 million (2017: RMB4,649.5 million). In addition, we provided guarantee for certain bank loans amounting to RMB930.5 million (2017: RMB1,000.0 million) for our joint ventures.

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

Off-Balance Sheet Commitments and Arrangements

Except for the contingent liabilities disclosed above, as of 31 December 2018, we did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings and other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

Interest Rate Risk

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

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

Foreign Exchange Risk

The Group is engaged in the development, sale and management of properties solely in the PRC with almost all transactions denominated in RMB. In addition, the majority of the Group's assets and liabilities are denominated in RMB. Accordingly, the Group is not exposed to significant foreign currency risks, except for bank deposits and our senior notes which were issued in 2017 and 2018, which were denominated in US dollars.

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

Available-For-Sale Financial Assets

As of 31 December 2018, the balance of the Group's available-for-sale financial assets was nil, which was mainly due to the reclassification of financial assets to either financial assets at fair value through profit or loss, or financial assets at fair value through other comprehensive income following the adoption of HKFRS 9. The amount of approximately RMB1,021.0 million as at 31 December 2017 was mainly the remaining equity interests in Shanghai Jingqi Property Development Co., Ltd. held by the Group and the investments in unlisted equity securities and liquid opportunity fund.

Financial Assets at Fair Value through Profit or Loss/Other Comprehensive Income

As of 31 December 2018, the balance of the Group's financial assets at fair value through profit of loss mainly represented the investments in liquid opportunity fund, purchase of wealth management products, and other investments in private funds. The balance of the Group's financial assets at fair value through other comprehensive income mainly represented the investments in unlisted equity securities.

Material Acquisitions and Disposals

The Group had no major acquisitions and disposals in 2018.

Future Plans for Material Investment

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

Management Discussion and Analysis

Prospects

Looking forward to 2019, the PRC's economy will maintain a healthy development trend and head into a stage of high-quality development, and the uncertainty it faces will be more controllable than that in 2018. For the internal and external risks, we can tell that the fiscal and monetary policies have begun to deal with some of the risks of economic decline, and the reshuffle of economic drivers will be further advanced. It is foreseeable that the economic risks in 2019 will be controllable and the economy will remain relatively stable.

As far as the real estate market is concerned, "stabilizing land prices, stabilizing property prices, and stabilizing expectations" will remain the main target of the regulation, and the keynotes of "housing is for accommodation, not for speculation" and "equal rights for home tenants and owners" will remain unchanged. While there will be a high possibility that the real estate policy will be fine-tuned, the policy in different places will be adjusted under the guideline of "adjustment based on local conditions" and the real estate industry will usher in further transformation and upgrading.

With the change of market trend, there is a high probability that the property developers will roll out major upgrade in their products in 2019, which is not only the improvement in standards, but more of a review of product positioning for the needs of customers. Jingrui will also continue to upgrade its customization system centering on its "customer insight" strategy, accelerate the launch of the customized products and expand the coverage. At the same time, Jingrui will take the opportunity to improve its product service capabilities to obtain management service fees and expand its source of profits.

Jingrui will also continue to enhance our service value. On the one hand, it will strive to diversify its sources of income with profits from investment, management fee income and operating income from its self-owned properties and thus maximize the return to its investors with high premium; on the other hand, it will expedite our transformation into an operator with high valuation and achieve sustainable development of the Company through the development of the five major business platforms. We wish to be recognised by our customers, shareholders, investors as well as the industry and the public for our quality products and services, high-efficiency business models and excellent operating results, and constantly generate our corporate value.

Directors and Senior Management

Executive Directors

Mr. Yan Hao (閆浩), aged 50, is one of the founders and the co-chairman and chief executive officer of the Group. He was appointed as an executive Director on 6 October 2013. Mr. Yan is responsible for the overall strategic planning and business direction and the day to day business and management of the Group. Mr. Yan also serves as the Chairman of our Nomination Committee. Mr. Yan obtained an EMBA degree from Fudan University (復旦大學) in June 2004. He has more than 20 years of experience in the PRC real estate industry. Mr. Yan cofounded Jingrui Properties (Group) Co., Ltd. (formerly known as Shanghai Jingrui Property Development Company) in 1993 with Mr. Chen Xin Ge, and has since served as the deputy general manager, building our business to its current scale from 1993 to 1999 and the chief executive officer since 1999, being responsible for overseeing our day to day operations, strategic directions and business growth.

Mr. Chen Xin Ge (陳新戈), aged 50, is one of the founders and the co-chairman of the Group. He was appointed as an executive Director on 6 October 2013. Mr. Chen is responsible for determining the overall strategic planning and business direction of the Group together with Mr. Yan. Mr. Chen also serves as a member of our Remuneration Committee. Mr. Chen graduated from Capital University of Economics and Business (首都經濟貿易大學) in March 2001. He also completed the EMBA Program at Cheung Kong Graduate School of Business in September 2007 and obtained a diploma of Executive Master of Business Administration. Mr. Chen has more than 20 years of experience in the PRC real estate industry. Mr. Chen co-founded Jingrui Properties (Group) Co., Ltd. (formerly known as Shanghai Jingrui Property Development Company) in 1993 with Mr. Yan, and has since served as the general manager, building our business to its current scale from 1993 to 1999 and the chairman of board of directors since 1999, being responsible, along with Mr. Yan, for the strategic directions and business growth of the Group.

Mr. Xu Chao Hui (許朝輝), aged 51, is the vice-president of the Group. He was appointed as an executive Director on 6 October 2013. Mr. Xu graduated from Zhongshan University in July 1991 with a degree in Economics. He also obtained a Master of Business Administration from Peking University in June 2001. After graduation, he joined China National Scientific Instruments & Material Corporation (中國科學器材公司) as a deputy manager of the exhibition department, before leaving in August 1999 to join Sinotrust International Information & Consulting (Beijing) Co., Ltd. (北京新華信商業風險管理有限公司). From June 2002 to January 2009, Mr. Xu was a partner of Adfaith Management Consulting Co., Ltd. (北京正略鈞策企業管理諮詢有限公司) (formerly known as Beijing Sinotrust Management Consultant Co., Ltd. (北京新華信管理顧問有限公司)), primarily in charge of the real estate consulting business unit. He joined the Group in February 2009 as a strategic development advisor, primarily responsible for the establishment and adjustment of our business strategies and the relevant execution plans. The strategic development adviser also monitors and ensures the business strategies in line with our centralized operating system and to fit in various operating procedures. Mr. Xu was appointed as the vice-president of the Group in June 2016 and served as the president of Joyride Apartment from December 2017 to January 2019, being responsible for the operation and management of Joyride Apartment. Mr. Xu was appointed by the Company as the chairman and president of Co-Fortune Capital on 21 January 2019, being responsible for the operation and management of Co-Fortune Capital.

Directors and Senior Management

Mr. Xu Hai Feng (徐海峰), aged 45, is the vice-president of the Group. He was appointed as an executive Director on 15 March 2018. Mr. Xu graduated from Tongji University in June 1998 with an engineering degree. He obtained the MBA degree from CEIBS in September 2013. After graduation, Mr. Xu joined Shanghai Pu Nan Public Transport Co., Ltd. (上海浦南大眾公共交通有限公司), from which he left in April 2001 to join the Group as a senior manager of HR department, and is primarily in charge of formulating and implementing the human resources strategy of the Group. From June 2009 to July 2017, Mr. Xu served successively as the deputy general manager of Jingrui Properties' company in Chongqing, the human resources administrative director of Jingrui Properties, assistant to the president of Jingrui Properties and the executive vice president of Jingrui Properties. He has been in charge of human resources matters and real estate business of the Group. Mr. Xu served as the executive president of Jingrui Properties from August 2017 to June 2018, being responsible for the overall operation and management of the Group's real estate business. Mr. Xu was appointed by the Company as the vice-president of the Company on 22 June 2018 and concurrently served as the chairman and president of Jingrui Properties.

Independent Non-Executive Directors

Mr. Han Jiong (韓炯), aged 50, was appointed as an independent non-executive Director on 6 October 2013. Mr. Han has been appointed as a member of our Audit Committee, the chairman of our Remuneration Committee, a member of our Nomination Committee and a member of our Risk Management Committee and is responsible for supervising and providing independent judgment to the Board, and in particular, as the chairman of the Remuneration Committee, he is responsible for overseeing the policy and structure of the remuneration for the Directors and senior management and making recommendations on employee benefit arrangement. Mr. Han graduated from East China University of Political Science and Law (華東政法大學) in July 1992, and qualified as a lawyer in the PRC in February 1993. He joined Shanghai Jinmao Law Firm (上海金茂律師事務所) in July 1992, and was an associate when he left in December 1998. He was a founding partner of Llinks Law Offices (通力律師事務所) which was established in September 1998, and he is currently a managing partner. Mr. Han was a member of the Seventh and the Eighth CSRC Public Offering Review Committee from January 2005 to April 2007, and was appointed by the Ministry of Human Resources and Social Security of the PRC (中國人力資源和社會保障部) as a member of the First and the Second Review Committee for the Enterprise Annuity Fund Management Association (企業年金基金管理機構評審委員會) from June 2005 to August 2009. He was a council member of the Shanghai Bar Association (上海市律師協會) from April 2008 to April 2015.

Directors and Senior Management

Mr. Qian Shizheng (錢世政), aged 67, was appointed as an independent non-executive Director on 6 October 2013. Mr. Qian has been appointed as the chairman of our Audit Committee and Risk Management Committee. He is responsible for reviewing and supervising the financial reporting process and internal control system as well as overseeing the audit process of the Group. Mr. Qian received a Bachelor's degree in Accounting from Shanghai University of Finance and Economics in 1983, and obtained a Doctorate in Management Science from Fudan University (復旦大學) in July 2001. Mr. Qian has been an associate professor at Fudan University (復旦大學) specialized in accounting since 1995. Mr. Qian joined Shanghai Industrial Investment (Holdings) Co., Ltd. in January 1998 and has served as its vice president from September 2005 to 2012. Mr. Qian currently serves as an independent non-executive director of Lonking Holdings Limited (stock code: 3339), Hanhua Financial Holding Co., Ltd. (stock code: 3903) and Red Star Macalline Group Corporation Ltd. (stock code: 1528), all are listed on the Stock Exchange. Mr. Qian is currently teaching in Fudan University (復旦大學) and has over 20 years of teaching and work experience in the finance and accounting fields.

Dr. Lo Wing Yan William (盧永仁), aged 58, JP, was appointed as an independent non-executive Director on 6 October 2013. Dr. Lo has been appointed as a member of our Audit Committee, Remuneration Committee, Nomination Committee and Risk Management Committee and is responsible for supervising and providing independent judgment to our Board and performing other duties and responsibilities as assigned by our Board. Dr. Lo holds a Master's degree and a Doctorate from the University of Cambridge in England in 1986 and 1988 respectively. Dr. Lo was also a Bye-Fellow of Downing College, the University of Cambridge. In 1999, he was appointed as a JP by the government of Hong Kong. From 2003 to 2016, he was appointed as a member of Shantou Committee of the Chinese People's Political Consultative Conference.

Dr. Lo is currently an executive director and chairman of SMI Holdings Group Limited (stock code: 0198), the chairman of Captcha Media Limited (a digital media company), OtoO Academy Limited (a new retail consultant platform) and Strategenes Limited (a corporate strategy company), and a governor of The Charles K. Kao Foundation for Alzheimer's Disease Limited. Dr. Lo is also a governor of an independent school in Hong Kong, the ISF Academy, as well as a chairman of Junior Achievement Hong Kong. Dr. Lo served as the vice chairman of South China Media Group from September 2011 to August 2014. Dr. Lo is currently the independent non-executive director of the Stock Exchange listed companies, including Television Broadcasts Limited (stock code: 511), CSI Properties Limited (stock code: 497), SITC International Holdings Company Limited (stock code: 1308), Ronshine China Holdings Limited (stock code: 3301), Hsin Chong Group Holdings Limited (stock code: 404) and a New York Stock Exchange listed company, Nam Tai Property, Inc. (ticker: NTP). Dr. Lo also served as an independent non-executive director of BOE Varitronix Limited (formerly known as Varitronix International Limited), a company listed on the Stock Exchange (stock code: 710) from July 2004 to June 2016 and an executive director and vice-chairman of Kidsland International Holdings Limited, a company listed on the Stock Exchange (stock code: 2122) from April 2017 to December 2018.

Directors and Senior Management

Senior Management

Mr. Chen Chao (陳超), aged 41, is the vice-president of the Group, and the chief financial officer of the Company and the chairman of Yan Capital Management. Upon joining the Company in July 2018, Mr. Chen is responsible for financial matters, financing, capital markets and fund business. Mr. Chen obtained a bachelor's degree in accounting from Xiamen University and a MBA degree from Xiamen University in June 2001 and September 2011, respectively. After graduating in June 2001, Mr. Chen joined Xiamen Pan-China Huatian Certified Public Accountants Co., Ltd. (廈門天健華天有限責任會計師事務所) as the audit project manager. In November 2006, he joined Xiamen Guomao Real Estate Group (廈門國貿房地產集團) as the financial controller. From July 2012 to June 2018, he served as the vice president of Yuzhou Properties Company Limited (stock code: 01628). He has more than 17 years of experience in financial management.

Ms. Jiang Bing Xian (蔣冰弦), aged 38, is our joint company secretary and general manager of central capital market of the Company. Ms. Jiang joined the Company in November 2004. She was appointed as the joint company secretary in June 2017 and also responsible for investor relations and capital market activities. Ms. Jiang obtained a bachelor's degree in Laws from East China University of Political Science and Law in July 2004 and a master's degree in Laws from China University of Political Science and Law in January 2015.

Joint Company Secretaries

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

Ms. So Lai Shan (蘇麗珊), another joint company secretary of the Company appointed since 11 October 2018, is the assistant manager of the listing services department of TMF Hong Kong Limited, responsible for providing company secretarial and compliance services to clients of listed companies. She has over 8 years of professional and in-house experience in the company secretarial field. She is an associate member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in United Kingdom.

The Board is pleased to present this corporate governance report as set out in the annual report of the Company for the year ended 31 December 2018.

Corporate Governance Practices

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its own code of corporate governance. The Company has been in compliance with the code provisions set out in the CG Code during the year ended 31 December 2018 except for the deviation from code provision A.2.1 as set out below. However, the Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

Code Provision A.2.1

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

Since the listing of the Company, Mr. Yan Hao ("**Mr. Yan**") has acted as the co-chairman and the chief executive officer of the Company. Notwithstanding the corporate governance measures adopted by the Company and the appointment of Mr. Chen Xin Ge ("**Mr. Chen**") as the other co-chairman with an aim to balance the power and authority of Mr. Yan, this is a deviation from the code provision set out in paragraph A.2.1 of the CG Code. Mr. Yan, as one of the founders of the Group, is instrumental to the Company's growth and business expansion since 1999. The Board considered that vesting the roles of co-chairman and chief executive officer of the Company in Mr. Yan facilitates and maximizes the effectiveness of the execution of the Group's business strategies. The executive functions and day-to-day management of the business are carried out by Mr. Yan as the chief executive officer of the Company. In addition, the Board believes that the powers and authorities of the co-chairmen of the Company have not been concentrated as the responsibilities have been shared between the co-chairmen of the Company. The Board also believes that the balance of power and authority is adequately ensured by the operations of senior management of the Company and the Board, which comprises experienced and high calibre individuals. For the year ended 31 December 2018, (except, during 12 February 2018 to 15 March 2018 which the Board has three executive Directors) the Board currently comprises four executive Directors (including Mr. Yan) and three independent non-executive Directors and therefore has a strong independence element in its composition.

(A) The Board

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

Composition of the Board

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

During the year ended 31 December 2018 and up to the date of this annual report, the Board has been in compliance with the Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise.

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

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

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

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

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

Induction and Continuous Professional Development

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

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

Board Diversity

As required by Rule 13.92 of the Listing Rules, the nomination committee (or the board) shall develop a policy concerning board diversity. The Company adopted a board diversity policy (the "**Board Diversity Policy**") on 18 March 2014, and amended it on 19 December 2018. The Board considers that board diversity shall be different to cater for different listed companies. The existing Directors, who are different from each other in terms of cultural and educational background, professional experience, skills, knowledge, independence and diversity in length of service, can deliver corporate governance on a supplement basis and promise a relatively complete corporate governance system. Details are set out under the section headed "Directors and Senior Management" of this annual report.

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

Duties of the Board

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

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

Appointment and Re-election of Directors

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

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

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

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

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

As at the date of this annual report, the Nomination Committee has assessed the independence of the independent non-executive Directors and has reviewed the proposed appointment of the Directors. In addition, the Nomination Committee has approved the retirement and re-election of three Directors of the Company, namely Mr. Yan Hao, Mr. Chen Xin Ge and Mr. Han Jiong at the annual general meeting to be held on 7 May 2019.

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

Board Meetings

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

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

During the year ended 31 December 2018, four Board meetings were held and the attendance of the individual Directors at these meetings is set out in the table below:

Role	Name	Attendance/ No. of meetings held	Attendance rate
Executive Director	Mr. Yan Hao	4/4	100%
Executive Director	Mr. Chen Xin Ge	4/4	100%
Executive Director	Mr. Xu Chao Hui	4/4	100%
Executive Director	Mr. Xu Hai Feng *(Appointed on 15 March 2018)*	1/3	33%
Executive Director	Mr. Yang Tie Jun *(Resigned on 12 February 2018)*	N/A	N/A
Independent non-executive Director	Mr. Han Jiong	4/4	100%
Independent non-executive Director	Mr. Qian Shi Zheng	4/4	100%
Independent non-executive Director	Dr. Lo Wing Yan William	3/4	75%

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Specific enquiries to the Directors have been made and each of the Directors has confirmed that he has complied with the Model Code during the year ended 31 December 2018.

Delegation by the Board

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

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

Corporate Governance Function

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

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

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

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

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

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

Committees of the Board

Audit Committee

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

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

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

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

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

(4.1) any changes in accounting policies and practices;

(4.2) major judgmental areas;

(4.3) significant adjustments resulting from audit;

(4.4) the going concern assumptions and any qualifications;

(4.5) compliance with accounting standards; and

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

(5) regarding paragraph (4) above:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

As at the date of this annual report, the Audit Committee has reviewed the audit plan, audit scope and major audit issues of the external auditor for 2018. In addition, the Audit Committee has reviewed the annual results and annual report of the Group for the year ended 31 December 2017, the interim results and interim report of the Group for the six months ended 30 June 2018, the annual results and annual report of the Group for the year ended 31 December 2018, and also reviewed the auditors' remuneration and made recommendation to the Board on the re-appointment of auditors, which is subject to approval by the shareholders at the annual general meeting.

During the year ended 31 December 2018, two meetings were held by the Audit Committee and the attendance of each respective member at the meetings of the Audit Committee held in 2018 is set out in the following table:

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

Remuneration Committee

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

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

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

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

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

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

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

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

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

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

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

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

As at the date of this annual report, the Remuneration Committee has reviewed the performance appraisals of the Directors and senior management of the Company in 2018, and at the same time, made recommendations on performance appraisal standards in 2019. In addition, the Remuneration Committee has reviewed the Group's current remuneration policies for the Directors and the implementation of employment contracts.

During the year ended 31 December 2018, two meetings were held by the Remuneration Committee and the attendance of each respective member at the meetings of the Remuneration Committee held in 2018 is set out in the following table:

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

Nomination Committee

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

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

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

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

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

The main policy and procedures for nomination of Directors are:

(1) The nomination of new Directors shall be first deliberated by the Nomination Committee and then considered and approved by the Board;

(2) When nominating a Director, the Nomination Committee shall assess whether the nominee has the integrity, skills, experience and diverse perspectives required by the business of the Company, and can devote time and energy to fulfilling the duties and responsibilities;

(3) When nominating a Director, the Nomination Committee shall take into account of the contributions the nominee can bring to the Board in terms of culture and education background, professional experience, skills, knowledge, independence, gender and length of service diversity; and

(4) The responsibility of the selection and appointment of Directors shall be taken by all Directors.

On 12 February 2018, Mr. Yang Tie Jun, resigned as an executive Director. On 15 March 2018, the Nomination Committee discussed and proposed to appoint Mr. Xu Hai Feng, an executive director of Jingrui Properties (Group) Co., Ltd. who is responsible for the overall operation and management of Jingrui Properties, as an executive Director to fill the vacancy of the Director as a result of resignation of Mr. Yang Tie Jun. Mr. Xu joined the Group in 2001 and has an in-depth knowledge and extensive experience in the real estate industry as well as the Group's operations and management. The Nominating Committee believes that the appointment of Mr. Xu will be beneficial to the diversification of the board composition of the Company, fulfilling its functions on a continuous and efficient basis. The nomination of Mr. Xu to be appointed as a Director was approved upon discusson by the Board on 15 March 2018.

As at the date of this annual report, the Nomination Committee has assessed the independence of the independent non-executive Directors and has reviewed the proposed appointment of the Directors. In addition, the Nomination Committee has approved the retirement and re-election of three Directors, namely Mr. Yan Hao, Mr. Chen Xin Ge and Mr. Han Jiong at the annual general meeting to be held on 7 May 2019.

During the year ended 31 December 2018, one meeting was held by the Nomination Committee and the attendance of each respective member at the meeting of the Nomination Committee held in 2018 is set out in the following table:

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

Risk Management Committee

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

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

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

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

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

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

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

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

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

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

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

During the year ended 31 December 2018, two meetings were held by the Risk Management Committee and the attendance of each respective member at the meetings of the Risk Management Committee held in 2018 is set out in the following table:

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

(B) Financial Reporting, Risk Management and Internal Control

Directors' Responsibilities for Financial Reporting in respect of Financial Statements

The Directors acknowledge their responsibilities for preparing the financial statements for the year ended 31 December 2018 which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

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

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

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

Risk Management and Internal Control

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

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

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

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

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

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

Procedures to Identify, Evaluate and Manage Significant Risks

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

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

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

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

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

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

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

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

(2) Potential risks of those key business initiatives and management procedures newly introduced in 2018 were identified and evaluated.

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

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

External Auditor

The remuneration paid/payable to the Company's auditor, PricewaterhouseCoopers, in connection with the interim review and the annual audit of the Group's consolidated financial statements for the Year, amounted to a total of approximately RMB3,940,000. In addition, approximately RMB455,000 was incurred for other non-audit services. The non-audit services conducted mainly tax consultancy services provided to the Company.

(C) Joint Company Secretaries and Shareholders' Rights

Joint Company Secretaries

Ms. Jiang Bing Xian ("**Ms. Jiang**"), one of our joint company secretaries, is responsible for advising the Board on corporate governance matters and ensuring that the Board policy and procedures, and the applicable laws, rules and regulations are followed.

In order to uphold good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong laws, the Company engaged Ms. So Lai Shan ("**Ms. So**"), an assistant manager of the Listing Services Department of TMF Hong Kong Limited (a company secretarial service provider), as its joint company secretary on 11 October 2018 to replace Ms. Lai Siu Kuen, associate director of TMF Hong Kong Limited who resigned on the same date with a view to assisting Ms. Jiang in performing her duties as the company secretary of the Company. The primary corporate contact person at the Company is Ms. Jiang, the joint company secretary of the Company.

Ms. Jiang and Ms. So have undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules for the year ended 31 December 2018.

Shareholders' Rights

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

All resolutions put forward at general meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting. The annual general meeting for the year ended 31 December 2018 will be held on 7 May 2019.

Convening of extraordinary general meeting and putting forward proposals

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

Enquiries to the Board

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

(D) Investor Relations and Communication with Shareholders

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

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

During the year ended 31 December 2018, an annual general meeting was held by the Company on 3 May 2018 and the attendance of the individual Directors at this general meeting is set out in the table below:

Name	Attendance/number of meeting held
Mr. Yan Hao	1/1
Mr. Chen Xin Ge	0/1
Mr. Xu Chao Hui	0/1
Mr. Xu Hai Feng *(Appointed on 15 March 2018)*	0/1
Mr. Yang Tie Jun *(Resigned on 12 February 2018)*	N/A
Mr. Han Jiong	0/1
Mr. Qian Shi Zheng	1/1
Dr. Lo Wing Yan William	1/1

In accordance with code provision E.1.2 of the CG Code, the co-chairman, Mr. Yan Hao, was present at the annual general meeting held on 3 May 2018, and had invited the chairmen of the Audit Committee, the Remuneration Committee, the Nomination Committee and the Risk Management Committee and the external auditor to attend the meeting. Mr. Han Jiong, chairman of the Remuneration Committee, was unable to attend the annual general meeting due to his personal business engagements in the period. Dr. Lo Wing Yan William, as a member of each Board Committee, was also invited to and attended the annual general meeting.

Dividend Policy

The Company established its dividend policy in October 2013. The Articles of Association provides that dividends may be declared and paid out of profit of the Company, realized or unrealized, or from any reserve set aside from profits in our Directors' discretion. With the sanction of an ordinary resolution, dividends may also be declared and paid out of our share premium account or any other fund or account which can be authorized for this purpose in accordance with the Cayman Companies Law and the Articles of Association.

The Directors will declare dividends, if any, in Hong Kong dollars with respect to shares on a per share basis and will pay such dividends in Hong Kong dollars. Any final dividend for a fiscal year will be subject to our shareholders' approval. The amount of dividends actually distributed to the shareholders of the Company will depend upon earnings and financial condition, operating requirements, capital requirements of the Company and any other conditions that our Directors may deem relevant.

The Directors currently intend to distribute to our shareholders no less than 20% of any net distributable profits from our PRC operating entities derived during the relevant period, excluding net fair value gains or losses on investment properties, for each fiscal year. However, the Company will re-evaluate our dividend policy annually and there is no assurance that dividends of any amount will be declared or distributed in any given year. At the same time, the declaration and/or payment of dividends may be limited by legal restrictions and/or by contracts or agreements that the Company may enter into in the future.

Information Disclosure

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

Constitutional Documents

There has been no changes in the Company's constitutional documents during the year ended 31 December 2018.

Report of the Directors

The Directors present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2018.

Global Offering

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

Principal Activities

The Company is an investment holding company, and the principal activities of its subsidiaries are development of and investment in real estate projects as well as management of properties. Details of the principal subsidiaries of the Company are set out in Note 42 to the consolidated financial statements.

An analysis of revenue of the Group for the year ended 31 December 2018 by principal activities is set out in Note 25 to the consolidated financial statements.

Business Review

Environmental Policies and Performance

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

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

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

Relationships with Employees, Customers and Suppliers

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

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

During the year under review, the Group's procurement from its five largest suppliers accounted for 44.8% (2017: 24.3%) of its procurement while the Group's sales to its five largest customers accounted for 1.0% (2017: 1.0%) of its sales.

The Group maintains a high standard in selecting reputable and reliable suppliers and contractors, in order to meet our own quality, safety, environmental and product criteria. During the year ended 31 December 2018 and up to the date of this annual report, the Group has maintained good relationships with its suppliers and contractors.

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

Compliance with Related Laws and Regulations

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

Our business and operations are subject to related laws and regulations of the Cayman Islands, the British Virgin Islands, Hong Kong and the PRC. During the year ended 31 December 2018 and up to the date of this annual report, we have complied with all related laws and regulations of the Cayman Islands, the British Virgin Islands, Hong Kong and the PRC, which would have significant impact on the Group.

Business Review and Prospect

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

Financial Results

The key financial indicators set out on page 6 of this annual report under sub-section headed "Key Financial Indicators" were adopted to analyze the Group's performance during the Year. The financial risk management objectives and policy of the Group are set out in Note 4 to the consolidated financial statements.

Risks and Uncertainties

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

Policy Risk

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

Under the macroeconomic policy environment dominated by the "restriction on purchase and loan", it is expected that the domestic property policy will by and large follow the principle of the 19th National Congress in 2019, which will not see any major adjustments, and the control policy on the property market will not be loosened up, but the fine-tuning of real estate policies in various cities will be the norm. Specifically, the central government will keep to its principal that the"housing properties for accommodation, but not for speculation" and the principle that the domestic property market price returns to a more sensible price range will not change. The "Targeted Policy for Specific City" and "Guiding Principles on the Classification" approaches are still adopted in terms of property control and the local government gradually has the final decision on property control policy. While at the same time, the government will put more efforts on the construction of the housing security system which is especially true for first-tier cities and second-tier hotspot cities. A number of initiatives have been implemented to guide the real estate industry back on a track of a more sensible and balanced development.

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

Business Risk

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

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

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

On the other hand, the proportion of projects for holding in 2018 has increased significantly compared with the previous years. The operating and profit model of projects for holding is substantially different from the property development projects, and the external environment is more complicated. In the event that the Company fails to identify the operating characteristics of the projects for holding and is unable to make adjustments in time to cope with changes in the market situation, the contribution of the projects for holding to the Company's revenue growth will be subject to limitations.

Significant Subsequent Events

Details of significant subsequent events of the Group are set out in Note 44 to the consolidated financial statements.

Results

Details of the Group's results for the year ended 31 December 2018 are set out in the consolidated income statement on page 79 of this annual report.

Subsidiaries

Details of the Company's principal subsidiaries as at 31 December 2018 are set out in Note 42 to the consolidated financial statements.

Final Dividend

At the Board meeting held on 19 March 2019, the Board has resolved to recommend the payment of a final dividend HK$0.30 per share for the year ended 31 December 2018 to shareholders whose names appear on the register of members of the Company on 15 May 2019 (2017: HK$0.25).

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

Financial Summary/Financial Review

Financial summary of results, assets and liabilities and financial review of the Group for the past five financial years are set out on page 236 of this annual report. The summary does not constitute a part of the audited consolidated financial statements.

Previous Fund Raising Activities

Date	Fund raising activity	Net proceeds raised (approximately)	Use of the net proceeds
March 2016	Issue of RMB1.5 billion 5.88% corporate bonds due 2021	RMB1,500 million	To improve the debt structure of the Company
September 2016	Issue of RMB1.0 billion 6.75% corporate bonds due 2019	RMB1,000 million	To improve the debt structure of the Company
April 2017	Issue of US$400 million 7.75% senior notes due 2020	US$393 million	To further finance the existing debts of the Group
April 2018	Issue of US$350 million 9.45% senior notes due 2021	US$346 million	To further finance the existing debts of the Group and for general corporate purposes
January 2019	Issue of US$150 million 13.00% senior notes due 2020	US$147.5 million	To further finance the existing debts of the Group and for general corporate purposes

Major Customers and Suppliers

For the year ended 31 December 2018, the Group's procurement from its five largest suppliers accounted for 44.8% (2017: 24.3%) of the Group's total procurement, while the procurement from the largest supplier accounted for 18.7% (2017: 6.3%). For the year ended 31 December 2018, the Group's sales to its five largest customers accounted for 1.0% (2017: 1.0%) of the Group's total sales.

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

Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Company and the Group during the year ended 31 December 2018 are set out in Note 7 to the consolidated financial statements.

Investment Properties

Details of movements in the investment properties of the Company and the Group during the year ended 31 December 2018 are set out in Note 8 to the consolidated financial statements.

Share Capital

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

Share Issuance

On 9 July 2018, the Company entered into a placing agreement with the placing agent. In accordance with the placing agreement, the Company has conditionally agreed to allot and issue, and the placing agent has conditionally agreed to use its best endeavors to place to not less than six placees of up to 127,839,000 placing shares at a placing price of HK$2.50 per placing share so as to expand the Company's shareholder base and capital base. The placing shares represent (i) approximately 9.9% of the existing issued share capital of the Company immediately before completion of the placing, and (ii) approximately 9.01% of the issued share capital of the Company as enlarged by the issue of the placing shares. The aggregate nominal value and net price of the placing shares were US$1,278,390 and HK$2.47, respectively. The placing price was negotiated on an arm's length basis between the Company and the placing agent and was determined with reference to the prevailing trading price of the shares. The placing price of HK$2.50 represents (i) a discount of approximately 10.07% to the closing price of HK$2.78 per share as quoted on the Stock Exchange as at the date of the placing agreement; and (ii) a discount of approximately 16.16% to the average closing price of HK$2.982 per share as quoted on the Stock Exchange for the last five trading days up to and including 6 July 2018, the last trading day immediately preceding the date of the placing agreement. The Directors consider that the placing price was fair and reasonable under the prevailing market conditions.

The placing was completed on 19 July 2018. Pursuant to the terms and conditions of the placing agreement, a total of 127,839,000 placing shares have been successfully placed by the placing agent to not less than six placees at the placing price of HK$2.50 per placing share. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the placees were independent of and not connected with the Company nor any of the connected persons of the Company, and none of them became a substantial shareholder (as defined in the Listing Rules) of the Company as a result of the placing. The gross proceeds from the placing was approximately HK$320 million, and the aggregate net proceeds from the placing was approximately HK$316 million. As disclosed in the announcements dated 9 July 2018 and 19 July 2018 (the "**Placing Announcements**"), the Company intended to apply (i) approximately HK$284 million, representing approximately 90% of the net proceeds from the placing, to project acquisition and development; and (ii) the remaining portion of approximately HK$32 million, representing approximately 10% of the net proceeds from the placing, to be used as general working capital of the Group.

As at the date of this annual report, the net proceeds have been fully utilized according to the aforementioned intentions , with (i) approximately HK$32 million applied as working capital to general corporate purposes; and (ii) approximately HK$284 million to the acquisition of projects in Shanghai.

For further details on the issuance and subscription, please refer to the Placing Announcements.

Reserves

Details of movements in the reserves of the Group during the Year are set out in the consolidated statement of changes in equity on page 81 and in Note 19 to the consolidated financial statements respectively.

In addition, details of movements in the reserves of the Company during the Year are set out in Note 43(a) to the consolidated financial statements.

Distributable Reserves

As at 31 December 2018, the Company's reserves available for distribution, calculated in accordance with the provisions of Companies Law, amounted to approximately RMB2,353.4 million.

Bank Loans and Other Borrowings

Particulars of bank loans and other borrowings of the Company and the Group as at 31 December 2018 are set out in Note 20 to the consolidated financial statements.

