YIDA亿达

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

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

股份代號 Stock Code : 3639.HK

2018 ANNUAL REPORT

年度報告

Contents

Corporate Overview

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

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

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

After the Listing, the Group clearly put forward to be "China's leading business park operator". It pursued its national expansion goal through the strategy of "leading the development of asset-light business to actuate asset-heavy business, and developing asset-light and asset-heavy businesses simultaneously". Thus, the Group, by virtue of using the development mode of "City-Industry Integration", had been consolidating its business in Dalian, greatly expanding its business in Wuhan, and fully exploring its business in major first-tier and second-tier cities and economically vital regions.

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

Five major business sectors

Zhongguancun No. 1

Wuhan First City

Corporate Information

Board of Directors

Executive Directors

Mr. Jiang Xiuwen *(Chairman and Chief Executive Officer)*
Mr. Chen Donghui
Ms. Ma Lan (resigned on 29 March 2019)
Mr. Yu Shiping
Ms. Zheng Xiaohua (appointed on 22 June 2018)
Mr. Zhang Zhichao (resigned on 22 June 2018)
Mr. Xu Beinan (appointed on 29 March 2019)

Non-executive Directors

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

Independent Non-executive Directors

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

Joint Company Secretary

Ms. Wang Huiting
Ms. Kwong Yin Ping Yvonne

Authorised Representatives

Mr. Jiang Xiuwen (appointed on 29 March 2019)
Ms. Wang Huiting
Ms. Ma Lan (resigned on 29 March 2019)

Board Committees

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

Registered Office

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

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

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

Principal Place of Business in Hong Kong

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

Principal Share Registrar and Transfer Office

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

Hong Kong Branch Share Registrar and Transfer Office

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

Auditor

PricewaterhouseCoopers
Certified Public Accountants

Legal Advisors

As to Hong Kong Law
Sidley Austin

As to PRC Law
Commerce & Finance Law Offices

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

Principal Bankers

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

Stock Code

3639

Company's Website

www.yidachina.com

Financial Summary

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

	Year ended 31 December				
	2018	2017	2016	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**7,356,958**	7,317,619	7,004,548	7,473,200	7,711,305
Cost of sales	**(5,305,746)**	(5,551,155)	(5,460,083)	(5,400,560)	(5,280,673)
Gross profit	**2,051,212**	1,766,464	1,544,465	2,072,640	2,430,632
Other income	**51,927**	70,491	72,949	92,850	16,344
Gains arising from acquisition of subsidiaries	**790,959**	–	583,113	–	–
Fair value gains on investment properties	**6,586**	341,216	201,219	215,066	58,864
Net impairment losses on financial and contract assets	**(23,861)**	–	(19,270)	–	–
Other (losses)/gains – net	**(45,058)**	19,998	(342,839)	5,175	(73,164)
Selling and marketing expenses	**(192,886)**	(236,083)	(215,505)	(210,469)	(302,206)
Administrative expenses	**(502,698)**	(478,585)	(434,358)	(386,458)	(427,116)
Finance costs – net	**(659,853)**	(334,461)	(278,346)	(311,004)	(190,699)
Share of profits and losses of joint ventures and associates	**8,810**	449,702	(80,676)	(36,177)	(21,020)
Profit before income tax	**1,485,138**	1,598,742	1,030,752	1,441,623	1,491,635
Income tax expenses	**(681,552)**	(504,480)	(456,599)	(620,155)	(594,791)
Profit for the year	**803,586**	1,094,262	574,153	821,468	896,844
Owners of the Company	**833,919**	984,302	564,000	821,263	896,887
Non-controlling interests	**(30,333)**	109,960	10,153	205	(43)
	803,586	1,094,262	574,153	821,468	896,844

	As at 31 December				
	2018	2017	2016	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS					
TOTAL ASSETS	**43,086,362**	37,097,484	35,959,502	34,518,188	36,156,451
TOTAL LIABILITIES	**(31,247,803)**	(25,954,578)	(25,812,973)	(25,109,702)	(27,177,375)
NON-CONTROLLING INTERESTS	**(463,615)**	(404,727)	(274,189)	(12,105)	(1,399)
	11,374,944	10,738,179	9,872,340	9,396,381	8,977,677

Chairman's Statement

Jiang Xiuwen
Chairman and chief executive officer
Yida China Holdings Limited

Dear shareholders,

I am pleased to present you the annual results of the Group for the year ended 31 December 2018 (the "Year").

Results

During the Year, the Group recorded revenue of RMB7,357 million, of which sales income from residential properties within and outside business parks and office properties was RMB5,958 million; rental income from business parks was RMB479 million; business park operation and management income was RMB62.84 million; construction, decoration and landscaping income was RMB319 million; and property management income was RMB539 million. Gross profit increased by 16.1% to RMB2,051 million from the corresponding period of last year, with a gross profit margin of 27.9%. Net profit attributable to owners of the Company was RMB834 million.

Review of 2018

2018 was a milestone of the Group which marked the 20th anniversary of its strategic positioning in the business park market. Facing the tightened industry and financial policies and intensified competition, the Group, based on its well-planned expansion in key cities, achieved remarkable results. In 2018, it maintained strong growth momentum and further consolidated its leading position in the industry. As a leading business park operator in China, the Group aims to develop in line with commerces in China. Adhering to the development concept of "promoting city with industry, achieving city-industry integration, accomplishing coordinative development, and creating values together", the Group has deepened its development in Dalian and Wuhan and extended its presence in the Beijing-Tianjin-Hebei Region, the Yangtze River Delta, the Pearl River Delta, the central and western areas and other economically vibrant regions. It operates 32 business parks with a mix of self-owned and asset-light business models in 21 cities and is committed to replicating and innovating successful business models in more cities. Through the creation of industrial clusters, the Group aims to gather new hi-tech company tenants with high technological content to form clusters in the regions and serves as strong demonstration of robust economic activities.

I. Widened national presence, steadily implemented the core strategy of "city-industry integration" and enriched the industrial development with move product lines

The Company continued to implement its development strategy of "consolidating market position in Dalian, gearing-up development effort in Wuhan and expanding business coverage nation-wide", expanded to asset-light and asset-heavy businesses in cities through operation services and accelerated the progress of comprehensive city-industry development projects in province and key cities under strategic cooperation to explore the development and operation models for new city-industry projects to achieve profit expansion. During the Year, the acquisition of equity interests in Dalian Tiandi, a flagship project, was completed and it was incorporated into the consolidated financial statements of the Group. The residential properties of two phases of "Dalian Tiandi – Hekou Bay" were sold out immediately after launch. The Group jointly developed the project with Longfor Group, a leading property developer. The two parties complemented each other's advantages and achieved operation and form regional property enterprises linkage and interaction. During the Year, the Group added approximately 2 million square metres in area of city industry integration projects and obtained the Changsha Yida Intelligent Manufacturing Industrial Village project with the integration of industry, residence and ancillary functions, the Zhengzhou New Technology City project positioned for the new-generation information technology and intelligent manufacturing industry, the Changsha Meixihu Intelligent Health City project positioned for big health industry, the Chongqing Beibei Yida Innovation Square project positioned for the information technology and digital cultural creative industries and locked phase 2 land acquisition, and also jointly developed Hefei Yida Intelligent Technology City with Hefei government's platform company.

II. Expanded asset-light business scale, developed benchmark projects and implemented in depth the strategy of "developing asset-light and asset-heavy businesses simultaneously"

For the asset-light business, the Group strengthened project management, optimized project resources and further improved the operation quality of existing projects, obtaining 10 asset-light projects in target cities in the Yangtze River Delta and central and western areas. As at the end of the year, the number of the Group's entrusted operation and management projects reached 26 with an operation area of approximately 6.75 million square metres. With Dalian Software Park and Wuhan First City as model, the Group has, based on the development characteristics of regional industries, established the Beijing Zhongguancun No. 1 focusing on artificial intelligent industry, Changsha Meixihu Innovation Centre focusing on e-business industry, Chengdu Western Geography Information Technology Industrial Park focusing on artificial intelligent industry and other flagship projects across the country. Through the operation of existing and newly acquired projects, the Company further increased its tenant resources and over 1,000 customers have settled in the business parks of the Group on the whole.

III. Expanded financing channels, strengthened internal control management and successfully implemented re-financing plans

The Group has completed its re-financing plan within the Year and achieved a healthy cash flow. With excellent performance in property sales proceeds and recurring revenue, the Company has replenished its core asset portfolio by obtaining quality resources for projects outside Dalian in the land market.

Outlook for 2019

In 2019, under the new policies, the Group will firmly uphold the "market-oriented, customer-centric and profit-based" operation concept in mind, closely focus on the development targets on national emerging industries, steadfastly implement its main businesses, improve the quality of industrial coverage, strengthen the core drivers to industrial development, consolidate the foundation for strategic transformation, achieve leapfrogging development in the operation of the Company and maintain the leading position in the industry.

I. Focus on city-industry projects and adopt various models to enhance the development momentum of enterprise

In respect of the development of asset-heavy business, the Company will comprehensively enhance the core operation capability of city-industry integration projects and improve the industrial clustering effect, and will focus on its presence in new tier-1 cities and the prospering tier-2 cities, targeting Dalian, Wuhan, Hefei and Changsha and increasing its presence in city-industry projects in Chongqing, Nanjing, Suzhou, Chengdu, Zhengzhou and other cities to reserve sufficient resources for the Company's continuous and steady development. For business development, the Company will flexibly adopt various joint investment and cooperation models, seek high-quality business partners to deepen cooperation, leveraging on their respective advantages and obtain projects at reasonable prices to achieve win-win development.

II. Improve the operation of business parks and strengthen core industrial competence

In respect of the asset-light business coverage, the Company will improve its operation capability, increase service adaptability and stably innovate the operation service model of intelligent parks. IOT platforms, integrated platforms for attracting tenants, leasing and sales, industrial service platforms and visual big data analysis in business parks and build services sharing platforms with the integration of online and offline digital technology and financial services will be fully introduced. The Company will achieve online operation, management and services for all industry-city integration projects and develop an tenant service system with "providing space is providing services" to build real cloud service sharing platforms in intelligent parks and gradually achieve the strategic optimization towards a "service-oriented company".

III. Practice the medium and long-term development objective of destocking, de-leveraging and developing asset-light and asset-heavy businesses simultaneously and stably implement re-financing plans

Under the environment with tighter funding resources and increasing market uncertainties and to avoid the dual adverse effects from operation management, investment and financing, the Group proposes to speed up in assets destocking and strive to realize the strategic objectives of de-leveraging through gradually optimizing and consolidating the long term interest-bearing liabilities of certain assets, transforming from asset-heavy businesses to asset-light businesses, increasing the proportion of asset-light business and realising overall innovation in investment and financing models in operation and project expansion. The Group will focus on operating cash flow management, exploit the advantages of domestic and overseas financing channels and steadily implement its refinancing plan in 2019. The Company will actively bring new strategic resources, realize the fundamental optimization of its capital structure, and create a more sustainable, profitable and risk-resistant enterprise development model.

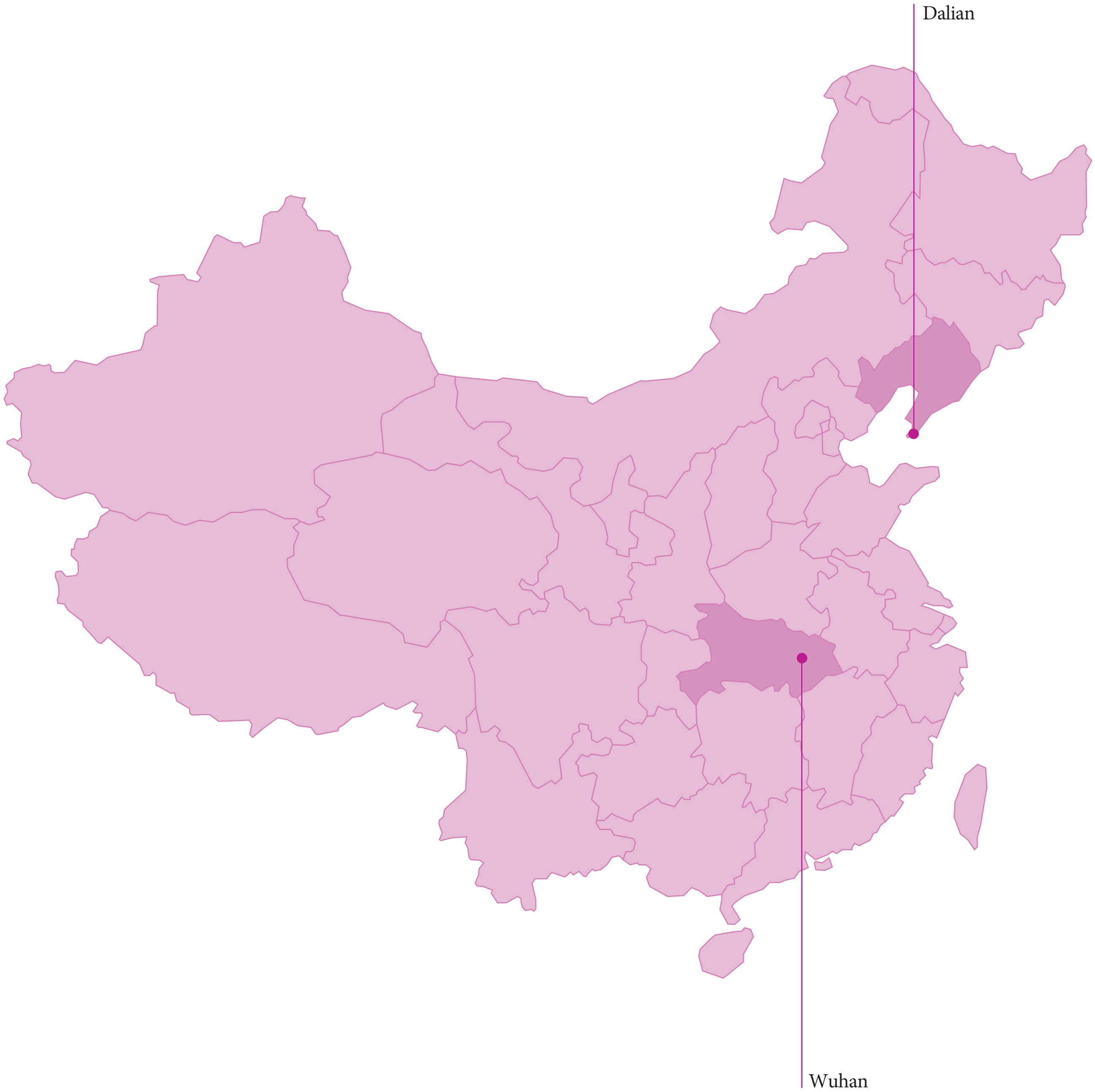
On behalf of the Board of Directors, I would like to express our heartfelt thanks to all shareholders, investors, business partners and customers for their support for the Group and to the management and employees for their unremitting efforts and contributions.

Jiang Xiuwen
Chairman and chief executive officer
Yida China Holdings Limited

Hong Kong, 29 March 2019

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

Dalian Software Park


Dalian
Wuhan

1

1 People in the business park

2

3

4

2 Wuhan First City

3 Tenant logo wall

4 Dalian Ascendas IT Park

During the Year, the Group's wholly-owned business parks included Dalian Software Park, Dalian BEST City, Dalian Tiandi and Yida Information Software Park, it also owned a 50% stake in Wuhan First City and Dalian Ascendas IT Park. The total completed gross floor area in the above parks was approximately 1,615 thousand square metres, and an area available for leasing was approximately 1,612 thousand square metres. During the Year, the Group recorded a rental income of approximately RMB479 million, which increased by 24.1% as compared to that of the corresponding period of 2017.

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

Business Parks	Rights and Interests of the Group	Total Completed Floor Area	Leasable Area: Office Buildings	Leasable Area: Apartments	Leasable Area: Shops	Leasable Area: Parking Spaces	Occupancy Rate at the End of the Period
Dalian Software Park	100%	637	391	180	33	42	94%
Dalian BEST City	100%	147	99	–	7	41	84%
Yida Information Software Park	100%	155	131	–	4	20	69%
Dalian Tiandi	100%	334	207	37	41	38	83%
Wuhan First City	50%	138	138	–	–	–	45%
Dalian Ascendas IT Park[1]	50%	204	178	–	–	25	95%
Total		1,615	1,612				

Note:

1. The financial statement of Dalian Ascendas IT Park is not consolidated, therefore the rental income of the Group excludes the rental income from such park.

Improved market environment and optimized industrial structure boosted the development of industry and service sectors

- As China lent more support to the emerging industries, providing new opportunities to the development of enterprises with independent research and development on products in artificial intelligence, intelligent manufacturing, intelligent medical treatment, internet finance and other industries. Traditional software and information service enterprises are also expanding their businesses to new frontiers to meet market changes.

- Dalian government released Certain Policies on Supporting the Development of Software and Information Services in Dalian City and Opinions on Certain Policies Further Opening Up and Utilization of Foreign Capitals in Dalian City and other favorable policies, specifying that it will give priority to supporting artificial intelligence, life health and other futuristic industries on the basis of further expanding the size of software and information service industries and encourage foreign investment in key industries and conduct cooperation in R&D. The industries where the customers in the parks operate will gradually transform towards being driven by the new-generation information technology and software and information services with futuristic industries as supplemental growth drivers.

- Leveraging on its unique geographical location and government supporting policies, Dalian achieved takeoff in industrial upgrading, and the international markets are increasingly relying on Dalian. Indian enterprises have brought artificial intelligence technology to the intelligent manufacturing industries in old industrial bases in northeast China and are actively introducing the National Association of Software and Services Companies in India (Nasscom) to build proprietary business parks in Dalian. Currently, most of the businesses of Furuno Softech are located in the Chinese market, and has expanded the original software and hardware production to the research and development and production of new-generation biological medicine and reagents.

After years of preparation and operation, the overall positioning of the business parks of Yida has gradually upgraded from initial the "services outsourcing centre in Northeast Asia" to "global innovation centre".

Refined property services and enhanced environmental quality facilitated full life cycle management of assets

During the Year, the Group completed the acquisition of Dalian Tiandi. With the business office in the software park as the core, Huangnichuan area of Dalian Tiandi becomes a green working and living area for people engaged in the intellectual business. The industrial ecosystem has complete facilities integrating public services, business exhibitions, software development, technological R&D, information services, education and training and exclusive parks for large enterprises.

