



AGILE
雅居樂

AGILE GROUP HOLDINGS LIMITED
雅居樂集團控股有限公司

(Incorporated in the Cayman Islands with limited liability) Stock Code: 3383



Develop our **future**
with **vision**
and **enthusiasm**



2018
ANNUAL REPORT



CORPORATE PROFILE

Agile Group Holdings Limited (Stock Code: 3383) and its subsidiaries is principally engaged in the development of large-scale mixed-use property projects, with extensive presence in the businesses such as property management, environmental protection, construction, real estate construction management and commercial. As a renowned brand in China, the Group has established diversified businesses in various cities and districts in China and overseas. As at 31 December 2018, the Group has a land bank with a total planned GFA of 36.23 million sq.m..

The shares of Agile have been listed on the Main Board of Hong Kong Stock Exchange since 2005 and are constituent stocks of Hang Seng Composite Index, Hang Seng Global Composite Index, Hang Seng Stock Connect Hong Kong Index Series, Hang Seng High Dividend Yield Index, Hang Seng Mainland Properties Index, Hang Seng High Beta Index, Hang Seng China (Hong Kong-listed) 100 Index, MSCI China Index and Lippo Select HK & Mainland Property Index.

BUSINESS STRUCTURE

Agile will continue to adopt the operating model of “focusing on property development, supported by a diversified range of businesses” (“1+N”), driving the solid growth of each business segment.



Property Development

A land bank with a total planned GFA of 36.23 million sq.m. in 65 cities



A-Living

The GFA under management and contracted GFA were 138.1 million sq.m. and 229.8 million sq.m. respectively



Environmental Protection

Optimising its regional presence, driving the development of its business segments including hazardous waste treatment, water treatment and common solid waste treatment

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Construction

Focused on the principal businesses including general construction contracting, landscaping and home decoration, supported by design consulting and materials trading businesses



Real Estate Construction Management

Services included design and application for construction, construction management, cost control, brand export and product marketing



Commercial

Integrated the commercial projects including hotels, investment properties, community retail and culture and tourism retail

FINANCIAL HIGHLIGHTS

Income Statement Highlights

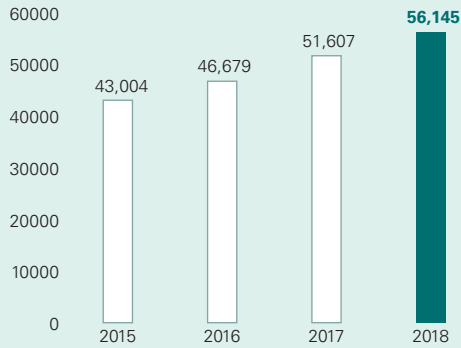
	For the year ended 31 December		
	2018	2017	Change
Revenue (RMB million)	56,145	51,607	+8.8%
Gross profit (RMB million)	24,674	20,687	+19.3%
Net profit (RMB million)	8,358	6,780	+23.3%
Profit attributable to shareholders of the Company (RMB million)	7,125	6,025	+18.3%
Basic earnings per share (RMB)	1.835	1.552	+18.2%
Distributed interim dividend per share (HK cents)	50.0	22.0	+127.3%
Proposed final dividend per share (HK cents)	50.0	68.0	-26.5%
Full year dividend per share (HK cents)	100.0	90.0	+11.1%

Balance Sheet Highlights

	As at 31 December		
	2018	2017	Change
Total assets (RMB million)	230,446	163,358	+41.1%
Cash and cash equivalents (RMB million)	35,776	19,042	+87.9%
Restricted cash (RMB million)	9,285	11,078	-16.2%
Short-term borrowings (RMB million)	35,333	27,146	+30.2%
Long-term borrowings (RMB million)	53,196	34,529	+54.1%
Shareholders' equity (RMB million)	41,239	36,335	+13.5%
Return on equity (ROE)	17.3%	16.6%	+0.7 percentage point
Total debt/total assets	38.4%	37.8%	+0.6 percentage point
Net debt/total equity	79.1%	71.4%	+7.7 percentage point

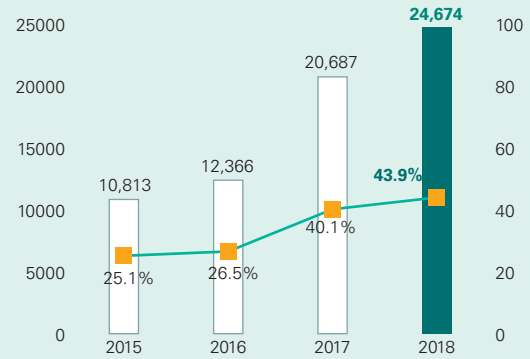
Revenue

(RMB million)



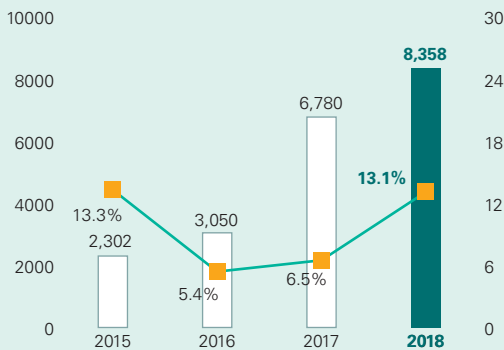
Gross Profit and Gross Profit Margin

(RMB million/%)



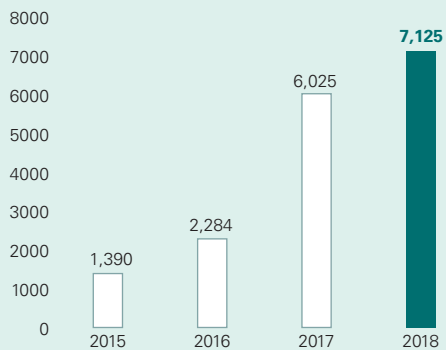
Net Profit and Net Profit Margin

(RMB million/%)



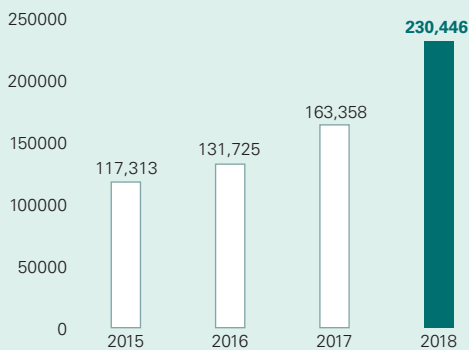
Profit Attributable to Shareholders of the Company

(RMB million)



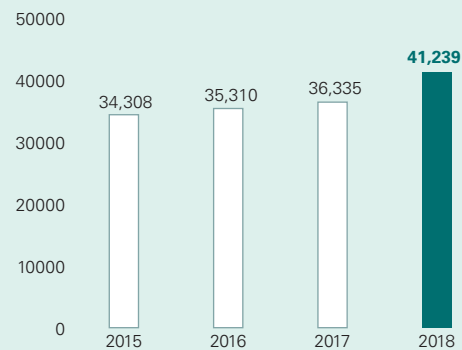
Total Assets

(RMB million)



Shareholders' Equity

(RMB million)



MILESTONES 2018

February

The spin-off and separate listing of A-Living Services Co., Ltd. (雅居樂雅生活服務股份有限公司) (Stock Code: 3319, a subsidiary of the Group) on the Main Board of Hong Kong Stock Exchange was successfully completed.



April

The Group established real estate construction management business which primarily provides full industry chain agent construction services to the market.

June

The Group formed commercial business by integrating its existing hotels and investment properties, and introducing projects including culture and tourism retail and community retail.



September

With acquisition of several projects completed, the environmental protection business has established presence in 8 major regions including Eastern China, Beijing-Tianjin-Hebei, Shandong, Central China, Southern China, Guangxi, Hainan and Western China.

December

The accumulated pre-sales amount of the Group exceeded RMB100 billion mark for the first time, which reached a new record high.



MAJOR HONOURS AND AWARDS

Corporate Social Responsibility

Caring Company

The Hong Kong Council of Social Service

Corporate Social Responsibility Award 2018

Capital magazine

Outstanding ESG Award 2018

Economic Digest magazine

Green Office Awards Labelling Scheme and
Eco-Healthy Workplace

World Green Organisation

Guangdong Real Estate Chamber of
Commerce Member Enterprises Outstanding
Contribution Award for Poverty Alleviation

Guangdong Real Estate Chamber of Commerce

Capital Market

Best Corporate Issuer — North Asia

The Asset magazine

Best High Yield Bond — China

The Asset magazine

The 4th Investor Relations Awards 2018
— Certificate of Excellence

Hong Kong Investor Relations Association

Corporate Governance

The Listed Enterprise Excellence Awards 2018
— Corporate Governance Awards

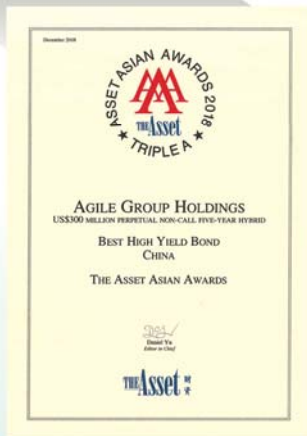
Capital Weekly magazine

2018 National Top 10 Legal Affairs
Department

CLO magazine

China 2018 Top 15 In-house Legal Team

Asia Legal Business magazine



Major Honours and Awards (Continued)

Corporate Brand

2018 Ranking of China's 100 Best Real Estate Enterprises

2018 Top 30 Listed China's Real Estate Enterprises

Guandian Real Estate New Media

The Seventeenth (2018) Guangdong Real Estate Enterprises of High Credit Ratings Top 20

Industrial and Commercial Bank of China Limited (Guangdong Branch)

Agricultural Bank of China Limited (Guangdong Branch)

Bank of China Limited (Guangdong Branch)

China Construction Bank Corporation (Guangdong Branch)

China Real Estate Enterprises of High Credit

China Property Award of Supreme Excellence 2018

Organising Committee of China Property Award of Supreme Excellence

Outstanding China Real Estate Enterprise 2017

Quamnet

Hong Kong Outstanding Enterprises 2018 – Main Board Category

Economic Digest magazine

Global Brand Awards – Best Property Development Brand (China)

Global Brands magazine

2018 China Top 100 Real Estate Developers

China Real Estate TOP 10 Research Group

The TOP 20 of 2018 Top 100 China Real Estate Enterprises in terms of Supply Chain Integrity

China Real Estate Association

Top Graduate Employers China 2018

51job.com

yingjiesheng.com



CHAIRMAN'S STATEMENT



CHEN Zhuo Lin
Chairman and President

The Group is fully confident in the future development of its property development and diversified businesses. The Group firmly believes that with the implementation of the “New Three-year Plan”, the enhancement of its brand image, combined with the unwavering efforts of all staff members, the Group will capture opportunities in the challenging market environment and drive the sustainable development of its business as a whole steadily.

Dear shareholders,

I am pleased to report the audited consolidated results of Agile Group Holdings Limited ("Agile" or the "Company") and its subsidiaries (collectively, the "Group") for the year ended 31 December 2018 as follows:

Results and Dividends

During the year, the revenue and gross profit of the Group were RMB56,145 million and RMB24,674 million respectively, representing an increase of 8.8% and 19.3% when compared with last year. Net profit amounted to RMB8,358 million, representing an increase of 23.3% when compared with last year. Profit attributable to shareholders amounted to RMB7,125 million, representing an increase of 18.3% over last year. Overall gross profit margin and net profit margin were 43.9% and 14.9% respectively, representing an increase of 3.8 percentage points and 1.8 percentage points when compared with last year.

During the year, the recognised sales of property development business was RMB52,488 million, representing an increase of 6.5% when compared with last year. The Group's revenue from property management, hotel operations, property investment and environmental protection businesses were RMB2,133 million, RMB722 million, RMB189 million and RMB614 million respectively.

Taking into account the Group's business development needs and shareholders' investment returns, the board of directors of the Company (the "Board") has proposed the declaration and payment of a final dividend of HKD50.0 cents per share for the year ended 31 December 2018. Together with the interim dividend of HKD50.0 cents per share paid in 2018, the total dividend of 2018 will be HKD100.0 cents per share, representing an increase of 11.1% when compared with last year.

Business Review

In 2018, despite a slowdown in the growth momentum of the global economy and the complexity in the international environment, the Central Government made progress while maintaining stable performance with the support of the foundation laid over the years

of reform and development. In face of the adverse market environment in the property market, the Group kept advancing against headwinds. By capitalising on development opportunity presented by the steady economic growth of China, the Group further implemented the operating model of "focusing on property development, supported by a diversified range of businesses". With different business segments complementing one other with their strengths, the Group obtained excellent results.

Flexible Responses to Changes Boosting Property Sales to over RMB100 Billion

In respect of property development business, in line with the Central Government's general guideline of "housing is for living in but not for speculation", the Group made active responses by adopting flexible sales strategies and launching projects in a timely manner at reasonable prices. The Group achieved record-high pre-sales for another year, which exceeded RMB100 billion for the first time. During the year, the accumulated pre-sales value of the Group including joint ventures and associates, together with that of real estate projects managed by the Group and sold under the brand "Agile", amounted to RMB102.67 billion. The accumulated GFA pre-sold and average selling price were 7.98 million sq.m. and RMB12,871 per sq.m. respectively, both of which were satisfactory.

In response to the on-going implementation of "Differentiated Control and City-specific Policies" by local governments, the Group continued to roll out its geographic diversification strategy, obtaining remarkable results. During the year, the Group not only reinforced its leading market position in Southern China Region, but also achieved excellent sales performance in Eastern China Region, Western China Region and Central China Region. In the meantime, the Group's tourism property projects in Hainan Region and Yunnan Region were also well-received by the market. During the year, the Group launched a total of 43 new projects in Southern China Region, Eastern China Region, Western China Region and Central China Region, and projects available for sale totalled 115, generating steady and substantial revenue for the Group.

Acquiring Land Prudently and Establishing Presence to Explore New Markets

Being fully aware that land bank is an important cornerstone for the sustainable development of a property developer, the Group has been replenishing its land bank by way of tender, auction, listing-for-sale and equity acquisition. During the year, in view of its business development needs and market conditions in each region, the Group strategically acquired premium land parcels in Southern China Region, Eastern China Region, Western China Region, Central China Region, Northern China Region and Yunnan Region. Dali, Fuzhou, Handan, Hanzhong, Hefei, Huzhou, Jiaying, Jinzhong, Jingzhou, Lianyungang, Maoming, Meizhou, Shangqiu, Shantou, Weihai, Wuhu, Xuchang, Xuzhou, Yunfu and Zhangzhou are the Group's newly explored markets, which demonstrate huge potential for future development. The total planned GFA of the newly acquired land parcels amounted to 11.11 million sq.m., of which the Group's total attributable planned GFA was 9.09 million sq.m.. The total consideration of the new land parcels was RMB42,600 million, and the consideration to be paid by the Group was RMB29,400 million.

As at 31 December 2018, the Group had an aggregate land bank with a total planned GFA of 36.23 million sq.m. in a total of 65 cities. The land bank meets the requirement for the development in the next few years. Of this, the abundant land bank in the "Guangdong-Hong Kong-Macao Greater Bay Area", which is vigorously promoted by the Central Government, is of great development potential in the future. The average land cost was RMB2,825 per sq.m., which was highly competitive.

During the year, the Group also continued to drive its urban renewal projects and featured towns and industrial real estate projects that features industry-city integration, thereby successfully structuring a more diversified portfolio of property projects.

Diversified Business Laying Strong and Solid Foundation for Future Development

During the year, under the business model of "focusing on property development, supported by a diversified range of businesses", the Group made all efforts to drive its businesses including property development, property management, environmental protection, construction and education. The real estate construction management business was newly established, and the commercial business was also set up with the existing properties being consolidated. The implementation of the diversified development strategy was achieved. The Group invested over RMB10 billion on the development of more than 50 new projects during the year. The Group's business segments also fully capitalised on synergies to lay a solid foundation for long-standing development in the future.

In respect of property management business, the business segments of A-Living Services Co., Ltd. (雅居樂雅生活服務股份有限公司) ("A-Living"), namely property management services, asset management services and community commercial services, continued to grow and recorded outstanding results. During the year, the revenue of A-Living was RMB3,376.7 million, representing an increase of 91.8% when compared with last year. Gross profit amounted to RMB1,289.9 million, representing an increase of 118.4% when compared with last year, while gross profit margin was 38.2%, representing an increase of 4.7 percentage points when compared with last year. Profit attributable to shareholders was RMB801 million, representing an increase of 176.5% when compared with last year. Net profit margin was 24.0%, representing an increase of 7.0 percentage points when compared with last year. Basic earnings per share of A-Living was RMB0.62, contributing significant return to the Group. As at 31 December 2018, the GFA under management and contracted GFA of A-Living were 138.1 million sq.m. and 229.8 million sq.m. respectively, which included the GFA of 31 million sq. m. obtained from merger and acquisition. As at 31 December 2018, the contracted

GFA from projects of third-party developers was 106.4 million sq.m., accounting for 46.3% of the total contracted GFA and representing an increase of 48.4 million sq.m. or 83.2% compared with 2017. The remarkable results of A-Living were attributable to the continued implementation of the dual-branded development strategy based on "Agile Property Management" and "Greenland Property Services", deeper long-term cooperation with Greenland Holdings, and the successful expansion into property services for super high-rise and commercial properties during the year. In the meantime, A-Living also realised higher contribution of growth from active expansion through third-party developers and mergers and acquisitions.

In respect of environmental protection business, the Group has achieved fast and steady growth in its businesses including hazardous waste treatment, water treatment and common solid waste treatment. Of these, the hazardous waste treatment business recorded outstanding performance, securing a leading position in the industry. During the year, the environmental protection business developed 11 new hazardous waste treatment projects. The maximum hazardous waste processing capacity of all projects exceeded 2.7 million tonnes per year. The total capacity of its landfill was over 14 million cubic metres. The Group also expanded successfully into the business of recycling of waste and used metals, which has a promising outlook. In the meantime, major breakthroughs were made in the water treatment business and the common solid waste treatment business. The water treatment capacity increased by nearly 10 times, with the daily maximum water treatment capacity exceeding 2.1 million tonnes. The Group also developed 3 new domestic waste-to-energy projects, with the daily maximum treatment capacity reaching 2,500 tonnes. In addition, the environmental protection team entered into strategic cooperation with a number of industry leaders, and it is actively expanding into businesses including food waste treatment, kitchen waste treatment and sludge treatment. Environmental protection business is expected to become one of the sources of steady revenue for the Group.

In respect of construction business, the Group focused on the principal businesses including general construction contracting, landscaping and home decoration, supported by design consulting and materials trading businesses. While making great efforts to drive business development, the construction business also actively explored external markets. Its geographic coverage has been expanded to more than 70 cities in 24 provinces and municipalities. The number of projects undertaken by the business was around 300.

In respect of education business, the Group remained committed to providing ancillary facilities of pre-school education, primary and secondary education, tertiary education, training education and international education, adding value to the property projects.

A newly established business segment of the Group, the real estate construction management business generated revenue and profit for the Group during the year. This segment provides partners with high-end technical and professional services ranging from design and application for construction, construction management, cost control, brand export to product marketing. Business divisions including government agent construction, capital agent construction and commercial agent construction have also been established. During the year, the real estate construction management team provided full industry chain agent construction services for Agile Tiancheng Dongxi project in Jieyang and Agile Scenic Land project in Qingtian. The sales of these projects were in line with the Group's expectation. In addition, the real estate construction management team has entered into cooperation agreements with a number of real estate developers in Guangdong, Jiangsu and Jiangxi etc, with a view to expanding its presence in major city clusters, such as the "Guangdong-Hong Kong-Macao Greater Bay Area" and Yangtze River Delta.

Chairman's Statement (Continued)

During the year, the Group formed the commercial segment by integrating its hotel and investment properties with a range of commercial projects covering shopping centre, office building, cultural and tourism retail and community retail. Currently, the segment operates commercial projects in more than 50 cities, with a GFA exceeding 3 million sq.m. and a total of 50 projects under management. The commercial team provides the properties in the portfolio with professional operating and management services, creating stable income for the Group.

Extensive Financing Channels and Enhanced Capital and Budget Management

The Group firmly believes that solid financial strength is a vital pillar supporting the Group's diversified business development. Therefore, the Group made efforts to accelerate its sales turnover during the year, with its overall cash collection hitting another record high. In the meantime, the Group enhanced its capital and budget management, and successfully reinforced and optimised its debt structure through a number of financing channels. These included the issuance of USD500 million 6.875% senior perpetual capital securities, USD100 million 8.55% senior perpetual capital securities, USD600 million 8.5% senior notes due 2021 and USD400 million 9.5% senior notes due 2020. The Group was also granted a syndicated loan of HK\$8,834 million (with a greenshoe option of HK\$2,500 million) and USD200 million with a term of 48 months and entered into RMB4,600 million Commercial Mortgage Backed Securities. During the year, Moody's and S&P raised their credit ratings on the Company to "Ba2" and "BB" respectively, both with a "Stable" outlook. On the other hand, China Chengxin Securities Rating, United Ratings and Golden Credit Rating International, which are China-based credit rating agencies, have assigned an "AAA" onshore credit rating to the Company. The Company was also included as a constituent stock of Hang Seng China (Hong Kong-listed) 100 Index in December 2018.

As at 31 December 2018, the Group's total cash and bank deposits amounted to RMB45,062 million, with healthy cash flows. The Group's undrawn credit facilities was around RMB2,733 million.

Good Corporate Governance and Improved Corporate Transparency

The Group always values corporate transparency and upholds the concept of "mutual communication for a win-win situation". Subject to the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") (the "Listing Rules") and relevant laws, the Group maintains close and effective mutual communication and has built good relationships with commercial banks, investment banks, rating agencies, investors and analysts, thereby improving its corporate transparency on an on-going basis.

Performing Corporate Social Responsibilities and Driving Sustainable Development

The Group builds and operates every community with great care, and makes active efforts to fulfil its corporate social responsibilities and drive sustainable community development. Being committed to environmental protection, the Group adopts environmental-friendly elements in planning, design, material purchase, construction, property management and hotel operation, etc.. Moreover, the Group makes rational use of environmental and natural resources during the course of operation, with an aim to minimise the consumption of natural resources and emission. The Group also actively promotes environmental education in communities and encourages the staff to practise low carbon living. In the meantime, the Group fully supports and actively participates in charity and community activities related to environmental protection, medical care, education, culture and sports.

Prospects and Strategy

Looking ahead, the global economy is expected to be clouded by uncertainties in 2019. Policies such as "housing is for living in but not for speculation" and "City-specific Policies" will remain the keynote of the property market. However, as the Central Government continues to drive the economic and financial reform, promote the development of urbanisation and make more specific planning of the "Guangdong-Hong Kong-Macao Greater Bay Area", the property market is expected to continue developing at a steady pace. In light of the above conditions and the support of the Central Government for environmental protection, the Group will continue to adapt to the changing environment, move in line with trends and drive the steady development of its property development business and diversified businesses such as environmental protection.

The Group's property development business will capitalise on development opportunities in light of the market environment. It will particularly leverage on the advantage brought by the land bank with GFA of 9.87 million in the "Guangdong-Hong Kong-Macao Greater Bay Area", accelerate its business expansion, further implement the geographic diversification strategy and make all efforts to drive industry-city integration and urban renewal projects. A-Living will continue to reinforce its brand position and focus on the development of high-end property projects including commercial and office space, while accelerating the pace of merger and acquisition, with a view to generating ever increasing profit for the Group. The environmental protection business will continue to acquire premium projects, with a view to increasing its contribution to the Group's profit while ensuring long-standing and steady operation and sustainable development. The construction business will further reinforce the industry position of its landscaping and home decoration businesses, while expanding its business on an on-going basis. The education business

will continue to build quality ancillary facilities, so as to add value to the property projects. The real estate construction management business will fully capitalise on the strength of Agile's brand to develop agent construction business with Agile's characteristics while continuing to acquire premium real estate construction management projects. The commercial business will also further integrate its existing assets and adjust the development direction for commercial, office, hotel and self-used properties in light of the market environment, with a view to expanding its scale, increasing its revenue and contribution to the Group's income.

The Group is fully confident in the future development of its property development and diversified businesses. The Group firmly believes that with the implementation of the "New Three-year Plan", the enhancement of its brand image, combined with the unwavering efforts of all staff members, the Group will capture opportunities in the challenging market environment and drive the sustainable development of its business as a whole steadily.

Acknowledgement

On behalf of the Board, I would like to extend our heartfelt gratitude towards our shareholders, customers and stakeholders for their enormous support, as well as our staff members for their dedicated efforts, with which the Group managed to facilitate the diversified development and excellent results.

CHEN Zhuo Lin

Chairman and President

Hong Kong, 20 March 2019

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Performance

During the year, the Group's revenue was RMB56,145 million (2017: RMB51,607 million), representing an increase of 8.8% over 2017. The operating profit was RMB22,118 million (2017: RMB16,598 million), representing an increase of 33.3% over last year. Profit attributable to shareholders was RMB7,125 million (2017: RMB6,025 million), representing an increase of 18.3% over last year. Basic earnings per share was RMB1.835 (2017: RMB1.552).

Land Bank

In response to the "Three-year Plan", the Group expanded its land bank in view of market conditions in each region. As at 31 December 2018, the Group had a land bank with a total planned GFA of 36.23 million sq.m. in 65 cities. The land bank spanned across Southern China Region, Eastern China Region, Western China Region, Central China Region, Hainan Region, Yunnan Region, Northeast China Region, Northern China Region, Hong Kong and overseas. The average land cost was RMB2,825 per sq.m., which was competitive.

During the year, the Group strategically acquired new land parcels by way of tender, auction, listing-for-sale and equity acquisition. The total planned GFA of the newly acquired land parcels amounted to 11.11 million sq.m., in which the Group's total attributable planned GFA was 9.09 million sq.m.. The consideration payable by the Group was RMB29,400 million. The newly acquired new land parcels are located in "Southern China Region", "Eastern China Region", "Western China Region", "Central China Region", "Northern China Region" and "Yunnan Region". Dali, Fuzhou, Handan, Hanzhong, Hefei, Huzhou, Jiaxing, Jinzhong, Jingzhou, Lianyungang, Maoming, Meizhou, Shangqiu, Shantou, Weihai, Wuhu, Xuchang, Xuzhou, Yunfu and Zhangzhou were the Group's newly explored markets.

The following table sets forth the details of the newly acquired land parcels:

Land Parcel Name	City	Attributable Interest (%)	Total Planned GFA (sq.m.)
Southern China Region			
Site A in Xincheng Town	Yunfu	50	338,006
Site B in Xincheng Town	Yunfu	50	132,222
Site in Shishan Town	Foshan	100	88,342
Site in Gaoming District	Foshan	33	243,407
Site in Construction Avenue	Foshan	33	252,846
Site in Beijiao Town	Foshan	40	203,638
Site in Maonan Development District	Maoming	90	64,390
Site in Sanfeng Village	Meizhou	50	116,412
Site in Chaoyang District	Shantou	100	351,869
Site in Taicheng New District South	Jiangmen	100	146,026
Site in Xiangyan Lake	Jiangmen	45	73,142
Site in Yuancheng District	Heyuan	100	283,006
Eastern China Region			
Site in Mawei District	Fuzhou	100	56,254
Site in Tingjiang District	Fuzhou	49	197,730
Site in Nanhu District	Jiaxing	50.022	120,048
Site A in Fenghuang District East	Huzhou	100	134,862
Site B in Fenghuang District East	Huzhou	50	130,514
Site in Chongchuan District	Nantong	100	41,494

Management Discussion and Analysis (Continued)

Land Parcel Name	City	Attributable Interest (%)	Total Planned GFA (sq.m.)
Site in Binhu District	Wuxi	50	43,180
Site in Tongshan District	Xuzhou	34	177,037
Site in Gaoxin District	Lianyungang	33	113,185
Site in Luyang District	Hefei	49	174,164
Site in Yijiang District	Wuhu	60	190,930
Site in Zhangqiu District	Jinan	33	38,170
Site in Changqing District	Jinan	100	180,687
Site in Zhonglou District	Changzhou	49	121,712
Site in Dream Lake Fairy Hill	Changzhou	100	187,289
Site in Xiangshan Bay	Zhangzhou	51	1,140,725
Site in Pukou District	Nanjing	100	74,394
Site in Sports and Leisure Town	Weihai	84.8	816,000
Western China Region			
Site in Hantai District	Hanzhong	100	1,549,263
Site in Xiping Town	Chengdu	33	139,999
Site in Wujin Street	Chengdu	100	165,023
Site in Qingbaijiang District	Chengdu	49	112,011
Central China Region			
Site in Yuanda Road 2	Changsha	100	69,596
Site in Wude Road	Jingzhou	100	147,395
Site in Longhu Town	Zhengzhou	100	156,566
Site in Dongcheng District	Xuchang	100	279,558
Site in Weidu District	Xuchang	100	46,625
Site in Suiyang District	Shangqiu	49	179,093
Site in Riyue Lake New District	Shangqiu	100	157,820
Site in Bianxi New District	Kaifeng	51	148,863
Northern China Region			
Site in Yuci District	Jinzhong	29.7	163,112
Site in Haijiao Garden	Tianjin	100	206,236
Site in Hangu District	Tianjin	52	524,160
Site A in Congtai District	Handan	90	36,480
Site B in Congtai District	Handan	49	61,162
Yunnan Region			
Site in Manjiang Area District	Dali	45	239,585
Site in Quenya	Xishuangbanna	100	500,000

Property Development and Sales

During the year, revenue from recognised sales of property development of the Group was RMB52,488 million, representing an increase of 6.5% when compared with RMB49,262 million in 2017. The increase was mainly attributable to higher recognised average selling price. The recognised average selling price increased to RMB11,206 per sq.m. in 2018 representing an increase of 7.5% when compared with RMB10,424 per sq.m. in 2017. The total recognised GFA sold was 4.68 million sq.m. which is at similar level as 2017.

Management Discussion and Analysis (Continued)

Property Management

During the year, revenue from property management of the Group was RMB2,133 million, representing an increase of 65.3% when compared with RMB1,290 million in 2017. Operating profit from property management was RMB1,076 million, representing an increase of 170.1% which compared with RMB398 million in 2017. The growth was mainly attributable to an increase in the total GFA under management to 138.12 million sq.m. (2017: 78.34 million sq.m.).

Hotel Operations

During the year, revenue from hotel operations of the Group was RMB722 million, representing an increase of 5.5% when compared with RMB684 million in 2017. It was primarily attributable to the revenue generated from Shanghai Marriott Hotel City Centre, Raffles Hainan, Holiday Inn Resort Hainan Clearwater Bay, Sheraton Bailuhu Resort Huizhou Hotel and Howard Johnson Agile Plaza Chengdu.

Property Investment

During the year, revenue from property investment of the Group was RMB189 million, representing an increase of 13.5% when compared with RMB167 million in 2017. The increase was mainly due to the increase in the unit rental rate and occupancy rate for the year.

Environmental Protection

During the year, revenue from environmental protection of the Group was RMB614 million, representing an increase of 199.8% when compared with RMB205 million in 2017. Operating profit from environmental protection was RMB197 million, representing an increase of 685.1% which compared with RMB25 million in 2017. The growth was mainly attributable to increased number of new hazardous waste treatment projects and faster growth of water treatment capacity in 2018.

Cost of Sales

Cost of sales of the Group mainly refers to the costs incurred directly from its property development activities, including cost of construction, fitting-out and design, land use rights, capitalised interest and tax surcharge.

During the year, cost of sales of the Group was RMB31,471 million, representing an increase of 1.8% when compared with RMB30,920 million in 2017. The increase was mainly due to the increase recognised sales.

Gross Profit

During the year, gross profit of the Group was RMB24,674 million, representing an increase of 19.3% when compared with RMB20,687 million in 2017. During the year, gross profit margin of the Group was 43.9%, representing an increase of 3.8 percentage points when compared with 40.1% in 2017. The increase in gross profit margin was mainly attributable to higher recognised average selling price of property sold and the increased weightings of projects with higher profitability.

Other Gains, Net

During the year, other gains, net of the Group was RMB1,986 million, representing an increase of 4859.6% compared with RMB40 million in 2017. The increase was mainly due to the increase in fair value gain of existing investment properties and a completed property held for sale transferred to investment properties.

Other Income

During the year, other income of the Group was RMB1,040 million, representing an increase of 82.3% when compared with RMB570 million in 2017. The increase was mainly attributable to the increased interest income from bank deposit and related parties and dividend income from financial assets at fair value through profit or loss.

Selling and Marketing Costs

During the year, selling and marketing costs of the Group was RMB2,318 million, representing an increase of 2.6% when compared with RMB2,259 million in 2017. The increase was mainly attributable to the increase in advertising fee in relation to certain projects commenced pre-sale in 2018.

Administrative Expenses

During the year, administrative expenses of the Group was to RMB2,910 million, representing an increase of 42.2% when compared with RMB2,046 million in 2017. The growth was mainly due to the increase of employees resulting from business expansion of the Group.

Other Expenses

During the year, other expenses of the Group was RMB257 million, representing a decrease of 35.2% when compared with RMB397 million in 2017. The decrease was mainly attributable to the absence of cost incurred by the early redemption of certain senior notes and asset-backed securities and the decrease of charitable donation by RMB48 million to RMB121 million in 2018.

Finance Costs, Net

The Group's finance costs mainly consists of interest expenses on bank borrowings, syndicated loans, other borrowings, senior notes, PRC corporate bonds, commercial mortgage backed securities ("CMBS") and asset-backed securities ("ABS") less capitalised interests, exchange gains or losses on foreign currency denominated borrowings and changes in fair value of derivative financial instruments. Interest on borrowings relating to project development is capitalised to the extent that directly attributable to a particular project and used to finance the development of that project.

During the year, finance costs, net of the Group was RMB2,744 million, representing an increase of 205.4% when compared with RMB899 million in 2017. The increase was mainly attributable to the non-capitalised interest expenses of RMB1,399 million and the non-capitalised exchange losses from foreign currency denominated borrowings of RMB1,248 million.

Share of Post-Tax Profit of Associates

During the year, the share of post-tax profit of associates was RMB22 million, representing a decrease of 74.1% when compared with RMB86 million in 2017.

Share of Post-Tax Profit of Joint Ventures

During the year, share of post-tax profit of joint ventures of the Group was RMB5 million, representing a decrease of 94.2% when compared with RMB83 million in 2017.

Profit Attributable to Shareholders

During the year, profit attributable to shareholders of the Group was RMB7,125 million, representing an increase of 18.3% when compared with RMB6,025 million in 2017.

Liquidity, financial and capital resources

Cash position and fund available

As at 31 December 2018, the total cash and bank balances of the Group were RMB45,062 million (31 December 2017: RMB30,120 million), of which RMB35,776 million (31 December 2017: RMB19,042 million) was cash and cash equivalents and RMB9,286 million (31 December 2017: RMB11,078 million) was restricted cash.

Some of the Group's project companies are required to place a certain amount of pre-sale proceeds in designated bank accounts as guarantee deposits for construction of the relevant properties.

As at 31 December 2018, the Group's undrawn borrowing facilities were RMB2,733 million (31 December 2017: RMB8,605 million).

Borrowings

As at 31 December 2018, the Group's total borrowings amounted to RMB88,529 million, of which bank borrowings and other borrowings, senior notes, PRC corporate bonds, CMBS and ABS amounted to RMB63,293 million, RMB11,551 million and RMB13,685 million respectively.

Repayment schedule	As at 31 December 2018 (RMB million)	As at 31 December 2017 (RMB million)
Bank borrowings and other borrowings		
Within 1 year	30,542	22,957
Over 1 year and within 2 years	10,919	6,962
Over 2 years and within 5 years	15,743	8,834
Over 5 years	6,089	5,600
Subtotal	63,293	44,353
Senior notes		
Over 1 year and within 2 years	6,115	—
Over 2 years and within 5 years	5,436	4,515
Subtotal	11,551	4,515
PRC corporate bonds, CMBS and ABS		
Within 1 year	4,791	4,190
Over 1 year and within 2 years	2,025	6,369
Over 2 years and within 5 years	6,869	2,248
Subtotal	13,685	12,807
Total	88,529	61,675

As at 31 December 2018, the Group's bank borrowings (including syndicated loans) of RMB37,704 million (31 December 2017: RMB23,926 million) and other borrowings of RMB11,495 million (31 December 2017: RMB7,057 million) were secured by its cash, land use rights, self-used properties, properties held for sale, properties under development, investment properties, the shares of subsidiaries and equity interest. The senior notes were guaranteed by certain subsidiaries of the Group and were secured by the pledges of their shares. The net assets of these subsidiaries were RMB4,026 million as at 31 December 2018 (31 December 2017: RMB1,867 million). The ABS and CMBS of RMB1,055 million (31 December 2017: RMB1,054 million) and RMB4,073 million (31 December 2017: nil) were secured by its trade receivables and land use rights, self-used properties and investment properties.

The gearing ratio is the ratio of net borrowings (total borrowings less total cash and cash equivalents and restricted cash) to total equity. As at 31 December 2018, the gearing ratio was 79.1% (31 December 2017: 71.4%).

Currency risk

The Group conducts its business primarily in Renminbi. Certain bank deposits and bank loans were denominated in Hong Kong dollars, United States dollars and Malaysian Ringgit, and the Group's certain senior notes and bank borrowings were mainly denominated in United States dollars and Hong Kong dollars. Since early 2016, the Group has adopted a hedging policy and entered into capped forward contracts to mitigate certain of its foreign currency exposure in United States dollars and Hong Kong dollars denominated indebtedness and achieve better management over foreign exchange risk. The objective of the arrangement is to minimise the volatility of the RMB cost of highly probable forecast repayments of debts. Other than those disclosed, the Group does not have any material exposures to foreign exchange fluctuations.

As at 31 December 2018, the Group had capped forward contracts of USD3,200 million. As at 31 December 2018, the Group recorded RMB98 million (2017: RMB822 million) as fair value losses in derivative financial instruments.

Cost of borrowings

In 2018, the total cost of borrowings of the Group was RMB5,056 million, representing an increase of 52.6% when compared with RMB3,313 million in 2017. The increase was mainly attributable to higher average balance of banking borrowings in 2018. Regardless of exchange differences arising from foreign currencies borrowings, the Group's effective borrowing rate for the year was 6.49% (2017: 6.20%).

Financial guarantee

The Group is in cooperation with certain financial institutions for the provision of mortgage loan facility for its purchasers of property and has provided guarantees to secure repayment obligations by such purchasers. As at 31 December 2018, the outstanding guarantees were RMB44,775 million (31 December 2017: RMB38,571 million). Such guarantees shall terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within one year after taking over of the possession of the relevant property by the purchasers; or (ii) the satisfaction of relevant mortgage loans by the purchasers.

The Group's proportionate interest in financial guarantee of mortgage facilities for certain purchasers relating to the associate and joint ventures as at 31 December 2018 was RMB73 million (2017: RMB964 million) and RMB3,407 million (2017: RMB456 million) respectively.

Management Discussion and Analysis (Continued)

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with any accrued interests and penalties owed by the defaulted purchasers to the banks, and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee starts from the dates the mortgagees grant the mortgage loans. No provision has been made for the guarantees as the management is of the view that the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interests and penalties in case of default in payments.

Several subsidiaries of the Group and associate counter parties have provided certain guarantees in proportion of their shareholding in certain associate in respect of loan facilities amounting to RMB848 million (2017: RMB2,480 million). The Group's share of the guarantees amounted to RMB424 million (2017: RMB496 million).

Several subsidiaries of the Group and joint venture parties have provided certain guarantees in proportion to their shareholdings in certain joint ventures in respect of loan facilities amounting to RMB13,779 million (2017: RMB5,473 million). The Group's share of the guarantees amounted to RMB6,245 million (2017: RMB1,566 million).

Commitments

As at 31 December 2018, the commitments of the Group in connection with the property development activities were RMB29,659 million (31 December 2017: RMB23,773 million). The Group has also committed to pay outstanding land premium resulting from land acquisitions in the amount of RMB6,311 million (31 December 2017: RMB6,430 million). Additionally, the Group's capital commitments in respect of purchases of property, plant, equipment amounted to approximately RMB1,265 million (31 December 2017: nil).

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures, and Future Plans for Material Investments or Capital Assets

- (a) Pursuant to the cooperative agreement dated on 11 December 2018 and the supplemental agreement dated on 27 February 2019 (the "Supplemental agreement") entered into by and among a third party acquired (the "Acquirer") and Huizhou Bailuhu Tour Enterprise Development Co., Ltd. (an indirect wholly-owned subsidiary of the Company, "Bailuhu"), it was agreed that the Acquirer will acquire 34% equity interest of a subsidiary of Bailuhu ("the Project Company") at a total consideration of approximate RMB1,394,400,000 and contribute to the Project Company approximate RMB580,999,800. According to the Supplemental Agreements, the Project Company would be jointly controlled by the Acquirer and Bailuhu. Up to the report date, the transaction was not completed.
- (b) On 7 March 2019, the Company issued 6.7% senior notes due 2022 with an aggregate nominal value of US\$500,000,000 at face value. The net proceeds, after deducting the issuance costs, approximated to US\$496,000,000 (equivalent to RMB3,328,656,000).

Employees and remuneration policy

As at 31 December 2018, the Group had a total of 24,410 employees, among which 64 were senior management and 480 were middle management. By geographical locations, there were 24,350 employees in China and 60 employees in Hong Kong, Malaysia and Vietnam. For the year ended 31 December 2018, the total remuneration costs, including directors' remuneration, were RMB3,793 million (2017: RMB2,233 million).

The Group remunerates its employees in reference to the market levels, individual performance and contributions. Bonuses are also distributed based on the performance of employees. The Group also provides a comprehensive benefit package and career development opportunities, including retirement schemes, medical benefits, and both internal and external training appropriate to the employees' needs.

Outlook

Looking ahead, the Group will continue to adjust its operating strategies flexibly in light of the market environment in 2019, with a view to driving the development of its property development and diversified businesses continuously in the future.

The Group's property development business will capitalise on development opportunities. It will particularly leverage on the advantage brought by the land bank with GFA of 9.87 million in the "Guangdong-Hong Kong-Macao Greater Bay Area", accelerate its business expansion, further implement the geographic diversification strategy and make all efforts to drive industry-city integration and urban renewal projects. A-Living will continue to reinforce its brand position and focus on the development of high-end property projects while accelerating the pace of merger and acquisition. The environmental protection business will continue to acquire premium projects, with a view to ensuring long-standing and steady operation and business development. The construction business will continue to reinforce the industry position of its landscaping and home decoration businesses while driving the business expansion. The education business will continue to build quality ancillary facilities, so as to add value to the property projects. The real estate construction management business will make all efforts to develop agent construction business with Agile's characteristics and acquire premium real estate construction management projects. The commercial business will also further integrate its existing assets with a view to expanding its scale.

The Group is fully confident in the future development of its property development and diversified businesses. With the implementation of the "New Three-year Plan", the enhancement of its brand image and the unwavering efforts of all staff members, the Group will be able to capture opportunities in the market environment and drive the development of its business as a whole steadily.

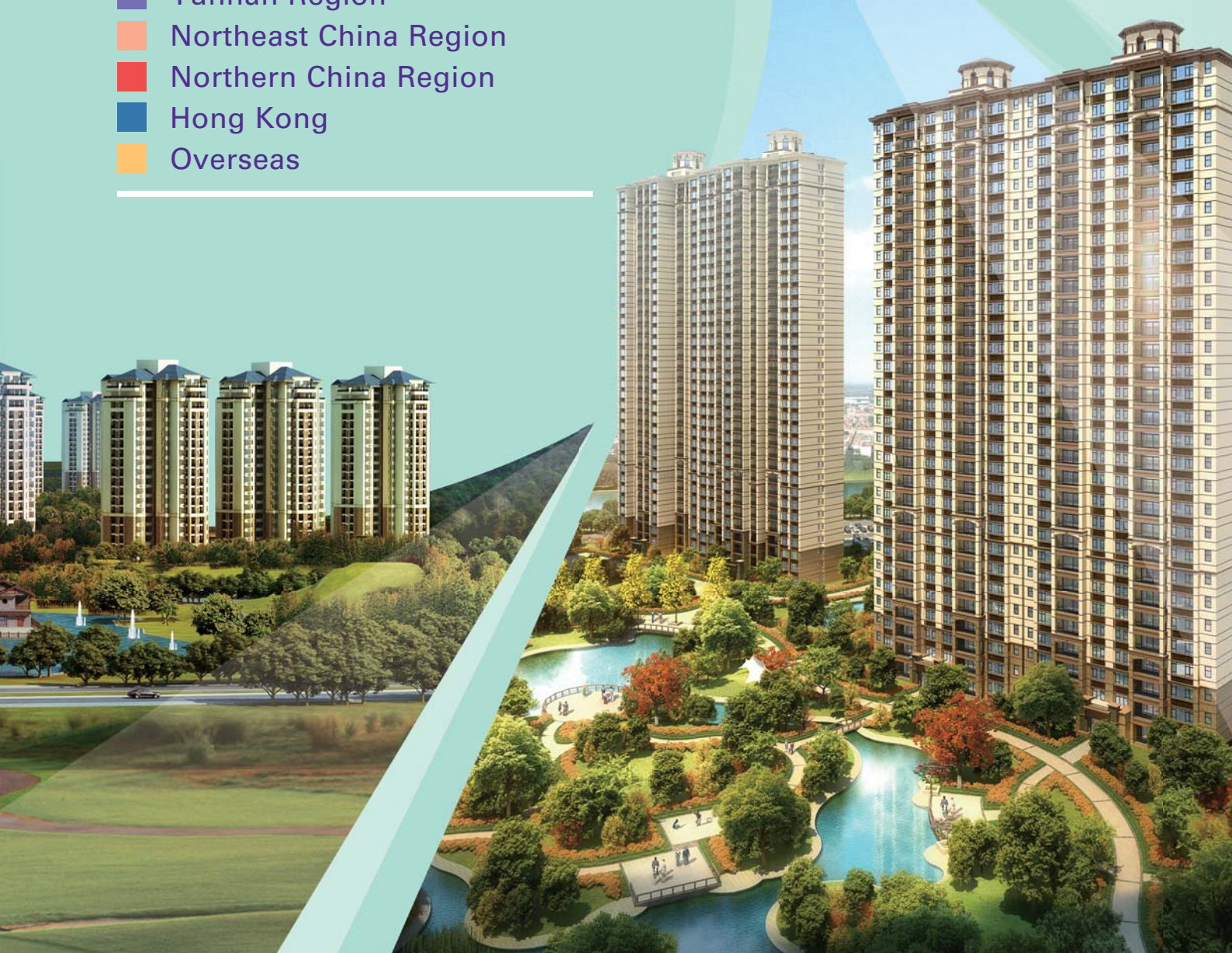
PROPERTY DEVELOPMENT

In order to support the long-term stable growth of the property development business, the Group continues to enhance its competitiveness and maintain a strong brand recognition in the face of vigorous market competition, by improving the products' planning and design and offering excellent sales and after-sales services.





-
- Southern China Region
 - Eastern China Region
 - Western China Region
 - Central China Region
 - Hainan Region
 - Yunnan Region
 - Northeast China Region
 - Northern China Region
 - Hong Kong
 - Overseas
-



PROPERTY DEVELOPMENT



Business Overview

During the year, the Group continued to improve the quality of its products and localise its products design on the basis of standardisation. Coupled with excellent sales and after-sales services, the Group maintained strong brand recognition in the face of vigorous market competition. During the year, the Group also actively optimised its operational management system to further improve operational efficiency, laying a solid foundation for the growth of the property development business in the future.

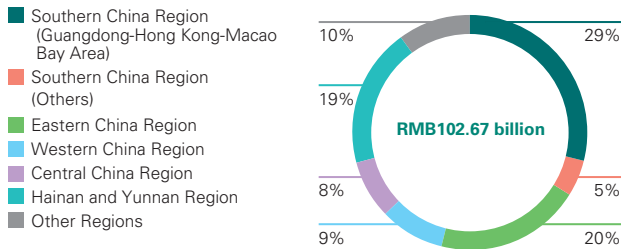


Steady Growth in Sales and Effective Geographic Diversification

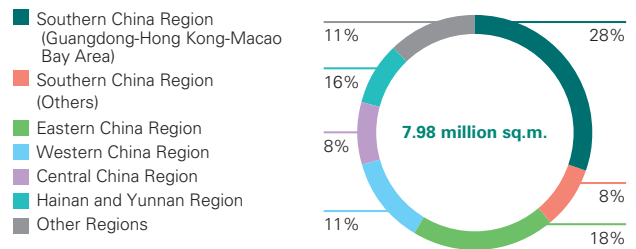
During the year, regional differentiation intensified with the gradual implementation of “City-specific Policies, Differentiated Control”. The Group kept pace with the times and responded to market changes actively by launching projects in a timely manner at reasonable price with flexible marketing strategy. The annual pre-sales value has reached a record high, surpassing RMB100 billion for the first time. The accumulated pre-sales value of the Group including joint ventures and associates, together with that of property projects managed by the Group and carrying “Agile” brand name, was RMB102.67 billion. The accumulated GFA pre-sold was 7.98 million sq.m., with an average pre-sales price of RMB12,871 per sq.m..

During the year, the geographic diversification strategy of the Group continued to achieve satisfactory progress. The Group maintained a leading position in Southern China Region. The Group actively expanded in Eastern China Region, Western China Region and Central China Region in recent years, and achieved good performance in the overall sales in the regions, making contributions to the pre-sales performance. At the same time, the tourism property business in Hainan and Yunnan Region also maintained its leading market position. During the year, pre-sales from Southern China Region, Eastern China Region, Western China Region, Central China Region, Hainan and Yunnan Region and other regions accounted for 34%, 20%, 9%, 8%, 19% and 10% respectively.