Directors

The Directors during the year ended 31 December 2018 and up to the date of this annual report were:

Executive Directors:

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

Independent Non-executive Directors:

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

Board of Directors and Senior Management

Biographies of the Directors and senior management of the Company are set out on pages 38 to 41 of this annual report.

Confirmation of Independence of Independent Non-Executive Directors

The Company has received an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors and the Company considers these Directors to be independent for the year ended 31 December 2018.

Directors' Service Contracts and Letter of Appointments

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

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

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

Directors' Remuneration

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

Details of the remuneration of the Directors and five highest paid individuals of the Group for the year ended 31 December 2018 are set out in Note 31 to the consolidated financial statements. For the year ended 31 December 2018, there was no agreement under which a Director waived or agreed to waive any emoluments.

Directors' Rights to Acquire Shares or Debentures

At no time during the year ended 31 December 2018 was the Company or any of its subsidiaries a party to any arrangement to enable the Directors, their respective spouse or minor children to acquire benefits by means of the acquisitions of shares in the Company or in any other body corporate.

Director's Interests in Competing Business

As at 31 December 2018, none of the Directors had any interest in business which competes or may compete directly or indirectly with the business of the Group.

Compliance with Non-Competition Undertaking

Each of Mr. Yan Hao, Mr. Chen Xin Ge, Decent King Limited, Beyond Wisdom Limited and Sunny King International Limited (the "**Covenantors**") has entered into a deed of non-competition (the "**Deed of Non-Competition**") with and in favor of the Company on 15 October 2013 and 27 December 2018, respectively, pursuant to which the Covenantors have unconditionally, irrevocably, jointly and severally undertaken with the Group that they shall not (except through the Group), and shall procure that all their respective associates (excluding any member of the Group), shall not directly or indirectly, carry on, participate, acquire or hold any right or interest or otherwise be interested, involved or engaged in or connected with, any business which is in any respect in competition with or similar to or is likely to be in competition with the business of the Group (the "**Restricted Business**").

The independent non-executive Directors have reviewed the compliance with the non-competition undertaking by the Covenantors under the Deed of Non-Competition and are of the view that such non-competition undertaking has been complied with during the year ended 31 December 2018. Each of the Covenantors has provided to the Company a written confirmation in respect of his/its compliance with the Deed of Non-Competition.

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

Save as disclosed in this annual report, no transaction, arrangement and contract of significance to which the Company or any of its subsidiaries was a party and in which a Director and/or any its connected entity had a material interest, whether directly or indirectly, subsisted as at 31 December 2018 or at any time during the Year. The Company did not provide any loans to the Directors or the management personnel of the Company during the Year; in addition, no transaction, arrangement or contract of significance between the Company or any of its subsidiaries and the Company's controlling shareholders or any of their respective subsidiaries, subsisted as at 31 December 2018 or at the any time during the Year.

Employees and Remuneration Policies

For details regarding the employees and remuneration policies of the Group during the Year, please refer to the sections "Directors' Remuneration" on page 61 and "Employees and Remuneration Policies" on page 28 of this annual report.

The Company has adopted a Pre-IPO share award scheme (the "**Pre-IPO Share Award Scheme**") and share award scheme (the "**Share Award Scheme**") to reward qualified employees. Among them, the Pre-IPO Share Award Scheme was cancelled on 29 November 2017 and details of the Share Award Scheme are set out in the section headed "Share Award Scheme" below.

Management Contract

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

Pre-emptive rights

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

Equity-Linked Agreements

Save for the Share Award Scheme as disclosed in the sections headed "Share Award Scheme" of this Report of the Directors, the Company has not entered into any equity-linked agreement for the year ended 31 December 2018.

Senior Notes and Corporate Bonds

With an aim to improve the Company's debt position, during the year ended 31 December 2018, US$350 million 9.45% senior notes (due 2021) were issued by the Company in April 2018. The proceeds from the issuance of the senior notes has been utilized to refinance the Company's existing debts and for general corporate purposes.

Details of senior notes and corporate bonds of the Group outstanding during the Year are set out in Note 20 to the consolidated financial statements.

Share Award Scheme

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

1. Objectives

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

2. Participants

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

3. Maximum Limit

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

4. Duration and Termination

The scheme was effective from 29 November 2017 and shall continue in full force and effect for a term of 5 years or such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any selected person. In particular, awarded shares being granted but unvested before the termination of the scheme shall remain effective and shall continue to vest in accordance with the provisions of the scheme and/or the vesting schedule and conditions as set out in the grant letter.

5. Grant and Vesting of Awarded Shares

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

Upon the grant of the awarded shares, a grant letter should be provided to the selected person and such grant letter shall address, among other things, the number of awarded shares granted and the number of underlying shares represented by the awarded shares, the vesting criteria and conditions, the vesting schedule, the exercise price (where applicable) and such other terms and conditions as the Board shall determine and consider necessary and are not consistent with the scheme. A selected person may accept an offer of the grant of awarded shares in such manner as set out in the grant letter. Once accepted, the awarded shares are deemed granted from the date of the grant letter. Upon acceptance, the selected person becomes a participant in this scheme.

Selected persons shall be entitled to receive the awarded shares held by the trustee in accordance with the vesting schedule and conditions as determined by the Board in its sole discretion. Details of the vesting schedule and conditions will be provided in the grant letter to be issued by the Company to the selected persons.

6. Events Triggering Lapse or Immediate Vesting of Awarded Shares

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

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

If there occurs any special circumstance which may affect the eligibility of the selected person or the vesting of awarded shares, the awarded shares shall be dealt with in accordance with the scheme rules. However, for those which are not currently covered therein, the Board shall, from time to time, have sole discretion to determine how such awarded shares should be handled.

7. Details of the Movement in the Awarded Shares under the Share Award Scheme during the year ended 31 December 2018

Movements in the number of awarded shares during the Year are set out below:

Name of Grantee	Number of awarded shares as at 1 January 2018	Date of grant	Granted during the period	Vested and exercised during the period	Lapsed during the period	Cancelled during the period	Number of awarded shares as at 31 December 2018
Executive Directors							
Mr. Xu Chao Hui	–	1 January 2018(1)	39,345	13,115	–	–	26,230
	–	15 March 2018(2)	37,108	–	–	–	37,108
Other senior management							
Other senior management	–	1 January 2018(1)	2,852,310	950,770	570,738	–	1,330,802
	–	15 March 2018(2)	6,640,866	–	579,442	–	6,061,424
Total	–		9,569,629	963,885	1,150,180	–	7,455,564

(1) The awarded shares granted on 1 January 2018 shall (unless the Company shall otherwise determine and so notify the selected person in writing) be vested as to 1/3 in each of 2018, 2019 and 2020.

(2) The awarded shares granted on 15 March 2018 shall (unless the Company shall otherwise determine and so notify the selected person in writing) be vested as to 1/2 in each of 2019 and 2020.

Charitable Donations

No charitable or other donations were made by the Group for the year ended 31 December 2018.

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

As at 31 December 2018, the interests or short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("**SFO**")) which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to in relevant provision, or which will be required, pursuant to the Model Code as set out in Appendix 10 to the Listing Rules, to be notified to our Company and the Stock Exchange, are as follows:

Name of Director	Nature of interest	Number of shares held [3]	Approximate percentage of shareholding interest [4]
Mr. Yan Hao	Founder of a discretionary trust [1]	531,394,613 (L)	37.95%
	Beneficial owner	200,000(L)	0.02%
Mr. Chen Xin Ge	Founder of a discretionary trust [2]	409,805,918 (L)	29.27%
	Beneficial owner	782,000 (L)	0.05%
Mr. Xu Chao Hui	Beneficial owner	925,058 (L)	0.07%
Mr. Xu Hai Feng	Beneficial owner	180,833 (L)	0.01%

Notes:

(1) Based on the disclosure of interests forms submitted by Mr. Yan Hao and Yan Trust on 2 January 2019, respectively, Yan Trust, as a trustee, is deemed to be interested in 531,394,613 shares through its control over Beyond Wisdom Limited. The details are as follows:

Name of controlled corporation	Name of controlling shareholder	Percentage of shareholding (%)	Interest held directly	Number of shares
Beyond Wisdom Limited	Yan Trust	100	Y	531,394,613 (L)

(2) Based on the disclosure of interests forms submitted by Mr. Chen Xin Ge and Cantrust (Far East) Limited on 2 January 2019, respectively, Cantrust (Far East) Limited, as a trustee, is deemed to be interested in 409,805,918 shares through its control over New Decent King Investment Limited and Sunny King International Limited. The details are as follows:

Name of controlled corporation	Name of controlling shareholder	Percentage of shareholding (%)	Interest held directly	Number of shares
New Decent King Investment Limited	Cantrust (Far East) Limited	100	N	409,805,918 (L)
Sunny King International Limited	New Decent King Investment Limited	100	Y	409,805,918 (L)

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

(4) There were 1,400,194,213 shares in issue as at 31 December 2018.

Save as disclosed above and to the best knowledge of the Directors, as at 31 December 2018, none of the Directors or the chief executives of the Company has any interest or short position in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be entered in the register referred to in relevant provision under the Section 352 of the SFO, or which will be required to be notified to the Company and the Stock Exchange under the Model Code.

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

As at 31 December 2018, so far as the Directors are aware, the following persons (other than the Directors or the chief executive of the Company) have or are deemed to have interests and/or short positions in the shares or underlying shares of the Company which will be required to be disclosed pursuant to the provisions of Division 2 and 3 of Part XV of the SFO:

Name	Nature of interest	Number of shares (3)	Percentage of shareholding interest (4)
Beyond Wisdom Limited	Beneficial owner (1)	531,394,613 (L)	37.95%
Yan Trust	Trustee (1)	531,394,613 (L)	37.95%
Sunny King International Limited	Beneficial owner (2)	409,805,918 (L)	29.27%
New Decent King Investment Limited	Interest of a controlled corporation (2)	409,805,918 (L)	29.27%
Cantrust (Far East) Limited	Trustee (2)	409,805,918 (L)	29.27%

Notes:

(1) Yan Trust, as a trustee, is deemed to be interested in 531,394,613 shares through its control over Beyond Wisdom Limited and Mr. Yan Hao (as a discretionary trustee) is deemed to be interested in 531,394,613 shares.

(2) New Decent King Investment Limited is deemed to be interested in 409,805,918 shares through its control over Sunny King International Limited and Cantrust (Far East) Limited, as a trustee, is deemed to be interested in 409,805,918 shares through its control over New Decent King Investment Limited while Mr. Chen Xin Ge (as a discretionary trustee) is deemed to be interested in 409,805,918 shares.

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

(4) There were 1,400,194,213 shares in issue as at 31 December 2018.

Save as disclosed above and to the knowledge of the Directors, as at 31 December 2018, no person had an interest or a short position in the shares or underlying shares of the Company required to be entered in the register referred to in relevant provision under the Section 336 of the SFO.

Directors' Indemnities

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

Related Party Transactions

Details of the related party transactions of the Group during the year ended 31 December 2018 are set out in Note 41(b) to the consolidated financial statements.

The provision of the shareholder's loans to the Company as set out in Note 41(b)(ii) and Note 41(b)(xii) to the consolidated financial statements is a fully exempt connected transaction pursuant to Rule 14A.90 of the Listing Rules. All other remaining related party transactions listed in Note 41(b) to the consolidated financial statements are not regarded as connected transactions under Chapter 14A of the Listing Rules as the counterparties are joint ventures of the Company which do not fall under the definition of connected persons under Chapter 14A of the Listing Rules. The Board confirmed that the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

Sufficiency of Public Float

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

Repurchase, Sale or Redemption of Listed Securities of the Company

For the year ended 31 December 2018, the Company repurchased a total of 18,947,000 shares on the Stock Exchange. All the shares repurchased were subsequently cancelled by the Company, details of which are as follows:

Month of repurchase	Number of shares repurchased	Price per share (HK$) Highest	Lowest	Aggregate price (HK$)
July	7,194,000	2.50	2.49	17,980,620
August	1,285,000	2.50	2.39	3,161,510
September	5,068,000	2.50	2.26	12,293,210
October	3,900,000	2.29	1.99	8,372,790
November	1,500,000	2.04	1.83	2,941,490
Total	18,947,000	2.50	1.83	44,749,620

As disclosed in the announcement of the Company dated 24 July 2018, the Board noticed that the Shares had been trading at a price which understated the Company's intrinsic value. After assessment, the Company believed that its financial resources would enable it to conduct the repurchase while still maintaining a sound financial position to continue the Company's operation during the financial year ended 31 December 2018.

Save as disclosed above, the Company or any of its subsidiaries (other than the Trust of the Share Award Scheme) did not purchase, sell or redeem any of the Company's listed securities during the year ended 31 December 2018. For details of the purchase, sale or redemption of the listed securities of the Company or any of its subsidiaries for the year ended 31 December 2018, please refer to the Note 18 to the consolidated financial statements in this report.

Changes of Information of Directors

Pursuant to Rule 13.51B(1) of the Listing Rules, the change to information in respect of the Director is below:

On 31 December 2018, Dr. Lo Wing Yan William, an independent non-executive Director, resigned as an executive director and vice-chairman of Kidsland International Holdings Limited (stock code: 2122). On 18 January 2019, Dr. Lo Wing Yan William was appointed as an executive director and chairman of SMI Holdings Group Limited (stock code: 198).

On 21 January 2019, the Company appointed Mr. Xu Chao Hui, an executive director, to concurrently serve as the chairman and president of Co-Fortune Capital, and he ceased to be the chairman of the Joyride Apartment.

Save as disclosed above, there was no change to information which is required to be disclosed and has been disclosed by directors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules.

Review by Audit Committee

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

Code of Conduct Regarding Directors' Securities Transactions

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code contained in the Listing Rules. Specific enquiry has been made to all the Directors and the Directors have confirmed that they had complied with such code of conduct during the year ended 31 December 2018.

Corporate Governance

The Company is committed to maintaining the highest standard of corporate governance practices. The Company has complied with the code provisions as set out in the CG Code contained in Appendix 14 to the Listing Rules for the year ended 31 December 2018, save for the deviation from code provision A.2.1. Information on the corporate governance practices adopted by the Company is set out in the "Corporate Governance Report" on pages 42 to 54 of this annual report.

Auditor

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

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

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

Opinion

What we have audited

The consolidated financial statements of Jingrui Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 77 to 235, which comprise:

- the consolidated balance sheet as at 31 December 2018;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

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Basis for Opinion

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

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

Independence

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

Key Audit Matters

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

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

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

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Key Audit Matters (continued)

Key Audit Matter 1	How our audit addressed the Key Audit Matter

Key Audit Matter 1

Classification of subsidiary, joint venture and associate

Refer to Note 5 (Critical accounting estimates and judgements), Note 10 (Investments in joint ventures), Note 11 (Investments in associates) and Note 42 (Particulars of principal subsidiaries) to the consolidated financial statements.

The Group holds investments in a number of property development companies. During the year ended 31 December 2018, the Group has 5 new non-wholly owned subsidiaries and has 5 new joint ventures and 1 new associate, some of which were acquired through equity purchase.

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

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

How our audit addressed the Key Audit Matter

In assessing the classification of the new investments of the Group during the year ended 31 December 2018, we performed audit procedures as follows:

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

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

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

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

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

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

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

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Key Audit Matters (continued)

Key Audit Matter 2

Provision for impairment of properties held or under development for sale

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

As at 31 December 2018, the Group's properties held or under development for sale amounted to approximately RMB18,572,034,000 (31 December 2017: approximately RMB12,820,806,000), against which an impairment provision of approximately RMB30,727,000 (31 December 2017: approximately RMB58,897,000) was provided. During the year ended 31 December 2018, an additional net impairment provision of approximately RMB1,855,000 (year ended 31 December 2017: RMB55,697,000) was made, which included an additional provision of RMB21,818,000, netting off a reversal of RMB19,963,000.

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

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

How our audit addressed the Key Audit Matter

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

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

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

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

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

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

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

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

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Key Audit Matters (continued)

Key Audit Matter 3

Valuation of the investment properties

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

The Group's investment properties were carried at approximately RMB7,154,272,000 as at 31 December 2018 (31 December 2017: RMB5,782,972,000) and total fair value gains of approximately RMB442,759,000 (year ended 31 December 2017: RMB35,964,000) were presented either as gains arising from appreciation of investment properties under office and apartment platform, or fair value gains/(losses) on investment properties under other platforms in the consolidated income statement.

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

How our audit addressed the Key Audit Matter

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

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

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

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

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

(5) We tested the calculation of the valuation.

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

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Other Information

The directors of the Company are responsible for the other information set out in the Company's 2018 Annual Report. The other information comprises the information included in the chairman's statement and management discussion and analysis (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the corporate profile, corporate information, financial highlights, breakdown of major properties, directors and senior management, corporate governance report, report of the directors and five-year financial information which are expected to be made available to us after that date.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 19 March 2019

Consolidated Balance Sheet

As at 31 December 2018

	Note	As at 31 December 2018 RMB'000	2017 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	7	**71,427**	54,893
Investment properties	8	**7,154,272**	5,782,972
Intangible assets	9	**2,845**	10,699
Investments in joint ventures	10	**605,828**	257,330
Investments in associates	11	**583,558**	106,462
Deferred income tax assets	24	**166,276**	267,968
Financial assets at fair value through profit or loss	13	**551,606**	–
Financial assets at fair value through other comprehensive income	13	**472,104**	–
Available-for-sale financial assets	13	**–**	769,198
Trade and other receivables and prepayments	16	**325,783**	717,805
		9,933,699	7,967,327
Current assets			
Prepayments for leasehold land	14	**–**	911,176
Properties held or under development for sale	15	**18,541,307**	12,761,909
Trade and other receivables and prepayments	16	**6,099,232**	6,124,024
Prepaid income taxes		**103,312**	212,911
Financial assets at fair value through profit or loss	13	**92,555**	–
Available-for-sale financial assets	13	**–**	251,813
Contract acquisition costs		**42,241**	–
Right to acquire the land use rights		**–**	1,434,745
Restricted cash	17	**1,354,871**	1,248,445
Cash and cash equivalents	17	**11,715,378**	8,264,836
		37,948,896	31,209,859
Total assets		**47,882,595**	39,177,186
OWNERS' EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital: nominal value	18	**86,634**	79,361
Reserves	19	**4,600,358**	3,652,445
		4,686,992	3,731,806
Non-controlling interests	42	**4,126,155**	2,401,115
Total equity		**8,813,147**	6,132,921

Consolidated Balance Sheet

As at 31 December 2018

	Note	As at 31 December 2018 RMB'000	2017 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	20	**12,017,359**	9,309,683
Deferred income tax liabilities	24	**1,321,233**	1,457,523
		13,338,592	10,767,206
Current liabilities			
Trade and other payables	22	**13,472,373**	9,206,924
Amounts due to non-controlling interests of subsidiaries	23	**377,894**	635,839
Finance lease liabilities		**–**	4,251
Advanced proceeds received from customers		**–**	6,566,599
Contract liabilities		**4,181,540**	–
Current income tax liabilities		**1,000,160**	984,398
Borrowings	20	**6,683,404**	4,805,080
Financial liabilities for put option written on non-controlling interests	21	**15,485**	73,968
		25,730,856	22,277,059
Total liabilities		**39,069,448**	33,044,265
Total equity and liabilities		**47,882,595**	39,177,186

The consolidated financial statements on pages 77 to 235 were approved by the Board of Directors on 19 March 2019 and the consolidated balance sheet was signed on its behalf by:

Yan Hao
Director

Xu Chao Hui
Director

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

Consolidated Income Statement

For the year ended 31 December 2018

	Note	Year ended 31 December 2018 RMB'000	2017 RMB'000
Revenue	25	**11,268,203**	15,668,404
Cost of sales	28	**(8,721,010)**	(13,150,265)
Gross profit		**2,547,193**	2,518,139
Gains arising from appreciation of investment properties under office and apartment platform	8	**388,051**	38,760
Fair value gains/(losses) on investment properties under other platforms	8	**54,708**	(2,796)
Selling and marketing costs	28	**(307,179)**	(363,862)
Administrative expenses	28	**(780,274)**	(607,751)
Other income	26	**68,338**	290,656
Other gains – net	27	**228,830**	136,051
Operating profit		**2,199,667**	2,009,197
Finance income	29	**53,343**	59,630
Finance costs	29	**(337,650)**	(170,332)
Finance costs – net		**(284,307)**	(110,702)
Share of results of joint ventures	10	**(47,324)**	(70,164)
Share of results of associates	11	**172,387**	(8,001)
		125,063	(78,165)
Profit before income tax		**2,040,423**	1,820,330
Income tax expense	32	**(737,532)**	(916,398)
Profit for the year		**1,302,891**	903,932
Attributable to:			
Equity holders of the Company		**1,031,919**	805,761
Holders of perpetual capital instruments		**–**	20,472
Non-controlling interests		**270,972**	77,699
		1,302,891	903,932
Earnings per share for profit attributable to equity holders of the Company			
– Basic earnings per share	34	**RMB0.77**	RMB0.62
– Diluted earnings per share	34	**RMB0.77**	RMB0.62

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

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2018

	Year ended 31 December	
	2018	2017
	RMB'000	RMB'000
Profit for the year	**1,302,891**	903,932
Other comprehensive income/(losses) that may be reclassified subsequently to profit or loss		
Changes in fair value of available-for-sale financial assets, net of tax	**–**	(138,286)
Other comprehensive income/(losses) that will not be reclassified to profit or loss		
Changes in fair value of equity investment at fair value through other comprehensive income, net of tax	**(81,702)**	–
Other comprehensive income/(losses) for the year, net of tax	**(81,702)**	(138,286)
Total comprehensive income for the year	**1,221,189**	765,646
Attributable to:		
Equity holders of the Company	**950,217**	667,475
Holders of perpetual capital instruments	**–**	20,472
Non-controlling interests	**270,972**	77,699
	1,221,189	765,646

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

Consolidated Statement of Changes in Equity

For the year ended 31 December 2018

	Attributable to equity holders of the Company							
	Share capital RMB'000 (Note 18)	Share premium RMB'000 (Note 19)	Treasury shares RMB'000 (Note 19)	Other reserves RMB'000 (Note 19)	Retained earnings RMB'000 (Note 19)	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2018	79,361	1,193,851	–	665,719	1,792,875	3,731,806	2,401,115	6,132,921
Changes in accounting policies (Note 3)	–	–	–	85,020	(89,055)	(4,035)	–	(4,035)
Restated balance at 1 January 2018	79,361	1,193,851	–	750,739	1,703,820	3,727,771	2,401,115	6,128,886
Comprehensive income/(loss)								
Profit for the year 2018	–	–	–	–	1,031,919	1,031,919	270,972	1,302,891
Other comprehensive income:								
Net changes in fair value of financial assets through other comprehensive income (Note 13)	–	–	–	(76,870)	–	(76,870)	–	(76,870)
Tax on fair value gains on financial assets through other comprehensive income (Note 24)	–	–	–	(4,832)	–	(4,832)	–	(4,832)
Total comprehensive income for the year 2018	–	–	–	(81,702)	1,031,919	950,217	270,972	1,221,189
Transactions with owners								
Dividends to the Company's shareholders in respect of year 2017 (Note 35)	–	(260,794)	–	–	–	(260,794)	–	(260,794)
Dividends of a subsidiary	–	–	–	–	–	–	(11,869)	(11,869)
Place of new shares (Note 18)	8,574	261,266	–	–	–	269,840	–	269,840
Buy back and cancellation (Note 18)	(1,301)	(37,063)	–	–	–	(38,364)	–	(38,364)
Buy-back of shares (Note 18)	–	–	(5,862)	–	–	(5,862)	–	(5,862)
Share award scheme (Note 33)	–	–	14	4,193	–	4,207	–	4,207
Repayment of the capital	–	–	–	–	–	–	(500)	(500)
Capital contribution from non-controlling interests	–	–	–	–	–	–	1,400,000	1,400,000
Changes in ownership interests in subsidiaries without change of control (Note 39)	–	–	–	39,977	–	39,977	66,437	106,414
	7,273	(36,591)	(5,848)	44,170	–	9,004	1,454,068	1,463,072
Balance at 31 December 2018	86,634	1,157,260	(5,848)	713,207	2,735,739	4,686,992	4,126,155	8,813,147

Consolidated Statement of Changes in Equity

For the year ended 31 December 2018

	Attributable to equity holders of the Company							
	Share capital RMB'000 (Note 18)	Share premium RMB'000 (Note 19)	Other reserves RMB'000 (Note 19)	Retained earnings RMB'000 (Note 19)	Sub-total RMB'000	Perpetual capital instruments RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2017	79,361	1,193,851	1,043,554	987,114	3,303,880	538,083	716,106	4,558,069
Comprehensive income/(loss)								
Profit for the year 2017	–	–	–	805,761	805,761	20,472	77,699	903,932
Other comprehensive income								
Changes in fair value of available -for-sale financial assets (Note 13)	–	–	(149,502)	–	(149,502)	–	–	(149,502)
Tax on fair value gains on available-for-sale financial assets (Note 24)	–	–	11,216	–	11,216	–	–	11,216
Total comprehensive income for the year 2017	–	–	(138,286)	805,761	667,475	20,472	77,699	765,646
Transactions with owners								
Dividends of subsidiaries	–	–	–	–	–	–	(5,865)	(5,865)
Share award scheme (Note 33)	–	–	8,639	–	8,639	–	–	8,639
Capital contribution from non-controlling interests	–	–	–	–	–	–	894,625	894,625
Changes in ownership interests in subsidiaries without change of control (Note 39)	–	–	(189,164)	–	(189,164)	–	(432,534)	(621,698)
Non-controlling interests arising on acquisition of additional interests in Ningbo Jingrui Property Co., Ltd. ("Ningbo Jingrui"), which became a subsidiary	–	–	–	–	–	–	196,865	196,865
Non-controlling interests arising on acquisition of Hangzhou Xiaoying Real Estate Development Co., Ltd. ("Hangzhou Xiaoying")	–	–	–	–	–	–	93,219	93,219
Non-controlling interests arising on acquisition of Wuhan Yingjing Jiayuan Property Co., Ltd. ("Wuhan Jiayuan")	–	–	–	–	–	–	861,000	861,000
Distribution to holders of perpetual capital instruments	–	–	–	–	–	(8,555)	–	(8,555)
Redemption of perpetual capital instruments	–	–	–	–	–	(550,000)	–	(550,000)
Put options written on non-controlling interests (Note 21)	–	–	(59,024)	–	(59,024)	–	–	(59,024)
	–	–	(239,549)	–	(239,549)	(558,555)	1,607,310	809,206
Balance at 31 December 2017	79,361	1,193,851	665,719	1,792,875	3,731,806	–	2,401,115	6,132,921

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

Consolidated Cash Flow Statement

For the year ended 31 December 2018

	Year ended 31 December	
	2018	2017
	RMB'000	RMB'000
Operating activities		
Net cash generated from operations (Note 36(a))	**1,093,391**	3,115,849
Interest paid	**(1,490,796)**	(1,093,950)
PRC income tax paid	**(451,261)**	(257,772)
PRC land appreciation tax paid	**(95,754)**	(209,439)
Net cash (used in)/generated from operating activities	**(944,420)**	1,554,688
Investing activities		
Purchase of property, plant and equipment	**(30,734)**	(30,141)
Purchase of intangible assets	**(922)**	(803)
Acquisition cost of and capitalised expenditures incurred on investment properties	**(1,381,595)**	(104,744)
Proceeds from disposal of property, plant and equipment (Note 36(b))	**2,089**	1,817
Proceeds from disposal of investment properties	**778,494**	437,154
Proceeds from disposal of available-for-sale financial assets	**–**	32,087
Capital injection to joint ventures	**(423,310)**	(73,551)
Capital injection to associates	**(342,000)**	(112,461)
Disposal of interests in associates	**50,692**	–
Payment of remaining consideration in connection with the acquisition of subsidiaries	**–**	(18,571)
Receipt of remaining consideration in connection with the disposal of subsidiaries	**–**	745,508
Acquisition of subsidiaries, net of cash acquired (Note 40)	**1,674**	(1,995,643)
Acquisition of available-for-sale financial assets (Note 13)	**–**	(296,610)
Acquisition of financial assets at fair value through profit or loss	**(379,916)**	–
Acquisition of financial assets at fair value through other comprehensive income	**(59,819)**	–
Disposal of financial assets at fair value through profit or loss	**74,555**	–
Disposal of financial assets at fair value through other comprehensive income	**228,393**	–
Amounts due from related parties	**–**	(516,612)
Dividend received from financial assets at fair value through other comprehensive income	**13,816**	–
Dividend received from available-for-sale financial assets	**–**	16,321
Cash receipt from a joint venture	**–**	661,467
Prepayments for investments	**(325,783)**	(36,751)
Repayments from related parties	**294,778**	–
Providing loans to related parties	**(774,723)**	–
Cash advance to non-controlling interests of subsidiaries	**(413,148)**	(922,737)
Cash receipt from non-controlling interests of subsidiaries	**80,183**	105,000
Interest received	**53,343**	59,630
Net cash used in investing activities	**(2,553,933)**	(2,049,640)

Consolidated Cash Flow Statement

For the year ended 31 December 2018

	Year ended 31 December 2018 RMB'000	2017 RMB'000
Financing activities		
Proceeds from borrowings	**10,919,545**	5,885,197
Proceeds from issuance of senior notes	**2,178,198**	2,712,014
Repayments of borrowings	**(8,605,530)**	(7,124,775)
Repayment of senior notes	**(407,469)**	–
Dividends paid	**(260,794)**	(5,865)
Dividend paid of a subsidiary	**(11,869)**	–
Capital contribution from non-controlling interests of subsidiaries	**1,400,000**	894,625
Repayment of the capital to non-controlling interests of a subsidiary	**(500)**	–
Cash receipt from non-controlling interests of subsidiaries	**192,284**	620,241
Repayment to non-controlling interests of subsidiaries	**(450,229)**	(305,030)
Changes in advances from related parties	**(599,000)**	(1,315,800)
Increase in restricted cash relating to financing activities	**(58,500)**	(191,793)
Changes in ownership interests in subsidiaries without change of control (Note 39)	**31,891**	(580,928)
Distribution to holders of perpetual capital instruments	**–**	(8,555)
Acquisition of treasury shares	**(5,862)**	–
Place of new shares	**269,840**	–
Buy back and cancellation	**(38,364)**	–
Amounts due to third parties	**1,450,000**	–
Payables to a related party of non-controlling interests	**700,000**	–
Payable for acquisition of equity interest of Taizhou Zhenghuang Property Development Co., Ltd.	**268,930**	–
Redemption of perpetual capital instruments	**–**	(550,000)
Deposits paid to secure borrowings	**(31,920)**	(23,780)
Redemption of senior notes	**–**	(672,039)
Net cash generated from/(used in) financing activities	**6,940,651**	(666,488)
Net increase/(decrease) in cash and cash equivalents	**3,442,298**	(1,161,440)
Effect of foreign exchange rate changes	**8,244**	(20,905)
Cash and cash equivalents at beginning of the year	**8,264,836**	9,447,181
Cash and cash equivalents at end of the year (Note 17)	**11,715,378**	8,264,836

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

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

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

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

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

2 Summary of significant accounting policies

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

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income, which are carried at fair value.

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

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policies and disclosures

(a) New standards and amendments of HKFRSs adopted by the Group in 2018

The following new standards and amendments have been adopted by the Group for the first time for the financial year beginning on 1 January 2018 and are relevant to the Group's operations.

* HKFRS 9 Financial Instruments
* HKFRS 15 Revenue from Contracts with Customers
* Amendments to HKFRS 2 – Classification and Measurement of Share-based Payment Transactions
* Annual Improvements to HKFRSs 2014-2016 Cycle
* Amendments to HKAS 40 – Transfer of Investment Property

The impact of the adoption of HKFRS 9 and HKFRS 15 are described in Note 3 below. The other standards and amendments listed above did not give rise to any significant impact on the Group's results of operation and financial position for the year ended 31 December 2018.

(b) New standards, amendments and interpretation of HKFRSs not yet adopted

Certain new accounting standards, amendments and interpretation of HKFRSs have been published that are not mandatory for the financial year beginning on 1 January 2018 and have not been early adopted by the Group. The Group has already commenced an assessment of the impact of these new standards, amendments and interpretation, certain of which are relevant to the Group's operations. According to the preliminary assessment made by the directors, the Group does not anticipate that the adoption when they become effective will result in any material impact on the Group's results of operations and financial position except that HKFRS 16 will have some impact on the Group's financial statements.

* HKFRS 16 Leases ("HKFRS 16")

HKFRS 16 is effective for annual period beginning from 1 January 2019. It will result in almost all leases being recognised on the balance sheet by lessees, 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 Group is the lessee of certain buildings which are currently classified as operating leases. As at 31 December 2018, the Group has non-cancellable operating lease commitments of RMB261,675,000, see Note 37. Of these commitments, approximately RMB7,356,000 relate to short-term leases which will be recognised on a straight-line basis as expense in the consolidated income statement.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policies and disclosures (continued)

(b) New standards, amendments and interpretation of HKFRSs not yet adopted (continued)

* HKFRS 16 Leases ("HKFRS 16") (continued)

For the remaining lease commitments the Group expects to recognise right-of-use assets of approximately RMB187,401,000 and lease liabilities of RMB182,486,000 (after adjustments for prepayments recognised as at 31 December 2018) on 1 January 2019.

Overall net assets will be approximately RMB4,915,000 higher, and net current assets will be RMB21,670,000 lower due to the presentation of a portion of the liabilities as current liabilities.

The Group expects that net profit after tax will decrease by approximately RMB2,640,000 for 2019 as a result of adopting the new rules. Operating cash flows will increase and financing cash flows decrease by approximately RMB35,235,000 as repayments of the principal portion of the lease liabilities will be classified as cash flows from financing activities.