- In terms of the optimization of the field management structure, the Company consolidated the fundamental property service models, adjusted the organization based on regions and regularly organized property service staff to conduct standard trainings to improve the property standard and management quality.

- For the preliminary stage and takeover of new projects, the Company fully leveraged on its asset management experience and proposed on the overall takeover plan on Dalian Tiandi Business Park through deeply carrying out field examinations on equipment and facilities, asset inspection, appraisal reports, asset transformation plans and property operation management. Based on the preliminary participation in the machinery design, installment and decoration, parking operation and guide system and the design of external environment for Dalian Tiandi (Hekou Bay) and Area E of Dalian BEST City, the Company proposed practical suggestions on the delivery standards based on customers' demands and maximizing the asset revenue.

- For cultural accumulation and transmission, the Company summarized the experience on the management of assets throughout full life cycle, developed standards on management of projects construction throughout full cycle and repairing and maintenance of key assets and completed the standards on the design of industrial buildings.

Enhanced customer loyalty, strengthened market reputation and reshaped tenant positioning

- Focusing on the 20th anniversary of the opening of Dalian Software Park, the Group designed and organized multiple online and offline activities, including various theme exhibitions, industrial development seminars and the "Media Activity on the 20th Anniversary of City-Industry Integration of Yida", developed the concepts on the development of the software park industry, analysed the characteristics of customers with strong growth in the park and proposed the customer and industry positioning in various parks under the "One Belt and One Park" strategy based on market changes and the policy orientation, which improved the brand awareness of Dalian Software Park and attracted more investors.

- Dalian Software Park assisted Dalian municipal government in convening the Sino-Japanese IT Industry Talkfest with the theme of "Cooperating for 20 Years and Creating the Future Together" in Japan. Approximately 50 customers, including Panasonic, Sony, NEC, NRI and IBM, participated in the communications on relevant measures on promoting the strategic development of Japanese enterprises in emerging industries and facilitating the second takeoff of industries in Dalian with an aim to strengthening international cooperation and enhancing the influence of the business parks of Yida.

- Cisco Dalian Branch, a representative tenant in the park, has been upgraded to one of the three global business support centres of Cisco after its establishment ten years ago, and awarded the "Coordinated Innovation Prize for the Best Partner" to Dalian Software Park developing a win-win partnership for both parties.

- Dalian Software Park developed operation plans and service systems on mass entrepreneurship and incubators and obtained customer information and feedback through WeChat, SOE, SOM and other ways. Based on the original high-end management, E families and Japanese management circles, the Company introduced alliance of technical staff, makers salons, female managers and other exclusive circles and provided resources for detailed demands.

MD&A – BUSINESS REVIEW
II. Sales of Properties

Changsha Meixihu Health Science and Technology Business Park


Hefei
Dalian
Changsha
Shenyang
Chongqing
Wuhan
Chengdu

1

2

3

1 Dalian The First County Project

2 Dalian Blue Mountain Project

3 Dalian Xinghai Bay Cross Sea Bridge

4

5

4 Zhengzhou Yida Technology New City

5 Yida Hefei Intelligent Technology City

During the Year, the Group achieved contracted sales of RMB8,537 million, representing an increase of 17.5% over the corresponding period last year, mainly due to the increase in the sales volume of properties under Dalian Tiandi, a project acquired by the Group during the Period. The average contracted sales price was RMB11,693 per square metre, which remained almost at the same level in comparison to that of the corresponding period last year. The major sales projects were mostly located in Dalian (91.7% of total contracted sales) and Wuhan (5.0% of total contracted sales), with residential property sales as its main form, which accounted for 94.7% of the total contracted sales.

During the Year, this segment recorded revenue of RMB5,958 million, which remained almost at the same level in comparison to that of the corresponding period last year. The average sales price was RMB10,744 per square metre, representing a year-on-year increase of 2.3%, mainly due to the different region and structure of products recognised. The projects carried forward during the Period were mainly ordinary residential properties. Revenue-recognised projects were mainly located in Dalian (90% of revenue), Wuhan (6% of revenue) and some other cities.

While consolidating its business in Dalian and focusing on the strategic target of "developing asset-light and asset-heavy businesses simultaneously", the Group implemented asset-heavy projects in Changsha, Zhengzhou and Hefei and developed Changsha Yida Meixihu Health Technology Business Park, Changsha Yida Intelligent Manufacturing Village, Yida Zhengzhou Software Park and Yida Hefei Intelligent Technology City and other projects. The operation in each city and judgment are as follows:

Dalian

In 2018, the GDP growth in Dalian outpaced the national average. The municipal government deepened differentiated policies in different cities in the demand end and implemented relatively mild policies on purchase restriction. The government restricted the premiums and invited tenders on ancillary facilities on lands and most of the lands traded were in areas with no purchase restriction. The supply in the property market was stable and the stock level was increasingly reasonable. The overall urban habitat environment in Dalian has been improving. Under the new trend of the supply restructuring and as a result of the long-term effects of the "two-child" policy, the market demand structure was gradually transforming from rigid demand into rigid and improvement demands, which has become the major driver in the market. It is expected that the property market in Dalian will maintain the trend of increases in both prices and trading volume in 2019.

In May 2018, the Group completed the acquisition of the Dalian Tiandi project, recording strong sales of residential properties at the launch of Yida Hekou Bay and making significant contribution to the results of the Group for the year. The Group has been serving Dalian market for twenty years, creating synergy effect from the projects sales, park and ancillary services in High-tech District and Ganjingzi District and persistently promoting brand awareness and customers recognition.

Wuhan

In 2018, with the tightening in regulatory policies on the financial market in Wuhan, the market recorded declines in transaction volume while prices on the whole maintained at similar levels and supply and demand became increasingly balanced. The market become more rational with polarized performance in property location and purchase demand. The Group mainly sold office properties and timely launched sales of residential projects in Wuhan.

In 2019, Wuhan will be the host city of the 7th CISM World Games, a world-class event. Nearly 10,000 athletes from some 100 countries will participate in the event. Based on the successful examples of the Beijing Olympic Games and the Shanghai World Expo, the CISM World Games will facilitate Wuhan in promoting business and traffic upgrading and achieve overriding development and the position of Wuhan will be further enhanced. The Wuhan government has been introducing new drivers to the development of strategic and emerging industries and local economic growth. It actively plans the development of ancillary business parks to seek the synergy effect of policies, talents, technology and clusters, which brings ample opportunities for the development and sales of business parks. It is expected that the Wuhan market will continue to record differentiated performance in terms of location and business type in 2019.

Changsha

In 2018, the total transaction amount of residential properties in the six districts and one county in Changsha reached RMB181,370 million, representing a year-on-year increase of approximately 12.0%. The sold area reached 17,588 thousand square metres, representing a year-on-year increase of 3.3%. Property sales in Changsha maintained at high level with short supplies in the market for the whole year. With the surging sales price and the introduction of policies on purchase restriction in the first half, the supply increase stimulated transactions with the price returning reasonable.

Yida Health Science and Technology Business Park project developed by the Group officially settled in Phase 2 of Changsha Meixihu International New City, which is the central urban area of Xiangjiang New Area, a national level new area in Hunan. The project mainly features office properties for sale. Meanwhile, the Group acquired 850 thousand square metres of commercial and residential land in Wangcheng Economic Development District. The Company will join Wangcheng Economic Development District in introducing ancillary residential projects by leveraging on the geographic advantages of the national economic and technology development zone which is in proximity to a leading middle school in Hunan and having the synergy effect of industries in building a national intelligent manufacturing centre in Changsha.

Zhengzhou

In 2018, Zhengzhou's GDP exceeded RMB1 trillion for the first time and reached RMB1,014,330 million, ranking the 17th in China and representing a year-on-year increase of approximately 8.1%. With a population of over 10 million and investment in property development reaching RMB325,840 million, it has built up the position as a national geographical centre. Based on the goal of national expansion, Zhengzhou is a transportation and logistics hub in central area with increasing advantages in cost, population and the number of university undergraduates, which will attract more industries and lead the development of the urban agglomeration in central cities. The Group will facilitate Zhengzhou High-tech District in achieving the strategic target of "building a world-class high-tech park with an industrial value of RMB100 billion", focus on introducing software and information services, new-generation information technology, intelligent manufacturing and other industries, attract industry leaders and promote innovation incubation to further enhance the cluster advantage of intelligent industries and the innovation capacity of Zhengzhou High-tech District and transform it into a model city of intelligent industries in Henan Province.

Hefei

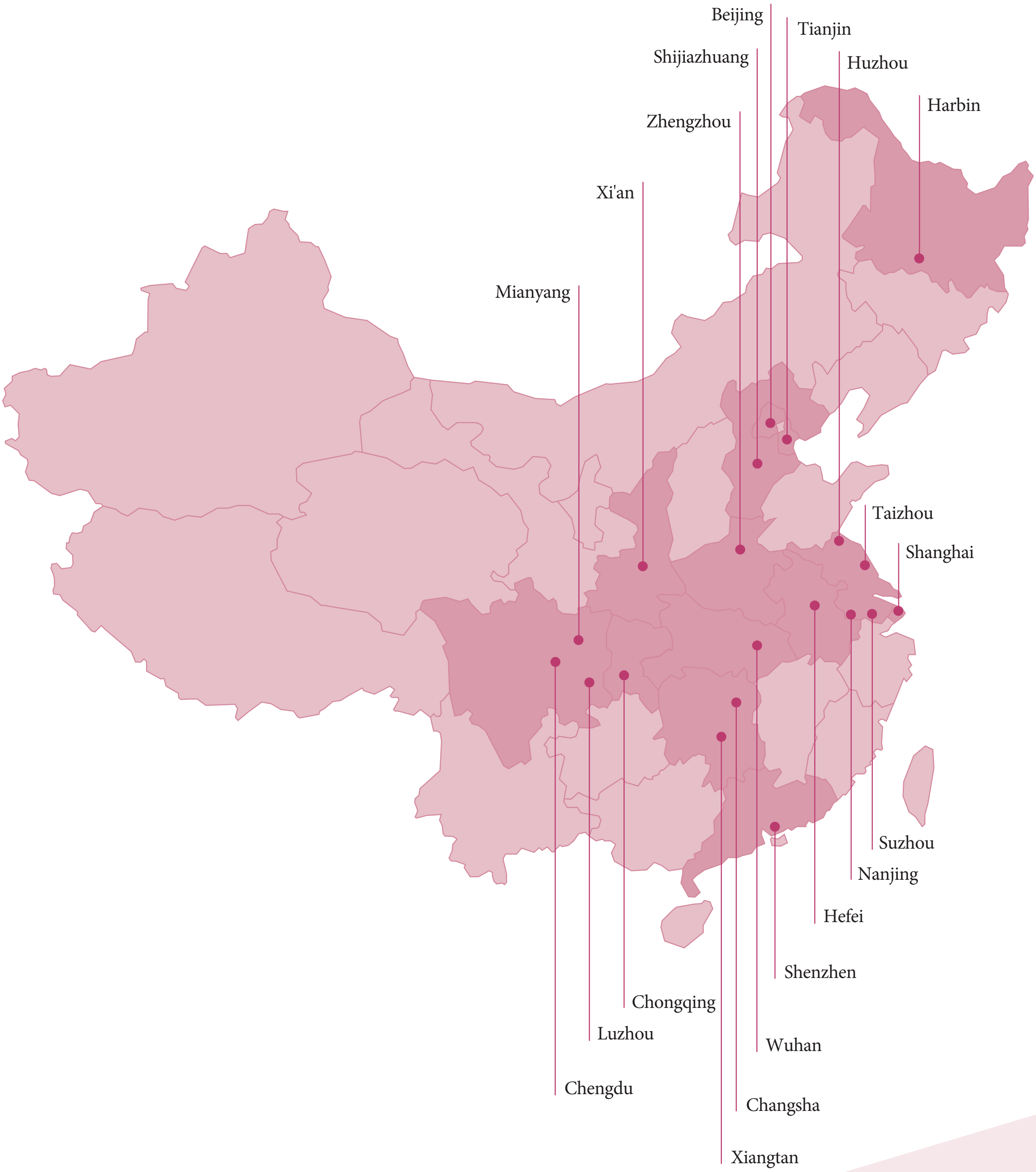
In 2018, the land market in Hefei remained stable in supply with a total construction area of approximately 8,720 thousand square metres in land supply, representing a year-on-year increase of 18.6%. The construction area of the land supply in Feidong area in Hefei was approximately 1,627 thousand square metres with total construction area traded of 1,589 thousand square metres. The areas most chased after have been expanded from urban districts to surrounding areas. In the second half of the Year, the Group acquired approximately 290 thousand square metres of residential land in Feidong area, which will make stable contributions to the future performance.

Contracted Sales Details

	Sales Floor Area (sq.m.)	Sales Amount (RMB0'000)	Average Sales Price (RMB/sq.m.)
Dalian	627,997	783,192	12,471
Wuhan	69,260	42,485	6,134
Chengdu	15,927	14,176	8,901
Shenyang	16,964	13,887	8,186
Total	730,148	853,740	11,693
Dalian Software Park	2,268	2,503	11,038
Dalian BEST City	47,716	52,823	11,070
Yida Information Software Park	40,212	31,232	7,767
Wuhan First City	69,260	42,485	6,134
Dalian Tiandi	438,508	581,436	13,259
Residential Properties Outside Business Parks	132,184	143,261	10,838
Total	730,148	853,740	11,693
Residential Properties	658,998	808,430	12,268
Office Properties	71,150	45,310	6,368
Total	730,148	853,740	11,693
Business Parks	597,964	710,479	11,882
Residential Properties Outside Business Parks	132,184	143,261	10,838
Total	730,148	853,740	11,693

III. Business Park Entrusted Operation and Management

Sichuan Luzhou Aeronautics and Astronautics Industry Park


Beijing
Tianjin
Shijiazhuang
Huzhou
Harbin
Zhengzhou
Xi'an
Mianyang
Taizhou
Shanghai
Suzhou
Nanjing
Hefei
Shenzhen
Chongqing
Luzhou
Wuhan
Chengdu
Changsha
Xiangtan

1

2

1 Beijing Zhongguancun No. 1

2 Changsha Meixihu Innovation Centre

3 Xi'an Collaborative Innovation Port of Fengdong New Town

4 China (Mianyang) Technology City Softoware Business Park

During the Year, the Group's newly-added area for business park entrusted operation was 2,608 thousand square metres and the total area under operation reached 6,753 thousand square metres, representing an increase of 62.9% from the corresponding period of last year and covering 19 tier-1 and tier-2 cities and their surrounding areas with 26 projects in total. Revenue from the business was RMB62.84 million, representing an increase of 4.3% from the corresponding period of last year. The Group, based on its owned business parks, continued to provide entrusted operation and management services with brand spillover effect by leveraging on its leading operation experiences and advantageous resources. The Group provided a whole chain of asset-light operation and management services, including project identification, product positioning, planning and design, entrusted construction management services, tenant recruitment, property management, value-added services, and etc.

In 2018, the Group followed the development strategy featuring "leading the development of asset-light business to actuate asset-heavy business, developing asset-light and asset-heavy businesses simultaneously, and feeding asset-light business by developing more asset-heavy business", carried out the expansion of its business park entrusted operation and management business across the country, continued to deepen development and its asset-light business continued to make contribution. It initially achieved the targets of expanding the operation coverage and size, entering target cities with low costs, enhancing the industrial operation ability and improving the brand recognition of industrial operation. It has made improvements in the volume and quality of industrial operation, focused on building benchmark projects with industry cluster effects and made solid steps in the national expansion.

During the Year, the Group and Beijing Shichuang Technology Park Development Construction Co., Ltd. jointly operated Zhongguancun No. 1, a landmark industrial park in Beijing, and entered into contracts for 10 asset-light projects, including Zhejiang Huzhou Changxing National Economic Development Zone Project, Sichuan Luzhou Aeronautics and Astronautics Industrial Park, Changsha Future Port, Hebei Junding Industrial Park and Xiangtan Jiuhua Innovation and Entrepreneurship Park with its business scale increasingly expanded. The Company successfully introduced nearly 300 customers, including Fortune Global 500 companies, unicorn enterprises and top 100 companies in various industries. As at the end of the Year, over 800 companies settled in the park. The Company has preliminarily established the framework system for industrial operation services and laid a solid foundation for building the Yida intelligent industrial services platform in the future.

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

	Serial No.	District	Project Name	Contracted Area (thousand sq.m.)	Operation Mode
1	Stock in 2017	Shanghai	Yida North Hongqiao Entrepreneur Park	48.0	Tenant recruitment and operation
2		Suzhou	Suzhou Gaotie First City	203.0	Tenant recruitment and operation and incubator
3		Suzhou	Yida Shangjinwan Headquarters Economic Park	401.0	Tenant recruitment and operation
4		Shenzhen	Haikexing Sinovac Strategic Emerging Industrial Park	70.6	Tenant recruitment and operation
5		Changsha	Meixihu Innovation Centre	52.0	Tenant recruitment and operation
6		Chengdu	Guo Bin Headquarters in Chengdu	81.7	Tenant recruitment and operation
7		Chengdu	Chengdu Western Geography Information Technology Industrial Park	700.0	Tenant recruitment and operation
8		Hefei	Hefei Luyang Big Data Industrial Park	242.6	Tenant recruitment and operation
9		Mianyang	China (Mianyang) Technology City (Phase I) Software Industry Park	62.6	Tenant recruitment and operation
10		Tianjin	Xiangyi Square	10.0	Tenant recruitment and operation
11		Harbin	Harbin-Israel International High & New Technology Incubator Complex Industrial Park	89.0	Tenant recruitment and operation
12		Beijing	Yida Lize Centre	41.0	Charter
13		Shanghai	Yida Waigaoqiao Business Park	13.9	Charter
14		Changsha	Changsha Technology New Park	540.0	Sales agent, tenant recruitment and operation
15		Chongqing	Liangjiang Science and Technology City (Phase I)	195.3	Sales agent, tenant recruitment and operation
16		Chongqing	Liangjiang Science and Technology City (Phase II)	210.0	Sales agent, tenant recruitment and operation
17	Newly added in 2018	Xiangtan	Jiuhua Innovation and Entrepreneurship Centre	319.8	Tenant recruitment and operation
18		Taizhou	Chuangmei Science and Technology Industrial Park	400.0	Tenant recruitment and operation
19		Huzhou	Zhejiang Huzhou Changxing National Economic Development Zone	270.4	Tenant recruitment and operation
20		Luzhou	Luzhou Aeronautics and Astronautics Industrial Park	700.0	Tenant recruitment and operation
21		Xi'an	Collaborative Innovation Port of Fengdong New Town	200.0	Tenant recruitment and operation
22		Beijing	Zhongguancun No. 1	497.8	Tenant recruitment and operation
23		Changsha	Future Port	300.0	Tenant recruitment and operation
24		Nanjing	Mufu Green Intelligent Town	440.0	Tenant recruitment and operation
25		Taicang	Taicang Port Gangcheng Square	164.2	Tenant recruitment and operation
26		Shijiazhuang	Hebei Junding Industrial Park	500.0	Tenant recruitment and operation
		Total		6,752.9	

IV. Construction, Decoration and Landscaping

Undertaking decoration projects in Dalian


Dalian
Hefei
Chongqing
Wuhan
Changsha

1

2

1-2 Decoration showroom

3 Landscaping and basketball court inside the business park

4 Construction site

During the Year, the construction, decoration and landscaping businesses recorded revenue of RMB319 million, representing a decrease of 31.9% from the corresponding period of last year, mainly due to the internal elimination of relevant business revenue of Dalian Tiandi project, which was incorporated in the consolidated financial statements of the Company during the Year. The Group continued to deepen the strategy for upholding quality and focused on guaranteeing buildings and construction quality and safety. It was appraised by government at all levels for a number of times and was awarded as an outstanding construction enterprise in China and in Liaoning Province.