Pre-sales Amount Breakdown by Regions



GFA Pre-sold Breakdown by Regions



During the year, the Group duly launched 43 new projects and projects available for sale totalled 115. New projects were located in Southern China Region, Eastern China Region, Western China Region, Central China Region, Hainan Region, Northern China Region and overseas respectively:

New Projects for Sale

Southern China Region:

- Agile River Pearl Zhongshan
- Mont Orchid Riverlet Zhongshan
- Agile Diyin Lake Town Zhongshan
- The Leading World Zhongshan
- Park Irisation Jiangmen
- Agile Pleasure Mansion Sanshui
- Agile Mix City Shunde
- Agile Chairman Huizhou
- Agile Celestial Dwellings Shanwei
- Fenghui Meizhou
- Agile Honorable Mansion Zhanjiang
- Elite Residence Yunfu

Eastern China Region:

- Agile Orchid Mansion Yangzhou
- Agile Mountain Yangzhou
- Agile Luxuriant Palace Zhenjiang
- Agile Garden Jurong
- Agile Landscape House Xuzhou
- Phoenix Orientalism Lianyungang (Formerly known as Lianyungang Gaoxin District Project)



- Landscape Hefei
- Agile New Joy Mansion Wuhu
- Central Park Jiaxing
- Agile Riverside Metropolis Huzhou
- Agile Tangsong Changzhou
- Chengshi Wanxiang Changzhou (Formerly known as Changzhou Lingjiatang Project)
- Mount Lake Oriental Landscape Nantong (Formerly known as Nantong Tongzhou District Project)
- Agile Metropolis Nantong
- Agile Luxuriant Palace Suzhou
- Agile Mountain Mansion Changshu
- Agile Chairman Xiamen
- Jing Yuan Jinan

Property Development (Continued)

Western China Region:

Agile City of Lohas Chengdu (Formerly known as Chengdu Wujin Street Project)
Agile Garden Hanzhong
Agile Mountain Chongqing
Lumingfu Chongqing

Central China Region:

Agile Chairman Zhengzhou
Kaifeng Longting District Project
Agile International Garden Xuchang
Agile International Garden Wuhan

Hainan Region:

Agile Golden Bay Hainan

Northern China Region:

Agile Chairman Tianjin
Courtyard Handan
Agile Lohas Life Jinzhong (Formerly known as Jinzhong Yuci District Project)

Overseas:

Agile Bukit Bintang Kuala Lumpur

Agile achieved remarkable sales in many markets leveraging its high quality products, sound design and planning and caring property management services. Sales performances of major projects during the year are summarised as follows:

In Southern China Region, the Group maintained its leading market position. In Zhongshan, the Group was once again the local sales champion of the year with pre-sales value of over RMB10,000 million. Metro Agile Zhongshan and Agile Cambridgeshire Zhongshan were among the leaders of the local market in terms of both pre-sales value and GFA pre-sold. First batch of units of Agile Diyin Lake Town Zhongshan was launched during the year, and was well-received by the market with its prime location, and created a sound performance that was almost sold out rapidly shortly after its launch. In Guangzhou, the Group was once again one of the top 20 property developers in terms of sales value in the local market. The last phase of units of Agile Mountain Guangzhou was launched during the year and the entire project has been sold out. In Huizhou, the Group was one of the top 10 local property developers in terms of sales value and GFA sold during the year with remarkable pre-sales of over RMB3,000 million. In particular, Agile Garden Huiyang attracted customers' attention with its great development potentials of the district, ranked among the top 10 local sellers during the year. In Eastern Guangdong Region, Agile Garden Heyuan continued to be well-received by the market. New components were launched during the year and all were quickly sold out, contributing stable pre-sales to the Group.

Meanwhile, the Group achieved steady growth of pre-sales in Eastern China Region with amount of RMB20,000 million. In Changzhou, the Group ranked among the top 3 local property developers in terms of sales value, GFA sold and units sold with remarkable pre-sales of over RMB5,000 million. In Nanjing, the Group achieved steady pre-sales, with both The Territory Nanjing and Agile Garden Gaochun ranked top





in terms of sales in the local market during the year. Agile Mountain Mansion Changshu was highly sought by customers after its launch and was the local sales championship during the year. Agile Orchid Mansion Yangzhou was also launched and ranked top 5 in terms of sales value in Yangzhou with remarkable pre-sales of approximately RMB2,000 million during the year.

In Western China Region and Central China Region, Agile Garden Chengdu, Agile Life Diary Xi'an and Agile Forest Lake Zhengzhou were well-received by the market and continued to be highly coveted throughout the year. Agile Mountain Chongqing, Chongqing Lumingfu, Agile Chairman Zhengzhou and Agile International Garden Wuhan were launched in succession during the year and also achieved satisfactory sales performance.

Furthermore, the tourism property business in Hainan and Yunnan Region maintained a stable sales contribution. During the year, Hainan Clearwater Bay continued to be one of the most popular tourism property projects in China. With quality products and abundant tourism resources, Agile Eden Yunnan and Agile Quenya Yunnan repeatedly achieved remarkable sales during the year, each ranked among the top 3 local seller.

Seeking Opportunities Actively and Flexible Development Adjustment

To further optimise its regional presence and in line with its future development, the Group strategically acquired new land parcels in Southern China Region, Eastern China Region, Western China Region, Central China Region, Northern China Region and Yunnan Region by way of tender, auction, listing-for-sale and equity acquisition etc. during the year. The total planned GFA of newly acquired land parcels amounted to 11.11 million sq.m. of which the Group's total attributable planned GFA was 9.09 million sq.m.. As at 31 December 2018, the Group had a land bank with total planned GFA amounted to 36.23 million sq.m. in 65 cities, laying a solid cornerstone for its property development business.

The Group made flexible adjustments to the scope and progress of developments according to the project sales and supply in order to balance and optimise the pace. During the year, the newly commenced GFA was 12.40 million sq.m. and the completed GFA was 4.78 million sq.m.. As at 31 December 2018, in the Group's land bank, the completed GFA was 1.26 million sq.m. and the GFA under development was 15.33 million sq.m..

Property Development (Continued)

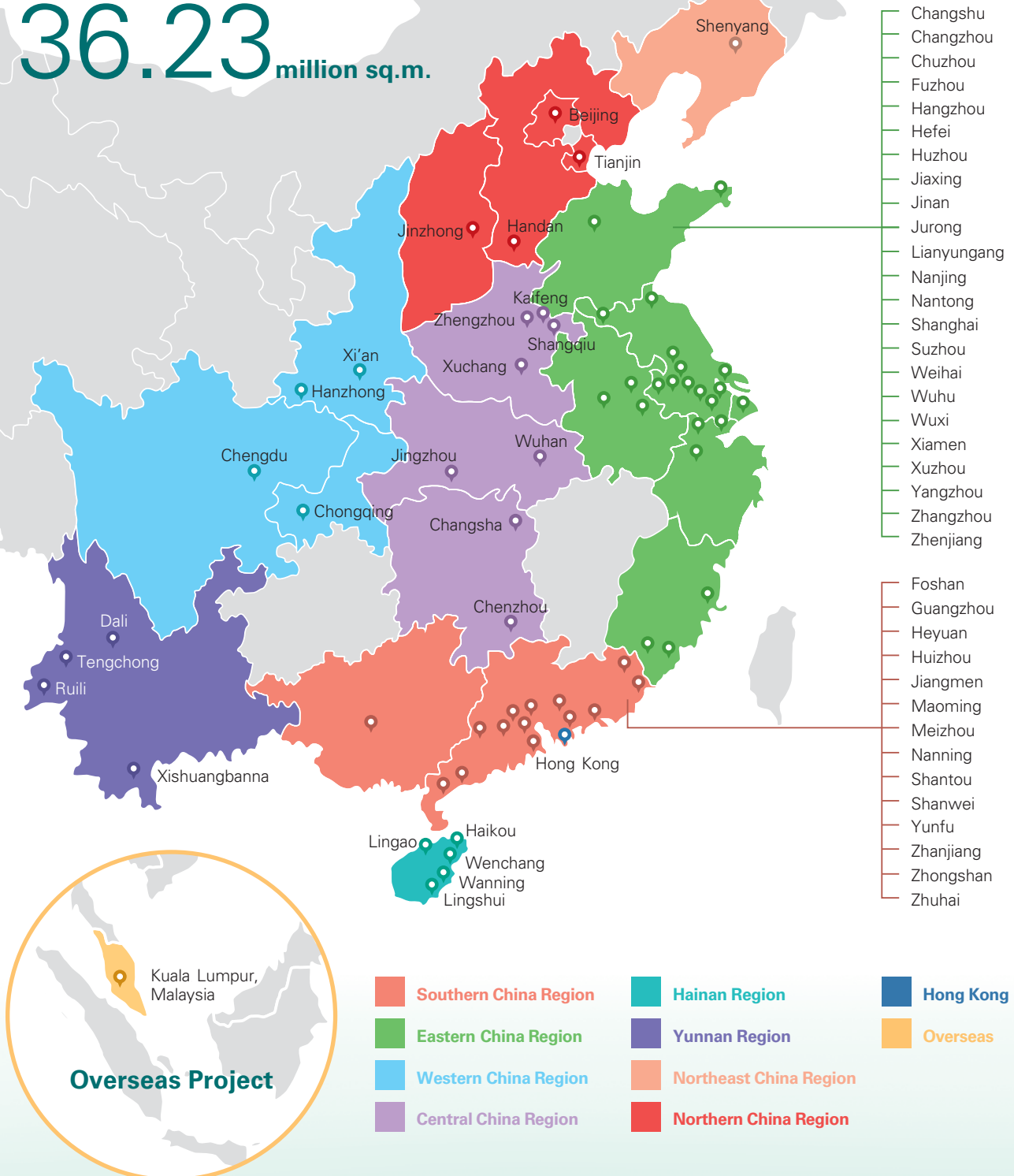
Project Overview

(As at 31 December 2018)

65 cities

Total land bank

36.23 million sq.m.



Southern China Region

City	No. of Projects	Total Planned GFA of the Project (sq. m.)	Land Bank (sq. m.)
Guangzhou	5	6,281,656	841,075
Zhongshan	25	14,036,739	4,874,945
Zhuhai	1	206,494	206,494
Jiangmen	3	329,251	275,310
Foshan	12	3,657,172	785,459
Huizhou	3	5,062,078	2,873,512
Heyuan	2	3,012,487	623,398
Shantou	1	351,869	351,869
Shanwei	1	413,905	413,905
Meizhou	1	116,412	58,206
Zhanjiang	1	60,027	60,027
Maoming	1	64,390	64,390
Yunfu	1	470,228	301,225
Nanning	1	432,860	170,145
Total	58	34,495,568	11,899,959

Eastern China Region

City	No. of Projects	Total Planned GFA of the Project (sq. m.)	Land Bank (sq. m.)
Nanjing	4	1,556,629	328,212
Yangzhou	3	769,017	608,213
Chuzhou	1	677,266	207,727
Zhenjiang	2	355,060	182,206
Jurong	1	69,812	69,812
Xuzhou	1	177,037	60,193
Lianyungang	1	113,185	37,351
Hefei	1	174,164	85,340
Wuhu	1	190,930	114,558
Shanghai	2	585,199	349,465
Jiaxing	1	120,048	60,050
Huzhou	2	265,376	265,376
Changzhou	7	1,954,050	959,090
Wuxi	2	633,505	267,881
Nantong	4	982,406	323,128
Hangzhou	1	423,827	102,050
Suzhou	1	162,404	101,503
Changshu	1	59,046	59,046
Fuzhou	2	253,984	153,142
Xiamen	1	48,408	48,408
Zhangzhou	1	1,140,725	1,140,725
Weihai	1	816,000	816,000
Jinan	3	426,320	297,014
Total	44	11,954,398	6,636,489

Western China Region

City	No. of Projects	Total Planned GFA of the Project (sq. m.)	Land Bank (sq. m.)
Chengdu	4	2,023,785	485,103
Xi'an	3	1,078,910	540,498
Hanzhong	1	1,549,263	1,549,263
Chongqing	4	1,264,620	683,362
Total	12	5,916,578	3,258,226

Central China Region

City	No. of Projects	Total Planned GFA of the Project (sq. m.)	Land Bank (sq. m.)
Changsha	4	1,591,474	671,807
Zhengzhou	4	623,248	258,117
Kaifeng	2	808,882	210,564
Xuchang	2	326,183	326,183
Shangqiu	2	336,913	245,576
Chenzhou	1	145,279	72,640
Wuhan	1	790,694	370,629
Jingzhou	1	147,395	147,395
Total	17	4,770,068	2,302,910

Hainan Region

City	No. of Projects	Total Planned GFA of the Project (sq. m.)	Land Bank (sq. m.)
Lingshui	1	8,402,563	4,075,902
Wenchang	1	330,294	330,294
Haikou	1	704,451	422,671
Wanning	1	184,658	184,658
Lingao	1	44,482	44,482
Total	5	9,666,448	5,058,007

Yunnan Region

City	No. of Projects	Total Planned GFA of the Project (sq. m.)	Land Bank (sq. m.)
Ruili	1	446,894	172,414
Tengchong	1	4,004,836	3,607,156
Dali	1	239,585	239,585
Xishuangbanna	1	1,134,240	1,012,534
Total	4	5,825,555	5,031,688

Northeast China Region

City	No. of Projects	Total Planned GFA of the Project (sq. m.)	Land Bank (sq. m.)
Shenyang	1	1,110,834	669,027
Total	1	1,110,834	669,027

Northern China Region

City	No. of Projects	Total Planned GFA of the Project (sq. m.)	Land Bank (sq. m.)
Tianjing	4	3,741,297	834,112
Handan	1	36,480	36,480
Jinzhong	1	224,274	78,413
Beijing	1	65,000	65,000
Total	7	4,067,051	1,014,006

Hong Kong

City	No. of Projects	Total Planned GFA of the Project (sq. m.)	Land Bank (sq. m.)
Hong Kong	1	1,887	1,887
Total	1	1,887	1,887

Overseas

City	No. of Projects	Total Planned GFA of the Project (sq. m.)	Land Bank (sq. m.)
Kuala Lumpur	2	358,334	358,334
Total	2	358,334	358,334
Grand Total	151	78,166,721	36,230,533

Property Development (Continued)

Land Bank Table

(As at 31 December 2018)

No.	Project Name	City	Interests Attributable to the Group (Note 5)	Total Site Area of the Project (sq.m.)	Address
Southern China Region					
1	Agile Cambridgeshire Guangzhou	Guangzhou	100%	624,701	Caotang Village, Nancun Town, Panyu District, Guangzhou City
2	Guangzhou Asian Games City Project (Note 2)	Guangzhou	26.66%	2,640,000	Asian Games City, Panyu District, Guangzhou City
3	Agile Mountain Guangzhou	Guangzhou	100%	306,812	Science City, North of Kaichuang Avenue, Luogang District, Guangzhou City
4	Agile Haizhu Xiaoya Guangzhou	Guangzhou	100%	13,660	Shigang Road, Haizhu District, Guangzhou City
5	Guangzhou Liwan District Project	Guangzhou	100%	21,908	12, Linghai Street, Liwan District, Guangzhou City
Guangzhou Subtotal				3,607,081	
6	La Cité Greenville Zhongshan	Zhongshan	100%	1,970,275	Torch High-Tech Industrial Development Zone, Zhongshan City
7	Metro Agile Zhongshan	Zhongshan	100%	1,476,285	Sanxiang Town, Zhongshan City
8	Grand Garden Zhongshan	Zhongshan	100%	96,374	Junction of Bo'ai Road and Xingzhong Road, East District, Zhongshan City
9	Royal Residence Zhongshan	Zhongshan	100%	15,968	Junction of Bo'ai Road and Qiguan Road West, East District, Zhongshan City
10	Zhongshan Minzhong Town Project	Zhongshan	100%	63,450	Xinsheng Village, Minzhong Town, Zhongshan City
11	Agile Cambridgeshire Zhongshan	Zhongshan	100%	375,357	Junction of Bo'ai Road and Qiguan Road West, East District, Zhongshan City
12	Agile Royal Mount Zhongshan	Zhongshan	100%	563,253	Guinan Avenue, Wugui Mountain Town, Zhongshan City
13	Beautiful Lake Zhongshan (Note 2)	Zhongshan	50%	111,060	Changmingshui Village, Wugui Mountain Town, Zhongshan City
14	Zhongshan Kunlun Hotel Project	Zhongshan	100%	29,267	8, Nanqi Road North, Nanlang Town, Zhongshan City
15	Agile Coastal Pearl Zhongshan	Zhongshan	100%	338,892	Linguo Station, Cuiheng Village, Nanlang Town, Zhongshan City
16	Zhongshan Haotousha Project	Zhongshan	100%	83,483	South of Haojiang Road West, Torch High-Tech Industrial Development Zone, Zhongshan City
17	Agile River Pearl Zhongshan	Zhongshan	100%	27,868	138, Qingxi Road, Shiqi District, Zhongshan City
18	Crescent Hill Center City Zhongshan (Note 2)	Zhongshan	50%	181,667	High Garden, Dabu Village, Sanxiang Town, Zhongshan City
19	Zhongshan Nanlong Tianlu Project (Note 2)	Zhongshan	50%	65,776	Carp Mouth, Nanlong Village, Sanxiang Town, Zhongshan City
20	Zhongshan Dongcheng Lufeng Project (Note 2)	Zhongshan	50%	162,795	Gonghua Village, Torch High-Tech Industrial Development Zone, Zhongshan City
21	Mont Orchid Riverlet Zhongshan (Note 3)	Zhongshan	60%	131,863	Dahuan Village, Jiangmeitou Village, Xiya Village, Torch High-Tech Industrial Development Zone, Zhongshan City
22	Agile Diyin Lake Town Zhongshan (Note 2)	Zhongshan	50%	478,955	1, Diyin Road, Sanjiao Town, Zhongshan City
23	Zhongshan Huashengtang Project (Note 2)	Zhongshan	50%	40,865	Seven Village, Tanzhou Town, Zhongshan City
24	Zhongshan Bosheng Project (Note 2)	Zhongshan	50%	45,016	Dahuan Village, Torch High-Tech Industrial Development Zone, Zhongshan City
25	The Leading World Zhongshan (Note 2)	Zhongshan	50%	35,993	East Bound of Spring Village, Sanxiang Town, Zhongshan City
26	Zhongshan Shenzhong Project (Note 2)	Zhongshan	50%	180,718	Hengmen Haifu Road, Nanlang Town, Zhongshan City
27	Zhongshan Hehua Hotel Project (Note 2)	Zhongshan	50%	64,536	16, Zhaoshang Road, Yongmo Village, Sanxiang Town, Zhongshan City
28	Zhongshan Shenwan Town Project (Note 2)	Zhongshan	15%	47,097	Shenwan Avenue, Zhongshan City
29	Agile City of Lohas Zhongshan	Zhongshan	100%	69,808	Yongmo Economic Union, Sanxiang Town, Zhongshan City
30	Zhongshan Dongfeng Town Project	Zhongshan	100%	669,960	Suicheng Village, Dongfeng Town, Zhongshan City
Zhongshan Subtotal				7,326,581	
31	Agile International Garden Zhuhai	Zhuhai	100%	83,997	East of Xingzhong Road, South of Dingxing Road, Scientific Innovation Coast North Area, Zhuhai City
Zhuhai Subtotal				83,997	
32	Park Irisation Jiangmen (Note 2)	Jiangmen	51%	44,033	West of Chunjing Garden, Zhishan Avenue, Duruan Town, Pengjiang District, Jiangmen City
33	Agile Chairman Taishan (Note 3)	Jiangmen	45%	29,257	Shunde Road, Taicheng District, Taishan, Jiangmen City
34	Agile Garden Taishan	Jiangmen	100%	58,411	Southwest of the junction of Chang'an Road and Garden Road, Taicheng South New District, Taishan, Jiangmen City
Jiangmen Subtotal				131,701	
35	Majestic Garden Nanhai	Foshan	100%	601,230	Suiyan Road, Nanhai District, Foshan City
36	Agile Personage Nanhai (Note 3)	Foshan	51%	44,786	Industrial District of Pan Village, Shuitou Village, Dali Town, Nanhai District, Foshan City
37	Agile Sunday Nanhai	Foshan	100%	35,337	Wangang, Shishan Town, Nanhai District, Foshan City
38	Agile Peninsula Sanshui	Foshan	100%	140,261	Gaofeng Village, Xi'nan Street, Sanshui District, Foshan City
39	Agile Chairman Sanshui (Note 2)	Foshan	50%	64,599	Dingziji, East of Guanghai Avenue, Xi'nan Street, Sanshui District, Foshan City
40	Agile Pleasure Mansion Sanshui (Note 2)	Foshan	33%	79,015	Xi'nan Street, Beijiang New Town, Sanshui District, Foshan City
41	Qingyue Shunde (Note 2)	Foshan	40%	81,455	Beijiama Village, Shunde District, Foshan City
42	Agile Garden Shunde	Foshan	100%	212,410	Daliang Yannian Road, Shunde District, Foshan City
43	Agile British Manor Shunde	Foshan	100%	93,353	West of Tianning Road, North of Huoju Road, New City District, Beijiao Town, Shunde District, Foshan City
44	Agile Mix City Shunde	Foshan	100%	62,515	North of Xinbao Road East, East of outer Ring Road, Ronggui Street, Shunde District, Foshan City
45	Agile Cambridgeshire Shunde (Formerly known as Shunde Lecong Town Project) (Note 2)	Foshan	50%	110,833	North and South of Chuangfu Road 2, Lecong Town, Shunde District, Foshan City
46	Emerald Park Foshan (Formerly known as Foshan Gaoming District Project) (Note 2)	Foshan	33%	81,136	North of Lijing Road East, West of Hefu Avenue, Xijiang New Town, Gaoming District, Foshan City
Foshan Subtotal				1,606,930	
47	Agile Egret Lake Huizhou	Huizhou	100%	2,000,000	1, Agile Road, Ruhu Town, Huizhou City
48	Agile Chairman Huizhou	Huizhou	100%	30,192	North of Jinbang Road, Huicheng District, Huizhou City
49	Agile Garden Huiyang	Huizhou	100%	1,248,191	Yinkeng Zone, Xinqiao Village, Danshui Street, Huiyang District, Huizhou City
Huizhou Subtotal				3,278,383	
50	Agile Garden Heyuan	Heyuan	100%	1,364,741	Huangsha Avenue Central, Heyuan City
51	Heyuan Yuancheng District Project	Heyuan	100%	113,202	Huangsha Avenue, West District of Dongcheng, Yuancheng District, Heyuan City
52	Agile Chairman Shantou (Formerly known as Shantou Chaoyang District Project)	Shantou	100%	78,193	South of Xinhonghe Road Huaguang neighborhood committee, Shangbao, Gurao Town, Chaoyang District, Shantou City

Property Development (Continued)

	Total Planned GFA of the Project (sq.m.)	Land Bank (sq.m.) (Note 1)						
		Total Planned GFA (A) (sq.m.)	Development Stage (B)			Planning Nature (C)		
			Completed (B1)	Under Development (B2)	Held for Future Development (B3)	Residential & Ancillary Facilities (C1)	Hotel (C2)	Commercial & Office (C3)
	1,128,255	2,202	2,202	—	—	2,202	—	—
	4,380,000	702,004	592	319,306	382,105	681,380	10,261	10,363
	613,624	6,346	6,346	—	—	6,346	—	—
	68,121	38,867	38,867	—	—	38,867	—	—
	91,656	91,656	—	91,656	—	91,656	—	—
	6,281,656	841,075	48,008	410,962	382,105	820,451	10,261	10,363
	1,889,961	8,582	8,582	—	—	8,582	—	—
	3,519,253	663,530	190,812	67,860	404,858	663,530	—	—
	150,357	523	523	—	—	523	—	—
	16,144	2,495	2,495	—	—	2,495	—	—
	95,175	95,175	—	—	95,175	95,175	—	—
	1,444,668	577,177	63,332	145,188	368,657	577,177	—	—
	1,126,505	1,057	1,057	—	—	1,057	—	—
	66,636	391	391	—	—	391	—	—
	87,801	87,801	—	—	87,801	—	21,854	65,947
	677,782	6,506	6,506	—	—	6,506	—	—
	166,966	166,966	—	—	166,966	166,966	—	—
	69,316	69,316	—	69,316	—	69,316	—	—
	454,167	202,472	153,638	48,834	—	202,472	—	—
	98,664	49,332	—	—	49,332	49,332	—	—
	347,086	173,543	—	—	173,543	173,543	—	—
	395,588	345,588	—	137,376	208,212	345,588	—	—
	823,803	364,713	3,788	18,030	342,895	364,713	—	—
	122,596	61,298	—	61,298	—	61,298	—	—
	118,564	59,282	—	59,282	—	59,282	—	—
	71,986	35,993	—	35,993	—	35,993	—	—
	451,795	225,898	—	—	225,898	225,898	—	—
	129,072	64,536	—	—	64,536	64,536	—	—
	117,742	17,661	—	17,661	—	17,661	—	—
	104,712	104,712	—	63,270	41,442	104,712	—	—
	1,490,400	1,490,400	—	—	1,490,400	1,490,400	—	—
	14,036,739	4,874,945	431,124	724,108	3,719,714	4,787,144	21,854	65,947
	206,494	206,494	—	66,152	140,342	206,494	—	—
	206,494	206,494	—	66,152	140,342	206,494	—	—
	110,083	56,142	—	42,840	13,302	56,142	—	—
	73,142	73,142	—	73,142	—	73,142	—	—
	146,026	146,026	—	146,026	—	146,026	—	—
	329,251	275,310	—	262,008	13,302	275,310	—	—
	859,757	27,789	27,789	—	—	27,789	—	—
	143,315	1,027	1,027	—	—	1,027	—	—
	88,342	88,342	—	88,342	—	88,342	—	—
	370,653	435	435	—	—	435	—	—
	245,190	122,595	3,883	118,712	—	122,595	—	—
	252,846	83,439	—	60,877	22,562	83,439	—	—
	203,638	81,455	—	54,180	27,275	81,455	—	—
	488,500	1,529	1,529	—	—	—	—	1,529
	308,066	232	232	—	—	232	—	—
	143,126	143,126	—	143,126	—	143,126	—	—
	310,332	155,166	—	107,681	47,485	155,166	—	—
	243,407	80,324	—	80,324	—	80,324	—	—
	3,657,172	785,459	34,894	653,242	97,322	783,930	—	1,529
	2,000,000	804,780	33,839	—	770,941	804,780	—	—
	66,420	1,462	1,462	—	—	1,462	—	—
	2,995,658	2,067,270	8,475	530,646	1,528,150	2,067,270	—	—
	5,062,078	2,873,512	43,776	530,646	2,299,091	2,873,512	—	—
	2,729,481	340,392	90,840	249,552	—	275,392	65,000	—
	283,006	283,006	—	75,978	207,028	283,006	—	—
	351,869	351,869	—	111,000	240,869	351,869	—	—

Property Development (Continued)

Land Bank Table

(As at 31 December 2018)

No.	Project Name	City	Interests Attributable to the Group (Note 5)	Total Site Area of the Project (sq.m.)	Address
53	Agile Celestial Dwellings Shanwei	Shanwei	100%	183,407	East of Sport Road East, South of Honghaiwan Avenue, Shanwei City
54	Fenghui Meizhou (Note 2)	Meizhou	50%	44,774	Sanfeng Village, Fuda Executive Committee, Meixian District, Meizhou City
Eastern Guangdong Subtotal				1,784,317	
55	Agile Honorable Mansion Zhanjiang	Zhanjiang	100%	20,058	West of Mingzheng Road, South of Sport Road North, Zhanjiang City
56	Agile City Pearl Maoming	Maoming	90%	21,463	Geheng Town, Maonan Development District, Maonan District, Maoming City
57(A)	Elite Residence Yunfu Project A (Note 2)	Yunfu	50%	112,669	South of Wenxing Road, South of Second Ring Road North, North District of Xincheng Town, Xinxing County, Yunfu City
57(B)	Elite Residence Yunfu Project B (Note 3)	Yunfu	50%	44,069	South of Wenxing Road, South of Second Ring Road North, North District of Xincheng Town, Xinxing County, Yunfu City
Western Guangdong Subtotal				198,258	
58	Agile International Financial Center Nanning (Note 2)	Nanning	50%	78,721	South of Yunying Road, Wuxiang New District, Nanning City
Guangxi Subtotal				78,721	
Southern China Region Subtotal				18,095,968	
Eastern China Region					
59	Agile Chang Le Du Nanjing	Nanjing	100%	59,900	16, Madao Road, Qinhuai District, Nanjing City
60	The Territory Nanjing	Nanjing	100%	316,697	West of Linjiang Road and Qili River, Pukou District, Nanjing City
61	Agile Garden Gaochun	Nanjing	100%	222,641	East of Zhoujia, North of Shuanggao Road, East of New Sports Stadium, South and West of Wutai Road, Gaochun District, Nanjing City
62	Agile Chairman Nanjing	Nanjing	100%	31,159	West of Kanghua Road, South of Wende East Road, Pukou District, Nanjing City
63	Agile International Yangzhou	Yangzhou	100%	110,597	North of Planned Road 2, West of Weiyang Road, South of Jiangyang Road, East of Hongda Road, Yangzhou City
64	Agile Orchid Mansion Yangzhou	Yangzhou	100%	83,312	North of Second Bridge Road, East of Xincheng River Road, West of Weiyang Road South, Hanjiang District, Yangzhou City
65	Agile Mountain Yangzhou	Yangzhou	100%	148,142	North of Jinghuacheng Road West, West of Station South Road, South of Wenchang Road West, East of Jingyi Road, Hanjiang District, Yangzhou City
66	Agile Silva Town Chuzhou	Chuzhou	100%	270,907	North of Xinchu Road, South of Xiangjiang Road, East of Changjiang Road, Chahe New City Development Zone, Chuzhou City
67	Agile Hillgrove Zhenjiang	Zhenjiang	100%	113,117	West to Tanshan Road, South to Bailongshan Road, Zhenjiang City
68	Agile Luxuriant Palace Zhenjiang	Zhenjiang	100%	75,795	Xiaomi Hill Road, Zhenjiang City
69	Agile Garden Jurong	Jurong	100%	34,906	West of 243 Provincial Expressway, South of Wenchang East Road, Jurong City
70	Agile Landscape House Xuzhou (Note 2)	Xuzhou	34%	147,531	East side 200 metres away from the north of Junction of Huashan Road and Fenghu Road, Tongshan District, Xuzhou City
71	Phoenix Orientalism Lianyungang (Formerly known as Lianyungang Gaoxin District Project) (Note 2)	Lianyungang	33%	56,593	East of Phoenix Avenue, South of Haining Road, Gaoxin District, Lianyungang City
72	Landscape Hefei (Note 2)	Hefei	49%	92,216	South of Zaoyuan Road, East of Hehuai Road, Luyang District, Hefei City
73	Agile New Joy Mansion Wuhu (Note 2)	Wuhu	60%	124,059	East to Yijiang Road South, West to Planning Road, South to Dagong Hill Road, North to Planning road 2, Yuanmu Pond, Yijiang District, Wuhu City
74	Agile Future Star Shanghai	Shanghai	100%	94,193	North of Planned Road 4, West of Planned Road 1, South of Shanghai Film Shooting Base, East of Yingcheng Road, Songjiang District, Shanghai City
75(A)	Shanghai Pudong New District Project A	Shanghai	100%	542,952	5333, Dongda Road, Binhai Town, Pudong New District, Shanghai City
75(B)	Shanghai Pudong New District Project B (Note 2)	Shanghai	40%	1,190,661	5333, Dongda Road, Binhai Town, Pudong New District, Shanghai City
76	Central Park Jiaxing (Note 2)	Jiaxing	50.022%	54,567	South to Silian Road, West to Yudegang greenbelt, North to Planned Yude Road, East to Planned Shengping Road, Nanhu District, Jiaxing City
77	Agile Riverside Metropolis Huzhou	Huzhou	100%	64,220	North of Planned Lianshui Road, South of Hangchangqiao Road North, West of Planned Fengnan Road, East of Chenqiao Road South, Sujiangzhuang, Fenghuang East District, Wuxing District, Huzhou City
78	Huzhou Fenghuang District East Project B (Note 3)	Huzhou	50%	65,257	Fenghuang East District, Huzhou City
79	Agile & Star River Changzhou	Changzhou	100%	223,906	West of Taishan Road, North of Longcheng Avenue, Xinbei District, Changzhou City
80	Agile Pleasure Mansion Changzhou	Changzhou	100%	45,390	East of Xinzaojing River, West of Taishan Road, North of Sanjin River, Changzhou City
81	Agile Honour & Glory Changzhou	Changzhou	100%	194,968	Junction of Huanghe Road and Yulong Road, Xuejia Town, Xinbei District, Changzhou City
82(A)	Agile Dream Lake Fairy Hill Changzhou Project A	Changzhou	100%	614,915	Maoshan tourism resort, Jintan District, Changzhou City
82(B)	Agile Dream Lake Fairy Hill Changzhou Project B (Note 3)	Changzhou	95%	352,357	Maoshan tourism resort, Jintan District, Changzhou City
83	Agile Tangsong Changzhou (Note 2)	Changzhou	51%	129,136	South of Zhongwu Avenue East, Dingxiang Road, Zhonglou District, Changzhou City
84	Chengshi Wanxiang Changzhou (Formerly known as Changzhou Lingjietang Project) (Note 2)	Changzhou	49%	108,618	East of Longjiang Road Elevated Highway, Zhongwu Avenue, Zhonglou District, Changzhou City
85	Changzhou Zhonglou District Project (Note 3)	Changzhou	49%	60,856	South of Qingtan West Road, West of Chechang Road, East of Huangliangbing, Zhonglou District, Changzhou City
86	Agile City Center Villa Wuxi	Wuxi	100%	214,664	Junction of Guanshan Road and Gong Lake Avenue, Taihu New City, Binhu District, Wuxi City
87	Wuxi Binhu District Project (Note 2)	Wuxi	50%	21,590	Northwest of Junction of Liangxi Road and Lixi Road, Binhu District, Wuxi City
88	Agile Garden Nantong	Nantong	100%	187,437	West of Lincui Road, South of Fuxing Road, Nantong City

Property Development (Continued)

	Land Bank (sq.m.) (Note 1)							
	Total Planned GFA of the Project (sq.m.)	Development Stage (B)			Planning Nature (C)			
		Total Planned GFA (A) (sq.m.)	Completed (B1)	Under Development (B2)	Held for Future Development (B3)	Residential & Ancillary Facilities (C1)	Hotel (C2)	
	413,905	413,905	—	253,159	160,746	413,905	—	—
	116,412	58,206	—	58,206	—	58,206	—	—
	3,894,672	1,447,377	90,840	747,895	608,642	1,382,377	65,000	—
	60,027	60,027	—	60,027	—	60,027	—	—
	64,390	64,390	—	64,390	—	64,390	—	—
	338,006	169,003	—	169,003	—	169,003	—	—
	132,222	132,222	—	132,222	—	132,222	—	—
	594,644	425,642	—	425,642	—	425,642	—	—
	432,860	170,145	15,652	154,494	—	4,039	30,668	135,438
	432,860	170,145	15,652	154,494	—	4,039	30,668	135,438
	34,495,568	11,899,959	664,293	3,975,148	7,260,518	11,558,900	127,783	213,276
	59,600	1,701	1,701	—	—	1,701	—	—
	910,561	64,382	50,941	13,441	—	64,382	—	—
	512,074	187,735	25,482	162,253	—	187,735	—	—
	73,394	74,394	—	42,230	32,164	74,394	—	—
	436,858	276,054	1,915	139,719	134,420	146,307	43,194	86,553
	96,559	96,559	4,414	92,145	—	96,559	—	—
	235,600	235,600	17,915	217,685	—	235,600	—	—
	677,266	207,727	1,670	—	206,057	207,727	—	—
	226,200	53,346	20,508	32,838	—	53,346	—	—
	128,860	128,860	—	128,860	—	128,860	—	—
	69,812	69,812	—	69,812	—	69,812	—	—
	177,037	60,193	—	60,193	—	60,193	—	—
	113,185	37,351	—	37,351	—	37,351	—	—
	174,164	85,340	—	85,340	—	85,340	—	—
	190,930	114,558	—	114,558	—	114,558	—	—
	148,025	183	183	—	—	183	—	—
	290,687	290,687	—	—	290,687	290,687	—	—
	146,487	58,595	—	—	58,595	58,595	—	—
	120,048	60,050	—	60,050	—	60,050	—	—
	134,862	134,862	—	134,862	—	134,862	—	—
	130,514	130,514	—	130,514	—	130,514	—	—
	559,765	2,384	2,384	—	—	2,384	—	—
	54,468	659	659	—	—	659	—	—
	286,608	172,222	2,199	170,022	—	172,222	—	—
	297,309	288,808	12,581	73,320	202,907	288,808	—	—
	134,212	134,212	597	21,836	111,780	134,212	—	—
	282,740	146,650	—	68,358	78,292	146,650	—	—
	217,236	106,446	—	106,446	—	106,446	—	—
	121,712	107,709	—	59,358	48,351	107,709	—	—
	590,325	246,291	3,080	109,752	133,459	3,080	—	243,211
	43,180	21,590	—	21,590	—	21,590	—	—
	510,000	118,131	—	118,131	—	118,131	—	—

Property Development (Continued)

Land Bank Table

(As at 31 December 2018)

No.	Project Name	City	Interests Attributable to the Group (Note 5)	Total Site Area of the Project (sq.m.)	Address
89	Mount Lake Oriental Landscape Nantong (Formerly known as Nantong Tongzhou District Project) (Note 2)	Nantong	33.4%	83,920	East of Mudanjiang Road, South of Nanhu Road East, Nanshan Lake, Tongzhou District, Nantong City
90	Agile Metropolis Nantong (Note 2)	Nantong	40%	141,257	East of Beijing Road, South of Zhujiang Road, New town District, Haimen City, Nantong City
91	Agile Central Mansion Nantong	Nantong	100%	20,768	South of Tonglv Canal, West of Haoxi Road, Chongchuan District, Nantong City
92	Agile International Garden Hangzhou	Hangzhou	100%	132,446	North of Yangqiao Road, Xianlin Road, Yuhang District, Hangzhou City
93	Agile Luxuriant Palace Suzhou (Note 2)	Suzhou	62.5%	81,202	South of Li River Road, West of Cheng Yun Road, Xiangcheng Development Zone, Suzhou City
94	Agile Mountain Mansion Changshu	Changshu	100%	45,420	West of Baoci Road North, South of North Third Ring Road, Yushan Town, Changshu City
95	Fuzhou Tingjiang District Project (Note 2)	Fuzhou	49%	70,618	Junction of No.5 and No.6 Road, Tingjiang District, Fuzhou City
96	Agile Mountains & Aqua Fuzhou (Formerly known as Fuzhou Mawei District Project)	Fuzhou	100%	39,096	Langqi Island, Mawei District, Fuzhou City
97(A)	Agile Chairman Xiamen Project A	Xiamen	100%	12,206	Northwest of Junction of Xiang'an Avenue and Tingyang Road, Xiang'an District, Xiamen City
97(B)	Agile Chairman Xiamen Project B (Note 3)	Xiamen	51%	7,964	Northwest of Junction of Xiang'an Avenue and Tingyang Road, Xiang'an District, Xiamen City
98	Zhangzhou Xiangshan Bay Project (Note 3)	Zhangzhou	51%	353,391	Suian Town, Zhangpu County, Zhangzhou City
99	Weihai Sports and Leisure Town (Note 3)	Weihai	84.8%	680,000	North of Jiangnan Town, East of Keyan Road, South of Binhai Road, West of Xiangshui River, Weihai Nanhai New District, Weihai City
100	Jing Yuan Jinan (Note 2)	Jinan	50%	70,754	South of Xinggong Road, East of Huayi Fengshan Road, Jinan City
101	Jinan Zhangqiu District Project (Note 2)	Jinan	33%	23,856	Shuangshan Avenue, Zhangqiu District, Jinan City
102	Agile City of Lohas Jinan (Formerly known as Jinan Changqing District Project)	Jinan	100%	69,495	Persimmon Garden, Changqing District, Jinan City
Eastern China Region Subtotal				7,885,652	
Western China Region					
103	Agile Garden Chengdu	Chengdu	100%	1,338,960	19, Second Section, Lushan Avenue, Shuangliu County, Chengdu City
104	Chengdu Qingbaijiang District Project (Note 2)	Chengdu	49%	56,005	South of Fengxiang Avenue, East of Fenghuang West Road 2, Qingbaijiang District, Chengdu City
105	Chengdu Xiping Town Project (Note 2)	Chengdu	33%	69,999	Yingxian Village, Xiping Town, Xinjin County, Chengdu City
106	Agile City of Lohas Chengdu (Formerly known as Chengdu Wujin Street Project)	Chengdu	100%	66,009	Hongshi Community Component 2, Gujia Community Component 6 & 7, Wujin Street, Xinjin County, Chengdu City
107	Agile Chairman Xi'an (Note 3)	Xi'an	70%	75,953	South of Qujiangchi Road South, West of Xinkaimen Road South, North of South Third Ring, Qujiang New District, Xi'an City
108	Agile Life Diary Xi'an	Xi'an	100%	277,519	South of Ju River, West of Ziwu Avenue, Guodu Street Office, Chang'an District, Xi'an City
109	Agile City of Lohas Xi'an (Note 3)	Xi'an	51%	59,434	East of West Third Ring Road, South of Afang Yi Road, Fengdong New Town, Xi'an City
110	Agile Garden Hanzhong	Hanzhong	100%	442,647	North of Xiaojiaxiang, East & West of Jijiaxiang, Guanghui Village Committee, Qili Street Office, Hantai District, Hanzhong City
111	Agile Chairman Chongqing	Chongqing	100%	119,287	Shuangshan District, Dadukou District, Chongqing Municipality
112	Agile Mountain Chongqing	Chongqing	100%	203,112	South of Central Park, Liangjiang New District, Chongqing Municipality
113	Lumingfu Chongqing (Note 2)	Chongqing	33%	157,427	South of Tianlu Avenue, East of Dongcheng Avenue, Banan District, Chongqing Municipality
114	Agile Bay Area Villa Chongqing (Formerly known as Chongqing Lijia Town Project)	Chongqing	100%	138,394	Lijia Town, Liangjiang New District, Chongqing Municipality
Western China Region Subtotal				3,004,746	
Central China Region					
115	Bund Mansion Changsha (Note 2)	Changsha	50%	197,406	Xiangjiang Avenue, Kaifu District, Changsha City
116	Agile Garden Changsha	Changsha	100%	40,000	Xiangjiang Avenue, Kaifu District, Changsha City
117	Agile Evian Town Changsha	Changsha	100%	410,911	Near Ninghui Road, Huitang Village, Huitang Town, Ningxiang County, Changsha City
118	Changsha Yuanda Road 2 Project	Changsha	100%	15,853	Yuanda Road 2, Jingkai District, Changsha City
119	Agile International Garden Zhengzhou (Note 3)	Zhengzhou	60%	83,681	Kangzhuang Road and Ruifeng Road, Baisha Town, Zhongmou County, Zhengzhou City
120	Agile Forest Lake Zhengzhou	Zhengzhou	100%	78,328	North of Rich Road 4, East of Pinghua Road, West of Peony Second Street, South of Rich Road 3, Lubo Component, Zhongmou County, Zhengzhou City
121	Agile Chairman Zhengzhou	Zhengzhou	100%	49,485	East of Ruyi East Road, North of Chaoyang Road, Longhu District, Zhengdong New District, Zhengzhou City
122	Agile Celestial Mansion Zhengzhou	Zhengzhou	100%	52,189	South of Planned Road 1, East of relief road of Zhengxin Expressway, Longhu County, Xinzheng City, Zhengzhou City
123	Kaifeng Bianxi New District Project (Note 2)	Kaifeng	51%	59,545	South of Jinyao Road, West of No.6 Street, Kaifeng City
124	Kaifeng Longting District Project (Note 2)	Kaifeng	20.4%	264,008	East of Huangbian River, North of Fuxing Avenue, Longting District, Kaifeng City
125	Agile International Garden Xuchang	Xuchang	100%	93,186	South of Bayi Road, West of Xuzhou Road, Dongcheng District, Xuchang City
126	Xuchang Weidu District Project	Xuchang	100%	31,083	Weidu dongcheng District, Xuchang City
127	Lantai Mansion Shangqiu (Formerly known as Shangqiu Suiyang District Project) (Note 2)	Shangqiu	49%	59,698	Liangyuan Industrial District, West of City, Suiyang District, Shangqiu City
128	Shangqiu Riyue Lake New District Project	Shangqiu	100%	52,607	Northwest of Junction of Yuyuan Road and Songcheng Road, Riyue Lake New District, Shangqiu City
129	Chenzhou Project (Note 2)	Chenzhou	50%	121,066	Zhudui Village, Matian Village, Heping Village, Suxian District, Chenzhou City
130	Agile International Garden Wuhan (Note 2)	Wuhan	50%	406,583	Wushu Village, Miaoshan Office, Jiangxia District, Wuhan City
131	Agile City of Lohas Jingzhou	Jingzhou	100%	42,113	Junction of Beijing Road West and Wude Road, Jingzhou District, Jingzhou City
Central China Region Subtotal				2,057,742	

Property Development (Continued)

	Land Bank (sq.m.) (Note 1)							
	Total Planned GFA of the Project (sq.m.)	Development Stage (B)				Planning Nature (C)		
		Total Planned GFA (A) (sq.m.)	Completed (B1)	Under Development (B2)	Held for Future Development (B3)	Residential & Ancillary Facilities (C1)	Hotel (C2)	Commercial & Office (C3)
	134,272	44,847	—	44,847	—	44,847	—	—
	296,640	118,656	—	79,652	39,004	110,656	—	8,000
	41,494	41,494	—	41,494	—	41,494	—	—
	423,827	102,050	16,622	85,428	—	102,050	—	—
	162,404	101,503	—	101,503	—	101,503	—	—
	59,046	59,046	—	59,046	—	59,046	—	—
	197,730	96,888	—	—	96,888	96,888	—	—
	56,254	56,254	—	56,254	—	56,254	—	—
	29,296	29,296	—	29,296	—	29,296	—	—
	19,112	19,112	—	19,112	—	19,112	—	—
	1,140,725	1,140,725	—	—	1,140,725	1,140,725	—	—
	816,000	816,000	—	85,740	730,260	816,000	—	—
	207,463	103,731	—	103,731	—	99,751	—	3,980
	38,170	12,596	—	12,596	—	12,596	—	—
	180,687	180,687	—	136,345	44,342	180,687	—	—
	11,954,398	6,636,489	162,851	3,125,707	3,347,930	6,251,551	43,194	341,744
	1,606,752	218,995	6,945	212,050	—	218,995	—	—
	112,011	54,885	—	54,885	—	54,885	—	—
	139,999	46,200	—	9,130	37,070	43,428	—	2,772
	165,023	165,023	—	—	165,023	165,023	—	—
	215,092	57,922	—	57,922	—	57,922	—	—
	695,070	313,828	—	163,646	150,182	199,244	—	114,584
	168,748	168,748	—	168,748	—	168,748	—	—
	1,549,263	1,549,263	—	203,750	1,345,513	1,549,263	—	—
	348,172	12,773	871	11,902	—	12,773	—	—
	362,486	362,486	—	257,308	105,178	362,486	—	—
	366,953	121,094	—	73,696	47,398	115,250	—	5,844
	187,009	187,009	—	150,019	36,990	187,009	—	—
	5,916,578	3,258,226	7,816	1,363,057	1,887,354	3,135,026	—	123,200
	670,237	213,198	8,722	56,632	147,844	64,228	—	148,970
	112,000	54,259	2,656	51,603	—	54,259	—	—
	739,641	334,754	15,452	257,529	61,773	334,754	—	—
	69,596	69,596	—	69,596	—	69,596	—	—
	196,634	247	247	—	—	247	—	—
	195,821	27,077	3,600	23,477	—	27,077	—	—
	74,227	74,227	—	74,227	—	74,227	—	—
	156,566	156,566	—	156,566	—	156,566	—	—
	148,863	75,920	—	—	75,920	75,920	—	—
	660,019	134,644	—	36,740	97,903	134,644	—	—
	279,558	279,558	—	236,213	43,345	279,558	—	—
	46,625	46,625	—	46,625	—	46,625	—	—
	179,093	87,756	—	43,524	44,231	87,756	—	—
	157,820	157,820	—	53,140	104,680	157,820	—	—
	145,279	72,640	—	39,331	33,309	72,640	—	—
	790,694	370,629	18,956	228,090	123,583	370,629	—	—
	147,395	147,395	—	147,395	—	147,395	—	—
	4,770,068	2,302,910	49,632	1,520,689	732,589	2,153,940	—	148,970

Property Development (Continued)

Land Bank Table

(As at 31 December 2018)