The Group holds a number of investment properties and is the lessor of these properties. For lessors, the accounting remains largely unchanged and hence the Group does not expect any significant impact on the financial statements for these arrangements due to the new standard. However, some additional disclosures will be required.

The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

2.2 Subsidiaries

2.2.1 Consolidation

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

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

2 Summary of significant accounting policies (continued)

2.2 Subsidiaries (continued)

2.2.1 Consolidation (continued)

(a) Business combinations

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

Acquisition-related costs are expensed as incurred.

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

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

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

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

2 Summary of significant accounting policies (continued)

2.2 Subsidiaries (continued)

2.2.1 Consolidation (continued)

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

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

(c) Disposal of subsidiaries

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

2.2.2 Separate financial statements

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

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

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

2 Summary of significant accounting policies (continued)

2.3 Joint arrangements

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

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

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

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

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

2.4 Associates

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

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

2 Summary of significant accounting policies (continued)

2.4 Associates (Continued)

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

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

2.5 Segment reporting

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

2.6 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

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

2 Summary of significant accounting policies (continued)

2.6 Foreign currency translation (continued)

(c) Group companies

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

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

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

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

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

2.7 Property, plant and equipment

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

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

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

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

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

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

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

2 Summary of significant accounting policies (continued)

2.8 Investment properties

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

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

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

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

2.9 Intangible assets

(a) Goodwill

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

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

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

2 Summary of significant accounting policies (continued)

2.9 Intangible assets (continued)

(b) Computer software

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

2.10 Non-current assets held-for-sale

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

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

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

2.12 Properties held or under development for sale

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

2.13 Land use rights

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

2 Summary of significant accounting policies (continued)

2.14 Financial assets

2.14.1 Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss), and

- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

2.14.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. 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.

2.14.3 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 (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

2 Summary of significant accounting policies (continued)

2.14 Financial assets (continued)

2.14.3 Measurement (continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated income statement.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the consolidated income statement.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the consolidated income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

2 Summary of significant accounting policies (continued)

2.14 Financial assets (continued)

2.14.4 Impairment

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 16 for further details.

2.14.5 Accounting policies applied until 31 December 2017

The Group has applied HKFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy.

Until 31 December 2017 the Group classifies its financial assets in the following categories:

- financial assets at fair value through profit or loss,
- loans and receivables, and
- available-for-sale financial assets.

The classification determined on the purpose for which the investments were acquired. Management determined the classification of its investments at initial recognition. See Note 12 for details about each type of financial asset.

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

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

(b) Loans and receivables

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

2 Summary of significant accounting policies (continued)

2.14 Financial assets (continued)

2.14.5 Accounting policies applied until 31 December 2017 (continued)

(c) Available-for-sale financial assets

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

Recognition and measurement

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

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

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

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

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

2 Summary of significant accounting policies (continued)

2.14 Financial assets (continued)

2.14.5 Accounting policies applied until 31 December 2017 (continued)

Recognition and measurement (continued)

(a) Assets carried at amortised cost

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

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

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

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

2 Summary of significant accounting policies (continued)

2.14 Financial assets (continued)

2.14.5 Accounting policies applied until 31 December 2017 (continued)

Recognition and measurement (continued)

(b) Assets classified as available for sale

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

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

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

2.15 Derivative financial instruments

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

2.16 Offsetting financial instruments

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

2 Summary of significant accounting policies (continued)

2.17 Trade and other receivables

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

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

2.18 Cash and cash equivalents

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

2.19 Share capital

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

2.20 Trade and other payables

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

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

2 Summary of significant accounting policies (continued)

2.21 Borrowings and borrowing costs

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

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

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

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

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

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

2 Summary of significant accounting policies (continued)

2.22 Current and deferred income tax

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

(a) Current income tax

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

(b) Deferred income tax

Inside basis differences

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

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

Outside basis differences

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

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, joint ventures and associates only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

2 Summary of significant accounting policies (continued)

2.22 Current and deferred income tax (continued)

(c) Offsetting

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

2.23 Put option arrangements

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

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

2.24 Employee benefits

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

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

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

2 Summary of significant accounting policies (continued)

2.25 Share-based payments

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

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

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

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

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

2.26 Provisions and contingent liabilities

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

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

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

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

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

2 Summary of significant accounting policies (continued)

2.27 Financial guarantee liabilities

Financial guarantee 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 the expected credit loss model under HKFRS 9 *Financial Instruments* and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15 *Revenue from Contracts with Customers*.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required 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.

2.28 Revenue recognition

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

(a) Sales of properties

Revenues are recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer; or
- creates and enhances an asset that the customer controls as the Group performs; or
- 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.

2 Summary of significant accounting policies (continued)

2.28 Revenue recognition (continued)

(a) Sales of properties (continued)

If control of the asset 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 asset.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract.

For property development and sales contract for which the control of the property is transferred at a point in time, revenue is recognised when the property is accepted by the customer, or deemed as accepted according to the contract, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property, and the Group has present right to payment and the collection of the consideration is probable.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant. If on the contract commencement date, the Group expects that the interval between the customer's obtaining control of the property and the payment of consideration by the customer will not exceed 1 year, the financing component will not be considered as significant.

(b) Service income

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

If contracts involve the sale of multiple services, the transaction price will be allocated to each performance obligation based on their relative stand-alone selling prices. If the stand-alone selling price are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

(c) Sales of goods

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

(d) Contract acquisition costs

Costs did not qualify for recognition as an asset were expensed when incurred. Costs related directly to the contract, generating resources used in satisfying the contract and expectedly to be recovered are capitalised as contract acquisition costs.

2 Summary of significant accounting policies (continued)

2.29 Interest income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets, see Note 13 below.

Interest income on financial assets at amortised cost and financial assets at FVOCI (2017 – available-for-sale securities and loans and receivables) calculated using the effective interest method is recognised in the consolidated income statement as part of other income.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2.30 Dividend income

Dividends are received from financial assets at FVPL and at FVOCI (2017 – from financial assets at FVPL and available-for-sale financial assets). Dividends are recognised as other income in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case, the dividend is recognised in OCI if it relates to an investment measured at FVOCI. However, the investment may need to be tested for impairment as a consequence.

2.31 Government grants

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

2 Summary of significant accounting policies (continued)

2.32 Leases

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

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

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

2.33 Dividend distribution

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

2.34 Perpetual capital instruments

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

3 Changes in accounting policies

This note explains the impact of the adoption of HKFRS 9 Financial Instruments and HKFRS 15 Revenue from Contracts with Customers on the Group's financial statements and also discloses the new accounting policies that have been applied from 1 January 2018, where they are different to those applied in prior periods.

3.1 Impact on financial statements

According to the transitional provision of HKFRS 9, the Group did not restate figures of the comparative period. Therefore, any reclassification and impairment provision for financial assets or liabilities during the comparative period have not been restated. All adjustments are recognised at the beginning of current period accordingly.

According to the transitional provision of HKFRS 15, the Group applied modified retrospective approach upon adoption and did not restate figures of the comparative period.

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail standard by standard below.

3 Changes in accounting policies (continued)

3.1 Impact on financial statements (continued)

(a) the impact on the Group's financial position by the application of HKFRS 9 as compared to HKAS 39 and HKFRS 15 as compared to HKAS 18 and HKAS 11 that were previously in effect before the adoption is as follows:

Consolidated balance sheet (extract)	Note	As previously stated RMB'000	Adjustments under HKFRS 9 RMB'000	Adjustments under HKFRS 15 RMB'000	Restated RMB'000
		As at 1 January 2018			
Non-current assets					
Deferred income tax assets	3.2	**267,968**	**1,346**	**–**	**269,314**
Available-for-sales financial assets	3.2(a)	**769,198**	**(769,198)**	**–**	**–**
Financial assets at fair value through other comprehensive income (FVOCI)	3.2(a)	**–**	**492,459**	**–**	**492,459**
Financial asset at fair value through profit or loss (FVPL)	3.2(a)	**–**	**276,739**	**–**	**276,739**
Trade and other receivables and prepayments	3.2(b)	**717,805**	**–**	**–**	**717,805**
Current assets					
Available-for-sales financial assets	3.2(a)	**251,813**	**(251,813)**	**–**	**–**
Financial assets at fair value through other comprehensive income (FVOCI)	3.2(a)	**–**	**251,813**	**–**	**251,813**
Trade and other receivables and prepayments	3.2(b)	**6,124,024**	**(5,381)**	**–**	**6,118,643**
Total assets		**39,177,186**	**(4,035)**	**–**	**39,173,151**
Current liabilities					
Advanced proceeds received from customers	3.3(c)	**6,566,599**	**–**	**(6,566,599)**	**–**
Contract liabilities	3.3(c)	**–**	**–**	**6,566,599**	**6,566,599**
Total liabilities		**33,044,265**	**–**	**–**	**33,044,265**
Other reserves	3.2(a)	**665,719**	**85,020**	**–**	**750,739**
Retained earnings	3.2	**1,792,875**	**(89,055)**	**–**	**1,703,820**
Total equity		**6,132,921**	**(4,035)**	**–**	**6,128,886**

3 Changes in accounting policies (continued)

3.2 HKFRS 9 Financial Instruments – Impact of adoption

HKFRS 9 replaces relevant requirements of HKAS 39 Financial Instruments relating to the recognition, classification and measurement of financial assets and liabilities, derecognition of financial instruments and impairment and hedge accounting of financial assets.

The adoption of HKFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in Note 2.14. In accordance with the transitional provisions in HKFRS 9, comparative figures have not been restated.

The impact on the retained earnings of the Group as at 1 January 2018 due to the reclassification and measurement of financial statements are as follows:

	Notes	2018 RMB'000
Closing retained earnings – HKAS 39 as at 31 December 2017		1,792,875
Reclassify investments from available-for-sale to fair value through profit or loss	(a)	(85,020)
Increase in provision for trade receivables	(b)	(84)
Increase in provision for other receivables	(b)	(5,297)
Increase in deferred tax assets		1,346
Adjustments to retained earnings from adoption of HKFRS 9 on 1 January 2018		(89,055)
Opening retained earnings – HKFRS 9 as at 1 January 2018		1,703,820

3 Changes in accounting policies (continued)

3.2 HKFRS 9 Financial Instruments – Impact of adoption (continued)

(a) Classification and measurement

On the date of initial application of HKFRS 9 (i.e. 1 January 2018), the management has assessed the business models and cash flow contract terms of the financial assets held by the Group and classified its financial instruments into the appropriate HKFRS 9 categories. The main effects resulting from this reclassification are as follows:

Financial assets – as at 1 January 2018	Available-for-sale financial asset RMB'000	FVPL RMB'000	FVOCI RMB'000
Closing balance as at 31 December 2017	1,021,011	–	–
Reclassify investments from available-for-sale to FVPL	(276,739)	276,739	–
Reclassify investments from available-for-sale to FVOCI	(744,272)	–	744,272
Opening balance as at 1 January 2018 – HKFRS 9	–	276,739	744,272

Related fair value losses of RMB85,020,000 related to available-for-sale financial assets were transferred from the other reserve to retained earnings on 1 January 2018.

There is no impact on the Group's accounting for financial liabilities, as the new requirement 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 as of 1 January 2018. The derecognition rules have been transferred from HKAS 39 and have not been changed.

3 Changes in accounting policies (continued)

3.2 HKFRS 9 Financial Instruments – Impact of adoption (continued)

(b) Impairment of financial assets

The Group has two types of financial assets that are subject to HKFRS 9's new expected credit loss model:

- trade receivables
- other receivables (excluding prepayments)

The Group has revised its impairment methodology according to HKFRS 9 for these two classes of assets.

While cash and cash equivalent are also subject to the impairment requirement of HKFRS 9, the identified impairment loss was immaterial.

(i) Trade receivables

For trade receivables, the Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which requires the use of the lifetime expected loss provision for all trade receivables. RMB84,000 was recognised in retained earnings as at 1 January 2018. A deferred tax assets of RMB21,000 was recognised. The reconciliation of the loss allowance as at 1 January 2018 to that at the end of the reporting period is described in Note 4.

(ii) Other receivables (excluding prepayments)

For other receivables already in place at 1 January 2018, the Group applies the general model for expected credit loss prescribed by HKFRS 9, since credit risk has not significantly increased after initial recognition, the loss allowance recognised was therefore limited to 12 months expected losses. RMB5,297,000 was recognised in retained earnings as at 1 January 2018. A deferred tax assets of RMB1,325,000 was recognised. The reconciliation of the loss allowance as at 1 January 2018 to that at the end of the reporting period is described in Note 4.

3 Changes in accounting policies (continued)

3.3 HKFRS 15 Revenue from Contracts with Customers – Impact of adoption

HKFRS 15 replaces the provisions of HKAS 18 Revenue ("HKAS 18") and HKAS 11 Construction contracts ("HKAS 11") that relate to the recognition, classification and measurement of revenue and costs.

The adoption of HKFRS 15 from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in Note 2.28, comparative figures have not been restated.

After considering the changes in accounting policies as a result of the initial application of HKFRS 15, the directors considered that the initial application of HKFRS 15 has no material impact on the consolidated financial statements of the Group, save for the recognition of contract acquisition costs and presentation of contract liabilities.

(a) Accounting for costs incurred to obtain a contract

Costs did not qualify for recognition as an asset were expensed when incurred. Costs related directly to the contract, generating resources used in satisfying the contract and expectedly to be recovered are capitalised as contract acquisition costs.

(b) Presentation of liabilities related to contracts with customers

Contract liabilities relating to proceeds received from presale of property development presented as receipts in advance in prior periods were now reclassified to contract liabilities (1 January 2018: RMB6,566,599,000).

(c) Revenue recognised in relation to contract liabilities

	31 December 2018 RMB'000	1 January 2018 RMB'000
Contract liabilities	4,181,540	6,566,599

The Group receives payments from customers based on billing schedule as established in contracts. Payments are usually received in advance of the performance under the contracts which are mainly from sales of properties.

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	2018 RMB'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	5,744,821

4 Financial risk management

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

4.1 Market risk

(a) Foreign exchange risk

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

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

As at 31 December 2018, if HKD had weakened/strengthened by 5% against RMB, all other variables held constant, post-tax profit of the Group for the year 2018 would have been higher/lower by RMB800,000 (2017: post-tax loss lower/higher by RMB1,283,000), mainly as a result of foreign exchange loss/gain from trade and other receivables and prepayments and bank deposits net off trade and other payables denominated in HKD.

As at 31 December 2018, if USD had weakened/strengthened by 5% against RMB, all other variables held constant, post-tax profit of the Group for the year 2018 would have been higher/lower by RMB213,381,000 (2017: post-tax loss higher/lower by RMB131,857,000), mainly as a result of foreign exchange gain/loss from borrowings net off bank deposits denominated in USD.

4 Financial risk management (continued)

4.1 Market risk (continued)

(b) Cash flow and fair value interest rate risk

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

The Group's exposure to changes in interest rates is mainly attributable to its borrowings from banks and non-bank financial institutions. Borrowings at variable rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk. The Group has not hedged its cash flow or fair value interest rate risk. The interest rate and terms of repayments of borrowings are disclosed in Note 20.

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

As at 31 December 2018 and 2017, if interest rates on borrowings at floating rates had been 50 basis points higher/lower with all other variables held constant, the post-tax results and capitalised interest for the years ended 31 December 2018 and 2017 would have changed as follows:

	Year ended 31 December	
	2018	2017
	RMB'000	RMB'000
Post-tax results better/(weaker)		
– 50 basis points higher	**(525)**	(14,823)
– 50 basis points lower	**525**	14,823
Capitalised interest increase/(decrease)		
– 50 basis points higher	**8,895**	5,995
– 50 basis points lower	**(8,895)**	(5,995)

4 Financial risk management (continued)

4.2 Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge the obligation under the terms of financial instrument and cause a financial loss to the Group. The Group considered the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an on-going basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower
- significant increases in credit risk on other financial instruments of the same borrower
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower.

(a) Cash in banks

The Group expects that there is no significant credit risk associated with cash deposits at banks since they are substantially deposited with state-owned banks and other listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

(b) Trade receivables

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit loss also incorporate forward looking information.

4 Financial risk management (continued)

4.2 Credit risk (continued)

(b) Trade receivables (continued)

As at 31 December 2018 and 31 December 2017, on the basis described above, the loss allowance was determined as follows for trade receivables:

1 January 2018	Current RMB'000	More than 90 days past due RMB'000	More than 180 days past due RMB'000	Total RMB'000
Expected loss rate	0.22%	1.20%	7.65%	
Gross carrying amount	30,588	4,808	6,680	42,076
Loss allowance	(67)	(58)	(511)	(636)
Accounts receivables – net	30,521	4,750	6,169	41,440

31 December 2018	Current RMB'000	More than 90 days past due RMB'000	More than 180 days past due RMB'000	Within 1 year RMB'000	Total RMB'000
Expected loss rate	0.22%	1.20%	7.65%	1%	
Gross carrying amount	90,387	5,370	8,223	33,607	137,587
Loss allowance	(202)	(65)	(629)	(336)	(1,232)
Accounts receivables – net	90,185	5,305	7,594	33,271	136,355

4 Financial risk management (continued)

4.2 Credit risk (continued)

(b) Trade receivables (continued)

The loss allowance provision for trade receivables as at 31 December 2017 is reconciled to the opening loss allowance for that provision as follows:

	Trade receivable RMB'000
Closing loss allowance as at 31 December 2017 (calculated under HKAS 39)	(552)
Amounts restated through opening retained earnings	(84)
Opening loss allowance as at 1 January 2018 (calculated under HKFRS 9)	(636)
Provision for loss allowance recognised in profit or loss during the year	(596)
At 31 December 2018	(1,232)

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group. The Group made no written off for trade receivables during the year ended 31 December 2018.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

(c) Other receivables

The Group uses three categories for other receivables which reflect their credit risk and how the loss provision is determined for each of those categories. These internal credit risk ratings are aligned to external credit ratings.

A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

Category	Group definition of category	Basis for recognition of expected credit loss provision	Basis for calculation of interest revenue
Stage one	Customers have a low risk of default and a strong capacity to meet contractual cash flow	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.	Gross carrying amount
Stage two	Receivables for which there is a significant increase in credit risk since initial recognition	Lifetime expected losses	Gross carrying amount
Stage three	Receivables for which there is credit loss since initial recognition	Lifetime expected losses	Amortised cost carrying amount (net of credit allowance)

4 Financial risk management (continued)

4.2 Credit risk (continued)

(c) Other receivables (continued)

The Group accounts for its credit risk by appropriately providing for expected losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward looking macroeconomic data.

	Receivables from government related bodies RMB'000	Due from related parties RMB'000	Receivables from third parties other than government related bodies RMB'000	Total RMB'000
As at 1 January 2018				
Carrying amount of other receivables	482,435	2,954,902	1,705,319	5,142,656
Expected credit loss rate	0.10%	0.24%	1.00%	
Loss allowance	(482)	(7,203)	(14,444)	(22,129)
Other receivables – net	481,953	2,947,699	1,690,875	5,120,527

	Receivables from government related bodies RMB'000	Due from related parties RMB'000	Receivables from third parties other than government related bodies RMB'000	Total RMB'000
As at 31 December 2018				
Carrying amount of other receivables	**387,628**	**2,073,973**	**1,927,868**	**4,389,469**
Expected credit loss rate	**0.10%**	**0.35%**	**2.14%**	
Loss allowance	**(388)**	**(7,163)**	**(41,229)**	**(48,780)**
Other receivables – net	**387,240**	**2,066,810**	**1,886,639**	**4,340,689**

4 Financial risk management (continued)

4.2 Credit risk (continued)

(c) Other receivables (continued)

The loss allowance provision for other receivables as at 31 December 2017 is reconciled to the opening loss allowance for that provision as follows:

	Other receivables (excluding prepayments) RMB'000
Closing loss allowance as at 31 December 2017 calculated under HKAS 39	(16,832)
Amounts restated through opening retained earnings	(5,297)
Opening loss allowance as at 1 January 2018 calculated under HKFRS 9	(22,129)
Provision for loss allowance recognised in profit or loss during the year	(26,651)
Closing loss allowance as at 31 December 2018 calculated under HKFRS 9	(48,780)

Other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group. The Group made no written off for other receivables during the year ended 31 December 2018.

(d) Financial guarantee

The Group has policies in place to ensure that sales are made to purchasers with an appropriate financial strength and appropriate percentage of down payments. 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. 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 consider that the Group's credit risk is significantly reduced.

The Group also provides guarantees to certain related parties of the Group to obtain borrowings after assessing the credit history of these related parties. The Group closely monitors the repayment progress of the relevant borrowings by these related parties. In the opinion of the directors of the Group, the related party transactions were carried out in the normal course of business and at terms mutually negotiated between the Group and the respective related parties. The directors consider that the likelihood of default in payments is minimal and the financial guarantees measured at fair value is immaterial.

4 Financial risk management (continued)

4.3 Liquidity risk

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

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

	Within 1 year RMB'000	1 and 2 years RMB'000	2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 31 December 2018					
Borrowings, principal (Note 20)	**6,683,404**	**7,126,294**	**3,923,218**	**967,847**	**18,700,763**
Interest payments on borrowings (note)	**1,282,900**	**720,051**	**334,589**	**333,976**	**2,671,516**
Trade and other payables	**13,333,401**	**–**	**–**	**–**	**13,333,401**
Amounts due to non-controlling interests of subsidiaries (Note 23)	**377,894**	**–**	**–**	**–**	**377,894**
Financial liabilities for put options written on non-controlling interests (Note 21)	**15,485**	**–**	**–**	**–**	**15,485**
Financial guarantees (Note 38)	**3,862,016**	**739,500**	**190,950**	**–**	**4,792,466**
	25,555,100	**8,585,845**	**4,448,757**	**1,301,823**	**39,891,525**
As at 31 December 2017					
Borrowings, principal (Note 20)	4,805,080	3,582,494	4,894,389	832,800	14,114,763
Interest payments on borrowings (note)	816,862	498,022	367,331	983,803	2,666,018
Trade and other payables	8,877,449	–	–	–	8,877,449
Amounts due to non-controlling interests of subsidiaries (Note 23)	635,839	–	–	–	635,839
Financial liabilities for put options written on non-controlling interests (Note 21)	73,968	–	–	–	73,968
Finance lease liabilities	4,251	–	–	–	4,251
Financial guarantees (Note 38)	4,649,454	–	1,000,000	–	5,649,454
	19,862,903	4,080,516	6,261,720	1,816,603	32,021,742

note: The interest on borrowings is calculated based on borrowings held as at 31 December 2018 and 2017, respectively. Floating-rate interests are estimated using the current interest rate as at 31 December 2018 and 2017, respectively.

4 Financial risk management (continued)

4.4 Capital risk management

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

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

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

The gearing ratios at 31 December 2018 and 2017 were as follows:

	As at 31 December	
	2018	2017
	RMB'000	RMB'000
Borrowings	**18,700,763**	14,114,763
Less: Cash and cash equivalents	**(11,715,378)**	(8,264,836)
Restricted cash deposits pledged for borrowings	**(895,400)**	(836,900)
Net debt	**6,089,985**	5,013,027
Total equity	**8,813,147**	6,132,921
Total capital	**14,903,132**	11,145,948
Gearing ratio	**41%**	45%

4 Financial risk management (continued)

4.5 Fair value estimation

The table below analyses the group's financial instruments carried at fair value as at 31 December 2018 and 2017 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

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

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

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

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2018 and 2017.

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

	Level 1 RMB'000	**Level 2 RMB'000**	**Level 3 RMB'000**	**Total RMB'000**
Financial assets at fair value through profit or loss				
31 December 2018	**64,867**	**–**	**579,294**	**644,161**
Financial assets at fair value through other comprehensive income				
31 December 2018	**–**	**–**	**472,104**	**472,104**

4 Financial risk management (continued)

4.5 Fair value estimation (continued)

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

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

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

Other than certain financial assets at FVPL at 31 December 2018 traded in the market and therefore measured at fair value by level 1, the Group's other financial assets at FVPL and financial assets at FVOCI at 31 December 2018, and available-for-sale financial assets at 31 December 2017 are measured at fair value by level 3. The changes in level 3 instruments for the years ended 31 December 2018 and 2017 are presented in Note 13.

5 Critical accounting estimates and judgements

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

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

5.1 Classification as subsidiary, joint venture and associate

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

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

5 Critical accounting estimates and judgements (continued)

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

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

5.3 Fair value of investment properties

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

5.4 Development costs directly attributable to property development activities

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

5.5 Land appreciation tax of the PRC

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

5 Critical accounting estimates and judgements (continued)

5.6 Current and deferred income tax

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

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

5.7 Fair value of derivative financial instruments

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

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

5.8 Fair value of financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss

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

5 Critical accounting estimates and judgements (continued)

5.9 Impairment of trade receivables and other receivables

For trade receivables, the Group applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the assets. The provision matrix is determined based on historical observed default rates over the expected life of trade receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed. Impairment on other receivables are measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

5.10 Revenue recognition

The Group develops and sells residential and commercial properties in different locations. Revenue is recognised over time when the Group's performance does 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; otherwise, revenue is recognised at a point in time when the buyer obtains control of the completed property. The properties have generally no alternative use for the Group due to contractual restrictions. However, whether there is an enforceable right to payment and hence the related contract revenue is recognised over time, depends on the terms of each contract and the relevant laws that apply to that contract. To assess the enforceability of right to payment, the Group has reviewed the terms of its contracts, the relevant local laws, the local regulators' views and obtained legal advice, when necessary.

6 Segment information

Management has determined the operating segments based on the information reviewed by the chief operating decision-maker (the "CODM") for the purposes of allocating resources and assessing performance.

Following the shift in focus to office and apartment platform business by the Group during the second half year of 2018, the previous presentation of segment information based on the property development segment and property investment segment is no longer considered appropriate. The new reporting segments are as follows:

- Property development platform engages in real estate development in the PRC; and
- Office and apartment platform invests in office buildings and apartments in the PRC for their rental income potential and/or for capital appreciation; and
- All other platforms, including property management platform which provides management and security services to residential and commercial properties in the PRC, the property design and decoration platform, investment platform and other miscellaneous businesses. The revenue derived from all other platforms generally include service fees and investment income.

6 Segment information (continued)

The three new operating segments are consistent with the way in which information is reported internally to the Group's CODM for the purpose of resources allocation and performance assessment. No operating segments have been aggregated to form the above reportable segments. Comparative segment information has been restated.

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

	Year ended 31 December 2018					
	Property development platform RMB'000	Office and apartment platform RMB'000	All other platforms RMB'000	Total segment RMB'000	Elimination RMB'000	Total Group RMB'000
Segment revenue	10,629,933	84,817	742,664	11,457,414	(189,211)	11,268,203
Segment profit before income tax expense	1,766,893	192,712	66,118	2,025,723	14,700	2,040,423
Finance income	34,021	129	19,193	53,343	–	53,343
Finance costs	(314,621)	(31,297)	(8,216)	(354,134)	16,484	(337,650)
Share of results of joint ventures	(47,324)	–	–	(47,324)	–	(47,324)
Share of results of associates	158,700	15,192	(1,505)	172,387	–	172,387
Depreciation and amortisation	(4,634)	(3,430)	(6,146)	(14,210)	–	(14,210)
A reconciliation to profit for the year is as follows:						
Total segment profits before income tax expense						2,040,423
Income tax expense						(737,532)
Profit for the year						1,302,891
Segment assets	54,648,239	2,972,632	28,234,958	85,855,829	(37,973,234)	47,882,595
Segment assets include:						
Investments in joint ventures	605,828	–	–	605,828	–	605,828
Investments in associates	574,448	–	9,110	583,558	–	583,558
Additions to non-current assets (other than financial instruments and deferred income tax assets)	257,061	2,205,039	45,184	2,507,284	–	2,507,284
Segment liabilities	46,160,906	2,063,760	25,126,942	73,351,608	(34,282,160)	39,069,448

6 Segment information (continued)

The restated segment information for the year ended 31 December 2017 based on the three operating segments are as follows:

	Year ended 31 December 2017 (Restated)					
	Property development platform RMB'000	Office and apartment platform RMB'000	All other platforms RMB'000	Total segment RMB'000	Elimination RMB'000	Total Group RMB'000
Segment revenue	15,118,287	19,671	859,503	15,997,461	(329,057)	15,668,404
Segment profit before income tax expense	1,795,829	9,774	8,652	1,814,255	6,075	1,820,330
Finance income	56,185	55	3,390	59,630	–	59,630
Finance costs	(150,622)	(4,580)	(15,130)	(170,332)	–	(170,332)
Share of results of joint ventures	(69,676)	–	(488)	(70,164)	–	(70,164)
Share of results of associates	(5,575)	(719)	(1,707)	(8,001)	–	(8,001)
Depreciation and amortisation	(3,899)	(342)	(6,502)	(10,743)	–	(10,743)

A reconciliation to profit for the year is as follows:

Total segment profits before income tax expense	1,820,330
Income tax expense	(916,398)
Profit for the year	903,932

	Property development platform RMB'000	Office and apartment platform RMB'000	All other platforms RMB'000	Total segment RMB'000	Elimination RMB'000	Total Group RMB'000
Segment assets	51,845,858	1,894,200	18,323,360	72,063,418	(32,886,232)	39,177,186
Segment assets include:						
Investments in joint ventures	257,330	–	–	257,330	–	257,330
Investments in associates	67,888	29,281	9,293	106,462	–	106,462
Additions to non-current assets (other than financial instruments and deferred income tax assets)	61,879	3,021,991	37,332	3,121,202	–	3,121,202
Segment liabilities	45,733,447	1,967,369	17,836,545	65,537,361	(32,493,096)	33,044,265

7 Property, plant and equipment

	Motor vehicles RMB'000	Furniture, fittings and equipment RMB'000	Leasehold improvements and others RMB'000	Total RMB'000
At 1 January 2018				
Cost	25,122	35,705	44,138	104,965
Accumulated depreciation	(16,268)	(16,262)	(17,542)	(50,072)
Net book amount	8,854	19,443	26,596	54,893
Year ended 31 December 2018				
Opening net book amount	8,854	19,443	26,596	54,893
Additions from acquisitions of subsidiaries (Note 40)	–	219	2	221
Other additions	2,275	4,015	24,522	30,812
Other disposals	(904)	(170)	(585)	(1,659)
Depreciation charge (Note 28)	(2,715)	(4,454)	(5,671)	(12,840)
Closing net book amount	7,510	19,053	44,864	71,427
At 31 December 2018				
Cost	25,198	38,681	67,534	131,413
Accumulated depreciation	(17,688)	(19,628)	(22,670)	(59,986)
Net book amount	7,510	19,053	44,864	71,427

7 Property, plant and equipment (continued)

	Motor vehicles RMB'000	Furniture, fittings and equipment RMB'000	Leasehold improvements and others RMB'000	Total RMB'000
At 1 January 2017				
Cost	22,442	33,245	22,119	77,806
Accumulated depreciation	(15,274)	(14,763)	(14,296)	(44,333)
Net book amount	7,168	18,482	7,823	33,473
Year ended 31 December 2017				
Opening net book amount	7,168	18,482	7,823	33,473
Additions from acquisitions of subsidiaries (Note 40)	106	1,469	1,240	2,815
Other additions	4,600	3,257	22,284	30,141
Reduction arising from disposal of Hangzhou Xiaoying	–	(22)	–	(22)
Reduction arising from disposal of Ningbo Jingfeng Property Co., Ltd. ("Ningbo Jingfeng")	–	(87)	–	(87)
Other disposals	(340)	(80)	(1,350)	(1,770)
Depreciation charge (Note 28)	(2,680)	(3,576)	(3,401)	(9,657)
Closing net book amount	8,854	19,443	26,596	54,893
At 31 December 2017				
Cost	25,122	35,705	44,138	104,965
Accumulated depreciation	(16,268)	(16,262)	(17,542)	(50,072)
Net book amount	8,854	19,443	26,596	54,893

Depreciation charges of the Group have all been included in administrative expenses and selling and marketing costs for both years ended 31 December 2018 and 2017.

8 Investment properties

	Investment properties under office and apartment platform RMB'000	Investment properties under other platforms RMB'000	Total RMB'000
Year ended 31 December 2018			
Opening balance	**3,417,200**	**2,365,772**	**5,782,972**
Transfer from properties held for sale	**6,310**	**1,382**	**7,692**
Additions from acquisitions of subsidiaries (Note 40)	**909,373**	**–**	**909,373**
Other additions	**536,949**	**–**	**536,949**
Subsequent expenditures capitalised	**86,353**	**–**	**86,353**
Gains arising from appreciation of investment properties under office and apartment platform	**388,051**	**–**	**388,051**
Fair value gains on investment properties under other platforms	**–**	**54,708**	**54,708**
Disposals	**(5,236)**	**(606,590)**	**(611,826)**
Ending balance	**5,339,000**	**1,815,272**	**7,154,272**
Year ended 31 December 2017			
Opening balance	479,000	2,722,772	3,201,772
Additions from acquisitions of subsidiaries (Note 40)	2,899,440	–	2,899,440
Other additions	–	24,758	24,758
Subsequent expenditures capitalised	–	1,923	1,923
Gains arising from appreciation of investment properties under office and apartment platform	38,760	–	38,760
Fair value losses on investment properties under other platforms	–	(2,796)	(2,796)
Disposals	–	(380,885)	(380,885)
Ending balance	3,417,200	2,365,772	5,782,972

note:

(a) Upper Riverside (property of Property Sky Limited) and Beijing San Quan Apartment, investment properties located in Shanghai and Beijing amounting to RMB896,772,000 and RMB1,786,000,000 as at 31 December 2018 are held by the Group, whose objective is to consume substantially all of the economic benefits embodied in the investment properties through sale. The Group has measured the deferred tax relating to the temporary differences of the investment properties using the tax rates and the tax base that are consistent with the expected manner of recovery of the investment properties (Note 24).

Independent valuations of the Group's investment properties were performed by the valuer, DTZ Cushman & Wakefield, to determine the fair value of the investment properties as at 31 December 2018 and 2017. The following table analyses the investment properties carried at fair value, by valuation method.