In 2018, the construction, decoration and landscaping businesses continued to support the development of internal projects of the Group. It carried out construction in Changsha, Chongqing and Hefei and established local project management teams to integrate local resources and explore business markets in different cities. Meanwhile, the Company strived to expand external industrial markets and actively sought cooperation opportunities with large property enterprises, government and municipal institutes, continued to follow and serve long-term partners in subsequent projects in different regions and strived to undertake them at negotiated prices and expand revenue channels. The Company expanded the industrial coverage with its outstanding project quality and achieved sustained and stable recurring cash flow. The business team has mainly undertaken various regional landmark and well-known projects, including the Dalian Government "Warm House" project, Dalian Global Mind Land, Longfor Mansion and Dandong Royal Bay.

The Group will continue to develop the construction, decoration and landscaping businesses. Through integrated management and interactive operation of these three types of businesses, the Group will build an outstanding team and control the cost of projects. In the future, it plans to further enhance the team through undertaking the construction and decoration of projects under construction and expand the business scale from the internal to the external and build a nationwide well-known brand.

Wuhan First City

MD&A – BUSINESS REVIEW
V. Property Management

Snapshots of daily lives of households


Shenyang
Jinan
Dalian
Mianyang
Hangzhou
Suzhou
Zibo
Wuhan
Changsha
Chongqing

1

2

3

1 Yida property owners sports event

2 "Yida Services" on China high-speed rail

3 Yida Elderly Care – Puyangfanghua Green Hill Branch

4

5

6

4 Child care centre

5 Elderly painting and calligraphy classroom

6 Elderly Choir

During the Year, the property management business recorded revenue of RMB539 million, representing an increase of 30.6% for the corresponding period of last year, mainly due to the increase in the revenue from increase in items under management and increase in the revenue from ancillary services. Yida Services Group Co., Ltd. ranked the 32nd in the "Selection of Top 100 Property Companies by China Property Management Institute". Leveraging on its years of experience accumulated and reserve of resources, the Group tapped more non-residential property management opportunities, diversified property management portfolio and increased its revenue and profit.

Residential Property Management

During the Year, the Group operated 15 new residential property projects with an operation area of 2,634 thousand square metres, making its total residential property projects under operation reach 70 with an operation area of 10,460 thousand square metres. Closely followed the development ideas of "improving service level, increasing performance, and expanding the business", the Group took advantage of its close partnership with property developers, expanded the business scale and attained remarkable increase in recurring revenue.

With the cloud platform of Yida property intelligent management, E-family owners APP2.0 and other systems, the Group continued to diversify services and expanded to OAO selected new retail businesses, community education services and community elderly care services to diversify its revenue sources. In the second half of 2018, Yida Elderly Care – Puyangfanghua Green Hill Branch was officially put into operation. Lanshan Branch completed the basic fitting-out works and is expected to commence operation in 2019. The Group introduced the entire Japanese elderly care concept and service standards and strived to build Puyangfanghua into a top brand for elderly care in China. In the future, the Company will expand to elderly tourism, elderly insurance, elderly property and other projects, build complete elderly service systems and actively explore potentials in the development of Chinese elderly care industrial chains.

Office Property Management

By the end of the year, total number of office property projects under operation reached 29, with total office property gross floor area under operation reach 3,076 thousand square metres. The Group strengthened its presence in Dalian, Suzhou, Hangzhou, Jinan, Wuhan and Mianyang, making steady progress towards its objective of building a countrywide coverage.

With its over 20 years of experience in developing and operating business parks and serving the Fortune Global 500 companies, the Group achieved appreciation in asset value through asset reallocation. With its experience in serving industrial parks, office buildings, government authorities and universities, the Group established complete information platforms with integrated online and offline operation and developed a leading standard office property management system in China. Taking full advantage of abundant big data resources and through analysis on different categories of customers, the Group enjoys unique advantages in various value-added services and is devoted to providing customers with quality services and creating a more comfortable working environment. In October, the Group established a joint venture with Dalian New Airport Business Area. By the end of the Year, the Group officially signed a cooperation agreement with China Railway Shenyang Administration to officially introduce "Yida Services" on high-speed rail from 2019 to improve the service experience of travellers on high-speed trains and build a new safe and sustainable ecosystem in travelling by high-speed rail with all efforts.

VI. Land Reserves

The First County

As of 31 December 2018, the Group's total floor area of land reserves was approximately 9.86 million square metres and the floor area of land reserves attributable to the Group was approximately 8.28 million square metres. The concentration of land reserves further decreased, Dalian accounting for 69.8% and representing a decrease of 16.4 percentage points as compared with that of the end of the previous year. It increased presence in Changsha, Zhengzhou, Chongqing, Hefei and other key cities for implementation of its development strategy of "consolidating market position in Dalian, gearing-up development effort in Wuhan and expanding business coverage nation-wide".

The core business of the Group is comprehensive city-industry development. The Group has successfully acquired 320 thousand square metres of commercial land at Meixihu, the central urban area of Xiangjiang New District, a national new district in Changsha in January to construct Changsha Yida Meixihu Health Technology Business Park, planning to develop in focus three industry categories namely smart healthcare, software information technology and technology intelligence for facilitating the transformation of Changsha industries. After obtaining the Meixihu land parcel, the Group continued to make efforts and obtained three more pieces of lands successively in the central area of Wangcheng Economic Development District with a total area of 864 thousand square metres to develop Yida Intelligent Manufacturing Village for the establishment of the first featured village on intelligent manufacturing industries in central China. In February, the Group successfully obtained 330 thousand square metres of industrial land in the core zone of the Zheng-Luo-Xin National Innovation Demonstration Area to construct Yida Zhengzhou Software

Park with a focus to introduce industries such as software information services, promote innovation and further enhance the advantages and innovation capabilities of the intelligent industry cluster in Zhengzhou High-tech Zone to build it into a showcase of intelligent industries in Henan Province. In May, the Group obtained 103 thousand square metres land at the core of New City at Beibei District, Chongqing for the construction of the first phase of Chongqing Yida Innovation Square, an ecological high-rise single tower office building with commercial ancillaries, aiming to become a landmark in Beibei District and even in Chongqing and an important cluster for high-tech enterprises. The land for project phase 2 is expected to be obtained when appropriate. In December, the Group obtained 288 thousand square metres of land at the core of New City in the eastern areas of Hefei for the construction of phase 1 of Yida Hefei Intelligent Technology City, to be built into a benchmark project with the integration of industry and city.

In the future, the Group will also seize merger and acquisition opportunities brought by the overall trend of real estate market, obtain suitable asset-heavy projects at proper time, including but not limited to business parks, standalone office properties, standalone residential properties and urban complex projects.

By city	Total GFA of land reserves *(sq.m.)*	Proportion	Attributable GFA of land reserves *(sq.m.)*	Proportion
Dalian	6,882,245	69.8%	6,224,151	75.2%
Wuhan	931,574	9.5%	465,787	5.6%
Chengdu	130,840	1.3%	90,449	1.1%
Shenyang	7,979	0.1%	7,979	0.1%
Changsha	1,183,505	12.0%	767,831	9.3%
Zhengzhou	329,212	3.3%	329,212	4.0%
Chongqing	103,250	1.0%	103,250	1.2%
Hefei	288,191	2.9%	288,191	3.5%
Total	9,856,796	100%	8,276,849	100.0%

By location	Total GFA of land reserves *(sq.m.)*	Proportion	Attributable GFA of land reserves *(sq.m.)*	Proportion
Within business parks	7,704,172	78.2%	6,635,843	80.2%
Outside business parks	2,152,624	21.8%	1,641,006	19.8%
Total	9,856,796	100.0%	8,276,849	100.0%

Projects Within/ Outside Business Parks	Equity Held by the Group	GFA Completed Remaining Saleable/ Leasable (sq.m.)	GFA Under Development (sq.m.)	GFA Held for Future Development (sq.m.)
Business Parks				
Dalian Software Park				
Office	100%	594,938	–	–
Residential	100%	93,310	–	–
Subtotal	100%	688,248	–	–
Dalian BEST City				
Office	100%	131,440	182,317	491,888
Residential	100%	279,183	7,483	14,000
Subtotal	100%	410,623	189,800	505,888
Wuhan First City				
Office	50%	285,738	–	508,501
Residential	50%	4,235	–	133,100
Subtotal	50%	289,973	–	641,601
Yida Information Software Park				
Office	100%	149,014	–	118,798
Residential	100%	362,102	–	113,913
Subtotal	100%	511,116	–	232,711
Dalian Ascendas IT Park				
Office	50%	202,530	–	91,918
Subtotal	50%	202,530	–	91,918
Dalian Tiandi				
Office	100%	323,000	299,655	1,020,175
Residential	100%	90,256	491,600	–
Subtotal	100%	413,256	791,255	1,020,175

Projects Within/ Outside Business Parks	Equity Held by the Group	GFA Completed Remaining Saleable/ Leasable *(sq.m.)*	GFA Under Development *(sq.m.)*	GFA Held for Future Development *(sq.m.)*
Chengdu Tianfu Intelligent Transportation Science and Technology City				
Office	60%	–	99,111	–
Subtotal	60%	–	99,111	–
Changsha Meixihu Health Science and Technology City				
Office	51%	–	61,203	257,865
Subtotal	51%	–	61,203	257,865
Changsha Yida Intelligent Manufacturing Industrial Village				
Office	70%	–	–	412,202
Residential	70%	–	246,041	206,194
Subtotal	70%	–	246,041	618,396
Zhengzhou Yida New Technology City				
Office	100%	–	97,689	231,523
Subtotal	100%	–	97,689	231,523
Chongqing Yida Innovation Square				
Office	100%	–	103,250	–
Subtotal	100%	–	103,250	–
Business Parks Subtotal		2,515,746	1,588,349	3,600,077
Projects Outside Business Parks				
Dalian	25%-100%	420,420	805,599	598,706
Chengdu	80%-100%	27,993	–	3,737
Shenyang	100%	7,979	–	–
Hefei	100%			288,191
Projects Outside Business Parks Subtotal		456,392	805,599	890,634
Total		2,972,138	2,393,948	4,490,710

Revenue

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

During the Year, the revenue of the Group was RMB7,356.96 million, representing an increase of 0.5% from the corresponding period of last year.

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

	For the year ended 31 December			
	2018		2017	
	Amount RMB'000	% of total amount	Amount RMB'000	% of total amount
Revenue from sales of properties	**5,957,781**	**81.0%**	5,991,179	81.9%
Rental income	**478,598**	**6.5%**	385,508	5.3%
Business park operation and management services income	**62,842**	**0.9%**	60,236	0.8%
Construction, decoration and landscaping income	**318,599**	**4.3%**	467,742	6.4%
Property management income	**539,138**	**7.3%**	412,954	5.6%
Total	**7,356,958**	**100%**	7,317,619	100.00%

(1) Revenue from Sales of properties

The Group's revenue arising from sales of residential properties within and outside business parks and office properties for the Year was RMB5,957.78 million, which was comparable to that of the corresponding period of last year.

(2) Rental income

The Group's rental income derived from operation of business parks owned by the Group for the Year amounted to RMB478.60 million, representing an increase of 24.1% from the corresponding period of last year, which was mainly attributable to the increase in the leased area during the Year.

(3) Business park operation and management services income

During the Year, the income arising from business park operation and management services provided by the Group amounted to RMB62.84 million, representing an increase of 4.3% from the corresponding period of last year, which was mainly attributable to the increase in entrusted operation projects during the Year.

(4) Construction, decoration and landscaping income

During the Year, the income from construction, decoration and landscaping services provided by the Group amounted to RMB318.60 million, representing a decrease of 31.9% from the corresponding period of last year, which was mainly attributable to the internal elimination of business revenue due to the consolidation of Dalian Tiandi project during the Year.

(5) Property management income

During the Year, the income from property management service provided by the Group amounted to RMB539.14 million, representing an increase of 30.6% from the corresponding period of last year, which was mainly attributable to the increase in property management projects and supporting service income.

Cost of Sales

The cost of sales of the Group during the Year amounted to RMB5,305.75 million, representing a decrease of 4.4% from the corresponding period of last year, which was mainly attributable to different structure of products carried forward during the Year.

Gross Profit and Gross Profit Margin

The gross profit provided by the Group during the Year amounted to RMB2,051.21 million, representing an increase of 16.1% from the corresponding period of last year; The gross profit margin increased from 24.1% for the corresponding period of 2017 to 27.9% during the Year, which was mainly attributable to different structure of products recognised during the Year.

Selling and Marketing Expenses

The sales and marketing expenses of the Group decreased by 18.3% to RMB192.89 million for the Year from RMB236.08 million in the corresponding period of 2017, which was mainly due to the decrease in advertising expenses during the Year.

Administrative Expenses

The administrative expenses of the Group increased by 5.0% to RMB502.70 million for the Year from RMB478.59 million in the corresponding period of 2017, which was mainly due to the expansion of business scale.

Increase in Fair Value on Investment Properties

The fair value gains on investment properties of the Group decreased to RMB6.59 million during the Year from RMB341.22 million in the corresponding period of 2017, which was mainly due to increase in fair value of the land of Yida Information Software Park and Dalian Software Park in the preceding year and no such condition during the Year.

Finance Costs – net

The net finance costs of the Group increased to RMB659.85 million during the Year from RMB334.46 million in the corresponding period of 2017, which was primarily attributable to the increase in interest-bearing financing and the reduction of project capitalization during the Year.

Share of Profits and Losses of Joint Ventures and Associates

During the Year, the Group's share of profits of joint ventures and associates was RMB8.81 million, decreased by approximately RMB440.89 million as compared to the corresponding period of 2017, which was mainly attributable to the decrease in gain in investment in Dalian Software Park Ascendas Development Company Limited during the Year.

Income Tax Expenses

The income tax expenses of the Group include corporate income tax, land appreciation tax and deferred income tax. The income tax expenses of the Group increased by 35.1% to RMB681.55 million during the Year from RMB504.48 million in the corresponding period of 2017, which was mainly attributable to the increase in LAT of the recognised project during the Year.

Profit for the Year

As a result of the foregoing, the pre-tax profit of the Group decreased by 7.1% to RMB1,485.14 million during the Year from RMB1,598.74 million in the corresponding period of 2017.

The profit of the Group decreased by 26.6% to RMB803.59 million during the Year from RMB1,094.26 million in the corresponding period of 2017.

The net profit attributable to equity owners decreased by 15.3% to RMB833.92 million during the Year from RMB984.30 million in the corresponding period of 2017.

The core profit attributable to equity owners (excluding effects of fair value gains on investment properties, net of tax) increased to RMB828.98 million during the Year from RMB728.39 million in the corresponding period of 2017.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash Position

As at 31 December 2018, the Group had cash and bank balances (including restricted cash of approximately RMB728.49 million) of approximately RMB1,806.26 million (31 December 2017: cash and bank balances of approximately RMB3,363.68 million, including restricted cash of approximately RMB1,879.54 million).

Debts

As at 31 December 2018, the Group had bank and other borrowings of approximately RMB17,026.73 million (31 December 2017: approximately RMB16,985.73 million), of which:

(1) By Loan Type

	31 December 2018 RMB'000	31 December 2017 RMB'000
Secured bank loans	7,870,955	6,912,527
Secured other borrowings	4,850,185	5,041,800
Unsecured other borrowings	4,305,585	5,031,405
	17,026,725	16,985,732

(2) By Maturity Date

	31 December 2018 RMB'000	31 December 2017 RMB'000
Within one year or on demand	12,651,205	6,912,232
In the second year	4,009,332	2,579,040
In the third to fifth year	366,188	6,611,156
Beyond five years	–	883,304
	17,026,725	16,985,732

Debt Ratio

The net gearing (net debt, including interest-bearing bank and other borrowings and promissory notes included in other payables, less cash and cash equivalents and restricted cash, divided by the total equity) of the Group was approximately 128.6% as at 31 December 2018, which increased by 1.6 percentage points as compared to 127.0% as at 31 December 2017.

Foreign Exchange Risks

The functional currency of the Group is RMB and most transactions were denominated in RMB. As at 31 December 2018, the Group had cash and bank balances (including restricted cash) of approximately RMB1.62 million and approximately RMB1.21 million denominated in Hong Kong dollars and United States dollars, respectively. The Group had borrowings of RMB2,059.96 million and RMB245.84 million denominated in United States dollars and Hong Kong dollars, respectively. All such amounts were exposed to foreign currency risks. The Group currently has no foreign currency hedging policies, but the management monitors foreign exchange risks and will consider hedging significant foreign exchange risks when necessary.

Contingent Liabilities

The Group enters into arrangements with PRC commercial banks to provide mortgage facilities to its customers to purchase the Group's properties. In accordance with industry practice, the Group is required to provide guarantees to these banks in respect of mortgages provided to such customers. Guarantees for such mortgages are generally discharged at the earlier of: (I) registration of mortgage interest to the bank, or (II) the settlement of mortgage loans between the mortgagee banks and the purchasers. As at 31 December 2018, the Group provided a guarantee of approximately RMB324.05 million to commercial banks in the PRC in respect of mortgage loans granted to the customers of the Group (as at 31 December 2017: approximately RMB454.93 million).