No.	Project Name	City	Interests Attributable to the Group (Note 5)	Total Site Area of the Project (sq.m.)	Address
Hainan Region					
132	Hainan Clearwater Bay	Lingshui	100%	10,698,576	Clearwater Bay Avenue, Yingzhou Town, Lingshui Li Minority Autonomous County
133	Agile Starlight City Hainan	Wenchang	100%	110,098	West of Baoling Middle Road, North of Zuanshi Avenue, Tongguling, Longlou Town, Wenchang City
134	Agile Golden Bay Hainan (Note 2)	Haikou	60%	376,502	West Coast Golden Bay District, Haikou City
135	Wanning Shanqin Bay Project (Note 3)	Wanning	51%	233,325	Longgun County, Wanning City
136	Lingao Nanbao Town Project	Lingao	100%	88,963	North of Songmei Villige, Nanbao Town, Lingao City
Hainan Region Subtotal				11,507,464	
Yunnan Region					
137	Agile International Garden Ruili	Ruili	100%	263,994	East of 40m Planning Road, North of Tuanjie Road, North of Maohan Road Long Line, South of Make Villager Group, Ruili City
138	Agile Eden Yunnan	Tengchong	100%	2,423,266	Qushi Community, Qushi Town, Tengchong City
139	Dali Manjiang Area District Project (Note 3)	Dali	45%	62,213	East of Manjiang Road, Manjiang District, Economic-Technological Development Zone, Dali City
140	Agile Quenya Yunnan	Xishuangbanna	100%	945,200	Manda Village, Gasa Town, Jinghong, Xishuangbanna
Yunnan Region Subtotal				3,694,673	
Northeast China Region					
141	Agile Garden Shenyang	Shenyang	100%	536,848	1, Punan Road, Daoyi South Street, Shenbei New District, Shenyang City
Northeast China Region Subtotal				536,848	
Northern China Region					
142	Tianjin Jinnan New City (Note 2)	Tianjin	25%	1,289,227	Southwest of Junction of Tianjin Avenue and Donggu Road, Jinan District, Tianjin Municipality
143	Agile Chairman Tianjin	Tianjin	100%	85,689	Southwest of Junction of Tongsheng Road and Yaran Road, Haihe Education Park, Tianjin Municipality
144	Tianjin Hangu District Project (Note 3)	Tianjin	52%	436,800	Yingcheng Town, Hangu District, Tianjin Municipality
145	Tianjin Haijiao Garden Project B	Tianjin	100%	45,709	Northeast of junction of Jingu Highway and Yaze Road, Haihe Education Park, Tianjin Municipality
146(A)	Agile Chairman Handan (Formerly known as Handan Congtai District Project) (Note 3)	Handan	90%	18,240	North of Planned Road, South of Suliwei Road 7, West of Fuhebei Street, Congtai District, Handan City
146(B)	Courtyard Handan (Note 2)	Handan	49%	30,581	North of Planned Road, South of Suliwei Road 7, West of Fuhebei Street, Congtai District, Handan City
147	Agile Lohas Life Jinzhong (Formerly known as Jinzhong Yuci District Project) (Note 2)	Jinzhong	29.7%	46,603	Junction of Longhu Avenue and Huitong Road, Houfang Village, Yuci District, Jinzhong City
148	Beijing Yanqing District Project (Note 3)	Beijing	51%	198,254	Xinbao Village, Banyan Town, Yanqing County, Beijing City
Northern China Region Subtotal				2,151,103	
Hong Kong					
149	Hong Kong King's Road Project	Hong Kong	100%	929	992-998 King's Road, Quarry Bay, Hong Kong
Hong Kong Subtotal				929	
Overseas					
150	Agile Mont Kiara Kuala Lumpur (Note 3)	Kuala Lumpur, Malaysia	70%	41,130	Mukim Batu, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan, Kuala Lumpur, Malaysia
151	Agile Bukit Bintang Kuala Lumpur (Note 3)	Kuala Lumpur, Malaysia	70%	15,174	Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan, Kuala Lumpur, Malaysia
Overseas Subtotal				56,304	
Grand Total (Note 4)				48,991,429	

Notes:

- Land bank data includes only GFA that is calculated based on plot ratio and A=B=C. The data of completed GFA and GFA under development are as at 31 December 2018. Data are derived from the Group's internal record.
- Total site area and total planned GFA of joint venture projects including Guangzhou Asian Games City Project, Beautiful Lake Zhongshan, Crescent Hill Center City Zhongshan, Zhongshan Nanlong Tianlu Project, Zhongshan Dongcheng Lufeng Project, Agile Diyin Lake Town Zhongshan, Zhongshan Huashengtang Project, Zhongshan Bosheng Project, The Leading World Zhongshan, Zhongshan Shenzhong Project, Zhongshan Hehua Hotel Project, Zhongshan Shenwan Town Project, Park Irisation Jiangmen, Agile Chairman Sanshui, Agile Pleasure Mansion Sanshui, Qingyue Shunde, Agile Cambridgeshire Shunde (Formerly known as Shunde Lecong Town Project), Emerald Park Foshan (Formerly known as Foshan Gaoming District Project), Fenghui Meizhou, Elite Residence Yunfu Project A, Agile International Financial Center Nanning, Agile Landscape House Xuzhou, Phoenix Orientalism Lianyungang (Formerly known as Lianyungang Gaoxin District Project), Landscape Hefei, Agile New Joy Mansion Wuhu, Shanghai Pudong New District Project B, Central Park Jiaying, Agile Tangsong Changzhou, Chengshi Wanxiang Changzhou (Formerly known as Changzhou Lingjiatang Project), Wuxi Binhu District Project, Mount Lake Oriental Landscape Nantong (Formerly known as Nantong Tongzhou District Project), Agile Metropolis Nantong, Agile Luxuriant Palace Suzhou, Fuzhou Tingjiang District Project, Jing Yuan Jinan, Jinan Zhangqiu District Project, Chengdu Qingbaijiang District Project, Chengdu Xinping Town Project, Lumingfu Chongqing, Bund Mansion Changsha, Kaifeng Bianxi New District Project, Kaifeng Longting District Project, Lantai Mansion Shangqiu (Formerly known as

Property Development (Continued)

	Total Planned GFA of the Project (sq.m.)	Land Bank (sq.m.) (Note 1)						
		Total Planned GFA (A) (sq.m.)	Development Stage (B)			Planning Nature (C)		
			Completed (B1)	Under Development (B2)	Held for Future Development (B3)	Residential & Ancillary Facilities (C1)	Hotel (C2)	Commercial & Office (C3)
	8,402,563	4,075,902	297,481	2,254,166	1,524,255	3,314,205	528,384	233,314
	330,294	330,294	—	135,513	194,781	330,294	—	—
	704,451	422,671	—	290,743	131,927	403,471	19,200	—
	184,658	184,658	—	184,658	—	134,658	50,000	—
	44,482	44,482	—	44,482	—	—	44,482	—
	9,666,448	5,058,007	297,481	2,909,562	1,850,963	4,182,628	642,065	233,314
	446,894	172,414	41,113	131,301	—	112,428	59,986	—
	4,004,836	3,607,156	31,687	356,318	3,219,150	3,307,244	299,912	—
	239,585	239,585	—	98,236	141,349	239,585	—	—
	1,134,240	1,012,534	716	361,818	650,000	1,012,534	—	—
	5,825,555	5,031,688	73,516	947,673	4,010,500	4,671,790	359,898	—
	1,110,834	669,027	3,754	548,782	116,491	669,027	—	—
	1,110,834	669,027	3,754	548,782	116,491	669,027	—	—
	3,010,901	355,313	3,675	230,153	121,485	216,418	9,925	128,970
	128,532	128,532	—	128,532	—	128,532	—	—
	524,160	272,563	—	—	272,563	272,563	—	—
	77,704	77,704	—	77,704	—	77,704	—	—
	36,480	36,480	—	36,480	—	36,480	—	—
	61,162	29,969	—	29,969	—	29,969	—	—
	163,112	48,444	—	15,782	32,662	48,444	—	—
	65,000	65,000	—	65,000	—	55,486	9,514	—
	4,067,051	1,014,006	3,675	583,620	426,711	865,595	19,439	128,970
	1,887	1,887	—	—	1,887	1,887	—	—
	1,887	1,887	—	—	1,887	1,887	—	—
	167,100	167,100	—	167,100	—	167,100	—	—
	191,234	191,234	—	191,234	—	191,234	—	—
	358,334	358,334	—	358,334	—	358,334	—	—
	78,166,721	36,230,533	1,263,018	15,332,572	19,634,943	33,848,679	1,192,379	1,189,475

Shangqiu Suiyang District Project), Chenzhou Project, Agile International Garden Wuhan, Agile Golden Bay Hainan, Tianjin Jinnan New City, Courtyard Handan and Agile Lohas Life Jinzhong (Formerly known as Jinzhong Yuci District Project) are the total area of the overall projects; while the area set out in the column of land bank is the area proportional to the respective equity interests held by the Group.

- The Projects including Mont Orchid Riverlet Zhongshan, Agile Chairman Taishan, Agile Personage Nanhai, Ellite Residence Yunfu Project B, Huzhou Fenghuang District East Project B, Agile Dream Lake Fairy Hill Changzhou Project B, Changzhou Zhonglou District Project, Agile Chairman Xiamen Project B, Zhangzhou Xiangshan Bay Project, Weihai Sports and Leisure Town, Agile Chairman Xi'an, Agile City of Lohas Xi'an, Agile International Garden Zhengzhou, Wanning Shanqin Bay Project, Dali Manjiang Area District Project, Tianjin Hangu District Project, Agile Chairman Handan (Formerly known as Handan Congtai District Project), Beijing Yanqing District Project, Agile Mont Kiara Kuala Lumpur and Agile Bukit Bintang Kuala Lumpur are held by the subsidiaries of the Group, their total site area, total planned GFA of the projects and land bank are shown in 100%.
- Besides the above information, the Group holds 70% equity interest in lands (including agricultural land and others) with site area of approximately 1.29 million sq. feet in the New Territories, Hong Kong and is intended to submit its application for amendment of plan to the relevant government department.
- The Group's equity interests in the projects listed in the Land Bank Table may change as a result of introduction of cooperation parties for the joint development of some of these projects. The current percentages of shareholdings listed in the Land Bank Table are for reference only.

Flagship Projects at a Glance

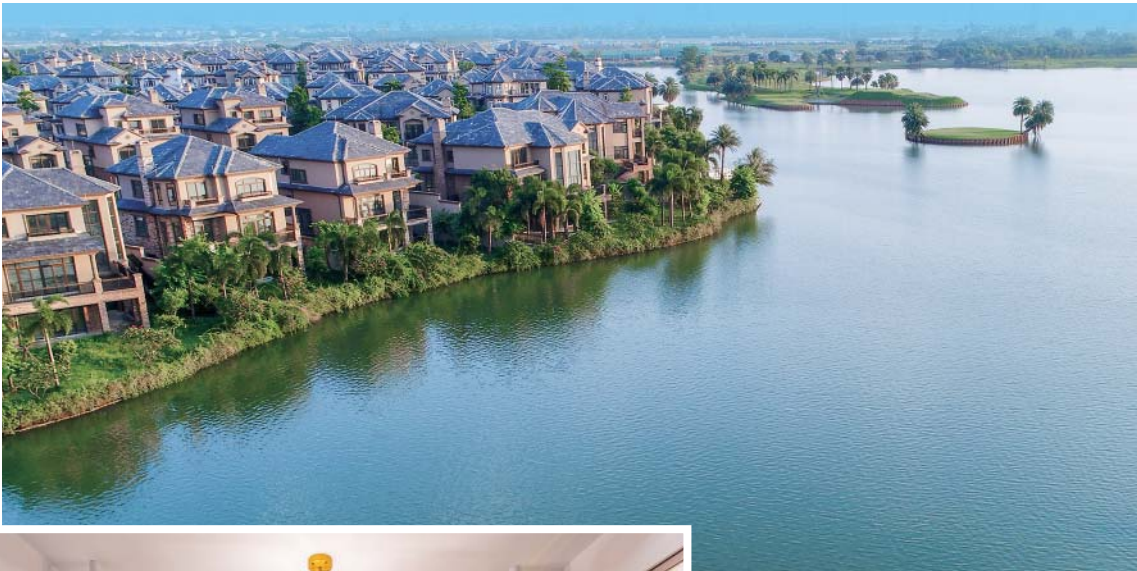
Southern China Region

**Agile
Haizhu Xiaoya
Guangzhou**



**Agile
Cambridgeshire
Zhongshan**





Agile
Diyin Lake Town
Zhongshan



Flagship Projects at a Glance

Southern China Region

Agile River Pearl Zhongshan



Agile International Garden Zhuhai





Agile
Garden
Heyuan



Agile
Mix City
Shunde



Flagship Projects at a Glance

Southern China Region



Agile
Cambridgeshire
Shunde



Agile
Honorable Mansion
Zhanjiang





Agile
Garden
Taishan



Flagship Projects at a Glance

Southern China Region

**Agile
Chairman
Shantou**



**Agile
Celestial Dwellings
Shanwei**



Eastern China Region

The Territory Nanjing



Agile Luxuriant Palace Zhenjiang

Property Development (Continued)

Flagship Projects at a Glance

Eastern China Region



Agile
Dream Lake Fairy Hill
Changzhou



Agile
Mountain Mansion
Changshu



Agile
City Center Villa
Wuxi



Property Development (Continued)

Flagship Projects at a Glance

Eastern China Region

Agile
Luxuriant Palace
Suzhou



Agile
Landscape House
Xuzhou





Agile
Central Park
Jiaxing



Agile
Riverside Metropolis
Huzhou



Property Development (Continued)

Flagship Projects at a Glance

Eastern China Region

Agile
Mountain
Yangzhou



Agile
New Joy Mansion
Wuhu



Agile
Metropolis
Nantong



Agile
Chairman
Xiamen



Property Development (Continued)

Flagship Projects at a Glance

Western China Region



Agile
Garden
Chengdu



Agile
City of Lohas
Chengdu





Agile Mountain Chongqing



Agile Life Diary Xi'an



Property Development (Continued)

Flagship Projects at a Glance

Western China Region



Agile
Lohas Life
Jinzhong



Agile
Garden
Hanzhong



Central China Region



Agile
Chairman
Zhengzhou



Agile
Evian Town
Changsha



Property Development (Continued)

Flagship Projects at a Glance

Central China Region

**Agile
International Garden
Wuhan**



**Agile
International Garden
Xuchang**

Hainan Region



Agile
Golden Bay
Hainan

Yunnan Region



Agile
Quenya
Yunnan



Property Development (Continued)

Flagship Projects at a Glance

Yunnan Region



Agile
Eden
Yunnan



Northern China Region

Agile
Chairman
Tianjin



Overseas



Agile
Bukit Bintang
Kuala Lumpur





DIVERSIFIED BUSINESSES

The Group believes that a diversified business portfolio can generate steady income, broaden income base and disperse operational risks. In the meantime, all business segments also fully capitalise on synergies to lay a solid foundation for long-standing development in the future.





A-LIVING



Leveraging its extensive experience in property management over the years, A-Living continued to take expanding management scale and exploring varied and differentiated value-added services as corporate goal, regard building a national leading and world-class lifestyle services platform as corporate vision, and provide closed loop, all-round, full life cycle and quality property management services to customers and property owners.

After the completion of spin-off and listing of A-Living in February 2018, the Group still held 54% of the issued share capital of A-Living. During the year, A-Living fully re-organised existing business scope and formed three segments including property management services, asset management services and community commercial services on the basis of “1+N” strategy.

During the year, the revenue of A-Living was RMB3,376.7 million, representing an increase of 91.8% as compared with 2017. The net profit margin was 24.0%, representing an increase of 7.0 percentage points on a year on year basis.

Dual-brand Development Strategy

With the support of two shareholders, the Group and Greenland Holdings Group Company Limited (“Greenland Holdings”), A-Living continued to uphold a dual-brand development strategy based on “Agile Property Management” and “Greenland Property Services”, and focused on efficiency, quality and development to further expand its coverage and influence in the property management service sector. A-Living also successfully expanded into property services for super high-rise and commercial properties by comprehensively enhancing the management quality of Greenland projects, deepening its long-

term cooperation with Greenland Holdings, facilitating the quality enhancement and market expansion of “Greenland Property Services” and complementing with Greenland Property Services.

During the year, A-Living realised higher contribution of growth from proactive expansion through third-party developers and merger and acquisition. In addition, it reached strategic cooperation with local real estate enterprises with abundant land bank leveraging the market expansion strategy, successfully enhancing its brand awareness and further improving its nationwide layout.

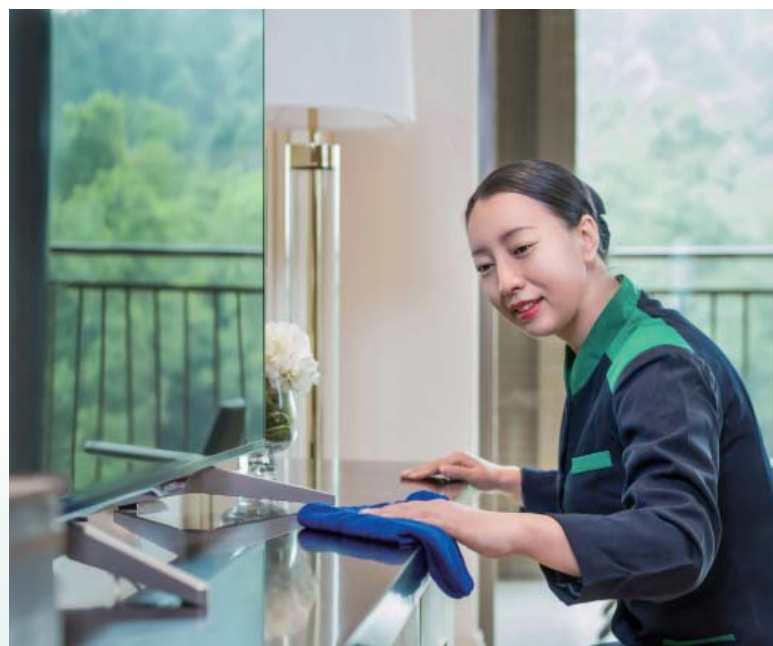
As at 31 December 2018, A-Living’s services covered 78 cities in 24 provinces, municipalities and autonomous regions. During the year, the GFA under management and the contracted GFA of A-Living were 138.1 million sq.m. and 229.8 million sq.m. respectively. The contracted GFA from projects of third-party developers was 106.4 million sq.m, representing an increase of 83.2% when compared with 2017.

Proactively Exploring Quality Investment and Acquisition Projects

A-Living proactively explored quality investment and acquisition projects in the market, focused on targets with high engagement and extensiveness in property management. During the year, A-Living successively acquired several regional leading property management enterprises, which was conducive to entering into local markets quickly, diversifying its management portfolio, refining its strategic layout and enhancing A-Living’s nationwide market influence and competitiveness.

A-Living continued to build a community economic ecosphere centered on household consumption. Focusing on the residents, houses, vehicles and public resources, A-Living genuinely accommodate the needs of property owners by creating a tailor made one-stop household consumption service platform for property owners. Meanwhile, A-Living subdivided and positioned community population structure, built information database for community property owners, thoroughly understand the demands of the market, conducted product research and development, and improved the community’s life services under A-Living.

In respect of extended value-added services, A-Living improved the delivery satisfaction through inspection consultation services, enhancing the synergies among property developers, property management companies and property owners. Its advertisement resources services further extracted the economic values of the community, improved the service quality of life and helped expand business scope by attracting more quality partners leveraging the brand effect.



Awards and Recognition

During the year, the professional and efficient services of A-Living has been widely recognised by the market and industry, and it successively won several awards, including “Top 8 Property Management Companies of the PRC in terms of comprehensive Strength”, “The Second among Top 100 Property Management Companies in the PRC in terms of Growth Potential”, “Leading Company among 2018 Top 100 Property Management Companies in the PRC in terms of Business Performance”, “Leading Brand in Tourism Property Management” and “Chinese Blue-chip Property Management Company”.

Outlook

In 2019, adhering to the corporate philosophy of “Lifelong Caring for Property Owners”, A-Living will continue to implement long-term development strategy of “focusing on improving quality and efficiency, based on property management”, and fully optimise quality system so as to accommodate the needs of property owners pursuing better life. In addition, under the framework of the three segments, A-Living will strive to expand the scale of property management, increase operating income, improve operational efficiency and enhance its industry-leading position, with an aim to create greater values for shareholders and property owners of A-Living.



ENVIRONMENTAL PROTECTION



The Group has established diversified environmental protection business covering hazardous waste treatment, water treatment and common solid waste treatment.

During the year, the business segments of environmental protection business have achieved fast and steady growth. The revenue of the environmental protection business was RMB614 million, representing an increase of 199.8% when compared with RMB205 million in 2017.

As at 31 December 2018, the Group had a total of 36 environmental protection projects spanning across eight major regions of China, namely Eastern China, Beijing-Tianjin-Hebei, Shandong, Central China, Southern China, Guangxi, Hainan and Western China.

Environmental Protection (Continued)

Hazardous Waste Treatment

During the year, the environmental protection business developed 11 new hazardous waste treatment projects, and has successfully expanded into the business of recycling of waste and used metals, which has a promising outlook. As at 31 December 2018, the Group's maximum hazardous waste processing capacity of all projects exceeded 2.7 million tonnes per year. The total capacity of landfill was over 14 million cubic metres. In terms of the planned annual processing capacity for hazardous waste treatment, the Group is taking the leading position in the industry.

Water Treatment

The water treatment business of the Group covers water supply, domestic sewage treatment and industrial wastewater treatment. As at 31 December 2018, with the daily maximum water treatment capacity exceeding 2.1 million tonnes, the Group provided service to several water plants and sewage treatment works.



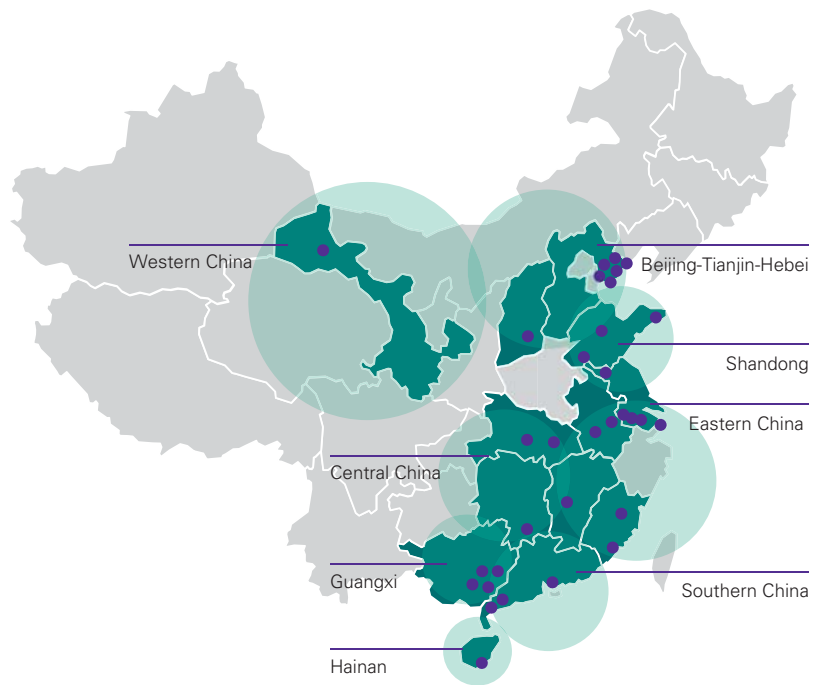
Common Solid Waste Treatment

In respect of common solid waste treatment, the Group newly established the domestic waste-to-energy business, and successfully developed 3 new projects. The daily maximum treatment capacity reached 2,500 tonnes. In addition, the environmental protection team has entered into strategic cooperation with a number of industry leaders and is actively expanding into businesses including food waste treatment, kitchen waste treatment and sludge treatment.

Honours and Recognition

During the year, the development potential and technology research of the environmental protection business won recognition of the market and the industry. Its subsidiary, Shanghai CanZhou Environmental Engineering Co., Ltd. was financially supported by the most competitive technology-based enterprises fund in Shanghai, and was awarded the “Shanghai Science and Technology Little Giant Enterprise”. Zhenjiang Heyun Industrial Waste Water Disposal Co., Ltd., another subsidiary of the Group, also won many national honors such as “High-tech Enterprise”.

Project Location Map



CONSTRUCTION



Leveraging on its profound experience in property development, the Group has established construction business. The business covers three major business segments including general construction contracting, landscaping and home decoration and two major supporting business segments including design consulting and materials trading.

During the year, the geographic coverage of the Group's construction business has been expanded to more than 70 cities in 24 provinces and municipalities. The number of projects undertaken was around 300.

General Construction Contracting

The Group is a first-class enterprise for general construction contracting approved by the Ministry of Construction. This segment provides a series of services including basic engineering, structural engineering, masonry engineering and hydropower engineering, etc, and mainly undertakes real estate projects covering municipal properties, public-private partnership and Engineering Procurement Construction projects, etc..

Landscaping

This business segment focuses on landscape engineering, greening management and nursery planting, and primarily has undertaken real estate landscaping and municipal landscaping related projects.

Home Decoration

This business segment mainly provides services such as bulk decoration works, wood products and smart home, etc, aiming to provide customers with one-stop solutions catering with every renovation need and turnkey services.

Design Consulting and Materials Trading

Design consulting segment mainly provides services including project planning, architectural design, structural design, electromechanical design, interior design, landscape design and cost consulting. Material trading segment mainly provides services such as sales of decoration materials and rental service of large-scale construction equipment for construction projects.

Outlook

The Group will further reinforce the industry position of its landscaping and home decoration businesses, while expanding its business on an on-going basis.



REAL ESTATE CONSTRUCTION MANAGEMENT



Leveraging years of experience in property development and management and the brand advantages of Agile, the Group formally established the real estate construction management business during the year. With its excellent supply chain management, outstanding management capabilities and strong integrated resources of the Group, the real estate construction management team provides partners with high-end technical and professional services ranging from design and application for construction, construction management, cost control, brand export to product marketing, generating revenue and profit for the Group during the year.

Business Divisions

The real estate construction management business was classified into three major divisions, including:

Government agent construction: the real estate construction management team and the government formed an agent construction cooperation or mixed-ownership reform cooperation relationship to provide development, renewal, transformation and real estate development full chain services for real estate projects.

Capital agent construction: the real estate construction management team and various types of financial institutions established collaboration to provide liquidation and value-added services for non-performing assets. The team also formed an agent construction business partnership with the real estate fund to provide professional real estate development business output and brand export services.

Commercial agent construction: the real estate construction management team and small and medium-sized real estate companies established collaboration to provide real estate development full chain services and branding services for quality projects.

Outlook

The real estate construction management business will fully capitalise on the strength of Agile's brand to develop real estate agent construction business with Agile's characteristics while continuing to acquire premium real estate construction management projects.



COMMERCIAL



During the year, the Group formed the commercial segment by integrating its existing hotels and investment properties with a range of commercial projects covering cultural and tourism retail and community retail.

Establishing Diversified Property Portfolio

The commercial segment has built a diversified portfolio of properties covering more than 50 cities, with a GFA exceeding 3 million sq.m. and over 50 projects under management. The commercial team provides the properties in the portfolio with professional operating and management services, creating projects with Agile characteristics.

Flagship Projects

Shopping mall: Agile Mall Huadu, Agile International Plaza Shanghai, Metropolis Plaza Xiqiao

Office building: Guangzhou Agile Center, Agile International Financial Center Nanning

Hotel: Shanghai Marriott Hotel City Centre, Raffles Hainan, Sheraton Bailuhu Resort Huizhou, Howard Johnson Agile Plaza Chengdu, Holiday Inn Resort Hainan Clearwater Bay, Foshan Agile Hotel, Zhongshan Agile Hotel and Tengchong Agile Hotel

Community retail: Agile Neighborhood Time Mall Panyu

Outlook

The Group will further integrate its existing assets and adjust the development direction for commercial, office, hotel and self-used properties in light of the market environment, with a view to expanding scale and increasing revenue.



INVESTOR RELATIONS



The Group has been upholding the management concept of “mutual communication for a win-win situation”. Subject to related Listing Rules and regulations, the Group keeps close dialogues with the investment community through multi-channels and maintains a high level of transparency. The Group aims to enhance investors’ understanding of the Group’s business by informing the market of the Group’s operating results and latest development in a timely and precise manner. The Group also takes into account the valuable suggestions from investors when formulating strategies.

As at 31 December 2018, 22 investment banks and securities research companies have initiated research coverage on the securities of the Company which bestowed the Company with one of the highest research coverage in China’s property sector. Currently, the Company has established contacts with over 4,000 investors and analysts.

During the year, the Group’s management and investor relations team actively organised and participated in various investor relations activities and met over 1,800 investors. These activities included interim and annual results press conferences, investor briefings and non-deal roadshows conducted in the countries and cities such as Hong Kong, China, Singapore, Malaysia, the United Kingdom and the United States, etc., reverse roadshow, corporate days and investor conferences organised by various investment banks and securities research companies, company visits, site visits and so on. Management had in-depth discussion with investors on the industry trend and responded proactively to investors queries on results, development strategies and so on. Besides, the Company regularly disseminates the latest operation information through announcements, press releases and Company website in a timely and proactive manner.

Major Investor Relations Activities of the Company in 2018

Month	Place	Activity
January	Hong Kong	BNP Paribas Asia Pacific Financials & Property Conference Nomura China Property Corporate Day 2018
	Shanghai	UBS 18th Annual Greater China Conference
	Singapore	DBS Vickers Pulse of Asia Conference
March	Hong Kong	2017 Annual Results Investor Presentation and Press Conference 2017 Annual Results Non-deal Roadshow co-organised with CGS-CIMB 2017 Annual Results Non-deal Roadshow co-organised with J.P. Morgan
	Singapore	2017 Annual Results Non-deal Roadshow co-organised with Morgan Stanley 2017 Annual Results Non-deal Roadshow co-organised with Standard Chartered Bank
April	Boston	2017 Annual Results Non-deal Roadshow co-organised with BNP Paribas
	Edinburgh	2017 Annual Results Non-deal Roadshow co-organised with BNP Paribas
	Hong Kong	BNP Paribas Property Corporate Day UBS HK/China Property Conference 2018
	London	2017 Annual Results Non-deal Roadshow co-organised with BNP Paribas
	New York	2017 Annual Results Non-deal Roadshow co-organised with BNP Paribas
	Shenzhen	2017 Annual Results Non-deal Roadshow co-organised with China Merchants Securities Gelonghui Real Estate Investment Summit 2018
	Taipei	2017 Annual Results Non-deal Roadshow co-organised with BOCOM International
	Tokyo	2017 Annual Results Non-deal Roadshow co-organised with Mizuho Securities
May	Beijing	J.P. Morgan Global China Summit 2018
	Hangzhou	SWS Listed Company Forum 2018
	Shanghai	2017 Annual Results Non-deal Roadshow co-organised with SWS Research
	Shenzhen	HSBC 5th Annual China Conference
June	Hong Kong	CGS-CIMB HK/China Property Corporate Day Citi Asia Pacific Property Conference 2018 Credit Suisse 2018 China/Hong Kong Property Corporate Day Goldman Sachs Guangdong-HK-Macau Greater Bay Area Corporate Day HSBC 2nd Annual Asia Credit Conference Macquarie Greater Bay Corporate Day
August	Hong Kong	2018 Interim Results Investor Presentation and Press Conference 2018 Interim Results Non-deal Roadshow co-organised with Bank of America Merrill Lynch 2018 Interim Results Non-deal Roadshow co-organised with CGS-CIMB 2018 Interim Results Non-deal Roadshow co-organised with CLSA
September	Beijing	2018 Interim Results Non-deal Roadshow co-organised with Goldman Sachs
	Hong Kong	2018 Interim Results Non-deal Roadshow co-organised with HSBC 25th CLSA Investors' Forum
	Kuala Lumpur	2018 Interim Results Non-deal Roadshow co-organised with CGS-CIMB
	London	2018 Interim Results Non-deal Roadshow co-organised with BNP Paribas
	New York	2018 Interim Results Non-deal Roadshow co-organised with BNP Paribas
	Shanghai	2018 Interim Results Non-deal Roadshow co-organised with Goldman Sachs
	Shenzhen	2018 Interim Results Non-deal Roadshow co-organised with CMB International
	Singapore	2018 Interim Results Non-deal Roadshow co-organised with CLSA 2018 Interim Results Non-deal Roadshow co-organised with DBS Vickers 2018 Interim Results Non-deal Roadshow co-organised with Standard Chartered Bank
October	Hong Kong	Bank of America Merrill Lynch Asian High Yield Credit Conference 2018
	Tokyo	2018 Interim Results Non-deal Roadshow co-organised with JP Morgan
November	Beijing	Bank of America Merrill Lynch 2018 China Conference
	Hong Kong	Jefferies 8th Annual Greater China Conference
	Shenzhen	Goldman Sachs China Conference 2018
	Singapore	Morgan Stanley 17th Annual Asia Pacific Summit

DIRECTORS' PROFILE

CHEN Zhuo Lin (陳卓林), aged 57, is the Chairman of the Board and the President of the Company. Mr. Chen is the founder of the Group. He has been the Chairman of the Board and an executive Director since August 2005 and a President of the Company since March 2014. Mr. Chen is also a director of certain subsidiaries of the Company. Mr. Chen has over 26 years of extensive experience in real estate development and management. He is mainly responsible for the formulation of development strategies, directions on the operations and management of overall business, decision-making on investment projects, setting the goal of the financial year for the Group and maintaining the relationships between the Group and the Shareholders. Mr. Chen has received several honorary awards, including "World Outstanding Chinese Award (世界傑出華人獎)", Top 30 Chinese Philanthropists in 30 Years of Reform (改革開放30年, 華人慈善30人)", "China Philanthropy Outstanding Contribution Individual Award (中華慈善突出貢獻人物獎)", "Top 10 Persons of the Year for China Enterprise Management Excellence Award (中國企業十大卓越管理年度人物)", "Year of the People in Education of Zhongshan (中山教育年度人物)" and "Honourary Resident in Zhongshan (中山市榮譽市民)". For the public services, Mr. Chen serves as an executive vice chairperson of China Overseas Chinese Entrepreneurs Association (中國僑商投資企業協會), an honorary vice president of Chinese Language and Culture Education Foundation of China (中國華文教育基金會), the vice chairperson of Friends of Hong Kong Association Development Foundation, the vice president of New Home Association, the vice chairperson of Zhongshan Overseas Chinese Commercial Association (中山市僑資企業商會), an honorary vice chairperson of Sun Yat-sen Foundation (孫中山基金會), the executive vice chairperson of Guangdong Overseas Chinese Enterprises Association (廣東省僑商投資企業協會) and an executive chairperson of the 4th Guangdong Real Estate Chamber of Commerce (廣東省地產商會). Mr. Chen is the brother of Chan Cheuk Yin, Chan Cheuk Hung, Chan Cheuk Hei and Chan Cheuk Nam and also the spouse of Luk Sin Fong, Fion.

CHAN Cheuk Yin (陳卓賢), aged 51, has been the Vice Chairperson of the Board and a non-executive Director since 25 March 2015. He had been an executive Director and Vice Chairperson of the Board and Co-president of the Company from August 2005 to 28 March 2014; a non-executive Director from 28 March 2014 to 10 October 2014; an executive Director and an Acting Co-chairperson of the Board and Acting Co-president of the Company from 10 October 2014 to 25 March 2015. Mr. Chan is also a director of certain subsidiaries of the Company. He has over 26 years of extensive experience in real estate development and management. Mr. Chan is mainly responsible for the participation in Board meetings to provide advice on the development strategy and policy of the Group in achieving agreed corporate goals and objectives and for the scrutinisation of the Group's performance. Mr. Chan has received several honorary awards, including "Guangdong Province Outstanding Entrepreneurs of Privately-owned Enterprises (廣東省優秀民營企業家)" in 2003, "2006–2007 The Most Respected Entrepreneurs in Guangzhou, PRC (2006–2007年中國廣州最受尊敬企業家)" in 2007 and "Top 10 Philanthropist in Guangdong (廣東十大慈善人物)" in 2008. For the public services, he is an honorary chairperson of 3rd Council of Guangdong Provincial Qiaoxin Charity Foundation (廣東省僑心慈善基金會). In addition, he was an honorary vice chairperson of China Charity Federation (中華慈善總會) in 2007 and the executive chairperson of Guangdong Real Estate Chamber of Commerce (廣東省地產商會). Mr. Chan is the brother of Chen Zhuo Lin, Chan Cheuk Hung, Chan Cheuk Hei and Chan Cheuk Nam.

LUK Sin Fong, Fion (陸倩芳), aged 57, has been the Vice Chairperson of the Board and a non-executive Director since 25 March 2015. She had been an executive Director, Vice Chairperson of the Board and Co-president of the Company from August 2005 to 28 March 2014; a non-executive Director from 28 March 2014 to 10 October 2014; an executive Director, an Acting Co-chairperson of the Board and an Acting Co-president of the Company from 10 October 2014 to 25 March 2015. She is also a member of remuneration committee and nomination committee of the Board and a director of certain subsidiaries of the Company. Madam Luk has over 26 years of extensive experience in real estate development and management; in particular she has outstanding achievement in strategic marketing and marketing management. She is mainly responsible for the participation in Board meetings to provide advice on the development strategy and policy of the Group in achieving agreed corporate goals and objectives and for the scrutinisation of the Group's performance. Madam Luk holds a Master's degree in Business Administration from Western Sydney University (formerly known as University of Western Sydney) in Australia. She has received several honorary awards, including "Honourary Resident in Foshan (佛山市榮譽市民)" in 2004, "Honourary Resident in Nanhai District (南海區榮譽市民)" in 2004, "Zhongshan Outstanding Entrepreneurs (中山優秀企業家)" in 2006, "China Top 10 Excellent CBO (中國十大卓越 CBO)" in 2008 and "Honourary Resident in Zhongshan (中山市榮譽市民)" in 2009. For the public services, Madam Luk is currently the vice chairperson of Guangzhou Housing Society (廣州市房地產協會). She was an honorary chairperson of Guangdong Provincial Qiaoxin Charity Foundation (廣東省僑心慈善基金會). She is the spouse of Chen Zhuo Lin.

CHAN Cheuk Hung (陳卓雄), aged 61, has been an executive Director since August 2005. He is also a member of the risk management committee of the Board, the Vice President of the Company and a director of certain subsidiaries of the Company. Mr. Chan has over 26 years of extensive experience in real estate development and related business. He is mainly responsible for the control of construction quality, progress and cost of the Group's projects and management of contractors, as well as the management of the operation of Zhongshan Fashion Decoration Co., Ltd. (中山市時興裝飾有限公司) and Guangzhou Zhenzhong Construction Co., Ltd. (廣州振中建設有限公司). Mr. Chan has received several honorary awards, including "Honourary Resident in Foshan (佛山市榮譽市民)" and "Community Construction Outstanding Contribution Award (小區建設突出貢獻獎)" in National Xiaokang Housing Demonstration Community Competition (國家小康住宅示範小區評比) hosted by Ministry of Construction (國家建設部) in 2000. For the public services, he was a standing committee member of Guangdong Province Real Estate Association (廣東省房地產業協會) in 2004. Mr. Chan is an executive director and the co-chairman of the board, and a member of the risk management committee of A-Living Services Co., Ltd. (雅居樂雅生活服務股份有限公司) (stock code: 3319) ("A-Living"). He was a non-executive director of A-Living from 21 July 2017 to 31 May 2018. Mr. Chan is the brother of Chen Zhuo Lin, Chan Cheuk Yin, Chan Cheuk Hei and Chan Cheuk Nam.

HUANG Fengchao (黃奉潮), aged 56, has been an executive Director since 28 March 2014. He is also the chairperson of the risk management committee of the Board, Vice President of the Company and a director of certain subsidiaries of the Company. Since joining the Group in 1999, Mr. Huang had been the head of real estate management centre of the Group, general manager of Huadu and Nanhu projects and regional head of Hainan and Yunnan region. Prior to joining the Group, he worked for ExxonMobil (China) Co. Ltd. (美國埃索 (中國) 有限公司) and France TOTAL (China) Ltd. (法國道達爾 (中國) 有限公司). He is also an executive director and the co-chairman of the board, the chairperson of the risk management committee, and a member of the remuneration and appraisal committee and nomination committee of A-Living and performs the duties of the chief executive officer and general manager of A-Living.

Directors' Profile (Continued)

CHEN Zhongqi (陳忠其), aged 51, has been an executive Director since 28 March 2014. He is also a member of the risk management committee of the Board, Vice President of the Company and a director of certain subsidiaries of the Company. Since joining the Group in 1993, Mr. Chen had been a project controller and chief engineer, supervisor of the Project Engineering Department, deputy manager of Project Management Department and the deputy head of Real Estate Management Centre of the Group. He is mainly responsible for the management of the project development of the Group's real estate business, including monitoring the quality, progress, technology, contracts and quantity surveying of projects. Mr. Chen received his professional qualification in industrial and civil construction from Neijiang Normal University (內江師範學院) in 1991. He is also qualified as a budgeting engineer and a registered quantity surveyor.

CHAN Cheuk Hei (陳卓喜), aged 60, has been a non-executive Director since 28 March 2014. He had been an executive Director and a Senior Vice President of the Company from August 2005 to 28 March 2014. Mr. Chan is also a director of certain subsidiaries of the Company. Mr. Chan has over 26 years of extensive experience in real estate development and related business. He is mainly responsible for the participation in Board meetings to provide advice on the development strategy and policy of the Group in achieving agreed corporate goals and objectives and for the scrutinisation of the Group's performance. Mr. Chan is the brother of Chen Zhuo Lin, Chan Cheuk Yin, Chan Cheuk Hung and Chan Cheuk Nam.

CHAN Cheuk Nam (陳卓南), aged 55, has been a non-executive Director since 28 March 2014. He had been an executive Director and a Senior Vice President of the Company from August 2005 to 28 March 2014. Mr. Chan is also a director of certain subsidiaries of the Company. Mr. Chan has over 26 years of extensive experience in real estate development and management. He is mainly responsible for the participation in Board meetings to provide advice on the development strategy and policy of the Group in achieving agreed corporate goals and objectives and for the scrutinisation of the Group's performance. Mr. Chan is the brother of Chen Zhuo Lin, Chan Cheuk Yin, Chan Cheuk Hung and Chan Cheuk Hei.

CHENG Hon Kwan (鄭漢鈞), *GBS, OBE, JP*, aged 91, has been an independent non-executive Director since 27 October 2005. He is also the chairperson of remuneration committee and a member of audit committee and nomination committee of the Board. Dr. Cheng is mainly responsible for providing independent advice to the Board. He holds a Bachelor of Science in Engineering degree from Tianjin University and a postgraduate diploma from Imperial College London. Dr. Cheng was also awarded several honorary doctorate degrees by The Hong Kong University of Science and Technology, City University of Hong Kong, The Open University of Hong Kong and The Open University, United Kingdom, and is an honorary fellow of Imperial College London and City and Guilds of London Institute. Dr. Cheng is a past president, honorary fellow and gold medallist of The Hong Kong Institution of Engineers; past vice president, fellow and gold medallist of The Institution of Structural Engineers; fellow of The Institution of Civil Engineers, United Kingdom and American Society of Civil Engineers, an honorary fellow of The Institution of Engineers, Australia and Hong Kong Institute of Architects and an honorary member of The Hong Kong Institute of Planners. He obtained PRC Class 1 Registered Structural Engineer qualification. Dr. Cheng is an Authorised Person and a Registered Structural Engineer under the Buildings Ordinance (Chapter 123 of the laws of Hong Kong); and past chairman of Hong Kong Housing Authority and Transport Advisory Committee. He is a past member of both Executive Council and Legislative Council and a past member of Standing Committee of the Tianjin Committee Chinese People's Political Consultative Conference. Dr. Cheng is currently a permanent honorary chairman of Hong Kong Tianjin Friendship Association. Dr. Cheng is currently an independent non-executive director of Tianjin Development Holdings Limited (stock code: 882). He retired as an independent non-executive director of Hang Lung Group Limited (stock code: 10) and resigned as an independent non-executive director of Hang Lung Properties Limited (stock code: 101) in April 2015.

KWONG Che Keung, Gordon (鄺志強), aged 69, has been an independent non-executive Director since 27 October 2005. He is also the chairperson of audit committee and a member of remuneration committee and nomination committee of the Board. Mr. Kwong is mainly responsible for providing independent advice to the Board. He holds a Bachelor of Social Science degree from The University of Hong Kong and is a fellow member of both The Institute of Chartered Accountants in England and Wales and The Hong Kong Institute of Certified Public Accountants. Mr. Kwong is currently an independent non-executive director of a number of companies, including NWS Holdings Limited (stock code: 659), OP Financial Limited (formerly known as OP Financial Investments Limited) (stock code: 1140), Global Digital Creations Holdings Limited (stock code: 8271), China Power International Development Limited (stock code: 2380), Henderson Land Development Company Limited (stock code: 12), Henderson Investment Limited (stock code: 97), Chow Tai Fook Jewellery Group Limited (stock code: 1929), FSE Services Group Limited (formerly known as FSE Engineering Holdings Limited) (stock code: 331), Shanghai Commercial Bank Limited and Piraeus Port Authority S.A. (a company listed in Athens, Greece). He retired as an independent non-executive director of COSCO SHIPPING Holdings Co., Ltd. (stock code: 1919) in May 2017 and CITIC Telecom International Holdings Limited (stock code: 1883) in June 2017. Mr. Kwong was a partner of Pricewaterhouse from 1984 to 1998 and a council member of Hong Kong Stock Exchange from 1992 to 1997.

HUI Chiu Chung, Stephen (許照中), *JP*, aged 71, has been an independent non-executive Director since 27 June 2014. He is also the chairperson of nomination committee, a member of audit committee and remuneration committee of the Board. Mr. Hui is mainly responsible for providing independent advice to the Board. He has over 40 years of experience in the securities and investment industry. He is a senior fellow member of Hong Kong Securities and Investment Institute and a fellow member of The Hong Kong Institute of Directors. He had been serving as a council member and vice chairman of Hong Kong Stock Exchange, a member of the Advisory Committee of the Hong Kong Securities and Futures Commission ("SFC"), a director of the Hong Kong Securities Clearing Company Limited, a member of the Listing Committee of Hong Kong Exchanges and Clearing Limited, an appointed member of the Securities and Futures Appeal Tribunal, a member of the Standing Committee on Company Law Reform, an appointed member of the Hong Kong Institute of Certified Public Accountants Investigation Panel A, a member of the Committee on Real Estate Investment Trusts of the SFC and an appointed member of Zhuhai Municipal Committee of the Chinese People's Political Consultative Conference. Mr. Hui is a member of Hengqin New Area Development Advisory Committee and Hong Kong and Macao Legal Issues Expert Group of The Administrative Committee of Hengqin New Area, Zhuhai. Mr. Hui was appointed by the Government of the Hong Kong as a Justice of the Peace. He is currently a non-executive director of Luk Fook Holdings (International) Limited (stock code: 590) and the chairman and chief executive officer of Luk Fook Financial Services Limited. He also serves as an independent non-executive director of China South City Holdings Limited (stock code: 1668), Gemdale Properties and Investment Corporation Limited (stock code: 535), Lifestyle International Holdings Limited (stock code: 1212), SINOPEC Engineering (Group) Co., Ltd. (stock code: 2386), Zhuhai Holdings Investment Group Limited (stock code: 908) and FSE Services Group Limited (formerly known as FSE Engineering Holdings Limited) (stock code: 331). He resigned as an independent non-executive director of Asia Allied Infrastructure Holdings Limited (stock code: 711) in February 2015, and retired as an independent non-executive director of Hong Kong Exchanges and Clearing Limited (stock code: 388) in April 2015.

Directors' Profile (Continued)

WONG Shiu Hoi, Peter (黃紹開), aged 78, has been an independent non-executive Director since 27 June 2014. He is also a member of audit committee, nomination committee, remuneration committee and risk management committee of the Board. Mr. Wong is mainly responsible for providing independent advice to the Board. He holds a Master of Business Administration Degree from the University of Macau (formerly known as the University of East Asia, Macau). Mr. Wong possesses over 40 years of experience in the financial services industry. For the public services, he was a former chairman of The Hong Kong Institute of Directors, a former member of Standing Committee of Company Law Reform, Listing Committee of Hong Kong Stock Exchange, Financial Services Advisory Committee and Professional Services Advisory Committee of the Hong Kong Trade Development Council and a former director of the Hong Kong Securities and Investment Institute. He was a former overseas business advisor of Haitong Securities Company Limited and an executive director, deputy chairman and chief executive of Haitong International Securities Group Limited. He is currently a consultant of Halcyon Holdings Limited, and an independent non-executive director of High Fashion International Limited (stock code: 608), Tianjin Development Holdings Limited (stock code: 882) and Target Insurance (Holdings) Limited (stock code: 6161).

SENIOR MANAGEMENT'S PROFILE

PAN Zhiyong (潘智勇), aged 49, is the Vice President of the Company. Mr. Pan joined the Group in 2017. He is mainly responsible for financial management, investment business, legal affairs, human resources management and administration of the Group, the affairs of Hong Kong office and capital investment group of the Company. Before joining the Group, Mr. Pan had held different positions in Agricultural Bank of China ("ABC"), Guangdong branch including the general manager of Marketing Department, Institutional Banking Division and Corporate Banking Department, assistant president and vice president. He had been the president of ABC, Zhaoqing branch. Mr. Pan holds a Bachelor of Economics degree in Finance from Jinan University, a Master of Business Administration degree in Business Administration and a Doctoral of Management Science degree in Management Science and Engineering from South China University of Technology. Mr. Pan also has a senior economist qualification. He had been awarded the "Senior Financial Management Talent of Guangzhou (廣州市金融高級管理人才)", "Model Worker of Zhaoqing City (肇慶市勞動模範)" and "Ten Outstanding Young Persons of ABC, Guangdong Branch (中國農業銀行廣東省分行十大傑出青年)". He is the executive vice president of China Interchange Association of Top Credit-rating Property Enterprises Association (中國地產資訊強企交流會), deputy secretary of Guangdong Venture Capital and Private Equity Association (廣東省創業投資協會) and representative of the Standing Committee of China Mergers & Acquisitions Association (中國併購公會).

WANG Haiyang (王海洋), aged 48, is the Vice President of the Company and the President of the Company's property group. Mr. Wang joined the Group in July 2011. He was the General Manager of China Machinery TDI International Engineering Co., Ltd, Zhongshan branch (中機十院國際工程有限公司中山分行). Mr. Wang holds a Bachelor's degree in Construction Engineering from Xi'an University of Technology. He obtained PRC Class 1 Registered Structural Engineer qualification.

CHEUNG Sum Sam (張森), aged 55, is the Chief Financial Officer of the Group. He joined the Group in July 2013 and is mainly responsible for financial management, accounting, capital markets, corporate affairs and investor relations of the Group. Mr. Cheung holds a Bachelor of Science (Economics) degree in Accounting and Finance from the London School of Economics and Political Science, University of London. He is a fellow member of the Association of Chartered Certified Accountants in the United Kingdom and the Hong Kong Institute of Certified Public Accountants.