8 Investment properties (continued)

Fair value hierarchy

Description	Quoted prices in active markets for identical assets (Level 1) RMB'000	Significant other observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000
	Fair value measurements at 31 December 2018 using		
Recurring fair value measurements			
Investment properties located in the PRC:			
– Retail	–	–	1,597,500
– Office and car parks	–	–	1,229,300
– Service apartment and car parks	–	–	4,327,472
	–	–	7,154,272

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

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

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

8 Investment properties (continued)

Valuation processes of the Group

The Group's investment properties were valued at 31 December 2018 and 2017 by independent professionally qualified valuers of DTZ Cushman & Wakefield who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

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

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

Valuation techniques

The Group has sixteen investment properties (31 December 2017: nine), among which nine properties are located in Shanghai, the PRC; two properties are located in Jiangsu Province, the PRC; One property is located in Zhejiang Province, the PRC; and four properties are located in Beijing, the PRC, all of which were completed as at 31 December 2018.

The valuation of these investment properties were determined using one, or combination of two of below approaches whichever appropriate:

(1) income capitalisation approach (term and reversionary method) which was based on capitalisation of net rental income derived from the existing tenancies with due allowance for the reversionary income potential of the properties.

(2) direct comparison approach by making reference to comparable sales transactions as available in the relevant market. For those investment properties with signed sales contract, the valuation were determined using the actual selling price.

(3) discounted cash flows with estimated renovation costs to complete and direct comparison approach by making reference to comparable sales transactions as available in the relevant market with incurred renovation costs.

The valuation method of certain investment properties have been changed during the year.

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8 Investment properties (continued)

Information about fair value measurements as at 31 December 2018 using significant unobservable inputs (Level 3):

Description	Fair value at 31 December 2018 (RMB'000)	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Completed office buildings and car parks	1,229,300 (2017:348,400)	Income capitalisation approach	Term yield (a)	Term yield of 4%~4.5% (31 December 2017: 4.5%).	The higher the term yield, the lower the fair value
			Reversionary yield (b)	Reversionary yield of 4.5%~5% (31 December 2017: 5%).	The higher the reversionary yield, the lower the fair value
			Market unit rent of individual unit (c)	RMB208~RMB450 (31 December 2017: RMB188~RMB197) per square meter per month.	The higher the market unit rent, the higher the fair value
		Direct comparison approach	Adjusted recent prices of similar properties (d)	RMB39,625~RMB90,446 (31 December 2017: RMB35,156~RMB36,829) per square meter.	The higher the unit price, the higher the fair value

8 Investment properties (continued)

Information about fair value measurements as at 31 December 2018 using significant unobservable inputs (Level 3): (continued)

Description	Fair value at 31 December 2018 (RMB'000)	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Service apartment and car parks	3,713,172 (2017: 3,928,572)	Income capitalisation approach	Term yield (a)	Term yield of 2%~4.5% (31 December 2017: 2%~4.5%)	The higher the term yield, the lower the fair value
			Reversionary yield (b)	Reversionary yield of 2.5%~5% (31 December 2017: 2.5%~5%)	The higher the reversionary yield, the lower the fair value
			Market unit rent of individual unit (c)	RMB171~RMB464 for apartment (31 December 2017: RMB228~RMB425) per square meter per month.	The higher the market unit rent, the higher the fair value
		Direct comparison approach	Adjusted recent prices of similar properties (d)	RMB34,303~RMB89,300 (31 December 2017: RMB32,840~RMB96,152) per square meter.	The higher the unit price, the higher the fair value

8 Investment properties (continued)

Information about fair value measurements as at 31 December 2018 using significant unobservable inputs (Level 3): (continued)

Description	Fair value at 31 December 2018 (RMB'000)	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Service apartments under renovation	614,300 (2017:Nil)	Direct comparison approach	Adjusted recent prices of similar properties (a)	RMB15,957~RMB37,283 per square meter.	The higher the unit price, the higher the fair value
		Discounted cash flows with estimated costs to complete	Market unit rent of individual unit (b)	RMB3,091~RMB6,702 per room per month.	The higher the market prices, the higher the fair value
			Estimated renovation costs to be incurred (c)	RMB1,590~RMB3,266 per square meter.	The higher the estimated costs to be incurred, the lower the fair value
			Capitalisation rate (d)	5.5%~6%.	The higher the capitalisation rate, the lower the fair value
			Estimated profit margin required to renovate property to completion	3% of total estimated renovation costs.	The higher the profit margin required, the lower the fair value.

8 Investment properties (continued)

Information about fair value measurements as at 31 December 2018 using significant unobservable inputs (Level 3): (continued)

Description	Fair value at 31 December 2018 (RMB'000)	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Completed retail properties	1,597,500 (2017: 1,506,000)	Income capitalisation approach	Term yield (a)	Term yield of 3.75%~6% (31 December 2017: 4%~6%).	The higher the term yield, the lower the fair value
			Reversionary yield (b)	Reversionary yield of 4.25%~6.5% (31 December 2017: 4.5%~6.5%).	The higher the reversionary yield, the lower the fair value
			Market unit rent of individual unit (c)	RMB70~RMB417 (31 December 2017: RMB48~RMB404) per square meter per month.	The higher the market unit rent, the higher the fair value
		Direct comparison approach	Adjusted recent prices of similar properties(d)	RMB15,440~RMB64,200 (31 December 2017: RMB18,421~RMB65,174) per square meter.	The higher the unit price, the higher the fair value

8 Investment properties (continued)

Information about fair value measurements as at 31 December 2018 using significant unobservable inputs (Level 3): (continued)

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

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

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

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

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

	Year ended 31 December	
	2018	2017
	RMB'000	RMB'000
Rental income	**108,516**	55,872

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

	As at 31 December	
	2018	2017
	RMB'000	RMB'000
In the PRC, held on:		
Leases with original term of 70 years (and remaining unexpired period between 10 to 70 years)	**2,513,000**	2,468,800
Leases with original term of 50 years (and remaining unexpired period between 10 to 50 years)	**4,641,272**	3,314,172
	7,154,272	5,782,972

Investment properties with a total carrying amount of RMB6,627,772,000 and RMB5,075,305,000 at 31 December 2018 and 2017 respectively were pledged as collateral for the Group's borrowings (Note 20).

9 Intangible assets

	Goodwill RMB'000	Computer software RMB'000	Others RMB'000	Total RMB'000
At 1 January 2018				
Cost	**26,168**	**9,709**	**1,047**	**36,924**
Accumulated amortisation	**(18,762)**	**(7,381)**	**(82)**	**(26,225)**
Net book amount	**7,406**	**2,328**	**965**	**10,699**
Year ended 31 December 2018				
Opening net book amount	**7,406**	**2,328**	**965**	**10,699**
Additions	**–**	**922**	**–**	**922**
Amortisation charge (Note 28)	**–**	**(1,370)**	**–**	**(1,370)**
Impairment	**(7,406)**	**–**	**–**	**(7,406)**
Closing net book amount	**–**	**1,880**	**965**	**2,845**
At 31 December 2018				
Cost	**26,168**	**10,631**	**1,047**	**37,846**
Accumulated amortisation	**(26,168)**	**(8,751)**	**(82)**	**(35,001)**
Net book amount	**–**	**1,880**	**965**	**2,845**
Year ended 31 December 2017				
Opening net book amount	12,350	2,849	787	15,986
Additions arising from acquisition of Ningbo Jingrui (Note 40)	5,747	–	–	5,747
Additions due to the adjustment of consideration of acquisition of Property Sky Limited (note)	8,071	–	–	8,071
Other additions	–	617	186	803
Disposals	–	(60)	–	(60)
Amortisation charge (Note 28)	–	(1,078)	(8)	(1,086)
Impairment	(18,762)	–	–	(18,762)
Closing net book amount	7,406	2,328	965	10,699
At 31 December 2017				
Cost	26,168	9,709	1,047	36,924
Accumulated amortisation	(18,762)	(7,381)	(82)	(26,225)
Net book amount	7,406	2,328	965	10,699

9 Intangible assets (continued)

note:

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

Amortisation charges of the Group have all been included in administrative expenses for both years ended 31 December 2018 and 2017.

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

10 Investments in joint ventures

	Year ended 31 December	
	2018	2017
	RMB'000	RMB'000
At beginning of the year	**257,330**	462,512
Additions (c), (f)	**423,310**	73,551
Acquisition of additional interests in Changzhou Jingshang Property Co., Ltd. ("**Changzhou Jingshang**") which became a subsidiary (a)	**–**	(167,297)
Acquisition of additional interests in Ningbo Jingrui which became a subsidiary (b)	**–**	(204,605)
Deemed disposal of partial shares of Nanjing Caicheng Property Co., Ltd. ("Nanjing Caicheng") and lost control (c)	**–**	(438)
Disposal of partial shares of Hangzhou Xiaoying Real Estate Development Co., Ltd. ("**Hangzhou Xiaoying**") and lost control (d)	**–**	133,170
Disposal of partial shares of Suzhou Lingrui Property Co., Ltd. ("Suzhou Lingrui") (e)	**–**	15,000
Disposal of partial shares of Suzhou Chengrui Property Co., Ltd. ("Suzhou Chengrui") (e)	**–**	16,000
Acquisition of additional interests in Shanghai Ruice Investment Co., Ltd. ("Shanghai Ruice") which became a subsidiary (g)	**(23,396)**	–
Share of results	**(47,324)**	(70,164)
Unrealised profit in connection with the transaction between the Group and joint ventures	**(4,092)**	(399)
At end of the year	**605,828**	257,330

10 Investments in joint ventures (continued)

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

Company name	Country/date of incorporation	Paid-in capital	% interests held As at 31 December 2018	2017	Principal activities
Changzhou Jingshang (a) (became a subsidiary in 2017)	23 February 2011, Jiangsu, the PRC	RMB620,000,000	**100%**	100%	Property development
Ningbo Jingrui (b) (became a subsidiary in 2017)	20 February 2013, Zhejiang, the PRC	RMB620,000,000	**100%**	100%	Property development
Nanjing Caicheng (c)	18 July 2017, Jiangsu, the PRC	RMB50,000,000	**65%**	60%	Property development
Hangzhou Xiaoying (d)	13 January 2011, Zhejiang, the PRC	RMB30,000,000	**50%**	50%	Property development
Suzhou Lingrui (e)	8 June 2017, Jiangsu, the PRC	RMB50,000,000	**50%**	50%	Property development
Suzhou Chengrui (e)	8 June 2017, Jiangsu, the PRC	RMB50,000,000	**50%**	50%	Property development
Tianjing Yuanming Property Co., Ltd. ("Tianjin Yuanming") (f)	9 October 2016, Tianjin, the PRC	Nil	**20%**	20%	Investment holding
Changshu Zhicheng Property Development Co., Ltd. ("Changshu Zhicheng") (f)	8 May 2017, Jiangsu, the PRC	RMB80,000,000	**25%**	25%	Property development
Shanghai Ruice (became a subsidiary in 2018) (g)	16 April 2013, Shanghai, the PRC	RMB100,000,000	**100%**	51%	Investment holding
Shanghai Jupan Apartment Management Co., Ltd. ("Shanghai Jupan")	1 November 2016, Shanghai, the PRC	RMB1,000,000	**50%**	50%	Apartment management
Tianjin Xinbi Property Development Co., Ltd. ("Tianjin Xinbi") (f)	27 November 2017, Tianjin, the PRC	RMB10,000,000	**20%**	–	Property development
Tianjin Junyou Property Information Consultancy Co., Ltd. ("Tianjin Junyou") (f)	31 January 2018, Tianjin, the PRC	RMB1,000,000	**16.5%**	–	Property development
Tianjin Ruiyue Commercial Management Co., Ltd. ("Tianjin Ruiyue") (f)	2 April, 2018, Tianjin, the PRC	RMB169,280,000	**50%**	–	Investment holding
Nanjing Shansheng Property Development Co., Ltd. ("Nanjing Shansheng") (f)	21 August 2018, Jiangsu, the PRC	RMB900,000,000	**19.75%**	–	Property development
Changshu Junchun Trading Co., Ltd. ("Changshu Junchun") (f)	4 September 2018, Jiangsu, the PRC	RMB300,000,000	**33%**	–	Investment holding

10 Investments in joint ventures (continued)

notes:

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

Completion of the share purchase agreement took place on 28 April 2017 and Changzhou Jingshang became a wholly owned subsidiary of the Group since then. Gains of RMB934,000 on re-measurement of the Group's original investment of 51% equity interest in Changzhou Jingshang was recognised in the consolidated income statement as other gains (Note 27).

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

Completion of the share purchase agreement took place on 2 June 2017 and Ningbo Jingrui became a non-wholly owned subsidiary of the Group since then. Gains of RMB72,976,000 on re-measurement of the Group's original investment of 47.2% equity interests in Ningbo Jingrui was recognised in the consolidated income statements as other gains (Note 27).

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

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

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

In February 2018, Nantong Jingrui entered into a supplementary agreement with Xuchang Enterprise, pursuant to which the two parties agreed that Nanjing Caicheng will be held as to 50% by Xuchang Enterprise and Nantong Jingrui respectively upon completion with a total capital contribution of RMB100,000,000. Accordingly, additional RMB20,000,000 has been injected into Nanjing Caicheng by Nantong Jingrui. In addition, Ningbo Meishan Duty-free Zone Jingxiao Investment Co., Ltd., another wholly owned subsidiary of the Group, agreed to acquire 30% equity interests of Xuchang Enterprise at a consideration of RMB16,927,000 and therefore indirectly held another 15% equity interests in Nanjing Caicheng. In accordance with the memorandum and articles of Nanjing Caicheng, relevant activities of Nanjing Caicheng require the unanimous consent of all directors, Nanjing Caicheng remains as the joint venture of the Group.

10 Investments in joint ventures (continued)

notes: (continued)

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

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

(f) During 2018, certain subsidiaries of the Group further injected, or invested in certain joint ventures, including Tianjin Xinbi, Tianjin Junyou, Tianjin Ruiyue, Nanjing Shansheng, and Changshu Junchun. The total contribution to these new joint ventures amounted to approximately RMB386,383,000.

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

(g) In June 2018, Jingrui Properties, a wholly owned subsidiary of the Group, entered into a share purchase agreement with a joint venture partner, Shandong International Trust Co., Ltd., pursuant to which Jingrui Properties acquired 49% equity interests of Shanghai Ruice, a joint venture of the Group which directly held a property project company, Hangzhou Jingcheng in Zhejiang Province, the PRC, at a consideration of RMB199,000,000.

Completion of the share purchase agreement took place on 29 June 2018 and Hangzhou Jingcheng became a wholly owned subsidiary of the Group since then.

Summarised financial information for material joint ventures

Set out below are the summarised financial information for Hangzhou Xiaoying, Nanjing Caicheng, Tianjin Ruiyue, Nanjing Shansheng and Changshu Junchun which are accounted for using the equity method.

10 Investments in joint ventures (continued)

Summarised balance sheet

	Hangzhou Xiaoying As at 31 December	
	2018	2017
	RMB'000	RMB'000
Current		
Assets	**2,636,170**	1,519,389
Liabilities	**(2,493,579)**	(721,206)
Total current net assets	**142,591**	798,183
Non-current		
Assets	**88,411**	2,572
Liabilities	**–**	(550,000)
Total non-current net assets/(liabilities)	**88,411**	(547,428)
Net assets	**231,002**	250,755

	Nanjing Caicheng As at 31 December	
	2018	2017
	RMB'000	RMB'000
Current		
Assets	**2,794,721**	1,917,141
Liabilities	**(2,584,563)**	(1,868,788)
Total current net assets	**210,158**	48,353
Non-current		
Assets	**4**	–
Liabilities	**(120,000)**	–
Total non-current net liabilities	**(119,996)**	–
Net assets	**90,162**	48,353

10 Investments in joint ventures (continued)

Summarised balance sheet (continued)

	Tianjin Ruiyue As at 31 December 2018 RMB'000	Nanjing Shansheng As at 31 December 2018 RMB'000
Current		
Assets	603,682	1,245,397
Liabilities	(881,971)	(365,654)
Total current net (liabilities)/assets	(278,289)	879,743
Non-current		
Assets	298,877	5,406
Liabilities	–	–
Total non-current net assets	298,877	5,406
Net assets	20,588	885,149

	Changshu Junchun As at 31 December 2018 RMB'000
Current	
Assets	4,405,294
Liabilities	(1,992,089)
Total current net assets	2,413,205
Non-current	
Assets	13,394
Liabilities	(1,900,000)
Total non-current net liabilities	(1,886,606)
Net assets	526,599

10 Investments in joint ventures (continued)

Summarised statement of comprehensive income

	Hangzhou Xiaoying	
	Year ended 31 December 2018 RMB'000	Year ended 31 December 2017 RMB'000
Revenue	**–**	–
Loss before income tax	**(19,753)**	(15,585)
Income tax (expense)/credit	**–**	–
Post-tax loss	**(19,753)**	(15,585)
Other comprehensive income	**–**	–
Total comprehensive loss	**(19,753)**	(15,585)
Dividends received from joint ventures	**–**	–

	Nanjing Caicheng	
	Year ended 31 December 2018 RMB'000	For the period from 13 November 2017 to 31 December 2017 RMB'000
Revenue	**–**	–
Loss before income tax	**(8,191)**	(917)
Income tax (expense)/credit	**–**	–
Post-tax loss	**(8,191)**	(917)
Other comprehensive income	**–**	–
Total comprehensive loss	**(8,191)**	(917)
Dividends received from joint ventures	**–**	–

10 Investments in joint ventures (continued)

Summarised statement of comprehensive income (continued)

	Tianjin Ruiyue For the period from 9 October 2018 to 31 December 2018 RMB'000	Nanjing Shansheng For the period from 21 August 2018 to 31 December 2018 RMB'000
Revenue	–	–
Loss before income tax	(17,972)	(21,313)
Income tax credit	–	5,328
Post-tax loss	(17,972)	(15,985)
Other comprehensive income	–	–
Total comprehensive loss	(17,972)	(15,985)
Dividends received from joint ventures	–	–

	Changshu Junchun For the period from 21 September 2018 to 31 December 2018 RMB'000
Revenue	120,320
Loss before income tax	(53,168)
Income tax credit	13,204
Post-tax loss	(39,964)
Other comprehensive income	–
Total comprehensive loss	(39,964)
Dividends received from joint ventures	–

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

10 Investments in joint ventures (continued)

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

	Hangzhou Xiaoying	
	2018	2017
	RMB'000	RMB'000
Opening net assets	**250,755**	266,340
Loss for the year	**(19,753)**	(15,585)
Other comprehensive income	**–**	–
Closing net assets	**231,002**	250,755
Dividends	**–**	–
Interests in joint ventures	**50%**	50%
	115,501	125,377
Carrying value	**115,501**	125,377

	Nanjing Caicheng	
		For the period from 13 November 2017 to 31 December
	2018	2017
	RMB'000	RMB'000
Opening net assets	**48,353**	(730)
Loss for the year/relevant period	**(8,191)**	(917)
Capital injection from shareholders	**50,000**	50,000
Closing net assets	**90,162**	48,353
Dividends	**–**	–
Interests in joint ventures	**65%**	60%
	58,605	29,012
Carrying value	**58,605**	29,012

10 Investments in joint ventures (continued)

	Tianjin Ruiyue For the period from 9 October 2018 to 31 December 2018 RMB'000	Nanjing Shengshan For the period from 21 August 2018 to 31 December 2018 RMB'000
Opening net assets	–	–
Loss for the relevant period	(17,972)	(15,985)
Capital injection from shareholders	38,560	901,134
Closing net assets	20,588	885,149
Dividends	–	–
Interests in joint ventures	50%	19.75%
	10,294	174,817
Unrealised loss in connection with the sales from the Group to a joint venture	–	(4,092)
Carrying value	10,294	170,725

	Changshu Junchun For the period from 21 September 2018 to 31 December 2018 RMB'000
Opening net assets	–
Acquisition	566,563
Loss for the relevant period	(39,964)
Capital injection from shareholders	–
Closing net assets	526,599
Dividends	–
Interests in joint ventures	33%
	173,778
Carrying value	173,778

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

The contingent liabilities relating to the Group's interests in joint ventures is presented in Note 38.

11 Investments in Associates

	Year ended 31 December 2018 RMB'000	2017 RMB'000
Opening balance	**106,462**	–
Additions (d)	**354,861**	112,461
Disposals (b),(c)	**(50,152)**	–
Disposal of partial shares of Ningbo Jiamu Investment Co., Ltd. ("Ningbo Jingmu") and lost control (d)	**–**	2,002
Share of results	**172,387**	(8,001)
Ending balance	**583,558**	106,462

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

Company name	Country/date of incorporation	Paid-in capital	% interests held as at 31 December 2018	% interests held as at 31 December 2017	Principal activities
Nanjing Yuning Property Co., Ltd. ("Nanjing Yuning") (d)	5 December 2016, Jiangsu, the PRC	RMB60,000,000	**17%**	17%	Property Development
Ningbo Rongan Education and Investment Management Co., Ltd. (Ningbo Rongan Education") (d)	1 April 2016, Zhejiang, the PRC	RMB50,000,000	**25%**	25%	Investment Holding
Ningbo Jiamu (d)	4 August 2016, Zhejiang, the PRC	RMB5,000,000	**40%**	40%	Investment Holding
Beijing Urban No. 1 Investment Center LLP ("Beijing Urban No.1") (b)	29 October 2015, Beijing, the PRC	RMB130,000,000	**–**	23.08%	Investment Holding
Weifang Yuancheng Da Investment Management Co., Ltd. (c)	20 February 2017, Shandong, the PRC	RMB18,000,000	**–**	40%	Investment Holding
Hangzhou Zhenlu Investment Co., Ltd. ("Hangzhou Zhenlu") (d)	2 December 2016, Zhejiang, the PRC	RMB600,000,000	**7%**	7%	Investment Holding
Tropica Development Limited ("Tropica Development") (d)	31 August 2007, Hong Kong	HKD100	**25%**	25%	Investment Holding
Lingtu Education Investment (Beijing) Co., Ltd. (d)	11 August 2016	RMB1,015,620	**20%**	20%	Technology Development
Shanghai Zhengmin Information Techonology Co., Ltd. (d)	28 February 2017, Shanghai	Nil	**49%**	49%	Computer information technology development
Ningbo Jingfeng Property Co., Ltd. ("Ningbo Jingfeng") (a)(d)	23 June 2017, Zhejiang, the PRC	Nil	**50%**	50%	Property Development
Changshu Huihuang Property Co., Ltd. ("Changshu Huihuang") (d)	19 December 2006, Jiangshu, the PRC	RMB122,860,800	**24.56%**	–	Property development

11 Investments in Associates (continued)

Note:

(a) On 23 June 2017, Zhoushan Jingshang Property Co., Ltd., a wholly owned subsidiary of the Group, entered into a cooperation agreement with a third party, Ningbo Longjia Real Estate Development Co., Ltd., pursuant to which both parties agreed to equally contribute RMB872,550,126 in total to Ningbo Jingfeng by way of capital contribution in cash and in the form of shareholders' loan. After the completion of the transaction, Ningbo Longjia Real Estate Development Co., Ltd., and Zhoushan Jingshang Property Co., Ltd., own 50% equity interests in Ningbo Jingfeng respectively.

In accordance with the supplementary agreement dated in July 2017, relevant activities of Ningbo Jingfeng, require consent with simple majority in the board of directors. Ningbo Longjia Real Estate Development Co., Ltd., has the power to appoint three out of five directors in the board of Ningbo Jingfeng, and thus it is regarded as an associate of the Group.

(b) In June 2018, the Group disposed total equity interests in Beijing Urban No. 1 with a consideration of RMB45,192,000. The Group recognised a gain from the disposal amounting to RMB719,000.

(c) In February and July 2018, the Group disposed 40% equity interests in total in Weifang Yuancheng Da Investment management Co., Ltd. with a consideration of RMB5,500,000. The Group recognised a loss from this disposal amounting to RMB179,000.

(d) For the year ended 31 December 2018, certain subsidiaries of the Group further injected, or invested in certain associates, including Changshu Huihuang, Ningbo Jingfeng and Lingtu Education Investment (Beijing) Co., Ltd.. The total contribution to these associates amounted to approximately RMB354,861,000.

For the year ended 31 December 2017, certain subsidiaries of the Group invested in certain associates or disposed partial interests in certain subsidiaries and lost of control which become associates, including Ningbo Jiamu and Hangzhou Zhenlu. The total amount is approximately RMB112,461,000.

11 Investments in Associates (continued)

Summarised financial information for material associates

Set out below are the summarised financial information for Ningbo Jiamu, Hangzhou Zhenlu, and Ningbo Jingfeng which are accounted for using the equity method.

Summarised balance sheet

	Ningbo Jiamu	
	As at 31 December 2018 RMB'000	As at 31 December 2017 RMB'000
Current		
Assets	**1,643,314**	1,451,638
Liabilities	**(1,231,469)**	(1,344,856)
Total current net assets	**411,845**	106,782
Non-current		
Assets	**2**	3,013
Liabilities	**–**	(116,000)
Total non-current net assets/(liabilities)	**2**	(112,987)
Net assets	**411,847**	(6,205)

	Hangzhou Zhenlu	
	As at 31 December 2018 RMB'000	As at 31 December 2017 RMB'000
Current		
Assets	**2,896,878**	1,541,756
Liabilities	**(2,119,282)**	(494,497)
Total current net assets	**777,596**	1,047,259
Non-current		
Assets	**8,013**	2,741
Liabilities	**(200,000)**	(450,000)
Total non-current net liabilities	**(191,987)**	(447,259)
Net assets	**585,609**	600,000

11 Investments in Associates (continued)

Summarised balance sheet (continued)

	Ningbo Jingfeng	
	As at 31 December 2018 RMB'000	As at 31 December 2017 RMB'000
Current		
Assets	**1,492,953**	941,547
Liabilities	**(975,404)**	(942,159)
Total current net assets	**517,549**	(612)
Non-current		
Assets	**14,264**	99
Liabilities	**(100,000)**	–
Total non-current net(liabilities)/assets	**(85,736)**	99
Net assets	**431,813**	(513)

Summarised statement of comprehensive income

	Ningbo Jiamu	
	Year Ended 31 December 2018 RMB'000	For the period from 23 January 2017 to 31 December 2017 RMB'000
Revenue	**1,469,728**	–
Profit/(loss) before income tax	**747,009**	(12,248)
Income tax (expense)/credit	**(328,957)**	1,039
Post-tax profit/(loss)	**418,052**	(11,209)
Other comprehensive income	**–**	–
Total comprehensive income/(loss)	**418,052**	(11,209)
Dividends received from associates	**–**	–

11 Investments in Associates (continued)

Summarised statement of comprehensive income (continued)

	Hangzhou Zhenlu	
	Year Ended 31 December 2018 RMB'000	For the period from 22 December 2017 to 31 December 2017 RMB'000
Revenue	**–**	–
Loss before income tax	**(19,187)**	–
Income tax credit	**4,796**	–
Post-tax loss	**(14,391)**	–
Other comprehensive income	**–**	–
Total comprehensive loss	**(14,391)**	–
Dividends received from associates	**–**	–

	Ningbo Jingfeng	
	Year Ended 31 December 2018 RMB'000	The Period from 14 November 2017 to 31 December 2017 RMB'000
Revenue	**–**	–
Loss before income tax	**(22,213)**	(164)
Income tax credit	**4,539**	–
Post-tax loss	**(17,674)**	(164)
Other comprehensive income	**–**	–
Total comprehensive loss	**(17,674)**	(164)
Dividends received from associates	**–**	–

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

11 Investments in Associates (continued)

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

	Ningbo Jiamu	
	2018	For the period from 23 January 2017 to 31 December 2017
	RMB'000	RMB'000
Opening net assets	**(6,205)**	–
Disposal of partial shares of Ningbo Jiamu and lost control	**–**	5,004
Loss for the year/relevant period	**418,052**	(11,209)
Other comprehensive income	**–**	–
Closing net assets	**411,847**	(6,205)
Dividends	**–**	–
Interests in associates	**40%**	40%
	164,739	(2,482)
Impairment of the receivables due from associates	**–**	2,482
Carrying value	**164,739**	–

	Hangzhou Zhenlu	
	2018	For the period from 22 December 2017 to 31 December 2017
	RMB'000	RMB'000
Opening net assets	**600,000**	–
Capital injection from shareholders	**–**	600,000
Loss for the year/relevant period	**(14,391)**	–
Closing net assets	**585,609**	600,000
Dividends	**–**	–
Interests in associates	**7.00%**	7.00%
	40,993	42,000
Carrying value	**40,993**	42,000

11 Investments in Associates (continued)

	Ningbo Jingfeng	
	2018 RMB'000	The Period from 14 November 2017 to 31 December 2017 RMB'000
Opening net assets	**(513)**	–
Disposal of partial shares of Ningbo Jingfeng and lost control	**–**	(349)
Capital injection from shareholders	**450,000**	–
Loss for the year/relevant period	**(17,674)**	(164)
Closing net assets	**431,813**	(513)
Dividends	**–**	–
Interests in associates	**50%**	50%
	215,907	(256)
Impairment of the receivables due from associates	**–**	256
Carrying value	**215,907**	–

There is no commitments relating to the Group's interests in associates.

There is no contingent liabilities relating to the Group's interests in associates.

12 Financial instruments by category

	2018 RMB'000	2017 RMB'000
Financial assets		
Trade and other receivables excluding prepayments	**4,787,555**	5,307,609
Cash and cash equivalents	**11,715,378**	8,264,836
Restricted cash	**1,354,871**	1,248,445
Financial assets at fair value through other comprehensive income (FVOCI)	**472,104**	–
Available-for-sale financial assets	**–**	1,021,011
Financial assets at fair value through profit or loss (FVPL)	**644,161**	–
	18,974,069	15,841,901

	2018 RMB'000	2017 RMB'000
Financial liabilities		
Borrowings	**18,700,763**	14,114,763
Trade and other payables excluding non-financial liabilities	**13,333,401**	8,877,449
Amounts due to non-controlling interests of subsidiaries	**377,894**	635,839
Financial liabilities for put option written on non-controlling interests	**15,485**	73,968
Finance lease liabilities	**–**	4,251
	32,427,543	23,706,270

13 Financial assets at fair value through other comprehensive income/at fair value through profit or loss

(i) Classification of financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (FVOCI) comprise:

- Equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

13 Financial assets at fair value through other comprehensive income/at fair value through profit or loss (continued)

(ii) Equity investments at fair value through other comprehensive income

	Year ended 31 December 2018 RMB'000
At beginning of the year	**–**
At 1 January (Note 3)	744,272
Additions	59,819
Disposals	(255,117)
Net fair value losses recognised in other comprehensive income (Note 19)	(76,870)
At end of the year	472,104
Less: Non-current portion	(472,104)
Current portion	–

Financial assets at fair value through other comprehensive income include the following:

	As at 31 December 2018 RMB'000
Unlisted equity securities (a)	472,104

The investments mainly represent the unlisted equity securities, the fair value of which were determined mainly based on the valuation techniques. The fair values are within level 3 of the fair value hierarchy.

Financial assets at fair value through other comprehensive income are denominated in the following currencies:

	As at 31 December 2018 RMB'000
RMB	421,285
USD	50,819
	472,104

Financial assets at fair value through other comprehensive income with the fair value amount of RMB409,000,000 at 31 December 2017 was pledged as collateral for the Group's borrowings (Note 20).

13 Financial assets at fair value through other comprehensive income/at fair value through profit or loss (continued)

(iii) Classification of financial assets at fair value through profit or loss

The Group classifies the following financial assets at fair value through profit or loss (FVPL):

- debt investments that do not qualify for measurement at either amortised cost or FVOCI,
- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

	Year ended 31 December 2018 RMB'000
At beginning of the year	
At 1 January (Note 3)	276,739
Additions	379,916
Disposals	(47,500)
Net fair value gains recognised in profit or loss (Note 27)	35,006
At end of the year	644,161
Less: Non-current portion	(551,606)
Current portion	92,555

Financial assets at fair value through profit or loss include the following:

	As at 31 December 2018 RMB'000
Unlisted equity securities (a)	124,775
Debt investments (b)	150,000
Private fund investments (c)	185,339
Wealth management products (d)	119,180
Listed equity securities (e)	64,867
	644,161

13 Financial assets at fair value through other comprehensive income/at fair value through profit or loss (continued)

(iii) Classification of financial assets at fair value through profit or loss (continued)

(a) The fair value of unlisted equity securities are based on valuation techniques. The fair value is within level 3 of the fair value hierarchy. The significant unobservable inputs are the adjusted ratios of the comparable company.

(b) The fair values of debt investments are based on the discounted cash flows. The fair values are within level 3 of the fair value hierarchy. The significant unobservable inputs are the adjusted discount rate of the cash flows.

(c) The fair values of private fund investments are based on net asset value. The fair value are within level 3 of the fair value hierarchy. The significant unobservable inputs are the adjusted net assets price based on market prices of portfolio assets in the fund.

(d) Wealth management products are mainly investments in financial products issued by commercial banks. The fair values of these investments approximated their carrying values as at 31 December 2018.

(e) This represented equity interest in a company listed on the Main Board of the Stock Exchange of Hong Kong Limited. The fair value of the investment at 31 December 2018 was calculated using the quoted market price.