As at 31 December 2018, the guarantee provided in respect of the payment obligations of Richcoast Group and the joint venture partner by the Group was RMB0 (as at 31 December 2017: RMB41.60 million).

As at 31 December 2018, the guarantee provided in respect of bank and other borrowings granted to the joint ventures of the Group by the Group was RMB0 (as at 31 December 2017: RMB954.37 million).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2018, the Group had 1,932 full-time employees. The Group distributes remunerations to the staff based on the performances, work experiences of the employees and the current market salary level.

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

Environmental, Social and Governance Report

1 Overview of the Environmental, Social and Governance Report

1.1 Reporting Standards

This section is the third annual Environmental, Social and Governance Report (the "Report") issued by the Group. We prepared the Report in compliance with the "Comply or Explain" provision in the "Environmental, Social and Governance Reporting Guide" under Appendix 27 of the Main Board Listing Rules (the "Listing Rules") issued by The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), and the "Recommended Disclosures". Unless otherwise stated, the reporting period is consistent with annual report, to disclose the Group's performance in the areas of environmental protection, employment, operational practices and community investment.

The Report is approved to issue by the Board after being confirmed by the senior management of the Group. For information on the corporate governance of the Group during the reporting period, please refer to the section headed "Corporate Governance Report" in this annual report.

1.2 Sustainable Development Concept of the Group

The Group has always adhered to the development concept of "promoting the development of city through industry integration while creating value together through coordinated development". We understand the importance of sustainable development for the Group. To that end, we take into account the elements of sustainable development while developing our business, to promote the continued operation of the Group's business and the development of the surrounding communities, and to create long-term and sustainable value for the Group and the stakeholders.

2 Our Environment

The Group is committed to building green and low carbon business parks and constructing property development projects that are ideal for living and working. Therefore, the Group adopts an integrated property development model that focuses on the design and construction of business parks and properties, as well as the environmental management after completion, so as to more effectively manage the impact of the property on the surrounding environment at different stages of development.

Some of our park landscaping projects and related management activities have implemented environmental management systems that meet the requirements of ISO 14001. We have formulated the "Identification of Environmental Factors and Assessment of Control Procedures", "Environmental Operation Control Procedures" and "Environmental Monitoring and Testing Control Procedures", and through the implementation of relevant environmental management measures, to reduce the environmental impact of our development and operational projects.

Our efforts in environmental management have been recognized by the outsider. Yida Construction Group Company Limited under the Group was awarded the "2018 Dalian City Green Construction Industry Leading Enterprise" by the Dalian City Green Construction Industry Association again to recognize the Group's significant contribution to the development of green sustainable buildings.

2.1 Saving resources and reducing emissions

The state strongly advocates improving energy efficiency and promoting the development of low carbon economy. In response to the country's development policy, we are committed to saving energy in our business while reducing greenhouse gas emissions. As early as the design stage of the business park, the Group has considered the energy conservation and emission reduction benefits of the park's operation, such as the energy efficiency of materials used in the construction of exterior wall, construction facilities, rooftop design, lighting, heating systems and others, to minimize energy consumption after the business parks are being put into service. The green design adopted by us includes:

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

The Group is concerned about the environmental impacts of the project during its construction, therefore, the Group's policies and procedures in relation to environmental protection also apply to the work of contractors. During the construction process, the Group requires contractors to strictly follow the Group's "Identification of Environmental Factors and Assessment of Control Procedures", to identify energy use and emissions during the construction process[1], and implements corresponding control measures for important environmental impacts. For example, in order to reduce the dust of materials stored on the construction site, the contractor shall properly cover the materials or regularly sprinkle water. At the same time, we also require contractors to reduce the impact on surrounding communities, including conduct high noise operations in phases to reduce the impact of long term noise on surrounding neighbourhood and the environment.

In order to monitor the Group's energy saving performance, we continue to monitor the energy consumption at every aspects of the parks in accordance with the "Environmental Monitoring and Testing Control Procedures". We install energy consumption monitoring equipment for cooling and heating sources, transmission systems, lighting, office equipment and hot water equipment respectively, to collect different energy consumption data for analysis, so as to manage and plan the energy consumption of each project more effectively. We will continue to monitor and analyse to help us review and improve our existing energy saving measures.

During the reporting period, our energy consumption and greenhouse gas emissions data were as shown below:

	Unit	2017 Performance	2018 Performance[2]
Electricity consumption[3]	kWh	20,471,910	63,032,917
Diesel consumption[4]	Litre	4,000	171,500
Energy consumption intensity	kWh/m^2	1.63	3.46
Direct greenhouse gas emission (Scope 1)	Metric tons	10.44	447.69
Indirect greenhouse gas emission (Scope 2)	Metric tons	15,974.23	45,358.49

[1] The Group has not yet collected the data by the types of emission indicators, and will further improve the data collection system for the future reporting.

[2] In 2018, the Group's data collection includes six major business segments: property development, property investment, business park operation and management, construction, decoration and landscaping, and property management. The newly added project sites are Dalian, Shenyang, Chengdu, Changsha, Wuhan, Chongqing, Zhengzhou and others, therefore, the environmental data such as electricity, water and diesel increased significantly as compared to 2017.

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

[4] Diesel consumption does not include properties for sale and businesses other than Dalian. The data were estimated based on other operational data (such as bills of expenses).

2.2 Conserving water resources

Under the influence of climate change, the rainfall in most regions of China is relatively small, the distribution is severely uneven, and the shortage of water resources is becoming more and more serious, and it poses a potential threat to the cities and economic development. As such, we strive to improve water resource management in the business and reduce water consumption, as well as strengthen the business park's ability to treat reclaimed water and collect rainwater.

We have adopted various measures to save water and use recycled water in the design and construction of the parks, including:

- Recycled water pump system reserved during the design. Used water is collected, treated, and then used for other non-drinking purposes such as irrigation, washing of roads and underground parking.
- Rainwater collection devices installed in the parks.
- During the construction process, use of tap water by contractors is prohibited, so as to reduce its reliance on clean water sources.
- All sanitary wares in the parks are water-saving plumbing fixtures.

During the reporting period, our water consumption and performance was shown as below:

	Unit	2017 Performance	2018 Performance[2]
Water consumption[3]	m^3	286,207	880,682
Water consumption intensity	m^3/m^2	0.02	0.047

In addition to reducing water consumption, waste water treatment is one of the more important environmental issues in our business. The sewage generated during construction was treated in a sediment pool before draining into municipal sewage conduits. Meanwhile, the online monitoring system for sewage treatment is put in place to ensure that the sewage discharged from municipal sewage conduits meets the water quality standards of the government authorities.

2.3 Utilizing resources

Building business parks and residential property consume a large quantity of resources. Therefore, we strive to make good use of resources and improve the design and construction method to save the materials consumption. At the same time, we also encourage the reuse and recycling of materials to reduce the use of building materials.

We outsource purchasing, design and construction processes to the same contractor to focus on solving various problems, and encourage contractors to improve the efficiency of building materials, and to save the use and reduce waste of building materials. During the construction, we will closely monitor use of materials by contractor and prohibit them from using building materials that are prohibited by local regulations. In addition, we require contractors to manage the storage of building materials properly to avoid environmental impacts caused by indiscriminate placement of materials, at the same time, the contractor is required to classify and recycle concrete, mortar and other building materials in a reasonable and timely manner. We also encourage them to reuse and recycle other construction waste to reduce wastage of resources.

[2] In 2018, the Group's data collection includes six major business segments: property development, property investment, business park operation and management, construction, decoration and landscaping, and property management. The newly added project sites are Dalian, Shenyang, Chengdu, Changsha, Wuhan, Chongqing, Zhengzhou and others, therefore, the environmental data such as electricity, water and diesel increased significantly as compared to 2017.

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

2.4 Effective waste treatment

We strive to reduce waste generated by the business, and to ensure that waste so generated can be properly treated. For the parks and residential buildings, we give priority to use the recycling of reusable construction waste, while those that cannot be reused will be treated by a qualified third party garbage collecting company. Third party garbage collecting company must be certified by the local environmental hygiene departments to ensure that the waste is properly treated. For the parks operation, we assign specific personnel to be responsible for the cleaning of the parks to ensure that the rubbish can be collected in a centralized collection place designated by the environmental hygiene department.

We recognize that hazardous wastes such as florescent tubes, toner cartridges, batteries, film and automobile air filters have a significant environmental impact, and we need to carefully manage the collection and processing procedures. We have established and implemented designated procedures in accordance with the requirements of the government, to centrally store hazardous waste and report relevant information on the website of the environmental protection bureau. The reported hazardous waste will be treated by a certified third party environmental protection company, and relevant treatment will be recorded in the "Hazardous Waste Treatment Record".

As the Group added a number of projects during the reporting period and some of the projects have large management area, there is no dedicated department been established for waste statistics, and in order to avoid affecting the integrity and accuracy of the data, the amount of non-hazardous waste disposed this year is not disclosed for the year. On the other hand, based on the nature of the business, the Group generates relatively less hazardous waste and immaterial, therefore it will not be presented in this report.

2.5 Promoting environmental protection

Environmental protection needs to be supported and participated by various stakeholders. As a developer of business parks and residential properties, the Group makes good use of its influence in the industry and actively initiate green construction. During the year, Mr Qin Xuesen, the vice president of the Group, continue to serve as the president of the Dalian City Green Construction Industry Association, and through industry conferences, he provided a platform for the industry to exchange the latest developments in green buildings. We continue to provide recommendations for green building standards to assist the industry in continuously reviewing and upgrading best practices in green building.

For the employees, residents and tenants of the Group, we are also committed to promoting the concept of green living and green office. For example, we encourage to turn off the lights before leaving and reduce printing in the office, and promote the Empty Plate activity in the restaurant to establish a green and environmental-friendly saving culture.

2.6 Reducing impacts on the environment and natural resources

The Group understands that the traditional industrial park development model will put pressure on the ecology and the environment. Therefore, we incorporate the ecosystem in the park into the overall development and planning policy in accordance with the development model of "integration of industry into the city". For example, after the completion of the construction, the negative impact on the original ecological environment will be compensated with the green areas in the park. In addition to the compensated vegetation, we will also adapt the local conditions to plant suitable plants, such as cold-resistant trees and shrubs, to effectively enhance the greening performance of the park. We continue to review and improve the condition of the park's greenery after completion to ensure the planned results are obtained.

Dalian Ecology Technology Innovation City: The development of Yida China Industrial Park for 20 years

Located in the northwest of Dalian, Dalian Ecology Technology Innovation City is a technology innovation park developed by the Group since 2007. In the development and design of the park, the Group adheres to the business philosophy of "promoting the development of city through industry integration while creating value together through coordinated development", and is committed to replicating and innovating successful business models in more cities to create an industrial ecology and urban ecology features leading technological innovation, agglomeration of high-end industries, green ecological demonstration, and humanistic interaction and symbiosis. Therefore, this project has been positioned as a pilot zone, demonstration zone and leading zone for the construction of ecological environment in Dalian, and it is determined to make the innovation city a regional eco-city benchmark project, so as to demonstrate our determination to practice the concept of sustainable development.

In order to achieve the planning principle of the integration of "ecology, technology and innovation", the Group has established two environmental indicators for the design of the park as early as the design of the park:

- Regional green area of more than 50%
- Per capita public green area of more than 15 square meters

We reserved half of the park for greening and waterscape, and engaged top international ecological environment design agency to carry out ecological environment planning for the park to ensure that the landscape design of the park meets international standards. The construction of the innovation city also gives priority to greening and community facilities, and we will not commence the construction of the construction project before the construction of parks, roads and landscapes.

The Muchengyi Lake, located in the park, covers an area of 1.3 million square meters, which is the largest inner lake in the innovation city and also one of the three largest freshwater lakes in Dalian. In order to conserve the original ecological environment, the Group retained the Muchengyi Lake in the park and funded the construction of Muchengyi Lakeside Park. The Muchengyi Lakeside Park has a multi-purpose sports venue open to the public, plank road of 1.3 km along the lake and winding trail of 4 km, providing the local communities with public space where leisure coexists with ecology.

At the ecological planning expert review meeting for Dalian Ecology Technology Innovation City a few years ago, top environmental experts and ecologists from home and abroad gathered together to release the "Muchengyi Declaration" for the innovation city, which clearly recognized the principle of ecological conservation consistently implemented by the Group during the development of the park, setting an example for development projects in the region.

We highly agree with the development principles of "protecting the original ecology and recreating the new ecology". We all agree that steady and order, natural ecology, technological leadership, intensive and efficient, healthy and happiness are effective ways for sustainable development of eco-city.

The "Muchengyi Declaration"

At the same time, based on the successful example of the innovation city, the Group has created the "Muchengyi Index" to measure whether the Group's "city building" process in other projects is consistent with ecological indicators. The Group will continue to adhere to the concept of "integration of industry into the city", consider the surrounding ecological environment when developing new parks, and create a green and civilized and suitable business park that is ideal for living and working.

The Group continues to design and manage projects in accordance with the standards and principles of green building. The design and construction process of our business parks are carried out in accordance with the standard of one-star green building, while the residential projects refer to other environmental standards and incorporate green building elements such as solar power and energy-saving lamps. At the same time, we also applied for a rating for the Group's key construction projects to ensure external recognition of the Group's construction.

In the course of its operation, the Group strictly complies with the national regulations related to environmental protection such as the Environmental Protection Law of the PRC and the Law of Prevention and Treatment of Water Pollution of the PRC, as well as the discharge standards of local environmental protection bureaus. During the reporting period, no relevant violations and non-compliance cases, nor cases of excessive or irregular discharge were reported by the Group.

3 Our employees

Employees are important capital for the development of the Group. Adhering to the "People First" talent strategy, the Group continues to invest resources in talent development and team building. The Group regularly reviews the package, benefits and employment policies including remuneration and dismissal, recruitment and promotion, hours of work, holidays, equal opportunities, diversity, anti-discrimination and other aspects, and inform the employees of the updates through the Yida China Staff Handbook. The Group has opened various communication channels for employees and holds regular employee networking activities to increase their level of satisfaction and sense of belonging, and to foster a working culture of respect and communication. The Group is also committed to providing employees with a healthy and safe working environment, and continuously improving the training plan and development ladder to create a professional and cohesive team. The Group complies with relevant labor regulations, and prohibits the use of child or forced labor.

The Group leads the industry in terms of investment in employee care and talent development. In 2018, the Group was awarded the "2018 China Real Estate Industry Best Employer Enterprise – 2018 China Real Estate Quality Talents Training Enterprise" by the China Real Estate Industry Association and the China Real Estate Appraisal Centre of Shanghai E-House Real Estate Research Institute.

3.1 Creating a fair and harmonious working environment

Employee benefits

The Group is committed to providing employees with market-competitive wages and benefits. The Group pays for employees' social insurance and housing reserve, offers paid annual leave, marriage leave, maternity leave, breastfeeding leave etc. In addition, the Group adjusts employee's remuneration, and distributes performance and year-end bonuses etc. based on employees' performance annually. We also continue to review the updating and development of relevant national and local regulations, and review the basic protection and compensation of employees from time to time, for example, providing high-temperature subsidies to employees working outdoors in high-temperature areas. The Group will continuously improving employee benefits according to state regulation and industry practice, to retain its talented employees.

Recruitment and promotion, and equal opportunity

The Group advocates fair recruitment and promotion, and welcomes talented people to join us regardless of their race, color, gender, age and religion, and build a team with diverse culture, background and skills. The Group offers fair and transparent promotion mechanism to employees. The Group conducts performance assessments every six months and assess employee's performance based on critical indicators and work plans, which served as a reference for remuneration adjustment and promotion. The detail of performance assessment and promotion criteria are clearly listed in the staff handbook to inform them the conditions for promotion clearly. The Group also provides work opportunities to young people, in order to attract young energetic and innovative talent. The Group carries out on-campus recruitment programs in main business development areas so as to recruit young talent to its team, while offers internship or short term project opportunities to undergraduate students. The Group held the "2019 Yida China Campus Recruitment Conference" (Changsha Station) in October, which attracted a number of junior college students from universities and colleges in Hunan.

During the year, the total number of employees of the Group was approximately 1,932, and the following is an overview of the distribution of the number of employees by category:

Percentage of total employees		2017	2018
Employee by gender	Male	65.60%	67.3%
	Female	34.40%	32.7%
Employee by age	<30	19.1%	19.4%
	30-50	62.4%	63.9%
	>50	18.5%	16.7%
Employee by position	Management staff	14.0%	14.6%
	Ordinary employees	86.0%	85.4%
Employee by type	Regular employees	100%	100%
	Non-regular employees[5]	0.0%	0.0%

Employee communication

The opinions of our employees can help promote the development of the Group. The Group values the opinions of each employee and has developed a number of employee communication channels to understand and respond to employees' opinions and suggestions. There are human resource management officers in the human resource departments of each subsidiary who is responsible for maintaining employee relations. The Group has set up labor union subdivisions in all subsidiaries with representative members chosen by election. They are responsible for participating in, communicating and monitoring all policy matters related to employee benefits. Employees may also speak directly with the Group's human resources department, labor union, and even with the vice president or chairman his or her opinions on the management of the Company and issue the same. Procedures are also in place for employees who wish to report any infringements of personal benefit or rules violations occurring in the Company.

5 Non-regular employees mean employees engaged in temporary work, contract work or seasonal work

Employee activities

The Group regularly organizes various activities to enhance team spirit and promote a healthy work-life balance. During the reporting period, the Group organized various employee activities, such as the "Thanksgiving Day Gratitude • Sharing" to introduce coffee culture and share food, "Born with you, wonderful Yida" Christmas party and "Love to read, happy to voice (parent-child chapter)" to encourage parent-child reading and online sharing, rewarding employees for their hard work over the past year, and allow the employees a chance to socialize and relax apart from working environment.