YUE Yuan (岳元), aged 43, is the Vice President of the Company and its property group and an assistant to Chairman. Madam Yue joined the Group in 2006. She is mainly responsible for the management of the President Office, the Operation and Information Management Department of the Company, and also the costing centre, the procurement centre and the finance centre of the Company's property group. Madam Yue holds a Bachelor of Engineering degree from Lanzhou Jiaotong University (formerly known as Lanzhou Railway University) and a Master of Science degree in Construction Project Management from the University of Hong Kong. She is a PRC intermediate economist, a PRC registered budgeting engineer and a member of the Royal Institution of Chartered Surveyors.

LI Xuejun (李雪君), aged 38, is the Vice President of the Company and the President of its environmental protection group. Mr. Li joined the Group in March 2008. He had been an assistant to Vice President, an assistant to Chairman, the general manager of operation department of the Company and operation centre of the Company's property group. He is mainly responsible for the business operation of the Company's environmental protection group. Mr. Li holds a Bachelor of Water Supply and Drainage from Tongji University and a Master's degree in Business Administration from Tsinghua University.

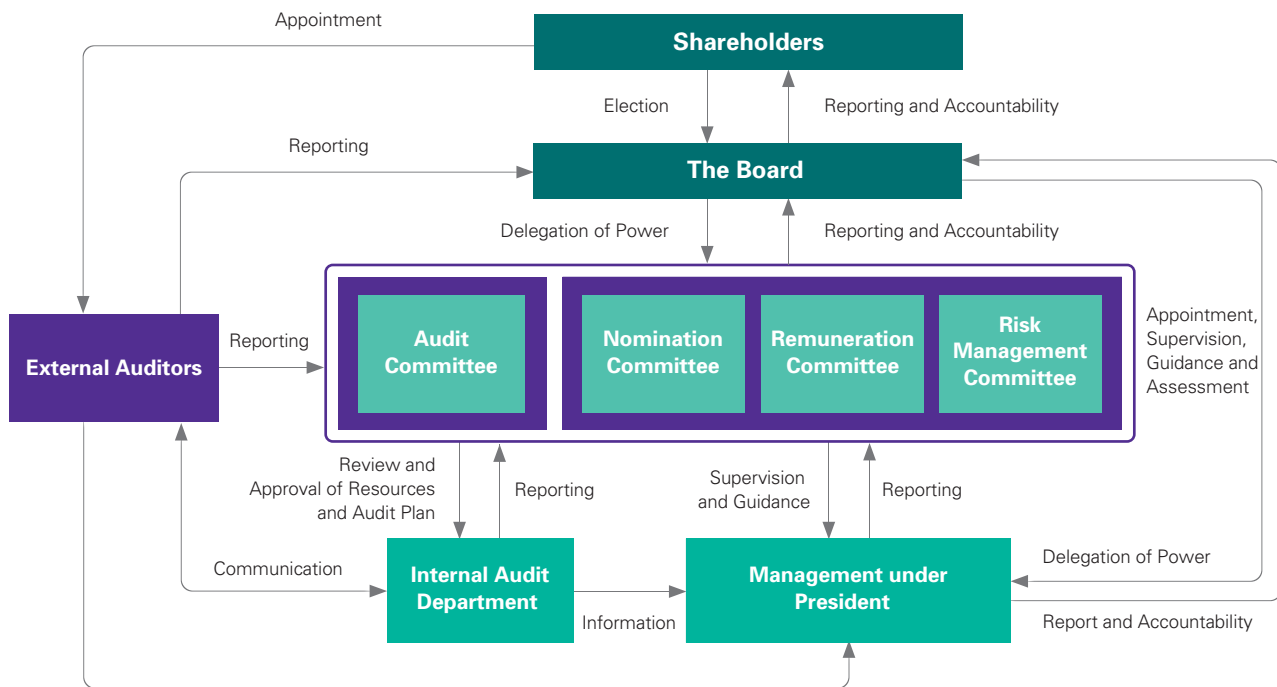
Senior Management's Profile (Continued)

LIU Tongpeng (劉同朋), aged 48, is the Vice President of the Company. Mr. Liu joined the Group in November 2018. He is mainly responsible for the business operation of the Group's audit and supervision department. Prior to joining the Group, Mr. Liu had held different positions in Industrial and Commercial Bank of China ("ICBC"), including vice president and president of ICBC, Zhongshan Branch and vice president of ICBC, Guangdong Branch. Mr. Liu holds a Bachelor of Economics of Hunan Finance and Economics University. He is a senior economist.

LAM Ping Yuk (林炳玉), aged 47, is the Company Secretary of the Company and Senior Head of Capital Markets and Corporate Affairs Department of the Group. Mr. Lam joined the Group in January 2015 as Head of Capital Markets and Corporate Affairs Department. He is mainly responsible for capital markets, corporate affairs, investor relations and overseas financial management of the Group. He was appointed as the Company Secretary of the Company on 16 December 2016, and concurrently is responsible for the company secretarial, legal and compliance matters of the Group. Mr. Lam graduated from the University of Hong Kong with a Bachelor of Economics degree and a Master of Science in Electronic Commerce and Internet Computing. He is a fellow member of the Association of Chartered Certified Accounts in the United Kingdom and the Hong Kong Institute of Certified Public Accountants.

CORPORATE GOVERNANCE REPORT

Corporate Governance Structure



The Board believes that good governance is essential for sustainable development and growth of the Company, enhancement of credibility as well as Shareholders' value. As such, the Board has adopted and reviewed corporate governance practices in light of the regulatory requirements and the needs of the Company. The Company is committed to maintaining a high level of corporate governance and adheres to the principles of integrity, transparency, accountability and independence.

The Board plays a major role in the supervision of corporate governance to ensure that the Company maintains a sound governance framework and the long-term sustainable Shareholders' value by way of, without limitation to, the:

- formulation and review of the Company's policies and practices on corporate governance;
- review of the training and continuous professional development of Directors and senior management;
- review and monitoring of the Company's policies and practices in compliance with legal and regulatory requirements;
- formulation, review and monitoring of the code of conduct and compliance applicable to employees and Directors;
- review and monitoring of the risk management and internal control system of the Company to ensure their effectiveness; and
- review of the Company's compliance with the CG Code and disclosure in this report.

Corporate Governance Report (Continued)

During the year, the Board performed the following corporate governance duties:

1. reviewed the Company's policies and practices on corporate governance;
2. reviewed the compliance with Securities Dealing Code for Directors;
3. reviewed the training and continuous professional development of Directors; and
4. reviewed the Company's compliance with the CG Code and disclosure in this report.

The Company fully complied with the provisions of the CG Code as set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2018 except for certain deviations as specified with reasons below.

The Board and Management

The Board takes Shareholders' interests as its priority in promoting and maintaining successful development of business so as to achieve consistent long-term financial returns, while taking due account of the interests of those with whom the Group does business and others. The Board is accountable for formulating the business and management directions of the Group and that they are managed in such a way as to achieve the objectives of the Company. The Board's responsibilities are to formulate corporate strategy and long-term business model of the Group and to monitor and control operating and financial performance in pursuit of strategic objectives of the Group.

The Board delegates day-to-day operations of the Group to the management of the Company. The Board and the management have clearly defined their authorities and responsibilities under various internal control and check and balance mechanisms. The Board does not delegate matters to the Board committee(s), executive Directors or management to an extent that would significantly hinder or reduce the ability of the Board as a whole to perform its functions.

Board Composition

The Company is headed by the Board which comprises twelve Directors, including four executive Directors (namely Chen Zhuo Lin (Chairman and President), Chan Cheuk Hung, Huang Fengchao and Chen Zhongqi), four NEDs (namely Chan Cheuk Yin (Vice Chairperson), Luk Sin Fong, Fion (Vice Chairperson), Chan Cheuk Hei and Chan Cheuk Nam) and four INEDs (namely Cheng Hon Kwan, Kwong Che Keung, Gordon, Hui Chiu Chung, Stephen and Wong Shiu Hoi, Peter). The biographical details and relationship amongst them, if any, are set out on pages 76 to 80 of this annual report.

Chairman and President

The Chairman provides leadership for the Board and ensures the effectiveness of the Board in fulfilling its roles and responsibilities and the establishment of sound corporate governance practices and procedures for the Company. The Chairman is also responsible for formulating the overall strategies and policies of the Company and monitoring their implementation. Meanwhile, the Chairman, as chief executive of the Company, shall be delegated the authority by the Board to lead the vice presidents and the senior management for the daily operation and business management of the Group in accordance with the corporate objectives, directions and risk management and internal control policies laid down by the Board.

The code provision A.2.1 of the CG Code requires that the roles of chairman and chief executive should be separate and should not be performed by the same individual. However, in view of the present composition of the Board, Chen Zhuo Lin's in-depth knowledge of the operations of the Group and of the industry, his extensive business network and connections in the sector and the scope of operations of the Group, the Board believes that Chen Zhuo Lin, in his dual capacity as the Chairman of the Board and President, will provide strong and consistent leadership for the development of the Group. The Board also believes that this structure is in the best interest of the Company and will not impair the balance of power and authority of the Board and such arrangement will be subject to review from time to time.

Independent Non-executive Directors

INEDs play a significant role in the Board by virtue of their independent judgement and their views carry significant weight in the Board's decisions. They are experienced professionals in areas such as accounting, financial management, structural and civil engineering, securities and investment industries. Their extensive experiences significantly contribute to enhancing the decision-making of the Board and achieving a sustainable and balanced development of the Group. In particular, they bring impartial views and opinion on issues of the Company's strategy, performance and control, and take the lead where potential conflicts of interests arise. The Board believes that its culture of openness and debate facilitates the effective contribution of Directors, INEDs in particular, to the Board and ensures constructive relationship among executive Directors, NEDs and INEDs.

During the year, the Company was in compliance with Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules, with INEDs equal to one-third of the Board and with at least one of them possessing relevant professional qualifications or accounting or related financial management expertise.

Two of the INEDs, namely Cheng Hon Kwan and Kwong Che Keung, Gordon, have served the Board for more than nine years. Notwithstanding their length of tenure, in view of their wide spectrum of knowledge, extensive business experience and familiarity with the Company's affairs, the Board is of the opinion that they possess the required character, integrity and experience to ensure their independence in order to objectively scrutinise the Company's performance.

An annual confirmation of independence was received from each of four INEDs pursuant to Rule 3.13 of the Listing Rules and the Company considers each of them to be independent.

Appointment and Re-election of Directors

Chen Zhuo Lin and Chan Cheuk Hung, executive Directors, have entered into service agreements with the Company, while Huang Fengchao and Chen Zhongqi, executive Directors, and all NEDs (including INEDs) have entered into appointment letters with the Company setting out the terms and conditions of their appointment. Each Director is appointed for a specific term of 3 years, subject to the provisions on Directors' retirement as set out in the Articles. Any Director appointed by the Board either to fill a casual vacancy or as an addition to the existing Board shall hold office only until the next general meeting of the Company, and shall then be eligible for re-election. Every Director, including those appointed for a specific term, shall be subject to retirement by rotation. At each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire by rotation. The names of Directors who are eligible for re-election at general meetings will be disclosed in the notice of the relevant general meetings and their biographical details will be provided in the accompanying circulars. The re-election of each Director will be subject to the vote of Shareholders by separate resolutions.

Corporate Governance Report (Continued)

In accordance with the Articles, Chan Cheuk Hung, Huang Fengchao, Chen Zhongqi and Wong Shiu Hoi, Peter shall retire by rotation at 2019 AGM to be held on Friday, 10 May 2019. All the said Directors, being eligible, will offer themselves for re-election at 2019 AGM.

Each Director has disclosed to the Company about the names of and the titles and nature of office held in the public companies or organisations prior to the acceptance of the appointment, and promised to inform the Company timely of any relevant change. The Company will also require Directors to submit written confirmation or update on their biographical details, if any, twice a year, and set out the updated biographical details of Directors, if any, in this annual report.

Board and Board Committee Meetings

The Board meets at least four times each year or more as required. Directors may participate in meetings either in person or through electronic means of communication. The schedule of regular meetings for the next year will be presented to all Directors in the last Board meeting of the year so that they can arrange for the meetings. All Directors are given not less than fourteen days' notice for regular Board meetings. For other Board and Board committee meetings, reasonable notice will be given.

The Company Secretary assists the Chairman in preparing the agenda of regular Board meetings and circulates the draft Board meeting agenda to all Directors for their perusal and comment. Directors are invited to include any matters in the agenda which they think appropriate. The Board meeting agenda will be issued by the Company Secretary after incorporating all the comments of Directors (if any). Relevant meeting materials are provided to the Directors at least three days before the meetings to ensure that they are given sufficient review time and are adequately prepared for the meetings.

Each Director shall have access to the senior management and the Company Secretary and they may also seek independent professional advice at the expense of the Company. Any matter involving interest of substantial Shareholder(s) or Director(s) shall be subject to the consideration and approval by the Board at a physical Board meeting, or to be implemented and dealt with by the designated Board committee. Directors who have interest may attend the meeting, but shall not be counted towards quorum and shall abstain from voting on the relevant matter. All Directors may require the Company Secretary to provide advice and services on relevant aspects, including the follow-up of, or the provision of support to, any matters, ensuring that the Board procedures and all applicable rules and regulations are observed.

The management will submit relevant reports to the Directors for review as part of meeting materials for every regular Board meeting. After the briefing given to the Directors, the management will answer any enquiry made by the Directors. The Board may make informed assessment on the financial and other information submitted to them for their approval. Sufficient time will be allowed for the Directors to discuss.

The meeting minutes of the Board and its committees are drafted and kept by the Company Secretary. All meeting minutes will set out in detail the matters discussed and considered at the meetings, including, among others, any queries made or views expressed by the Directors. The Company Secretary will distribute the draft meeting minutes to all Directors for their comment and final version of the meeting minutes to all Directors for their record within reasonable time after the meetings is held.

Corporate Governance Report (Continued)

During the year, the Board held a total of four meetings. Each Director's attendance record for the Board meetings, Board committee meetings and general meeting is set out as follows:

	Number of attendance/meeting held in 2018					
	The Board	Audit Committee	Nomination Committee	Remuneration Committee	Risk Management Committee	General Meeting
Chen Zhuo Lin (<i>Chairman and President</i>) (Note 1)	4/4	—	—	—	0/0	1/1
Chan Cheuk Yin (<i>Vice Chairperson</i>)	4/4	—	—	—	—	0/1
Luk Sin Fong, Fion (<i>Vice Chairperson</i>)	4/4	—	1/1	1/1	—	0/1
Chan Cheuk Hung	4/4	—	—	—	1/2	0/1
Huang Fengchao (Note 2)	4/4	—	—	—	2/2	0/1
Chen Zhongqi	4/4	—	—	—	1/2	0/1
Chan Cheuk Hei	4/4	—	—	—	—	0/1
Chan Cheuk Nam	3/4	—	—	—	—	0/1
Cheng Hon Kwan	4/4	2/2	1/1	1/1	—	1/1
Kwong Che Keung, Gordon	4/4	2/2	1/1	1/1	—	1/1
Cheung Wing Yui, Edward (Note 3)	0/0	0/0	0/0	0/0	—	0/0
Hui Chiu Chung, Stephen (Note 4)	4/4	2/2	1/1	1/1	—	1/1
Wong Shiu Hoi, Peter (Note 5)	4/4	2/2	1/1	1/1	2/2	0/1

Note 1: He ceased to be the chairperson and a member of the risk management committee on 13 February 2018.

Note 2: He was appointed as the chairperson of the risk management committee on 13 February 2018.

Note 3: He resigned as an INED and ceased to be the chairperson and a member of the nomination committee and a member of each of the audit committee and the remuneration committee on 13 February 2018.

Note 4: He was appointed as the chairperson of the nomination committee on 13 February 2018.

Note 5: He was appointed as a member of the audit committee on 13 February 2018.

All the executive Directors, NEDs and INEDs have allocated a reasonable amount of time to follow and deal with various affairs of the Company during the year. In addition to attending the meetings of the Board and its committees, each Director has allocated sufficient time on reviewing materials provided by the Company from time to time. Furthermore, each member of the audit committee also spent sufficient time on reviewing internal audit reports provided by the internal audit department. The Chairman met once with the NEDs and INEDs without the executive Directors present.

Training and Support for Directors

The Company has established procedures for training and development of Directors. Newly appointed Director will be provided with comprehensive, formal and tailored induction on the first occasion of his/her appointment and, subsequently, necessary briefing and professional development so as to ensure the Directors have adequate understanding and strengthen their awareness of the business and operation of the Group, their responsibilities and obligations under the statutory and common laws, the Listing Rules, laws and other regulatory requirement and governance policies, to enable the Directors to discharge their duties properly. The Company Secretary maintains proper records of training received by the Directors.

During the year, the summary of training received by the Directors is as follows:

Directors	Training Matters (Note 1)
<i>Executive Directors</i>	
Chen Zhuo Lin (<i>Chairman and President</i>)	A, B
Chan Cheuk Hung	A, B
Huang Fengchao	A, B
Chen Zhongqi	A, B
<i>NEDs</i>	
Chan Cheuk Yin (<i>Vice Chairperson</i>)	A, B
Luk Sin Fong, Fion (<i>Vice Chairperson</i>)	A, B
Chan Cheuk Hei	A, B
Chan Cheuk Nam	A, B
<i>INEDs</i>	
Cheng Hon Kwan	A, B
Kwong Che Keung, Gordon	A, B
Cheung Wing Yui, Edward (Note 2)	A, B
Hui Chiu Chung, Stephen	A, B
Wong Shiu Hoi, Peter	A, B

Note 1: A. corporate governance
B. regulatory

Note 2: He resigned as an INED on 13 February 2018.

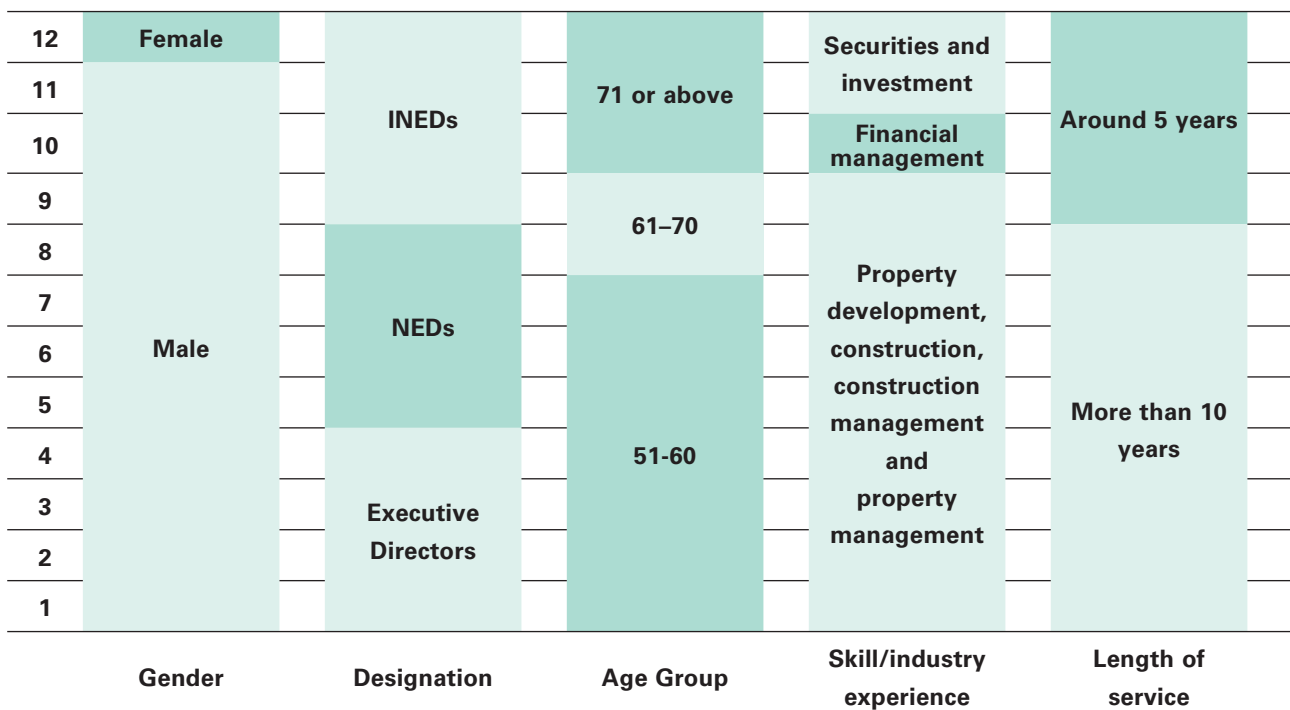
Board Diversity Policy

In order to achieve a diversity of perspectives among members of the Board, the Company has adopted a board diversity policy (the “Board Diversity Policy”) on 15 August 2013 to consider a number of factors when deciding on appointments to the Board and the continuation of those appointments. Such factors include but are not limited to gender, age, cultural, educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The nomination committee reviews the diversity structure, size and composition of the Board at least annually.

An analysis of the current Board composition is set out in the following chart:

Number of Directors



The Board is highly diversified in terms of gender, position, age, professional experience, skills, knowledge and length of service. The nomination committee reviews and monitors the implementation of the Board Diversity Policy from time to time to ensure its effectiveness. The Board will set measurable objectives for achieving Board diversity as appropriate.

Directors and Senior Management Liability Insurance

The Company has arranged appropriate insurance covering the potential legal actions against its Directors and senior management in connection with the discharge of their responsibilities.

Board Committees

The Company has established 4 Board committees, namely the remuneration committee, nomination committee, audit committee and risk management committee. Terms of reference of each of the committees are available on the Company's website (www.agile.com.cn) and the Hong Kong Stock Exchange's website (www.hkex.com.hk), and will be amended by the Board from time to time.

Remuneration Committee

The remuneration committee has been established since November 2005 and currently comprises 4 INEDs and a NED. The members of the remuneration committee include Cheng Hon Kwan (as chairperson), Kwong Che Keung, Gordon, Hui Chiu Chung, Stephen, Wong Shiu Hoi, Peter and Luk Sin Fong, Fion.

The major duties of the remuneration committee are to make recommendations to the Board on the remuneration packages of individual Directors (including executive Directors and NEDs) and senior management of the Group, formulate the policies and structure for remuneration of Directors and senior management of the Group and establish a formal and transparent procedure for developing remuneration policy. Remuneration packages include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of office or appointment. In determining remuneration of Directors and senior management of the Group, the Board will consider the remuneration level of comparable companies, the time commitment and responsibilities and employment conditions elsewhere in the Group, individual performance of respective Directors and the Company's performance. No Director shall be involved in deciding his/her own remuneration. The remuneration committee, if necessary, may seek independent professional advice when discharging their duties at the fees and expenses of the Company.

During the year, the remuneration committee held a meeting in March. The agenda of which is set out below:

- discussing the recommendation on the remuneration adjustments of senior management for 2018;
- confirming the remuneration of executive Directors, NEDs and INEDs for 2017; and
- discussing and determining the recommendation on the remuneration adjustment of executive Directors, NEDs and INEDs for 2018.

Nomination Committee

The nomination committee has been established since December 2006 and currently comprises 4 INEDs and a NED. The members of the nomination committee include Hui Chiu Chung, Stephen (as chairperson), Cheng Hon Kwan, Kwong Che Keung, Gordon, Wong Shiu Hoi, Peter and Luk Sin Fong, Fion.

The major duties of the nomination committee are to determine policy for the nomination of Directors, give advice to the Board on the appointment or re-appointment and succession plan of Directors (particularly the Chairman and executive Directors), review the Board Diversity Policy, review the structure, number of members and composition (including but not limited to gender, age, cultural, educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board, to assess the independence of INEDs and review the disclosures on director independence, the policy for the nomination of directors performed by the nomination committee during the year and a summary of the Board Diversity Policy in Corporate Governance Report.

The nomination committee is responsible for the development of selection procedures for candidates, and will consider different criteria (including but not limited to gender, age, cultural, educational background, ethnicity, professional experience, skills, knowledge and length of service). The nomination committee, if necessary, may seek independent professional advice when discharging their duties at the fees and expenses of the Company.

During the year, the nomination committee held a meeting in March. The agenda of which is set out below:

- considering the contribution to the Group by Chen Zhuo Lin, Luk Sin Fong, Fion, Chan Cheuk Nam and Cheng Hon Kwan, the retiring Directors, and advising the Board on the re-election of such retiring Directors at 2018 AGM;
- assessing the independence of the INEDs; and
- considering and reviewing the structure, number of members and composition of the Board.

Nomination Policy

The Board has adopted a nomination policy (the “Nomination Policy”) on 7 December 2018.

1. Purpose

One of the main responsibilities of the nomination committee of the Company is to identify individuals suitably qualified to become directors and select or make recommendations to the Board on the selection of individuals nominated for directorships.

This policy is aimed to set out the criteria and procedures to be adopted when making recommendations to the Board on the appointment or re-appointment of directors and succession plan for directors. The Nomination Policy was adopted by the Board at the Board meeting held on 7 December 2018.

2. Nomination Criteria

When considering a candidate nominated for directorship or a director’s reappointment, the Nomination Committee shall have regard to the following factors:

- 2.1 Diversity of the Board, including but not limited to gender, age, cultural, educational background, ethnicity, professional experience, skills, knowledge and length of service of the candidate;
- 2.2 Time commitment of the candidate. In this regard, the number and nature of offices held by the candidate in public companies or organizations, and other executive appointments or significant commitments will be considered;
- 2.3 Potential/actual conflicts of interest that may arise if the candidate is selected;
- 2.4 In the case of a proposed appointment of an INED, the independence of the candidate;
- 2.5 In the case of a proposed re-appointment of an INED, the number of years he/she has already served the Company; and
- 2.6 Other factors considered to be relevant by the nomination committee on a case by case basis.

3. Nomination procedure

Subject to the provisions in the Articles, if the Board recognises the need to appoint additional director(s), the following procedures should be adopted:

- 3.1 The nomination committee identifies or selects candidate(s) recommended to the nomination committee, with or without assistance from external agencies or the Company, pursuant to the criteria set out in the Nomination Policy;
- 3.2 The nomination committee may use any process it deems appropriate to evaluate the candidate(s), which may include personal interviews, background checks, presentations or written submissions by the candidate(s) and third party references;
- 3.3 The nomination committee provides to the Board with all the information required in relation to the candidate(s), including information set out in Rule 13.51(2) of the Listing Rules;
- 3.4 The nomination committee makes recommendation to the Board including the terms of appointment and conditions of the appointment;
- 3.5 The Board deliberates and decides on the appointment based upon the recommendation of the nomination committee;
- 3.6 All appointments of directors shall be confirmed by a letter of appointment. The letter of appointment shall be approved by the nomination committee and set out the key terms and conditions of the appointment of the directors;
- 3.7 Pursuant to Rule 13.74 of the Listing Rules, where shareholders are required to vote on the election or re-election of directors, the circular accompanying the notice of the relevant general meeting should contain all the information of the candidate(s) required under Rule 13.51(2) of the Listing Rules; and
- 3.8 In the case of the re-appointment of existing directors, matters relating to the re-appointment shall be considered in accordance with the criteria set out in the Nomination Policy.

Audit Committee

The audit committee has been established since November 2005 and currently comprises 4 INEDs. The members of the audit committee include Kwong Che Keung, Gordon (as chairperson), Cheng Hon Kwan, Hui Chiu Chung, Stephen and Wong Shiu Hoi, Peter.

The major duties of the audit committee are to review accounting policy, to monitor the performance of the Company's external auditor and the internal audit department, to review financial information and to review the method and effectiveness of the financial reporting of the Company so as to ensure the compliance with the applicable accounting and reporting regulations and the requirements of law and provisions, to supervise the financial reporting system, and risk management and internal control policies, to consider and review the resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and to report the results to the Board. The audit committee, if necessary, may seek independent professional advice when discharging their duties at the fees and expenses of Company.

During the year, the audit committee held 2 meetings in March and August respectively. The agenda of which is set out below:

- reviewing annual results of 2017 and annual report of 2017, interim results of 2018 and interim report of 2018;
- reviewing audit and review reports of the auditors, recommendation reports of internal control and management;
- discussing and reviewing internal control management reports, audit monitoring plans and audit timetables of the internal audit department;
- reviewing the independence of external auditor of the Company and considering the re-appointment of external auditor;
- reviewing the resources of accounting and financial reporting functions of the Group;
- reviewing the resources and effectiveness of the Company's internal audit function; and
- reviewing staff malpractices monitoring reports.

The audit committee meets with the external auditor, at least once annually, in the absence of management, to discuss matters relating to its audit fees, any issue arising from the audit and any other matters the auditor may wish to raise. The audit committee and the Board have no disagreement in relation to the recommendation of the re-appointment of PricewaterhouseCoopers as the external auditor.

External Auditor

At 2018 AGM, the Shareholders approved the re-appointment of PricewaterhouseCoopers as the auditor of the Group. For the year ended 31 December 2018, remuneration paid and payable to PricewaterhouseCoopers in relation to audit and non-audit services is detailed as below:

	2018	2017
	RMB	RMB
Fee for audit services (including Hong Kong Standard on Review Engagements 2410 review on interim results)	11,100,000	8,500,000
Reporting accountant report service fee for spin off	—	7,300,000
Fee for non-audit services:		
– Due diligence works with regard to project acquisitions	1,270,000	2,960,000
– Permitted assurance service fees relating to issuance of corporate bonds, perpetual capital securities and senior notes	3,920,000	1,020,000
– Permitted assurance service fees relating to corporate governance report and environmental social governance report	1,176,000	2,191,000
– Permitted non-assurance service fees on non-accounting system upgrade consultancy	2,380,000	—
	19,846,000	21,971,000

Responsibility in financial statements

Directors have acknowledged their responsibilities for preparing the accounts in this annual report, and PricewaterhouseCoopers, the external auditor of the Company, has also stated their reporting responsibility in the auditor's report of financial statements.

The Board is not aware of any uncertainty of a material nature that would affect the Company's ability as to continue as a going concern.

Risk Management Committee

The risk management committee has been established since August 2016 and currently comprises 3 executive Directors and an INED. The members of the risk management committee include Huang Fengchao (as chairperson), Chan Cheuk Hung, Chen Zhongqi and Wong Shiu Hoi, Peter.

The major duties of the risk management committee are to consider and formulate risk management framework, to review and assess the effectiveness of the Group's risk management framework, to monitor the implementation of risk control and ensure it is effectively implemented. The risk management committee, if necessary, may seek independent professional advice when discharging their duties at the fees and expenses of the Company.

Risk Management and Internal Control

The Group considers that the effective risk management is of high importance for the Group to achieve sustainable development and long-term business success.

Responsibilities of the Board and the management

The Board recognises its responsibilities to evaluate and determine the nature and level of risks to be exposed of for achieving the Group's strategic objectives, and to ensure that the Group establishes and maintains effective risk management and internal control systems, and oversee management in the design, implementation and monitoring of the risk management and internal control systems.

The management is responsible for designing, implementing and monitoring the risk management and internal control system, and provides the Board with the recognition of the effectiveness of risk management and internal control.

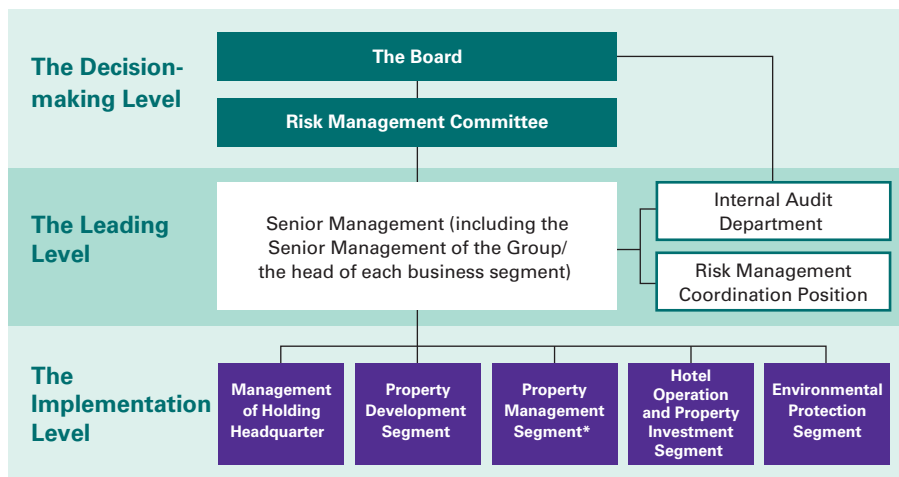
Risk Management

The design, implementation and maintenance of the risk management system

- 1) **Establishing the risk management committee:** The Board has established the risk management committee to oversee the design, implementation and maintenance of the risk management system of the Group and has issued the "Terms of Reference for the Risk Management Committee":
 - Authorizing the risk management committee and define its duties: the risk management committee's duties regarding risk management and its authorisation have been recognised in the "Terms of Reference for the Risk Management Committee";
 - Determining the organisation of the risk management committee: providing the composition and quorum, requirements of the attendance at meetings, frequency of meetings and the manner of meetings; and
 - Determining the procedure of reporting to the Board: providing the procedure of reporting to the Board by the risk management committee, including the minutes mechanism.

2) **Establishing the structure of the risk management organisation:** It has built up the official risk management organisation structure from the level of the Group to its four business segments (see figure 1 below: risk management organisation chart), and confirmed the direct management obligation and the risk information reporting procedure and frequency of risk management, and clarified the responsibilities of risk management positions, including integrating the requirement of risk management into the function and description of each position. The main features of the risk management organisation structure comprised:

- Clear levels and responsibilities: the levels of risk management organisation included the Board and the risk management committee at the decision-making level, with the composition of leading level and implementation level and carrying out the division of the duties of risk management. It has confirmed the direct management obligation and the risk information reporting procedure of risk management;
- The wide span of level: the structure of risk management organisation is from the senior management of the Group to its managements of each business segment; and
- Specific communication mechanism: it has confirmed that the managements of each level communicate with each other with regard to the responsibilities, reporting routine and reporting frequency of the risk management.



(Figure 1: risk management organisation chart)

* This business was operated by A-Living, which is a subsidiary with 54% equity interest indirectly held by the Company.

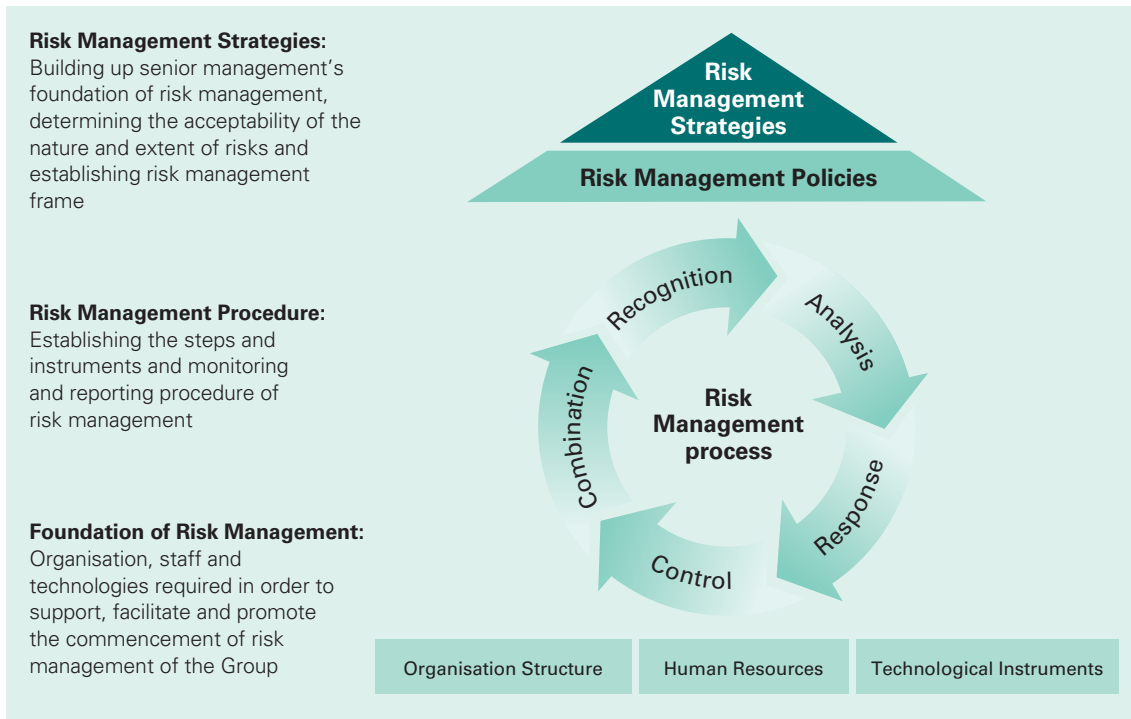
Corporate Governance Report (Continued)

The roles have been played by each level in the risk management structure as shown below.

The Roles in the Risk Management Structure	Major Responsibilities
The Board (decision-making level)	<ul style="list-style-type: none"> To evaluate and determine the acceptability of the nature and extent of the risks in achieving the strategic objectives To ensure that the effective risk management and internal control systems are established and maintained To oversee senior management in the design, implementation and monitoring of the risk management and internal control systems
Risk Management Committee (decision-making level)	<ul style="list-style-type: none"> To review and formulate the framework of risk management To review and assess the effectiveness of the framework of the Group's risk management on a regular basis To coordinate and assist the senior management to promote risk management work To oversee each business segment for setting up and implement risk response programme and risk treatment measures To report any material risk management matters and recommend solutions to the Board To monitor the frequency of major control failures or weak points, resulting in the extent of unforeseen consequences or emergencies which have caused, may have caused or will cause material impact on the financial performance or condition of the Company
The senior management of the Group and the head of each business segments (leading level)	<ul style="list-style-type: none"> To make risk assessment from the Group's holistic perspective and each business segment, in order to formulate risk management measures To design, implement and monitor the risk management and internal control systems To confirm the effectiveness of risk management and internal control systems to the Board
The Group and its management of the business segments (implementation level)	<ul style="list-style-type: none"> To formulate and implement the relevant risk response programme of their business segment To promote and implement specific risk management measures To control different risks of their business and adjust risk management measures in time
Risk management coordination position	<ul style="list-style-type: none"> To coordinate the commencement of risk recognition and assessment To prepare periodic risk assessment report and propose the risk management leading level To organise and coordinate risk management training and guidance
Internal Audit Department	<ul style="list-style-type: none"> To be responsible for overseeing and evaluating risk management works done by the Group and its business segments for the risk management monitoring organisation

3) **Establishing the risk management system structure:** comprising the following main elements and features:

- Comprehensive framework of risk management: the mode of risk management framework has been established as the risk management system foundation (see figure 2 below for details: the mode of risk management) including the main elements such as risk management strategies, risk management process and risk management basic structure;
- Clear risk management procedure: the risk management procedure includes the procedure such as recognition, analysis, response, control and combining and reporting, which form a closed loop to control and manage the risks continuously; and
- Appropriate standard of risk assessment for the Group: under the industry nature and operation features, strategic objectives of the Group as well as the risk preference of senior management, it sets up the applicable dimension and standard of risk assessment to each business segment. By using assessment method and assessment standard from mutual confirmation, it makes assessment to the risks which are most likely to affect the achievement of corporate objectives in order to obtain the risk assessment result which is actually fitted with corporation.



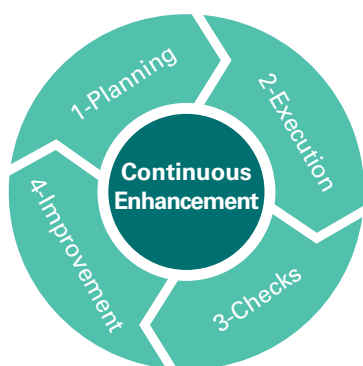
(Figure 2: The model of risk management)

Through the above efforts, the Group has clarified direct management obligation and risk information reporting procedure and frequency of risk management, and established an official risk management framework which recognises, analyses, evaluates and determines procedure of corporate risks to integrate with and control risks systematically.

The Commencement of Risk Assessment for each Business Segment of the Group in 2018

Based on risk management system of the Group as mentioned above, the senior management, with the assistance from external advisory bodies, sustained its intensive risk management works in the following four business segments in 2018: (1) property development; (2) property management; (3) hotel operation and property investment; and (4) environmental protection service.

- **Continuing to put into practice the risk assessment results of all business segments from 2017**



To enhance the application of the Group's risk management results, the senior management has worked out a closed loop for risk management works, namely to identify major risks (planning), to respond to such risks (execution), to check the outcome of such respond (checks), and propose optimisation plans (improvement) in order to improve the risk management and response capabilities of the Company on a continuous basis.

In the year 2018, risk management measures were prepared, facilitated and implemented with respect to the major risks identified in all business segments in 2017. Implementation body monitored various risks of the respective business constantly, and confirmed with senior management on the outcome of such risk mitigation measures.

- **Developing an alert indicator system for the ten major risks of all business segments**

To strengthen the monitoring of major risks, the head of respective business segments set up quantitative or qualitative monitoring indicators for ten major risks with clear thresholds and reporting mechanisms. The operation of a risk alert indicator system provides the management with reminders of the business areas where risks alerts are sounded, so that analysis can be taken place with risk mitigation measures taken in a timely fashion to reduce the impact of such risks and to implement control and respond to major risks with smart technology.

- **Updating the assessment on the ten major risks in all business segments in 2018**

The head of respective segments followed and updated the risk assessment criteria in 2017; adopted systematic assessment to review the change of the nature and the extent of major risks faced by each segment; identified major risks faced by each business segment; sorted out the current status of risk management and control, the measures of next step and key risk management plans considered. Also, the assessment results were reported to the risk management committee.

The risk management committee, on behalf of the Board, reviews and assesses the changes of nature and extent of major risks and finished the review of risk management system and considered the systems are effective and sufficient. Management will report major risks control situation formally to the risk management committee on a half-yearly basis.

The Internal Control

The Board is responsible for formulating proper internal control system for the Group to safeguard the assets of the Group and the interests of shareholders. The audit committee shall conduct regular review on the effectiveness of the internal control system to ensure that the system is adequate.

The internal audit department of the Group is accountable and reports directly to the audit committee. It is responsible for constantly monitoring the work flow and risk assessment of each department of the Group, to assist the Board and senior management of the Group in complying with the regulatory requirements and guidelines, so as to improve the efficiency of internal control system. Through continuous internal audit and reporting from time to time, the internal audit department shall ensure the effective operation of the internal control system.

During the year, the audit committee reviewed the effectiveness of internal control system in respect of finance, operation, compliance and business matters and reported the result to the Board. Should any material fault or any material weakness in monitoring is found, the internal audit department will report the same to the audit committee in timely manner.

The Group shall review the effectiveness of the internal control system at least twice every year to ensure the effectiveness and adequacy of the system.

The review and summary of the effectiveness of the risk management and internal control systems

The Board has continued to oversee the management in the design, implementation and monitoring of the risk management and internal control systems, and conducted a comprehensive review of the risk management and internal control systems of the Company during the year, and continuously oversee major risks and regularly review the implementation of management and control measures covering the period of 2018 and considered that the systems are effective and sufficient.

In order to standardise information management works, the Board has formulated an information management system (the "System"). The System includes procedures and internal controls for the handling and dissemination of inside information. The System provides including but not limited to the procedures of the obligation and execution of the management and publication of inside information, confidentiality arrangement, collection and evaluation of information and the manner of publication to ensure timely reporting of inside information to the Board and communication with the Group's stakeholders.

Review of Accounting, Financial Reporting and Internal Audit Functions

The audit committee reviewed and was satisfied with the adequacy of the resources, staff qualifications and experience, training programmes and budget of the Group's accounting, financial reporting and internal audit functions.

Company Secretary

The Company Secretary is a full-time employee of the Company and familiar with the day-to-day affairs of the Company. The Company Secretary reports to the Chairman and is responsible for advising the Board on governance matters, new director's induction and professional development of Directors as well as ensuring good information flow between the Board members and the compliance of the policy and procedure of the Board. Lam Ping Yuk, the Company Secretary of the Company, has confirmed that he has received relevant professional trainings of not less than 15 hours to update his skills and knowledge.

Relation between the Company and Shareholders

Shareholders' rights

Pursuant to Article 58 of the Articles, 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 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. The requisition must specify the objects of the meeting, be signed by the requisitionist(s), and be deposited to the registered office and principal place of business in Hong Kong of the Company.

If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Shareholder(s) who wishes to propose a person (other than himself/herself) for election as a Director at the general meeting of the Company, should (i) deposit a written notice at the Company's principal place of business in Hong Kong for the attention of the Company Secretary; (ii) the notice must state the full name of the candidate, his/her biographical details as required by Rule 13.51(2) of the Listing Rules and be signed by the proposer; and (iii) a written consent signed by the candidate indicating his/her willingness to be elected as Director. The period for lodgment of the notice will commence no earlier than the day after the dispatch of the notice of general meeting and not later than 7 days prior to the date of general meeting. The relevant detailed procedures have been published on the Company's website (www.agile.com.cn).

Shareholders and the investors may make a request for the public information of the Company at any time. Such request shall be in writing and delivered by post to Capital Markets and Corporate Affairs Department of the Company at 18/F., Three Pacific Place, 1 Queen's Road East, Hong Kong.

Communication with Shareholders

Both the Board and the management fully understand the importance of building up of a good communication with the Shareholders in order to assist the Shareholders and investors to have a better knowledge and understanding of the businesses of the Group. Therefore, the Company has been reporting the performance and latest development of the Group to Shareholders through various channels and platforms, as follows:

- Apart from publishing the annual reports, interim reports, announcements, and circulars to Shareholders on the Company's website (www.agile.com.cn) and the Hong Kong Stock Exchange's website (www.hkex.com.hk), the Company has also posted onto its website the financial highlights, press release, and the terms of reference of the Board's committees, so that Shareholders can obtain more corporate information from the Company's website. Moreover, in order to enable Shareholders to have a better understanding of the latest movement and development of the Group, company news have also been released on the Company's website;
- The Company is committed to improve its relation with investors. During the year, senior management of the Company had conducted various meetings with institutional investors, fund managers and financial analysts. The report of meetings are presented to the Board for review in each regular Board meeting to ensure that views and recommendations of investors, fund managers and financial analysts can be reached to the Board;
- Members of the Board actively take part in the annual general meetings in order to have more contacts with the Shareholders. The Chairman of the Board, the chairpersons of each of the audit committee, remuneration committee and nomination committee, annual retained legal advisor and the representative of external auditor had attended 2018 AGM. In the general meetings, there is a briefing on the business of the Company by the Chairman of the Board and a question and answer session as well as a discussion with Shareholders on the long-term development strategy of the Company. After the general meetings, poll results are posted on the Company's website (www.agile.com.cn), the Hong Kong Stock Exchange's website (www.hkex.com.hk) and SGX's website (www.sgx.com); and
- The Company's notice of 2018 AGM had been dispatched to Shareholders in no less than 20 clear business days before the commencing date of the meeting. The circular of the Company dated 10 April 2018 set out that all resolutions proposed at the general meeting had been taken by way of poll pursuant to Rules 13.39(4) of the Listing Rules while the chairman of the meeting further announced that all resolutions had been taken by way of one vote per share. The Company Secretary had explained in detail, the relevant procedures of voting by poll to the attending Shareholders and made known by the Shareholders. For all other general meetings, at least 10 clear business days notice will be given.

Compliance with Model Code for Securities Transactions by Directors and Relevant Employees

The Company has adopted Securities Dealing Code for Directors, which is on terms no less exacting than the required standard as set out in the Model Code. Having made specific enquiries, all Directors confirmed that they have complied with the standard set out in the Securities Dealing Code for Directors during the year under review.

The Company has also adopted a securities transactions code by employees of the Group which is on no less exacting terms than the Model Code.

Amendment of the Company's Constitutional Documents

There have been no changes made to the Company's constitutional documents during the year ended 31 December 2018.

REPORT OF THE DIRECTORS

The Board is pleased to present their report for the year ended 31 December 2018.

Principal Activities

The principal businesses of the Company is investment holding. Its major subsidiaries, joint ventures and associated companies are principally engaged in the businesses of property development, property management, hotel operations, property investment and environmental protection. An analysis of the Group's performance for the year by principal business segments is set out in note 5 to the consolidated financial statements.

Results and Overall Performance

The Group's results for the year ended 31 December 2018 are set out on pages 128 to 129 of this annual report.

Business Review

Business review for the year and future business development of the Group as well as the major risks and uncertainties of the Group are set out in "Management Discussion and Analysis" on pages 14 to 21 and the "Chairman's Statement" on pages 8 to 13 of this annual report. Analysis of the performance of the Group for the year based on key financial indicators is set out in "Five-Year Financial Summary" on pages 241 to 242 of this annual report. Save as disclosed in this annual report, the Group has no significant events since the financial year under review.

The Group believes that sustainable development is crucial to the development of a corporate and actively implements the concept of sustainable development at every level of the operation so as to create a better future for the community and the Group. The Company will issue separately an Environmental, Social and Governance Report under Environmental, Social and Governance Reporting Guide as specified in Appendix 27 of the Listing Rules.

The Group is mainly engaged in the property development in China. As a property developer in China, the Group is required to comply with various national and local laws and regulations on environmental protection, including laws and regulations of air pollution, sound pollution, waste and sewage. The Group has complied with the laws and regulations which are significant to the operation of the Group.

The Group is of the view that our employees, customers and business partners are important to our sustainable development. The Group is committed to maintaining close relationship with our employees, providing quality services to customers and strengthening the cooperation with our business partners.

Dividend Policy

The Board has adopted a dividend policy (the "Dividend Policy") on 7 December 2018.

Pursuant to the Dividend Policy, the Company may declare and distribute dividends to the shareholders of the Company, subject to, among other things, distributable profits, actual and expected financial conditions, operating results and strategies, cash flow, expected working capital requirements and expansion plans, future development prospects, shareholders' interests and other factors that the Board deems appropriate.