Financial assets at fair value through profit or loss are denominated in the following currencies:

	As at 31 December 2018 RMB'000
RMB	**314,556**
HKD	**64,867**
USD	**264,738**
	644,161

(iv) Financial assets previously classified as available-for-sale financial assets (2017)

	Year ended 31 December 2017 RMB'000
At beginning of the year	905,990
Additions	296,610
Net fair value losses recognised in equity (Note 19)	(149,502)
Disposals	(32,087)
At end of the year	1,021,011
Less: Non-current portion	(769,198)
Current portion	251,813

13 Financial assets at fair value through other comprehensive income/at fair value through profit or loss (continued)

(iv) Financial assets previously classified as available-for-sale financial assets (2017) (continued)

Financial assets previously classified as available-for-sale financial assets include the following:

	As at 31 December	
	2018	2017
	RMB'000	RMB'000
Unlisted equity securities	–	608,459
Unlisted equity security	–	251,813
Liquid opportunity fund investment	–	160,739
	–	1,021,011

Classification of financial assets as available-for-sale

Investments were designated as available-for-sale financial assets if they did not have fixed maturities and fixed or determinable payments, and management intended to hold them for the medium to long-term. Financial assets that were not classified into any of the other categories (at FVPL, loans and receivables or held-to-maturity investments) were also included in the available-for-sale category.

The financial assets were presented as non-current assets unless they matured, or management intended to dispose of them within 12 months of the end of the reporting period.

14 Prepayments for leasehold land

The Group made no prepayment for leasehold land as at 31 December 2018 (31 December 2017: RMB911,176,000) for the acquisition of leasehold land, which will be transferred to properties under development for sale upon receipt of ownership certificates or commencement of development activities.

15 Properties held or under development for sale

	As at 31 December	
	2018	2017
	RMB'000	RMB'000
Properties under development for sale	**14,433,269**	9,098,075
Properties held for sale	**4,138,765**	3,722,731
	18,572,034	12,820,806
Less: Provision for impairment loss	**(30,727)**	(58,897)
	18,541,307	12,761,909

The properties held or under development for sale are all located in the PRC.

Borrowing costs capitalised in properties under development for sale and held for sale for the year ended 31 December 2018 were approximately RMB1,387,128,000 (2017: RMB855,329,000).

The capitalisation rate of borrowings was 10.40% for the year ended 31 December 2018 (2017: 5.56%).

As at 31 December 2018 and 2017, the Group's following properties under development for sale and properties held for sale were pledged as collateral for the Group's borrowings (Note 20).

	As at 31 December	
	2018	2017
	RMB'000	RMB'000
Carrying value pledged:		
Properties under development for sale	**7,068,539**	5,075,119
Properties held for sale	**2,540,587**	211,044

As at 31 December 2018, properties under development for sale with a total carrying amount of RMB7,402,643,000 (2017: RMB1,368,855,000) were related to property projects which were not scheduled to complete within one year from reporting period end although pre-sales of some of these properties may occur. The other balances in properties under development for sale as at 31 December 2018 and 2017 were expected to be recovered within one year from respective reporting period end.

16 Trade and other receivables and prepayments

	As at 31 December	
	2018	2017
	RMB'000	RMB'000
Trade receivables	**137,587**	42,076
Less: Provision for impairment of trade receivables	**(1,232)**	(552)
Trade receivables – net	**136,355**	41,524
Amounts due from joint ventures and associates (Note 41(d))	**2,073,973**	2,954,902
Prepaid taxes and surcharges and input VAT to be deducted (a)	**253,164**	270,106
Receivables arising from disposal of subsidiaries (b)	**26,871**	5,611
Loans due from disposed subsidiaries assumed by third parties (c)	**38,276**	285,943
Tender deposits (d)	**–**	80,600
Deposits with public housing fund centres (e)	**36,255**	63,619
Prepayments of construction costs	**15,311**	17,695
Temporary funding receivables (f)	**108,484**	103,900
Deposits paid for construction work	**488,714**	448,842
Amounts due from non-controlling interests of subsidiaries (g)	**1,255,702**	922,737
Deposits paid to secure borrowings	**55,700**	23,780
Prepayments for acquisition of completed properties for sale (h)	**1,043,202**	1,209,668
Deposits paid for advanced proceeds received from customers (i)	**276,109**	230,610
Prepayments for investments (j) (k)	**325,783**	36,751
Deposits for potential investments	**262,324**	–
Others	**77,572**	162,373
Less: Provision for impairment of other receivables	**(48,780)**	(16,832)
	6,425,015	6,841,829
Less: non-current portion (j), (k), (Note 41(d))	**(325,783)**	(717,805)
	6,099,232	6,124,024

notes:

(a) Turnover taxes and surcharges are levied when the Group receives advances from customers and the prepaid are recorded as prepayments before the relevant revenue is recognised.

(b) In July 2018, the Group's remaining 51% equity interests in Shanghai Jingqi Property Development Co., Ltd. ("Shanghai Jingqi") was transferred to Hengda Real Estate Group Shanghai Shengjianye Property Co., Ltd. ("Hengda Shanghai") with a consideration of RMB251,812,500. The balance represents the outstanding considerations of RMB147,000 (31 December 2017: RMB147,000) and RMB26,724,000 (31 December 2017: RMB5,464,000) for disposal of equity interests in Tianjin Jingxiu Property Investment Co., Ltd. ("Tianjin Jingxiu") and Shanghai Jiajing Investment Co., Ltd. ("Shanghai Jiajing") which holds 49% equity interests in Shanghai Jingqi respectively.

16 Trade and other receivables and prepayments (continued)

notes: (continued)

(c) The balance represents the outstanding loans of RMB18,276,000 of Shanghai Jingqi (31 December 2017: RMB175,943,000) and RMB20,000,000 of Tianjin Jingxiu (31 December 2017: RMB110,000,000), originally due by the two disposed subsidiaries to the Group, which have been assumed and shall be paid off by Hengda Shanghai and Hengda (Tianjin) Real Estate Group Co., Ltd. respectively according to the share transfer agreements.

(d) The balance represents the tender deposits for bidding of land use rights, which will be subsequently returned or transferred to prepayments for leasehold land upon successful bidding of the land use rights.

(e) The balance represents the deposits paid to public housing fund centres to secure the housing fund loans taken by certain property purchasers of the Group. Such deposits will be released upon the transfer of the properties' ownership certificates to these purchasers.

(f) Temporary funding receivables are funds temporarily advanced to non-related parties, which are non-interest bearing and unsecured.

(g) The balance as at 31 December 2018 includes amounts of RMB69,137,500 (31 December 2017: RMB99,137,500), representing the outstanding principal balance from the non-controlling interests of Suzhou Ailide Co., Ltd., which is with annual interest rate of 7.2% and is unsecured and repayable on demand.

The balance as at 31 December 2018 also includes amounts of RMB239,937,000, representing the outstanding principal and interest receivable from the non-controlling interests of Ningbo Jingshen Property Co., Ltd., which is with annual interest rate of 4.35% and is unsecured and repayable on demand.

Except for the loans lent to the non-controlling interests of Suzhou Ailide Co., Ltd. and Ningbo Jingshen Property Co., Ltd., as mentioned above, the funding provided to other non-controlling interests of certain subsidiaries are unsecured, non-interest bearing and repayable on demand.

(h) The balance represents the prepayments paid to third parties for the selling rights of certain completed properties and for decoration work located in Hangzhou.

(i) The balance represents the deposits paid for the advanced proceeds of properties received from customers in Changzhou and Tianjin.

(j) The balance as at 31 December 2018 represents the prepayment for investments in equity interests of RMB325,783,000.

In November 2017, the Group made prepayments for purchase of 18.77% equity interests in Chongqing Jingteng Property Co., Ltd., a non-wholly owned subsidiary of the Group from the non-controlling interests with a consideration of HKD42,226,000 (equivalent to RMB35,883,000) and relevant taxes of RMB868,000. The transaction was completed in January 2018 and the balance as at 31 December 2017 was transferred out.

(k) The balance as at 31 December 2018 includes prepayments for investments of RMB325,783,000 (31 December 2017: RMB36,751,000). The balance as at 31 December 2017 also included a shareholder loan principal and interest receivable, totalling RMB681,054,000, due from Shanghai Ruice Investment Co., Ltd.. The shareholder loan has an annual interest rate of 8% and will be matured till October 2019. As Shanghai Ruice Investment Co., Ltd. became a wholly-owned subsidiary of the Group in 2018 (Note 10), the shareholder loan and interest receivable balance were eliminated in the consolidated balance sheet as at 31 December 2018.

16 Trade and other receivables and prepayments (continued)

The aging analysis of trade receivables, based on the property delivery or service rendered date is as follows:

	As at 31 December	
	2018	2017
	RMB'000	RMB'000
Less than 1 year	**131,493**	39,179
Between 1 and 2 years	**3,987**	451
Between 2 and 3 years	**810**	1,149
Over 3 years	**1,297**	1,297
	137,587	42,076

As at 31 December 2018, trade receivables of RMB102,120,000 (2017: RMB36,821,000) were past due but not impaired. The balances are related to independent customers for whom there is no recent history of default.

	As at 31 December	
	2018	2017
	RMB'000	RMB'000
Less than 1 year	**96,026**	33,924
Between 1 and 2 years	**3,987**	451
Between 2 and 3 years	**810**	1,149
Over 3 years	**1,297**	1,297
	102,120	36,821

As at 31 December 2018, trade and other receivables of RMB50,012,000 (2017: RMB17,384,000) were considered impaired and provided for. The other classes within trade and other receivables do not contain impaired assets.

Movements on the provision for impairment of trade and other receivables are as follows:

	Year ended 31 December	
	2018	2017
	RMB'000	RMB'000
At beginning of the year	**17,384**	9,146
Accrual of provision for receivables impairment from adoption of HKFRS 9 on 1 January 2018 (Note 3)	**5,381**	–
Accrual of provision for receivables impairment during the year (Note 28)	**27,247**	8,238
At end of the year	**50,012**	17,384

The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral security.

16 Trade and other receivables and prepayments (continued)

As at 31 December 2018 and 2017, the fair value of trade and other receivables approximate their carrying amounts.

Trade and other receivable with a total carrying amount of RMB2,840,000 as at 31 December 2018 were pledged as collateral for the Group's borrowings (Note 20) (2017: Nil).

As at 31 December 2018 and 31 December 2017, the carrying amounts of trade and other receivables and prepayments are denominated in below currencies：

	As at 31 December	
	2018	2017
	RMB'000	RMB'000
– RMB	**6,166,481**	6,730,721
– USD	**16,210**	75,225
– HKD	**242,324**	35,883
	6,425,015	6,841,829

17 Cash at bank and on hand

	As at 31 December	
	2018	2017
	RMB'000	RMB'000
Cash at bank and on hand		
– denominated in RMB	**13,021,965**	9,211,027
– denominated in HKD	**18,696**	5,434
– denominated in USD	**8,747**	276,556
– denominated in SGD	**20,841**	20,264
	13,070,249	9,513,281

The weighted average interest rate on the Group's bank deposits as at 31 December 2018 was 0.47% (2017: 0.60%).

Cash and cash equivalents of the Group were determined as follows:

	As at 31 December	
	2018	2017
	RMB'000	RMB'000
Cash at bank and on hand	**13,070,249**	9,513,281
Less: Restricted cash	**(1,354,871)**	(1,248,445)
	11,715,378	8,264,836

17 Cash at bank and on hand (continued)

Restricted cash of the Group comprised of the following:

	As at 31 December	
	2018	2017
	RMB'000	RMB'000
Deposits for notes issued	**257**	–
Deposits as security for property purchasers' mortgage loans (a)	**80,153**	130,574
Deposits pledged for borrowings (Note 20)	**895,400**	836,900
Deposits for letters of guarantee issued for project construction	**8,400**	7,000
Deposits for advanced proceeds received from property purchasers	**356,757**	258,121
Deposits as security for construction work	**4,943**	15,850
Deposits for investments	**1,000**	–
Others	**7,961**	–
	1,354,871	1,248,445

notes:

(a) These bank deposits are restricted to secure the bank loans taken by certain property purchasers of the Group pursuant to the local regulations of certain cities. Such deposits will be released upon the transfer of the properties' ownership certificates to these purchasers.

18 Share capital

(a) Authorised shares

	Number of authorised shares
As at 31 December 2018 and 2017	10,000,000,000

18 Share capital (continued)

(b) Ordinary shares, issued and fully paid and treasury shares

	Number of ordinary shares	Ordinary shares (nominal value) RMB'000	Treasury shares RMB'000	Total RMB'000
As at 31 December 2017	1,291,302,213	79,361	–	79,361
Place of new shares (i)	127,839,000	8,574	–	8,574
Buy-back of shares (ii)	–	–	(5,862)	(5,862)
Share award scheme	–	–	14	14
Buy-back and cancellation (iii)	(18,947,000)	(1,301)	–	(1,301)
As at 31 December 2018	1,400,194,213	86,634	(5,848)	80,786

(i) On 19 July 2018, the Company completed a placing of new shares of 127,839,000 with a price of HKD2.50 per placing share. The net proceeds from the place of new shares of approximately HKD316,000,000 (equivalent to RMB269,840,000) was received, among which RMB8,574,000 was recorded as share capital and RMB261,266,000 was recorded as share premium.

(ii) The Group bought back a total of 12,891,703 of the Company's shares during 2018. The total consideration paid to buy back these shares was RMB5,862,000, which has been deducted from equity attributable to the owners of the Company. These shares are not cancelled, and will be used in share award scheme.

(iii) During the year ended 31 December 2018, the Group bought back 18,947,000 shares at the cost of HK$44,750,000 (equivalent to approximately RMB38,364,000) which were cancelled by the end of 31 December 2018.

19 Reserves

	Share premium RMB'000	Merger reserve RMB'000 (a)	Treasury shares RMB'000	Capital reserve RMB'000	Share award scheme RMB'000	Statutory surplus reserve RMB'000 (b)	Financial assets through other comprehensive income RMB'000 (e)	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2018	1,193,851	125,481	-	296,385	76,189	245,437	(77,773)	1,792,875	3,652,445
Changes in accounting policies (Note 3)	–	–	–	(4,035)	–	–	89,055	(89,055)	(4,035)
Restated balance at 1 January 2018	1,193,851	125,481	–	292,350	76,189	245,437	11,282	1,703,820	3,648,410
Comprehensive income/(loss)									
Profit for the year 2018	–	–	–	–	–	–	–	1,031,919	1,031,919
Net changes in fair value of financial assets through other comprehensive income (Note 13)	–	–	–	–	–	–	(76,870)	–	(76,870)
Tax on fair value gains on financial assets through other comprehensive income (Note 24)	–	–	–	–	–	–	(4,832)	–	(4,832)
Total comprehensive income for the year 2018	–	–	–	–	–	–	(81,702)	1,031,919	950,217
Transactions with owners									
Dividends (Note 35)	(260,794)	–	–	–	–	–	–	–	(260,794)
Changes in ownership interests in subsidiaries without change of control (Note 39)	–	–	–	39,977	–	–	–	–	39,977
Place of new shares	261,266	–	–	–	–	–	–	–	261,266
Share award scheme (Note 33)	–	–	14	–	4,193	–	–	–	4,207
Buy back and cancellation	(37,063)	–	–	–	–	–	–	–	(37,063)
Buy-back of shares	–	–	(5,862)	–	–	–	–	–	(5,862)
	(36,591)	–	(5,848)	39,977	4,193	–	–	–	1,731
Balance at 31 December 2018	1,157,260	125,481	(5,848)	332,327	80,382	245,437	(70,420)	2,735,739	4,600,358

19 Reserves (continued)

	Share premium RMB'000	Merger reserve RMB'000 (a)	Capital reserve RMB'000	Share award scheme RMB'000	Statutory surplus reserve RMB'000 (b)	Available-for-sale financial assets RMB'000 (d)	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2017	1,193,851	125,481	544,573	67,550	245,437	60,513	987,114	3,224,519
Comprehensive income/(loss)								
Profit for the year 2017	–	–	–	–	–	–	805,761	805,761
Changes in fair value of available -for-sale financial assets (Note 13)	–	–	–	–	–	(149,502)	–	(149,502)
Tax on fair value gains on available-for-sale financial assets (Note 24)	–	–	–	–	–	11,216	–	11,216
Total comprehensive loss for the year 2017	–	–	–	–	–	(138,286)	805,761	667,475
Transactions with owners								
Changes in ownership interests in subsidiaries without change of control (Note 39)	–	–	(189,164)	–	–	–	–	(189,164)
Put options written on non-controlling interests (Note 21)	–	–	(59,024)	–	–	–	–	(59,024)
Share award scheme (Note 33)	–	–	–	8,639	–	–	–	8,639
	–	–	(248,188)	8,639	–	–	–	(239,549)
Balance at 31 December 2017	1,193,851	125,481	296,385	76,189	245,437	(77,773)	1,792,875	3,652,445

19 Reserves (continued)

notes:

(a) Merger reserve

Merger reserve represent the difference of aggregate consideration paid by the Group for the acquisition of subsidiaries pursuant to the reorganisation in 2013 and the aggregate capital of the subsidiaries acquired, after elimination of investment in subsidiaries.

(b) Statutory surplus reserve

In accordance with the Company Law of the PRC and the articles of association of the PRC subsidiaries, these subsidiaries registered in the PRC shall appropriate 10% of its annual statutory profit (after offsetting any prior years' losses) to the statutory surplus reserve ("SSR") account. When the balance of SSR reaches 50% of the registered capital/share capital of these subsidiaries, any further appropriation is optional. The SSR can be utilised to offset prior years' losses or to increase paid-in capital. However, SSR shall be maintained at a minimum of 25% of registered capital/share capital after such utilisation.

The SSR are non-distributable except in the event of liquidation and subject to certain restrictions set out in the relevant PRC regulations.

(c) Under the Cayman Companies Law, the share premium account may be applied by the Company for paying distributions or dividends to shareholders if immediately following the date on which the Company proposes to distribute the dividend, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business. Details of the proposed final dividend are set out in Note 35.

(d) It represents the changes in fair value of available-for-sale financial assets.

(e) Financial assets at FVOCI

The Group has elected to recognise changes in the fair value of certain investments in equity securities in OCI, as explained in Note 2.14. These changes are accumulated within the FVOCI reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

Available-for-sale financial assets – until 31 December 2017

Changes in the fair value and exchange differences arising on translation of investments that were classified as available-for-sale financial assets (eg equities), were recognised in other comprehensive income and accumulated in a separate reserve within equity. Amounts were reclassified to profit or loss when the associated assets are sold or impaired, see accounting policy stated in Note 2.14 for details.

20 Borrowings

	As at 31 December	
	2018	2017
	RMB'000	RMB'000
Borrowings included in non-current liabilities		
– Bank loans, secured (a)	**5,392,476**	4,061,368
– Other loans, secured (h)	**2,335,000**	1,000,000
– Trust financing arrangements, secured (b)	**1,094,700**	2,384,800
– Senior notes due 2018, secured (c)	**–**	422,192
– Senior notes due 2020, secured (d)	**2,724,530**	2,579,882
– Senior notes due 2021, secured (e)	**2,382,473**	–
– Corporate bonds due 2021 (f)	**1,491,522**	1,487,920
– Corporate bonds due 2019 (g)	**946,942**	942,783
	16,367,643	12,878,945
Less: Current portion of long-term borrowings	**(4,350,284)**	(3,569,262)
	12,017,359	9,309,683
Borrowings included in current liabilities		
– Bank loans, secured (a)	**1,045,600**	764,418
– Other loans, secured (h)	**1,055,620**	–
– Trust financing arrangements, secured (b)	**231,900**	471,400
	2,333,120	1,235,818
Add: Current portion of long-term borrowings	**4,350,284**	3,569,262
	6,683,404	4,805,080

notes:

(a) The Group's bank borrowings are secured by financial assets at fair value through other comprehensive income and available-for-sale financial assets (Note 13), properties held or under development for sale (Note 15), investment properties (Note 8), trade and other receivables and prepayments (Note 16) and bank deposits (Note 17) of the Group or guaranteed by subsidiaries of the Company for each other.

(b) These borrowings are mainly obtained through trust arrangements with trust financing companies. Borrowings under trust financing arrangements are secured by certain properties held or under development for sale (Note 15) and shares of certain subsidiaries of the Group or guaranteed by subsidiaries of the Company. Under the conventional loan trust financing arrangements, these trust financing companies provide loans to the Group through loan agreements entered into with the Group. Under the equity with repurchase obligation trust financing arrangements, the borrowings are provided by the underlying trust financing companies through the injection of capital or the transfer of equity interests in project companies with repurchase obligation of the Group. The substance of this type of trust financing arrangement is borrowing, with the equity interests in the project companies legally transferred as collateral.

20 Borrowings (continued)

notes: (continued)

(b) (continued)

The following table sets out details of the equity with repurchase obligation trust financing arrangements as at 31 December 2018 and 2017:

	As at 31 December		Expiration date
	2018	2017	
	RMB'000	RMB'000	
Suzhou Jingrui Property Co., Ltd. (蘇州璟瑞置業有限公司)("Suzhou Jingrui")	–	480,000	April 2018

(c) Senior notes due 2018

In April 2015, the Company issued three-year senior notes with principal amount of USD150,000,000, which were listed on the Stock Exchange. These notes are denominated in USD, and bear interest from 30 April 2015 at 13.25% per annum, payable semi-annually in arrears, and are due for repayment on 30 April 2018. The senior notes are jointly guaranteed by certain subsidiaries and secured by pledges of the shares of certain subsidiaries. During 2016, the Group purchased back part of senior notes due 2018 in the aggregate principal amount of USD85,200,000 with unpaid accrued interest. The remaining part of senior notes due 2018 was fully repaid on 30 April 2018.

(d) Senior notes due 2020

In April 2017, the Company issued three-year senior notes with principal amount of USD400,000,000, which were listed on the Stock Exchange. These notes are denominated in USD, and bear interest from 12 April 2017 at 7.75% per annum payable semi-annually in arrears, and are due for repayment on 12 April 2020. The senior notes are jointly guaranteed by certain subsidiaries and secured by pledges of the shares of certain subsidiaries.

At any time and from time to time prior to 12 April 2020, the Company may at its option redeem the whole or a portion of the senior notes at redemption prices agreed in the terms, plus accrued and unpaid interest up to the redemption date.

The early redemption options are regarded as embedded derivatives not closely related to the host contract. The board of directors is of the view that the fair values of the above early redemption options were insignificant on initial recognition and as at 31 December 2018.

20 Borrowings (continued)

notes: (continued)

(e) Senior notes due 2021

In April 2018, the Company issued three-year senior notes with principal amount of USD350,000,000, which were listed on the Stock Exchange, among which USD20,000,000 were subscribed by Beyond Wisdom Limited, a company wholly owned by Yan Hao. These notes are denominated in USD, and bear interest from 23 April 2018 at 9.45% per annum payable semi-annually in arrears, and are due for repayment on 23 April 2021. The senior notes are jointly guaranteed by certain subsidiaries and secured by pledges of the shares of certain subsidiaries.

At any time and from time to time prior to 12 April 2021, the Company may at its option redeem the whole or a portion of the senior notes at redemption prices agreed in the terms, plus accrued and unpaid interest up to the redemption date.

The early redemption options are regarded as embedded derivatives not closely related to the host contract. The board of directors is of the view that the fair values of the above early redemption options were insignificant on initial recognition and as at 31 December 2018.

(f) Corporate bonds due 2021

In March 2016, the Group issued five-year corporate bonds with principal amount of RMB1,500,000,000 ("Corporate bonds due 2021"), which were listed on the Shanghai Stock Exchange. The corporate bonds due 2021 are denominated in RMB, and bear interest rate at 5.88% per annum for the first three years, payable annually in arrears.

(g) Corporate bonds due 2019

In September 2016, the Group issued three-year corporate bonds with principal amount of RMB1,000,000,000, which were not listed. The corporate bonds due 2019 are denominated in RMB, and bear interest rate at 9.00% per annum, payable annually in arrears.

(h) Other loans

Other loans, mainly including the loans from other financial institutions, are secured by properties held or under development for sale (Note 15), investment properties (Note 8), trade and other receivables and prepayments (Note 16), equity interests in the subsidiaries of the Company and guaranteed by a subsidiary of the Company. Included in other loans, there is a commercial mortgage backed securitisation which was issued in July 2018 and is due on 28 November 2029 with principal amount of RMB720,000,000 including priority tranche of RMB684,000,000 with an annual interest rate at 6.60% and posterior tranche of RMB36,000,000 which were subscribed by the Group. The commercial mortgage backed securitisation are guaranteed by certain subsidiaries and secured by the investment properties of Beijing Sanquan Apartment and accounts receivables of rental income generated from Beijing Sanquan Apartment. The commercial mortgage backed securitisation are denominated in RMB, and bear the above interest rate per annum for the first three years, payable quarterly in arrears.

20 Borrowings (continued)

The maturity of non-current borrowings at the reporting dates is as follows:

	As at 31 December	
	2018	2017
	RMB'000	RMB'000
Between 1 and 2 years	**7,126,294**	3,582,494
Between 2 and 5 years	**3,923,218**	4,894,389
Above 5 years	**967,847**	832,800
	12,017,359	9,309,683

The weighted average effective interest rates as at 31 December 2018 and 2017 were as follows:

	As at 31 December	
	2018	2017
Bank loans	**6.37%**	5.98%
Trust financing arrangements	**12.97%**	9.57%
Senior notes	**8.39%**	9.66%
Corporate bonds	**7.09%**	6.28%
Other loans	**9.86%**	–

The cost of financing of the trust financing arrangements includes the interest costs and administrative fees, such as arrangement or consultancy fees and trustee fees.

The carrying amounts and fair value of borrowings as at 31 December 2018 and 2017 are as follows:

	As at 31 December			
	2018		2017	
	Carrying amount	**Fair Value**	Carrying amount	Fair Value
	RMB'000	**RMB'000**	RMB'000	RMB'000
Bank and trust borrowings	**7,764,676**	**7,764,676**	7,681,986	7,681,986
Senior notes due 2018	**–**	**–**	422,192	436,288
Senior notes due 2020	**2,724,530**	**2,654,796**	2,579,882	2,507,168
Senior notes due 2021	**2,382,473**	**2,258,810**	–	–
Corporate bonds 2021	**1,491,522**	**1,473,000**	1,487,920	1,483,200
Corporate bonds 2019	**946,942**	**946,942**	942,783	942,783
Other loans	**3,390,620**	**3,390,620**	1,000,000	1,000,000
	18,700,763	**18,488,844**	14,114,763	14,051,425

20 Borrowings (continued)

The fair values for the senior notes due 2020, senior notes due 2021 and corporate bonds due 2021 are based on quoted prices in active markets and are within level 1 of the fair value hierarchy.

The fair values for bank and trust borrowings, corporate bond due 2019 and other loans are based on discounted cash flow and are within level 3 of the fair value hierarchy.

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates or maturity whichever is the earlier date is as follows:

	6 months or less RMB'000	6 – 12 months RMB'000	1 – 5 years RMB'000	Over 5 Years RMB'000	Total RMB'000
Borrowings included in non-current liabilities:					
As at 31 December 2018	1,461,820	854,847	8,939,692	761,000	12,017,359
As at 31 December 2017	829,300	143,500	7,624,083	712,800	9,309,683
Borrowings included in current liabilities:					
As at 31 December 2018	2,981,430	3,701,974	–	–	6,683,404
As at 31 December 2017	2,870,680	1,934,400	–	–	4,805,080

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

	As at 31 December	
	2018 RMB'000	2017 RMB'000
RMB	**12,808,787**	10,358,183
USD	**5,620,354**	3,756,580
HKD	**271,622**	–
	18,700,763	14,114,763

21 Financial liabilities for put option written on non-controlling interests

	As at 31 December	
	2018 RMB'000	2017 RMB'000
Financial liabilities for put option written on non-controlling interests	**15,485**	73,968
Less: Current portion	**(15,485)**	(73,968)
Non-current portion	**–**	–

21 Financial liabilities for put option written on non-controlling interests (continued)

(a) In November 2017, Chongqing Jingkang Property Development Co., Ltd., ("Chongqing Jingkang"), a wholly-owned subsidiary of the Group, entered into equity interests transfer agreement with the non-controlling interests of Chongqing Jingteng Property Development Co., Ltd. ("Chongqing Jingteng"), pursuant to which, Chongqing Jingkang issued put option to the non-controlling interests which grant its right to sell the 30.23% equity interest in Chongqing Jingteng back to Chongqing Jingkang. The put option written to the non-controlling interests of Chongqing Jingteng was then regarded as redemption liabilities determined as the present value of future cash outflows assuming the exercise of the put option by the non-controlling interests, with corresponding charges in equity. In 2018, the Group redeemed 30.23% equity interests of Chongqing Jingteng at a consideration of RMB59,024,000 and then Chongqing Jingteng became the wholly owned subsidiary of the Group.

(b) In March 2016, Shanghai Jingrui Investment Co., Ltd., an indirect wholly owned subsidiary of the Company, transfer 35% and 15% equity shares in its wholly owned subsidiary Shanghai Xiaoyi Investment Co., Ltd. ("Shanghai Xiaoyi") at a total consideration of RMB50,000 (Note 40) to two third parties. Pursuant to the equity transfer agreement, Shanghai Jingrui Investment Co., Ltd. issued put option to these two non-controlling interests which grant them the rights to sell to Shanghai Jingrui Investment Co., Ltd. their shares of Shanghai Xiaoyi after the agreed exercise date and at a price calculated based on the terms agreed in the equity transfer agreement. It was regarded as redemption liabilities determined as the present value of future cash outflows assuming the exercise of the put option by the non-controlling interests, with corresponding charges in equity. The value of the put option is approximately RMB15,485,000.

The valuation of the redemption liabilities for initial recognition was determined using the discounted cash flow method under the income approach. The significant unobservable inputs are expected floating premium as at the exit date which was determined by the probability-weighted average of floating premiums under three financial projection scenarios prepared by management, and the discount rate which was determined using the capital asset pricing model. The redemption liabilities are subsequently measured at amortised cost.

The movement of the redemption liabilities is set out below:

	Year ended 31 December	
	2018	2017
	RMB'000	RMB'000
Opening balance	**73,968**	13,612
Initial recognition at fair value (a)	**–**	59,024
Redemption (a)	**(59,024)**	–
Changes in discounted present value (Note 29)	**541**	1,332
	15,485	73,968
Less: Current portion	**(15,485)**	(73,968)
	–	–

22 Trade and other payables

	As at 31 December	
	2018	2017
	RMB'000	RMB'000
Trade payables	**4,127,692**	3,310,324
Notes payable	**298,531**	–
Amounts due to joint ventures and associates (Note 41(d))	**2,811,325**	3,875,816
Turnover taxes payable	**105,855**	312,403
Electricity fee and cleaning fee collected on behalf	**38,588**	27,977
Deed tax collected on behalf	**18,583**	21,622
Accrued payroll	**33,117**	17,072
Interest payable	**221,428**	202,098
Temporary funding payable	**1,450,000**	800,000
Construction deposits received from suppliers	**63,693**	34,731
Deposits received from customers	**37,293**	21,417
Deposits received in connection with cooperation with a third party for decoration work	**–**	200,000
Payables for sales commission	**2,091**	2,091
Payables for acquisition of San Quan Apartments (a) (Note 40)	**–**	63,669
Payables for acquisition of LKN Investment International Pte Ltd. ("LKN Investment") (b) (Note 40)	**9,820**	9,820
Payables for acquisition of Hangzhou Jiaheng Property Co., Ltd. (c)	**6,000**	6,000
Payables for acquisition of 20% equity interests of Fengxiang Property Development Co., Ltd. ("Shanghai Fengxiang") (d)	**40,800**	40,800
Payables for acquisition of Zhongfa Wenchan Property Co., Ltd. (e)	**95,920**	–
Payables for acquisition of Changshu Huihuang (f)	**12,861**	–
Payables for acquisition of equity interests of Taizhou Zhenghuang Property Development Co., Ltd. (g)	**268,930**	–
Dividend payable (Note 35)	**1,379**	1,379
Amount received in connection with the transferring the right of collection of future receivables (h)	**1,032,109**	–
Payable to a related party of non-controlling interests (i)	**700,000**	–
Deposits received in connection with cooperation with third parties for property development and property investment	**1,750,000**	–
Others	**346,358**	259,705
	13,472,373	9,206,924

notes:

(a) The balance represents the payables relating to the acquisition of San Quan Apartments by the Group from an independent third party which has been fully repaid in 2018.

(b) The balance represents the payables relating to the acquisition of LKN investment by the Group from an independent third party.

22 Trade and other payables (continued)

notes: (continued)

(c) Pursuant to an equity purchase agreement entered into in April 2016 between two third parties and the Group through its wholly owned subsidiary, Shanghai Xiaoyi Investment Co., Ltd., the Group acquired 100% equity interests of Hangzhou Jiaheng at a total consideration of RMB296,000,000 in April 2016.

As at 31 December 2018, consideration amount of RMB6,000,000 (31 December 2017: RMB6,000,000) remaining unpaid was included in the trade and other payables.

(d) The balance represents the payables relating to the acquisition of 20% equity interests of Shanghai Fengxiang by the Group.

(e) The balance represents the payables relating to the acquisition of equity interests in Zhongfa Wenchan by the Group from an independent third party.

(f) The balance represents the payables relating to the acquisition of equity interests in Changshu Huihuang by the Group from an independent third party.

(g) The balance represents the interest-bearing payables relating to the acquisition of equity interests in Taizhou Zhenghuang Property Development Co., Ltd. by the Group from an independent third party. The interest rate is around 10% per annum.

(h) The balance represents the consideration received from a third party in connection with the transferring the right of collection of certain future trade receivables for the remaining receipts from sales of properties.

(i) The balance represents the payables to a related party of non-controlling interests which are unsecured, non-interest bearing and repayable on demand.

The aging analysis of trade payables and notes payable, based on the invoice date or service rendered date are as follows:

	As at 31 December	
	2018	2017
	RMB'000	RMB'000
Less than 1 year	**4,159,960**	3,144,079
Between 1 and 2 years	**202,840**	120,738
Between 2 and 3 years	**40,192**	30,917
Over 3 years	**23,231**	14,590
	4,426,223	3,310,324

As at 31 December 2018 and 2017, the fair value of trade and other payables approximate their carrying amounts.