Our employees shared coffee and food at the "Thanksgiving Day Gratitude • Sharing" Coffee Culture Salon and enjoyed a warm Thanksgiving Day

At the "Born with you, wonderful Yida" Christmas party, the employees work together to make Christmas tree decorations

"Love to read, happy to voice (parent-child chapter)" received applications from 10 Yida families, and the employees accompanying their children to recite the chapters of their favorite books online

The Group is committed to ensuring that employee benefits, packages and other employment arrangements comply with requirements of the Labor Law of the PRC, the Labor Contract Law of the PRC and other local laws and regulations to protect interests of employees. During the reporting period, no cases of labor disputes and illegal activities related to employment were reported by the Group.

3.2 Employee health and safety

Occupational health and safety management policy

The Group has prepared the Quality, Environment and Occupational Health and Safety Management Manual to establish the Group's comprehensive management policy. The Management Manual is applicable to the management of the Company's construction projects and services, and requires strict implementation by leaders and employees at all levels. The Group provides safety production education and training for each new employee prior to assuming their positions, and requires new employees to pass the entry examination to ensure that they have enough production safety knowledge and emergency response ability before they begin to work.

The Group also provide the employees at different positions with protective devices whenever and wherever required. Relevant safety norms and systems are strictly imposed to avoid the occurrence of accidents. Some parks of the Group have obtained OHSAS 18001 accreditation for the occupational health and safety management systems.

Construction management

The Group is concerned about the occupational safety risks of construction projects during the construction process and set the safety compliance rate of 100% as its goal. The Group has created a construction management system that includes comprehensive safety monitoring. During the construction, the engineering and technical department supervises the safety of the site, identifies the risk factors of the project, and regularly arranges emergency response drills. The Group also requires the construction contractor to develop an on-site safety management plan for each project, and hire safety officers to monitor the site health and safety conditions to ensure the safety and health of construction workers. The on-site safety officers carry out regular inspections to ensure that established safety procedures are being followed. Levels of dust and hazardous gas emissions are also monitored to ensure the compliance with government standards, so as to reduce the occupational safety risks of employees.

Through the implementation of the above occupational health and safety management policies and measures, the Group committed to ensuring strict compliance with the "Safety Production Law of the of the PRC" and other relevant regulations at all operating points. During the reporting period, no illegal or irregular incidents related to occupational safety and construction, nor accidents in which employees died during work, were reported by the Group.

3.3 Developing employees' talent

Diversified training

The Group provides diversified and comprehensive training for its employees to promote the sustainable development of its employees and the Group. The Group plans and designs employee training programs for employees of different classes to encourage them to continue learning, enhance their skills and increase the competitiveness of the enterprise. At present, these programs comprise management training, general training, office based documenting training and professional training. The training for management staff provided by the Group generally involves systems, workflows and industry knowledge. Leadership training is also offered for middle and senior management. In addition to the programs conducted in the form of both online and in-classroom, industry exchange meetings, discussions and external activities is also arranged by the Group, to enhance the communication between employees. The employees may apply for external short or long-term training related to their job functions or to their occupational development with the Group. In these cases, Group will review and approve training allowances based on the employee's length of service.

The Group provides on-the-job training to each new employee, enabling them to quickly gain familiarity with the Company, the requirements of their job, and work conditions. Department heads may allocate a mentor to each new employee to provide individual coaching. Mentor helps new employee to meet the requirement of the position and to foster their personal development by setting up individual counselling program and target during probation period. The Group will also arrange transfer training for internal transferred staff to provide training on the knowledge and skills required for new positions.

During the year, the Group increased its resources for the staff training program; we provided a number of training activities for managers and general staff, the total number of training sessions was more than 100 throughout the year, and the key projects include a three-day "Industry Investment Operation Elite Training Camp" and the one-year "Yida China 2018 Learn by Listening Program".

2018 Industry Investment Operation Elite Training Camp of Yida China

The Group held a three-day training camp in November and invited 39 in-charge personnels of light assets projects from headquarters and offices across the country and some of the backbones of investment and operation to gather in Dalian, and held the first joint training with the investment operations colleagues of the Dalian Base of the Software Park. The content of the training camp includes orientation challenges, allowing employees to explore and experience the architecture, humanities and environment of the Software Park; inviting internal and external lecturers to conduct management training on investment operations; and allowing operational representatives to share the challenges faced by the business and programs to stimulate innovative operations. The training camp not only enhanced the team relationship, but also deepened the employees' understanding of the operating philosophy, corporate culture and business model of Yida China through the training and sharing in the training camps.

Yida China 2018 Learn by Listening Program

In May, the Group launched the one-year "Yida China 2018 Learn by Listening Program" to provide employees with a flexible online reading platform through the platform of the Spiritual Wealth Club, cultivate their reading habits, and enhance employees' knowledge from work to life. This platform explains the essence of books in video, audio and graphic forms, making it easy for employees to learn. In order to encourage employees to participate, the Group has set up a point rewards program, the top three employees each month will receive a book as an encouragement. In addition, the Group also provides online and offline sharing platforms for its employees, including the establishment of online chat groups and offline reading sharing sessions to enable employees to become reading partner of each other. Currently, the program has attracted more than 100 employees.

In addition, the Group provides professional and diversified talent training courses for Yida's employees and external students through the establishment of a corporate university-Yida Management College ("Yida College"). Yida College is committed to discovering and nurturing talents with the theme of "Make learning become a habit" to help companies improve their service quality. In addition to providing a variety of professional courses, Yida College also regularly organizes centralized internal training seminars in conjunction with the needs of the property industry. Yida College provided approximately 100 training sessions for internal and external students in 2018, with approximately 1,500 participants. In addition to providing various training courses for internal and external students of the Group, Yida College also provides project manager training camps, academic education, headhunting, and study exchanges for various enterprises and individuals to promote the general development of talents in the industry.

The information technology team of Yida College has developed the "Yida Online Learning" mobile application through big data integration, user behavior analysis and research technologies, and provided a mobile learning platform for Yida Group's property management staff to learn knowledge and skills. Yida Online Learning allows employees to make good use of time to learn and receive further training, save manpower for training and improve teaching results at the same time.

The Group also actively encourages employees to share knowledge and experience with others. In August, the Group organized the "Microlecture Workshop for Public Innovation" and invited external lecturers to teach employees knowledge about microlecture and production of microlecture courses. Each participant created a microlecture course under the guidance of the lecturers. Since then, the employees produced more than 80 courses in total on general, management and professional knowledge with innovative skills of microlecture, which promoted the knowledge inheritance among employees. The Group awards the title of Best Staff of Sharing and the Best Staff of Microlecture Development at each place of operation to recognize various employees who actively share knowledge with the team.

Training statistics		2018 Percentage of trained employees	2018 Average training hours
Employee by gender	Male	58.0%	44 hours
	Female	42.0%	65 hours
Employee by position	Management staff	20.8%	72 hours
	Ordinary employees	79.2%	47 hours

Internal trainer management system

In order to encourage knowledge inheritance, the Group has established an internal trainer management system to encourage employees who have worked for one year to become internal trainers. Any self-recommended employees or those recommended by the department, whose qualifications, course materials, and the level of teaching have been confirmed by the Human Resources Department, can become internal trainers. The Group will award different amount of book vouchers according to the satisfaction of the trainees and the number of teaching hours, and the tutor can also convert the book vouchers into fees for other external training courses to encourage the lecturers to continue learning.

4 Our value chain

The Group is committed to continually optimizing the construction of the project, making improvements in respect of procurement of materials, park development, project construction, operation and property management, to ensure product quality and enhance the overall competitive advantage of the enterprise. To this end, the Group has established a code of conduct for employees and a code of conduct for suppliers through risk management, to jointly promote compliance, fair business practices and environmental performance, and to fulfil its corporate social responsibilities.

4.1 Supply Chain Management

The good performance of the suppliers in all aspects helps to ensure the quality of our products and services. The Group's "Tendering and Procurement Management System" regulates the management system and approval procedures for procurement and tendering, and establishes basic principles such as integrity, full competition, and transparency, to ensure the quality of suppliers' products and services and the fairness of the procurement process. Contractors are in particular need of compliance with the codes in our "clean cooperation" agreement and may not provide benefits to the Group's contractors or related units, so as to prevent corruption in the supply chain.

The Company has also established a Tendering Committee to handle the decision-making, approval and supervision work related to the tendering. In order to select quality suppliers, we have an evaluation guideline that requires selected suppliers to achieve compliance operations, and currently, the bidding documents expressively provide that the bidders should strictly comply with relevant laws and regulations on occupational health and safety management, and we are actively considering incorporate the supplier's environmental and social performance as one of the conditions for screening suppliers. During the screening process, the Group will conduct on-site inspections for suppliers who have passed the preliminary qualification examination to better understand the material usage and process of each supplier. In addition, we continuously monitor the performance of suppliers during the contract period to ensure the quality of the products or services purchased.

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

4.2 Responsibilities for products and services

As a leading integrated business park developer in China, the Group regards the improvement of service quality as its mission and strives to maintain its long-standing reputation. To this end, the Group implements innovative plans, which not only conducts target management and implements the quality responsibility system in the development project, but also forms combined advantages by adding advanced construction equipment and training excellent technical staff, so that the enterprise has the ability to build high rise commercial and residential buildings as well as large-scale industrial facilities. Except for construction projects, the Group is working to improve its service projects in the areas of property sales and leasing, business park management, park construction, interior decoration and landscaping. Among which, the Group continuously optimizes the configuration of design and functions of its properties in order to meet the advanced domestic and international standards, which not only meeting the needs of customers and tenants, but also bringing positive influence to the surrounding communities. Yida China has always successfully developed, constructed and operated classic projects for the integration of industry and city, such as Dalian Software Park, Dalian Ecology Technology Innovation City and Wuhan First City, and built the local area into a development base for urban emerging industries. At the same time, Yida has built a full range of commercial, educational, residential and other urban facilities in the vicinity of the park, so that the entire region presents a prosperous scene of work complementing with life, achieving coordinated development and creating value.

In terms of our internal management, the Group has prepared internal regulations and guidelines for "construction project quality objective management" and "construction quality management" systems which aid in its strict control of project construction workflows. These guides also list the duties and obligations of employees at all levels. In accordance with ISO 9001, the Group also prepared an "Integrated management system manual" to ensure strict compliance with all relevant laws and regulations by the Company. The Group regards property safety as a key task and insists on upholding the current government standards and norms in its leasing business. Through good internal management policies, the Group is able to maintain the good quality of products and services, and its achievements are well recognized by the industry. The following are representative awards, recognizing Yida China's long-standing excellence in products and services.

Yida China won the "Outstanding Contribution Award for Integration of Industry and City" in the "15th China Blue Chip Real Estate Selection" sponsored by The Economic Observer this year. The selection uses three dimensions, "excellence, stability and innovation", as the evaluation criteria, to select the most representative "China Blue Chip Real Estate Enterprise" in the year, and is one of the well-known activities in the real estate field for its rigorous selection process and perfect evaluation system.

Yida China won the "Best Industrial Park Operator of 2018" in the 18th Golden Brick Award For Real Estate Of China this year and won the Golden Brick Award For Real Estate Of China for two consecutive years.

Long term support from customers and tenants is required to implement the concept of sustainable development. In view of this, the Group attaches great importance to regular and two-way communication with tenants, thereby establishing a close relationship. In order to gain a deeper understanding of customer's needs, we have internal guidelines such as "Guidelines for Visiting Home" and "Guidelines for Visiting Customers", which stipulate regular visits and in-depth interviews from March to June every year, and ensure a 100% response rate on the issues mentioned in the interviews with customers; for the elderly and other special groups identified in the "Accounts of Key Owner" of the Service Center, our customer service managers, comprehensive supervisor and project managers will visit them quarterly, semi-annually, annually to learn about their needs. In addition, the Group will employ a third party research organization to conduct customer satisfaction surveys by telephone communication and interviews from September to October each year, covering all owners, analyzing customers' views and opinions on products and services objectively and scientifically. In response to the open questions in the satisfaction survey, the Service Center will further conduct statistics and screening, and household visits to properly follow up and implement the rectification. For the issues of real estate left over in the previous period in relation to supporting facilities, design defects, project quality, the Group arranges the comprehensive supervisor and project manager to conduct household visits, and ensure that the Group handled more than 85% of relevant issues; the rectification of other issues is followed up by the project manager to ensure more than 95% of other issues are handled by the Group each month.

4.3 Handling customer complaints

In order to analyze customer's opinions more systematically, we have formulated the "Customer Complaint Handling Guidelines" and "Procedures for Handling Customer's Demand/Complaint" to divide complaint cases into different levels such as general complaints, significant complaints and crisis incidents, and under different categories such as housing equipment, safety, environment and supporting facilities. For cases of different levels, the Group has developed different levels of responsive measures to meet customer's needs. In order to continuously enhance the brand image and enhance customer satisfaction, we have also set up different channels for complaints and feedback, such as in person, by telephone, mobile phone programs and others, and the complaint handling officer will be assigned to provide a reasonable and patient response for the cases. In addition, we will also revisit specific complaint incidents of customer's complaints, understand the customer's opinions on the procedures for complaint acceptance, processing methods and results, and resolve the complaints in a timely manner. For example, the Group has formulated "Guidelines on Standards for Handling Reported Incidents/Repair", which regulates the procedures for handling complaints and maintenance requests of customers in the property service centers to ensure that the maintenance works are completed in a timely and proper manner.

4.4 Protecting client privacy

In the course of operation, the Group obtains customer information from legal channels and formulates relevant measures for proper handling of information. For example, we have clearly stated the definition, classification and management of confidential information in the "Administrative Management System", and established a mechanism for destroying customer information regularly. In respect of information security, we will avoid customer information being stolen through permission settings and technical protection. The "Administrative Management System" also established measures such as saving the confidential and client information electronically, assigning specific personnel to manage the database, and allowing operations only in restricted areas. These and other measures strengthen the Group's ability to protect sensitive data and reduce the legal risks brought by leakage of information.

4.5 Anti-corruption

The Group considers good corporate governance as an important foundation for sustainable development. We have developed a solid internal control system, strictly monitor and manage the corruption risks in the industry, and actively consolidate the fair, open and transparent internal integrity culture of the Group. Through the "Management system for internal audit", the "Management system for term-end accountability audit" and other systems and regulations, we standardize the staff's code of conduct and give specific work guidelines to ensure that the Group's operations are clean and law-abiding. In addition, the Group has incorporated the "responsibility to prohibit commercial bribery" in the employment contracts signed with employees, requiring employees to commit to comply the same, so as to prevent all forms of bribery. To ensure the integrity of our suppliers, the Group also requests each of them to sign a "clean cooperation" agreement. In addition, the Group also disseminates relevant information to employees through emails and intranets from time to time to promote the Group's spirit on combating corruption.

In combating corruption, our "Reporting Management System" establishes standardized procedures for reporting and handling to identify and report any corruption and fraud in the Company's operations or employees' work. For example, the Group has provided mailbox and telephone number for reporting to the contractor through the "clean cooperation" agreement, to receive the report in real name or anonymous manner, and allow the employee to directly appeal to the Group's vice president or chairman in person or in writing. We will keep all information confidential to protect the rights of the whistle-blower. The reported cases will be accepted by the Audit Committee of the Group; the department will independently exercise the internal audit authority and investigate the corruption and fraud involved in the case together with other relevant departments, and report the same to the Audit Committee and the Board. Once any incident of corruption or misconduct occurs, the Group will handle the case at the top priority, hand over the case externally and ensure that accountability is enforced internally, and will fully cooperate with the law enforcement agencies in relevant investigation.

The potential impacts of laws and regulations related to product and service liability and corruption and fraud are particularly significant for the Group, once a violation occurs, it will directly affect the daily and continuous operation of the our business and damage our long-established goodwill; such laws and regulations including but not limited to the Law of the PRC for Countering Unfair Competition, the Tendering and Bidding Law of the PRC, the Property Law of the PRC and the Rules on the Grant of State-owned Land Use Rights for Construction Through Public Tender, Auction or Listing for Bidding. The Group is committed to ensuring compliance of its operations through the implementation of various policies and management measures; during the reporting period, no violations related to the above laws, nor corruption cases against the Group or its employees were reported by the Group.

5 Our society

The Group believes that "Enterprises survive for the sake of the society", and the development of the enterprise is inseparable from the needs of the society. The Group actively monitors social development and demand, in addition to continuously pursuit excellence as products and service providers, it pays more attention to social progress and healthy development, and actively organized various community projects and public welfare activities.

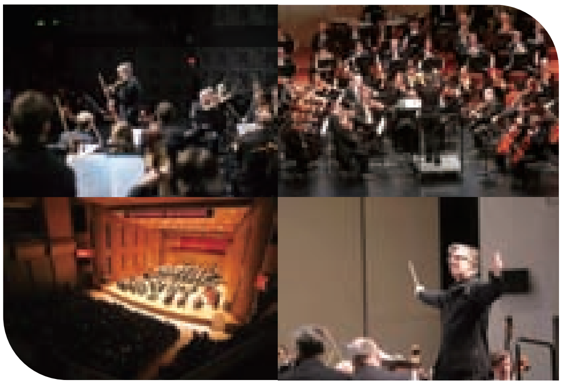
The "Sound of Yida", jointly held by the Group and the Dalian Municipal Party Committee Propaganda Department and Dalian Bureau of Cultural Broadcast and Television, is our key community investment project of the year, and it has been 24 years since its inception. The "Sound of Yida" has always used music as a medium and platform to bring opportunities for local communities and disadvantaged groups to enjoy music and art. In addition, the "Yida Walking", which has been organized by the Group for four consecutive years, actively organizes and encourages the participation of employees and the public to promote healthy lifestyles to all sectors of society. During the reporting period, the Group invested a total of RMB4.781 million in the cultural and charitable projects under the "Sound of Yida" series; during the reporting period, we also donated approximately RMB5.225 million in aggregate to support poverty alleviation and other charitable events.

5.1 Sound of Yida 2019 New Year Concert

The cultural and charitable activities under the "Sound of Yida" series was founded in 1994, which transformed from the original special performances to multi-category and multi-platform comprehensive cultural public welfare activities, and it has been successfully held for 24 years.

Appreciating music is not exclusive to some people. In order to give the general public a chance to watch world-class music performances, we hold the New Year concert every year and invite different community members and groups to participate, including volunteers, teachers, traffic policemen, and children from remote rural areas who love art. In December of this year, the Group specially invited the Czech Symphony Orchestra, winner of the 2017 Golden Rooster Award for Best Music Orchestra, to perform in five cities including Dalian, Zhengzhou, Changsha, Shanghai and Wuhan.