Recommendation, declaration and payment of dividends shall be determined at the sole discretion of the Board and subject to the requirements of the Companies Law of the Cayman Islands, the Articles and all applicable laws and regulations.

Report of the Directors (Continued)

The Board will review the Dividend Policy from time to time and reserves the right in its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time. There is no assurance that dividends will be paid in any particular amount for any given period.

Dividends

During the year, the Company declared and paid an interim dividend of HK50.0 cents (2017: HK22.0 cents) per Share to the Shareholders. The Board has proposed the payment of a final dividend of HK50.0 cents (2017: HK68.0 cents) per Share to the Shareholders. Subject to the approval by the Shareholders at 2019 AGM, the proposed final dividend is expected to be paid on or about Thursday, 30 May 2019 to Shareholders whose names appear on the register of members of the Company on Wednesday, 22 May 2019.

Closure of Register of Members

To facilitate the processing of proxy voting for 2019 AGM to be held on Friday, 10 May 2019, the register of members of the Company will be closed from Tuesday, 7 May 2019 to Friday, 10 May 2019, both dates inclusive, during which no transfer of Shares will be registered. In order to be entitled to attend and vote at 2019 AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, for registration not later than 4:30 p.m. on Monday, 6 May 2019.

The register of members of the Company will be closed from Monday, 20 May 2019 to Wednesday, 22 May 2019, both dates inclusive, during which no transfer of Shares will be registered. In order to qualify for entitlement to the final dividend, all properly completed transfer forms, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, for registration not later than 4:30 p.m. on Friday, 17 May 2019.

Share Capital

Details of the movement in the share capital of the Company during the year are set out in note 21 to the consolidated financial statements.

Reserves

Details of movement in the reserves of the Group during the year are set out in note 23 to the consolidated financial statements.

As at 31 December 2018, the distributable reserves of the Company were approximately RMB5.5 billion (2017: RMB5.5 billion).

Senior Notes

Details of senior notes of the Company are set out in note 26 to the consolidated financial statements.

Subordinated Perpetual Capital Securities

Details of subordinated perpetual capital securities of the Company are set out in note 24 to the consolidated financial statements.

Senior Perpetual Capital Securities

Details of senior perpetual capital securities of the Company are set out in note 24 to the consolidated financial statements.

Property, Plant and Equipment

Details of movement in property, plant and equipment of the Group during the year are set out in note 6 to the consolidated financial statements.

Intangible Assets

Details of movement in intangible assets of the Group during the year are set out in note 8 to the consolidated financial statements.

Investment Properties

During the year, the fair value gains of the Group's investment properties amounted to RMB1,952 million and have been recognised directly in the consolidated financial statements.

Details of movement in investment properties of the Group during the year are set out in note 9 to the consolidated financial statements.

Borrowings

Details of the Group's borrowings are set out in note 26 to the consolidated financial statements.

Interest Capitalised

Interest and other borrowing costs capitalised of the Group during the year are set out in note 34 to the consolidated financial statements.

Donations

The Group's charitable and other donations during the year amounted to RMB121 million (2017: RMB169 million).

Retirement Benefit Scheme

Details of retirement benefit scheme of the Group are set out in note 33 to the consolidated financial statements.

Group Financial Summary

A financial summary of the Group for the past five financial years is set out on pages 241 to 242 of this annual report.

Report of the Directors (Continued)

Directors

The Directors as at the date of this report are listed on page 243 of this annual report. Except Cheung Wing Yui, Edward who resigned as an INED on 13 February 2018 due to his business commitments which require more of his dedications, all Directors served throughout 2018.

Independence confirmation

The Company has received the confirmation from all INEDs listed on page 243 of this annual report regarding their independence pursuant to Rule 3.13 of the Listing Rules and considers all of them to be independent.

Term of appointment

Article 87 of the Articles provides that one-third of Directors for the time being shall retire from office by rotation at the annual general meeting. In accordance therewith, Chan Cheuk Hung, Huang Fengchao, Chen Zhongqi and Wong Shiu Hoi, Peter will retire as Directors at 2019 AGM and, being eligible, offer themselves for re-election.

Each of the executive Directors, NEDs and INEDs has entered into a service agreement / an appointment letter with the Company for a term of three years subject to retirement by rotation pursuant to Article 87 of the Articles. None of the Director has a service agreement / an appointment letter with the Company which is not terminable by the Company within one year without payment of compensation (other than statutory compensation).

Share Award Scheme

The Company has adopted the Share Award Scheme on 10 December 2013 to recognise the contributions by certain employees. Subject to any early termination as may be determined by the Board, the Share Award Scheme shall be valid and effective for a term of 10 years commencing on the adoption date. The maximum number of Shares which may be awarded to a selected employee under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company from time to time. The Board shall not make any further award of awarded shares which will result in the nominal value of the Shares awarded under the Share Award Scheme exceeding 10% of the issued share capital of the Company from time to time.

The Company issued and allotted a total of 34,470,000 awarded shares to Employee Share Trustee as trustee on 10 February 2014 to hold on trust for such employee(s) selected by the Board ("Selected Employees") in accordance with the trust deed and rules of the scheme. These awarded shares will be transferred to such Selected Employees upon their satisfaction of relevant vesting conditions specified by the Board at the time of the grant. 32,750,000 out of 34,470,000 awarded shares ("Awarded Shares") were granted to certain Selected Employees. Following the confirmation that relevant vesting conditions have not been satisfied, the first and the second 30% Awarded Shares have lapsed effective from 26 August 2015 and 23 August 2016 respectively, and the remaining 40% of the Awarded Shares have lapsed effective from 28 August 2017.

Model Code for Securities Transactions by Directors

The Company has adopted the Securities Dealing Code for Directors, which is on terms no less exacting than the required standard as set out in the Model Code. Having made specific enquiries, each of the Directors has confirmed to the Company that he or she had fully complied with the Securities Dealing Code for Directors during the year ended 31 December 2018.

Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 December 2018, the interests or short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of SFO) which (i) were notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of SFO (including interests or short positions which they were taken or deemed to have under such provisions of SFO); or (ii) were recorded in the register required to be kept by the Company under Section 352 of SFO; or (iii) were required by the Model Code to be notified to the Company and the Hong Kong Stock Exchange were as follows:

(1) Long positions in Shares of the Company

Name of Director	Capacity of interests held	Shares held in the Company			Approximate percentage to issued share capital
		Number of shares	Note	Total number of Shares	
Chen Zhuo Lin	Beneficiary of a trust	2,453,096,250	1	2,576,130,500	65.77%
	Beneficial owner	65,468,000			
	Controlled corporation	14,276,250	2		
	Controlled corporation	43,290,000	3		
Chan Cheuk Yin	Beneficiary of a trust	2,453,096,250	1	2,468,783,750	63.03%
	Controlled corporation	15,687,500	4		
Luk Sin Fong, Fion	Beneficiary of a trust	2,453,096,250	1	2,576,130,500	65.77%
	Controlled corporation	14,276,250	2		
	Spouse	108,758,000	3		
Chan Cheuk Hung	Beneficiary of a trust	2,453,096,250	1	2,453,096,250	62.63%
Chan Cheuk Hei	Beneficiary of a trust	2,453,096,250	1	2,460,971,250	62.83%
	Beneficial owner	7,875,000	5		
Chan Cheuk Nam	Beneficiary of a trust	2,453,096,250	1	2,459,877,750	62.80%
	Beneficial owner	6,781,500	6		
Huang Fengchao	Beneficial owner	1,400,000		1,400,000	0.04%

Report of the Directors (Continued)

Notes:

1. Held by Full Choice as trustee through Top Coast.
2. Held by Brilliant Hero Capital Limited (輝雄資本有限公司) and Famous Tone Investments Limited (名通投資有限公司), which are jointly controlled by Chen Zhuo Lin and Luk Sin Fong, Fion.
3. Held by Dragon Treasure Global Limited (龍寶環球有限公司), Star Noble Global Limited (星御環球有限公司) and Supreme Elite Holdings Limited (優傑控股有限公司), which are wholly-owned by Chen Zhuo Lin.
4. Held by Renowned Idea Investments Limited (明思投資有限公司), which is wholly-owned by Chan Cheuk Yin.
5. Jointly held by Chan Cheuk Hei and his spouse Lu Yanping.
6. Jointly held by Chan Cheuk Nam and his spouse Chan Siu Na.

(2) Long positions in the debentures of the Company

Name of Director	Type	Personal interests	Approximate percentage to the debentures
Kwong Che Keung, Gordon	9% senior notes in an aggregate principal amount of US\$500 million due by 2020	US\$500,000	0.1%

(3) Long positions in the shares of associated corporation of the Company

A. Top Coast

Name of Director	Capacity of interests held	Number of shares	Description of shares	Percentage to issued share capital
Chen Zhuo Lin	Controlled corporation	2 (Note)	Ordinary	100.00%
Chan Cheuk Yin	Controlled corporation	2 (Note)	Ordinary	100.00%

Note: By virtue of the SFO, Chen Zhuo Lin and Chan Cheuk Yin are deemed to be interested in 2 ordinary shares, representing 100% of the then issued voting shares, in Top Coast, a company wholly-owned by Full Choice which in turn owned as to 50% by Chen Zhuo Lin and Chan Cheuk Yin respectively.

B. A-Living

Name of Director	Capacity of interests held	Number of shares	Description of shares	Percentage to issued share capital of unlisted shares
Chen Zhuo Lin	Beneficiary of a trust	720,000,000 (Note)	Unlisted	80.00%
Chan Cheuk Yin	Beneficiary of a trust	720,000,000 (Note)	Unlisted	80.00%
Luk Sin Fong, Fion	Beneficiary of a trust	720,000,000 (Note)	Unlisted	80.00%
Chan Cheuk Hung	Beneficiary of a trust	720,000,000 (Note)	Unlisted	80.00%
Chan Cheuk Hei	Beneficiary of a trust	720,000,000 (Note)	Unlisted	80.00%
Chan Cheuk Nam	Beneficiary of a trust	720,000,000 (Note)	Unlisted	80.00%

Note: The Company holds, through its indirect wholly-owned subsidiaries, Zhongshan A-Living Enterprise Management Services Co., Ltd. (中山雅生活企業管理服務有限公司) and Deluxe Star International Limited (旺紀國際有限公司), 720,000,000 unlisted shares in A-Living, and Full Choice holds, through Top Coast, 62.63% equity interests of the Company, as trustee of the Chen's Family Trust, beneficiaries of which are Chen Zhuo Lin, Chan Cheuk Yin, Luk Sin Fong, Fion, Chan Cheuk Hung, Chan Cheuk Hei and Chan Cheuk Nam. By virtue of the SFO, Chen Zhuo Lin, Chan Cheuk Yin, Luk Sin Fong, Fion, Chan Cheuk Hung, Chan Cheuk Hei and Chan Cheuk Nam are deemed to be interested in these 720,000,000 unlisted shares in A-Living.

Save as disclosed above, as at 31 December 2018, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of SFO) which (i) were notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of SFO (including interests or short positions which they were taken or deemed to have under such provisions of SFO); or (ii) were recorded in the register required to be kept by the Company under Section 352 of SFO; or (iii) were required by the Model Code to be notified to the Company and the Hong Kong Stock Exchange.

Substantial Shareholders' Interests and Short Positions

To the best knowledge of the Directors or chief executives of the Company, as at 31 December 2018, the interests or short positions of substantial Shareholders (other than the Directors or the chief executives of the Company) in the Shares or underlying Shares which (i) have been disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of SFO or (ii) were recorded in the register required to be kept by the Company under Section 336 of SFO were as follows:

Long positions in Shares of the Company

Name of Shareholder	Capacity of interests held	Shares held in the Company			Approximate percentage to issued share capital
		Number of Shares	Note	Total number of Shares	
Full Choice	Trustee	2,453,096,250	1	2,453,096,250	62.63%
Top Coast	Beneficial owner	2,453,096,250	1	2,453,096,250	62.63%
Zheng Huiqiong	Spouse	2,468,783,750	2	2,468,783,750	63.03%
Lu Liqing	Spouse	2,453,096,250	3	2,453,096,250	62.63%
Lu Yanping	Beneficial owner	7,875,000	4	2,460,971,250	62.83%
	Spouse	2,453,096,250	5		
Chan Siu Na	Beneficial owner	6,781,500	6	2,459,877,750	62.80%
	Spouse	2,453,096,250	7		

Notes:

1. Full Choice holds, through Top Coast, the Shares as the trustee of the Chen's Family Trust. Beneficiaries of which are Chen Zhuo Lin, Chan Cheuk Yin, Luk Sin Fong, Fion, Chan Cheuk Hung, Chan Cheuk Hei and Chan Cheuk Nam.
2. By virtue of the SFO, Zheng Huiqiong is deemed to be interested in the Shares held by her spouse, Chan Cheuk Yin.
3. By virtue of the SFO, Lu Liqing is deemed to be interested in the Shares held by her spouse, Chan Cheuk Hung.
4. Jointly held by Lu Yanping and her spouse, Chan Cheuk Hei.
5. By virtue of the SFO, Lu Yanping is deemed to be interested in the Shares held by her spouse, Chan Cheuk Hei.
6. Jointly held by Chan Siu Na and her spouse, Chan Cheuk Nam.
7. By virtue of the SFO, Chan Siu Na is deemed to be interested in the Shares held by her spouse, Chan Cheuk Nam.

Save as disclosed above, as at 31 December 2018, none of the substantial Shareholders (other than Directors or chief executives of the Company) had informed the Company that they had any interests or short positions which (i) shall be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of SFO or (ii) shall be recorded in the register required to be kept by the Company under Section 336 of SFO.

Interests of any Other Persons

Save as disclosed in the foregoing, as at 31 December 2018, none of any other persons had informed the Company that they had any interests and short positions in the Shares which (i) shall be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of SFO or (ii) shall be recorded in the register required to be kept by the Company under Section 336 of SFO.

Remuneration Policy of the Group

As at 31 December 2018, the Group had a total of 24,410 employees. The related employees' costs for the year amounted to approximately RMB3,793 million. The remuneration package of the Group is determined with reference to the market levels, individual performance and contributions. Bonuses are also distributed based on the performance of employees. The Group also provides a comprehensive benefit package and career development opportunities, including retirement schemes, medical benefits, and both internal and external training appropriate to the employees' needs.

Basis for Determining Emoluments to Directors

Apart from taking into account the advice from the remuneration committee of the Board and the market levels, the Company also considers the competency, contributions and the responsibilities towards the Company in determining the level of remuneration for each Director. Appropriate benefit schemes are in place for the Directors.

Directors' Interests in Competing Business

During the year and up to the date of this annual report, Chen Zhuo Lin, Chan Cheuk Yin, Luk Sin Fong, Fion, Chan Cheuk Hung, Chan Cheuk Hei and Chan Cheuk Nam are having interests in Changjiang Hotel Company. Changjiang Hotel Company is principally engaged in hotel business under Zhongshan Agile Changjiang Hotel in Zhongshan, the PRC which business competes or is likely to compete, either directly or indirectly, with the business of the Group.

In accordance with the Articles and Statement of Policy for Corporate Governance, Directors shall abstain from voting on any resolution of Directors in respect of any contract, arrangement or proposal in which he or she or any of his or her associates has material interests.

As the Board is independent from the board of directors of Changjiang Hotel Company and the above Directors are unable to control the Board, the Directors are of the view that the Group is able to operate its hotel business fairly and independent of Changjiang Hotel Company.

Directors' Material Interests in Transactions, Arrangements or Contracts

As at the end of or any time during the year, no contracts of significance in relation to the Group's business to which the Company or its subsidiaries was a party, and in which a Director and/or his or her related entities had a material interest in the transactions, arrangements or contracts, whether directly or indirectly.

Changes of Information of Directors

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors subsequent to the date of the interim report of 2018 of the Company are set out below:

- Chan Cheuk Yin ceased to be the executive chairperson the Guangdong Real Estate Chamber of Commerce (廣東省地產商會).
- Luk Sin Fong, Fion ceased to be an honorary chairperson of Guangdong Provincial Qiaoxin Charity Foundation (廣東省橋心慈善基金會).
- Huang Fengchao performs the duties of the chief executive officer and general manager of A-Living.
- Cheng Hon Kwan was awarded honorary fellow of The Hong Kong Institute of Architects.

Major Customers and Suppliers

During the year, sales to the largest customer of the Group accounted for approximately 1.86% of sales of the Group for the year and sales to the five largest customers of the Group accounted for less than 30% of sales of the Group for the year.

During the year, purchases from the largest supplier of the Group accounted for 4.4% of purchases of the Group for the year and purchases from the five largest suppliers of the Group accounted for less than 30% of purchases of the Group for the year.

None of the Directors, their respective associates nor any Shareholders (who are interested in more than 5% of the issued Shares to the knowledge of the Directors) had any interests in any of the five largest customers or suppliers of the Group.

Connected Transactions

During the year, the Group did not have any connected transactions which is discloseable pursuant to Chapter 14A of the Listing Rules.

Management Contracts

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

Permitted Indemnity Provision

According to the Articles, every Director is 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 in relation thereto. The Company has arranged appropriate insurance covering the potential legal actions against its Directors and Senior Management in connection with the discharge of their responsibilities.

Purchase, Sale or Redemption of Listed Securities

On 3 May 2018, Guangzhou Panyu Agile Realty Development Co., Ltd. (廣州番禺雅居樂房地產開發有限公司) (an indirect wholly-owned subsidiary of the Company incorporated in China) repurchased all its outstanding domestic non-public corporate bonds in an aggregate principal amount of RMB1,200 million due 2020 with a coupon rate of 5.8% at the repurchase price of RMB100 each being the face value of such domestic corporate bonds.

On 30 July 2018, the Company repurchased 20,300,000 domestic non-public corporate bonds in an aggregate principal amount of RMB2,030,000,000 due 2020 with an initial coupon rate of 4.98% at the repurchase price of RMB100 each being the face value of such domestic corporate bonds.

Save as above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during 2018.

Specific Performance by the Controlling Shareholders

1. As disclosed in the Company's announcement dated 26 May 2016, the Company as borrower and certain of its subsidiaries as guarantors with HSBC, SCB, HSB, BEA, Industrial Bank Co., Ltd., Hong Kong Branch, China CITIC Bank International Limited, BNP Paribas, acting through its Hong Kong branch and China Guangfa Bank Co., Ltd., Macau Branch as arrangers and original lenders and HSB as facility agent and security agent entered into a facility agreement ("2016 Syndicated Loans"). Pursuant to which a term loan facility in the amount of HK\$6,707 million with a greenshoe option of HK\$2,000 million has been granted to the Company for a term of 36 months.
2. As disclosed in the Company's announcement dated 23 June 2016, the Company as borrower with Chong Hing Bank Limited as lender entered into a facility letter ("Chong Hing Facility"). Pursuant to which a term loan facility in the amount of HK\$780 million has been granted to the Company for a period of 36 months.
3. As disclosed in the Company's announcement dated 2 June 2017, the Company as borrower and certain of its subsidiaries as guarantors with SCB as original lender, facility agent and security agent entered into a facility agreement ("2017 SCB Loans"). Pursuant to which a term loan facility in the amount of HK\$624 million has been granted to the Company for a term of 36 months.
4. As disclosed in the Company's announcement dated 17 July 2017, the Company as borrower and certain of its subsidiaries as guarantors with SCB as original lender, mandated lead arranger and bookrunner, and facility agent and security agent entered into a facility agreement ("2017 Facility I"). Pursuant to which a term loan facility in the amount of HK\$3,519 million has been granted to the Company for a term of 36 months.
5. As disclosed in the Company's announcement dated 14 November 2017, the Company as borrower and certain of its subsidiaries as guarantors entered into a facility agreement with certain financial institutions ("2017 Facility II"). Pursuant to which a term loan facility of HK\$1,170 million has been granted to the Company for a term of 36 months.
6. As disclosed in the Company's announcement dated 24 November 2017, the Company as borrower and certain of its subsidiaries as guarantors entered into a facility agreement with a bank ("2017 Facility III"). Pursuant to which a term loan facility of HK\$300 million has been granted to the Company for a term of 36 months.
7. As disclosed in the Company's announcement dated 19 December 2017, the Company as borrower and certain of its subsidiaries as guarantors entered into a facility agreement with a bank ("2017 Facility IV"). Pursuant to which a term loan facility of HK\$400 million has been granted to the Company for a term of 36 months.

Report of the Directors (Continued)

8. As disclosed in the Company's announcement dated 21 May 2018, the Company as borrower and certain of its subsidiaries as guarantors with a bank as facility agent and security agent and certain financial institutions entered into a facility agreement ("2018 Facility I"). Pursuant to which a term loan facility comprising of two tranches of HK\$8,834 million (with a greenshoe option of HK\$2,500 million) and USD200 million has been granted to the Company for a term of 48 months.
9. As disclosed in the Company's announcement dated 12 December 2018, the Company as borrower and certain of its subsidiaries as guarantor with a bank as facility agent and security agent and certain financial institutions entered into a facility agreement ("2018 Facility II"). Pursuant to which a term loan facility of HK\$770 million (or its US Dollars equivalent) with a term of 36 months has been granted to the Company.

In connection with the aforesaid facilities, if (i) Chen Zhuo Lin, Chan Cheuk Yin, Luk Sin Fong, Fion, Chan Cheuk Hung, Chan Cheuk Hei and Chan Cheuk Nam (hereinafter collectively the "Controlling Shareholders") collectively, directly or indirectly, do not own more than 50% of the total issued share capital of the Company; and/or (ii) the Controlling Shareholders together do not or cease to be entitled to exercise management control of the Company; and/or (iii) Chen Zhuo Lin is not or ceases to be the chairperson of the Board will cause the event of default. In case of an occurrence of an event of default, if directed by the facility agent (only for 2016 Syndicated Loans, 2017 SCB Loans, 2017 Facility I, 2017 Facility II, 2018 Facility I, 2018 Facility II)/the lender (only for Chong Hing Facility, 2017 Facility III and 2017 Facility IV) may by notice to the Company (a) cancel the commitments; (b) declare that all or part of the loans, together with accrued interest, and all other amounts accrued or outstanding under the finance documents be immediately due and payable; (c) declare that all or part of the loans be payable on demand; and/or (d) exercise or direct the security agent (only for 2016 Syndicated Loans, 2017 SCB Loans, 2017 Facility I, 2017 Facility II, 2018 Facility I and 2018 Facility II) to exercise all or any of its rights, remedies, powers or discretions under the finance documents and other ancillary documents.

Pre-Emptive Rights

No provision has been made both in the memorandum of association of the Company and the Articles and under the laws of Cayman Islands in respect of pre-emptive rights, as such, the Company shall offer pro rata new Shares (if any) to the existing Shareholders.

Equity Linked Agreement

During the year, the Company did not enter into any equity linked agreement except those under "Share Award Scheme" and the disclosure in note 22 to the consolidated financial statements.

Corporate Governance

The Company complied with all the provisions set out in the CG Code throughout the year except for certain deviations, details of which are set out in the Corporate Governance Report of this annual report.

Sustainable Development

The Group believes that promoting sustainability is as important as achieving long-term business growth. It has therefore made continuous efforts to maintain a high degree of sustainability in its operations. Moreover, it values opportunities to learn more about the needs and expectations of the communities in which it operates, as well as those of other stakeholders. The Group is committed to strengthening its management's efforts to promote sustainability through good corporate governance, environmental protection, community investment and workplace practices.

To demonstrate its commitment to transparency and accountability to its stakeholders, the Company will issue separately an Environmental, Social and Governance Report under Environmental, Social and Governance Reporting Guide as specified in Appendix 27 of the Listing Rules. The report will present the Company's commitment to sustainable development during the year under review, and it will cover the significant economic, environmental and social achievements and impact arising from the activities of the Group and its joint ventures.

Public Float

From information that is publicly available to the Company and within the knowledge of its Directors for the year ended 31 December 2018 and as at the date of this annual report, at least 25% of the Company's total issued share capital is being held by the public.

Audit Committee

The audit committee of the Board had reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2018, and reviewed the accounting principles and practices adopted by the Group with the Group's management, and discussed the internal controls and financial reporting matters with them.

Auditors

The consolidated financial statements of the Group for the year ended 31 December 2018 have been audited by PricewaterhouseCoopers, the auditor of the Company, which will retire and, being eligible, offer itself for re-appointment at 2019 AGM. A resolution to re-appoint the auditor and to authorise the Directors to fix their remuneration will be proposed at 2019 AGM.

On behalf of the Board

Chen Zhuo Lin

Chairman and President

Hong Kong, 20 March 2019

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Agile Group Holdings Limited

(incorporated in the Cayman Islands with limited liability)

Opinion

What we have audited

The consolidated financial statements of Agile Group Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 126 to 240, 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 statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 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 ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

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

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

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.

The key audit matters identified in our audit and our audit procedures performed to address these key audit matters are set out as below:

Key Audit Matters	How our audit addressed the Key Audit Matters
<p>Estimates for provision of properties under development and completed properties held for sale</p>	<p>We have performed the following procedures to address this key audit matter:</p>
<p>Refer to notes 4, 13 and 14 to the consolidated financial statements.</p>	<p>(i) We understood, evaluated and validated the internal control over the Group's process in determining the selling prices, variable selling expenses and costs to completion;</p>
<p>Properties under development and completed properties held for sale amounted to RMB99,014,540,000 as at 31 December 2018, accounting for 43% of the Group's total assets. Properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. The net realisable values were assessed taking into account of costs to completion of properties under development, variable selling expenses based on past experience and selling price based on prevailing market conditions.</p>	<p>(ii) We assessed the Group's estimates of the anticipated costs to completion for properties under development by reconciling the anticipated costs to completion to the approved budgets. We compared the major cost compositions contained in these budgets with the actual cost compositions of the similar type of properties in the similar location. We performed analysis on management's material cost adjustments; and</p>
<p>Based on management's assessment, a provision of RMB1,264,729,000 for properties under development and a provision of RMB677,738,000 for completed properties held for sale were made as at 31 December 2018.</p>	<p>(iii) We challenged management's assumptions when determining the net sales value based on prevailing market conditions by :</p>
<p>We focused on this area because of the significant estimates and judgements involved in determining the selling prices, variable selling expenses and costs to completion.</p>	<ul style="list-style-type: none"> • Researching the selling prices from the public available resources and comparing the estimated selling price to the most recent selling price for the properties under presales or the prevailing market price of the same type of properties in the same location; • Analysing the historical selling expenses to selling price ratio, assessing whether management's estimated selling expenses were within such range.
	<p>We found that management's estimates for provision of properties under development and completed properties held for sale are properly supported by the available evidences.</p>

Independent Auditor's Report (Continued)

Key Audit Matters	How our audit addressed the Key Audit Matters
<p>Valuations of investment properties</p> <p>Refer to notes 4 and 9 to the consolidated financial statements.</p> <p>The Group's investment properties were measured at fair value of RMB8,804,220,000 as at 31 December 2018, with revaluation gains of RMB1,952,355,000 recorded as "other gains, net" in the consolidated statement of comprehensive income for the year then ended.</p> <p>Independent external valuations were performed for all of investment properties in order to support management's estimates. Fair values of completed investment properties are derived using income capitalisation approach or the direct comparison approach, where applicable. The fair values of investment properties under construction are prepared under residual approach.</p> <p>We focused on this area as the valuations included certain key assumptions that involved significant management estimates, including term yields and reversionary yields, market rents, market prices and estimated costs to completion.</p>	<p>We have performed the following procedures to address this key audit matter:</p> <ul style="list-style-type: none">(i) We understood, evaluated and validated the internal control over the Group's process in determining the fair value of investment properties;(ii) We evaluated the independent external valuer's competence, capabilities and objectivity;(iii) We checked, on a sample basis, accuracy and relevance of the input data used in the valuation and checked the mathematical accuracy of the valuations;(iv) We involved our internal valuation specialist in assessing the appropriateness of methodologies used and the reasonableness of the key assumptions applied in the valuations, including term yields and reversionary yields, fair market rents and fair market prices. We agreed the term yields, reversionary yields, market rents and market prices used in the valuations to our internally developed benchmarks, which are based on our recent experience and market research in the locations and segments of the Group's investment properties. We have also conducted a sensitivity analysis over the key assumptions.(v) For investment properties under construction, we assessed the reasonableness of management's estimates of costs to complete by checking the total budgeted construction costs against the signed contracts with vendors and actual construction costs of similar properties and tested the actual costs incurred up to date. <p>We found the key assumptions and estimates used in the valuation of investment properties were properly supported by the available evidences.</p>

Other Information

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

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

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

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

Responsibilities of Directors and 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 HKFRS 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 are responsible for overseeing the Group's financial reporting process.

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

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

Independent Auditor's Report (Continued)

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- 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.

Independent Auditor's Report (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 them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

The engagement partner on the audit resulting in this independent auditor's report is Yeung Chor Ho.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 20 March 2019

CONSOLIDATED BALANCE SHEET

(All amounts in RMB thousands unless otherwise stated)

		As at 31 December	
	Note	2018	2017
ASSETS			
Non-current assets			
Property, plant and equipment	6	8,753,527	7,573,037
Land use rights	7	2,039,236	2,073,655
Other intangible assets	8	258,990	155,278
Goodwill	8	1,841,613	1,303,095
Investment properties	9	8,804,220	5,886,604
Interests in associates	10	951,393	567,221
Interests in joint ventures	11	9,136,960	6,438,514
Available-for-sale financial assets		—	277,500
Prepayments for acquisition of equity interests	12	870,856	1,078,421
Properties under development	13	16,936,396	17,826,344
Receivables from related parties	18	12,510,503	6,547,559
Deferred income tax assets	27	1,433,982	986,760
		63,537,676	50,713,988
Current assets			
Contract assets	5	448,715	—
Properties under development	13	73,631,444	46,990,187
Completed properties held for sale	14	8,446,700	9,915,913
Financial assets at fair value through profit or loss	15	3,232,031	1,204,478
Prepayments for acquisition of land use rights	17	5,187,072	5,762,937
Trade and other receivables	18	27,735,425	16,396,483
Prepaid income taxes		3,165,117	2,253,557
Restricted cash	19	9,285,376	11,078,175
Cash and cash equivalents	20	35,776,231	19,041,948
		166,908,111	112,643,678
Total assets		230,445,787	163,357,666

Consolidated Balance Sheet (Continued)

(All amounts in RMB thousands unless otherwise stated)

	Note	As at 31 December	
		2018	2017
EQUITY			
Capital and reserves attributable to the shareholders of the Company			
Share capital and premium	21	3,421,883	3,421,883
Shares held for Share Award Scheme	22	(156,588)	(156,588)
Other reserves	23	2,604,982	785,400
Retained earnings		35,368,931	32,284,542
		41,239,208	36,335,237
Perpetual Capital Securities	24	8,334,875	5,529,424
Non-controlling interests		5,406,850	2,311,569
Total equity		54,980,933	44,176,230
LIABILITIES			
Non-current liabilities			
Derivative financial instruments	25	6,144	4,403
Borrowings	26	53,196,485	34,529,004
Deferred income tax liabilities	27	1,884,085	1,174,595
		55,086,714	35,708,002
Current liabilities			
Derivative financial instruments	25	7,192	240,845
Borrowings	26	35,332,872	27,146,235
Contract liabilities	5	25,489,558	—
Advanced proceeds received from customers		—	19,460,971
Trade and other payables	28	42,533,971	23,263,952
Current income tax liabilities		17,014,547	13,361,431
		120,378,140	83,473,434
Total liabilities		175,464,854	119,181,436
Total equity and liabilities		230,445,787	163,357,666

The notes on pages 134 to 240 form an integral part of these consolidated financial statements.

The consolidated financial statements on pages 126 to 240 were approved by the Board of Directors on 20 March 2019 and were signed on its behalf by:

Chen Zhuo Lin

Chan Cheuk Hung

CONSOLIDATED INCOME STATEMENT

(All amounts in RMB thousands unless otherwise stated)

	Note	Year ended 31 December	
		2018	2017
Operation			
Revenue	5	56,144,926	51,607,059
Cost of sales	32	(31,471,009)	(30,919,581)
Gross profit		24,673,917	20,687,478
Selling and marketing costs	32	(2,318,044)	(2,258,938)
Administrative expenses	32	(2,909,554)	(2,045,528)
Net impairment (losses)/reversal on financial and contract assets	18	(97,250)	1,234
Other gains, net	29	1,986,253	40,049
Other income	30	1,040,034	570,485
Other expenses	31	(257,002)	(396,633)
Operating profit		22,118,354	16,598,147
Finance costs, net	34	(2,744,353)	(898,674)
Share of post-tax profit of associates	10	22,297	85,953
Share of post-tax profit of joint ventures	11	4,801	83,388
Profit before income tax		19,401,099	15,868,814
Income tax expenses	35	(11,043,282)	(9,088,536)
Profit for the year		8,357,817	6,780,278
Profit attributable to:			
Shareholders of the Company		7,125,007	6,025,244
Holders of Perpetual Capital Securities	24	676,906	472,663
Non-controlling interests		555,904	282,371
		8,357,817	6,780,278
Earnings per share from continuing operations attributable to shareholders of the Company for the year (expressed in Renminbi per share)			
— Basic	36	1.835	1.552
— Diluted	36	1.835	1.552

The notes on pages 134 to 240 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in RMB thousands unless otherwise stated)

	Note	Year ended 31 December	
		2018	2017
Profit for the year		8,357,817	6,780,278
Other comprehensive income:			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
— Revaluation gains arising from property, plant and equipment transferred to investment properties, net of tax	6	261,111	—
<i>Items that may be reclassified to profit or loss</i>			
— Currency translation differences		(1,303)	(6,634)
Other comprehensive income for the year, net of tax		259,808	(6,634)
Total comprehensive income for the year		8,617,625	6,773,644
Attributable to:			
— Shareholders of the Company		7,379,636	6,023,307
— Holders of Perpetual Capital Securities		676,906	472,663
— Non-controlling interests		561,083	277,674
		8,617,625	6,773,644

The notes on pages 134 to 240 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts in RMB thousands unless otherwise stated)

	Attributable to shareholders of the Company							
	Share capital and premium (note 21)	Shares held for Share Award Scheme (note 22)	Other reserves (note 23)	Retained earnings	Total	Perpetual Capital Securities (note 24)	Non-controlling interests	Total equity
Balance at 1 January 2018	3,421,883	(156,588)	785,400	32,284,542	36,335,237	5,529,424	2,311,569	44,176,230
Comprehensive income								
Profit for the year	—	—	—	7,125,007	7,125,007	676,906	555,904	8,357,817
Other comprehensive income								
Currency translation differences	—	—	(6,482)	—	(6,482)	—	5,179	(1,303)
Revaluation gains arising from property, plant and equipment transferred to investment properties, net of tax	—	—	261,111	—	261,111	—	—	261,111
Total comprehensive income	—	—	254,629	7,125,007	7,379,636	676,906	561,083	8,617,625
Total transactions with shareholders, recognised directly in equity								
Transfer to statutory reserve and enterprise expansion funds (note 23)	—	—	124,310	(124,310)	—	—	—	—
Distribution to holders of Perpetual Capital Securities (note 24)	—	—	—	—	—	(595,347)	—	(595,347)
Redemption of Perpetual Capital Securities (note 24)	—	—	—	—	—	(1,011,216)	—	(1,011,216)
Capital injection by non-controlling interests	—	—	1,462,313	—	1,462,313	—	1,737,030	3,199,343
Non-controlling interests on acquisition of subsidiaries	—	—	—	—	—	—	988,259	988,259
Acquisition of additional interests in subsidiaries	—	—	(21,670)	—	(21,670)	—	(2,291)	(23,961)
Dividends distribution to non-controlling interests	—	—	—	—	—	—	(188,800)	(188,800)
Issuance of Perpetual Capital Securities (note 24)	—	—	—	—	—	3,735,108	—	3,735,108
Dividends (note 37)	—	—	—	(3,916,308)	(3,916,308)	—	—	(3,916,308)
Total transactions with shareholders, recognised directly in equity	—	—	1,564,953	(4,040,618)	(2,475,665)	2,128,545	2,534,198	2,187,078
Balance at 31 December 2018	3,421,883	(156,588)	2,604,982	35,368,931	41,239,208	8,334,875	5,406,850	54,980,933

Consolidated Statement of Changes in Equity (Continued)

(All amounts in RMB thousands unless otherwise stated)

	Attributable to shareholders of the Company							
	Share capital and premium (note 21)	Shares held for Share Award Scheme (note 22)	Other reserves (note 23)	Retained earnings	Total	Perpetual Capital Securities (note 24)	Non- controlling interests	Total equity
Balance at 1 January 2017	4,290,028	(156,588)	3,092,833	28,083,330	35,309,603	5,597,503	3,248,124	44,155,230
Comprehensive income								
Profit for the year	—	—	—	6,025,244	6,025,244	472,663	282,371	6,780,278
Other comprehensive income								
Currency translation differences	—	—	(1,937)	—	(1,937)	—	(4,697)	(6,634)
Total comprehensive income	—	—	(1,937)	6,025,244	6,023,307	472,663	277,674	6,773,644
Total transactions with shareholders, recognised directly in equity								
Transfer to statutory reserve and enterprise expansion funds (note 23)	—	—	403,461	(403,461)	—	—	—	—
Distribution to holders of Perpetual Capital Securities (note 24)	—	—	—	—	—	(478,867)	—	(478,867)
Redemption of Perpetual Capital Securities (note 24)	—	—	—	—	—	(61,875)	—	(61,875)
Dividends (note 37)	(868,145)	—	—	(1,415,468)	(2,283,613)	—	—	(2,283,613)
Effect of conversion of a subsidiary from a limit liability company into a joint stock company	—	—	5,103	(5,103)	—	—	—	—
Acquisition of additional interest in a subsidiary	—	—	(3,568,082)	—	(3,568,082)	—	(2,531,300)	(6,099,382)
Changes in ownership interests in subsidiaries without change of control	—	—	854,022	—	854,022	—	344,615	1,198,637
Non-controlling interests on acquisition of subsidiaries	—	—	—	—	—	—	972,456	972,456
Total transactions with shareholders, recognised directly in equity	(868,145)	—	(2,305,496)	(1,824,032)	(4,997,673)	(540,742)	(1,214,229)	(6,752,644)
Balance at 31 December 2017	3,421,883	(156,588)	785,400	32,284,542	36,335,237	5,529,424	2,311,569	44,176,230

The notes on page 134 to 240 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts in RMB thousands unless otherwise stated)

	Note	Year ended 31 December	
		2018	2017
Cash flows from operating activities			
Cash generated from operations	38(a)	15,224,055	13,176,462
Interest paid		(4,437,007)	(3,013,912)
PRC income tax paid		(8,159,459)	(7,210,035)
Net cash generated from operating activities		2,627,589	2,952,515
Cash flows from investing activities			
Payments of construction cost of investment properties		—	(19,432)
Prepayment of land use rights for development of own used properties		(30,522)	—
Investments in associates and joint ventures		(3,055,520)	(2,097,270)
Prepayment for acquisitions of equity interests		(829,354)	(1,078,421)
Purchases of property, plant and equipment		(1,118,159)	(496,029)
Purchases of intangible assets		(10,900)	(22,438)
Proceed received from disposal of investment properties, land use right and property, plant and equipment		62,903	313,754
Payment for acquisition of subsidiaries through business combination (note 39)		(738,352)	(1,628,660)
Repayment of cash advances from related parties		2,268,664	2,553,071
Cash advances made to related parties		(13,028,720)	(3,860,536)
Payment to settle derivative financial instruments		(315,339)	(14,220)
Purchase of wealth management products		(25,194,380)	(2,790,000)
Redemption of wealth management products		25,174,380	2,790,000
Payment for acquisition of other financial assets at fair value through profit or loss		(4,778,093)	(1,043,613)
Proceeds from settlement of other financial assets at fair value through profit or loss		2,770,102	—
Advance consideration received from disposal of a subsidiary		987,700	—
Cash advance made to non-controlling interests		(780,752)	—
Dividend received		127,685	—
Interest received		780,488	433,754
Net cash used in investing activities		(17,708,169)	(6,960,040)

Consolidated Statement of Cash Flows (Continued)

(All amounts in RMB thousands unless otherwise stated)

	Note	Year ended 31 December	
		2018	2017
Cash flows from financing activities			
Proceeds from issuance of Perpetual Capital Securities	24	3,801,370	—
Issuance cost of Perpetual Capital Securities	24	(66,262)	—
Redemption of Perpetual Capital Securities	24	(1,011,216)	(61,875)
Net proceeds from borrowings		80,172,084	44,555,587
Repayments of borrowings		(55,383,268)	(26,112,413)
Decrease/(increase) in guarantee deposit for borrowings		416,000	(1,232,000)
Cash advances from related parties		2,204,179	560,018
Repayments of cash advances to related parties		—	(260,312)
Cash advance from non-controlling interest		3,296,742	—
Repayments of cash advances from non-controlling interest		(314,330)	—
Capital contribution by non-controlling interests		3,199,343	1,198,637
Non-controlling interests on acquisition of subsidiaries		—	972,456
Acquisition of additional interests in subsidiaries		(23,961)	(6,099,382)
Distribution to holders of Perpetual Capital Securities	24	(595,347)	(478,867)
Dividends paid to shareholders of the Company		(3,916,308)	(2,283,613)
Dividends paid to non-controlling interests		(43,200)	—
Net cash generated from financing activities		31,735,826	10,758,236
Net increase in cash and cash equivalents		16,655,246	6,750,711
Cash and cash equivalents at beginning of the year		19,041,948	12,431,884
Exchange gains/(losses) on cash and cash equivalents		79,037	(140,647)
Cash and cash equivalents at end of the year	20	35,776,231	19,041,948

The notes on pages 134 to 240 form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

1 General Information

Agile Group Holdings Limited (the “Company”) is a limited liability company incorporated in the Cayman Islands on 14 July 2005 and is principally engaged in investment holding. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company and its subsidiaries (the “Group”) are principally engaged in property development in the People’s Republic of China (the “PRC”).

The Company’s shares were listed on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) on 15 December 2005.

These consolidated financial statements have been approved for issue by the Board of Directors of the Company on 20 March 2019.

2 Summary of Significant Accounting Policies

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (the “HKFRS”) 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 available-for-sale financial assets, derivative financial instruments, investment properties and financial assets at fair value through profit or loss, which are carried at fair value.

The preparation of financial statements in conformity with the HKFRS 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 4.

(a) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2018:

- HKFRS 9 Financial Instruments
- HKFRS 15 Revenue from Contracts with Customers
- Classification and Measurement of Share-based Payment Transactions – Amendments to HKFRS 2
- Annual Improvements 2014-2016 cycle
- Transfers to Investment Property – Amendments to HKAS 40
- Interpretation 22 Foreign Currency Transactions and Advance Consideration

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of Significant Accounting Policies (Continued)

2.1 Basis of preparation (continued)

(a) New and amended standards adopted by the Group (continued)

The Group had to change its accounting policies and make certain modified retrospective adjustments following the adoption of HKFRS 9 and HKFRS 15 (note 2.2). Most of the other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) The following new standards and amendments to standards have been issued but are not effective for the financial period beginning 1 January 2018 and have not been early adopted:

		Effective for annual periods beginning on or after
HKFRS 16	Leases	1 January 2019
HK (IFRIC) 23	Uncertainty over Income Tax Treatments	1 January 2019
HKAS 28 (Amendment)	Long-term Interests in Associates and Joint Ventures	1 January 2019
HKFRS 9 (Amendment)	Prepayment features with negative compensation	1 January 2019
HKAS 19 (Amendment)	Plan amendment, curtailment or settlement	1 January 2019
Annual Improvements to HKFRSs 2015-2017 cycle	Clarifying previously held interest in a joint operation under HKFRS3 Business Combinations and HKFRS 11 Joint Arrangements Clarifying income tax consequences of payments on financial instruments classified as equity under HKAS 12 Income Taxes Clarifying borrowing costs eligible for capitalisation under HKAS 23 Borrowing Costs	1 January 2019
HKFRS 3 (Amendment)	Definition of a Business	1 January 2020
HKAS 1 and HKAS 8	Amendment definition of material	1 January 2020
HKFRS 17	Insurance contract	1 January 2021
HKFRS 10 and HKAS 28 (Amendment)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group has already commenced an assessment of the impact of these new or revised standards, interpretation and amendments, certain of which are relevant to the Group's operations. The Group's assessment of the impact of these new standards and interpretations is set out below.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of Significant Accounting Policies (Continued)

2.1 Basis of preparation (continued)

(b) The following new standards and amendments to standards have been issued but are not effective for the financial period beginning 1 January 2018 and have not been early adopted (continued):

(i) *HKFRS 16 Leases*

Nature of change

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

Impact

The Group has set up a project team which has reviewed all of the Group's leasing arrangements over the last year in light of the new lease accounting rules in HKFRS 16. The standard will affect primarily the accounting for the Group's operating leases.

As at the reporting date, the Group has non-cancellable operating lease commitments of RMB295,570,000, see note 41. Of these commitments, approximately RMB18,311,000 relate to short-term leases and RMB3,100,000 to low value leases which will both be recognised on a straight-line basis as expense in consolidated income statement.

For the remaining lease commitments the Group expects to recognise right-of-use assets of approximately RMB239,420,000 on 1 January 2019, lease liabilities of RMB264,096,000 (after adjustments for prepayments and accrued lease payments recognised as at 31 December 2018).

The Group expects that net profit after tax will decrease by approximately RMB1,296,000 for 2019 as a result of adopting the new standard.

Operating cash flows will increase and financing cash flows will decrease by approximately RMB108,503,000 as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.

The Group's activities as a lessor is significant as the Group has several investment properties to rent. However, HKFRS 16 has not much impact on lessor and hence the Group does not expect any significant impact on the financial statements. However, some additional disclosures will be required from next year.

(All amounts in RMB thousands unless otherwise stated)

2 Summary of Significant Accounting Policies (Continued)

2.1 Basis of preparation (continued)

(b) The following new standards and amendments to standards have been issued but are not effective for the financial period beginning 1 January 2018 and have not been early adopted: (continued)

(i) *HKFRS 16 Leases (continued)*

Date of adoption by group

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 for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.2 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.

(a) Impact on the financial statements

The Group applied the modified retrospective approach to adopt HKFRS 9 and HKFRS 15 without restating comparative information. The reclassifications and the adjustments arising from the new accounting policies are therefore not reflected in the balance sheet as at 31 December 2017, but are recognised in the opening balance sheet on 1 January 2018.

The following illustration of HKFRS 9 and HKFRS 15 shows the impact on financial statements. The adjustments for each line item are explained in more detail by standard below.

(b) HKFRS 9 Financial Instruments

Impact of adoption

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

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 below.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of Significant Accounting Policies (Continued)

2.2 Changes in accounting policies (continued)

(b) HKFRS 9 Financial Instruments (continued)

Impact of adoption (continued)

The effects of the adoption of HKFRS 9 are as follows:

On 1 January 2018 (the date of initial application of HKFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate HKFRS 9 categories. The main effect resulting from this reclassification is as follows:

	Notes	Fair value through profit or loss ("FVPL")
Closing balance at 31 December 2017 – HKAS 39		1,204,478
Reclassify investments from available-for-sale financial assets to FVPL	(i)	277,500
Opening balance at 1 January 2018 – HKFRS 9		1,481,978

- (i) The amounts represent the equity interests in certain non-listed companies in the PRC. They do not meet the HKFRS 9 criteria for classification at amortised cost, because their cash flows do not represent solely payments of principal and interest.

Impairment of financial assets

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

- trade receivables for sales of property development and from the provision of management services and other services.
- contract assets relating to property development.
- other financial assets at amortised cost.

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

The Group was required to revise its impairment methodology under HKFRS 9. The Directors of the Group consider that there is no material impact of the change in impairment methodology on the Group's retained earnings and equity.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of Significant Accounting Policies (Continued)

2.2 Changes in accounting policies (continued)

(c) HKFRS 15 Revenue from Contracts with Customers

The Group has adopted HKFRS 15 Revenue from Contracts with Customers from 1 January 2018 which resulted in changes in accounting policies.

Impact on financial statements

Under HKFRS 15, for properties that have no alternative use to the Group due to contractual reasons and when the Group has an enforceable right to payment from the customers for performance completed to date, the Group recognises revenue as the performance obligation is satisfied over time in accordance with the input method for measuring progress.

For the year ended 31 December 2018, the Group has assessed and considered that there is an enforceable right to payment from the customers for performance completed to date for certain properties, but the Group considered that the adoption of HKFRS 15 did not have a material impact on the timing of revenue recognition.

For contracts where the period between the payment by the customer and the transfer of the promised property or service exceeds one year, the transaction price and the amount of revenue from the sales of completed properties is adjusted for the effects of a financing component, if significant. For the year ended 31 December 2018, the Group has assessed and considered that the financing component effect is insignificant.

The effects of the adoption of HKFRS 15 are as follows:

On 1 January 2018 (the date of initial application of HKFRS 15), the Group's management has assessed impact of HKFRS 15 and has classified each individual line item into the appropriate HKFRS 15 categories. The main effect resulting from this reclassification is as follows:

	Closing balance at 31 December 2017	Reclassification	Opening balance at 1 January 2018
Contract assets	—	194,659	194,659
Trade and other receivables	16,396,483	(194,659)	16,201,824
Contract liabilities	—	17,804,146	17,804,146
Advance receipts from customers	19,460,971	(19,460,971)	—
Trade and other payables	23,263,952	1,656,825	24,920,777

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of Significant Accounting Policies (Continued)

2.2 Changes in accounting policies (continued)

(c) HKFRS 15 Revenue from Contracts with Customers (continued)

Presentation of assets and liabilities related to contracts with customers

The excess of cumulative revenue recognised in consolidated income statement over the cumulative billings to purchasers of properties is recognised as contract assets. The contract assets will be reclassified as receivables when the progress billings are issued or properties are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Under HKFRS 15, the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract, such as sales commissions, are capitalised as contract assets.