22 Trade and other payables (continued)

As at 31 December 2018 and 31 December 2017, the carrying amounts of trade and other payables are denominated in below currencies:

	As at 31 December	
	2018	2017
	RMB'000	RMB'000
RMB	**13,366,876**	9,088,415
USD	**94,775**	111,398
HKD	**10,722**	7,111
	13,472,373	9,206,924

23 Amounts due to non-controlling interests of subsidiaries

	As at 31 December	
	2018	2017
	RMB'000	RMB'000
Amounts due to non-controlling interests of subsidiaries	**377,894**	635,839

The balance as at 31 December 2018 includes amounts of RMB97,420,000 and RMB89,412,000 which were the outstanding principal and interest payable balance of shareholders' loan from two non-controlling shareholders to Ningbo Jingjun Property Co., Ltd., a non-wholly owned subsidiary of the Group, respectively. These shareholders' loans were unsecured with annual interest rate of 5% and will be repaid in June 2019.

Except for the shareholder's loans lent by the non-controlling interests of Ningbo Jingjun Property Co., Ltd., which carry an interest as mentioned above, the fundings from other non-controlling interests of certain subsidiaries for their operational purpose in property development are unsecured, non-interest bearing and repayable on demand.

24 Deferred income tax

	As at 31 December	
	2018	2017
	RMB'000	RMB'000
Deferred tax assets to be recovered		
– within 12 months	**95,198**	150,997
– after 12 months	**71,078**	116,971
	166,276	267,968
Deferred tax liabilities to be settled		
– within 12 months	**(208,528)**	(339,419)
– after 12 months	**(1,112,705)**	(1,118,104)
	(1,321,233)	(1,457,523)
Deferred tax liabilities, net	**(1,154,957)**	(1,189,555)

24 Deferred income tax (continued)

The gross movement on the deferred income tax account is as follows:

	Year ended 31 December	
	2018	2017
	RMB'000	RMB'000
Opening balance	**(1,189,555)**	(578,297)
Accrual of receivables impairment from adoption of HKFRS 9 on 1 January 2018 (Note 3)	**1,346**	–
Addition arising from acquisition of Zhongguan Xinyuan Management LLP (Note 40)	**(29,595)**	–
Addition arising from acquisition of Hangzhou Jingcheng Property Co., Ltd. (Note 40)	**91,452**	–
Additions arising from acquisition of subsidiaries (Note 40)	**–**	(673,200)
Addition arising from acquisition of Hangzhou Xiaoying (Note 40)	**–**	266
Disposal of Hangzhou Xiaoying (Note 40)	**–**	(266)
Charged to the consolidated income statement (Note 32)	**(23,773)**	50,726
Charged to other comprehensive income (Note 19)	**(4,832)**	11,216
Ending balance	**(1,154,957)**	(1,189,555)

As at 31 December 2018, deferred income tax assets and deferred income tax liabilities amounting to RMB33,752,000 (31 December 2017: RMB43,476,000) were offset.

The movement in deferred income tax assets and liabilities for both years ended 31 December 2018 and 2017 without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

24 Deferred income tax (continued)

Deferred income tax assets

	Tax losses RMB'000	Provision for impairment of properties held for sale and receivables RMB'000	Land appreciation tax RMB'000	Elimination of inter-company transactions RMB'000	Temporary difference on recognition of sales and cost of sales RMB'000	Accruals RMB'000	Total RMB'000
At 1 January 2018	**96,223**	**9,039**	**12,277**	**12,866**	**170,855**	**10,184**	**311,444**
Accrual of receivables impairment from adoption of HKFRS 9 on 1 January 2018 (Note 3)	**–**	**1,346**	**–**	**–**	**–**	**–**	**1,346**
Addition arising from acquisition of Zhongguan Xinyuan (Note 40)	**2,817**	**–**	**–**	**–**	**–**	**–**	**2,817**
Addition arising from acquisition of Hangzhou Jingcheng (Note 40)	**–**	**–**	**–**	**–**	**91,452**	**–**	**91,452**
Credited/(charged) to the consolidated income statement	**(34,516)**	**4,805**	**(6,793)**	**6,530**	**(177,411)**	**354**	**(207,031)**
At 31 December 2018	**64,524**	**15,190**	**5,484**	**19,396**	**84,896**	**10,538**	**200,028**
At 1 January 2017	91,828	17,624	20,083	14,619	211,596	4,639	360,389
Addition arising from acquisition of Ningbo Jingrui (Note 40(l))	35,824	–	–	–	10,813	–	46,637
Credited/(charged) to the consolidated income statement	(31,429)	(8,585)	(7,806)	(1,753)	(51,554)	5,545	(95,582)
At 31 December 2017	96,223	9,039	12,277	12,866	170,855	10,184	311,444

In accordance with the PRC laws and regulations, tax losses could be carried forward for a period of five years to offset against its future taxable profits. Deferred tax assets relating to unutilised tax losses are recognised to the extent that it is probable that sufficient taxable profit will be available to allow such deferred tax assets to be utilised.

The Group did not recognise deferred income tax assets of RMB454,997,000 (31 December 2017: RMB365,719,000) in respect of tax losses amounting to RMB1,819,988,000 (31 December 2017: RMB1,462,876,000) as at 31 December 2018. All these tax losses will expire within five years.

24 Deferred income tax (continued)

Deferred income tax liabilities

	Temporary difference on recognition of fair value gains on investment properties, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss RMB'000	Temporary difference on recognition of cost of sales and expenses RMB'000	Undistributed profits of PRC subsidiaries RMB'000	Re-measurement of the remaining interests in Shanghai Jingqi RMB'000	Acquisition of subsidiaries RMB'000	Total RMB'000
At 1 January 2018	**432,058**	**190,319**	**37,182**	**45,736**	**795,704**	**1,500,999**
Addition arising from acquisition of Zhongguan Xinyuan	**32,412**	**–**	**–**	**–**	**–**	**32,412**
Charged to other comprehensive income (Note 19)	**4,832**	**–**	**–**	**–**	**–**	**4,832**
(Credited)/charged to the consolidated income statement	**(58,606)**	**123,321**	**–**	**(45,736)**	**(202,237)**	**(183,258)**
At 31 December 2018	**410,696**	**313,640**	**37,182**	**–**	**593,467**	**1,354,985**
At 1 January 2017	491,100	163,256	37,182	45,736	201,412	938,686
Additions arising from acquisition of subsidiaries (Note 40)	–	–	–	–	719,837	719,837
Credited to other comprehensive income (Note 19)	(11,216)	–	–	–	–	(11,216)
(Credited)/Charged to the consolidated income statement	(47,826)	27,063	–	–	(125,545)	(146,308)
At 31 December 2017	432,058	190,319	37,182	45,736	795,704	1,500,999

Deferred income tax arose as a result of differences in timing of recognition of certain revenues, costs and expenses between the tax based accounts and the financial statements prepared in accordance with HKFRSs. This constitutes temporary differences, being the differences between the carrying amounts of the assets or liabilities in the consolidated balance sheets and their tax bases, in accordance with HKAS 12.

25 Revenue

Revenue of the Group consists of the following:

	Year ended 31 December	
	2018	2017
	RMB'000	RMB'000
Revenue from contracts with customers recognised at a point in time		
– Sales of properties	**10,440,273**	15,254,725
– Others	**56,894**	16,410
	10,497,167	15,271,135
Revenue from contracts with customers recognised over time		
– Property management service	**386,329**	272,538
– Decoration of properties	**250,976**	66,942
	637,305	339,480
Rental income	**133,731**	57,789
	11,268,203	15,668,404

26 Other income

	Year ended 31 December	
	2018	2017
	RMB'000	RMB'000
Government grants	**26,969**	31,325
Compensation income	**12,668**	1,202
Interest income on loans to joint ventures	**21,074**	38,016
Dividend from available-for-sale financial assets	**–**	16,321
Gains arising from acquisition of LKN Investment (a)	**–**	187,255
Gains arising from acquisition of Sanquan Apartments	**–**	1,882
Gains arising from acquisition of Changzhou Jingshang	**–**	8,493
Gains arising from acquisition of Shanghai Zhaoliang	**–**	169
Others	**7,627**	5,993
	68,338	290,656

note:

(a) On 31 May 2017, the Group entered into a share purchase agreement with a third party, HL Global Enterprises Limited, pursuant to which the Group agreed to purchase the entire equity interests of LKN Investment which indirectly owns investment properties located in Shanghai at a consideration of RMB395,000,000. Gains arising from negative goodwill of RMB187,255,000 was mainly attributable to the increase of the fair value of acquired investment properties upon the completion of the acquisition in November 2017.

27 Other gains – net

	Year ended 31 December	
	2018	2017
	RMB'000	RMB'000
Fair value gains from financial assets at fair value through profit or loss	**35,006**	–
Investment income from financial assets at fair value through profit or loss	**27,055**	–
Investment income from financial assets at fair value through other comprehensive income	**13,816**	–
Loss from disposal of shares in Tianjin Jingxiu	**–**	(9,615)
Gain on re-measurement of the existing interests in Ningbo Jingrui upon gain of its control	**–**	72,976
Gain from re-measurement of the existing interests in Changzhou Jingshang upon gain of its control	**–**	934
Gain from disposal of shares in Hangzhou Xiaoying upon lost of control	**–**	30,311
Gains from disposal of partial interests in certain other subsidiaries upon lost of control	**–**	3,022
Gains/(losses) from disposal of property, plant and equipment	**430**	(40)
Changes in fair values of derivative financial instruments	**–**	2,499
Compensation and late payment charges	**(11,762)**	(17,537)
Disposal gains on investment properties	**166,670**	56,269
Others	**(2,385)**	(2,768)
	228,830	136,051

28 Expenses by nature

Expenses included in cost of sales, selling and marketing costs and administrative expenses are analysed as follows:

	Year ended 31 December	
	2018	2017
	RMB'000	RMB'000
Cost of properties sold	**8,204,721**	12,566,646
Cost of properties management	**271,491**	144,606
Cost of design and decoration of properties	**154,943**	61,728
Tax and surcharges (a)	**60,764**	224,987
Accrual of provision for impairment of properties held or under development for sale-net	**1,855**	55,697
Depreciation of property, plant and equipment (Note 7)	**12,840**	9,657
Amortisation of intangible assets (Note 9)	**1,370**	1,086
Bank charges	**7,500**	10,735
Staff costs (Note 30)	**453,180**	444,895
Entertainment expenses	**24,369**	21,703
Stamp duty and other taxes	**25,722**	33,021
Professional fees	**186,159**	184,384
Auditors' remuneration		
– annual audit and interim review	**3,940**	3,850
– non-audit services	**455**	1,152
Sales commission	**45,162**	22,524
Advertising and publicity costs	**64,162**	116,277
Office and meeting expenses	**41,850**	38,305
Rental expenses	**58,314**	21,151
Travelling expenses	**23,835**	19,200
Net impairment losses on financial assets (Note 16)	**27,247**	–
Accrual of provision for impairment of receivables (Note 16)	**–**	8,238
Goodwill impairment on Property Sky Limited	**–**	6,690
Other expenses	**138,584**	125,346
Total cost of sales, selling and marketing costs and administrative expenses	**9,808,463**	14,121,878

note:

(a) Before 1 May 2016, the PRC companies of the Group are subject to business tax and surcharges. Business tax is levied at 5% of revenue from sale of properties and rental income, while surcharges are 4% to 12% of business tax. Since 1 May 2016, the PRC companies of the Group are subject to value added tax and surcharges.

29 Finance costs – net

	Year ended 31 December 2018 RMB'000	2017 RMB'000
Finance income		
– Interest income on bank deposits	**53,343**	59,630
Finance costs		
– Interest on financing arrangements	**(1,535,272)**	(1,113,895)
– Net foreign exchange (losses)/gains on financing activities	**(188,965)**	143,388
– Changes in discounted present value of financial liabilities for put option written on non-controlling interests (Note 21)	**(541)**	(1,332)
– Loss from early redemption of Senior Notes 2019	**–**	(53,822)
– Less: Amount capitalised	**1,387,128**	855,329
	(337,650)	(170,332)
Net finance costs	**(284,307)**	(110,702)

30 Staff costs (including directors' emoluments)

	Year ended 31 December 2018 RMB'000	2017 RMB'000
Wages and salaries	**382,130**	382,720
Pension	**22,558**	16,379
Other welfare benefit expenses	**44,285**	37,157
Share award scheme (Note 33)	**4,207**	8,639
	453,180	444,895

31 Benefits and interests of directors

(a) Directors' and chief executive's emoluments

The remuneration of each director and the chief executive is set out below:

Name of director	Fees RMB'000	Salaries and other allowances RMB'000	Discretionary bonus RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Share award scheme RMB'000	Total RMB'000
Year ended 31 December 2018:						
Chen Xin Ge (陳新戈) (ii)	–	–	–	–	–	–
Yan Hao (閆浩) (i)(ii)	–	1,416	4,008	96	–	5,520
Yang Tie Jun (楊鐵軍) (ii)	–	410	–	14	–	424
Xu Chao Hui (許朝輝) (ii)	–	2,264	2,046	92	41	4,443
Xu Hai Feng (徐海峰) (ii)	–	1,969	841	88	–	2,898
Qian Shi Zheng (錢世政) (iii)	258	–	–	–	–	258
Han Jiong (韓炯) (iii)	258	–	–	–	–	258
Lo Wing Yan (盧永仁) (iii)	258	–	–	–	–	258
	774	6,059	6,895	290	41	14,059
Year ended 31 December 2017:						
Chen Xin Ge (陳新戈) (ii)	–	–	–	–	–	–
Yan Hao (閆浩) (i)(ii)	–	1,588	1,370	90	–	3,048
Yang Tie Jun (楊鐵軍) (ii)	–	3,071	1,576	89	–	4,736
Xu Chao Hui (許朝輝) (ii)	–	1,936	772	89	77	2,874
Qian Shi Zheng (錢世政) (iii)	267	–	–	–	–	267
Han Jiong (韓炯) (iii)	267	–	–	–	–	267
Lo Wing Yan (盧永仁) (iii)	267	–	–	–	–	267
	801	6,595	3,718	268	77	11,459

notes:

(i) The chief executive of the Company is Yan Hao, who is also one of the executive directors of the Company.

(ii) These four executive directors of the Company were appointed in October 2013. Mr. Yang Tie Jun resigned as executive director of the Company with effect from 12 February 2018. Mr. Xu Hai Feng was appointed as executive directors of the Company from 15 March 2018.

(iii) Han Jiong (韓炯), Qian Shi Zheng (錢世政) and Lo Wing Yan (盧永仁) were appointed as independent non-executive directors of the Company in October 2013.

31 Benefits and interests of directors (continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2018 include three (2017: three) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two (2017: two) individuals are as follows:

	Year ended 31 December	
	2018	2017
	RMB'000	RMB'000
Basic salaries, housing allowances, other allowances, share award and benefits in kind	**4,337**	3,434
Bonuses	**–**	1,622
	4,337	5,056

The emoluments fell within the following bands:

	Number of individuals	
	2018	2017
Emoluments bands (in Hong Kong dollar)		
HKD1,000,000 and below	**1**	–
HKD1,000,001- HKD1,500,000	**–**	–
HKD1,500,001- HKD2,000,000	**–**	–
HKD2,000,001- HKD2,500,000	**–**	1
HKD2,500,001- HKD3,000,000	**–**	–
HKD3,000,001- HKD3,500,000	**–**	–
HKD3,500,001- HKD4,000,000	**–**	1
HKD4,000,001- HKD4,500,000	**1**	–

(c) During the year ended 31 December 2018, no retirement benefits operated by the Group were paid or made, directly or indirectly, to or receivable by a director in respect of his services as a director or other services in connection with the management of the affairs of the Company or its subsidiaries (2017: Nil).

During the year ended 31 December 2018, no payments or benefits in respect of termination of director's services were paid or made, directly or indirectly, to or receivable by a director; nor are any payable (2017: Nil).

During the year ended December 31 2018, no consideration was provided to or receivable by third parties for making available director's services (2017: Nil).

No loans, quasi-loans and other dealings were made available in favour of directors, bodies corporate controlled by and entities connected with directors subsisted at the end of the year or at any time during the year ended 31 December 2018 and 2017.

31 Benefits and interests of directors (continued)

(d) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company's subsidiaries, fellow subsidiaries or its parent company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the years ended 31 December 2017.

During the year ended 31 December 2018, USD20,000,000 of senior notes due 2021 were subscribed by Beyond Wisdom Limited, a company wholly owned by Yan Hao.

32 Income tax expense

	Year ended 31 December	
	2018	2017
	RMB'000	RMB'000
Current income tax		
– PRC land appreciation tax	**275,706**	508,935
– PRC corporate income tax	**438,053**	458,189
	713,759	967,124
Deferred income tax (Note 24)	**23,773**	(50,726)
Total income tax charged for the year	**737,532**	916,398

32 Income tax expense (continued)

The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the enacted tax rate of the home country of the companies within the Group as follows:

	Year ended 31 December	
	2018	2017
	RMB'000	RMB'000
Profit before income tax	**2,040,423**	1,820,330
PRC land appreciation tax	**(275,706)**	(508,935)
	1,764,717	1,311,395
Income tax calculated at statutory rate of 25%	**441,179**	327,849
Effect of expenses not deductible for income tax purposes	**173,141**	130,361
Share of results of joint ventures and associates	**(31,266)**	19,541
Income not subject to tax	**(18,076)**	(69,842)
Utilisation of previously unrecognised tax losses	**(47,876)**	(94,391)
Tax losses and temporary differences not recognised as deferred tax assets	**150,576**	133,496
PRC land appreciation tax and other tax on change in fair value of investment properties	**(223,366)**	(52,113)
PRC land appreciation tax deductible for calculation of income tax purpose	**17,514**	12,562
PRC land appreciation tax	**275,706**	508,935
Total income tax expense	**737,532**	916,398

PRC corporate income tax

Under the Corporate Income Tax Law of the PRC (the "CIT Law"), the CIT rate applicable to the Group's subsidiaries located in the PRC from 1 January 2008 is 25%.

The CIT Law and its implementation rules impose a withholding tax at 10% for dividends distributed by a PRC-resident enterprise to its immediate holding company outside PRC for earnings generated beginning 1 January 2008 and undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax. A lower 5% withholding tax rate may be applied when the immediate holding companies are established in Hong Kong according to the tax treaty arrangement between the PRC and Hong Kong. The directors of the Company had confirmed that retained earnings of the Group's PRC subsidiaries as at 30 June 2013 will not be distributed in the foreseeable future. No PRC withholding income tax was accrued for the year ended 31 December 2018 (2017: Nil). The Group controls the dividend policies of these subsidiaries and it has been determined that the remaining earnings will not be distributed in the foreseeable future.

As at 31 December 2018, the Group did not recognise deferred income tax for PRC withholding income tax with amount of RMB372,226,000 (31 December 2017: RMB202,635,000) on the remaining unremitted distributable profits generated by its PRC subsidiaries attributable to the investors outside the PRC with amount of RMB3,722,259,000 (31 December 2017: RMB2,026,353,000).

32 Income tax expense (continued)

Land appreciation tax

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including lease charges for land use rights and all property development expenditures, and is included in the consolidated income statement as income tax expense.

33 Share-based payments

(a) Pre-IPO share award scheme

Pursuant to a Board meeting resolution and a shareholders' resolution dated 6 October 2013, the Company adopted a Pre-IPO share award scheme. Pursuant to the Pre-IPO share award scheme, a total number of 24,034,476 shares was subsequently granted to selected employees on 25 December 2013. Subject to certain vesting conditions including successful listing of the Company on the Stock Exchange before 31 October 2013, the employee being still on service at the end of each vesting period and the required performance rating of the employee before the vesting dates, the granted shares can be vested in four tranches on 1 January 2014, 2015, 2016 and 2017, respectively.

The fair value of the shares granted under the Pre-IPO share award scheme as at 25 December 2013, the grant date, was HKD97,820,000 (equivalent to RMB77,151,000) and was determined by reference to the market price of HKD4.07 (equivalent to RMB3.21) per share on the grant date.

On 30 September 2014, additional 4,087,888 shares under the Pre-IPO share award scheme were granted to selected employees, which can be vested in three tranches on 1 January 2015, 2016 and 2017, respectively. The fair value of these shares as at 30 September 2014, the grant date, was HKD14,103,000 (equivalent to RMB11,177,000), which was determined by reference to the market price of HKD3.45 (equivalent to RMB2.73) per share on the grant date.

As the last tranche of granted shares has been vested on 1 January 2017, the Pre-IPO share award scheme was completed on 1 January 2017. The Group recognised an expense of RMB4,368,000 for the year ended 31 December 2016 in relation to the shares awarded by the Company to the current employees for the employees' service provided.

(b) New share award scheme

The Company's board approved and adopted the Share Award Scheme on 29 November 2017 (the "New Share Scheme"). Pursuant to the New Share Scheme, subject to certain vesting conditions, the shares can be vested in tranches on 1 January 2018, 2019, 2020 respectively. An expense of RMB4,207,000 was recognised for the year ended 31 December 2018 in relation to the employees' service provided (For the year ended 31 December 2017: RMB8,639,000).

34 Earnings per share

(a) Basic earnings per share

Basic earnings per share for the years ended 31 December 2018 and 2017 are calculated by dividing the Group's profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December	
	2018	2017
Group's profit attributable to equity holders of the Company (RMB'000)	**1,031,919**	805,761
Weighted average number of shares in issue (in thousand)	**1,343,986**	1,291,302
Basic earnings per share (RMB)	**0.77**	0.62

(b) Diluted earnings per share

	Year ended 31 December	
	2018	2017
Group's profit attributable to equity holders of the Company (RMB'000)	**1,031,919**	805,761
Weighted average number of shares in issue (in thousand)	**1,343,986**	1,291,302
Effect of dilutive potential ordinary shares in respect of share award scheme (in thousand)	**1,170**	4,431
Weighted average number of ordinary shares for diluted earnings per share (in thousand)	**1,345,156**	1,295,733
Diluted earnings per share (RMB)	**0.77**	0.62

35 Dividends

	Year ended 31 December	
	2018	2017
	RMB'000	RMB'000
Proposed final dividend of HKD30 cents (2017: HKD25 cents) per ordinary share (a)	**359,024**	258,260

notes:

(a) At a board meeting held on 19 March 2019, the directors proposed a final dividend for the year ended 31 December 2018 of HKD30 cents per ordinary share using the share premium account. This proposed dividend is not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of share premium for the year ending 31 December 2019 upon approval by the shareholders at the forthcoming annual general meeting of the Company.

(b) A final dividend in respect of the year ended 31 December 2017 of HKD25 cents per ordinary share, amounting to approximately RMB260,794,000 was approved at the annual general meeting of the Company held on 3 May 2018. The dividend had been fully paid out by the Company as of 21 May 2018.

(c) The final dividend in respect of the year ended 31 December 2014 of RMB6 cents per ordinary share using the share premium account, amounting to approximately RMB77,478,000 was approved at the annual general meeting of the Company held on 11 May 2015. Such dividend not yet paid out by the Company as at 31 December 2017 and 31 December 2018 was RMB1,379,000, which was included in dividend payable (Note 22).

36 Notes to the consolidated cash flow statement

(a) Net cash generated from operations

	Year ended 31 December 2018 RMB'000	2017 RMB'000
Profit before income tax	**2,040,423**	1,820,330
Adjustments for:		
– Depreciation (Note 28)	**12,840**	9,657
– Amortisation (Note 28)	**1,370**	1,086
– (Gains)/loss on disposals of property, plant and equipment (Note 27)	**(430)**	40
– Loss on disposals of intangible assets	**–**	60
– Accrual of provision for impairment of receivables (Note 28)	**–**	8,238
– Net impairment losses on financial assets (Note 28)	**27,247**	–
– Loss on disposal of a subsidiary (Note 27)	**–**	9,615
– Other losses on acquisition of subsidiaries	**1,585**	–
– Gains on disposal of associates	**(540)**	–
– Changes in fair value of financial assets at fair value through profit or loss (Note 27)	**(35,006)**	–
– Gain on re-measurement of the existing interests in Ningbo Jingrui upon gain of its control (Note 27)	**–**	(72,976)
– Gain from re-measurement of the existing interests in Changzhou Jingshang upon gain of its control (Note 27)	**–**	(934)
– Accrual of provision for impairment of properties held for sale (Note 28)	**1,855**	55,697
– Fair value gains on investment properties (Note 8)	**–**	(35,964)
– Gains arising from appreciation of investment properties under office and apartment platform	**(388,051)**	–
– Fair value gains on investment properties under other platforms	**(54,708)**	–
– Share of results of joint ventures (Note 10)	**47,324**	70,164
– Share of results of associate (Note 11)	**(172,387)**	8,001
– Foreign exchange losses/(gains) (Note 29)	**188,965**	(143,388)
– Unrealised profit in connection with the sales from the Group to a joint venture (Note 10)	**4,092**	399
– Interest income on loans to joint ventures (Note 41(b))	**(21,074)**	(38,016)
– Finance costs (Note 29)	**148,685**	259,898
– Finance income (Note 29)	**(53,343)**	(59,630)
– Redemption of senior note (Note 29)	**–**	53,822
– Negative goodwill arising from acquisition (Note 26)	**–**	(197,799)
– Share award scheme (Note 33)	**4,207**	8,639
– Dividend from available-for-sale financial assets (Note 26)	**–**	(16,321)
– Changes in fair value of derivative financial instruments (Note 27)	**–**	(2,499)
– Goodwill impairment	**–**	6,690
– Gains from disposal of investment properties (Note 27)	**(166,670)**	(56,269)
– Investment income from financial assets at fair value through profit or loss (Note 27)	**(27,055)**	–
– Investment income from financial assets at fair value through other comprehensive income (Note 27)	**(13,816)**	–
– Changes in working capital		
– Restricted cash relating to operating activities	**(47,926)**	220,790
– Prepayments for leasehold land	**911,176**	(563,087)
– Properties held or under development for sales (excluding capitalised interest)	**(250,451)**	6,410,463
– Trade and other receivables and prepayments	**(403,247)**	809,894
– Advances from pre-sale of properties	**(5,307,615)**	(4,166,384)
– Trade and other payables	**2,864,899**	400,432
– Decrease/(increase) in amounts due from joint ventures and associates	**700,893**	(720,040)
– Increase/(decrease) in amounts due to related parties	**1,080,149**	(390,861)
– Right to acquire the land use rights	**–**	(573,898)
Net cash generated from operations	**1,093,391**	3,115,849

36 Notes to the consolidated cash flow statement (continued)

(b) Proceeds from disposal of property, plant and equipment

In the consolidated cash flow statement, proceeds from disposal of property, plant and equipment comprise:

	Year ended 31 December	
	2018	2017
	RMB'000	RMB'000
Net book value (Note 7)	**1,659**	1,857
(Losses)/gains on disposals of property, plant and equipment (Note 27)	**430**	(40)
Proceeds from disposal of property, plant and equipment	**2,089**	1,817

(c) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

Net debt

	As at 31 December	
	2018	2017
	RMB'000	RMB'000
Borrowings due within 1 year	**6,683,404**	4,805,080
Borrowings due after1 year	**12,017,359**	9,309,683
Finance leases due within 1 year	**–**	4,251
Amount due to related party due within 1 year	**1,357,500**	2,201,500
Amount due to non-controlling interests due within 1 year	**377,894**	635,839
	20,436,157	16,956,353

36 Notes to the consolidated cash flow statement (continued)

(c) Net debt reconciliation (continued)

Net debt (continued)

	Liabilities from financing activities					
	Borrowings due within 1 year RMB'000	Borrowings due after 1 year RMB'000	Finance leases RMB'000	Amounts due to related parties RMB'000	Amounts due to non-controlling interests of subsidiaries RMB'000	Total RMB'000
Balance as at 31 December 2017	4,805,080	9,309,683	4,251	2,201,500	635,839	16,956,353
Net cash flows	1,771,280	2,313,464	–	(599,000)	(257,945)	3,227,799
Acquisitions of subsidiaries	110,000	–	–	(245,000)	–	(135,000)
Foreign exchange movements	(11,912)	373,771	–	–	–	361,859
Other non-cash movements	8,956	20,441	(4,251)	–	–	25,146
Balance as at 31 December 2018	6,683,404	12,017,359	–	1,357,500	377,894	20,436,157
Balance as at 31 December 2016	3,960,341	9,261,009	4,107	3,517,300	320,628	17,063,385
Net cash flows	682,094	118,303	–	(1,315,800)	315,211	(200,192)
Acquisitions of subsidiaries	217,400	30,000	–	–	–	247,400
Foreign exchange movements	(56,971)	(170,821)	–	–	–	(227,792)
Other non-cash movements	2,216	17,370	144	–	–	19,730
Loss from early redemption of senior notes	–	53,822	–	–	–	53,822
Balance as at 31 December 2017	4,805,080	9,309,683	4,251	2,201,500	635,839	16,956,353

37 Commitments

(a) Property development expenditure commitments

Property development expenditure committed at each balance sheet date but not yet incurred is as follows:

	As at 31 December	
	2018 RMB'000	2017 RMB'000
Land use rights	**–**	564,814
Other property development expenditure	**2,490,684**	1,874,482
	2,490,684	2,439,296

37 Commitments (continued)

(b) Operating lease commitments

The future aggregated minimum rental expenses at the balance sheet date in respect of certain office buildings held under non-cancellable operating leases are payable in the following periods:

	As at 31 December	
	2018	2017
	RMB'000	RMB'000
Within 1 year	**37,665**	23,721
1 to 5 years	**110,205**	112,909
Over 5 years	**113,805**	145,974
	261,675	282,604

(c) Investment commitments

As at 31 December 2018 and 2017, committed investments are as follows:

	As at 31 December	
	2018	2017
	RMB'000	RMB'000
Committed investments	**22,500**	34,811
Committed for the selling rights of certain completed properties for sale	**284,760**	539,520
Committed investments in available-for-sale financial assets	**–**	9,000
	307,260	583,331

(d) Operating lease rental receivables

As at 31 December 2018 and 2017, the future aggregate minimum rental receipts under non-cancellable operating lease in respect of certain buildings are receivable in the following periods:

	As at 31 December	
	2018	2017
	RMB'000	RMB'000
Within 1 year	**88,775**	51,977
1 to 5 years	**292,023**	170,664
After 5 years	**228,706**	220,846
	609,504	443,487

38 Financial guarantees and contingent liabilities

(a) Guarantees on mortgage facilities

The Group had the following contingent liabilities in respect of financial guarantees on mortgage facilities at each balance sheet date:

	As at 31 December	
	2018	2017
	RMB'000	RMB'000
Guarantees in respect of mortgage facilities for certain purchasers of the Group's properties	**3,862,016**	4,649,454

The Group has arranged bank financing for certain purchasers of the Group's properties and provided guarantees to secure obligations of such purchaser for repayments. Such guarantees will terminate upon the earlier of (i) the transfer of the real estate ownership certificate to the purchaser, or (ii) the satisfaction of mortgage loans by the purchasers of the properties.

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

(b) Guarantees provided to joint ventures

As at 31 December 2018, the Group provided guarantees for a total of borrowings of RMB930,450,000 of its joint ventures (31 December 2017: RMB1,000,000,000).

39 Changes in ownership interests in subsidiaries without change of control

Acquisition of additional interests in subsidiaries

In 2018, the Group acquired additional equity interest of certain subsidiaries from the relevant non-controlling interests for a total cash consideration of RMB212,277,000 (2017: RMB621,728,000). During 2018 and 2017, major acquisition of additional interests in subsidiaries are as follows:

(a) In May 2017, the Group acquired an additional of 20% equity interests of its subsidiary of Shanghai Fengxiang at a consideration of RMB319,082,000. The excess of RMB178,588,000 over the carrying amount of the non-controlling interests of RMB140,494,000 was recognised in equity attributable to equity holders of the Company.

(b) In December 2016, Jingrui Properties (Group) Co., Ltd., an indirectly wholly owned subsidiary of the Group signed a supplementary agreement with a third party, Kunshan Harbour City Co., Limited, the non-controlling interests of Ningbo Jingrui to acquire the remaining 17.80% equity interests in Ningbo Jingrui at a consideration of RMB208,168,000. Completion of the share purchase agreement took place on 11 July 2017 and Ningbo Jingrui became a wholly owned subsidiary of the Group since then. The excess of RMB11,106,000 over the carrying amount of the non-controlling interests of RMB197,062,000 and the consideration was recognised in equity attributable to equity holders of the Company.

(c) In January and July 2018, the Group acquired an additional 18.77% and 30.23% equity interests of its subsidiary of Chongqing Jingteng respectively in total at a consideration of RMB95,777,000. The excess of RMB23,883,000 over the carrying amount of the non-controlling interests of RMB71,894,000 was recognised in equity attributable to equity holders of the Company.

(d) In April 2018, the Group acquired an additional 16% equity interests of its subsidiary of Ningbo Xiaoyong Investment Co., Ltd. at a consideration of RMB16,000,000. The excess of RMB266,000 over the carrying amount of the non-controlling interests of RMB15,734,000 was recognised in equity attributable to equity holders of the Company

(e) The Group acquired an additional equity interests of a subsidiary at nil consideration. The excess of RMB1,466,000 over the carrying amount of the non-controlling interests was recognised in equity attributable to equity holders of the Company.

(f) The Group acquired equity interests of a subsidiary Suzhou Youte Investment Center (Limited Partnership) at a consideration of RMB100,500,000. The amount RMB17,098,000 less than the carrying amount of the non-controlling interests of 117,598,000 was recognised in equity attributable to equity holders of the Company.

The following table summarises the carrying amount of non-controlling interests acquired, considerations need to be paid to non-controlling interests and excess of consideration paid recognised within equity of these subsidiaries at the acquisition date.

	Year ended 31 December	
	2018	2017
	RMB'000	RMB'000
Carrying amount of non-controlling interests acquired	**203,760**	431,217
Consideration need be paid to non-controlling interests	**(212,277)**	(621,728)
Excess of consideration paid recognised within equity	**8,517**	190,511

39 Changes in ownership interests in subsidiaries without change of control (continued)

Disposal of interests in subsidiaries without loss of control

(g) In 2017, the Group disposed of certain equity interests of certain subsidiaries for a total consideration of RMB30,000.