In order to further promote the exchange of local music culture, the Group also regularly invites music-loving citizens and students from art schools to hold master classes and indoor music appreciation concerts, to provide students from art schools with a platform to engage with professional musicians.



5.2 Sound of Yida Love Music Classroom Project

The Group has brought music to the vulnerable areas of Mainland China through art education program, the "Love Music Classroom Project". Since April 2011, we have collaborated with the Dalian Broadcast Television Station Music Broadcast in music broadcasting, which has driven all sectors of society to participate in the crowdfunding, so as to build music classrooms for remote and poor rural primary schools. Then the rural music teachers are also encouraged to train children in primary schools so that children in remote areas can also receive formal and complete music education, and use music to promote love and care.

This year, the project focused on four places in three provinces, namely Chaoyang and Fuxin in Liaoning, Qingshui River in Inner Mongolia and Songyuan in Jilin, and donated 26 music classrooms. In the eighth year of the donation project, Sound of Yida "Love Music Classroom Project" has extended continuously. Currently, it has a footprint in ten cities in five provinces. It has donated music classrooms to 160 rural primary schools in total, which benefited more than 60,000 children in rural areas.

5.3 Yida Walking

In May of this year, the Group has been the organizer of the Ganqu session under the Walking Conference for four consecutive years, and the activities in the Ganjingzi session of 16th Dalian International Walking Conference were kicked off at the Dalian Ecology Technology Innovation City. We are convinced that the Walking Conference can strengthen community connections, promote healthy lifestyles to the general public, and enable the public to enjoy sports in busy life and work.

On the date of the event, the Group organized a trekking team of more than 100 people, and people from the headquarter, Dalian City Company, property companies and the residential property owners also participated in the event. The Group also prepared a variety of activities and gifts for the citizens who came to walk, and prepared cartoon dolls for children and let them to experience face painting, and all of them spent a healthy, happy and fulfilling day.

5.4 Yida China sponsored the 31st Dalian International Marathon

In May of this year, Yida China sponsored the 31st Dalian International Marathon for the first time, which kicked off at the International Conference Center of Donggang Business District. The marathon was co-sponsored by China Athletics Association and Dalian Municipal People's Government, which attracted nearly 30,000 participants from 38 countries and regions in five continents, including 31 PRC provinces, autonomous regions and municipalities in China. The Group has invited employees of Yida from Dalian and other cities to participate in the marathon.

Yida China has been developing in Dalian for more than 34 years. Through the cooperation with the Dalian International Marathon this year, the Group hopes to increase the participation of Dalian citizens in running sports with its healthy and vibrant corporate image, so as to enhance the public's health awareness and physical fitness.

Profile of Directors and Senior Management

Executive Directors

Mr. Jiang Xiuwen (**姜修文**), aged 42, was appointed as an executive Director of the Company on 16 December 2013 and as the Chairman of the Board of the Company on 22 June 2018. He is the chief executive officer of the Group and also the chairman of the Nomination Committee and a member of the Remuneration Committee of the Company, responsible for the comprehensive operating management of the Group and responsible for making decisions in relation to human resources, finance, auditing and material matters authorized by the Board. Mr. Jiang joined the Group in July 2000 and received his bachelor's degree in thermal treatment of metal from Dalian Jiaotong University (大連交通大學) in July 2000 and an executive master's degree in advanced business administration from Dalian University of Technology (大連理工大學) in July 2011. Mr. Jiang is a vice president of China Real Estate Association (中國房地產業協會), an executive director of China Society for Promotion of the Guangcai Program (中國光彩事業促進會) and a vice chairman of Dalian Federation of Industry and Commerce (大連市工商業聯合會). Mr. Jiang also won several awards, namely the "Liaoning May 1st Labour Medal" (遼寧五一勞動獎章) of the General Labor Union of Liaoning Province in 2010 and the "Model Worker" (勞動模範) by the People's Government of Liaoning Province in 2012.

Mr. Chen Donghui (**陳東輝**), aged 46, was appointed as an executive Director of the Company on 31 December 2016, responsible for the research of business model and financial model, and the establishment of profit model. Mr. Chen holds a doctorate degree from the accounting faculty of Renmin University of China. Mr. Chen is an executive director of SRE Group Limited (Hong Kong stock code: 1207), a non-executive director of China Minsheng DIT Group Limited (Hong Kong stock code: 726) from June 2016 to May 2018 and the vice chairman and general manager of China Minsheng Jiaye Investment Co., Ltd.. Mr. Chen had served as the chief financial officer of China Minsheng Jiaye Investment Co., Ltd. during the period from January 2015 to October 2015. Before joining CMIG Jiaye, Mr. Chen had served as supervisor and vice supervisor of the strategic research office of the R&D center of The People's Insurance Company (Group) of China Limited, deputy general manager and then general manager of the finance and accounting department of PICC Property and Casualty Company Limited and the deputy general manager of its Jiangsu Branch, general manager of the strategic financing department of China Export & Credit Insurance Corporation, and executive director of financial sector of China Minsheng Investment Corp., Ltd.

Mr. Yu Shiping (**于世平**), aged 49, was appointed as an executive Director of the Company on 18 September 2017. He is a vice president of the Group, responsible for the industrial operation, product operation and investment expansion management of the Group. Mr. Yu joined the Group in 2002. Prior to joining the Group, Mr. Yu was the head of construction department of The Fourth Engineering Company of Northeast Electricity Administration Bureau (東北電業管理局第四工程公司). Mr. Yu received a bachelor's degree in water conservancy in 1993 from Inner Mongolia Institute of Agriculture (內蒙古農牧學院). In 2014, he was also awarded the title of "Model Worker" (勞動模範) of Dalian City for the year of 2012–2013.

Ms. Zheng Xiaohua (**鄭曉華**), aged 50, was appointed as an executive Director of the Company on 22 June 2018. She is the vice president of the Group, and is responsible for financial management, financial accounting and tax planning of the Group. Ms. Zheng joined the Group in 2003 and has been engaging in financial management so far, and served as the Chief of Finance Department of Neusoft University of Information (東軟信息學院), the chief financial officer of Dalian Software Park Co. and the chief financial officer of the Group. Before joining the Group, Ms. Zheng served as the accountant in Dalian Huaneng Onoda Cement Co., Ltd. (大連華能小野田水泥有限公司) from 1992 to 1995, and the deputy director of Dalian Daxin Tax Accountant (CPA) Firm (大連達信稅務師(會計師)事務所) from 1995 to 2002. Ms. Zheng was a financial manager in the financial department of Qingtang Industrial (Dalian) Co., Ltd. (慶堂工業(大連)有限公司) from 2002 to 2003. Ms. Zheng obtained a bachelor's degree in applied mathematics in Liaoning University in 1992. Ms. Zheng was a member of the Chinese Institute of Certified Public Accountants and a fellow of China Certified Tax Agents Association.

Mr. Xu Beinan (徐北南), aged 42, was appointed as the executive Director and CFO of the Company on 29 March 2019. He is responsible for financing and fund management of the Group. From 1999 to 2002, Mr. Xu served as a cashier and accountant at NetEase Inc., (網易), a Chinese internet technology company listed on the NASDAQ Capital Market (NASDAQ: NTES). From 2002 to 2008, Mr. Xu was the audit manager of Ernst & Young (安永會計師事務所). From 2008 to 2010, Mr. Xu was the senior manager in the finance department of China Jinmao Holdings Group Limited (Hong Kong stock code: 817) (中國金茂控股集團有限公司). From 2010 to 2014, Mr. Xu served as the financial controller of Lanhai Xingang City Properties Company Limited* (藍海新港城置業有限公司) ("Lanhai"). From 2014 to 2016, Mr. Xu served as the financial controller of Qingdao Jinmao Properties Company Limited (Shandong Regional Corporation)* (青島金茂置業有限公司(山東區域公司)) and a director of Lanhai. Mr. Xu was as the financial controller of Zhongmin Bund Real Estate Development Co., Ltd.* (中民外灘房地產開發有限公司) from 2016 to 2019. Mr. Xu graduated from the Capital University of Economics and Business (首都經濟貿易大學) in Beijing, PRC with a bachelor's degree in international business management in 1999. He had also obtained a certificate of the Chinese Certified Public Accountant and is a certified auditor in the PRC.

Non-Executive Directors

Mr. Zhao Xiaodong (趙曉東), aged 40, was appointed as a non-executive Director of the Company on 31 December 2016. Mr. Zhao was a non-executive director of China Minsheng DIT Group Limited (Hong Kong stock code: 726) from June 2016 to May 2018 and a vice president of China Minsheng Jiaye Investment Co., Ltd.. Mr. Zhao obtained a bachelor's degree in accounting in 2002, a master's degree in management in 2007 and a PhD degree in management in 2007 from Tsinghua University. Mr. Zhao holds the qualification of certified public accountant in the PRC. Mr. Zhao has extensive experience in the construction and real estate industry and had held various positions, including the positions as a deputy general manager of the capital markets department, the general manager of the investment and development department and a deputy general manager of a subsidiary in Nanjing of Franshion Properties (China) Limited (now known as China Jinmao Holdings Group Limited) (Hong Kong stock code: 817), and an assistant to the chief financial officer of Country Garden Holdings Company Limited (Hong Kong stock code: 2007). From December 2015 to June 2016, he served as an executive director of SRE Group Limited (Hong Kong stock code: 1207).

Mr. Chen Chao (陳超), aged 39, was appointed as a non-executive Director of the Company on 31 December 2016. Mr. Chen is the executive director of SRE Group Limited (Hong Kong stock code: 1207), and a vice president of China Minsheng Jiaye Investment Co., Ltd.. Mr. Chen obtained a bachelor's degree in international business management from Fudan University in 2002. Mr. Chen holds the qualification of certified public accountant in the PRC. Before joining China Minsheng Jiaye Investment Co., Ltd., Mr. Chen had engaged in auditing and financial advisory work and had held various positions, including the positions as a co-director of the financial advisory department of Ernst & Young (China) and an auditing manager of KPMG (China).

Mr. Wang Gang (王剛), aged 44, was appointed as a non-executive director of the Company on 26 March 2018. He has been a vice president of Yida Holdings Ltd (億達控股有限公司) and the chairman of Beijing Yida Investment Co., Ltd (北京億達投資有限公司) since 2016. From 2015 to 2016, Mr. Wang worked at China Fortune Land Development Co., Ltd. (華夏幸福基業股份有限公司) (the Shanghai stock code: 600340) as the general manager of its investment management center. From 2006 to 2015, Mr. Wang worked at the Group as the general manager of investment department. From 2002 to 2006, Mr. Wang worked at Dalian Merro Pharmaceutical Co., Ltd (大連美羅藥業股份有限公司) (the then Shanghai stock code: 600297) as the manager of securities department and the securities representative of its board. From 1997 to 2002, Mr. Wang worked at Niaoning Machinery Import & Export Co., Ltd (遼寧機械進出口股份有限公司) as the manager of securities department.

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

Independent Non-Executive Directors

Mr. Yip Wai Ming (**葉偉明**), aged 54, was appointed as an independent non-executive Director of the Company on 1 June 2014. He is also the chairman of the audit committee and a member of the nomination committee of the Company. Mr. Yip has over 20 years of experience in accounting, capital markets and corporate finance. From 1987 to 1996, Mr. Yip worked at Ernst & Young. From 1996 to 1998, Mr. Yip served as an associate director of ING Bank N.V., where he was principally engaged in corporate finance. From 1999 till now, Mr. Yip has held positions in a number of companies listed on the Stock Exchange, including serving as the chief financial officer of China New Energy Power Group Limited (stock code: 1041) from 1999 to 2001; the vice president of Hi Sun Technology (China) Limited (stock code: 818) from 2001 to 2003; the chief financial officer of Haier Electronics Group Co., Ltd. (stock code: 1169) from 2004 to 2009; an independent non-executive director of Ju Teng International Holdings Limited (stock code: 3336) from 2006 till now; an independent non-executive director of BBMG Corporation (stock code: 2009) from 2009 to 2015; the deputy general manager of Yuzhou Properties Company Limited (stock code: 1628) in 2010; an independent non-executive director of PAX Global Technology Limited (stock code: 327) from 2010 till now; an independent non-executive director of Far East Horizon Limited (stock code: 3360) from 2011 till now; and an independent non-executive director of Poly Culture Group Corporation Limited (stock code: 3636) from 2013 till now. Mr. Yip holds a bachelor's degree in social sciences from the University of Hong Kong and a bachelor's degree in laws from the University of London. Mr. Yip is a fellow of the Association of Chartered Certified Accountants, an associate of the Hong Kong Institute of Certified Public Accountants and a member of the Chinese Institute of Certified Public Accountants.

Mr. Guo Shaomu (**郭少牧**), aged 53, was appointed as an independent non-executive Director on 1 June 2014. Mr. Guo is also a member of both the audit committee and remuneration committee of the Company. Mr. Guo has over 13 years of experience in investment banking in Hong Kong. From February 2000 to February 2001, Mr. Guo served as an associate of corporate finance of Salomon Smith Barney, an investment bank principally engaged in providing financial services (an investment banking arm of Citigroup Inc.), where he was primarily responsible for supporting the marketing and execution efforts of the China team. From March 2001 to September 2005, Mr. Guo served as an associate and an associate director of global investment banking of HSBC Investment Banking, an investment bank principally engaged in providing financial services, where he was primarily responsible for the execution of China-related transactions. From October 2005 to April 2007, Mr. Guo served as a vice president and a director of the real estate team of J.P. Morgan Investment Banking Asia, an investment bank principally engaged in providing financial services, where he was primarily responsible for marketing efforts covering the real estate sector in China. From April 2007 to April 2013, Mr. Guo served as a director and a managing director of the real estate team of Morgan Stanley Investment Banking Asia, an investment bank principally engaged in providing financial services, where he was one of the key members responsible for the business in the real estate sector in the Greater China region. Since February 2015, Mr. Guo has been an independent non-executive director of Fantasia Holdings Group Co., Limited (a company listed on the Main Board of the Stock Exchange), a real estate developer based in Shenzhen, PRC. Mr. Guo received his Bachelor's degree in electrical engineering from Zhejiang University in July 1989, a Master's degree in computer engineering from the University of Southern California in May 1993 and a Master's degree in business administration from the School of Management of Yale University in May 1998.

Mr. Wang Yinping (**王引平**), aged 58, was appointed as an independent non-executive Director of the Company on 31 December 2016. He is also the chairman of the remuneration committee, a member of the audit committee and nomination committee of the Company. Mr. Wang has extensive experience in corporate management. Mr. Wang joined China National Chemical Import & Export Corporation (中國化工進出口總公司) (now known as Sinochem Corporation) ("Sinochem") in 1987 until he tendered his resignation as Vice President of Sinochem in 2014. Mr. Wang had held various senior positions in Sinochem and its subsidiaries ("Sinochem Group"), including the deputy general manager of the Hainan branch of Sinochem, general manager of the Pudong branch of Sinochem, the deputy general manager of China Foreign Economic and Trade Trust Company Limited (中國對外經濟貿易信託有限公司), the general manager of the human resource department of Sinochem, the vice president of Sinochem Group, general manager of Sinochem International Trading Company Limited (now known as Sinochem International Corporation (中化國際(控股)股份有限公司)) (Shanghai stock code: 600500), the chairman of the China Foreign Economic and Trade Trust Company Limited and the chairman of the Sinochem Lantian Co., Ltd (中化藍天集團有限公司). Mr. Wang had also served as a director of the board of Bank of Communications Co., Ltd (交通銀行股份有限公司) (Hong Kong stock code: 03328) from 2001 to 2004, and non-independent Director of Zhejiang Int'l Group Co., Ltd (浙江英特集團股份有限公司) (Shenzhen stock code: 000411) from 2010 to 2014. From January 2015 to December 2016, Mr. Wang was an executive director of China Pioneer Pharma Holdings Limited (Hong Kong stock code: 1345) and was re-designated as a non-executive director in December 2016. Since July 2017, Mr. Wang has been an independent non-executive director of Western Resources Corp., Canada (TSX: WRX). Since March 2019, Mr. Wang has been an independent non-executive director of China Risun Group Limited (Hong Kong stock code: 1907). Mr. Wang obtained a bachelor's degree in law from Renmin University of China in 1985 and a master's degree in business administration from the China Europe International Business School in 2004.

Mr. Han Gensheng (**韓根生**), aged 65, was appointed as an independent non-executive Director of the Company on 31 December 2016. He is also a member of the audit committee, remuneration committee and nomination committee of the Company. Mr. Han has extensive experience in corporate management. Mr. Han has worked in various positions since August 1978, including the director of the logistics and warehousing division of China National Chemicals Import & Export Corporation (中國化工進出口總公司), the general manager of Sinochem International Storage & Transportation Co., Ltd (中化國際儲運有限公司), vice president of America West Pacific Refinery Co., the general manager of West Rockies Inc., the general manager of refined oil division of Sinochem Group, the vice president and a party member of Sinochem Group, the general manager of Sinochem International Oil Co., Ltd. (中化國際石油有限公司), the general manager of Sinochem Petroleum Exploration and Production Co., Ltd. (中化石油勘探開發有限公司), the general manager of Sinochem Corporation (中化股份有限公司) and a director and general manager of Sinochem Europe Holdings PLC (中化歐洲集團公司). Since October 2016, Mr. Han has been an independent non-executive director of SRE Group Limited (Hong Kong stock code: 1207). Mr. Han obtained a bachelor's degree in Ocean Transportation from Shanghai Maritime University in 1978 and had participated in one month training sessions of business administration in both the Wharton School and University of Cambridge.

Senior Management

Mr. Li Yong (**李勇**), aged 41, is a vice president of the Group, responsible for the Group's product operations, planning operations, risk management and project development management. Mr. Li joined the Group in 2019. From 2017 to 2019, Mr. Li served as the general manager of Zhoushan and Wenzhou Branch of Evergrande Real Estate Group East China Company. From 2004 to 2017, Mr. Li served as manager of tender procurement department, director of engineering and deputy general manager of Dalian Shengbei Real Estate Co., Ltd., general manager of Dalian Lanwan Property Company Limited, cost director of Yida Development Company Limited, project general manager of Dalian Ruanjing Property Development Company Limited, and Chinese general manager of Dalian Qingyun Sky Realty and Development Company Limited. Mr. Li obtained a master's degree in engineering from Karlsruhe University of Applied Sciences in Germany in 2002 and a bachelor's degree in architectural engineering from Dalian University of Technology in 2000. Mr. Li holds the technical title of senior engineer.