Under HKFRS 15, contract liabilities for progress billing recognised in relation to sale of property and property management services.

2.3 Principles of consolidation and equity accounting

2.3.1 Subsidiaries

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

The acquisition method of accounting is used to account for business combinations by the Group (refer to note 2.4).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

2.3.2 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 (note 2.3.3), after initially being recognised at cost.

(All amounts in RMB thousands unless otherwise stated)

2 Summary of Significant Accounting Policies (Continued)

2.3 Principles of consolidation and equity accounting (continued)

2.3.3 Joint ventures

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet.

Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in consolidated income statement, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

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

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 2.12.

2.3.4 Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Group.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes 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 consolidated income statement or transferred to another category of equity as specified/permitted by applicable HKFRSs.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of Significant Accounting Policies (Continued)

2.3 Principles of consolidation and equity accounting (continued)

2.3.4 Changes in ownership interests (continued)

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to consolidated income statement where appropriate.

2.4 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the group;
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in consolidated income statement as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in consolidated income statement.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of Significant Accounting Policies (Continued)

2.4 Business combinations (continued)

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in consolidated income statement.

2.5 Separate financial statements

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

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

2.6 Segment reporting

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

2.7 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"). The consolidated financial statements are presented in Renminbi ("RMB"), which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in consolidated income statement. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

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

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of Significant Accounting Policies (Continued)

2.7 Foreign currency translation (continued)

(b) Transactions and balances (continued)

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in consolidated income statement as part of the fair value gain or loss. Translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

(c) Group companies

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

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting currency translation differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.8 Property, plant and equipment

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

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

When there is a change of use from an investment property to an owner-occupied property, the property's deemed cost for subsequent accounting shall be its fair value at the date of change in use.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of Significant Accounting Policies (Continued)

2.8 Property, plant and equipment (continued)

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

Buildings	10-60 years
Office equipment	5-10 years
Transportation equipment	4-10 years
Machinery	5-10 years

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.12).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other gains, net" in the consolidated income statement.

2.9 Construction in progress

Construction in progress represents property under construction and is stated at cost less accumulated impairment loss, if any. Cost includes the costs of construction of buildings and interest charges arising from borrowings used to finance these assets during the period of construction, if any. No provision for depreciation is made on construction in progress until such times as the relevant assets are completed and are available for intended use. When the assets concerned are brought into use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated in the preceding paragraphs.

2.10 Investment property

Investment property, principally comprising land use rights 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 properties are 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 valuer. 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 as "other gains, net" in the consolidated income statement.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of Significant Accounting Policies (Continued)

2.10 Investment property (continued)

When an owner-occupied property becomes an investment property carried at fair value, the Group applies HKAS 16 up to the date of change in use. The Group treats any difference at that date between the carrying amount of the property in and its fair value in as a revaluation in accordance with HKAS 16. In other words, any resulting increase in the carrying amount is treated as follows:

- (i) to the extent that the increase reverses a previous impairment loss for that property, the increase is recognised in consolidated income statement.
- (ii) any remaining part of the increase is recognised in other comprehensive income and increases the revaluation surplus within equity.

2.11 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 generation 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 operating segment 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.

(b) Trademarks and patents

Trademarks and patents acquired in a business combination are recognised at fair value at the acquisition date. Trademarks and patents have a finite useful life and are carried at cost less accumulated amortisations. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and patents over their estimated useful lives of 5–10 years.

(c) Customer relationships

Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relations have a finite useful life and are carried at cost less accumulated amortisations. Amortisation is calculated using the straight-line method over the expected life of 6–8 years for the customer relationship.

(d) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (2 to 10 years).

(All amounts in RMB thousands unless otherwise stated)

2 Summary of Significant Accounting Policies (Continued)

2.12 Impairment of non-financial assets

Goodwill that has an indefinite useful life 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 inflows (cash-generating unit). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.13 Investments and other financial assets

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, 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 consolidated income statement or other comprehensive income. 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 (the "FVOCI").

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

Recognition and derecognition

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. 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.

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 (the "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 consolidated income statement.

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

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of Significant Accounting Policies (Continued)

2.13 Investments and other financial assets (continued)

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 consolidated income statement and presented in other gains, net, 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 other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in consolidated income statement. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to consolidated income statement and recognised in other gains, net. 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, net 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 consolidated income statement and presented net within other gains, net 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 other comprehensive income, there is no subsequent reclassification of fair value gains and losses to consolidated income statement following the derecognition of the investment. Dividends from such investments continue to be recognised in consolidated income statement 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, net 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.

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.

(All amounts in RMB thousands unless otherwise stated)

2 Summary of Significant Accounting Policies (Continued)

2.13 Investments and other financial assets (continued)

Accounting policies applied until 31 December 2017

Classification

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

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

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

(b) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables" and "cash and cash equivalents" in the consolidated balance sheet.

(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 the investment matures or management intends to dispose of it 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.

Derivatives not designated for hedge are categorised as financial assets at fair value through profit or loss. Derivatives are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current. Derivatives financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The change of fair value is recognised immediately in profit or loss within "finance costs, net".

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of Significant Accounting Policies (Continued)

2.13 Investments and other financial assets (continued)

Accounting policies applied until 31 December 2017 (continued)

Recognition and measurement (continued)

When financial assets 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, net”.

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.

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

Impairment of financial assets

(a) *Assets carried at amortised cost*

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

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, 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.

(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 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.

(All amounts in RMB thousands unless otherwise stated)

2 Summary of Significant Accounting Policies (Continued)

2.14 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet 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 Company or the counter party.

2.15 Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of

- The amount determined in accordance with 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.

2.16 Properties under development and held for sale

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

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

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

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of Significant Accounting Policies (Continued)

2.17 Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 12 months and therefore are all classified as current.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See note 18 for further information about the Group's accounting for trade and other receivables and note 3.1(c) for a description of the Group's impairment policies.

2.18 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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 Perpetual Capital Securities

Perpetual Capital Securities with no contractual obligation to repay its principal or to pay any distribution are classified as part of equity, as described in note 24.

2.21 Trade and other payables

Trade 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 one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

(All amounts in RMB thousands unless otherwise stated)

2 Summary of Significant Accounting Policies (Continued)

2.22 Borrowings

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

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

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 the consolidated income statement in the period in which they are incurred.

Borrowing costs include interest expense, 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.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of Significant Accounting Policies (Continued)

2.23 Current and deferred income tax

The tax expense for the period comprises current and deferred income tax and land appreciation 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, its subsidiaries, associates and joint ventures 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

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using 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.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint ventures, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates and joint ventures. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognised.

(All amounts in RMB thousands unless otherwise stated)

2 Summary of Significant Accounting Policies (Continued)

2.23 Current and deferred income tax (continued)

(b) Deferred income tax (continued)

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

(c) Offsetting

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

2.24 Employee benefits

(a) Pension obligations

The Group only operate defined contribution pension plans. 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. 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 governments.

The Group also participates in a retirement benefit scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance ("MPF Scheme") for all employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of the lower of 5% of eligible employees' relevant aggregate income and HK\$1,500. The assets of this MPF Scheme are held separately from those of the Group in independently administered funds.

The Group's contributions to the defined contribution retirement scheme are expensed as incurred.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of Significant Accounting Policies (Continued)

2.24 Employee benefits (continued)

(b) Employee leave entitlements

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

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(c) Equity-settled share-based payment transactions

The Group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for shares of the Group. The fair value of the employee services received in exchange for the grant of the shares is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the shares granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specified period of time).

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-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated income statement, if any, with a corresponding adjustment to equity.

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.

(All amounts in RMB thousands unless otherwise stated)

2 Summary of Significant Accounting Policies (Continued)

2.25 Provisions

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

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

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

2.26 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 discount and after eliminating revenue made with the Group companies. The Group recognises revenue of each activities as described below.

(a) Sales of properties

Revenues are recognised when or as the control of the asset is transferred to the purchaser. 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 purchaser;
- creates and enhances an asset that the purchaser controls as the Group performs;
- 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.

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 purchaser 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 purchaser obtains the physical possession or the legal title of the completed 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.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of Significant Accounting Policies (Continued)

2.26 Revenue recognition (continued)

(b) Property management services and value-added services

Revenue from property management services (including property management services under commission basis or lump sum basis) and value-added services (including pre-delivery services, household assistance services, property agency services and other services) is recognised when services are rendered.

For property management services income from properties managed under lump sum basis, where the Group acts as principal and is primary responsible for providing the property management services to the property owners, the Group entitles to revenue at the value of property management services fee received or receivable by the properties and recognises all related property management costs as its cost of services. For property management service income from properties managed under commission basis, where the Group acts as an agent of the property owner and is arranging and monitoring the services as provided by other suppliers to the property owners, the Group entitles revenue at a pre-determined percentage of the property management fee received or receivable by the properties.

(c) Hotel operations

Hotel revenue from room rentals, food and beverage sales and other ancillary are recognised in the accounting period in which the services are rendered.

(d) Rental income

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

(e) Interest income

Interest income from financial assets at FVPL is included in the fair value gains/(losses) on these assets. Interest income on financial assets at amortised cost 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).

(f) Dividend income

Dividends are received from financial assets measured at FVPL and at fair value through other comprehensive income (FVOCI). Dividends are recognised as other income in consolidated income statement 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.

(All amounts in RMB thousands unless otherwise stated)

2 Summary of Significant Accounting Policies (Continued)

2.26 Revenue recognition (continued)

(g) Environmental protection income

Revenue arising from environmental protection is recognised in the accounting period in which environmental protection services are rendered.

(h) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

2.27 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

(a) The Group is the lessee other than operating lease of land use rights

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.

(b) The Group is the lessee under operating lease of land use rights

Land use rights under operating lease, which mainly comprise land use rights to be developed for hotel properties and own used buildings, are stated at cost and subsequently amortised in the consolidated income statement on a straight-line basis over the operating lease periods.

(c) The Group is the lessor

Assets leased out under operating leases are included in investment properties in the consolidated balance sheet.

2.28 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.

2.29 Insurance contracts

An insurance contract is a contract under which one party (the "insurer") accepts significant insurance risk from another party (the "policyholder") by agreeing to compensate the policyholder if a specified uncertain future event (the "insured event") adversely affects the policyholder. Insurance risk is a pre-existing risk transferred from the policyholder to the insurer, and is significant only if an insured event could cause an insurer to pay significant additional benefits in any scenario, excluding scenarios that lack commercial substance (i.e. have no discernible effect on the economics of the transaction).

The Group assesses at each reporting date whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities is inadequate in the light of the estimated future cash flows, the entire deficiency is recognised in the consolidated income statement.

The Group regards its financial guarantee contracts provided in respect of mortgage facilities for certain property purchasers as insurance contracts.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of Significant Accounting Policies (Continued)

2.30 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 that they are intended to compensate.

2.31 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

3 Financial Risk Management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price 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. The property industry is highly sensitive to the economic environment in the PRC. The Group finances its operations from shareholders' fund, sales of properties, issuance of senior notes, bank and other borrowings and perpetual capital securities. The Group has alternative plans to monitor liquidity risk should there be significant adverse changes on the Group's cash flow projections.

(a) Currency risk

The Group's businesses are principally conducted in RMB, except that certain receipts of proceeds from sales of properties, senior notes, bank borrowings and syndicated loans are in other currencies. As at 31 December 2018, major non-RMB assets and liabilities are cash and cash equivalents, senior notes, bank borrowings and syndicated loans denominated in HK dollar ("HK\$") and US dollar ("US\$"). Fluctuation of the exchange rates of RMB against foreign currencies could affect the Group's results of operations. The Group has entered into several forward exchange contracts to limit its exposure to foreign exchange risk during the year ended 31 December 2018.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

3 Financial Risk Management (Continued)

3.1 Financial risk factors (continued)

(a) Currency risk (continued)

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the respective balance sheet dates are as follows:

	Group	
	2018	2017
Monetary assets		
— HK\$	522,538	821,391
— US\$	2,492,297	11,789
	3,014,835	833,180
Monetary liabilities		
— HK\$	21,618,629	13,229,383
— US\$	14,405,428	6,067,231
	36,024,057	19,296,614

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

	Group	
	2018	2017
5% increase in RMB against HK\$	1,055,467	621,031
5% decrease in RMB against HK\$	(1,055,467)	(621,031)
5% increase in RMB against US\$	600,441	302,791
5% decrease in RMB against US\$	(600,441)	(302,791)

(b) Interest rate risk

The Group's exposure to changes in interest rates is mainly attributable to its borrowings, senior notes, and other borrowings at fixed rate expose the Group to fair value interest rate risk. Borrowings at variable rates expose the Group to cash flow interest-rate risk. The Group closely monitors trend of interest rate and its impact on the Group's interest rate risk exposure.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

3 Financial Risk Management (Continued)

3.1 Financial risk factors (continued)

(b) Interest rate risk (continued)

As at 31 December 2018 and 2017, if interest rates on borrowings had been 100 basis points higher or lower with all other variables held constant, interest charges for the years ended 31 December 2018 and 2017 would increase or decrease by RMB487,634,000 and RMB346,238,000 respectively, mainly as a result of higher or lower interest expense on floating rate borrowings.

(c) Credit risk

The Group is exposed to credit risk in relation to its contract asset, trade and other receivables and cash deposits with banks. The carrying amounts of contract assets, trade and other receivables, restricted cash, cash and cash equivalents represent the Group's maximum exposure to credit risk in relation to financial assets.

For contract assets and trade and other receivables, the management of the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverability of these receivables at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

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

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing 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 as 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 individual property owner or the 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.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

3 Financial Risk Management (Continued)

3.1 Financial risk factors (continued)

(c) Credit risk (continued)

(i) 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
Performing	Customers have a low risk of default and a strong capacity to meet contractual cash flows	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime
Underperforming	Receivables for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are 90 days past due	Lifetime expected losses
Non-performing	Interest and/or principal repayments are 365 days past due	Lifetime expected losses
Write-off	Interest and/or principal repayments are more than 3 years past due and there is no reasonable expectation of recovery	Asset is written off

The Group accounts for its credit risk by appropriately providing for expected credit 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.

(ii) *Contract Asset and trade and other receivables (excluding prepayments)*

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

As at 31 December 2018, the Group has assessed that the expected loss rate for other receivables from related parties was immaterial considering the good finance position and credit history of the related parties. Thus no loss allowance provision for other receivables from related parties was recognised.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

3 Financial Risk Management (Continued)

3.1 Financial risk factors (continued)

(c) Credit risk (continued)

(ii) Contract Asset and trade and other receivables (excluding prepayments) (continued)

The Group uses the expected credit loss model to determine the expected loss provision for other receivables (excluding prepayments and other receivables from related parties). As at 31 December 2018, the Group has assessed that there is no significant increase of credit risk for other receivables. Thus the Group used the 12 months expected credit losses model to assess credit loss of other receivables.

On that basis, as at 31 December 2018, the loss allowance provision for the contract assets and trade receivables was determined as follow. The expected credit losses below also incorporated forward looking information.

	Current	Up to 3 months	3 months to 1 year	1 to 2 years	Over 2 years	Total
At 31 December 2018						
Expected loss rate	—	0.10%–1%	1%–2%	5%–10%	10%–50%	
Gross carrying amount – trade receivables	6,071,782	226,542	234,262	75,578	101,398	6,709,562
Gross carrying amount – contract assets	410,921	20,209	17,964	—	—	449,094
Loss allowance – trade receivables	—	227	4,205	6,685	20,952	32,069
Loss allowance – contract assets	—	20	359	—	—	379

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

3 Financial Risk Management (Continued)

3.1 Financial risk factors (continued)

(c) Credit risk (continued)

(ii) Contract Asset and trade and other receivables (excluding prepayments) (continued)

As at 31 December 2018, the loss allowance provision for trade and other receivables (excluding prepayments and other receivables from related parties) reconciles to the opening loss allowance for that provision as follows:

	Contract assets and trade receivables	Other receivables (excluding prepayments and other receivables from related parties)	Total
At 1 January 2018	7,443	1,256	8,699
Impact of acquisition of subsidiaries	16,637	2,271	18,908
Provision for loss allowance recognised in profit or loss	10,709	89,163	99,872
Unused amounts reversed	(2,341)	(281)	(2,622)
At 31 December 2018	32,448	92,409	124,857

As at 31 December 2018, the gross carrying amount of contract assets and trade and other receivables (excluding prepayments) was RMB39,452,681,000 and thus the maximum exposure to loss was RMB39,271,824,000.

(d) Liquidity risk

Management aims to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of available financing, including proceeds from pre-sale of properties, committed credit facilities and short-term and long-term borrowings to meet its construction commitments.

The Group has a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment. These include control on investment in land bank, adjusting project development timetable to adapt the changing local real estate market environment, implementing cost control measures, promotion of sales of completed properties, accelerating sales with more flexible pricing etc. The Group will pursue such options basing on its assessment of relevant future costs and benefits.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

3 Financial Risk Management (Continued)

3.1 Financial risk factors (continued)

(d) Liquidity risk (continued)

The table below analyses the Group's financial liabilities maturity profile and derivative financial instruments at the balance sheet date. The amounts disclosed thereon are the contractual undiscounted cash flows. Balances due within 12 months from the balance sheet date equal to their carrying amounts in the balance sheets, as the impact of discount should not be significant.

Contractual maturities of financial liabilities	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
At 31 December 2018					
Non-derivatives					
Borrowings	40,650,890	22,107,420	30,333,674	7,415,012	100,506,996
Trade and other payables(*)	36,439,895	—	—	—	36,439,895
Total non-derivatives	77,090,785	22,107,420	30,333,674	7,415,012	136,946,891
Derivatives					
Gross settled (forward foreign exchange contracts)					
— (inflow)	(99,948)	(476)	—	—	(100,424)
— outflow	107,140	6,620	—	—	113,760
	7,192	6,144	—	—	13,336
At 31 December 2017					
Non-derivatives					
Borrowings	30,698,679	15,111,362	17,661,969	7,915,696	71,387,706
Trade and other payables(*)	21,013,781	—	—	—	21,013,781
Total non-derivatives	51,712,460	15,111,362	17,661,969	7,915,696	92,401,487
Derivatives					
Gross settled (forward foreign exchange contracts)					
— (inflow)	(24,094)	(21,727)	—	—	(45,821)
— outflow	264,939	26,130	—	—	291,069
	240,845	4,403	—	—	245,248

* Excluding staff welfare benefit payable, other taxes payable and advance from disposal of a subsidiary.

(All amounts in RMB thousands unless otherwise stated)

3 Financial Risk Management (Continued)

3.1 Financial risk factors (continued)

(e) Price risk

Exposure

The Group's exposure to equity securities price risk arises from investments held by the Group and classified in the consolidated balance sheet as financial assets at fair value through profit or loss (2017: Available-for-sale financial assets).

To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The majority of the Group's equity investments are publicly traded.

Sensitivity

The table below summarises the impact of increases/(decreases) of price of the stocks, which the Group purchased, on the Group's before tax profit for the period. The analysis is based on that the stock price increased by 5% and 10% respectively or decreased by 5% and 10% with all other variables held constant, and that all the Group's equity instruments moved in line with the indexes.

	Impact on post tax profit	
	2018	2017
Price of each stock – increase 5%	137,616	60,224
Price of each stock – decrease 5%	(137,616)	(60,224)
Price of each stock – increase 10%	275,231	120,448
Price of each stock – decrease 10%	(275,231)	(120,448)

Post-tax profit for the year would increase/(decrease) as a result of gains/(losses) on equity securities classified as at fair value through profit or loss.

3.2 Capital risk management

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

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

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

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

3 Financial Risk Management (Continued)

3.2 Capital risk management (continued)

	2018	2017
Total borrowings (note 26)	88,529,357	61,675,239
Less: cash and cash equivalents (note 20)	(35,776,231)	(19,041,948)
restricted cash (note 19)	(9,285,376)	(11,078,175)
Net borrowings	43,467,750	31,555,116
Total equity	54,980,933	44,176,230
Gearing ratio	79.1%	71.4%

The increase in the gearing ratio during the year ended 31 December 2018 was primarily resulted from the increase in borrowings.

3.3 Fair value estimation

(i) Fair value hierarchy

At 31 December 2018	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at FVPL				
— Hong Kong listed equity securities and debt instruments	2,752,310	—	—	2,752,310
— Unlisted equity securities	—	—	459,721	459,721
— Wealth management products	—	—	20,000	20,000
Total financial assets	2,752,310	—	479,721	3,232,031
Financial liabilities				
Derivative financial instruments	—	13,336	—	13,336
Total financial liabilities	—	13,336	—	13,336

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

3 Financial Risk Management (Continued)

3.3 Fair value estimation (continued)

(i) Fair value hierarchy (continued)

At 31 December 2017	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at FVPL				
— Hong Kong listed equity securities	1,204,478	—	—	1,204,478
Available-for-sale financial assets	—	—	277,500	277,500
Total financial assets	1,204,478	—	277,500	1,481,978
Financial liabilities				
Derivative financial instruments	—	245,248	—	245,248
Total financial liabilities	—	245,248	—	245,248

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

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 31 December 2018.

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

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined 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.

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

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

3 Financial Risk Management (Continued)

3.3 Fair value estimation (continued)

(ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments.
- The fair value of foreign currency forwards is determined using forward exchange rates at the balance sheet date.
- The fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 1 and 2 except for unlisted equity securities and wealth management products explained in (iii) below.

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

The following table presents the changes in level 3 instruments for the year ended 31 December 2018:

	31 December 2018	31 December 2017
Unlisted equity securities		
Opening balance	277,500	277,500
Additions	25,333,568	—
Gains recognised in "other gains, net"	203,033	—
Transfer to Hong Kong listed equity securities due to listing of the investee	(160,000)	—
Redemption of wealth management products	(25,174,380)	—
Closing balance	479,721	277,500

Valuation processes

The finance department of the Group includes a team that performs the valuations of level 3 instruments for financial reporting purposes. The team manages the valuation exercise of the investments on a case by case basis. At least once every year, the team would use valuation methodologies to determine the fair value of the Group's level 3 instruments. External valuation experts will be involved when necessary.

(All amounts in RMB thousands unless otherwise stated)

3 Financial Risk Management (Continued)

3.3 Fair value estimation (continued)

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

Valuation processes (continued)

The valuation of the level 3 instruments included the unlisted equity securities and wealth management product (note 15) only. As the investments are not traded in an active market, their fair value have been determined by discounted cash flows. The main level 3 inputs used by the Group in measuring the fair value of financial instruments are derived and evaluated as follows:

- Discount rates: these are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.
- Earnings growth factor for unlisted equity securities and wealth management products: these are estimated based on market information for similar types of companies and products.
- Expected cash inflows: these are estimated based on the terms of the sale contract, the entity's knowledge of the business and how the current economic environment is likely to impact it.

(iv) Fair values of other financial instruments

The Group also has a number of financial instruments which are not measured at fair value in the balance sheet. For the majority of these instruments, the fair values are not materially different to their carrying amounts, since the interest receivable and payable is either close to current market rates or the instruments are short-term in nature.

4 Critical Accounting Estimates and Judgements

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

4.1 Critical accounting estimates and assumptions

The Group 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 discussed below.

(a) Provisions for impairment of properties under development, completed properties held for sale and long-term assets held for hotel operations

Provision is made when events or changes in circumstances indicate that the carrying amounts may not be recoverable. For the purpose of assessing provision for impairment, properties under development, completed properties held for sale and long-term assets held for hotel segment are grouped at the lowest levels for which there are separately identifiable cash flows. The recoverability of the carrying amounts of land use rights for property development, properties under development and completed properties held for sale was assessed according to their recoverable amount, taking into account for costs to completion based on past experience and net sales value based on prevailing market conditions. The recoverable amounts of long-term assets held for hotel operation have been determined based on value-in-use calculations, taking into account latest market information and past experience. The assessment requires the use of judgement and estimates.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

4 Critical Accounting Estimates and Judgements (Continued)

4.1 Critical accounting estimates and assumptions (continued)

(a) Provisions for impairment of properties under development, completed properties held for sale and long-term assets held for hotel operations (continued)

As at 31 December 2018, a provision for completed properties held for sale of RMB677,738,000 (2017: RMB349,126,000) and a provision for properties under development of RMB1,264,729,000 (2017: RMB103,571,000) were made. No impairment was provided for long-term asset held for hotel operation.

(b) Fair value of investment properties

The best evidence of fair value is current prices in an active market for the properties with similar lease and other contracts. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making its judgement, the Group considers information from a variety of sources including:

- (i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;
- (ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices;
- (iii) discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using capitalisation rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows; and
- (iv) estimated costs to completion and expected developer's profit margin, derived from the construction budget and historical information of similar properties.

The Group assesses the fair value of its investment properties based on valuations determined by independent and professional qualified valuer.

The fair value gains from completed investment properties and investment properties under construction are disclosed in Note 9.

(c) Current and deferred income tax

The Group is subject to corporate income taxes in the PRC. Judgement is required in determining the amount of the provision for taxation and the timing of payment of the related taxations. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(All amounts in RMB thousands unless otherwise stated)

4 Critical Accounting Estimates and Judgements (Continued)

4.1 Critical accounting estimates and assumptions (continued)

(c) Current and deferred income tax (continued)

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.

(d) Land appreciation taxes

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including land cost, borrowing costs and all property development expenditures

The subsidiaries of the Group engaging in property development business in the PRC are subject to land appreciation taxes, which have been included in the income tax expenses. However, the implementation of these taxes varies amongst various PRC cities and the Group has not finalised its land appreciation tax returns with various tax authorities for certain projects. Accordingly, judgement is required in determining the amount of land appreciation and its related taxes payable. The Group recognises these liabilities based on management's best estimates. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax expenses and provisions of land appreciation taxes in the period in which such determination is made.

(e) Recoverability of contract assets and trade and other receivables

The management assesses on a forward looking basis the expected credit losses associated with its contract assets and trade and other receivables. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The allowance are applied to these contract assets and receivables where the expectation is different from the original estimate, such difference will impact the carrying amount of contract assets and trade and other receivables and impairment charge in the periods in which such estimate has been changed.

As at 31 December 2018, the provision for impairment of contract asset and trade and other receivables is RMB124,857,000 (2017: RMB7,443,000).

(f) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2.11, where the recoverable amounts of the CGU is determined based on value-in-use calculations. These calculations require the use of estimates. Details of impairment assessment, key assumptions and impact of possible changes in key assumptions are disclosed in note 8.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

5 Segment Information

(a) Description of segments and principal activities

The executive directors of the Company, which are the chief operating decision-makers of the Group, review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on reports reviewed by the executive directors of the Company that are used to make strategy decision.

The Group is organised into five business segments: property development, property management, hotel operations, property investment and environmental protection. The associates and joint ventures of the Group are principally engaged in property development, property management and environmental protection and are included in the property development, property management and environmental protection segment respectively. As the executive directors of the Company consider most of the Group's consolidated revenue and results are attributable from the market in the PRC. Most of the non-current assets are located in the PRC, and less than 10% of the Group's consolidated assets are located outside the PRC, geographical segment information is not considered necessary.

The executive directors of the Company assess the performance of the operating segments based on a measure of segment results, being profit before income tax before deducting finance costs.

The Group has a large number of customers, none of whom contributed 5% or more of the Group's revenue.

Analysis of revenue from external customers by the category for the years ended 31 December 2018 and 2017 is as follows:

	2018	2017
Sales of developed properties	52,487,664	49,261,750
Property management services	2,132,813	1,290,148
Hotel operations	721,667	683,939
Rental income from investment properties	189,045	166,502
Environmental protection services	613,737	204,720
	56,144,926	51,607,059

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

5 Segment Information (Continued)

(a) Description of segments and principal activities (continued)

Segment information provided to the executive directors of the Company for the reporting segments for the years ended 31 December 2018 and 2017 are as follows:

Year ended 31 December 2018

	Property development	Property management	Hotel operations	Property investment	Environmental protection	Elimination	Group
Gross segment sales	52,487,664	3,376,749	721,667	189,045	613,737	—	57,388,862
Inter-segment sales	—	(1,243,936)	—	—	—	—	(1,243,936)
Sales to external customers	52,487,664	2,132,813	721,667	189,045	613,737	—	56,144,926
Timing of revenue recognition							
— At a point in time	51,668,575	4,195	—	—	—	—	51,672,770
— Over time	819,089	2,128,618	721,667	189,045	613,737	—	4,472,156
Fair value gains on investment properties (note 9)	—	—	—	1,952,355	—	—	1,952,355
Operating profit/(loss)	18,952,097	1,076,280	(127,848)	2,020,407	197,418	—	22,118,354
Share of post-tax profit of associates (note 10)	17,525	—	—	—	4,772	—	22,297
Share of post-tax (loss)/profit of joint ventures (note 11)	(23,357)	(68)	—	—	28,226	—	4,801
Segment result	18,946,265	1,076,212	(127,848)	2,020,407	230,416	—	22,145,452
Finance costs, net (note 34)							(2,744,353)
Profit before income tax							19,401,099
Income tax expenses (note 35)							(11,043,282)
Profit for the year							8,357,817
Depreciation	192,439	10,121	280,794	—	31,161	—	514,515
Amortisation of land use rights and intangible assets	16,805	23,302	48,670	—	5,177	—	93,954
Write-down of properties under development and completed properties held for sale	1,489,770	—	—	—	—	—	1,489,770

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

5 Segment Information (Continued)

(a) Description of segments and principal activities (continued)

Year ended 31 December 2017

	Property development	Property management	Hotel operations	Property investment	Environmental protection	Elimination	Group
Gross segment sales	49,261,750	1,760,753	683,939	166,502	204,720	—	52,077,664
Inter-segment sales	—	(470,605)	—	—	—	—	(470,605)
Sales to external customers	49,261,750	1,290,148	683,939	166,502	204,720	—	51,607,059
Timing of revenue recognition							
— At a point in time	49,261,750	—	—	—	—	—	49,261,750
— Over time	—	1,290,148	683,939	166,502	204,720	—	2,345,309
Fair value gains on investment properties (note 9)	—	—	—	4,376	—	—	4,376
Operating profit/(loss)	16,205,456	398,417	(57,255)	26,382	25,147	—	16,598,147
Share of post-tax profit of associates (note 10)	85,953	—	—	—	—	—	85,953
Share of post-tax profit of joint ventures (note 11)	83,388	—	—	—	—	—	83,388
Segment result	16,374,797	398,417	(57,255)	26,382	25,147	—	16,767,488
Finance costs, net (note 34)							(898,674)
Profit before income tax							15,868,814
Income tax expenses (note 35)							(9,088,536)
Profit for the year							6,780,278
Depreciation	214,840	7,354	274,497	—	7,687	—	504,378
Amortisation of land use rights and intangible assets	15,850	8,148	61,295	—	1,401	—	86,694
Write-down of completed properties held for sale	312,722	—	—	—	—	—	312,722

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

5 Segment Information (Continued)

(a) Description of segments and principal activities (continued)

Segment assets and liabilities and capital expenditure as at 31 December 2018 are as follow:

	Property development	Property management	Hotel operations	Property investment	Environmental protection	Elimination	Group
Segment assets	192,769,689	7,280,920	8,432,727	8,804,220	6,955,524	(1,628,423)	222,614,657
Unallocated assets							7,831,130
Total assets							230,445,787
Segment assets include:							
Interests in associates (note 10)	831,121	—	—	—	120,272	—	951,393
Interests in joint ventures (note 11)	8,879,241	422	—	—	257,297	—	9,136,960
Segment liabilities	59,113,638	1,558,055	3,449,498	18,839	5,511,922	(1,628,423)	68,023,529
Unallocated liabilities							107,441,325
Total liabilities							175,464,854
Capital expenditure	356,805	100,326	108,331	—	1,339,968	—	1,905,430

Segment assets and liabilities and capital expenditure as at 31 December 2017 are as follow:

	Property development	Property management	Hotel operations	Property investment	Environmental protection	Elimination	Group
Segment assets	142,059,581	2,498,963	8,813,269	5,886,604	1,457,382	(1,802,928)	158,912,871
Unallocated assets							4,444,795
Total assets							163,357,666
Segment assets include:							
Interests in associates (note 10)	567,221	—	—	—	—	—	567,221
Interests in joint ventures (note 11)	6,438,514	—	—	—	—	—	6,438,514
Segment liabilities	38,968,256	952,375	4,174,525	33,502	399,193	(1,802,928)	42,724,923
Unallocated liabilities							76,456,513
Total liabilities							119,181,436
Capital expenditure	74,857	29,564	145,301	19,432	274,978	—	544,132

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

5 Segment Information (Continued)

(a) Description of segments and principal activities (continued)

Segment assets and liabilities are reconciled to total assets and liabilities as at 31 December 2018 as follows:

	Assets	Liabilities
Segment assets/liabilities	222,614,657	68,023,529
Unallocated:		
Deferred income taxes	1,433,982	1,884,085
Prepaid income taxes	3,165,117	—
Financial assets at fair value through profit or loss	3,232,031	—
Derivative financial instruments	—	13,336
Current income tax liabilities	—	17,014,547
Current borrowings	—	35,332,872
Non-current borrowings	—	53,196,485
Total	230,445,787	175,464,854

Segment assets and liabilities are reconciled to total assets and liabilities as at 31 December 2017 as follows:

	Assets	Liabilities
Segment assets/liabilities	158,912,871	42,724,923
Unallocated:		
Deferred income taxes	986,760	1,174,595
Prepaid income taxes	2,253,557	—
Financial assets at fair value through profit or loss	1,204,478	—
Derivative financial instruments	—	245,248
Current income tax liabilities	—	13,361,431
Current borrowings	—	27,146,235
Non-current borrowings	—	34,529,004
Total	163,357,666	119,181,436

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

5 Segment Information (Continued)

(b) Assets and liabilities related to contracts with customers

The Group has recognised the following assets and liabilities related to contracts with customers:

	As at 31 December 2018
Current contract assets relating to properties sale contracts	449,094
Loss allowance	(379)
Total contract assets	448,715

Inter-segment transfers or transactions are entered into at terms and conditions agreed upon by respective parties.

Eliminations comprise inter-segment trade and non-trade balances.

Pricing policy for inter-segment transactions is determined by reference to market price.

Segment assets consist primarily of property, plant and equipment, land use rights, properties under development, completed properties held for sale, investment properties, receivables and cash balances. Unallocated assets comprise deferred tax assets, prepaid income taxes and financial assets at fair value through profit or loss. Segment liabilities comprise operating liabilities. Unallocated liabilities comprise taxation, borrowings and derivative financial instruments.

Capital expenditure comprises additions to property, plant and equipment, land use rights for self-owned properties, investment properties and intangible assets.

(c) Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	As at 31 December 2018
Contract liabilities	
— Related parties (note 43(c))	3,530
— Third parties	25,486,028
	25,489,558

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

5 Segment Information (Continued)

(c) Contract liabilities (continued)

(i) 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.

(ii) Revenue recognised in relation to contract liabilities

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

Revenue recognised that was included in the balance of contract liabilities at the beginning of the 2018	
Sales of properties	13,971,386
Property management services	246,443
Value-added services	10,201
	14,228,030

(iii) Unsatisfied performance obligations

For sales of properties, the Group recognises revenue when or as the control of the asset is transferred to the purchaser. 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. The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year, the transaction price allocated to these unsatisfied contracts is not disclosed as permitted by HKFRS15.

For property management services and part of value-added services, the Group recognises revenue in the amount that equals to the right to invoice which corresponds directly with the value to the customer of the Group's performance to date, on a monthly basis. The Group has elected the practical expedient for not to disclose the remaining performance obligations for these type of contracts. The majority of the property management services contracts do not have a fixed term.

For value-added services related to property management, they are rendered in short period of time, which is generally less than a year, and the Group has elected the practical expedient for not to disclose the remaining performance obligations for these type of contracts.

(d) Assets recognised from incremental costs to obtain a contract

During the year ended 31 December 2018, there was no significant incremental costs to obtain a contract.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

6 Property, Plant and Equipment

	Buildings	Transportation equipment	Office equipment	Machinery	Construction in progress	Total
At 1 January 2017						
Cost	7,043,062	183,730	165,541	214,659	1,366,213	8,973,205
Accumulated depreciation	(1,262,212)	(134,747)	(143,265)	(123,834)	—	(1,664,058)
Net book amount	5,780,850	48,983	22,276	90,825	1,366,213	7,309,147
Year ended 31 December 2017						
Opening net book amount	5,780,850	48,983	22,276	90,825	1,366,213	7,309,147
Additions	220,581	6,824	35,745	35,854	203,723	502,727
Acquisition of subsidiaries	28,039	1,055	1,510	60,532	—	91,136
Transfer from investment properties (note 9)	247,557	—	—	—	—	247,557
Transfer to properties under development	(465)	—	—	—	—	(465)
Disposals	(61,935)	(472)	(569)	(8,820)	(891)	(72,687)
Depreciation	(438,683)	(22,073)	(26,056)	(17,566)	—	(504,378)
Closing net book amount	5,775,944	34,317	32,906	160,825	1,569,045	7,573,037
At 31 December 2017						
Cost	7,412,424	185,215	200,852	300,402	1,569,045	9,667,938
Accumulated depreciation	(1,636,480)	(150,898)	(167,946)	(139,577)	—	(2,094,901)
Net book amount	5,775,944	34,317	32,906	160,825	1,569,045	7,573,037
Year ended 31 December 2018						
Opening net book amount	5,775,944	34,317	32,906	160,825	1,569,045	7,573,037
Additions	36,033	239,630	57,999	17,358	772,550	1,123,570
Revaluation surplus (note 6(c))	348,148	—	—	—	—	348,148
Acquisition of subsidiaries (note 39)	23,759	9,199	2,005	8,851	480,928	524,742
Transfer from completed construction projects	124,784	214	569	13,800	(139,367)	—
Transfer from investment properties (note 9)	176,920	—	—	—	—	176,920
Transfer to investment properties (note 6(c))	(400,528)	—	—	—	—	(400,528)
Transfer to properties under development	(51,623)	—	—	—	—	(51,623)
Disposals	(15,906)	(3,616)	(2,186)	(3,918)	(598)	(26,224)
Depreciation	(437,207)	(34,444)	(23,798)	(19,066)	—	(514,515)
Closing net book amount	5,580,324	245,300	67,495	177,850	2,682,558	8,753,527
At 31 December 2018						
Cost	7,659,764	403,640	186,691	327,396	2,682,558	11,260,049
Accumulated depreciation	(2,079,440)	(158,340)	(119,196)	(149,546)	—	(2,506,522)
Net book amount	5,580,324	245,300	67,495	177,850	2,682,558	8,753,527

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

6 Property, Plant and Equipment (Continued)

Depreciation expenses were charged to the following categories in the consolidated income statement:

	2018	2017
Cost of sales	363,308	349,111
Selling and marketing costs	37,552	36,231
Administrative expenses	113,655	119,036
	514,515	504,378

Notes:

- (a) As at 31 December 2018, buildings of RMB2,527,699,000 (2017: RMB2,713,839,000) were pledged as collateral for the Group's borrowings (note 26).
- (b) During the year ended 31 December 2018, the Group has capitalised borrowing costs amounting to RMB5,435,000 (2017: RMB4,231,000) on property, plant and equipment. Borrowing costs were capitalised at the weighted average rate of its general borrowings of 7.27% (2017: 6.20%).
- (c) Certain property, plant and equipment of RMB400,528,000 and land use right of RMB23,073,000 were transferred to investment property on the inception of operating lease with a revaluation surplus of RMB348,148,000 on the date transferred, which the corresponding revaluation surplus net of tax were recorded in other comprehensive income and consolidated balance sheet respectively of RMB261,111,000 and the deferred tax liabilities of RMB87,037,000.
- (d) Buildings mainly represent the office buildings and hotel buildings. Constructions in progress mainly represent construction costs and other costs incurred for the construction of environmental factories and equipment.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

7 Land Use Rights

	2018	2017
At 1 January	2,073,655	2,029,966
Addition	30,522	—
Acquisition of subsidiaries (note 39)	90,586	81,713
Transfer (to)/from properties under development (note (b))	(57,449)	72,346
Transfer to investment properties (note 9, note 6(c))	(23,073)	—
Disposal	(13,349)	(41,193)
Amortisation		
— Capitalised in construction in progress	(5,411)	(6,233)
— Recognised as cost of sales (note 32)	(41,222)	(41,291)
— Recognised as expenses (note 32)	(15,023)	(21,653)
	2,039,236	2,073,655

Notes:

- (a) Land use rights comprise cost of acquiring usage rights of certain land, which are located in the PRC, held on leases of over 40 years, and mainly for hotel properties or self-used buildings over fixed periods.
- (b) During the year ended 31 December 2018, certain own used land use rights with carrying value of RMB57,449,000 were reclassified to properties under developments as a result of change in development plan (2017: RMB72,346,000 were reclassified from properties under developments to own used land use rights).
- (c) As at 31 December 2018, land use rights of RMB1,285,839,000 (2017: RMB1,455,257,000) were pledged as collateral for the Group's borrowings (note 26).

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

8 Intangible Assets

	Construction license	Computer software	Patent and trademarks	Customer relationship	Subtotal	Goodwill (note b)	Total
At 1 January 2017							
Cost	27,274	113,910	—	—	141,184	—	141,184
Accumulated amortisation	(27,274)	(58,553)	—	—	(85,827)	—	(85,827)
Net book amount	—	55,357	—	—	55,357	—	55,357
Year ended 31 December 2017							
Opening net book amount	—	55,357	—	—	55,357	—	55,357
Additions	—	22,438	—	—	22,438	—	22,438
Acquisition of subsidiaries (note(c))	—	—	18,000	77,000	95,000	1,303,095	1,398,095
Amortisation (note(a))	—	(10,904)	(1,800)	(4,813)	(17,517)	—	(17,517)
Closing net book amount	—	66,891	16,200	72,187	155,278	1,303,095	1,458,373
At 31 December 2017							
Cost	27,274	136,348	18,000	77,000	258,622	1,303,095	1,561,717
Accumulated amortisation	(27,274)	(69,457)	(1,800)	(4,813)	(103,344)	—	(103,344)
Net book amount	—	66,891	16,200	72,187	155,278	1,303,095	1,458,373
Year ended 31 December 2018							
Opening net book amount	—	66,891	16,200	72,187	155,278	1,303,095	1,458,373
Additions	—	10,900	—	—	10,900	—	10,900
Acquisition of subsidiaries (note (c), note 39)	—	6,169	52,081	66,860	125,110	538,518	663,628
Amortisation (note(a))	—	(11,364)	(4,293)	(16,641)	(32,298)	—	(32,298)
Closing net book amount	—	72,596	63,988	122,406	258,990	1,841,613	2,100,603
At 31 December 2018							
Cost	27,274	153,417	70,081	143,860	394,632	1,841,613	2,236,245
Accumulated amortisation	(27,274)	(80,821)	(6,093)	(21,454)	(135,642)	—	(135,642)
Net book amount	—	72,596	63,988	122,406	258,990	1,841,613	2,100,603

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

8 Intangible Assets (Continued)

Notes:

- (a) Amortisation expenses were charged to the following categories in the consolidated income statement:

	2018	2017
Cost of sales	19,395	7,157
Selling and marketing costs	817	757
Administrative expenses	12,086	9,603
	32,298	17,517

- (b) The excess of the consideration transferred over the fair value of the identifiable net assets acquired is recorded as goodwill. Goodwill as at 31 December 2018 was comprised of the followings:

	2018	2017
Goodwill arising from acquisition of property management companies (note 39)	1,045,362	918,967
Goodwill arising from acquisition of environmental protection companies (note 39)	688,734	384,128
Goodwill arising from other acquisitions (note 39)	107,517	—
	1,841,613	1,303,095

- (c) Intangible assets through acquisition of subsidiaries

An independent valuation was performed by an independent valuer to determine the amount of the trademarks and customer relationship. Methods and key assumptions in determining the fair value of trademarks and customer relationship as at acquisition date are disclosed as follows:

	Valuation technique	Discount rate	Expected life of the intangible assets as at 31 December 2018
Trademarks	Discounted cash flow	19.8%	10 years
Customer relationship	Discounted cash flow	18.3–19.8%	6 or 8 years

As at 31 December 2018, the Company completed its acquisitions of the equity interests in property management companies, environmental protection companies and others at the consideration of RMB212,533,000, RMB766,850,000 and RMB214,800,000 respectively (note 39).

As at 31 December 2018, management performed an impairment assessment on the goodwill and other intangible assets. The recoverable amounts have been determined based on value-in-use calculation. The calculation used cash flow projections on financial budgets covering a five-year period for property management companies, environmental protection companies and others and a six-year period for one of property management companies approved by management.

Management extended the five-year projection for additional one year projection of a property management company based on the consideration that during 2019 to 2023, a significant increment in projected revenue is attributable to the significant incremental gross floor area according to the investment cooperation framework agreement with a third party. Management considered that before the projections move into a long term stable period, such momentum of revenue growth during 2019 to 2023 will continue for another one year after 2023.

The recoverable amounts of the property management companies have been assessed by an independent valuer.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

8 Intangible Assets (Continued)

Notes: (Continued)

(c) Intangible assets through acquisition of subsidiaries (Continued)

The following table sets forth each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill as at 31 December 2018:

	Property management companies	Environmental protection companies	Others
Revenue 2019 (% annual growth rate)	28%–101%	8%–89%	11%–36%
Revenue 2020 (% annual growth rate)	11%–86%	6%–68%	7%–25%
Revenue — 2021 to 2023 (% annual growth rate)	5%–49%	5%–30%	6%–20%
Revenue 2024 (% annual growth rate)	3%–9%	3%	3%
Gross margin (% of revenue)	22%–30%	20%–79%	13%–16%
Long-term growth rate	3%	3%	3%
Pre-tax discount rate	19.9%–20.6%	16%	20%

As at 31 December 2018, the recoverable amount of RMB1,695 million of the property management business calculated based on value-in-use exceeded its carrying value of RMB1,525 million by RMB170 million. A 2.64–5.68% decrease in estimated annual revenue growth rate, a 0.93%–2.23% decrease in estimated gross margin, a 2.74% decrease in estimated long term growth rate or a 2.44%–8.05% increase in estimated pre-tax discount rate, all changes taken in isolation in the value-in-use calculations, would remove the remaining headroom.

There are no reasonably possible changes in any of the key assumptions that would have resulted in an impairment write-down in the environmental protection and other companies.

By reference to the recoverable amount assessed by the independent valuer as at 31 December 2018, the directors of the Group determined that no impairment provision on goodwill and other intangible assets was required as at 31 December 2018.

9 Investment Properties

	2018	2017
Opening net book amount	5,886,604	6,326,943
Capitalised subsequent expenditure	—	19,432
Disposals	—	(216,590)
Transfer from completed properties held for sale (note (h))	718,580	—
Transfer from property, plant and equipment (note 6(c))	400,528	—
Transfer from land use rights (note 6(c))	23,073	—
Transfer to property, plant and equipment (note (i))	(176,920)	(247,557)
Revaluation gains recognised in consolidated income statement	1,952,355	4,376
Closing net book amount	8,804,220	5,886,604
Investment properties:		
— Completed investment properties	7,550,320	5,886,604
— Investment properties under construction	1,253,900	—
Total	8,804,220	5,886,604

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

9 Investment Properties (Continued)

Notes:

- (a) The investment properties are located in the PRC and are held on lease of between 40 to 70 years.
- (b) Amounts recognised in the consolidated income statement for investment properties:

	2018	2017
Rental income	189,045	166,502
Direct operating expenses of investment properties that generated rental income	(95,396)	(73,206)
Direct operating expenses of investment properties that did not generate rental income	(25,598)	(24,403)
	68,051	68,893

As at 31 December 2018, the Group had no unprovided contractual obligations for future repairs and maintenance (2017: nil).

- (c) Fair value hierarchy
As at 31 December 2018 and 2017, all of the Group's investment properties were within level 3 of the fair value hierarchy as the valuation were arrived at by reference to certain significant unobservable inputs. There were no transfers between levels 1, 2 and 3 during the year.
- (d) Valuation processes of the Group
The Group's investment properties were valued at 31 December 2018 by an independent professionally qualified valuer, Vigers Appraisal & Consulting Limited, who holds a recognised relevant professional qualification and has recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

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

At each financial year end, the finance department:

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

Changes in Level 2 and 3 fair values are analysed at each reporting date during the bi-annual valuation discussions between the executive directors and the valuation team. As part of this discussion, the team presents a report that explains the reasons for the fair value movements.

Valuation techniques

Fair values of completed commercial properties and commercial property under development are generally derived using the income capitalisation method. This valuation method is based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to valuers, view of recent lettings, within the subject properties and other comparable properties.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

9 Investment Properties (Continued)

Notes (continued):

(d) Valuation processes of the Group (continued)

Fair values of car parks are evaluated by using direct comparison approach, which is adopted assuming sale of each of these properties in its existing state with the benefit of vacant possession. By making reference to sales transactions as available in the relevant market, comparable properties in close proximity have been selected and adjustments have been made to account for the difference in factors such as location and property size.

(e) Valuation techniques

	Description	Location	Fair value as at 31 December 2018	Valuation techniques	Unobservable inputs	Range of unobservable inputs
Completed investment properties	Office and retail shop	PRC	7,301,120	Income capitalisation	Term yields	4%
					Reversionary yields	4%–7%
					Market rents (RMB/square meter/month)	30–972
	Car park	PRC	249,200	Direct comparison method	Market price (RMB/square meter)	3,327–8,407
Investment properties under construction	Retail shop	PRC	1,253,900	Income capitalisation	Budgeted construction costs to be incurred (RMB/square meter)	1,211
					Market rents (RMB/square meter/month)	41–197
					Reversionary yields	5%
					Discount rate	6%

	Description	Location	Fair value as at 31 December 2017	Valuation techniques	Unobservable inputs	Range of unobservable inputs
Completed investment properties	Office and retail shop	PRC	5,649,864	Income capitalisation	Term yields	4%–7.25%
					Reversionary yields	4.5%–8%
					Market rents (RMB/square meter/month)	35–1,000
	Car park	PRC	236,740	Direct comparison method	Market price (RMB/square meter)	3,161–7,987

There are inter-relationships between unobservable inputs.