The following table summarises the carrying amount of disposal to non-controlling interests, considerations received from non-controlling interests and gain on disposal recognised within equity of these subsidiaries at the disposal date.

	Year ended 31 December	
	2018	2017
	RMB'000	RMB'000
Carrying amount of disposal to non-controlling interests	–	1,317
Consideration received from non-controlling interests	–	30
Gain on disposal recognised within equity	–	1,347

Deemed disposal of interests in subsidiaries without loss of control

In 2018, certain third parties injected capital contribution of RMB259,667,000 to certain subsidiaries which have an effective dilution of the Group's interests in certain subsidiaries. During 2018, major deemed disposal of interests in subsidiaries without loss of control in subsidiaries are as follows:

(h) In January 2018, pursuant to certain agreements, Nanjing Luode Dening Property Investment LLP ("Nanjing Luode Dening") and Jiangsu Luode Equity Investment Fund Management Co., Ltd. ("Jiangsu Luode") injected capital contribution of RMB75,375,000 to Suzhou Youte Investment Center (Limited Partnership) ("Suzhou Youte"), a non-wholly owned subsidiary of the Group, which has an effective dilution of the Group's interests in Suzhou Youte. After these transactions, Nanjing Luode Dening and Jiangsu Luode and the Group own equity interests of Suzhou Youte as to 0.25%, 49.63% and 50.12% respectively, and the Group still controls Suzhou Youte. The Group recognised an increase in non-controlling interests of RMB80,153,000 and a decrease in equity attributable to equity holders of the Company of RMB4,778,000.

(i) In 2018, certain employees injected capital contribution of RMB52,250,000 through certain limited liability partnerships established by the Group and employees to certain subsidiaries which have an effective dilution of the Group's interests in these subsidiaries. The Group recognised an increase in non-controlling interest of RMB58,009,000 and a decrease in equity attributable to equity holders of the Company of RMB5,759,000.

(j) In July 2018, pursuant to certain agreements, Shandong International Trust Co., Ltd. ("Shandong Trust") injected capital contribution of RMB132,000,000 to Hangzhou Jingqi Enterprise Management Consulting Co., Ltd. ("Hangzhou Jingqi"), a non-wholly owned subsidiary of the Group, which has an effective dilution of the Group's interests in Hangzhou Qingli. After these transactions, Shandong Trust own equity interests of Hangzhou Jingqi as to 40%, and the Group still controls Hangzhou Jingqi. The Group recognised an increase in non-controlling interests of RMB132,004,000 and a decrease in equity attributable to equity holders of the Company of RMB4,000.

39 Changes in ownership interests in subsidiaries without change of control (continued)

The following table summarises the carrying amount of non-controlling interests disposed of, considerations received from non-controlling interests and loss on disposal recognised within equity of these subsidiaries at the deemed disposal date.

	Year ended December 31	
	2018	2017
	RMB'000	RMB'000
Carrying amount of non-controlling interests disposed of	**(270,197)**	–
Consideration received from non-controlling interests	**259,667**	–
Loss on disposal recognised within equity	**10,530**	–

Aggregate effects of all above transactions with non-controlling interests on the equity attributable to owners of the Company for the year ended 31 December 2018 and 2017

	Year ended December 31	
	2018	2017
	RMB'000	RMB'000
Excess of consideration paid recognised within equity	**(8,517)**	(190,511)
(Loss)/gain on disposal recognised within equity for equity attributable to equity holders for the Company	**(10,530)**	1,347
Put options written on non-controlling interests (Note 21)	**59,024**	–
Net effects for transactions with non-controlling interests on equity attributable to equity holders for the Company	**39,977**	(189,164)

40 Business combination and assets acquisitions

Business Combination

(a) On 28 April 2018, the Group acquired 100% equity interests and obtained the control of Zhejiang Guodu Property Management Development Co., Ltd. at a consideration of RMB11,120,000.

Assets acquisitions

(b) In January 2018, the Group entered into a purchase agreement with a third party, pursuant to which the third party transferred 100% equity interests of Beijing Chengyuan Property Co., Ltd. to the Group at a total consideration of RMB269,000,000. The transaction was regarded as assets acquisition which was completed in February 2018.

(c) In March 2018, the Group entered into a purchase agreement with a then associate, pursuant to which the then associate transferred 100% equity interests of Zhongguan Xinyuan and Zhongguan Yayuan to the Group at a total consideration of RMB213,154,000. The transaction was regarded as assets acquisition which was completed in May 2018.

(d) In April 2018, the Group entered into a purchase agreement with a third party, pursuant to which the third party transferred 100% equity interests of Zhongfa Wenchan to the Group at a total consideration of RMB239,530,000. The transaction was regarded as assets acquisition which was completed in May 2018.

(e) In April 2018, the Group entered into a purchase agreement with a third party, pursuant to which the third party transferred 100% equity interests of Taizhou Zhenghuang Property Development Co., Ltd. to the Group at a total consideration of RMB339,709,000. The transaction was regarded as assets acquisition which was completed in May 2018.

(f) In June 2018, Jingrui Properties, a wholly owned subsidiary of the Group, entered into a share purchase agreement with a joint venture partner, Shandong International Trust Co., Ltd., pursuant to which Jingrui Properties acquired 49% equity interests of Shanghai Ruice, a joint venture of the Group which directly held a property project company, Hangzhou Jingcheng in Zhejiang Province, the PRC, at a consideration of RMB199,000,000.

Completion of the share purchase agreement took place on 29 June 2018 and Hangzhou Jingcheng became a wholly owned subsidiary of the Group since then.

(g) In May 2018, the Group entered into a purchase agreement with a third party, pursuant to which the third party transferred 100% equity interests of Xinhua Wenhua Tower to the Group at a total consideration of RMB241,370,000. The transaction was regarded as assets acquisition which was completed in July 2018.

(h) In August 2018, the Group entered into a purchase agreement with a third party, pursuant to which the third party transferred 100% equity interests of Yinqiao Apartment to the Group at a total consideration of RMB228,999,000. The transaction was regarded as assets acquisition which was completed in September 2018.

(i) In May 2018, the Group entered into a purchase agreement with a third party, pursuant to which the third party transferred 100% equity interests of Zhongshan Building to the Group at a total consideration of RMB79,300,000. The transaction was regarded as assets acquisition which was completed in September 2018.

40 Business combination and assets acquisitions (continued)

Assets acquisitions (continued)

The acquired companies' principal activities are property development and property investment. The financial information of these acquired companies on the acquisition dates is summarised as follows:

	RMB'000
Cash and cash equivalents	53,676
Trade and other receivables and prepayments	1,702,723
Investment properties (Note 8)	909,373
Properties held or under development for sale	2,825,023
Prepaid income taxes	59,870
Deferred tax assets (Note 24)	91,452
Property, plant and equipment (Note 7)	221
Contract liabilities	(2,923,703)
Borrowings	(110,000)
Trade and other payables	(729,370)
Deferred tax liabilities (Note 24)	(29,595)
Current income tax liabilities	(16,212)
Total purchase consideration settled in cash	1,833,458
Carrying amount of the original 51% equity interests in Shanghai Ruice (Note 10)	(23,396)
Unpaid consideration (Note 22)	(95,920)
Cash consideration paid	1,714,142
Less: Cash and cash equivalents of subsidiaries acquired	(53,676)
Net outflow of cash and cash equivalents on acquisitions	1,660,466

40 Business combination and assets acquisitions (continued)

Acquisitions for the year ended 31 December 2017- business acquisitions

(j) In April 2017, the Group entered into a share purchase agreement with a third party, Trump Castle Investment Inc, pursuant to which the Group agreed to acquire all the equity interests of Talent Treasury Limited, which held 49% equity interests of Changzhou Jingshang, a joint venture of the Group, at a consideration of RMB1. The Group also agreed to assume the shareholder's loan of RMB153,140,599 owing by Talent Treasury Limited to Trump Castle Investment Inc.

(k) In February 2017, the Group entered a share purchase agreement with a third party to acquire 100% equity interests of 58 special purpose vehicles which hold 60 apartments of San Quan Apartments located in Beijing with a consideration of RMB642,500,000. Meanwhile the Group entered property purchase agreements to acquire the other 120 apartments, car parks and club house of San Quan Apartments at a consideration of RMB629,790,000 (excluding value-added tax and including other taxes). The acquisitions were gradually completed. Upon final completion date of 15 September 2017, all legal titles of 58 special purpose vehicles and 120 apartments, car parks and club house have been transferred to the Group.

(l) In June 2017, the Group entered into a share purchase agreement with a third party, Century Bridge China Real Estate Fund II, L.P., pursuant to which the Group agreed to acquire all the equity interests of Tran Star Venture Limited, which held 17.8% equity interests of Ningbo Jingrui, a joint venture of the Group, at a consideration of RMB27,793,000. The Group also agreed to assume the shareholder's loan of USD11,468,000 owing by Tran Star Venture Limited to Century Bridge China Real Estate Fund II, L.P.,. The total consideration is RMB105,869,000. The goodwill of RMB5,747,000 arising from the acquisition of Tran Star Venture Limited is attributable to acquired unsold properties under development in Ningbo Jingrui, which became a non-wholly owned subsidiary of the Group upon the purchase. The directors of the Group consider that no impairment charge was required after performing the impairment assessment.

(m) In June 2017, the Group entered into a share purchase agreement with two third party individuals, pursuant to which the Group agreed to purchase the entire equity interests of Shanghai Zhaoliang Advertising Co., Ltd. ("Shanghai Zhaoliang") which owns investment properties located in Shanghai, the PRC, at a consideration of RMB167,000,000. The Group also agreed to assume the outstanding liabilities of RMB53,000,000 owned by Shanghai Zhaoliang to the original shareholders.

(n) On 31 May 2017, the Group entered into a share purchase agreement with a third party, HL Global Enterprises Limited, pursuant to which the Group agreed to purchase the entire equity interests of LKN Investment which indirectly owns investment properties located in Shanghai, the PRC, at a consideration of RMB395,000,000. A gain of RMB187,255,000 arose from the acquisition, which was mainly attributable to the increase of the fair value of acquired investment properties upon the completion of the acquisition in November 2017.

40 Business combination and assets acquisitions (continued)

Acquisitions for the year ended 31 December 2017- business acquisitions (continued)

The acquired companies' principal activities are property development and investment. The financial information of these acquired companies on the acquisition date is summarised as follows:

	RMB'000
Consideration in cash	
– Amount paid	2,072,811
– Fair value of the original equity interests in joint ventures	445,812
– Amount not yet paid as at 31 December 2017	73,489
	2,592,112
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	77,168
Trade and other receivables and prepayments	1,635,270
Investment properties (Note 8)	2,796,619
Properties held or under development for sale	1,424,479
Prepaid income taxes	22,821
Property, plant and equipment (Note 7)	2,793
Deferred tax assets (Note 24)	46,637
Trade and other payables	(1,179,229)
Current income tax liabilities (Note 24)	(2,529)
Advanced proceeds received from customers	(875,763)
Deferred tax liabilities	(719,837)
Borrowings	(247,400)
Total identifiable net assets	2,981,029
The gain on bargain purchase (Note 26)	(197,799)
Non-controlling interests	(196,865)
Goodwill (Note 9)	5,747
	2,592,112
Acquisition-related costs (included in administrative expenses in the consolidated income statement for the year ended 31 December 2017)	73,901

40 Business combination and assets acquisitions (continued)

Acquisitions for the year ended 31 December 2017- assets acquisitions

(o) In May 2017, the Group entered into a purchase agreement with a third party, Meihao Group Co., Ltd. ("Hangzhou Meihao"), pursuant to which Hangzhou Meihao transferred 65% equity interests of Hangzhou Xiaoying Property Development Co., Ltd. ("Hangzhou Xiaoying") to the Group at a total consideration of RMB725,654,171. After the completion of the transaction, Hangzhou Xiaoying became a non-wholly owned subsidiary of the Group. The transaction was regarded as asset acquisition which was completed in June 2017.

In July 2017, the Group acquired the remaining 35% equity interests in Hangzhou Xiaoying from the non-controlling interests at a consideration of RMB390,738,400 comprising consideration of RMB93,220,000 for 35% equity interests of Hangzhou Xiaoying and consideration of RMB297,518,400 for purchase of the loan from shareholder with the accrued interest at book value. After the completion of the transaction, Hangzhou Xiaoying became a wholly owned subsidiary of the Group.

In September 2017, the Group entered into an equity interests transfer agreement with a third party, Hangzhou Tengshun Real Estate Development Co., Ltd., ("Hangzhou Tengshun"), pursuant to which the Group agreed to sell 50% equity interests and shareholder's loan in Hangzhou Xiaoying to Hangzhou Tengshun at a total consideration of RMB578,696,286 (Note 10).

(p) In May 2017, the Group entered into a purchase agreement with a third party, pursuant to which the third party transferred 100% equity interests of Shanghai Shengxin Property Co., Ltd. to the Group at a total consideration of RMB102,000,000. The transaction was regarded as asset acquisition which was completed in May 2017.

(q) In September 2017, the Group entered into a cooperation agreement with two third parties, Wuhan Xinfeilun Property Development Co., Ltd. ("Wuhan Xinfeilun") and Wuhan Tongbang Mechanical and Electrical Equipment Co., Ltd. ("Wuhan Tongbang"), pursuant to which the two parties agreed to transfer a total of 40% equity interests in Wuhan Jiayuan to the Group. The transaction was completed in October 2017, and was regarded as asset acquisition. As Wuhan Jiayuan has not obtained the land certificate, the excess of purchase cost over carrying amount of net assets of Wuhan Jiayuan of RMB1,434,745,000 was recorded as the right to acquire the land use rights.

41 Related-party transactions

(a) Name and relationship with related parties

Name	Relationship with the Group
Shanghai Ruice	A wholly owned subsidiary (i)
Hangzhou Jingcheng	A wholly owned subsidiary (i)
Shanghai Jupan	Joint venture
Ningbo Haipanju	A subsidiary of a joint venture
Ningbo Jiamu	Associate
Ningbo Jinghang	A subsidiary of an associate
Nanjing Yuning	Associate
Ningbo Rongan Education and Investment Management	Associate
Ningbo Kanghua	A subsidiary of an associate
Hangzhou Xiaoying	Joint venture
Changshu Zhicheng	Joint venture
Tianjin Yuanming	Joint venture
Hangzhou Zhenlu	Associate
Lvcheng Guixi	A subsidiary of an associate
Suzhou Lingrui	Joint venture
Suzhou Chengrui	Joint venture
Tropica Development	Associate
Nanjing Caicheng	Joint venture
Ningbo Jingfeng	Joint venture
Tianjin Xinbi	Joint venture (ii)
Tianjin Jinyuan	A subsidiary of a joint venture (ii)
Tianjin Junyou	Joint venture (iii)
Tianjin Xinyou	A subsidiary of a joint venture (iii)
Tianjin Ruiyue	Joint venture (iv)
Changshu Huihuang	Associate (v)
Nanjing Shansheng	Joint venture (vi)
Changshu Junchun	Joint venture (vii)
Jiangnan Zhongying	A subsidiary of a joint venture (vii)
Jiangnan Guotai	A subsidiary of a joint venture (vii)
Beyond Wisdom Limited	A company wholly owned by Yan Hao
Decent King Limited	A company wholly owned by Chen Xin Ge
Yan Hao	Substantial shareholder, director, co-chairmen, chief executive officer
Chen Xin Ge	Substantial shareholder, director, co-chairmen

41 Related-party transactions (continued)

(a) Name and relationship with related parties (continued)

Note:

(i) The Group acquired the equity interests of Shanghai Ruice and Hangzhou Jingcheng which previously are joint ventures of the Group. Shanghai Ruice and Hangzhou Jingcheng became wholly owned subsidiaries of the Group since 29 June 2018 (Note 10).

(ii) Since April 2018, Tianjin Xinbi became a joint venture of the Group, and Tianjin Jinyuan became a subsidiary of a joint venture of the Group (Note 10).

(iii) Since April 2018, Tianjin Junyou became a joint venture of the Group, and Tianjin Xinyou became a subsidiary of a joint venture of the Group (Note 10).

(iv) Since October 2018, Tianjin Ruiyue became a joint venture of the Group. (Note 10).

(v) Since July 2018, Changshu Huihuang became an associate of the Group (Note 11).

(vi) Since December 2018, Nanjing Shansheng became a joint venture of the Group (Note 10).

(vii) Since September 2018, Changshu Junchun became a joint venture of the Group, and Jiangnan Guotai and Jiangnan Zhongying became subsidiaries of joint ventures of the Group (Note 10).

41 Related-party transactions (continued)

(b) Transactions with related parties

The Group has the following related party transactions:

	Year ended 31 December 2018 RMB'000	2017 RMB'000
(i) Providing/(repayment of) temporary funding to/(from) related parties		
– Nangjing Yuning	**(238,000)**	252,689
– Ningbo Rongan Education	**(17,960)**	17,960
– Ningbo Jinghang	**–**	(4)
– Ningbo Jingfeng	**(466,000)**	8,000
– Nanjing Caicheng	**25,375**	–
– Suzhou Chengrui	**62,900**	–
– Tianjin Xinbi	**50,317**	–
– Tianjin Jinyuan	**800**	–
– Tianjin Junyou	**44,613**	–
– Tianjin Xinyou	**330**	–
– Changshu Huihuang	**39,805**	–
– Changshu Junchun	**303,534**	–
– Tianjin Ruiyue	**713,373**	–
	519,087	278,645
(ii) Loan from a related party		
– Chen Xin Ge (note)	**50,000**	–

note: During the year ended 31 December 2018, the Group received loan from a related party, which is non-interest bearing and unsecured. The loan was fully repaid by 31 December 2018.

	2018 RMB'000	2017 RMB'000
(iii) Providing loans to related parties		
– Shanghai Ruice (Note 41(d))	**–**	221,834
– Tropica Development	**–**	173,574
– Hangzhou Xiaoying	**–**	93,134
– Hangzhou Zhenlu	**–**	70
– Lvcheng Guixi	**–**	28,000
– Nanjing Shansheng	**61,350**	–
	61,350	516,612

41 Related-party transactions (continued)

(b) Transactions with related parties (continued)

	Year ended 31 December 2018 RMB'000	2017 RMB'000
(iv) (Repayment)/collection of temporary funding (to)/from related parties		
– Hangzhou Jingcheng	**–**	1,214,467
– Ningbo Kanghua	**(599,000)**	599,000
– Ningbo Jiamu	**187,000**	81,244
– Hangzhou Xiaoying	**87,696**	585,000
– Changshu Zhicheng	**(7,250)**	125,500
– Suzhou Lingrui	**17,000**	15,417
– Suzhou Chengrui	**77,000**	13,000
– Nanjing Caicheng	**775,445**	1,357,500
– Ningbo Rongan Education	**13,790**	–
– Shanghai Jupan	**20**	–
– Hangzhou Zhenlu	**42,000**	–
– Tianjin Xinghuacheng	**16,000**	–
– Jiangnan Zhongying	**12,017**	–
– Jiangnan Guotai	**28,653**	–
	650,371	3,991,128
(v) Loans repaid by related parties		
– Hangzhou Zhenlu	**70**	–
– Lvcheng Guixi	**28,000**	–
– Hangzhou Xiaoying	**93,134**	–
– Tropica Development	**173,574**	–
	294,778	–
(vi) Land premium paid by the Group for related parties		
– Changshu Zhicheng	**–**	96,209
– Suzhou Lingrui	**–**	9,154
– Suzhou Chengrui	**–**	9,758
– Nanjing Caicheng	**–**	63
	–	115,184
(vii) Providing decoration services to related parties		
– Hangzhou Jingcheng	**–**	3,433
(viii) Expenses paid by the Group on behalf of related parties		
– Hangzhou Jingcheng	**–**	3,753
– Ningbo Jinghang	**2**	1,276
– Hangzhou Xiaoying	**1,106**	167
– Changshu Huihuang	**624**	–
– Hangzhou Xiaoying	**1,158**	–
	2,890	5,196

41 Related-party transactions (continued)

(b) Transactions with related parties (continued)

		Year ended 31 December 2018 RMB'000	2017 RMB'000
(ix)	Providing property management services to related parties		
	– Hangzhou Jingcheng	**681**	1,702
	– Ningbo Haipanju	**643**	1,036
		1,324	2,738
(x)	Interest income from related parties recorded in other income		
	– Shanghai Ruice (note 41(d))	**–**	38,016
	– Tianjin Ruiyue	**16,865**	–
	– Nanjing Shansheng	**4,209**	–
		21,074	38,016
(xi)	Providing consulting services to related parties		
	– Ningbo Jinghang	**8,328**	–
	– Ningbo Jingfeng	**8,300**	–
	– Tianjin Xinghuacheng	**10,876**	–
		27,504	–
(xii)	Senior notes subscribed by a related party Beyond Wisdom Limited		
	– Discounted principal amount (Note 20)	**155,687**	–
	– Fully capitalised interest	**7,445**	–
		163,132	–
(xiii)	Guarantees provided to joint ventures (Note 38)		
	– Hangzhou Xiaoying	**–**	550,000
	– Changshu Zhicheng	**112,500**	450,000
	– Nanjing Caicheng	**120,000**	–
	– Changshu Junchun	**627,000**	–
	– Suzhou Chengrui	**31,200**	–
	– Suzhou Lingrui	**19,750**	–
	– Tianjin Xinbi	**20,000**	–
		930,450	1,000,000

41 Related-party transactions (continued)

(c) Key management compensation

Key management includes directors (executive and non-executive), chief financial officer, vice presidents, head of corporate finance and investor relations and secretary of the board of directors. The compensation paid or payable to key management for employee services is shown below:

	Year ended 31 December	
	2018	2017
	RMB'000	RMB'000
Salaries and other short-term employee benefits	**18,674**	18,659
Share award scheme	**41**	77
Post-employment benefits	**495**	540
	19,210	19,276

(d) Related-party balances

	As at 31 December	
	2018	2017
	RMB'000	RMB'000
(i) Amounts due from related parties (Note 16)		
– Shanghai Ruice (note(1))	**–**	681,054
– Hangzhou Jingcheng	**–**	6,307
– Shanghai Jupan	**1,500**	1,500
– Ningbo Haipanju	**853**	799
– Ningbo Jinghang	**10,018**	142,325
– Hangzhou Xiaoying	**1,125**	497,827
– Nanjing Yuning	**14,689**	252,689
– Ningbo Rongan Education	**–**	17,960
– Tianjin Yuanming (note(2))	**141,496**	141,496
– Tropica Development	**–**	173,574
– Hangzhou Zhenlu	**–**	70
– Lvcheng Guixi	**–**	28,000
– Nanjing Caicheng	**565,438**	540,063
– Ningbo Jingfeng	**34,940**	471,238
– Suzhou Chengrui	**62,900**	–
– TianJin Xinbi	**50,317**	–
– TianJin Jinyuan	**800**	–
– TianJin Junyou	**44,613**	–
– TianJin Xinyou	**330**	–
– Tianjin Ruiyue	**731,251**	–
– Changshu Huihuang	**40,060**	–
– Changshu Junchun	**303,534**	–
– Nanjing Shansheng (note(3))	**69,427**	–
– Jiangnan Guotai	**682**	–
	2,073,973	2,954,902

41 Related-party transactions (continued)

(d) Related-party balances (continued)

Note:

(1) The balance of RMB681,054,000 as at 31 December 2017 due from Shanghai Ruice represents the outstanding principal of RMB619,185,000 and interest receivable balance of RMB61,869,000 for a shareholder's loan granted to Shanghai Ruice. Shanghai Ruice became a wholly-owned subsidiary of the Group since June 2018.

(2) The balance of RMB141,496,000 as at 31 December 2018 (31 December 2017: RMB141,496,000) due from Tianjin Yuanming represents the outstanding principal for a shareholder's loan granted to Tianjin Yuanming. The shareholder loan has an annual interest rate of 9% and unsecured.

(3) The balance of RMB69,427,000 as at 31 December 2018 due from Nanjing Shansheng represents the outstanding principal RMB61,350,000 and interest receivable balance of RMB8,077,000 for a shareholder's loan granted to Nanjing Shansheng. The shareholder loans have an annual interest rate of 9% and unsecured.

	Year ended 31 December	
	2018	2017
	RMB'000	RMB'000
	(Audited)	(Audited)
(ii) Amounts due to related parties (Note 22)		
– Hangzhou Jingcheng (note)	**–**	1,214,267
– Ningbo Jiamu (note)	**131,008**	81,244
– Ningbo Jinghang (note)	**9**	9
– Ningbo Kanghua (note)	**–**	599,000
– Hangzhou Xiaoying (note)	**268,170**	585,000
– Changshu Zhicheng (note)	**22,041**	29,291
– Suzhou Lingrui (note)	**23,263**	6,263
– Suzhou Chengrui (note)	**114,978**	3,242
– Nanjing Caicheng (note)	**2,132,945**	1,357,500
– Ningbo Rongan Education (note)	**31,750**	–
– Lvcheng Guixi (note)	**42,000**	–
– Tianjin Xinghuacheng (note)	**4,471**	–
– Shanghai Jupan (note)	**20**	–
– Jiangnan Zhongying (note)	**12,017**	–
– Jiangnan Guotai (note)	**28,653**	–
	2,811,325	3,875,816

Note:

These balances represented the temporary fundings from related parties.

Except for those balances disclosed above, other fundings provided to or from related parties are unsecured, non-interest bearing and repayable on demand.

42 Particulars of principal subsidiaries

Particulars of the principal subsidiaries of the Group as at 31 December 2018 and 2017 are as follows:

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2018	2017	Principal activities
Subsidiaries established in the PRC						
Jingrui Properties (Group) Co., Ltd. (景瑞地產（集團）股份有限公司) ("Jingruis Properties (Group)")	8 September 1993	1,621,079	1,621,079	100%	100%	Property land investment holding
Taicang Jingrui Property Co., Ltd. (太倉景瑞置業有限公司)	25 December 2007	500,600	500,600	100%	100%	Property development
Ningbo Jingrui Property Co., Ltd. (寧波景瑞置業有限公司) (Note 10(b)), (Note 40 (l))	20 February 2013	620,000	620,000	100%	100%	Property development
Equity International Urban Facilities Development (Tianjin) Co, Ltd. (權益城市設施開發（天津）有限公司)	25 June 2007	USD71,600	USD71,600	100%	100%	Urban infrastructure development
EI Urban Facilities Development (Tianjin) Co., Ltd. (天津億安城市設施開發有限公司)(b)	15 August 2007	533,325	533,325	100%	100%	Urban infrastructure development
Shanghai Jiaguan Investment Co., Ltd. (上海佳冠投資有限公司)	10 July 2013	30,500	30,500	100%	100%	Investment holding
Suzhou Jinglong Property Co., Ltd. (蘇州景隆置業有限公司)	10 October 2013	615,000	615,000	100%	100%	Property Development
Wuxi Jingrui Property Co., Ltd. (無錫景瑞置業有限公司)	20 February 2014	USD74,000	USD74,000	100%	100%	Property Development
Shanghai Xiaopin Investment Co., Ltd. (上海驍品投資有限公司) ("Shanghai Xiaopin")	4 May 2014	500,000	500,100	70%	70%	Investment holding
Hangzhou Jingxi Property Co,. Ltd. (杭州景璽置業有限公司)	11 September 2014	1,105,000	1,105,000	100%	100%	Property development
Ningbo Jingyue Property Co. Ltd. (寧波景越置業有限公司)	13 March 2015	HKD495,880	HKD495,880	100%	100%	Property development
Shanghai Xiaoyi Investment Co., Ltd. (上海驍意投資有限公司) (h)	13 May 2014	100	100	50%	50%	Investment holding
Suzhou Jinghui Property Co., Ltd. (蘇州璟輝置業有限公司)	14 April 2016	600,000	600,000	70%	70%	Property development
Wuhan Ruixiao Real Estate Investment Co., Ltd. (武漢瑞驍房地產投資有限公司)	17 March 2017	1,003,000	1,003,000	100%	100%	Investment holding
Wuhan Ruiqian Business Consulting Co., Ltd. 武漢瑞乾商務諮詢有限公司 ("Wuhan Ruiqian")	12 December 2017	1,000,000	1,000,000	60%	60%	Property management
Nanjing Jingrui Investment Co., Ltd. (南京景鋭企業管理有限公司)	12 October 2016	1,053	53	100%	55%	Investment holding

42 Particulars of principal subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2018	2017	Principal activities
Subsidiaries established in the PRC						
Taicang Jingrui Business Consulting Co., Ltd. 太倉璟睿諮詢管理有限公司 (k)	1 April 2017	1,000,000	1,000,000	**30%**	100%	Investment holding
Shanghai Shenran Business Consulting Co., Ltd. 上海燊冉商務諮詢有限公司 (k) ("Shanghai Shenran")	17 December 2018	1,000,000	1,000,000	**30%**	–	Investment holding
Shanghai Guicui Information Consulting Co., Ltd. 上海晷翠信息諮詢有限公司 (k) ("Shanghai Guicui")	17 December 2018	1,000,000	1,000,000	**30%**	–	Investment holding
Shanghai Jingrui Property Management Co., Ltd. (上海景瑞物業管理有限公司)	31 December 1996	30,000	30,000	**100%**	100%	Property management
Shanghai Lichen Building Decoration Engineering Co., Ltd. (上海立臣建築裝飾工程有限公司)	4 November 2011	8,000	8,000	**100%**	100%	Building decoration engineering
Shanghai Jingrui Investment Co., Ltd. (上海景瑞投資有限公司)	22 July 2003	100,000	100,000	**100%**	100%	Investment holding
Taicang Jingshang Property Co., Ltd. (太倉景尚置業有限公司) ("Taicang Jingshang")	6 January 2010	150,000	150,000	**70%**	70%	Property development
Changzhou Jingshen Property Co., Ltd. (常州景申置業有限公司)	14 April 2006	80,000	80,000	**100%**	100%	Property development
Changzhou Jingshang Property Co., Ltd. (常州景尚置業有限公司) (Note 10 (a)), (Note 40 (j))	23 February 2011	620,000	620,000	**100%**	100%	Property development
Taizhou Jingrui Property Co., Ltd. (泰州景瑞置業有限公司)	17 November 2009	205,000	205,000	**100%**	100%	Property development
Nantong Jingrui Property Co., Ltd. (南通景瑞置業有限公司)	26 January 2010	210,520	210,520	**100%**	100%	Property development
Huzhou Jingrui Property Co., Ltd. (湖州景瑞置業有限公司)	20 August 2007	100,000	100,000	**100%**	100%	Property development
Huzhou Jingshang Property Co., Ltd. (湖州景尚置業有限公司)	12 May 2011	51,000	51,000	**100%**	100%	Property development
Zhoushan Jingrui Property Co., Ltd. (舟山景瑞置業有限公司)	16 February 2006	50,000	50,000	**100%**	100%	Property development
Zhoushan Jingshang Property Co., Ltd. (舟山景尚置業有限公司)	17 August 2010	200,000	200,000	**100%**	100%	Property development

42 Particulars of principal subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2018	2017	Principal activities
Subsidiaries established in the PRC						
Shaoxing Jingrui Property Co., Ltd. (紹興景瑞置業有限公司)(a)	27 June 2011	100,000	100,000	100%	100%	Property development
Shaoxing Jingxiang Property Co., Ltd. (紹興景祥置業有限公司)	17 January 2012	140,000	140,000	100%	100%	Property development
Shaoxing Jingkang Property Co., Ltd. (紹興景康置業有限公司)	17January 2012	100,000	100,000	100%	100%	Property development
Shaoxing Jinghu Property Co., Ltd. (紹興景湖置業有限公司)	25 January 2013	100,000	100,000	100%	100%	Property development
Shanghai Huajiang Construction and Development Co., Ltd. (上海華江建設發展有限公司)(d)	16 August 2002	10,000	10,000	67.5%	67.5%	Property development
Shanghai Jingshang Property Co., Ltd. (上海景尚置業有限公司)	8 April 2008	20,000	20,000	100%	100%	Property development
Shanghai Jingxiang Property Co., Ltd. (上海景祥置業有限公司)	9 April 2004	20,000	20,000	100%	100%	Property development
Shanghai Lijing Real Estate Development Co., Ltd. (上海麗景房地產開發有限公司)	18 October 2000	10,000	10,000	100%	100%	Property development
Shanghai Jingxiu Property Development Co., Ltd. (上海景秀置業發展有限公司)	13 July 2001	70,599	70,599	100%	100%	Property development
Tianjin Jingshang Property Investment Co., Ltd. (天津景尚置業投資有限公司)	14 August 2007	30,000	30,000	100%	100%	Property development
Chongqing Jingkang Property Development Co., Ltd. (重慶景康實業有限公司)	20 July 2005	10,000	10,000	100%	100%	Property development
Chongqing Jingshang Property Co., Ltd. (重慶景尚置業有限公司)	6 December 2012	100,000	100,000	100%	100%	Property development
Chongqing Jingteng Property Co., Ltd. (重慶景騰置業有限公司) ("Chongqing Jingteng")	19 June 2015	150,000	150,000	100%	51%	Property development
Hangzhou Jingyue Property Co., Ltd. (杭州景越置業有限公司)	1 March 2013	100,000	100,000	100%	100%	Property development
Yangzhou Jingrui Property Co., Ltd. (揚州景瑞置業有限公司)	8 April 2013	100,000	100,000	100%	100%	Property development
Hainan Jingshen Investment Management Co., Ltd. (海南景申投資管理有限公司)	14 May 2013	10,000	10,000	100%	100%	Property management and investment holding
Shanghai Ruice Investment Co., Ltd. (上海瑞策投資有限公司)(Note 10(g))	16 April 2013	100,000	10,000	100%	–	Investment holding
Shanghai Xiaorui Investment Co., Ltd. (上海驍瑞投資有限公司)(c)	29 April 2014	100	100	100%	100%	Investment holding