Mr. Yu Dahai (**于大海**), aged 45, is a vice president of the Group. He is responsible for the Group's strategic development, external cooperation, brand management, corporate culture promotion, etc. Mr. Yu joined the Group in 2012, and served as the general manager of Dalian Yida Property Company Limited (大連億達房地產股份有限公司) and the president of Yida Technology New City Management Co., Ltd. (億達科技新城管理有限公司). Prior to joining the Group, Mr. Yu served as the deputy general manager of Dalian Tianfu Hotel (大連天富大酒店) from 1995 to 1998, the general manager of Dalian Jinlian Building Co., Ltd. (大連錦聯大廈有限公司) from 1998 to 2002, and the president of Dalian Jinlian Real Estate Group Co., Ltd. (大連錦聯地產集團有限公司) from 2002 to 2012. Mr. Yu obtained a master's degree in economics from Dongbei University of Finance and Economics (東北財經大學) in 2004, a master's degree in business administration from Macau University of Science and Technology (澳門科技大學) in 2002, and a bachelor's degree in marine engineering management from Dalian Maritime University (大連海事大學) in 1995. Mr. Yu was awarded the Dalian May 1st Labor Medal in 2007.

Joint Company Secretaries

Ms. Wang Huiting (**王慧婷**), is one of joint company secretaries of the Company. She is primarily responsible for the Company's compliance and legal work. Prior to joining the Group, Ms. Wang worked at Merro Pharmaceutical Co., Ltd. (美羅藥業股份有限公司) (the Shanghai stock code: 600297) and Dashang Co., Ltd. (大商股份有限公司) (the Shanghai stock code: 600694). Ms. Wang obtained her bachelor of law degree in international economic law and her master of law degree in international law from Dalian Maritime University (大連海事大學). Ms. Wang holds a PRC legal professional qualification certificate.

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

Directors' Report

The Board is pleased to present the report and audited financial statements of the Group for the year ended 31 December 2018.

Principal Activities

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

Results

The results of the Group for the year ended 31 December 2018 are set out on page 104 of this annual report.

Business review

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

Environmental policy and performance

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

Compliance with relevant laws and regulations

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

Major risks and uncertainties

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

Relationships with major stakeholders

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

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

Dividends

The final cash dividend of RMB8 cents per Share for the year ended 31 December 2017 (the "Final Dividend") was originally payable on or around 18 July 2018 to the shareholders of the Company whose names appear on the register of members of the Company on 25 June 2018. The declaration of the Final Dividend was approved at the annual general meeting of the Company held on 14 June 2018. The payment of the Final Dividend has been delayed as further time is required for arranging remittance from the PRC to Hong Kong. As at the date of this annual report, the Company has made some positive progress on the remittance application and the Company expects that the Final Dividend will be paid on or around 28 June 2019. Please also refer to the announcement of the Company dated 29 March 2019 and 12 April 2019.

The Board does not recommend any payment of final dividend for the year ended 31 December 2018.

Closure of Register of Members

The register of members of the Company will be closed from Tuesday, 18 June 2019 to Thursday, 20 June 2019 (both days inclusive), during such period no transfer of shares will be registered. To ascertain shareholders who are eligible to attend and vote at the AGM to be held on Thursday, 20 June 2019, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 17 June 2019.

Financial Summary

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

Property, Plant and Equipment and Investment Properties

The details of changes of the property, plant and equipment and investment properties of the Company and the Group during the year are set out in notes 14 and 15 to the consolidated financial statements of the Group, respectively. Further details of the Group's major investment properties are set out on page 18 of this annual report.

Borrowings

Details of borrowings are set out in note 29 to the financial statements of the Group.

Reserves

The changes of reserves of the Group during the year are set out in the consolidated statement of changes in equity and note 34 to the financial statements of the Group.

Distributable Reserves

As at 31 December 2018, the available distributable reserves of the Company was approximately RMB1,288,734,000.

Donations

The donations made by the Group during the year was approximately RMB5,225,000.

Major Customers and Suppliers

For the year ended 31 December 2018, the Group's largest customer and five largest customers accounted for 32% and 35% of the Group's total sales, respectively, while the aggregate purchases attributable to the Group's five largest suppliers was less than 30% of the Group's total purchases for the same period. None of the Directors, their close associates or any shareholder (who to the knowledge of the Directors owns more than 5% of the share capital of the Company) had any interest in the share capital of any of the five largest customers and suppliers of the Group for the year ended 31 December 2018.

Share Capital

The details of the changes in the share capital of the Company during the year are set out in note 33 to the financial statements of the Group.

Purchases, Sale or Redemption of Listed Securities of the Company

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

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

On 14 November 2017, the Company and Many Gain International Limited (the "Purchaser"), a wholly-owned subsidiary of the Company, entered into the first acquisition agreement with Innovate Zone Group Limited ("Vendor A") and Shui On Development (Holding) Limited ("Vendor A Guarantor"); and the Company and the Purchaser entered into the second acquisition agreement with Main Zone Group Limited ("Vendor B") and SOCAM Development Limited ("Vendor B Guarantor"). Pursuant to these two acquisition agreements (as amended and supplemented), the Purchaser has conditionally agreed to acquire (1) 61.5% interest in Richcoast Group Limited (the "Target Company", together with its subsidiaries, the "Target Group") and all of Vendor A's benefits of and interests in offshore loans from Vendor A for a consideration of RMB3,160 million (the "First Acquisition"); and (2) 28.2% interest in the Target Company and all of Vendor B's benefits of and interests in offshore loans from Vendor B for a consideration of RMB1,300 million (the "Second Acquisition").

The acquisitions contemplated under the two acquisition agreements constitute a very substantial acquisition of the Company, and a circular was dispatched by the Company on 8 December 2017 pursuant to the Listing Rules. The acquisitions were considered and approved at the extraordinary general meeting on 23 December 2017. On 28 December 2017, the Second Acquisition was completed. On 14 May 2018, the First Acquisition was completed, and the Target Company became an indirect wholly-owned subsidiary of the Company.

Please refer to the announcements of the Company dated 14 November 2017, 28 December 2017, 29 March 2018, 24 April 2018 and 14 May 2018 respectively and the circular of the Company dated 8 December 2017.

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

Litigation and Arbitration

On 23 October 2017, certain subsidiaries of the Company received an arbitration notice from the Hong Kong International Arbitration Centre in respect of the submission of arbitration applications by the joint venture partners of the Group (the "Claimants") relating to the put price of the put options pursuant to certain agreements entered into between the certain subsidiaries of the Company, and the Claimants. As at the date of this annual report, the arbitration proceedings are in progress and the results of the arbitration are not yet available.

Pre-Emptive Rights

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

Professional Tax Advice Recommended

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

Permitted Indemnity Provision

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

Share Option Scheme

The Company adopted a share option scheme on 1 June 2014 (the "Share Option Scheme"). During the period from the date of adoption to 31 December 2018, no share options have been granted under the Share Option Scheme.

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

1. **Purpose of the Share Option Scheme:**

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

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

   (ii) attract and retain or otherwise maintain on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

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

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

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

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

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

3. Total number of Shares available for issue under the Share Option Scheme and percentage of issued share capital as at 31 December 2018:

As at 31 December 2018, no share option has been granted under the Share Option Scheme.

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

4. **Maximum entitlement of each participant under the Share Option Scheme:**
The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to:

(i) the issue of a circular by the Company containing the identity of the Eligible Participant, the numbers and terms of the options to be granted (and options previously granted to such participant) and the information as required under Rules 17.02(2)(d) and the disclaimer required under 17.02(4) of the Listing Rules; and

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

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

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

7. **The basis of determining the exercise price:**
The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price must be at least the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant of options, which must be a trading day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant of options; and (iii) the nominal value of a Share.

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

Directors and Directors' Service Contracts

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

Executive Directors

Mr. Jiang Xiuwen *(Chairman and Chief executive officer)*
Mr. Chen Donghui
Ms. Ma Lan (resigned on 29 March 2019)
Mr. Yu Shiping
Ms. Zheng Xiaohua (appointed on 22 June 2018)
Mr. Zhang Zhichao (resigned on 22 June 2018)
Mr. Xu Beinan (appointed on 29 March 2019)

Non-Executive Directors

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

Independent Non-Executive Directors

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

Mr. Jiang Xiuwen, an executive Director, has entered into a service contract with the Company for a term of three years commencing from 27 June 2017. Mr. Chen Donghui, an executive Director, has entered into a service contract with the Company for a term of three years commencing from 31 December 2016. Mr. Yu Shiping, an executive Director, has entered into a service contract with the Company for a term of three years commencing from 18 September 2017. Ms. Zheng Xiaohua, an executive Director, has entered into a service contract with the Company for a term of three years commencing from 22 June 2018. Mr. Xu Beinan, an executive Director, has entered into a service contract with the Company for a term of three years commencing from 29 March 2019. Non-executive Directors Mr. Zhao Xiaodong and Mr. Chen Chao have entered into a letter of appointment with the Company for a term of three years commencing from 31 December 2016. Mr. Wang Gang, a non-executive Director, has entered into a letter of appointment with the Company for a term of three years commencing from 26 March 2018. Independent non-executive Directors Mr. Wang Yinping and Mr. Han Gensheng have entered into a letter of appointment with the Company for a term of three years commencing from 31 December 2016. Independent non-executive Directors Mr. Yip Wai Ming and Mr. Guo Shaomu have entered into a letter of appointment with the Company for a term of three years commencing from 27 June 2017. None of the Directors, including Directors being proposed for re-election at the forthcoming annual general meeting, has a service contract with the Company or any of its subsidiaries, which is not determinable by the Group within one year without payments of compensation other than statutory compensation.

In accordance with Article 83(3) and 84.(1)(2) of the Articles of Association, Mr. Chen Donghui, Ms. Zheng Xiaohua, Mr. Xu Beinan, Mr. Zhao Xiaodong, Mr. Han Gensheng and Mr. Yip Wai Ming shall retire and being eligible, have offered themselves for re-election at the Company's forthcoming annual general meeting.

Remuneration of Directors and Five Highest Paid Individuals

For the year ended 31 December 2018, the details of the remuneration of the directors and five highest paid individuals of the Group are set out in notes 8 and 9 to the financial statements of the Group, respectively.

Directors' Interests in Contracts of Significance

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

Directors' Interests in a Competing Business

As at 31 December 2018, none of the Directors had interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

Management Contracts

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

Connected Transactions

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

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

A circular relating to the subscription was dispatched by the Company on 31 August 2017 pursuant to the Listing Rules. The subscription agreement was considered and approved at the extraordinary general meeting on 15 September 2017. On 17 August 2018, as certain conditions precedent were not fulfilled or waived, the Subscription Agreement has lapsed and thereupon ceased and determined. Please refer to the announcements of the Company dated 17 August 2017, 29 December 2017 and 17 August 2018 respectively and the circular dated 31 August 2017.

The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules for the year ended 31 December 2018.

Related Party Transactions

During the year ended 31 December 2018, the Group entered into transactions with related parties as disclosed in note 42 to the financial statements of the Group. The transactions set out in note 42(a) Related Party Transactions do not constitute connected transactions of the Group, and the transactions set out in note 42 (b) constitute fully exempt connected transactions of the Group, for all of which the applicable requirements under the Listing Rules have been duly complied with.

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

As at 31 December 2018, the interests and short positions of each of the Directors and the chief executives of the Company in the shares (the "Shares") and underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

(I) Interest in the Shares and underlying Shares

Name of Director	Capacity/Nature of interest	Number of shares held [(1)]	Approximate percentage in the Company's issued share capital
Mr. Jiang Xiuwen	Interest of a controlled corporation	68,600,000(L) [(2)]	2.65%
Mr. Wang Gang	Interest of a controlled corporation	69,200,000(L) [(3)]	2.68%

Notes:

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

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

(3) Mr. Wang Gang beneficially owns the entire issued share capital of Mighty Equity Limited, which in turn owns 34.5% of the issued share capital of Grace Sky Harmony Limited. Grace Sky Harmony Limited owns 2.68% of the issued share capital of the Company. By virtue of the SFO, Mr. Wang Gang is deemed to be interested in the Shares held by Grace Sky Harmony Limited.

(II) Interest in associated corporations of the Company

Name of Director	Name of associated corporation	Capacity	Number of Shares [(1)]	Percentage of the issued share capital of that associated corporation held
Mr. Jiang Xiuwen	Keen High Keen Source Limited	Interest of a controlled corporation	5,180(L) [(2)]	74.21%
Mr. Wang Gang	Grace Sky Harmony Limited	Interest of a controlled corporation	2,430(L) [(3)]	34.52%

Notes:

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

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

(3) These shares are held by Mighty Equity Limited which is wholly owned by Mr. Wang Gang.

(III) Interest in debentures of the Company

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

Director	Nature of interest	Amount of debentures of the Company held	Approximate percentage of the interest in the 2020 USD Notes as at 31 December 2018
Ms. Ma Lan	Beneficial owner	USD900,000	0.30% [(1)]
Mr. Guo Shaomu	Beneficial owner	USD200,000	0.07% [(1)]
Mr. Yip Wai Ming	Beneficial owner	USD200,000	0.07% [(1)]

Note:

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

Save as disclosed above, as at 31 December 2018, none of the Directors and chief executive of the Company and/or their respective associated persons had any personal, family, corporate or other interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which were required to be entered into the register kept by the Company pursuant to section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code (including interests and short positions which he/she was deemed or taken to have under such provisions of the SFO).

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

As at 31 December 2018, so far as the Directors are aware, the following persons (other than the Directors and the chief executive of the Company) or institutions have interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of shareholder	Capacity/Nature of interest	Number of shares held [1]	Approximate percentage in the Company's issued share capital
Jiayou (International) Investment Limited [2]	Beneficial owner	1,578,751,750 (L)	61.11%
Jiahuang (Holdings) Investment Limited [2]	Interest of corporation controlled by the substantial shareholder	1,578,751,750 (L)	61.11%
Jiaxin Investment (Shanghai) Co., Ltd. [2]	Interest of corporation controlled by the substantial shareholder	1,578,751,750 (L)	61.11%
China Minsheng Jiaye Investment Co., Ltd. [2]	Interest of corporation controlled by the substantial shareholder	1,578,751,750 (L)	61.11%
China Minsheng Investment Corp., Ltd. [2]	Interest of corporation controlled by the substantial shareholder	1,578,751,750 (L)	61.11%
Sun Yinhuan [3]	Founder of a discretionary trust	241,400,000 (L)	9.34%
TMF (Cayman) Ltd. [3]	Trustee	241,400,000 (L)	9.34%
Right Ying Holdings Limited [3]	Interest of controlled corporation	241,400,000 (L)	9.34%
Right Won Management Limited [3]	Beneficial owner	241,400,000 (L)	9.34%

Notes:

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

(2) China Minsheng Investment Corp., Ltd ("China Minsheng") owns 63.72% share equity of China Minsheng Jiaye Investment Co., Ltd ("CMIG Jiaye"). Jiaxin Investment (Shanghai) Co., Ltd. ("Jiaxin") is beneficially owned by CMIG Jiaye. Jiahuang (Holdings) Investment Limited ("Jiahuang") is beneficially wholly-owned by Jiaxin. Jiayou (International) Investment Limited ("Jiayou") is beneficially wholly-owned by Jiahuang. By virtue of the SFO, China Minsheng, CMIG Jiaye, Jiaxin and Jiahuang are deemed to hold equity in 1,578,751,750 shares held by Jiayou.

(3) The entire issued share capital of Right Won Management Limited is held by TMF (Cayman) Ltd. (as the trustee of The Right Ying Trust) through Right Ying Holdings Limited. The entire issued share capital of Right Ying Holdings Limited is held by TMF Cayman Ltd. The Right Ying Trust is a discretionary trust established by Mr. Sun Yinhuan on 14 November 2018. The beneficiaries of The Right Ying Trust include Mr. Sun Yinhuan and certain of his family members.

Save as disclosed above, as at 31 December 2018, there was no other person, other than a Director or chief executive of the Company, who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

Adequacy of Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors, at the date of this annual report, the Company has maintained a sufficient public float of at least 25% of the total number of issued Shares as required under the Listing Rules.

Auditor

The financial statements have been audited by the Company's auditor, PricewaterhouseCoopers.

By order of the Board
Yida China Holdings Limited
Jiang Xiuwen
Chairman and chief executive officer

Hong Kong, 29 March 2019

Corporate Governance Report

The Board is pleased to present this Corporate Governance Report for the year ended 31 December 2018.

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

The Board is of the view that, for the period from 1 January 2018 to 31 December 2018 (the "Review Period"), except for the deviation from CG Code A.2.1, the Company has complied with the principles and the code provisions set out in the Corporate Governance Code and Corporate Governance Report in Appendix 14 of the Listing Rules (the "CG Code") as policies on inner corporate governance.

(A) The Board of Directors

Board Composition

During the Review Period and up to the date of this annual report, the Board consisted of twelve Directors, including Mr. Zhang Zhichao (resigned on 22 June 2018), Mr. Jiang Xiuwen (Chairman and Chief Executive Officer), Mr. Chen Donghui, Ms. Ma Lan (resigned on 29 March 2019), Mr. Yu Shiping, Ms. Zheng Xiaohua (appointed on 22 June 2018) and Mr. Xu Beinan (appointed on 29 March 2019) as the executive Directors; Mr. Zhao Xiaodong, Mr. Chen Chao and Mr. Gao Wei (resigned on 26 March 2018) and Mr. Wang Gang (appointed on 26 March 2018) as non-executive Directors; Mr. Yip Wai Ming, Mr. Guo Shaomu, Mr. Wang Yinping and Mr. Han Gensheng as the independent non-executive Directors. The biographical details of the Directors as at the date of this report are set out in the section headed "Profile of Directors and Senior Management" of this annual report. The overall management of the Company's operation is vested in the Board. Saved as disclosed in this annual report, to the knowledge of the Company, the Board members have no financial, business, family or other material relationship with each other.

Board's Responsibilities

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

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

Delegation by the Board

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

Compliance with the Model Code for Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the standard for securities transactions by the Directors. The Company has made specific enquiries of all the Directors and all the Directors confirmed that they have complied with the required standards set out in the Model Code during the Review Period. The Company has also established written guidelines on no less exacting terms than the Model Code (the "Employees Written Guidelines") for securities transactions by the relevant employees, including the Directors, who are likely to be in possession of inside information of the Company. No incident of non-compliance of the Employees Written Guidelines by any employees was noted by the Company.