For office and retail, increase in term yields and revisionary yields may result in decrease of fair value. Increase in market rent may result in increase of fair value.

For car park, increase in market price may result in increase in fair value.

For investment properties under construction, increase in budgeted construction costs to be incurred may result in decrease in fair value. Increase in revisionary yields and discount rate may result in decrease of fair value. Increase in market rent may result in increase of fair value.

There are no changes to the valuation technique during the year ended 31 December 2018.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

9 Investment Properties (Continued)

Note (continued):

(f) Investment properties pledged as security
As at 31 December 2018, investment properties of RMB5,854,120,000 (2017: RMB4,593,324,000) and certain rights of receiving rental income were pledged as collateral for the Group's bank borrowings (note 26).

(g) Leasing arrangements
Certain investment properties are leased to tenants under long term operating leases with rentals payable monthly. Minimum lease payments receivable on leases of investment properties are disclosed in note 42.

The period of leases whereby the Group leases out its investment properties under operating leases ranged from 1 year to 20 years.

(h) During the year ended 31 December 2018, certain retail shops was transfer from the completed properties held for sale to investment properties.

(i) During the year ended 31 December 2018, certain floor areas of office buildings were transferred from investment properties to property, plant and equipment as the Group started to occupy such areas as office.

10 Interests in Associates

The directors of the Group consider that none of the associates as at 31 December 2018 and 31 December 2017 was significant to the Group and thus the individual financial information of the associates was not disclosed. The summarised financial information of individually immaterial associates on an aggregate basis is as follows:

The movement of the interests in associates during the year is as follows:

	2018	2017
Balance as at 1 January	567,221	114,461
Addition	361,875	366,807
Share of post-tax profit of associates	22,297	85,953
Balance as at 31 December	951,393	567,221

The associates are accounted for using the equity method. The directors consider there are no individually material associates. The aggregate amounts of the Group's shares of the associates are as follows:

	2018	2017
Gains from continuing operations	22,297	85,953
Total comprehensive income	22,297	85,953

As at 31 December 2018, the Group's shares of losses of certain associates exceeds its interests in the underlying entities, and the unrecognised share of losses of the associates amounted to RMB3,362,000 (31 December 2017: nil).

The contingent liabilities relating to the Group's interest in the associates are disclosed in note 40. There is no commitment relating to the Group's interests in the associates.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

11 Interests in Joint Ventures

The directors of the Group consider that none of the joint ventures as at 31 December 2018 and 31 December 2017 was significant to the Group and thus the individual financial information of the joint ventures was not disclosed. The summarised financial information of individually immaterial joint ventures on an aggregate basis is as follows:

The movement of the interest in joint ventures is as follows:

	2018	2017
Balance as at 1 January	6,438,514	4,624,663
Addition	2,693,645	1,730,463
Share of post-tax profit of joint ventures	4,801	83,388
Balance as at 31 December	9,136,960	6,438,514

The joint ventures are accounted for using the equity method. The Directors consider there are no individually material joint ventures. The aggregate amounts of the Group's shares of the joint ventures are as follows:

	2018	2017
Gains from continuing operations	4,801	83,388
Total comprehensive income	4,801	83,388

As at 31 December 2018, the Group's shares of losses of certain joint ventures exceeds its interest in the underlying entities, and the unrecognised share of losses of the joint ventures amounted to RMB189,920,000 (31 December 2017: RMB61,481,000).

The contingent liabilities relating to the Group's interests in the joint ventures are disclosed in note 40. There is no commitment relating to the Group's interests in the joint ventures.

12 Prepayments for Acquisition of Equity Interests

The amounts represent the prepayments for acquisition of equity interests in certain unlisted companies from several third parties, which are non-refundable.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

13 Properties under Development

	2018	2017
Properties under development expected to be completed:		
— Within one operating cycle included under current assets	73,631,444	46,990,187
— Beyond one operating cycle included under non-current assets	16,936,396	17,826,344
	90,567,840	64,816,531
Properties under development comprise:		
— Construction costs and capitalised expenditures	16,668,090	14,639,021
— Capitalised interests	4,919,100	3,517,374
— Land use rights	68,980,650	46,660,136
	90,567,840	64,816,531

Most of the Group's properties under development are located in the PRC. The relevant land use rights in the PRC are on leases of 40 to 70 years.

The capitalisation rate of borrowings is 7.27% for the year ended 31 December 2018 (2017: 6.20%).

As at 31 December 2018, a provision of RMB1,264,729,000 was made to write down the properties under development (31 December 2017: RMB103,571,000).

As at 31 December 2018, land use rights included in the properties under development with net book value of RMB38,935,943,000 (2017: RMB14,498,817,000) were pledged as collateral for the Group's borrowings (note 26).

14 Completed Properties Held for Sale

All completed properties held for sale are located in the PRC. The relevant land use rights are on leases of 40 to 70 years.

As at 31 December 2018, a provision of RMB677,738,000 was made to write down the completed properties held for sale (31 December 2017: RMB349,126,000).

As at 31 December 2018, completed properties held for sale of approximately RMB94,341,000 (2017: RMB64,491,000) were pledged as collateral for the Group's bank borrowings (note 26).

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

15 Financial Assets at Fair Value Through Profit or Loss

Financial assets at fair value through profit or loss are all held for trading and include the following:

	2018	2017
Current assets		
Hong Kong listed equity securities and debt instruments	2,752,310	1,204,478
Unlisted equity securities	459,721	—
Wealth management products	20,000	—
	3,232,031	1,204,478

Notes:

- (a) Amounts recognised in profit or loss
Decreases in fair values of financial assets at fair value through profit or loss amounting to RMB352,434,000 are recorded as “other gains, net” (note 29) in consolidated financial statements.
- (b) Risk exposure and fair value measurements
Information about the Group’s exposure to price risk is provided in note 3.1(e). For information about the methods and assumptions used in determining fair value, please refer to note 3.3.

16 Financial Instruments by Category

Assets as per consolidated balance sheet

	2018	2017
Assets at amortised cost (2017: loan and receivables)		
Trade and other receivables excluding prepaid value added taxes and other taxes and prepayments	38,879,109	21,911,471
Restricted cash	9,285,376	11,078,175
Cash and cash equivalents	35,776,231	19,041,948
	83,940,716	52,031,594
Assets at fair value through profit or loss		
Available-for-sale financial assets	—	277,500
Financial assets at fair value through profit or loss	3,232,031	1,204,478
Total	87,172,747	53,513,572

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

16 Financial Instruments by Category (Continued)

Liabilities as per consolidated balance sheet

	2018	2017
Other financial liabilities at amortised cost		
Borrowings	88,529,357	61,675,239
Trade and other payables and accruals, excluding staff welfare benefit payable and other taxes payable	36,439,895	21,013,781
	124,969,252	82,689,020
Liabilities at fair value through profit or loss		
Derivative financial instruments	13,336	245,248
Total	124,982,588	82,934,268

17 Prepayments for Acquisition of Land Use Rights

Amounts represent up-front payments for acquiring land use rights for property development. The amounts will be transferred to properties under development in the balance sheet when the Group obtains contractual usage rights of the relevant lands.

18 Trade and Other Receivables

	2018	2017
Trade receivables (note (a))	6,709,562	6,664,759
Less: allowance for impairment of trade receivables (note 3.1(c))	(32,069)	(7,443)
Total trade receivables	6,677,493	6,657,316
Other receivables due from:		
— Associates (note 43(c))	5,280,259	2,625,524
— Joint ventures (note 43(c))	13,516,462	5,416,625
— Other related parties (note 43(c))	195,484	190,000
— Amounts due from non-controlling interests	1,272,542	637,390
— Third parties	10,911,505	5,161,860
Prepaid value added taxes and other taxes	887,133	657,806
Deposits for acquisition of land use rights	1,117,773	1,224,012
Prepayments	479,686	374,765
Less: allowance for impairment of other receivables (note 3.1(c))	(92,409)	(1,256)
Total other receivables	33,568,435	16,286,726
Less: other receivables due from related parties - non-current portion	(12,510,503)	(6,547,559)
Other receivables — current portion	21,057,932	9,739,167
Trade and other receivables — current portion	27,735,425	16,396,483

As at 31 December 2018, the fair value of trade and other receivables approximated their carrying amounts.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

18 Trade and Other Receivables (Continued)

Notes:

- (a) Trade receivables mainly arose from sales of properties and provision of property management services. Trade receivables are settled in accordance with the terms stipulated in the property sale and purchase agreements or property management service agreements. As at 31 December 2018 and 2017, the ageing analysis of the trade receivables based on invoice date is as follows:

	2018	2017
Within 90 days	3,662,447	4,268,721
Over 90 days and within 365 days	2,350,270	2,231,705
Over 365 days	696,845	164,333
	6,709,562	6,664,759

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 31 December 2018, a provision of RMB32,069,000 was made against the gross amounts of trade receivables (2017: RMB7,443,000) (note 3.1(c)).

As at 31 December 2018, trade receivable of approximately RMB1,519,914,000 (31 December 2017: RMB1,550,932,000) were pledged as collateral for Group's bank borrowings (note 26(c)).

- (b) The carrying amounts of trade and other receivables are mainly denominated in RMB.

19 Restricted Cash

As at 31 December 2018 and 2017, the Group's restricted cash were mainly denominated in RMB. The conversion of the PRC Group entities' RMB denominated bank balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

As at 31 December 2018 and 2017, restricted cash is mainly comprised of guarantee deposits for mortgage loans, guarantee deposits for construction of pre-sold properties, deposits for accident compensation and collateral for borrowings.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

20 Cash and Cash Equivalents

	2018	2017
Cash and cash equivalents comprise the following:		
Cash at bank and in hand	33,936,231	19,021,778
Short-term bank deposits	1,840,000	20,170
	35,776,231	19,041,948
Denominated in RMB (note (a))	33,061,738	18,092,478
Denominated in other currencies	2,714,493	949,470
	35,776,231	19,041,948

Notes:

- (a) The conversion of the PRC Group entities' RMB denominated bank balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

21 Share Capital and Premium

	Number of ordinary shares	Nominal value of ordinary shares HK\$'000	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000	Total RMB'000
Authorised					
As at 31 December 2018 and 2017	10,000,000,000	1,000,000			
Movements of issued and fully paid share capital					
Year ended 31 December 2017					
At 1 January 2017	3,917,047,500	391,705	400,253	3,889,775	4,290,028
Dividends	—	—	—	(868,145)	(868,145)
At 31 December 2017	3,917,047,500	391,705	400,253	3,021,630	3,421,883
Year ended 31 December 2018	3,917,047,500	391,705	400,253	3,021,630	3,421,883

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

22 Share Award Scheme

On 10 December 2013, the Board of Directors of the Company adopted a Share Award Scheme, under which shares may be awarded to employees of the Company in accordance with the terms and conditions of the Share Award Scheme.

Pursuant to the rules of the Share Award Scheme, the Group has set up a trust (“Employee Share Trust”), for the purposes of administering the Share Award Scheme and holding Awarded Shares before they vest. On 10 February 2014, the Company allotted and issued 34,470,000 new shares to the trustee to hold on trust. On 3 January 2014, 32,750,000 of which has been granted to the 116 selected employees, subject to, among others, the performance conditions of both the Group and the awardees can be fulfilled and the awardees remain employed by the Group.

The award of first 30% and second 30% Awarded Shares lapsed effective from 26 August 2015 and 23 August 2016 respectively. Following the confirmation that relevant vesting conditions have not been satisfied on 20 June 2017, the Board resolved in its meeting held on 28 August 2017 that the award of the remaining 40% Awarded Shares lapsed effective from 28 August 2017. The lapsed shares held in Share Award Scheme will not be cancelled. As at 31 December 2018, the shares under the Share Award Scheme held by the Employee Share Trustee amounted to RMB156,588,000 (2017: RMB156,588,000), which was presented within equity in the consolidated balance sheet. For the year ended 31 December 2018, no expenses in relation to the Share Award Scheme were recognised in the consolidated income statement as the performance condition were not fulfilled and no awarded shares were vested (2017: nil).

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

23 Other Reserves

	Merger reserve (note (a))	Statutory reserve and enterprise expansion fund (note (b))	Revaluation surplus	Effect of conversion of a subsidiary from a limit liability company into a joint stock company	Transaction with non- controlling interests	Capital injection by non-controlling interests (note (c))	Translation reserve	Total
Balance at 1 January 2017	442,395	2,622,739	21,337	—	—	—	6,362	3,092,833
Transfer from retained earnings	—	403,461	—	—	—	—	—	403,461
Capital injection by non-controlling interests	—	—	—	—	—	854,022	—	854,022
Effect of conversion of a subsidiary from a limit liability company into a joint stock company	—	—	—	5,103	—	—	—	5,103
Transaction with non-controlling interests	—	—	—	—	(3,568,082)	—	—	(3,568,082)
Currency translation difference	—	—	—	—	—	—	(1,937)	(1,937)
Balance as at 31 December 2017	442,395	3,026,200	21,337	5,103	(3,568,082)	854,022	4,425	785,400
Balance at 1 January 2018	442,395	3,026,200	21,337	5,103	(3,568,082)	854,022	4,425	785,400
Transfer from retained earnings	—	124,310	—	—	—	—	—	124,310
Capital injection by non-controlling interests	—	—	—	—	—	1,462,313	—	1,462,313
Transaction with non-controlling interests	—	—	—	—	(21,670)	—	—	(21,670)
Revaluation gains arising from property, plant and equipment transferred to investment properties, net of tax	—	—	261,111	—	—	—	—	261,111
Currency translation difference	—	—	—	—	—	—	(6,482)	(6,482)
Balance as at 31 December 2018	442,395	3,150,510	282,448	5,103	(3,589,752)	2,316,335	(2,057)	2,604,982

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

23 Other Reserves (Continued)

Notes:

- (a) Merger reserve of the Group represents the difference between the share capital of subsidiaries acquired over the nominal value of the shares of the Company issued in exchange pursuant to the Group reorganisation undertaken for listing of Company on Hong Kong Stock Exchange.
- (b) Pursuant to the relevant rules and regulation concerning foreign investment enterprise established in the PRC and the articles of association of certain PRC subsidiaries of the Group, those subsidiaries are required to transfer an amount of their profit after taxation to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their registered capital. The statutory reserve fund may be distributed to equity holders in form of bonus issue.

The appropriation to the enterprise expansion fund is solely determined by the board of directors of the PRC subsidiaries.

- (c) A subsidiary of the Group, Agile A-Living Services Co., Ltd. ("A-Living") issued 333,334,000 H shares at a nominal value of RMB1.00 per share ("A-Living's New Issue"). Such shares were offered at HK\$12.3 per share and listed on the Main Board of Hong Kong Stock Exchange on 9 February 2018. Net proceeds from A-Living's New Issue amounted to RMB3,199,343,000. The Company's equity interest in A-Living was diluted from 72% to 54% as a result of A-Living's New Issue and A-Living is still the subsidiary of the Company after its listing. The difference between the net proceeds from A-Living's New Issue and the carrying amount of the diluted net assets of RMB1,462,313,000 was recorded as a credit to the other reserves.

24 Perpetual Capital Securities

On 18 January 2013, the Company issued subordinated perpetual capital securities (the "2013 Perpetual Capital Securities") with the aggregate principal amount of US\$700,000,000. Net proceeds after deducting the issuance cost amounted to US\$687,432,500 (equivalent to approximately RMB4,321,938,000). The 2013 Perpetual Capital Securities do not have maturity date and the distribution payments can be deferred at the discretion of the Company. Therefore, the 2013 Perpetual Capital Securities are classified as equity instruments and recorded in equity in the consolidated balance sheet. When the Company elects to declare dividends to its shareholders, the Company shall make distribution to the holders of 2013 Perpetual Capital Securities at the distribution rate as defined in the subscription agreement.

On 27 July 2016, a subsidiary of the Company issued another PRC perpetual capital securities (the "2016 Perpetual Capital Securities") with the aggregate principal amount of RMB1,100,000,000. Net proceeds after deducting the issuance cost amounted to RMB1,093,716,000. The 2016 Perpetual Capital Securities do not have maturity date and the distribution payments can be deferred at the discretion of the Company. Therefore, the 2016 Perpetual Capital Securities are classified as equity instruments and recorded in equity in the consolidated balance sheet. When the Company elects to declare dividends to its shareholders, the subsidiary shall make distribution to the holders of 2016 Perpetual Capital Securities at the distribution rate as defined in the subscription agreement.

On 27 March 2018, the Company issued senior perpetual capital securities with the aggregate principal amount of US\$500,000,000. Net proceeds of the perpetual capital securities (the "2018 Perpetual Capital Securities I") after deducting the issuance cost amounted to US\$491,539,000 (equivalent to approximately RMB3,107,957,000). The 2018 Perpetual Capital Securities I do not have maturity date and the distribution payments can be deferred at the discretion of the Company. Therefore, the 2018 Perpetual Capital Securities I are classified as equity instruments and recorded in equity in the consolidated balance sheet. When the Company elects to declare dividends to its shareholders, the Company shall make distribution to the holders of 2018 Perpetual Capital Securities I at the distribution rate as defined in the subscription agreement.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

24 Perpetual Capital Securities (Continued)

On 21 June 2018, the Company issued senior perpetual capital securities (the “2018 Perpetual Capital Securities II”) with the principal amount of US\$100,000,000. Net proceeds after deducting the issuance cost amounted to US\$98,005,000 (equivalent to approximately RMB627,151,000). The 2018 Perpetual Capital Securities II do not have maturity date and the distribution payments can be deferred at the discretion of the Company. Therefore, the 2018 Perpetual Capital Securities II are classified as equity instruments and recorded in equity in the consolidated balance sheet. When the Company elects to declare dividends to its shareholders, the Company shall make distribution to the holders of 2018 Perpetual Capital Securities II at the distribution rate as defined in the subscription agreement.

Movement of the Perpetual Capital Securities is as follows:

	Principal	Distribution	Total
Balance as at 1 January 2017	5,395,029	202,474	5,597,503
Profit attributable to holders of Perpetual Capital Securities	—	472,663	472,663
Distribution made to holders of Perpetual Capital Securities	—	(478,867)	(478,867)
Redemption of Perpetual Capital Securities	(61,875)	—	(61,875)
Balance as at 31 December 2017	5,333,154	196,270	5,529,424
Balance as at 1 January 2018	5,333,154	196,270	5,529,424
Issuance of Perpetual Capital Securities	3,735,108	—	3,735,108
Profit attributable to holders of Perpetual Capital Securities	—	676,906	676,906
Distribution made to holders of Perpetual Capital Securities	—	(595,347)	(595,347)
Redemption of Perpetual Capital Securities (note (a))	(1,011,216)	—	(1,011,216)
Balance as at 31 December 2018	8,057,046	277,829	8,334,875

Note:

- (a) On 29 June 2018, the Company redeemed all remaining portion of the outstanding 2016 Perpetual Capital Securities at a redemption price of RMB1,011,216,000. No redemption premium was recognised in the consolidated income statement.

25 Derivative Financial Instruments

As at 31 December 2018, the Group had the following derivative financial instruments:

	2018	2017
Non-current portion:		
— Forward foreign exchange contracts	6,144	4,403
Current portion:		
— Forward foreign exchange contracts	7,192	240,845

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

25 Derivative Financial Instruments (Continued)

The notional principal amounts of the outstanding forward foreign exchange contracts as at 31 December 2018 were US\$3,200,000,000, approximating to RMB21,962,240,000 in total (2017: US\$1,535,000,000 and HK\$3,700,000,000, approximating to RMB13,122,827,000).

During the year ended 31 December 2018, decrease in fair value of derivative financial instruments of RMB98,068,000 have been recorded in "finance cost, net" in the consolidated income statement (note 34).

26 Borrowings

	2018	2017
Borrowings included in non-current liabilities:		
Senior notes (note (a))		
— Senior notes issued in 2015 ("2015 Senior notes") (note (a)(i))	3,404,973	3,230,937
— Senior notes issued in 2017 ("2017 Senior notes") (note (a)(ii))	1,353,991	1,283,972
— Senior notes issued in 2018 ("2018 Senior notes I") (note (a)(iii))	4,082,123	—
— Senior notes issued in 2018 ("2018 Senior notes II") (note (a)(iv))	2,710,393	—
PRC corporate bonds (note (b))	8,556,251	11,753,036
Commercial mortgage backup securities (note (d))	4,073,272	—
Asset-backed securities (note (c))	1,054,866	1,053,952
Long-term syndicated loans		
— secured (note (e))	16,569,611	5,586,375
— unsecured (note (f))	3,189,536	5,530,541
Long-term bank borrowings		
— secured (note (e))	19,355,402	15,673,475
— unsecured (note (f))	7,702,072	4,165,852
Other borrowings		
— secured (note (e))	5,520,670	4,957,000
— unsecured (note (f))	1,002,295	1,001,250
Less: current portion of non-current borrowings	(25,378,970)	(19,707,386)
	53,196,485	34,529,004
Borrowings included in current liabilities:		
Short-term bank borrowings		
— secured (note (e))	1,778,944	2,666,301
— unsecured (note (f))	1,196,538	—
Short-term other borrowings		
— secured (note (e))	5,974,120	2,100,000
— unsecured (note (f))	1,004,300	2,672,548
Current portion of non-current borrowings	25,378,970	19,707,386
	35,332,872	27,146,235
Total borrowings	88,529,357	61,675,239

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

26 Borrowings (Continued)

Notes:

(a) Senior notes

The senior notes are jointly guaranteed by certain subsidiaries of the Group and are secured by pledges of the shares of these subsidiaries. The net assets of these subsidiaries are approximately RMB4,026,301,000 as at 31 December 2018 (2017: RMB1,866,549,000).

(i) 2015 Senior Notes

On 21 May 2015, the Company issued 9% senior notes with an aggregated nominal value of US\$500,000,000 (equivalent to approximately RMB3,056,850,000) at 99.507% of the face value. The net proceeds, after deducting the issuance costs, amounted to US\$490,391,000 (equivalent to approximately RMB2,998,104,000). The 2015 Senior Notes will mature on 21 May 2020. The Company, at its option, can redeem all or a portion of the 2015 Senior Notes at any time prior to the maturity date at the redemption prices plus accrued and unpaid interest up to the redemption date.

(ii) 2017 Senior Notes

On 14 August 2017, the Company issued 5.125% senior notes with an aggregated nominal value of US\$200,000,000 (equivalent to approximately RMB1,332,020,000) at face value. The net proceeds, after deducting the issuance costs, amounted to US\$196,125,000 (equivalent to approximately RMB1,306,210,000). The 2017 Senior Notes will mature on 14 August 2022. The Company, at its option, can redeem all or a portion of the 2017 Senior Notes at any time prior to the maturity date at the redemption prices plus accrued and unpaid interest up to the redemption date.

(iii) 2018 Senior Notes I

On 18 July 2018, the Company issued 8.5% senior notes with an aggregated nominal value of US\$600,000,000 (equivalent to approximately RMB4,040,064,000) at face value. The net proceeds, after deducting the issuance costs, amounted to US\$593,557,000 (equivalent to approximately RMB3,997,108,000). The 2018 Senior Notes I will mature on 18 July 2021. The Company, at its option, can redeem all or a portion of the 2018 Senior Notes I at any time prior to the maturity date at the redemption prices plus accrued and unpaid interest up to the redemption date.

(iv) 2018 Senior Notes II

On 23 November 2018, the Company issued 9.5% senior notes with an aggregated nominal value of US\$400,000,000 (equivalent to approximately RMB2,772,240,000) at face value. The net proceeds, after deducting the issuance costs, amounted to US\$394,533,000 (equivalent to approximately RMB2,734,182,000). The 2018 Senior notes II will mature on 23 November 2020. The Company, at its option, can redeem all or a portion of the 2018 Senior notes II at any time prior to the maturity date at the redemption prices plus accrued and unpaid interest up to the redemption date.

(b) PRC Corporate Bonds

On 11 January 2016, a PRC subsidiary (the "Issuer") of the Company issued 4.7% corporate bonds with an aggregate amount of RMB1,600,000,000. The net proceeds, after deducting the issuance costs, amounted to approximately RMB1,584,080,000. The bonds will mature on 11 January 2021. The Issuer shall be entitled to adjust the coupon rate at the end of third year whereas the investors shall be entitled to sell back in whole or in part the bonds.

On 29 April 2016, the Issuer issued 5.8% non-public corporate bonds with an aggregate amount of RMB1,200,000,000. The net proceeds, after deducting the issuance costs, amounted to approximately RMB1,189,200,000. The bonds will mature on 29 April 2020. The Issuer shall be entitled to adjust the coupon rate at the end of second year whereas the investors shall be entitled to sell back in whole or in part the bonds. On 27 April 2018, the Issuer redeemed the outstanding non-public corporate bonds in full at a redemption price equal to 100% of the principal amount of the non-public corporate bonds and the accrued and unpaid interest as of the Redemption Date.

On 29 July 2016, the Company issued 4.98% corporate bonds with an aggregate amount of RMB3,000,000,000. The net proceeds, after deducting the issuance costs, amounted to approximately RMB2,970,000,000. The bonds will mature on 29 July 2020. The Company shall be entitled to adjust the coupon rate at the end of second year whereas the investors shall be entitled to sell back in whole or in part the bonds. On 30 July 2018, the Company completed the repurchase and cancellation of 20,300,000 the non-public Domestic Corporate Bonds in an aggregate principal amount of RMB2,030,000,000. There are 9,700,000 Domestic Bonds in an aggregate principal amount of RMB970,000,000 outstandings.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

26 Borrowings (Continued)

Notes (continued):

On 11 October 2016, the Company issued 4.6% and 5.7% corporate bonds with an aggregate amount of RMB1,800,000,000 and RMB1,200,000,000, respectively. The net proceeds, after deducting the issuance costs, amounted to approximately RMB1,787,250,000 and RMB1,192,500,000, respectively. The bonds will mature on 11 October 2021 and 11 October 2023, respectively. The Company shall be entitled to adjust the coupon rate at the end of the third and the fifth year respectively whereas the investors shall be entitled to sell back in whole or in part the bonds.

On 12 July 2017, the Company issued 6.98% corporate bonds with an aggregate amount of RMB3,000,000,000. The net proceeds, after deducting the issuance costs, amounted to approximately RMB2,976,735,000. The bonds will mature on 12 July 2020. The Company shall be entitled to adjust the coupon rate at the end of second year whereas the investors shall be entitled to sell back in whole or in part the bonds.

(c) Panyu Asset-backed securities

A PRC subsidiary of the Company engaged in property development entered into Panyu asset-backed securities (“ABS”) arrangement with an assets management company by pledging of the receivables for certain properties under its management. On 1 September 2017, the Panyu ABS was formally established with an aggregate nominal value of RMB1,111,500,000, with a 3-year maturity, amongst which RMB55,000,000 was subordinate securities purchased by the PRC subsidiary as original equity holder. The net proceeds from the Panyu ABS, after deducting the issuance costs and the subordinate securities purchased by the PRC subsidiary, amounted to approximately RMB1,053,653,000.

(d) Commercial Mortgage Backed Securities

A PRC subsidiary of the Company engaged in commercial property operation entered into Commercial Mortgage Backed Securities (“CMBS”) arrangement with an assets management company by pledging of the receivables for certain properties under its operation as well as the building, the land use right and the investment property. On 10 April 2018, the CMBS was formally established with an aggregate nominal value of RMB4,600,000,000, with an 18-year maturity, amongst which RMB500,000,000 was subordinate securities purchased by the PRC subsidiary as original equity holder. The net proceeds from the CMBS, after deducting the issuance costs and the subordinate securities purchased by the PRC subsidiary, amounted to approximately RMB4,066,700,000.

(e) As at 31 December 2018, the Group’s borrowings were secured by certain of its cash, trade receivables, land use rights, self-used properties, completed properties held for sale, properties under development, investment properties and the shares of subsidiaries and equity interests.

(f) As at 31 December 2018, the unsecured borrowings of RMB14,094,741 were jointly guaranteed by certain subsidiaries of the Group.

The exposure of the Group’s borrowings to interest rate changes and the contractual repricing dates at the end of the year are as follows:

	2018	2017
6 months or less	28,420,199	18,827,452
6–12 months	19,357,155	15,096,340
1–5 years	40,752,003	27,751,447
	88,529,357	61,675,239

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

26 Borrowings (Continued)

The carrying amounts of the borrowings with the respective effective interest rates:

	2018		2017	
	RMB'000	Effective interest rate	RMB'000	Effective interest rate
Senior notes	11,551,480	8.47%	4,514,909	9.79%
Borrowings excluding Senior notes	76,977,877	6.30%	57,160,330	5.52%
	88,529,357		61,675,239	

The carrying amounts and fair value of the non-current borrowings are as follows:

	2018		2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Senior notes (note (i))	11,551,480	11,791,938	4,514,909	4,816,947
PRC public corporate bond (note (ii))	1,599,830	1,598,400	1,594,267	1,568,000
Bank borrowings, syndicated loans, other borrowings and others (note (iii))	40,045,175	40,045,175	28,419,828	28,419,828
	53,196,485	53,435,513	34,529,004	34,804,775

Notes:

- (i) The fair value of senior notes is determined directly by references to the price quotations published by the Singapore Exchange Limited and The Stock Exchange of Hong Kong Limited on 31 December 2018, the last dealing date of 2018 and is within level 1 of the fair value hierarchy.
- (ii) The fair value of RMB1,600,000,000 PRC corporate bond is determined directly by references to the price quotations published by the China Securities Index Co., Ltd on 31 December 2018, the last dealing date of 2018 and is within level 1 of the fair value hierarchy.
- (iii) The fair values of non-current bank borrowings, syndicated loans, other borrowings and others approximate their carrying amount as the impact of discounting is not significant. The fair values are based on cash flows discounted at the average borrowing rate of 6.33% (2017: 5.84%), and are within level 2 of the fair value hierarchy.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

26 Borrowings (Continued)

At 31 December 2018, the Group's borrowings were repayable as follows:

	2018	2017
Within 1 year	35,332,872	27,146,235
Between 1 and 2 years	19,059,355	13,331,543
Between 2 and 5 years	28,047,755	15,597,739
Over 5 years	6,089,375	5,599,722
	88,529,357	61,675,239

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	2018	2017
RMB	52,336,228	41,806,931
HK dollar	21,561,454	13,217,466
US dollar	14,128,683	6,003,501
MYR	502,992	647,341
	88,529,357	61,675,239

The Group has the following undrawn borrowing facilities:

	2018	2017
Floating rate:		
— Expiring beyond one year	2,733,000	8,605,234

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

27 Deferred Income Tax

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

	2018	2017
Deferred income tax assets to be recovered after more than 12 months	1,171,692	962,106
Deferred income tax assets to be recovered within 12 months	366,688	194,611
Set-off of deferred tax liabilities pursuant to set-off provisions	(104,398)	(169,957)
	1,433,982	986,760
Deferred tax income liabilities to be settled after more than 12 months	(1,960,798)	(1,331,097)
Deferred tax income liabilities to be settled within 12 months	(27,685)	(13,455)
Set-off of deferred tax liabilities pursuant to set-off provisions	104,398	169,957
	(1,884,085)	(1,174,595)
Deferred income tax liabilities, net	(450,103)	(187,835)

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

	Deferred tax assets - write-down of completed held for sale properties and properties under tax assets - tax losses	Deferred tax assets - development	Temporary differences arising from trade and other receivables and contract assets	Deferred tax assets - unrealised profit on intra-group transactions	Deferred tax liabilities - excess of carrying amount of investment properties and property, plant and equipment over the tax bases	Deferred tax liabilities - excess of carrying amount of intangible assets over the tax bases	Deferred tax liabilities - excess of fair value of financial assets over the tax bases	Deferred tax liabilities - excess of carrying amount of land use right over the tax bases	Net
At 1 January 2017	774,602	34,994	2,002	62,642	(1,063,872)	—	—	(248,260)	(437,892)
Acquisition of a subsidiary	274	—	474	—	—	(23,750)	—	—	(23,002)
Credited/(charged) to the consolidated income statement	71,881	78,181	(302)	131,969	8,671	1,653	(26,543)	7,549	273,059
At 31 December 2017	846,757	113,175	2,174	194,611	(1,055,201)	(22,097)	(26,543)	(240,711)	(187,835)
Acquisition of subsidiaries	—	—	168	—	—	(33,132)	—	—	(32,964)
(Charged)/credited to the consolidated income statement	(188,689)	372,443	25,664	172,077	(497,091)	4,872	(39,092)	7,549	(142,267)
Charged to other comprehensive income	—	—	—	—	(87,037)	—	—	—	(87,037)
At 31 December 2018	658,068	485,618	28,006	366,688	(1,639,329)	(50,357)	(65,635)	(233,162)	(450,103)

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

27 Deferred Income Tax (Continued)

Deferred income tax assets are recognised for tax losses carry-forwards to the extent that the realisation of the related benefit through the future taxable profits is probable. The Group did not recognise deferred tax assets of RMB445,471,000 (2017: RMB276,211,000) in respect of tax losses amounting to RMB1,781,884,000 (2017: RMB1,104,844,000) that can be carried forward against future taxable income. Tax losses of approximately RMB42,256,000, RMB137,856,000, RMB525,860,000, RMB331,496,000 and RMB744,416,000 will expire in 2019, 2020, 2021, 2022 and 2023 respectively.

Deferred income tax liabilities of RMB1,629,564,000 (2017: RMB1,252,417,000) have not been recognised for the withholding tax that would be payable on the unremitted earnings amounted to RMB32,591,280,000 (2017: RMB25,048,340,000) of certain subsidiaries. Such earnings are expected to be retained by the PRC subsidiaries for reinvestment purposes and would not be remitted to the overseas intermediate holding companies in the foreseeable future based on management's estimation of overseas funding requirements.

28 Trade and Other Payables

	2018	2017
Trade payables (note (a))	16,852,035	13,778,090
Other payables due to:		
— Related parties (note 43(c))	5,590,518	3,386,339
— Amounts due to non-controlling interests	3,596,848	614,436
— Third parties (note (b))	8,935,399	1,667,662
Staff welfare benefit payable	797,198	583,285
Accruals	1,465,095	1,567,254
Advances from disposal of a subsidiary	987,700	—
Other taxes payable	4,309,178	1,666,886
	42,533,971	23,263,952

Notes:

(a) The ageing analysis of the trade payables of the Group as at 31 December 2018 and 2017 is as follows:

	2018	2017
Within 90 days	13,387,512	11,550,349
Over 90 days and within 180 days	2,729,635	1,731,714
Over 180 days and within 365 days	559,318	391,199
Over 365 days	175,570	104,828
	16,852,035	13,778,090

(b) The other payables to third parties mainly include: (i) the deposit received from third parties for potential equity cooperation in certain property development projects; and (ii) quality guarantee and bidding deposit from constructors. The deposits are unsecured, interest free and repayable according to terms and conditions mutually agreed with the counter parties.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

29 Other Gains, Net

	2018	2017
Fair value gains on investment properties (note 9)	1,952,355	4,376
Exchange gains/(losses), net (note (a))	327,177	(140,647)
Gains/(losses) on disposal of property, plant and equipment and investment properties	23,330	(16,716)
Fair value (losses)/gains on financial assets at fair value through profit or loss (note 15)	(352,434)	160,865
Others	35,825	32,171
	1,986,253	40,049

Note:

- (a) Amount mainly represents the gains or losses of translation of financial assets and liabilities, which are denominated in foreign currency into RMB at the prevailing period-end exchange rate. It does not include the exchange gain or loss related to borrowings which are included in the "finance costs, net" (note 34).

30 Other Income

	2018	2017
Interest income (note (a))	328,104	284,371
Interest income from related parties (note 43(b))	376,136	149,383
Dividend income from financial assets at fair value through profit or loss	171,751	—
Government grants	39,468	—
Forfeited deposits from customers	22,374	30,391
Miscellaneous	102,201	106,340
	1,040,034	570,485

Note:

- (a) Interest income was derived from bank deposit from reputable PRC banks.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

31 Other Expenses

	2018	2017
Charitable donations	120,553	168,946
Early redemption cost of senior notes and Asset-backed Security	–	150,997
Compensation expenses	94,398	71,931
Miscellaneous	42,051	4,759
	257,002	396,633

32 Expenses by Nature

	2018	2017
Cost of properties sold — including construction cost, land cost and capitalised interests	26,812,567	28,058,904
Write-down of completed properties held for sale and properties under development	1,489,770	312,722
Employee benefit expenses — including directors' emoluments (note 33)	3,792,819	2,233,065
— Property development	1,928,991	1,146,529
— Property management	1,472,514	773,371
— Hotel operations	258,412	255,016
— Others	132,902	58,149
Commission fee	1,004,018	1,122,773
Advertising costs	676,097	620,694
Depreciation (note 6)	514,515	504,378
Other taxes	358,910	343,955
Other levies on sales of properties	331,998	394,444
Cleaning expenses	283,519	138,891
Auditors' remuneration	19,846	15,971
— Audit services	11,100	8,500
— Other reporting accountant services	–	1,300
— Non-audit services	8,746	6,171
Maintenance costs	170,169	85,448
Utilities	177,745	173,374
Amortisation of land use rights (note 7)	56,245	62,944
— Recognised as cost of sales	41,222	41,291
— Recognised as expenses	15,023	21,653
Amortisation of intangible assets (note 8)	32,298	17,517
Operating lease payments	78,169	67,109
Others	899,922	1,071,858
Total cost of sales, selling and marketing costs and administrative expenses	36,698,607	35,224,047

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

33 Employee Benefit Expense

	2018	2017
Wages and salaries	3,286,378	1,894,238
Pension costs — statutory pension (note (a))	215,724	134,671
Staff welfare	99,414	55,107
Medical benefits	58,542	33,863
Other allowances and benefits	132,761	115,186
	3,792,819	2,233,065

Notes:

(a) Employees in the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include two (2017: two) directors whose emoluments are reflected in the analysis shown in note 48. The emoluments payable to the remaining three (2017: three) individuals during the year are as follows:

	2018	2017
Salary	21,453	24,513
Contribution to pension scheme	132	110
	21,585	24,623

The emoluments fell within the following bands:

	Number of individuals	
	2018	2017
Emolument bands (in HK dollar)		
HK\$ 7,000,001–HK\$ 7,500,000	1	—
HK\$ 7,500,001–HK\$ 8,000,000	—	1
HK\$ 8,000,001–HK\$ 8,500,000	1	—
HK\$ 8,500,001–HK\$ 9,000,000	—	1
HK\$ 10,000,001–HK\$ 10,500,000	1	—
HK\$ 11,500,001–HK\$ 12,000,000	—	1

(c) During the years ended 31 December 2018 and 2017, no emolument was paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of offices.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

34 Finance Costs, Net

	2018	2017
Interest expense:		
— Bank borrowings, syndicated loans and other borrowings	(3,571,673)	(1,927,867)
— Senior notes	(578,539)	(740,783)
— PRC Corporate Bonds, ABS and CMBS	(906,165)	(644,624)
Less: interest capitalised	3,657,861	2,050,016
Exchange (losses)/gains from borrowings	(1,738,800)	1,186,418
Less: exchange losses capitalised	491,031	—
Changes in fair value of derivative financial instruments (note 25)	(98,068)	(821,834)
	(2,744,353)	(898,674)

35 Income Tax Expenses

	2018	2017
Current income tax:		
— PRC corporate income tax	3,802,299	3,548,589
— PRC land appreciation tax	6,838,137	5,289,831
— PRC withholding income tax	260,579	523,175
Deferred income tax (note 27)		
— PRC corporate income tax	153,933	(299,602)
— Hong Kong profits tax	(11,666)	26,543
	11,043,282	9,088,536

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

35 Income Tax Expenses (Continued)

The income tax on the Group's profit before tax differs from the theoretical amount that would arise using the enacted tax rate of the home countries or regions of the Group entities as follows:

	2018	2017
Profit before income tax	19,401,099	15,868,814
Tax calculated at tax rates applicable to profits in the respective entities of the Group	4,602,786	3,953,530
Tax effects of:		
— Associates' results reported net of tax	(5,574)	(21,488)
— Joint ventures' results reported net of tax	(1,200)	(20,847)
— Income not subject to income tax (note (a))	(18,958)	(35,947)
— Expenses not deductible for income tax (note (b))	890,942	639,866
— PRC land appreciation tax deductible for calculation of income tax purposes	(1,709,534)	(1,322,458)
— Tax losses for which no deferred income tax asset was recognised	186,104	82,874
PRC corporate income tax	3,944,566	3,275,530
PRC withholding income tax	260,579	523,175
PRC land appreciation tax	6,838,137	5,289,831
	11,043,282	9,088,536

Notes:

- (a) Income not subject to income tax for the years ended 31 December 2018 and 2017 mainly comprise the interest income of bank deposits.
- (b) Expenses not deductible for income tax for the years ended 31 December 2018 mainly comprise administrative expense of domestic companies over deduction limits, donations made to non-official public welfare institutions, the loss of trading stock, exchange loss and expenses of the Group entities in Hong Kong and Malaysia (2017: same).

PRC land appreciation tax

PRC land appreciation tax is levied at progressive rate ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including land use rights and expenditures directly related to property development activities.

PRC corporate income tax

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

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

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

35 Income Tax Expenses (Continued)

PRC withholding income tax

According to the CIT Law, starting from 1 January 2008, a withholding tax of 10% will be levied on the immediate holding companies outside the PRC when their PRC subsidiaries declare dividend out of profits earned after 1 January 2008. A lower of 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong and fulfil requirements under the tax treaty arrangements between the PRC and Hong Kong.

During the year ended 31 December 2018, certain immediate holding companies of the PRC subsidiaries of the Group became qualified as Hong Kong resident enterprises and fulfil the requirements under the tax treaty arrangements between the PRC and Hong Kong. Therefore 5% withholding tax rate has been applied.

Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 of Cayman Islands and accordingly, is exempted from Cayman Islands income tax. Group entities in the British Virgin Islands were incorporated either under the BVI Business Companies Act or were automatically re-registered under the same act on 1 January 2007 and, accordingly, are exempted from British Virgin Islands income tax.

Hong Kong profits tax

Except for provision for the fair value gains of financial assets at fair value through profit or loss, no other provision for Hong Kong profits tax has been made in the consolidated financial statements. The remaining profit of the Group entities in Hong Kong is mainly derived from dividend income and interest income of bank deposits, which are not subject to Hong Kong profits tax.

36 Earnings Per Share

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year less shares held for Share Award Scheme.

	2018	2017
Profit attributable to shareholders of the Company	7,125,007	6,025,244
Weighted average number of ordinary shares in issue less shares held for Share Award Scheme (thousands)	3,882,578	3,882,578
Basic earnings per share (RMB per share)	1.835	1.552

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the years ended 31 December 2018 and 2017, there was no diluted potential ordinary share, diluted earnings per share equally to basic earnings per share.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

37 Dividends

	2018	2017
Interim dividend paid of HK\$0.50 (2017: HK\$0.22) per ordinary share (note (a))	1,705,463	740,881
Less: Dividend for shares held for Share Award Scheme	(14,746)	(6,269)
	1,690,717	734,612
Proposed final dividend of HK\$0.50 (2017: HK\$0.68) per ordinary share (note (b))	1,673,167	2,245,648
Less: Dividend for shares held for Share Award Scheme	(14,724)	(20,057)
	1,658,443	2,225,591

Notes:

- (a) An interim dividend in respect of the six months ended 30 June 2018 of HK\$0.50 per ordinary share, approximately HK\$1,958,524,000 (equivalent to RMB1,705,463,000) was declared by the Board of Directors of the Company (2017: RMB740,881,000).
- (b) A final dividend in respect of 2017 of HK\$0.68 per ordinary share approximately HK\$2,663,291,000 (equivalent to RMB2,245,648,000) was declared at the Annual General Meeting of the Company on 8 May 2018, of which HK\$23,430,000 (equivalent to RMB20,057,000) was declared for shares held by Share Award Scheme. The final dividend has been distributed out of the Company's retained earnings.

A final dividend in respect of 2018 of HK\$0.50 per ordinary share have been proposed by the Board of Directors of the Company and are subject to the approval of the shareholders at the Annual General Meeting to be held on 10 May 2019. The final dividend will be distributed out of the Company's retained earnings. These consolidated financial statements have not reflected these dividends payable.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

38 Cash Flow Information

(a) Cash generated from operations

	2018	2017
Profit for the year	8,357,817	6,780,278
Adjustments for:		
Taxation	11,043,282	9,088,536
Interest income (note 30)	(704,240)	(433,754)
Depreciation (note 6)	514,515	504,378
Amortisation of intangible assets (note 8)	32,298	17,517
Amortisation of land use rights (note 7)	56,245	62,944
Write-down of completed properties held for sale and properties under development	1,489,770	312,722
Net impairment losses on financial and contract assets	97,250	(1,234)
(Gains)/losses on disposal of investment properties and property, plant and equipment	(23,330)	16,716
Net exchange (gains)/losses	(79,037)	140,647
Fair value gains on investment properties	(1,952,355)	(4,376)
Share of post-tax profit of associates	(22,297)	(85,953)
Share of post-tax profit of joint ventures	(4,801)	(83,388)
Finance costs, net (note 34)	2,744,353	898,674
Fair value losses/(gains) on financial assets at fair value through profit or loss (note 29)	352,434	(160,865)
Redemption cost	—	150,997
Changes in working capital:		
Property under development and completed properties held for sales	(23,088,337)	(14,924,037)
Prepayments for acquisition of land use rights	1,612,784	3,851,546
Restricted cash	1,376,799	32,559
Trade and other receivables	(4,744,729)	(5,610,394)
Trade and other payables and accruals	12,585,762	3,779,410
Advanced proceeds received from customers	(19,460,971)	8,843,539
Contract assets	(448,715)	—
Contract liabilities	25,489,558	—
Cash generated from operations	15,224,055	13,176,462

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

38 Cash Flow Information (Continued)

(b) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the year presented.

Net debt	2018	2017
Cash and cash equivalents	35,776,231	19,041,948
Financial assets at fair value through profit or loss	3,232,031	1,204,478
Borrowings – repayable within one year	(35,332,872)	(27,146,235)
Borrowings – repayable after one year	(53,196,485)	(34,529,004)
Net debt	(49,521,095)	(41,428,813)
Cash and cash equivalents	35,776,231	19,041,948
Financial assets at fair value through profit or loss	3,232,031	1,204,478
Gross debt – fixed interest rates	(39,766,004)	(27,051,445)
Gross debt – variable interest rates	(48,763,353)	(34,623,794)
Net debt	(49,521,095)	(41,428,813)

The reconciliation of liabilities arising from financial activities is as follows:

	Borrowings	Other payable-related parties	Other payable-non-controlling interests	Dividends	Total
As at 1 January, 2018	61,675,239	3,386,339	614,436	368	65,676,382
Cash flows					
— Inflow from financing activities	80,172,084	2,204,179	3,296,742	—	85,673,005
— Outflow from financing activities	(55,383,268)	—	(314,330)	(3,916,308)	(59,613,906)
Non-cash changes					
— Finance expense recognised	2,037,177	—	—	—	2,037,177
— Acquisition of a subsidiary	12,000	—	—	—	12,000
— Accrued dividends	—	—	—	3,916,308	3,916,308
— Other non-cash movement	16,125	—	—	124	16,249
As at 31 December, 2018	88,529,357	5,590,518	3,596,848	492	97,717,215

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

39 Business Combination

During the year ended 31 December 2018, the Group completed several acquisitions of equity interests in certain companies, mainly included property management companies, environmental protection companies and others, at consideration of RMB1,194,183,000 in aggregate. The acquisitions have significantly increased the Group's market shares in the property management industry and environmental protection industry, and complements the Group's existing property development segment. Goodwill of RMB538,518,000 and identifiable net assets of RMB655,665,000 were recognised.

Details of the purchase consideration, the net asset acquired and goodwill are as follow:

At 31 December 2018	Property management companies	Environmental protection companies	Others	Total
Consideration				
— Cash paid	139,060	475,760	171,440	786,260
— Payable	73,473	291,090	43,360	407,923
	212,533	766,850	214,800	1,194,183
Recognised amounts of identifiable assets acquired and liabilities assumed				
Cash and cash equivalents	22,659	14,222	11,027	47,908
Property, plant and equipment (note 6)	1,645	514,387	8,710	524,742
Trademarks (included in other intangible assets) (note 8)	10,400	41,681	—	52,081
Customer relationship (included in other intangible assets) (note 8)	66,860	—	—	66,860
Deferred income tax assets	168	—	—	168
Inventories	361	17,106	29,571	47,038
Intangibles (excluding trademarks and contractual customer relationship) (note 8)	296	5,363	510	6,169
Land use right (note 7)	—	90,586	—	90,586
Trade and other receivables	191,986	450,093	184,347	826,426
Trade and other payables	(102,247)	(420,316)	(71,127)	(593,690)
Deferred income tax liabilities	(19,316)	(13,816)	—	(33,132)
Borrowings	(12,000)	—	—	(12,000)
Total identifiable net assets	160,812	699,306	163,038	1,023,156
Non-controlling interests	(74,674)	(237,062)	(55,755)	(367,491)
Identifiable net assets attributable to the Company	86,138	462,244	107,283	655,665
Goodwill (note 8)	126,395	304,606	107,517	538,518

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

39 Business Combination (Continued)

Net cash outflow arising on acquisition during the year ended 31 December 2018:

Cash consideration paid	(786,260)
Cash and cash equivalents acquired at the acquisition date	47,908
	(738,352)

40 Financial Guarantee

	2018	2017
Guarantee in respect of mortgage facilities for certain purchasers (note (a))	44,775,365	38,570,768
Guarantee in respect of borrowings of an associate (note (b) and note 43(b))	424,095	496,000
Guarantee in respect of borrowings of joint ventures (note (c) and note 43(b))	6,244,840	1,566,400
	51,444,300	40,633,168

Notes:

- (a) The Group has cooperated with certain financial institutions to arrange mortgage loan facilities for its purchasers of properties and provide guarantees to secure obligations of such purchasers for repayments. As at 31 December 2018, the outstanding guarantees amounted to RMB44,775,365,000 (2017: RMB38,570,768,000). Such guarantees will be discharged upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within one year after the purchasers take possession of the relevant property; and (ii) the satisfaction of relevant mortgage loan by purchasers.