42 Particulars of principal subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2018	2017	Principal activities
Subsidiaries established in the PRC						
Hainan Jingshang commercial Management Co., Ltd. (海南景尚商業管理有限公司)	17 April 2013	USD2,000	USD2,000	**100%**	100%	Property management and investment holding
Zhuji Jingrui Property Co., Ltd. (諸暨景瑞置業有限公司)	19 June 2013	100,000	100,000	**100%**	100%	Property development
Nantong Jinshang Property Co., Ltd. (南通景尚置業有限公司)	2 July 2013	100,000	100,000	**100%**	100%	Property development
Hangzhou Jinghang Property Co., Ltd. (杭州景航置業有限公司) ("Hangzhou Jinghang")	14 August 2013	100,000	100,000	**51%**	51%	Property Development
Shanghai Fengxiang Property Development Co., Ltd. (上海鳳翔房地產開發有限公司) ("Shanghai Fengxiang") (Note39 (a))	23 June 1998	100,000	100,000	**100%**	100%	Property Development
Taicang Derun Investment Development Co., Ltd. (太倉德潤投資發展有限公司)	14 August 2013	247,000	247,000	**100%**	100%	Property Development
Hangzhou Jingheng Property Co., Ltd. (杭州景恒置業有限公司)	18 February 2014	100,000	100,000	**100%**	100%	Property development
Shaoxing Jingming Property Co., Ltd. (紹興景明置業有限公司) ("Shaoxing Jingming")	22 January 2014	300,000	300,000	**51%**	51%	Property development
Taizhou Jingrui Property Co., Ltd. (台州景瑞置業有限公司)	23 January 2014	100,000	100,000	**100%**	100%	Property development
Shanghai Jingyue Property Co., Ltd. (上海景月置業有限公司)	8 April 2015	80,608	80,608	**100%**	100%	Property development
Shanghai Weishu Information & Technology Co., Ltd. (上海微束信息科技有限公司)	11 November 2015	1,000	1,000	**70%**	70%	Information & technology
Shanghai Pinzhai Decoration Technology Co., Ltd. (上海品宅裝飾科技有限公司) (i)	17 July 2015	1,961	1,667	**34%**	40%	Customized decoration
Shanghai Hefu Investment Co., Ltd. (上海合福投資管理有限公司)	16 October 2015	100,000	100,000	**100%**	100%	Investment holding
Shanghai Shangpu Investment Fund Management Center LLP (上海上璞股權投資基金管理中心(有限合夥))	23 July 2015	192,030	192,030	**100%**	100%	Investment holding
Ningbo Harbour City Property Co., Ltd. (寧波海港城置業有限公司) (f)	28 February 2014	50,000	50,000	**50%**	50%	Property development

42 Particulars of principal subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2018	2017	Principal activities
Subsidiaries established in the PRC						
Suzhou Ailide Trade Co., Ltd. (蘇州艾力得貿易有限公司) ("Suzhou Ailide")(f)	8 January 2015	50,000	50,000	**50%**	50%	Hardware and building materials
Ningbo Harbour City Business Management Co., Ltd. (寧波海港城商業管理有限公司)(f)	23 April 2014	50	50	**50%**	50%	Investment holding
Suzhou Jingrui Property Co., Ltd. (蘇州璟瑞置業有限公司)(a)	22 February 2016	100,000	100,000	**100%**	100%	Property development
Hangzhou Jingcheng Property Co., Ltd. 杭州景程置業有限公司	06 November 2017	700,000	700,000	**100%**	-	Property development
Hangzhou Jiaheng Property Co., Ltd. (杭州嘉恒房地產開發有限公司)	26 October 2011	300,000	300,000	**100%**	100%	Property development
Tianjin Tianrui Investment Development Co., Ltd. (天津天瑞投資發展有限公司)	14 October 2011	30,000	30,000	**70%**	70%	Property development
Nanjing Jingteng Property Co., Ltd. (南京景騰置業有限公司)	13 May 2016	51,100	51,100	**100%**	100%	Property development
Ningbo Jingshen Property Co., Ltd. (寧波景申置業有限公司)(h)	31 May 2016	30.000	30.000	**50%**	50%	Property development
Suzhou Helan Investment LLP (蘇州合嵐投資合伙企業(有限合夥))	20 July 2016	500,010	82,000	**100%**	100%	Investment holding
Shanghai Taoyong Property Management Co., Limited (上海韜永物業管理有限公司)	17 January 2011	610,000	610,000	**100%**	100%	Property development
Ningbo Jingjun Property Co., Ltd. (寧波景鈞置業有限公司)(e)	21 October 2016	200,000	100,000	**44%**	28%	Property development
Ningbo Xiaoyong Investment Co., Ltd. (寧波驍勇投資有限公司) ("Ningbo Xiaoyong")(e)	19 October 2016	200,000	200,000	**44%**	28%	Investment holding
Wuhan Yanzhuo Building Decoration Engineering Co., Ltd.. (武漢衍琢裝飾工程有限公司) (j)	27 June 2018	20,000	20,000	**40%**	-	Property development
Shanghai Ruizhi Investment Co., Ltd. (上海瑞徵投資有限公司)	16 February 2013	11,000	11,000	**99%**	99%	Investment holding
Shanghai Ruibin Investment Co., Ltd. (上海瑞賓投資有限公司)	16 April 2013	11,000	11,000	**99%**	99%	Investment holding
Shanghai Xiaoze Investment Co., Ltd. (上海驍澤投資有限公司) ("Shanghai Xiaoze")	7 May 2014	100,000	100,000	**70%**	70%	Investment holding

42 Particulars of principal subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2018	2017	Principal activities
Subsidiaries established in the PRC						
Shanghai Linjia Life Development Co., Ltd. (上海鄰加生活企業發展股份有限公司)	23 December 2015	30,000	30,000	**100%**	100%	Property Management
Ningbo Xiangjun Investment Co., Ltd. (寧波翔竣投資有限公司) ("Ningbo Xiangjun")	19 October 2016	400,000	400,000	**51%**	51%	Investment holding
Ningbo Jingxi Property Co., Ltd. (寧波景璽置業有限公司)	29 September 2016	5,000	5,000	**100%**	100%	Property development
Ningbo Jinghuang Property Co., Ltd. (寧波景煌置業有限公司)	21 October 2016	400,000	400,000	**51%**	51%	Property development
Taicang Jingyu Business Consulting Co., Ltd. 太倉璟譽諮詢管理有限公司	1 April 2017	10,000	10,000	**100%**	100%	Investment holding
Taicang Jingxia Business Consulting Co., Ltd. 太倉璟瑕諮詢管理有限公司	1 April 2017	100	100	**100%**	100%	Investment holding
Beijing Jingxiu Business Management Centre 北京景秀商業管理中心	12 January 2017	1,000	1,000	**100%**	100%	Investment holding
Ningbo Meishan duty-free Zone Youyue Investment Co., Ltd. 寧波梅山保税港區優鉞資產管理有限公司	23 February 2017	100,000	30,000	**100%**	100%	Investment holding
Nanjing Jingsheng Property Development Co., Ltd. 南京景晟置業有限公司	18 April 2017	10,000	–	**100%**	100%	Property development
Nanjing Jingkun Property Development Co., Ltd. 南京景坤置業有限公司	27 April 2017	5,000	–	**100%**	100%	Property development
Suzhou Youte Investment Centre (Limited Partnership) 蘇州優特投資中心(有限合夥) (Note 39(h))	12 May 2017	201,500	–	**100%**	50.12%	Investment holding
Ningbo Jingtong Property Co,. Ltd. 寧波景通置業有限公司	23 May 2017	200,000	200,000	**100%**	100%	Property development
Shanghai Ruiyue Hotel Management Co,. Ltd. 上海瑞越酒店管理有限公司	16 March 2017	100,000	40,000	**100%**	100%	Property management
Nanjing Qiancheng Property Co., Ltd. 南京乾程置業有限公司	6 June 2017	50,000	-	**100%**	100%	Property development
Shanghai Shenxin Real Estate Co., Ltd. 上海申信房地產有限公司	20 October 1992	10,800	10,800	**100%**	100%	Property management
Beijing Zhongguan Xinyuan Management LLP 北京中關信苑企業管理有限公司	8 March 2017	10,000	10,000	**100%**	-	Property management

42 Particulars of principal subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2018	2017	Principal activities
Subsidiaries established in the PRC						
Ningbo duty-free zone of Meishan Youning Investment Center (Limited Partnership) 寧波梅山保税港區優寧投資中心(有限合夥)	19 July 2017	369,380	369,380	100%	100%	Investment holding
Shanghai Hao Pei Property Co. Ltd. 上海浩沛置業有限公司	30 October 2017	10,000	10,000	100%	100%	Property Development
Shanghai Hu Tai Real Estate Development Company Limited 上海滬泰房地產發展有限公司 (Note 40(n))	16 November 1992	USD11,370	USD11,370	100%	100%	Property management
Shanghai Zhaoliang Advertising Co. Ltd. 上海兆量廣告有限公司 (Note 40(m))	7 January 2008	10,000	10,000	100%	100%	Property management
Wuhan Yingjin Jiayuan Real Estate Development Co. Ltd. 武漢盈錦嘉園房地產開發有限公司(g)	23 November 2016	60,000	60,000	40%	40%	Property development
Hangzhou Ruimeng Hotel Management Co. Ltd. 杭州瑞夢酒店管理有限公司	27 December 2017	10,000	10,000	100%	100%	Property management
Zhongguan Yayuan Enterprise Management Co., Ltd. 北京中關雅苑企業管理有限公司	9 March 2017	10,000	10,000	100%	–	Property management
Wuhan Ruiyun Real Estate Development Co., Ltd. 武漢瑞允房地產開發有限責任公司	23 March 2018	10,000	10,000	60%	–	Property Development
Zhongfa Wenchan Property Co., Ltd. 中法文產置業（武漢）有限公司	15 June 2017	55,000	55,000	60%	–	Property Development
Tianjin Ruihua Real Estate Development Co., Ltd. 天津瑞華房地產開發有限責任公司(a)	14 February 2018	30,000	30,000	100%	–	Property Development
Tianjin Ruisheng Real Estate Development Co., Ltd. 天津瑞盛房地產開發有限責任公司(a)	7 March 2018	30,000	30,000	100%	–	Property Development
Beijing Chengyuan Property Co., Ltd. 北京程遠置業有限公司	26 September 2017	100,000	100,000	100%	–	Property Development
Taizhou Zhenghuang Property Co., Ltd. 台州市正黃置業有限公司	25 September 2017	10,000	10,000	100%	–	Property management
Hangzhou Jingqi Corporate Management Consulting Co., Ltd. 杭州景祺企業管理諮詢有限公司 (l) (Note 39(j))	17 May 2018	330,000	330,000	60%	–	Investment holding

42 Particulars of principal subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2018	2017	Principal activities
Subsidiaries established in the PRC						
Hangzhou Jingsheng Property Co., Ltd. 杭州景勝置業有限公司 (I) (Note 39(j))	17 May 2018	330,000	330,000	60%	–	Property Development
Shanghai Shanding Property Management Co., Ltd. 上海山鼎物業管理有限公司	7 November 2017	1,000	1,000	100%	-	Property management
Shanghai Shenshi Property Co., Ltd. 上海申實置業有限公司	28 April 2017	10,000	-	100%	-	Property management
Shanghai Kaikang Enterprise Management Co., Ltd. 上海鍇康企業管理有限公司	29 March 2018	200,000	-	100%	-	Investment holding
Subsidiaries incorporated in Hong Kong						
Jingrui HK Holdings Limited ("EI HK")(b)	25 June 2007	USD10	USD10	100%	100%	Property and investment holding
Sincere Paragon Limited	5 February 2013	HKD380,000	HKD380,000	100%	100%	Investment holding
Shimmery Amber International Limited	30 October 2013	HKD10,000	–	100%	100%	Investment holding
Subsidiaries incorporated in BVI						
Faithful Gem Limited	18 September 2013	USD50,000	–	100%	100%	Investment holding
Natural Apex Limited	9 January 2013	USD50,000	USD50,000	100%	100%	Investment holding

42 Particulars of principal subsidiaries (continued)

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.

(a) Certain equity interests in the subsidiaries of the Company were pledged for trust financing arrangement as at 31 December 2018 and 2017 (Note 20). For details, please refer to the table below:

	As at 31 December	
	2018	2017
Percentage of equity interests in Tianjin Ruisheng Property Development Limited.	**100%**	–
Percentage of equity interests in Tianjin Ruihua Property Development Limited.	**100%**	–
Percentage of equity interests in Shaoxing Jingrui Property Co., Ltd.	**–**	100%
Percentage of equity interests in Shanghai Ruice Investment Co., Ltd.	**51%**	51%
Percentage of equity interests in Suzhou Jingrui Property Co., Ltd.	**–**	51%

(b) The companies are investment holding companies without any business other than the holding of 20.3% equity interests in Jingrui Properties (Group). They were acquired by the Group in April 2013 for the purpose of the reorganisation.

(c) The percentage of attributable equity interest presented is the beneficiary interests held by the Company's shareholders. The legal equity interests in certain entities are lower than the beneficiary interests because of the existence of trust financing arrangements.

The Group legally transferred the equity interests in the following subsidiaries as collateral to trust financing companies for trust financing arrangement (Note 20) through capital injection by the underlying trust financing companies or the transfer of equity interests by the Group with repurchase obligation.

	As at 31 December	
	2018	2017
Shanghai Xiaorui Investment Co., Ltd. (note)	**–**	100%

notes:

Shanghai Xiaorui Investment Co., Ltd. was incorporated by the Group as a special purpose vehicle hold 49% equity interests in Suzhou Jingrui Property Co., Ltd. The trust financing company indirectly holds 49% equity interests in project company through its holding 100% equity interests in Shanghai Xiaorui Investment Co., Ltd.. The Group holds the remaining 51% equity interests in Suzhou Jingrui Property Co., Ltd. which has been pledged to the trust financing company for the trust financing arrangement in 2017.

(d) In April 2016, Shanghai Huajiang Construction and Development Co., Ltd., a subsidiary of the Group, reduced its paid-in capital from RMB100,000,000 to RMB10,000,000, as a results the paid-in capital of the non-controlling interests of 32.5% equity interests decrease by RMB29,250,000.

42 Particulars of principal subsidiaries (continued)

(e) Ningbo Xiaoyong was owned as to 44% by the Group, 29% by Ningbo Weike Property Co., Ld., and 27% by Ningbo Kaisheng Investment Co., Ltd.,. The directors of the Group consider that the Group has effective control of Ningbo Xiaoyong even though it legally hold less than 50% equity interest in Ningbo Xiaoyong. This is because that the Group is the main shareholder of Ningbo Xiaoyong, Ningbo Weike Property Co., Ltd. and Ningbo Kaisheng Investment Co., Ltd. follow the Group on all the substantive decision on the operating and financing policies during the life of Ningbo Xiaoyong based on agreement between the Group and each of Ningbo Weike Property Co., Ltd. and Ningbo Kaisheng Investment Co., Ltd. respectively, and there is no history of other shareholders forming a group to exercise their votes collectively.

(f) In October 2015, the Group acquired 50% equity interests of Suzhou Ailide for a total consideration of RMB140,000,000. The remaining 50% equity interests was owned by an independent third party, Kushan Harbour Investment Consultant Limited. Based on the shareholder's agreement with Kunshan Harbour Investment Consultant Limited, Kunshan Harbour Investment Consultant Limited follows the Group on all substantive decision on the operating and financing policies during the life of Suzhou Ailide, the directors of the Group consider that the Group has effective control over Suzhou Ailide. Suzhou Ailide has four wholly-owned subsidiaries, namely Ningbo Harbour City Property Co., Ltd., Ningbo Harbour City Business Management Co., Ltd., Harbour City HK Business Management Co., Ltd. and Ningbo Haichangsheng Business Management Co., Ltd..

(g) On 27 October 2017, the Group acquired 40% equity interests of Wuhan Yingjin Jiayuan for a total consideration of RMB574,000,000. The remaining 60% equity interests was owned by an independent third party. Based on the agreement between the Group and the independent third party, the third party are following with the Group on all the substantive decision on the operating and financing policies during the life of Wuhan Yingjin Jiayuan, the directors of the Group consider that the Group has effective control over Wuhan Yingjin Jiayuan.

(h) Shanghai Jingrui Investment Co., Ltd. disposed of 35% and 15% of interests in Shanghai Xiaoyi to Shanghai Jiayu and Shenzhen Pingjia respectively at a total consideration of RMB50,000 in March 2016. Based on the concerted agreement with the independent third party, Shanghai Jiayu agreed to follow the Group on all the substantive decision on the operating and financing policies during the entire operating period of Shanghai Xiaoyi, the directors of the Group therefore consider that the Group has effective control over Shanghai Xiaoyi and its wholly-owned subsidiaries, namely Ningbo Jingshen Property Co., Ltd..

(i) In March and August 2016, two third party individuals, through a series of capital injection and equity transfer, invested in the Group's subsidiaries, Shanghai Jizhai Investment Holding Company and Shanghai Pinzhai Decoration Technology Co., Ltd. ("Shanghai Jizhai and Pinzhai") which are specialised in decoration design business. Their investments effectively diluted the Group's equity interest in Shanghai Jizhai and Pinzhai to 34%, and two third party individuals hold remaining 66% in total. However, the Group still controls Shanghai Jizhai and Pinzhai as the Group approves all the resolutions pursuant to the agreements between three parties.

(j) Wuhan Yanzhuo decoration Co., Ltd. ("Wuhan Yanzhuo") was owned as to 40% by the Group, and 60% by an indepent third party. Wuhan Yanzhuo is specialised in decoration design business. Based on the concerted agreement with the independent third party which agreed to follow the Group on all the substantive decision on the operating and financing policies during the entire operating period of Wuhan Yanzhuo, the directors of the Group therefore consider that the Group has effective control over Wuhan Yanzhuo.

42 Particulars of principal subsidiaries (continued)

(k) Taicang Jingrui Business Consulting Co., Ltd., Shanghai Shenran Business Consulting Co., Ltd., and Shanghai Guicui Information Consulting Co., Ltd. were owned as to 30% by the Group and 70% by an independent third party respectively. Based on the concerted agreement with the independent third party which agreed to follow the Group on all the substantive decision on the operating and financing policies during the entire operating period of these three entities, the directors of the Group therefore consider that the Group has effective control over these three entities.

(l) Hangzhou Jingqi was owned as to 60% by the Group and 40% by Shandong Trust. The directors of the Group consider that the Group has effective control of Hangzhou Jingqi and its wholly-owned subsidiary, namely Hangzhou Jingsheng Property Co., Ltd., as Shandong Trust agreed to follow the Group on all the substantive decision on the operating and financing policies during the life of Hangzhou Jingqi based on agreement between the Group and Shandong Trust.

(m) Summarised financial information on subsidiaries with non-controlling interests material to the Group.

The non-controlling interests of the Group are as follows:

	As at 31 December	
	2018	2017
	RMB'000	RMB'000
Non-controlling interests for		
– Taicang Jingshang	**60,874**	42,559
– Hangzhou Jinghang	**67,179**	60,670
– Shaoxing Jingming	**180,845**	172,658
– Suzhou Ailide	**241,222**	212,243
– Shanghai Xiaoze	**76,905**	80,602
– Chongqing Jingteng	**–**	70,928
– Shanghai Xiaopin	**154,397**	144,990
– Ningbo Xiaoyong	**53,577**	71,631
– Ningbo Xiangjun	**190,283**	195,618
– Wuhan Ruiqian	**396,055**	400,000
– Wuhan Jiayuan	**891,758**	896,848
– Hangzhou Jingqi	**130,556**	–
– Shanghai Guicui	**700,000**	–
– Shanghai Shenran	**700,000**	–
– Shanghai Xiaoyi	**164,347**	(17,296)
– Wuhan Yanzhuo	**21,837**	–
– Other subsidiaries	**96,320**	69,664
	4,126,155	2,401,115

Set out below are the summarised financial information for the subsidiaries including Suzhou Ailide, Wuhan Ruiqian, Wuhan Jiayuan, Shanghai Guicui, Shanghai Shenran and Shanghai Xiaoyi that have non-controlling interests that are material to the Group, and the information below is the amounts before inter-company eliminations.

42 Particulars of principal subsidiaries (continued)

Summarised balance sheet

	Suzhou Ailide As at 31 December	
	2018	2017
	RMB'000	RMB'000
Current		
Assets	**35,200**	201,889
Liabilities	**(118,285)**	(172,205)
Total current net assets	**(83,085)**	29,684
Non-current		
Assets	**673,523**	492,633
Liabilities	**(107,994)**	(97,831)
Total non-current net assets/(liabilities)	**565,529**	394,802
Net assets	**482,444**	424,486

	Wuhan Ruiqian As at 31 December		Wuhan Jiayuan As at 31 December	
	2018	2017	**2018**	2017
	RMB'000	RMB'000	**RMB'000**	RMB'000
Current				
Assets	**1,274,683**	1,000,000	**3,658,548**	1,858,844
Liabilities	**(142,514)**	–	**(1,383,313)**	(364,301)
Total current net assets	**1,132,169**	1,000,000	**2,275,235**	1,494,543
Non-current				
Assets	**969**	–	**3,029**	204
Liabilities	**(143,000)**	–	**(792,000)**	–
Total non-current net (liabilities)/assets	**(142,031)**	–	**(788,971)**	204
Net assets	**990,138**	1,000,000	**1,486,264**	1,494,747

42 Particulars of principal subsidiaries (continued)

Summarised balance sheet (continued)

	Shanghai Shenran As at 31 December 2018 RMB'000	Shanghai Guicui As at 31 December 2018 RMB'000
Current		
Assets	1,000,000	1,000,000
Liabilities	–	–
Total current net assets	1,000,000	1,000,000
Non-current		
Assets	–	–
Liabilities	–	–
Total non-current net (liabilities)/assets	–	–
Net assets	1,000,000	1,000,000

	Shanghai Xiaoyi As at 31 December 2018 RMB'000
Current	
Assets	928,820
Liabilities	(590,163)
Total current net assets	338,657
Non-current	
Assets	5,037
Liabilities	(15,000)
Total non-current net (liabilities)/assets	(9,963)
Net assets	328,694

42 Particulars of principal subsidiaries (continued)

Summarised statement of comprehensive income

	Suzhou Ailide Year ended 31 December 2018 RMB'000	Suzhou Ailide Year ended 31 December 2017 RMB'000
Revenue	**27,867**	180,920
Profit/(loss) before income tax	**49,105**	(72,172)
Income tax expense	**8,853**	23,720
Post-tax profit/(loss)	**57,958**	(48,452)
Other comprehensive income	**–**	–
Total comprehensive income/(loss)	**57,958**	(48,452)
Profit/(loss) allocated to non-controlling interests	**28,979**	(24,226)

	Wuhan Ruiqian		Wuhan Jiayuan	
	Year ended 31 December 2018 RMB'000	For the period from 12 December 2017 to 31 December 2017 RMB'000	**Year ended 31 December 2018 RMB'000**	For the period from 27 October 2017 to 31 December 2017 RMB'000
Revenue	**–**	–	**–**	–
Loss before income tax	**(10,691)**	–	**(11,306)**	(326)
Income tax expense	**829**	–	**2,823**	73
Post-tax Loss	**(9,862)**	–	**(8,483)**	(253)
Other comprehensive income	**–**	–	**–**	–
Total comprehensive loss	**(9,862)**	–	**(8,483)**	(253)
Loss allocated to non-controlling interests	**(3,945)**	–	**(5,090)**	(152)

42 Particulars of principal subsidiaries (continued)

Summarised statement of comprehensive income (continued)

	Shanghai Shenran For the period from 17 December 2018 to 31 December 2018 RMB'000	Shanghai Guicui For the period from 17 December 2018 to 31 December 2018 RMB'000
Revenue	–	–
Loss before income tax	–	–
Income tax expense	–	–
Post-tax Loss	–	–
Other comprehensive income	–	–
Total comprehensive loss	–	–
Loss allocated to non-controlling interests	–	–
Dividends paid to non-controlling interests	–	–

	Shanghai Xiaoyi 2018 RMB'000
Revenue	1,829,706
Profit before income tax	528,254
Income tax expense	(164,968)
Post-tax profit	363,286
Other comprehensive income	–
Total comprehensive income	363,286
Profit allocated to non-controlling interests	181,643
Dividends paid to non-controlling interests	–

42 Particulars of principal subsidiaries (continued)

Summarised cash flow statement

	Suzhou Ailide For the year ended 31 December	
	2018	2017
	RMB'000	RMB'000
Net cash generated from/(used in) operating activities	**(26,093)**	250,208
Net cash used in investing activities	**–**	–
Net cash used in financing activities	**–**	(261,939)
Net increase/(decrease) in cash and cash equivalents	**(26,093)**	(11,731)
Cash and cash equivalents at beginning of the year	**36,174**	47,905
Cash and cash equivalents at end of the year	**10,081**	36,174

	Wuhan Ruiqian For the period from 12 December 2017 to 31 December 2017		Wuhan Jiayuan For the period from 27 October 2017 to 31 December 2017	
	2018	2017	**2018**	2017
	RMB'000	RMB'000	**RMB'000**	RMB'000
Net cash (used in)/generated from operating activities	**(141,923)**	–	**(510,206)**	(42,336)
Net cash generated used in investing activities	**(110)**	(999,999)	**(45)**	(204)
Net cash generated from/(used from) financing activities	**143,000**	1,000,000	**1,320,000**	60,000
Net increase/(decrease) in cash and cash equivalents	**967**	1	**809,749**	17,460
Cash and cash equivalents at beginning of the year	**1**	–	**17,460**	–
Cash and cash equivalents at end of the year	**968**	1	**827,209**	17,460

42 Particulars of principal subsidiaries (continued)

Summarised cash flow statement (continued)

	Shanghai Shenran For the period from 17 December 2018 to 31 December 2018 RMB'000	Shanghai Guicui For the period from 17 December 2018 to 31 December 2018 RMB'000
Net cash (used in)/generated from operating activities	–	–
Net cash generated from/(used in) investing activities	(999,999)	(999,999)
Net cash generated from/(used in) financing activities	1,000,000	1,000,000
Net increase/(decrease) in cash and cash equivalents	1	1
Cash and cash equivalents at beginning of the year	–	–
Cash and cash equivalents at end of the year	1	1

	Shanghai Xiaoyi For the year ended 31 December 2018 RMB'000
Net cash (used in)/generated from operating activities	149,259
Net cash generated from/(used in) investing activities	–
Net cash generated from/(used in) financing activities	(250,000)
Net increase/(decrease) in cash and cash equivalents	(100,741)
Cash and cash equivalents at beginning of the year	390,709
Cash and cash equivalents at end of the year	289,968

The information above is the amounts before inter-company eliminations.

43 Balance sheet and reserve movements of the Company

Balance sheet of the Company

	As at 31 December	
	2018	2017
	RMB'000	RMB'000
ASSETS		
Non-current assets		
Interests in subsidiaries	**2,774,824**	2,779,257
Financial assets at fair value through profit or loss	**211,965**	–
Available-for-sale financial assets	**–**	160,739
	2,986,789	2,939,996
Current assets		
Amounts due from subsidiaries	**3,496,229**	2,673,917
Cash at bank and on hand	**19,104**	6,877
Trade and other receivable and prepayment	**249,614**	17,581
	3,764,947	2,698,375
Total assets	**6,751,736**	5,638,371
OWNERS' EQUITY		
Capital and reserves attributable to equity holders of the Company		
Share capital: nominal value	**86,634**	79,361
Reserves (note (a))	**371,023**	1,125,895
Total equity	**457,657**	1,205,256
LIABILITIES		
Non-current liabilities		
Borrowings	**5,380,570**	3,293,179
Current liabilities		
Trade and other payables	**87,819**	113,434
Amounts due to subsidiaries	**435,558**	604,309
Borrowings	**390,132**	422,193
	913,509	1,139,936
Total liabilities	**6,294,079**	4,433,115
Total equity and liabilities	**6,751,736**	5,638,371

The balance sheet of the Company was approved by the Board of Directors on 19 March 2019 and was signed on its behalf by:

Yan Hao
Director

Xu Chao Hui
Director

43 Balance sheet and reserve movements of the Company (continued)

(a) Reserve movements of the Company

				Reserves			
	Share premium RMB'000	Treasury shares RMB'000	Share award scheme RMB'000	Contributed surplus RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance at 1 January 2018	1,193,851	–	76,190	1,115,742	(90,384)	(1,169,504)	1,125,895
Changes in accounting policies (Note 3)	–	–	–	–	88,020	(88,020)	–
Restated balance at 1 January 2018	1,193,851	–	76,190	1,115,742	(2,364)	(1,257,524)	1,125,895
Comprehensive income/(loss)							
Loss for the year 2018	–	–	–	–	–	(716,626)	(716,626)
Other comprehensive income	–	–	–	–	–	–	–
Total comprehensive loss for the year 2018	–	–	–	–	–	(716,626)	(716,626)
Transactions with owners							
Share award scheme (Note 33)	–	14	4,193	–	–	–	4,207
2017 final dividend (Note 35)	(260,794)	–	–	–	–	–	(260,794)
Place of new shares (Note 18)	261,266	–	–	–	–	–	261,266
Cancellation of shares	(37,063)	–	–	–	–	–	(37,063)
Buy-back of shares	–	(5,862)	–	–	–	–	(5,862)
Balance at 31 December 2018	1,157,260	(5,848)	80,383	1,115,742	(2,364)	(1,974,150)	371,023
Balance at 1 January 2017	1,193,851	–	67,551	1,115,742	14,254	(919,773)	1,471,625
Comprehensive income/(loss)							
Loss for the year 2017	–	–	–	–	–	(249,731)	(249,731)
Other comprehensive income:							
Changes in fair value of available-for-sale financial assets (Note 13)	–	–	–	–	(104,638)	–	(104,638)
Total comprehensive loss for the year 2017	–	–	–	–	(104,638)	(249,731)	(354,369)
Transactions with owners							
New share award scheme (Note 33)	–	–	8,639	–	–	–	8,639
Balance at 31 December 2017	1,193,851	–	76,190	1,115,742	(90,384)	(1,169,504)	1,125,895

44 Events after the reporting period

Same as disclosed below and elsewhere in the notes to the consolidated financial statements set out above, there is no other material subsequent event undertaken by the Group after 31 December 2018

In January 2019, the Company issued the senior notes with principal amount of USD150,000,000, which were listed on the Stock Exchange. These notes are denominated in USD and due for repayment on 31 July 2020 at annual interest rate of 13%.

45 Authorisation for issue of the financial statements

The consolidated financial statements were approved and authorised for issue by the board of directors of the Company on 19 March 2019.

FIVE-YEAR FINANCIAL INFORMATION

I. Key data of income statement

	2014 RMB'000	2015 RMB'000	2016 RMB'000	2017 RMB'000	**2018 RMB'000**
Revenue	5,272,953	5,759,116	15,051,277	15,668,404	**11,268,203**
Cost of sales	(4,308,600)	(5,585,933)	(14,440,998)	(13,150,265)	**(8,721,010)**
Gross profit	964,353	173,183	610,279	2,518,139	**2,547,193**
Gains arising from appreciation of investment properties under office and apartment platform	–	–	–	38,760	**388,051**
Fair value gains/(losses) on investment properties under other platforms	71,790	203,255	81,059	(2,796)	**54,708**
Selling and marketing costs	(221,132)	(230,734)	(408,502)	(363,862)	**(307,179)**
Administrative expenses	(241,630)	(269,074)	(409,186)	(607,751)	**(780,274)**
Other income	11,665	89,338	79,763	290,656	**68,338**
Other (losses)/gains – net	(29,121)	(52,706)	964,323	136,051	**228,830**
Operating profit/(loss)	555,925	(86,738)	917,736	2,009,197	**2,199,667**
Finance income	23,244	38,487	46,124	59,630	**53,343**
Finance costs	(11,194)	(95,841)	(142,837)	(170,332)	**(337,650)**
Finance income/(costs) – net	12,050	(57,354)	(96,713)	(110,702)	**(284,307)**
Share of results of joint ventures	(12,807)	4,833	(35,978)	(70,164)	**(47,324)**
Share of results of associates	–	–	–	(8,001)	**172,387**
Profit/(loss) before income tax	555,168	(139,259)	785,045	1,820,330	**2,040,423**
Income tax expense	(275,651)	(150,049)	(621,621)	(916,398)	**(737,532)**
Profit/(loss) for the year	279,517	(289,308)	163,424	903,932	**1,302,891**
Attributable to:					
Equity holders of the Company	273,962	(352,696)	106,295	805,761	**1,031,919**
Holders of perpetual capital instruments	1,350	50,136	71,500	20,472	**–**
Non-controlling interests	4,205	13,252	(14,371)	77,699	**270,972**
	279,517	(289,308)	163,424	903,932	**1,302,891**

II. Key data of financial position

	2014 RMB'000	2015 RMB'000	2016 RMB'000	2017 RMB'000	**2018 RMB'000**
Total non-current assets	1,600,790	2,513,401	5,251,927	7,967,327	**9,933,699**
Total current assets	24,803,330	26,910,970	32,790,006	31,209,859	**37,948,896**
Total assets	26,404,120	29,424,371	38,041,933	39,177,186	**47,882,595**
Total non-current liabilities	4,772,675	4,945,470	10,164,236	10,767,206	**13,338,592**
Total current liabilities	16,872,434	19,651,686	23,319,628	22,277,059	**25,730,856**
Total liabilities	21,645,109	24,597,156	33,483,864	33,044,265	**39,069,448**
Total equity attributable to:					
Equity holders of the Company	3,690,032	3,381,227	3,303,880	3,731,806	**4,686,992**
Holders of perpetual capital instruments	551,350	512,111	538,083	–	**–**
Non-controlling interests	517,629	933,877	716,106	2,401,115	**4,126,155**
Total equity	4,759,011	4,827,215	4,558,069	6,132,921	**8,813,147**

景瑞控股
JINGRUI HOLDINGS