The Group's proportionate interest in financial guarantee of mortgage facilities for certain purchasers relating to the associate was RMB73,023,000 as at 31 December 2018 (2017: RMB964,312,000).

The Group's proportionate interest in financial guarantee of mortgage facilities for certain purchasers relating to the joint ventures was RMB3,407,138,000 as at 31 December 2018 (2017: RMB455,825,000).

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with any accrued interests and penalties owed by the defaulted purchasers to the financial institutions, and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee starts from the dates the mortgagees grant the mortgage loans. No provision has been made for the guarantees as the management is of the view that the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interests and penalties in case of any default in payments.

- (b) Several subsidiaries of the Group and an associate counter party have provided certain guarantees in proportion of their shareholding in an associate in respect of loan facilities amounting to RMB848,190,000 (2017: RMB2,480,000,000). The Group's share of the guarantees amounted to RMB424,095,000 (2017: RMB496,000,000).
- (c) Several subsidiaries of the Group and joint venture counter parties have provided certain guarantees in proportion of their shareholding in certain joint ventures in respect of loan facilities amounting to RMB13,779,000,000 (2017: RMB5,472,800,000). The Group's share of the guarantees amounted to RMB6,244,840,000 (2017: RMB1,566,400,000).

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

41 Commitments

(a) Operating lease commitments

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

	2018	2017
Property, plant and equipment:		
— Not later than one year	89,534	73,602
— Later than one year and not later than five years	139,519	221,483
	229,053	295,085

	2018	2017
Lease of areas adjacent to the property development projects:		
— Not later than one year	850	800
— Later than one year and not later than five years	3,850	3,700
— Later than five years	29,000	30,000
	33,700	34,500

	2018	2017
Lease of the land use right for ancillary facilities:		
— Not later than one year	2,131	2,131
— Later than one year and not later than five years	8,717	8,525
— Later than five years	21,969	24,292
	32,817	34,948

(b) Other commitments

	2018	2017
Contracted but not provided for		
— Property development activities	29,659,316	23,772,937
— Acquisition of land use rights	6,311,197	6,430,182
— Property, plant and equipment	1,265,020	—
— Other intangible assets	3,060	4,403
	37,238,593	30,207,522

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

42 Future Minimum Rental Payments Receivable

The Group had future aggregate minimum lease rental receivables under non-cancellable operating leases as follows:

	2018	2017
Not later than one year	216,925	159,096
Later than one year and not later than five years	328,756	435,534
Over five years	161,592	213,554
	707,273	808,184

43 Related Party Transactions

(a) Name and relationship with related parties

Name	Relationship
Full Choice Investments Limited	The ultimate holding Company of the Group
Top Coast Investment Limited	The intermediate holding Company of the Group
The Founding Shareholders, including Mr. Chen Zhuo Lin, Mr. Chan Cheuk Yin, Madam. Luk Sin Fong, Fion, Mr. Chan Cheuk Hung, Mr. Chan Cheuk Hei, and Mr. Chan Cheuk Nam (the "Founding Shareholders")	The Founding Shareholders are also the directors of the Company
Zhongshan Changjiang Golf Course (note (i)) 中山長江高爾夫球場	Controlled by the Founding Shareholders
Zhongshan Agile Changjiang Hotel Co., Ltd. (note (ii)) 中山市雅居樂長江酒店有限公司	Controlled by the Founding Shareholders
Foshan Changzhong Real Estate Development Co., Ltd. (note (i)) 佛山市昌重房地產開發有限公司	Associate of the Group
Foshanshi Sanshuiqu Qingmei Real Estate Co., Ltd. (note (i)) 佛山市三水區擎美房地產有限公司	Associate of the Group
Foshan Yaxu Real Estate Development Co., Ltd. (note (i)) 佛山雅旭房地產開發有限公司	Associate of the Group
Fuzhou Shengquan Real Estate Development Co., Ltd. (note (i)) 福州盛全房地產開發有限公司	Associate of the Group
Xinxingxian Country Garden Real Estate Development Co., Ltd. (note (i)) 新興縣碧桂園房地產開發有限公司	Associate of the Group

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

43 Related Party Transactions (Continued)

(a) Name and relationship with related parties (continued)

Name	Relationship
Sichuan Yacan Real Estate Development Co., Ltd. (note (i)) 四川雅燦房地產開發有限公司	Associate of the Group
Jinzhongshi Jinhong Yubao Real Estate Development Co., Ltd. (note (i)) 晉中市錦洪裕寶房地產開發有限責任公司	Associate of the Group
Haimen Xinya Real Estate Development Co., Ltd. (note (i)) 海門新雅房地產開發有限公司	Associate of the Group
Sichuan Yaheng Real Estate Development Co., Ltd. (note (i)) 四川雅恒房地產開發有限公司	Associate of the Group
Nantongshi Tongzhouqu Dongju Land Co., Ltd. (note (i)) 南通市通州區東居置業有限公司	Associate of the Group
Dali Meizhao Real Estate Development Co., Ltd. (note (i)) 大理美詔房地產開發有限公司	Associate of the Group
Handan Yurong Real Estate Development Co., Ltd. (note (i)) 邯鄲裕榮房地產開發有限公司	Associate of the Group
Xuzhou Jiale Real Estate Development Co., Ltd (note (i)) 徐州佳樂房地產開發有限公司	Associate of the Group
Wuxi Yahui Real Estate Development Co., Ltd. (note (i)) 無錫雅輝房地產開發有限公司	Associate of the Group
Guangzhou Yasheng Hengyao Investment Partnership Enterprises (Limited Partnership) (note (i)) 廣州雅晟恒耀投資合夥企業（有限合夥）	Associate of the Group
Oyster Point Development LLC	Associate of the Group
Guangzhou Lihe Property Development Co., Ltd. (note (i)) 廣州利合房地產開發有限公司	Joint venture of the Group
Tianjin Jinnan Xincheng Real Estate Development Co., Limited (note (i)) 天津津南新城房地產開發有限公司	Joint venture of the Group
Zhongshan Yahong Real Estate Development Co., Ltd. (note (i)) 中山市雅鴻房地產開發有限公司	Joint venture of the Group

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

43 Related Party Transactions (Continued)

(a) Name and relationship with related parties (continued)

Name	Relationship
Guangzhou Huadu Yazhan Realty Development Co., Ltd. (note (i)) 廣州花都雅展房地產開發有限公司	Joint venture of the Group
Changsha Shangcheng Land Co., Ltd. (note (i)) 長沙上城置業有限公司	Joint venture of the Group
Guangxi Fuya Investments Co., Ltd. (note (i)) 廣西富雅投資有限公司	Joint venture of the Group
Charm Talent Limited (note (i)) 煌迪有限公司	Joint venture of the Group
Zhongshanshi Shiguang Chuangjian Zhiye Company Limited (note (i)) 中山市世光創建置業有限公司	Joint venture of the Group
Zhongshan Haide Real Estate Development Co., Ltd. (note (i)) 中山市海德房地產開發有限公司	Joint venture of the Group
Zhongshanshi Dongcheng Real Estate Development Company Limited (note (i)) 中山市東城實業發展有限公司	Joint venture of the Group
Zhongshanshi Mingtai Property Development Company Limited (note (i)) 中山市名泰房地產開發有限公司	Joint venture of the Group
Suzhou Agile Land Co., Ltd. (note (i)) 蘇州雅居樂置業有限公司	Joint venture of the Group
Foshan Yazhan Property Development Co., Ltd. (note (i)) 佛山雅展房地產開發有限公司	Joint venture of the Group
Wuhan Changkai Property Development Co., Ltd. (note (i)) 武漢長凱物業發展有限公司	Joint venture of the Group
Zhongshan Zhili Land Co., Ltd. (note (i)) 中山市志力置業有限公司	Joint venture of the Group
Zhongshan Jucheng Enterprise Co., Ltd. (note (i)) 中山市鉅成實業有限公司	Joint venture of the Group
Zhongshan Bosheng Enterprise Co., Ltd. (note (i)) 中山市鉞晟房地產開發有限公司	Joint venture of the Group

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

43 Related Party Transactions (Continued)

(a) Name and relationship with related parties (continued)

Name	Relationship
Zhongshan Wenhua Real Estate Co.,Ltd. (note (i)) 中山市文華房地產有限公司	Joint venture of the Group
Zhongshan Minsen Real Estate Development Co., Ltd. (note (i)) 中山市民森房地產發展有限公司	Joint venture of the Group
Hainan Yahong Travel Property Co., Ltd. (note (i)) 海南雅宏旅遊置業有限公司	Joint venture of the Group
Hainan Yahai Resort Development Co., Ltd. (note (i)) 海南雅海旅遊發展有限公司	Joint venture of the Group
Zhongshan Yingxuan Real Estate Development Co., Ltd. (note (i)) 中山市盈軒房地產開發有限公司	Joint venture of the Group
Changzhou Yajing Real Estate Development Co., Ltd. (note (i)) 常州雅勁房地產開發有限公司	Joint venture of the Group
Zhongshan Hehua Hotel Co., Ltd. (note (i)) 中山市和華酒店有限公司	Joint venture of the Group
Beijing Zhonggang International Real Estate Development Co., Ltd. (note (i)) 北京中港國際房地產開發有限公司	Joint venture of the Group
Foshan Zhongjiao Real Estate Development Co., Ltd. (note (i)) 佛山中交房地產開發有限公司	Joint venture of the Group
Foshan Xiangsong Land Co., Ltd. (note (i)) 佛山香頌置業有限公司	Joint venture of the Group
Hefei Changzhe Real Estate Development Co., Ltd. (note (i)) 合肥昌哲房地產開發有限公司	Joint venture of the Group
Changzhou Jingya Real Estate Development Co., Ltd. (note (i)) 常州勁雅房地產開發有限公司	Joint venture of the Group
Jinan Yajun Real Estate Development Co., Ltd. (note (i)) 濟南雅隼房地產開發有限公司	Joint venture of the Group
Lianyungangshi Ganglong Real Estate Co., Ltd. (note (i)) 連雲港市港龍置業有限公司	Joint venture of the Group

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

43 Related Party Transactions (Continued)

(a) Name and relationship with related parties (continued)

Name	Relationship
Zhongshan Jucheng Enterprise Co., Ltd. (note (i)) 中山市鉅成實業有限公司	Joint venture of the Group
Jinan Yaheng Real Estate Development Co., Ltd. (note (i)) 濟南雅恒房地產開發有限公司	Joint venture of the Group
Xuzhou Chuanda Real Estate Development Co., Ltd. (note (i)) 徐州川達房地產開發有限公司	Joint venture of the Group
Jiangmenshi Meishun Real Estate Development Co., Ltd. (note (i)) 江門市美順房地產開發有限公司	Joint venture of the Group
Kaifeng Guokong Songdu Land Co., Ltd. (note (i)) 開封國控宋都置業有限公司	Joint venture of the Group
Jiaying Xingya Real Estate Development Co., Ltd. (note (i)) 嘉興興雅房地產開發有限公司	Joint venture of the Group
Xuzhou Yafeng Real Estate Development Co., Ltd. (note (i)) 徐州雅豐房地產開發有限公司	Joint venture of the Group
Xingyang Agile City Construction Co., Ltd. (note (i)) 滎陽雅居樂城市建設有限公司	Joint venture of the Group
Xingyang Agile Enterprise Co., Ltd. (note (i)) 滎陽雅居樂實業有限公司	Joint venture of the Group
Meizhou Zhongnan Yusheng Real Estate Development Co., Ltd. (note (i)) 梅州中南昱晟房地產開發有限公司	Joint venture of the Group
Guangzhou Yajing Real Estate Development Co., Ltd. (note (i)) 廣州雅景房地產開發有限公司	Joint venture of the Group
Jiangxi Jianda Investment Co., Ltd. (note (i)) 江西建大投資有限公司	Joint venture of the Group
Fujian Chuxin Eco Technology Co., Ltd. (note (i)) 福建省儲鑫環保科技有限公司	Joint venture of the Group

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

43 Related Party Transactions (Continued)

(a) Name and relationship with related parties (continued)

Name	Relationship
Jinzhong Xiya Real Estate Development Co., Ltd. (note (i)) 晉中熙雅房地產開發有限公司	Joint venture of the Group
Jinan Junsheng Real Estate Development Co., Ltd. (note (i)) 濟南隼盛房地產開發有限公司	Joint venture of the Group
Wuhu Agile Real Estate Development Co., Ltd. (note (i)) 蕪湖雅旭房地產開發有限公司	Joint venture of the Group
Chenzhou Yajule Real Estate Development Co., Ltd. (note (i)) 郴州雅居樂房地產開發有限公司	Joint venture of the Group
Chongqing Jinbi Agile Real Estate Development Co., Ltd. (note (i)) 重慶金碧雅居房地產開發有限公司	Joint venture of the Group
Gongqingcheng Investment (note (i)) 共青城投資	Controlled by a key management personnel of the Group

Note (i) The names of the companies represent management's best efforts at translating the Chinese names of these companies, as no English names have been registered or available.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

43 Related Party Transactions (Continued)

(b) Transactions with related parties

During the years ended 31 December 2018 and 2017, the Group had the following transactions with related parties, which are carried out in the normal course of the Group's business:

	2018	2017
Golf facilities service fee charged by Zhongshan Changjiang Golf Course (note (i))	12,919	756
Restaurant and hotel service fees charged by Zhongshan Agile Changjiang Hotel Co., Ltd. (note (i))	3,240	1,819
	16,159	2,575
	2018	2017
Loan to related parties		
— Associates	2,643,730	—
— Joint ventures	2,584,511	747,397
	5,228,241	747,397
	2018	2017
Repayment of loans to related parties		
— Joint ventures	77,206	904,916
	2018	2017
Interest income from (note (ii))		
— Associates	93,163	—
— Joint ventures	282,973	149,383
	376,136	149,383

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

43 Related Party Transactions (Continued)

(b) Transactions with related parties (continued)

	2018	2017
Guarantee in respect of borrowings		
— an associate	424,095	496,000
— Joint ventures	6,244,840	1,566,400
	6,668,935	2,062,400

Key management compensation

Key management includes executive directors and heads of major operational departments. The compensation paid or payable to key management for employee services is shown below:

	2018	2017
— Salaries and other short-term employee benefits	43,127	53,178
— Retirement scheme contributions	124	178
	43,251	53,356

Notes:

- (i) Restaurant and hotel service fees and golf facilities service fee were charged in accordance with the terms of the underlying agreements which, in the opinion of the directors, were determined with reference to the market price at the prescribed year. In the opinion of the directors of the Company, the above 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.
- (ii) Interest income were charged in accordance with the terms of the loan contracts which, in the agreement of the related parties and the Company.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

43 Related Party Transactions (Continued)

(c) Balances with related parties

As at 31 December 2018 and 2017, the Group had the following significant non-trade balances with related parties:

	2018	2017
Receivables due from (note (i))		
— Associates	2,578,743	2,625,524
— Joint ventures	9,676,037	4,163,270
— Other related parties	195,484	190,000
	12,450,264	6,978,794
Loan and interest receivables due from (note (ii))		
— Associates	2,701,516	—
— Joint ventures	3,840,425	1,253,355
	6,541,941	1,253,355
Payables due to (note (i))		
— Associates	696,674	—
— Joint ventures	4,789,650	3,286,273
— Other related parties	104,194	100,066
	5,590,518	3,386,339
Contract liabilities		
— Joint ventures	3,530	—

Notes:

- (i) The balances are cash advances in nature, which are unsecured and interest free.
- (ii) The balances are loan receivables and interest from associates and joint ventures, which are unsecured and interest bearing. The effective interest rate ranges from 4.35% to 15% per annum.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

44 Ultimate Holding Company

The directors of the Company consider Full Choice Investments Limited, a company incorporated in Hong Kong, to be the ultimate holding company of the Group.

45 Subsidiaries

(a) Particulars of principal subsidiaries of the Group at 31 December 2018 are set out below:

Name	Place of incorporation and legal status	Principal activities/ place of operation	Proportion of ordinary shares directly held by parent (%)	Proportion of ordinary shares held by the Group (%)	Proportion of ordinary shares held by non-controlling interests (%)
Directly held by the Company					
Eastern Supreme Group Holdings Limited (formerly named Eastern Supreme Group Limited)	British Virgin Islands (the "BVI")/limited liability Company	Investment holding/ Hong Kong	100%	100%	—
Indirectly held by the Company					
雅居樂雅生活服务股份有限公司 A-Living Services Co., Ltd.	PRC/foreign invested enterprise	Property management/ Mainland China	—	54%	46%
雅居樂地產置業有限公司 (前稱中山市雅居樂地產置業有限公司) Agile Property Land Co., Ltd. (formerly named Zhongshan Agile Property Land Co., Ltd)	PRC/wholly foreign owned enterprise	Management consultant/ Mainland China	—	100%	—
中山雅居樂雍景園房地產有限公司 Zhongshan Agile Majestic Garden Real Estate Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	—	100%	—
廣州番禺雅居樂房地產開發有限公司 Guangzhou Panyu Agile Realty Development Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	—	100%	—
廣州花都雅居樂房地產開發有限公司 Guangzhou Huadu Agile Realty Development Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	—	100%	—
佛山市南海區雅居樂房地產有限公司 Foshan Nanhai Agile Real Estate Development Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	—	100%	—

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

45 Subsidiaries (Continued)

(a) Particulars of principal subsidiaries of the Group at 31 December 2018 are set out below (continued):

Name	Place of incorporation and legal status	Principal activities/ place of operation	Proportion of ordinary shares directly held by parent (%)	Proportion of ordinary shares held by the Group (%)	Proportion of ordinary shares held by non-controlling interests (%)
中山市凱茵豪園房地產開發有限公司 Zhongshan Greenville Realty Development Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	—	100%	—
中山市雅建房地產發展有限公司 Zhongshan Ever Creator Real Estate Development Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	—	100%	—
廣州雅居樂房地產開發有限公司 Guangzhou Agile Real Estate Development Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	—	100%	—
佛山市雅居樂房地產有限公司 Foshan Agile Real Estate Development Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	—	100%	—
南京雅居樂房地產開發有限公司 Nanjing Agile Real Estate Development Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	—	100%	—
河源市雅居樂房地產開發有限公司 Heyuan Agile Real Estate Development Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	—	100%	—
海南清水灣控股有限公司 Hainan Clearwater Bay Holdings Limited	BVI/Limited liability company	Investment holding/BVI	—	100%	—
海南雅居樂房地產開發有限公司 Hainan Agile Real Estate Development Co., Ltd. ("Hainan Agile") (note (i))	PRC/foreign invested enterprise	Property development/ Mainland China	—	100%	—

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

45 Subsidiaries (Continued)

(a) Particulars of principal subsidiaries of the Group at 31 December 2018 are set out below (continued):

Name	Place of incorporation and legal status	Principal activities/ place of operation	Proportion of ordinary shares directly held by parent (%)	Proportion of ordinary shares held by the Group (%)	Proportion of ordinary shares held by non-controlling interests (%)
海南雅恒房地產發展有限公司 Hainan Yaheng Real Estate Development Co., Ltd. ("Hainan Yaheng") (note (ii))	PRC/foreign invested enterprise	Property development/ Mainland China	—	100%	—
廣州從化雅居樂房地產開發有限公司 Guangzhou Conghua Agile Real Estate Development Co., Ltd. (note (ii))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	—	100%	—
四川雅居樂房地產開發有限公司 Sichuan Agile Real Estate Development Co., Ltd. (note (ii))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	—	100%	—
佛山市三水雅居樂房地產有限公司 Foshan Sanshui Agile Real Estate Development Co., Ltd. (note (ii))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	—	100%	—
惠州白鷺湖旅遊實業開發有限公司 Huizhou Bailuhu Tour Enterprise Development Co., Ltd. (note (ii))	PRC/foreign invested enterprise	Property development/ Mainland China	—	100%	—
陝西昊瑞房地產開發有限責任公司 Shanxi Haorui Real Estate Development Co., Ltd. (note (ii))	PRC/limited liability Company	Property development/ Mainland China	—	100%	—
上海靜安城投重慶置業有限公司 Shanghai Jing'an Chengtou Chongqing Land Co., Ltd. (note (ii))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	—	100%	—
上海雅恒房地產開發有限公司 (前稱上海金昌房地產開發有限公司) Shanghai Yaheng Real Estate Development Co., Ltd. (formerly named Shanghai Jinchang Real Estate Development Co., Ltd.) (note (ii))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	—	100%	—

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

45 Subsidiaries (Continued)

(a) Particulars of principal subsidiaries of the Group at 31 December 2018 are set out below (continued):

Name	Place of incorporation and legal status	Principal activities/ place of operation	Proportion of ordinary shares directly held by parent (%)	Proportion of ordinary shares held by the Group (%)	Proportion of ordinary shares held by non-controlling interests (%)
廣州雅居樂酒店有限公司 Guangzhou Agile Hotel Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Hotel operation/ Mainland China	—	100%	—
佛山雅居樂酒店有限公司 Foshan Agile Hotel Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Hotel operation/ Mainland China	—	100%	—
廣州雅恒房地產開發有限公司 Guangzhou Yaheng Real Estate Development Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	—	100%	—
中山市雅信房地產開發有限公司 Zhongshan Yaxin Real Estate Development Co., Ltd. (note (i))	PRC/limited liability Company	Property development/ Mainland China	—	100%	—
中山市雅創房地產開發有限公司 Zhongshan Yachuang Real Estate Development Co., Ltd. (note (i))	PRC/limited liability Company	Property development/ Mainland China	—	100%	—
廣州雅生房地產開發有限公司 Guangzhou Yasheng Real Estate Development Co., Ltd. (note (i))	PRC/limited liability Company	Property development/ Mainland China	—	100%	—
中山市雅景房地產開發有限公司 Zhongshan Yajing Real Estate Development Co., Ltd. (note (i))	PRC/limited liability Company	Property development/ Mainland China	—	100%	—
廣州雅粵房地產開發有限公司 Guangzhou Yayue Real Estate Development Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	—	100%	—
廣州雅騰房地產開發有限公司 Guangzhou Yateng Real Estate Development Co., Ltd. (note (i))	PRC/limited liability Company	Property development/ Mainland China	—	100%	—

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

45 Subsidiaries (Continued)

(a) Particulars of principal subsidiaries of the Group at 31 December 2018 are set out below (continued):

Name	Place of incorporation and legal status	Principal activities/ place of operation	Proportion of ordinary shares directly held by parent (%)	Proportion of ordinary shares held by the Group (%)	Proportion of ordinary shares held by non-controlling interests (%)
佛山市三水雅居樂雍園房地產有限公司 Foshan Sanshui Agile Majestic Garden Real Estate Co., Ltd. (note (ii))	PRC/limited liability Company	Property development/ Mainland China	—	100%	—
廣東西樵商貿廣場有限公司 Guangdong Xiqiao Commerce Plaza Co., Ltd. (note (i))	PRC/limited liability Company	Property development/ Mainland China	—	100%	—
南京江寧雅居樂房地產開發有限公司 Nanjing Jiangning Agile Real Estate Development Co., Ltd. (note (ii))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	—	100%	—
遼寧雅居樂房地產開發有限公司 Liaoning Agile Real Estate Development Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	—	100%	—
西安雅居樂物業投資管理有限公司 Xi'an Agile Property Investment Management Co., Ltd. (note (i))	PRC/limited liability Company	Property development/ Mainland China	—	100%	—
佛山市順德區雅居樂房地產有限公司 Foshan Shunde Agile Real Estate Development Co., Ltd. (note (i))	PRC/limited liability Company	Property development/ Mainland China	—	100%	—
南京雅建置業有限公司 Nanjing Yajian Land Co., Ltd. (note (i))	PRC/limited liability Company	Property development/ Mainland China	—	100%	—
常州雅居樂房地產開發有限公司 Changzhou Agile Real Estate Development Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	—	100%	—
騰沖雅居樂旅遊置業有限公司 Tengchong Agile Resort Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	—	100%	—

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

45 Subsidiaries (Continued)

(a) Particulars of principal subsidiaries of the Group at 31 December 2018 are set out below (continued):

Name	Place of incorporation and legal status	Principal activities/ place of operation	Proportion of ordinary shares directly held by parent (%)	Proportion of ordinary shares held by the Group (%)	Proportion of ordinary shares held by non-controlling interests (%)
海南雅航旅遊置業有限公司 Hainan Yahang Travel Property Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	—	100%	—
惠州市惠陽雅居樂房地產開發有限公司 Huizhou Huiyang Agile Real Estate Development Co., Ltd (note (i))	PRC/limited liability Company	Property development/ Mainland China	—	100%	—
西雙版納雅居樂旅遊置業有限公司 (前稱：西雙版納雅居樂旅遊發展有限公司) Xishuangbanna Agile Resort Co., Ltd. (formerly named: Xishuangbanna Agile Resort Development Co., Ltd.) (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	—	100%	—
瑞麗雅居樂旅遊置業有限公司 Ruili Agile Resort Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	—	100%	—
西安曲江雅居樂房地產開發有限公司 Xi'an Qujiang Agile Real Estate Development Co., Ltd. (note (i))	PRC/limited liability Company	Property development/ Mainland China	—	70%	30%
佛山市順德區雅新房地產開發有限公司 Foshan Shunde Yaxin Real Estate Development Co., Ltd. (note (i))	PRC/limited liability Company	Property development/ Mainland China	—	100%	—
揚州雅居樂房地產開發有限公司 Yangzhou Agile Real Estate Development Co., Ltd. (note (i))	PRC/foreign invested enterprise	Property development/ Mainland China	—	100%	—
來安雅居樂房地產開發有限公司 Lai'an Agile Real Estate Development Co., Ltd. (note (i))	PRC/limited liability Company	Property development/ Mainland China	—	100%	—

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

45 Subsidiaries (Continued)

(a) Particulars of principal subsidiaries of the Group at 31 December 2018 are set out below (continued):

Name	Place of incorporation and legal status	Principal activities/ place of operation	Proportion of ordinary shares directly held by parent (%)	Proportion of ordinary shares held by the Group (%)	Proportion of ordinary shares held by non-controlling interests (%)
無錫雅居樂房地產開發有限公司 Wuxi Agile Real Estate Development Co., Ltd. (note (i))	PRC/limited liability Company	Property development/ Mainland China	—	100%	—
上海松江雅居樂房地產開發有限公司 Shanghai Songjiang Agile Real Estate Development Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	—	100%	—
昆山市富恒房地產開發有限公司 Kunshan Fuheng Real Estate Development Co., Ltd. (note (i))	PRC/limited liability Company	Property development/ Mainland China	—	100%	—
中山市雅尚房地產開發有限公司 Zhongshan Yashang Real Estate Development Co., Ltd. (note (i))	PRC/limited liability Company	Property development/ Mainland China	—	100%	—
杭州余杭雅居樂房地產開發有限公司 Hangzhou Yuhang Agile Real Estate Development Co., Ltd. (note (i))	PRC/limited liability Company	Property development/ Mainland China	—	100%	—
南京濱江雅居樂房地產開發有限公司 Nanjing Binjiang Agile Real Estate Development Co., Ltd. (note (i))	PRC/limited liability Company	Property development/ Mainland China	—	100%	—
鄭州雅居樂房地產開發有限公司 Zhengzhou Agile Real Estate Development Co., Ltd. (note (i))	PRC/limited liability Company	Property development/ Mainland China	—	60%	40%
佛山市南海區雅恒房地產開發有限公司 Foshan Nanhai Yaheng Real Estate Development Co., Ltd. (note (i))	PRC/limited liability Company	Property development/ Mainland China	—	51%	49%

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

45 Subsidiaries (Continued)

(a) Particulars of principal subsidiaries of the Group at 31 December 2018 are set out below (continued):

Structured entity	Principal activities
The Company's Employee Share Trust	Purchases, administers and holds the Company's shares in respect of the Share Award Scheme set up for the benefit of eligible employees

As the Company's Employee Share Trust is set up solely for the purpose of purchasing, administering and holding the Company's shares in respect of the Share Award Scheme, the Company has the rights to variable returns from its involvement with the Employee Share Trust and has the ability to affect those returns through its power over the trust. The assets and liabilities of the Employee Share Trust are included in the Group's consolidated financial statements and the shares held by the Employee Share Trust are presented as a deduction in equity as "Shares held for Share Award Scheme".

The above table lists the principal subsidiaries of the Group which, in the opinion of the directors, principally affect the results and net assets of the Group. To give full details of subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Note (i): The names of the companies represent management's best efforts at translating the Chinese names of these companies as no English names have been registered or available.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

46 Balance Sheet and Reserve Movement of the Company

Balance sheet of the Company

	As at 31 December	
	2018	2017
ASSETS		
Non-current assets		
Investments in subsidiaries	448,520	448,520
Total non-current assets	448,520	448,520
Current assets		
Amounts due from subsidiaries	62,620,721	48,399,651
Other receivables and prepayments	149,185	92,669
Financial assets at fair value through profit or loss	139,189	—
Cash and cash equivalents	2,028,994	1,728,902
Total current assets	64,938,089	50,221,222
Total assets	65,386,609	50,669,742
EQUITY		
Equity attributable to shareholders of the Company		
Share capital and premium	3,421,883	3,421,883
Shares held for Share Award Scheme	(156,588)	(156,588)
Other reserves (note (a))	427,512	427,512
Retained earnings (note (a))	2,432,683	2,526,254
	6,125,490	6,219,061
Perpetual Capital Securities	8,334,875	4,485,776
Total equity	14,460,365	10,704,837
LIABILITIES		
Non-current liabilities		
Borrowings	31,906,734	19,186,013
Derivative financial instruments	6,144	4,403
Total non-current liabilities	31,912,878	19,190,416
Current liabilities		
Borrowings	11,903,533	10,159,319
Amounts due to subsidiaries	6,429,197	9,906,562
Other payables and accruals	673,444	467,763
Derivative financial instruments	7,192	240,845
Total current liabilities	19,013,366	20,774,489
Total liabilities	50,926,244	39,964,905
Total equity and liabilities	65,386,609	50,669,742

The balance sheet of the Company was approved by the Board of Directors on 20 March 2019 and was signed on its behalf by:

Chen Zhuo Lin

Chan Cheuk Hung

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

46 Balance Sheet and Reserve Movement of the Company (Continued)

Balance sheet of the Company (continued)

Note (a): Reserves movement of the Company

	Other reserves	Retained earnings
At 1 January 2017	427,512	909,104
Profit for the year	—	3,052,547
Dividends declared relating to 2017	—	(1,435,397)
At 31 December 2017	427,512	2,526,254
At 1 January 2018	427,512	2,526,254
Profit for the year	—	3,857,540
Dividends declared relating to 2018	—	(3,951,111)
At 31 December 2018	427,512	2,432,683

47 Events after the Balance Sheet Date

- (a) Pursuant to the agreement dated on 11 December 2018 and the supplemental agreement dated on 27 February 2019 entered into by a third party acquirer (the “Acquirer”) and Huizhou Bailuhu (an indirect wholly-owned subsidiary of the Company, “Bailuhu”), it was agreed that the Acquirer will acquire 34% equity interests of a subsidiary of Bailuhu (“Huiyang Project”) at a total consideration of RMB1,394,400,000. According to the agreements, the Huiyang Project would be jointly controlled by the Acquirer and Bailuhu after 34% equity interests were transferred to the Acquirer. The Acquirer has paid part of consideration of RMB987,700,000 as advance payment on 28 December 2018, and contributed RMB987,700,000 to Huiyang Project on 21 December 2018, which were recognised as other payable in the consolidated balance sheet. Up to report date, the transactions was not completed.
- (b) On 7 March 2019, the Company issued 6.7% senior notes due 2022 with a aggregate nominal value of US\$500,000,000 at face value. The net proceeds, after deducting the issuance costs, approximated to US\$496,000,000, equivalent to RMB3,328,656,000.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

48 Benefits and Interests of Directors

(a) Directors' and chief executive's emoluments

The remuneration of every director and the chief executive is set out below:

Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiaries undertaking:

For the year ended 31 December 2018:

	Fees	Salary	Housing allowance and contribution to a retirement benefit scheme	Total
Mr. Chen Zhuo Lin	3,793	—	15	3,808
Mr. Chan Cheuk Hung	2,706	—	15	2,721
Mr. Huang Fengchao	127	7,329	129	7,585
Mr. Chen Zhongqi	127	7,371	54	7,552
Mr. Chan Cheuk Yin	355	—	—	355
Madam. Luk Sin Fong, Fion	355	—	—	355
Mr. Chan Cheuk Hei	355	—	—	355
Mr. Chan Cheuk Nam	355	—	—	355
Dr. Cheng Hon Kwan (note (i))	355	—	—	355
Mr. Kwong Che Keung, Gordon (note (i))	355	—	—	355
Mr. Cheung Wing Yui, Edward (note (i), (ii))	42	—	—	42
Mr. Hui Chiu Chung, Stephen (note (i))	355	—	—	355
Mr. Wong Shiu Hoi, Peter (note (i))	355	—	—	355
	9,635	14,700	213	24,548

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

48 Benefits and Interests of Directors (Continued)

(a) Directors' and chief executive's emoluments (continued)

For the year ended 31 December 2017:

	Fees	Salary	Housing allowance and contribution to a retirement benefit scheme	Total
Mr. Chen Zhuo Lin	3,910	—	16	3,926
Mr. Chan Cheuk Hung	2,789	—	16	2,805
Mr. Huang Fengchao	129	9,515	162	9,806
Mr. Chen Zhongqi	129	9,335	57	9,521
Mr. Chan Cheuk Yin	362	—	—	362
Madam. Luk Sin Fong, Fion	362	—	—	362
Mr. Chan Cheuk Hei	362	—	—	362
Mr. Chan Cheuk Nam	362	—	—	362
Dr. Cheng Hon Kwan (note (i))	362	—	—	362
Mr. Kwong Che Keung, Gordon (note (i))	362	—	—	362
Mr. Cheung Wing Yui, Edward (note (i))	362	—	—	362
Mr. Hui Chiu Chung, Stephen (note (i))	362	—	—	362
Mr. Wong Shiu Hoi, Peter (note (i))	362	—	—	362
	10,215	18,850	251	29,316

Note (i): Independent non-executive directors of the Company.

Note (ii): Mr. Cheung Wing Yui, Edward has resigned as a non-executive director of the Company with effect from 13 February 2018.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

48 Benefits and Interests of Directors (Continued)

(b) Directors' retirement benefits

During the year ended 31 December 2018, there were no additional retirement benefit received by the directors except for the attribution to a retirement benefit scheme as disclosed in note (a) above (2017: same).

(c) Directors' termination benefits

During the year ended 31 December 2018, there was no termination benefits received by the directors (2017: same).

(d) Consideration provided to third parties for making available directors' services

During the year ended 31 December 2018, no consideration was paid for making available the services of the directors of the Company (2017: same).

(e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

During the year ended 31 December 2018, there was no loans, quasi-loans and other dealings entered into by the Company or subsidiaries undertaking of the Company, where applicable, in favour of directors.

(f) 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 was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

FIVE-YEAR FINANCIAL SUMMARY

Consolidated Assets, Equity and Liabilities

	31 December 2018 RMB'000	31 December 2017 RMB'000	31 December 2016 RMB'000	31 December 2015 RMB'000	31 December 2014 RMB'000
ASSETS					
Non-current assets	63,537,676	50,713,988	35,585,589	27,194,088	29,464,955
Current assets	166,908,111	112,643,678	96,139,309	90,118,843	94,183,201
Total assets	230,445,787	163,357,666	131,724,898	117,312,931	123,648,156
EQUITY AND LIABILITIES					
Total equity	54,980,933	44,176,230	44,155,230	41,994,987	41,095,292
Non-current liabilities	55,086,714	35,708,002	32,318,075	24,786,841	27,166,852
Current liabilities	120,378,140	83,473,434	55,251,593	50,531,103	55,386,012
Total liabilities	175,464,854	119,181,436	87,569,668	75,317,944	82,552,864
Total equity and liabilities	230,445,787	163,357,666	131,724,898	117,312,931	123,648,156

Five-year Financial Summary (Continued)

Consolidated Income Statements

	2018 RMB'000	2017 RMB'000	2016 RMB'000	2015 RMB'000	2014 RMB'000
Operation					
Revenue	56,144,926	51,607,059	46,678,865	43,004,312	38,317,599
Cost of sales	(31,471,009)	(30,919,581)	(34,313,168)	(32,191,005)	(25,886,775)
Gross profit	24,673,917	20,687,478	12,365,697	10,813,307	12,430,824
Selling and marketing costs	(2,318,044)	(2,258,938)	(2,097,973)	(1,785,859)	(1,784,164)
Administrative expenses	(2,909,554)	(2,045,528)	(1,458,191)	(1,444,024)	(1,437,438)
Net impairment (losses)/reversal on financial and contract assets	(97,250)	1,234	—	—	—
Other gains/(losses), net	1,986,253	40,049	(291,748)	(76,864)	615,659
Other income	1,040,034	570,485	278,662	212,162	979,166
Other expenses	(257,002)	(396,633)	(195,880)	(82,439)	(312,950)
Operating profit	22,118,354	16,598,147	8,600,567	7,636,283	10,491,097
Finance cost, net	(2,744,353)	(898,674)	(1,124,531)	(1,325,206)	(292,573)
Share of post-tax profits/(losses) of associates	22,297	85,953	(3,375)	(27,190)	(27,636)
Share of post-tax profits/(losses) of joint ventures	4,801	83,388	10,453	(87,400)	(44,997)
Profit before income tax	19,401,099	15,868,814	7,483,114	6,196,487	10,125,891
Income tax expenses	(11,043,282)	(9,088,536)	(4,433,480)	(3,894,950)	(5,034,790)
Profit for the year	8,357,817	6,780,278	3,049,634	2,301,537	5,091,101
Profit attributable to:					
Shareholders of the Company	7,125,007	6,025,244	2,283,640	1,390,343	4,287,245
Holders of Perpetual Capital Securities	676,906	472,663	415,263	358,565	354,782
Non-controlling interests	555,904	282,371	350,731	552,629	449,074
	8,357,817	6,780,278	3,049,634	2,301,537	5,091,101
Earnings per share for profit attributable to the shareholders of the Company during the year (expressed in Renminbi per share)					
— Basic	1.835	1.552	0.588	0.358	1.222
— Diluted	1.835	1.552	0.588	0.358	1.203

CORPORATE INFORMATION

Board of Directors

Mr. Chen Zhuo Lin* (*Chairman and President*)
Mr. Chan Cheuk Yin** (*Vice Chairperson*)
Madam Luk Sin Fong, Fion** (*Vice Chairperson*)
Mr. Chan Cheuk Hung*
Mr. Huang Fengchao*
Mr. Chen Zhongqi*
Mr. Chan Cheuk Hei**
Mr. Chan Cheuk Nam**
Dr. Cheng Hon Kwan# *GBS, OBE, JP*
Mr. Kwong Che Keung, Gordon#
Mr. Cheung Wing Yui, Edward# *BBS*
(resigned on 13 February 2018)
Mr. Hui Chiu Chung, Stephen# *JP*
Mr. Wong Shiu Hoi, Peter#

* Executive Directors

** Non-executive Directors

Independent Non-executive Directors

Board Committees

Audit Committee

Mr. Kwong Che Keung, Gordon (*committee chairperson*)
Dr. Cheng Hon Kwan *GBS, OBE, JP*
Mr. Hui Chiu Chung, Stephen *JP*
Mr. Wong Shiu Hoi, Peter
(appointed on 13 February 2018)
Mr. Cheung Wing Yui, Edward *BBS*
(ceased on 13 February 2018)

Remuneration Committee

Dr. Cheng Hon Kwan *GBS, OBE, JP* (*committee chairperson*)
Mr. Kwong Che Keung, Gordon
Mr. Hui Chiu Chung, Stephen *JP*
Mr. Wong Shiu Hoi, Peter
Madam Luk Sin Fong, Fion
Mr. Cheung Wing Yui, Edward *BBS*
(ceased on 13 February 2018)

Nomination Committee

Mr. Hui Chiu Chung, Stephen *JP* (*committee chairperson*)
(appointed on 13 February 2018)
Dr. Cheng Hon Kwan *GBS, OBE, JP*
Mr. Kwong Che Keung, Gordon
Mr. Wong Shiu Hoi, Peter
Madam Luk Sin Fong, Fion
Mr. Cheung Wing Yui, Edward *BBS* (*former committee chairperson*) (ceased on 13 February 2018)

Risk Management Committee

Mr. Huang Fengchao (*committee chairperson*)
(appointed on 13 February 2018)
Mr. Chan Cheuk Hung
Mr. Chen Zhongqi
Mr. Wong Shiu Hoi, Peter
Mr. Chen Zhuo Lin (*former committee chairperson*)
(ceased on 13 February 2018)

Company Secretary

Mr. Lam Ping Yuk

Authorised Representatives

Mr. Chen Zhuo Lin
Mr. Lam Ping Yuk

Auditor

PricewaterhouseCoopers

Legal Advisors

as to Hong Kong law:

Sidley Austin LLP
Lu, Lai & Li Solicitors & Notaries

as to PRC law:

Jingtian & Gongcheng

as to BVI and Cayman Islands laws:

Conyers Dill & Pearman

as to US and English laws:

Sidley Austin LLP

Principal Bankers

Bank of China Limited
Industrial and Commercial Bank of China Limited
China Construction Bank Corporation
Agricultural Bank of China Limited
The Bank of East Asia, Limited
The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited
Standard Chartered Bank (Hong Kong) Limited

Corporate Information (Continued)

Registered Office

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

Principal Place of Office in the PRC

33rd Floor, Agile Center
26 Huaxia Road
Zhujiang New Town
Tianhe District, Guangzhou
Guangdong Province
PRC
Postal Code: 510623

Principal Place of Business in Hong Kong

18/F., Three Pacific Place
1 Queen's Road East
Hong Kong

Principal Share Registrar and Transfer Office

SMP Partners (Cayman) Limited
Royal Bank House – 3rd Floor
24 Shedden Road
P.O. Box 1586
Grand Cayman KY1-1110
Cayman Islands

Branch Share Registrar and Transfer Office in Hong Kong

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong
Telephone : (852) 2980 1333
Facsimile : (852) 2861 1465

Investor Relations

Capital Markets and Corporate Affairs Department
E-mail : ir@agile.com.cn
Telephone : (852) 2847 3383
Facsimile : (852) 2780 8822

Website

www.agile.com.cn

Listing Information

A Equity Securities

The Company's ordinary shares (stock code: 3383) are listed on the Main Board of the Hong Kong Stock Exchange.

B Debt Securities

- (1) The Company's debt securities listed on the Main Board of the Hong Kong Stock Exchange:
 - 9% senior notes in an aggregate principal amount of US\$500 million due 2020 (stock code: 5517)
- (2) The Company's debt securities listed on the Official List of SGX:
 - (i) 8.5% senior notes in an aggregate principal amount of US\$600 million due 2021
 - (ii) 5.125% senior notes in an aggregate principal amount of US\$200 million due 2022
 - (iii) 9.5% senior notes in an aggregate principal amount of US\$400 million due 2020
 - (iv) 6.7% senior notes in an aggregate principal amount of US\$500 million due 2022
- (3) The Company's debt securities listed on the Shanghai Stock Exchange:
 - (i) domestic non-public corporate bonds in an aggregate principal amount of RMB970 million due 2020 with an initial coupon rate of 4.98% (corporate bond code: 135690)
 - (ii) domestic non-public corporate bonds in an aggregate principal amount of RMB1,800 million due 2021 with a coupon rate of 4.60% (corporate bond code: 135882)
 - (iii) domestic non-public corporate bonds in an aggregate principal amount of RMB1,200 million due 2023 with a coupon rate of 5.70% (corporate bond code: 135883)
 - (iv) domestic non-public corporate bonds in an aggregate principal amount of RMB3,000 million due 2020 with a coupon rate of 6.98% (corporate bond code: 145608)
- (4) The debt securities of Guangzhou Panyu Agile Realty Development Co., Ltd. (廣州番禺雅居樂房地產開發有限公司) (an indirect wholly-owned subsidiary of the Company incorporated in China) listed on the Shanghai Stock Exchange:
 - domestic corporate bonds in an aggregate principal amount of RMB1,600 million due 2021 with an initial coupon rate of 4.7% (corporate bond code: 136134)

C Capital Securities

- (1) The Company's subordinated perpetual capital securities in an aggregate principal amount of US\$700 million (stock code: 4593) are listed on the Main Board of the Hong Kong Stock Exchange.
- (2) The Company's senior perpetual capital securities in an aggregate principal amount of US\$500 million are listed on the Official List of SGX.

Financial Calendar

Interim results announcement	29 August 2018
Payment of interim dividend	27 September 2018
Annual results announcement	20 March 2019
2019 AGM	10 May 2019
Payment of proposed final dividend	on or about 30 May 2019

Closure of Register of Members and Other Key Dates

The Company's register of members will be closed during the following periods:

To determine the identity of Shareholders who are entitled to attend and vote at 2019 AGM

Latest time for lodging transfer documents of shares	:	4:30 p.m. on Monday, 6 May 2019
Period of closure of register of members	:	Tuesday, 7 May 2019 to Friday, 10 May 2019 (both dates inclusive)

To determine the Shareholders' entitlement to the final dividend

Ex-entitlement date for final dividend	:	Thursday, 16 May 2019
Latest time for lodging transfer documents of shares	:	4:30 p.m. on Friday, 17 May 2019
Period of closure of register of members	:	Monday, 20 May 2019 to Wednesday, 22 May 2019 (both dates inclusive)
Record date	:	Wednesday, 22 May 2019

To qualify for attending and voting at 2019 AGM and/or entitlement to the final dividend, all properly completed transfer forms accompanied by the share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than the corresponding latest time for lodging transfer document of shares.

The proposed final dividend will be paid on or about Thursday, 30 May 2019 to Shareholders whose names appear on the register of members of the Company on Wednesday, 22 May 2019 upon approval by the Shareholders in 2019 AGM.

Annual General Meeting

2019 AGM will be held on Friday, 10 May 2019. Notice of 2019 AGM will be set out in the Company's circular dated 2 April 2019 and will be despatched together with this annual report to the Shareholders. Notice of 2019 AGM and the proxy form will also be published on the Agile's website (www.agile.com.cn) and the Hong Kong Stock Exchange's website (www.hkex.com.hk).

Dividends

Interim dividend	HK50.0 cents per Share
Proposed final dividend	HK50.0 cents per Share

Despatch of Corporate Communications

This annual report is available in both Chinese and English versions. Printed copies in either or both languages will be delivered to Shareholders in accordance with their indicated preference. This annual report is also published on the Company's website (www.agile.com.cn) and the Hong Kong Stock Exchange's website (www.hkex.com.hk). Registered Shareholders may at any time choose to change their choice of language or means of receipt of the Company's corporate communications free of charge by filling the specified forms and send to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited. For Shareholders whose Shares are being held through brokers or custodians, they should inform their respective brokers or custodians to effect the change.

For environment protection reasons, the Company encourages Shareholders to view this annual report posted on the aforesaid websites.

GLOSSARY

Agile or Company	Agile Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Hong Kong Stock Exchange
Articles	the Articles of Association of the Company
2018 AGM	annual general meeting of the Company held on 14 May 2018
2019 AGM	annual general meeting of the Company to be held on 10 May 2019
BBS	Bronze Bauhinia Star
BEA	The Bank of East Asia, Limited
Board	board of Directors of the Company
BVI	British Virgin Islands
Changjiang Hotel Company	Zhongshan Agile Changjiang Hotel Co., Ltd. (中山雅居樂長江酒店有限公司), a Company incorporated in the PRC with limited liability
Chen's Family Trust	a family trust established by Top Coast as former trustee and the beneficiaries of which are the Founding Shareholders
China or PRC	The People's Republic of China. For the purpose of this annual report, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan region
CG Code	Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules
Director(s)	directors of the Company
Employee Share Trustee	Bank of Communications Trustee Limited
Founding Shareholders	Chen Zhuo Lin, Chan Cheuk Yin, Luk Sin Fong, Fion, Chan Cheuk Hung, Chan Cheuk Hei and Chan Cheuk Nam
Full Choice	Full Choice Investments Limited, a company incorporated in Hong Kong with limited liability on 8 August 2016, being the current trustee of Chen's Family Trust
GBS	Gold Bauhinia Star
GFA	gross floor area
Group	the Company and its subsidiaries
HK\$/HKD	Hong Kong dollar(s), the lawful currency of Hong Kong
HKAS	Hong Kong Accounting Standards

Glossary (Continued)

Hong Kong	Hong Kong Special Administrative Region of the PRC
Hong Kong Companies Ordinance	Companies Ordinance (Chapter 622 of the laws of Hong Kong)
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
HSB	Hang Seng Bank Limited
HSBC	The Hongkong and Shanghai Banking Corporation Limited
INED(s)	Independent Non-executive Director(s) of the Company
JP	Justice of the Peace
Listing Rules	The Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules
NED(s)	Non-executive Director(s) of the Company
OBE	Officer of British Empire
RMB	Renminbi, the lawful currency of PRC
SCB	Standard Chartered Bank (Hong Kong) Limited
Securities Dealing Code for Directors	A code for securities transactions by Directors adopted by the Company
SFO	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
Share(s)	ordinary share(s) of HK\$0.10 each in the share capital of the Company (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time)
Share Award Scheme	a share award scheme adopted by the Company on 10 December 2013
Shareholder(s)	holder(s) of Shares
SGX	Singapore Exchange Securities Trading Limited
Top Coast	Top Coast Investment Limited, a company incorporated in BVI with limited liability on 17 May 2005, being the former trustee of Chen's Family Trust
US	United States of America
US\$/USD	United States dollar(s), the lawful currency of US
%	per cent