Directors' Responsibilities for Financial Statements

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

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

Chairman and Chief Executive Officer

Pursuant to the code provision A.2.1 of the CG Code, the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. Pursuant to the code provision A.2.4 of the CG Code, the chairman plays a leadership role in the Board and is responsible for the management and functioning of the Board. The chairman is also responsible for the formulation of the Group's strategic vision, direction and objectives as well as participating in the Group's strategic and key operational decision-making process. The chairman is also responsible for establishing good corporate governance practices and procedures for the Company. On the other hand, the chief executive officer primarily focuses on developing and implementing objectives and policies approved and delegated by the Board. The chief executive officer is also responsible for the Group's day-to-day management and operations and the formulation of the organization structure, control systems and internal procedures and processes of the Company for the Board's approval. Mr. Jiang Xiuwen, the chief executive officer of the Company, was appointed as the chairman of the Company on 22 June 2018 and is responsible for overseeing the operations of the Group. The Board has considered the merits of separating the roles of the chairman and chief executive offer but is of the view that it is in the best interests of the Company to vest the two roles in Mr. Jiang Xiuwen. The Board considers vesting the two roles in Mr. Jiang Xiuwen will ensure the Company is under a consistent leadership and facilitates the implementation and execution of the Group's business strategies currently and in the foreseeable future. The Board will nevertheless review the structure from time to time in light of the prevailing circumstances.

Independent Non-Executive Directors

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

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

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

Board Meetings and General Meetings

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

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

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

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

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

During the Review Period, the Company held an annual general meeting on 14 June 2018.

Appointment, Re-election and Removal of Directors

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

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

In accordance with Article 83(3) and 84(1)(2) of the Articles, Mr. Chen Donghui, Ms. Zheng Xiaohua and Mr. Xu Beinan, the executive Directors, Mr. Zhao Xiaodong, a non-executive Director, and Mr. Han Gensheng and Mr. Yip Wai Ming, the independent non-executive Directors, shall retire by rotation, and being eligible, have offered themselves for re-election as Directors at the annual general meeting to be held on 20 June 2019.

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

Induction and Continuing Development for Directors

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

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

Board Diversity Policy

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

Board Committees

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

Nomination Committee

The Nomination Committee of the Company is established with written terms of reference in compliance with Rule A.5 of the CG Code. The Nomination Committee was comprised of two executive directors and three independent non-executive directors, namely Mr. Zhang Zhichao as the chairman and Mr. Jiang Xiuwen, Mr. Yip Wai Ming, Mr. Wang Yinping and Mr. Han Gensheng as members. With effect from 22 June 2018, the Nomination Committee is comprised of one executive director and three independent non-executive directors, namely Mr. Jiang Xiuwen as the chairman, and Mr. Yip Wai Ming, Mr. Wang Yinping and Mr. Han Gensheng as members.

The Nomination Committee is primarily responsible for recommending to the Board suitably qualified persons to become the member of the Board and is also responsible for reviewing the structure, size and composition of the Board on a regular basis and as required as well as assessing the independence of each independent Director. Its written terms of reference cover recommendations to the Board on the appointment, succession or removal of Directors, evaluation of Board composition and the management of Board succession. The written terms of reference of the committee are in line with the provisions of the code. During the Review Period, the Nomination Committee convened a meeting on 26 March 2018 to discuss the structure, size and composition of the Board and assess the independence of each independent non-executive Director, and convened a meeting on 22 June 2018 to discuss the appointment of Directors.

As set out in the nomination policy adopted by the Board pursuant to the CG Code, in assessing the suitability of a proposed candidate, the following factors would be considered by the Nomination Committee:

- Reputation for integrity

- Accomplishment and experience
- Compliance with legal and regulatory requirements
- Commitment in respect of available time and relevant interest
- Diversity in all its aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service

As set out in the nomination policy, the nomination procedure is as follows:

(1) The secretary of the Nomination Committee shall call a meeting of the Nomination Committee, and invite nominations of candidates from Board members if any, for consideration by the Nomination Committee prior to its meeting. The Nomination Committee may also put forward candidates who are not nominated by Board members.

(2) For filling a casual vacancy, the Nomination Committee shall make recommendations for the Board's consideration and approval. For proposing candidates to stand for election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation.

(3) Pursuant to the articles of association of the Company, a member (duly qualified to attend and vote at the meeting) who wish to recommend a candidate for election to the office of director at any general meeting must submit a signed written notice, for which such notice is given of his intention to propose such person for election and also a notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the registration office of the Company, provided that the minimum length of the period, during which such notice(s) are given, shall be at least seven (7) days and that (if the notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgment of such notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.

(4) A candidate is allowed to withdraw his/her candidature at any time before the general meeting by serving a notice in writing to the company secretary of the Company.

(5) The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting.

To ensure that the Board of the Company has the appropriate balance of skills, experience and diversity of perspectives necessary to enhance the effectiveness of the Board and to maintain high standards of corporate governance, selection of candidates is based on a range of diversified perspectives: one out of the twelve directors is woman; ten directors aged between 40 and 60; and in terms of academic qualifications, there are two doctors, three masters and seven bachelors.

Audit Committee

The Audit Committee of the Company is established with written terms of reference in compliance with Rule 3.21 of the Listing Rules and code provisions C.3 and D.3 of the CG Code. The Audit Committee is comprised of all independent non-executive Directors. Mr. Yip Wai Ming is the chairman and Mr. Guo Shaomu, Mr. Wang Yinping and Mr. Han Gensheng are members. The Group's accounting principles and practices, financial statements and related materials for the year ended 31 December 2018 had been reviewed by the committee.

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

During the Review Period, the Audit Committee convened a meeting on 26 March 2018 to review the Company's annual financial report as of 31 December 2017, convened a meeting on 12 April 2018 to discuss the change of auditor, and convened a meeting on 16 August 2018 to review the Company's interim financial report as of 30 June 2018.

Remuneration Committee

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

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

During the Review Period, the Remuneration Committee convened a meeting on 26 March 2018 to discuss the reasonableness matters related to the remuneration of the Directors and senior management, and convened a meeting on 22 June 2018 to discuss the appointment of Directors.

The remuneration policy of the Group and details of the remuneration of the Directors are set out in the section headed "Management Discussion and Analysis" and note 9 to the financial statements.

The emolument paid to a senior management member of the Company was between RMB1.50 million to RMB3.00 million as at 31 December 2018.

Meeting Attendance

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

Directors	Board	Audit Committee	Nomination Committee	Remuneration Committee	General meetings
Executive Directors					
Zhang Zhichao (1)	3/6		2/2		1/1
Jiang Xiuwen	6/6		2/2	2/2	1/1
Chen Donghui	6/6				1/1
Ma Lan	6/6				1/1
Yu Shiping	6/6				1/1
Zheng Xiaohua (2)	3/6				0/1
Non-executive Directors					
Zhao Xiaodong	6/6				1/1
Chen Chao	6/6				1/1
Gao Wei (3)	1/6				0/1
Wang Gang (4)	5/6				1/1
Independent Non-executive Directors					
Yip Wai Ming	6/6	3/3	2/2		1/1
Guo Shaomu	6/6	3/3		2/2	1/1
Wang Yinping	6/6	3/3	2/2	2/2	1/1
Han Gensheng	6/6	3/3	2/2	2/2	1/1

(1) Mr. Zhang Zhichao resigned on 22 June 2018.

(2) Ms. Zheng Xiaohua was appointed as an executive Director on 22 June 2018.

(3) Mr. Gao Wei resigned on 26 March 2018.

(4) Mr. Wang Gang was appointed as a non-executive Director on 26 March 2018.

Company Secretary

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

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

(B) Financial Reporting and Internal Control

Financial Reporting

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2018, and for ensuring the financial statements are published in a timely manner.

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

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

The working scope and reporting responsibilities of PricewaterhouseCoopers, the Company's external auditor, are set out on page 101 of the "Independent Auditor's Report" in this annual report.

External Auditor and Auditor's Remuneration

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

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

During the year, the remuneration paid to the external auditor of the Company in respect of audit services and non-audit services for the year ended 31 December 2018 amounted to approximately RMB5.18 million and RMB2.165 million, respectively.

PricewaterhouseCoopers was appointed as external auditor of the Company with effect from 14 June 2018 to fill the vacancy upon the retirement of Ernst & Young and to hold office until the conclusion of the forthcoming annual general meeting of the Company.

Risk Management and Internal Control

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

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

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

The Company has established an internal official information system to ensure that one or more Directors and senior officers are informed of and able to identify and assess the Company's important information or transactions, and communicate the progress of the matters and circumstances to the Board in a timely manner so that the Board can determine whether to make disclosures. For the Company to perform its obligations to disclose inside information about material changes in its financial position, business performance or the prospect of its business performance, the Company's financial controller ensures timely reporting to the Directors, and the Directors ensure that such financial and operational data are communicated to the Board in a timely manner.

(C) Dividend Policy

The Board proposes dividends based on the Company's financial performance, shareholders' interests, the Company's business conditions and strategies, capital requirements, tax considerations, contractual, statutory and regulatory restrictions, and other factors as the Board considers relevant. Payment of dividends to the shareholders of the Company may be announced at the general meetings from time to time, but the amount of dividends shall not exceed the amount proposed by the Board.

(D) Communications with Shareholders and Investors

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

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

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

There were no changes to the Company's constitutional documents during the year ended 31 December 2018. The Company's existing constitutional documents have been published at the website of the Company and the website of Hong Kong Exchanges and Clearing Limited and are available for access.

(E) General Meetings and Shareholders' Rights

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

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

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

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

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

The Board's Response to the Opinion of the Independent Auditor

In the Independent Auditor's Report of the Company's annual report for the year ended 31 December 2018, the independent auditor issued an opinion on the issues as set out in the paragraph headed "Material Uncertainty Related to Going Concern" in the Independent Auditor's Report. The Board's considerations and responses to the aforesaid issues are as follows:

1. The operation of the Group is the most important consideration for the lender to exercise its right to demand repayment

The Board considers that the Group has been relatively independent from its related parties without any guarantee, collateral, lending or other capital transactions. Whether the lender demands the repayment of the Group in accordance with the standard terms is mainly based on the judgment of the Group's operation. As of the date hereof, the Group has made normal repayment, addition and renewal of various loans and the overall operating conditions remained healthy.

2. The Group has the ability to repay loans due

As at 31 December 2018, without taking into consideration of the borrowings being re-classified as short-term borrowings, the actual amount of the Group's short-term borrowings due within one year was RMB7.65 billion. Among which, as of 29 March 2019, RMB4.75 billion has been repaid and renewed, RMB0.5 billion is secured by equivalent amount of time deposit certificate with the remaining amount of RMB2.4 billion which is required to be repaid before 31 December 2019, of which also has sufficient collateral. As a result of the change in financial conditions of China Minsheng Investment Corp., Ltd., the long-term borrowings originally due after 31 December 2019 of approximately RMB5 billion were reclassified as short-term borrowings, resulting in the amount of the Group's short-term borrowings due within one year amounted to RMB12.65 billion.

The Board believes that the Group's operations, including its pre-sale and receivables collection, remains normal. Its good relationship with the lenders, the status as a leading enterprise in the region and the Group's ability to accelerate its receivable collection have further guaranteed the Group's overall financing capabilities. The Board and the management have been proactively communicating with the lenders such that the lenders are aware of the fact that the Company has always been able to achieve stable and positive operating results and at the same time, the Company has actively encouraged its personnel to promptly collect any receivable to ensure the long-term stable development of the Company.

Independent Auditor's Report

pwc

羅兵咸永道

To the Shareholders of Yida China Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Opinion

What we have audited

The consolidated financial statements of Yida China Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 104 to 202, which comprise:

- the consolidated statement of financial position as at 31 December 2018;
- the consolidated statement of profit or loss 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 ("HKFRSs") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

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

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

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.

Material Uncertainty Related to Going Concern

We draw attention to note 2.1(c) to the consolidated financial statements, which states that as at 31 December 2018 the Group's current liabilities exceeded its current assets by RMB4,531,112,000. At the same date, its current borrowings amounted to RMB12,651,205,000 while its cash and cash equivalents amounted to RMB1,077,775,000 only. During the year then ended, the financial conditions of certain related parties of the Group changed in such a way that triggered certain terms specified in the Group's loan agreements. This resulted in certain of the Group's borrowings amounted to RMB8,371,035,000 in total as at 31 December 2018 becoming immediately repayable if requested by the lenders, of which RMB3,365,561,000 represented bank loans with scheduled repayment dates within one year, and RMB5,005,474,000 represented non-current bank loans or corporate bond with original maturity dates beyond 31 December 2019 that were reclassified as current liabilities. Such conditions, along with other matters as set forth in note 2.1(c) to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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. In addition to the matter described in the Material Uncertainty Related to Going Concern section above, we have determined below to be the key audit matters to be communicated in our report.

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

- Valuation of investment properties
- Provision for impairment of properties under development and completed properties held for sale
- Acquisition of business of Richcoast Group Limited ("Richcoast Group")

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of investment properties	
Refer to note 3 (Critical accounting judgements and estimates) and note 15 (Investment properties) to the consolidated financial statements. The Group's investment properties were carried at RMB18,604 million as at 31 December 2018, of which RMB12,395 million were completed properties and RMB6,029 million were properties under construction. The Group engaged an independent valuer to perform the valuation of the Group's investment properties as at 31 December 2018. We focused on this area because the investment properties balances were significant to the consolidated financial statements and the valuation involved significant management judgements in selection of valuation method, and application of key assumptions including yearly rental value, capitalisation rate, estimated construction costs, and estimated development profit.	Our work in relation to the valuation of investment properties included: We assessed the independence, competence and capability of the external valuer used by management. With the assistance of our internal valuation experts, we performed the following: (1) assessed the appropriateness of the valuation methods adopted with reference to market practice. (2) for current rental income used in the valuation, checked the amounts to the signed lease agreements with the tenants on a sample basis. (3) for estimated future rental income, capitalisation rate and estimated development profit, compared them with market transaction data. (4) for estimated total construction costs, compared them to the project budgets approved by management, tested these project budgets against underlying contracts with vendors and other supporting documents, and compared the actual costs of the newly completed properties with the relevant budgets to assess the reliability of the project budgets. We tested the calculation of the valuation. Based on the audit procedures performed, we consider that management's estimates and assumptions adopted in the valuation are supported by the evidence we obtained.

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Provision for impairment of properties under development and completed properties held for sale	
Refer to note 3 (Critical accounting judgements and estimates), note 20 (Properties under development) and note 21 (Completed properties held for sale) to the consolidated financial statements. As at 31 December 2018, the Group's properties under development and completed properties held for sale amounted to RMB5,121 million and RMB5,454 million, respectively. The Group engaged an external valuer to perform a valuation of properties under development and completed properties held for sale as at 31 December 2018 to assess if the net realisable values of these assets were higher than their carrying amounts. As a result, an impairment loss of RMB214 million was charged for the year ended 31 December 2018. We focused on this area because the determination of net realisable values of properties under development and completed properties held for sale involved significant management judgements on setting estimated selling prices, selling expenses to be incurred and the estimated total construction costs of the development projects.	Our work in relation to impairment provision of properties under development and completed properties held for sale included: We assessed the independence, competence and capability of the external valuer used by management. With the assistance of our internal valuation experts, we performed the following: (1) assessed the appropriateness of the valuation methods adopted with reference to market practice. (2) compared the forecast selling prices to the recently transacted prices if available, or prices of comparable properties located in the same vicinity with reference to our industry knowledge and external market analysis. (3) compared the estimated selling expenses to be incurred set as a certain percentage of selling price with the actual average selling expenses to revenue ratio of the Group in recent years. (4) compared management's budgeted total construction costs against underlying contracts with vendors and supporting documents and assessed the reasonableness of estimated total construction costs and the underlying assumptions with reference to our understanding of similar projects completed in the past. We tested the calculation of the valuation. Based on the audit procedures performed, we consider that management's judgements applied in impairment assessment of properties under development and completed properties held for sale were supported by the evidence we obtained.

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Acquisition of business of Richcoast Group	
Refer to note 36 "Business combinations" to the consolidated financial statements. In May 2018, the Group completed the acquisition of the remaining 61.54% equity interests in Richcoast Group at a total consideration of RMB3,160 million, resulting in a gain on re-measurement of previously held equity interests of Richcoast Group of RMB160.52 million and a gain on bargain purchase of RMB630.44 million. The Group engaged an external independent valuer in determining the fair value of significant assets acquired, including investment properties, properties under development and completed properties held for sale, which were the primary targets of the acquisition. We focused on this area because of the significance of the acquisition to the consolidated financial statements and the significant judgements and estimates involved in determining the fair value of the identifiable assets acquired, liabilities assumed and the previously held equity interests.	Our work in relation to the acquisition included: (1) We assessed the independence, competence and capabilities of the external valuer used by management. (2) We assessed management's assessment on identification and valuation of, and the allocation of consideration for the acquisition to, the assets acquired and liabilities assumed. (3) We assessed the appropriateness of the valuation methods adopted and the key assumptions used in the valuation of investment properties, properties under development and completed properties held for sale with the assistance from our internal valuation experts. We compared these key assumptions to externally derived data. We also assessed the tax impacts arising from the valuation. (4) For the assets and liabilities acquired other than properties as at the date of acquisition, we performed audit procedures including examining the underlying supporting documents such as bank statements, bank reconciliations and loan agreements. (5) We traced the total consideration to the signed equity transfer agreements and re-performed the calculation of gain on re-measurement of previously held equity interests of Richcoast Group and gain from the bargain purchase. Based on the audit procedures performed, we consider that the Group's accounting treatment for the acquisition was supported by the evidence that we obtained.

Other Information

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

Our opinion on the consolidated financial statements does not cover the other information and we do not 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 on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the corporate overview, corporate information, financial summary, environment, social and governance report, profile of directors and senior management, directors' report and corporate governance report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Audit Committee and take appropriate action considering our legal rights and obligations.

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

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

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

The Audit Committee is responsible for overseeing the Group's financial reporting process.

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.

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

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

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

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

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

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

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

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

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

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

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

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

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 29 March 2019

Consolidated Statement of Profit or Loss

For the year ended 31 December 2018

	Notes	2018 RMB'000	2017 RMB'000
REVENUE	5	**7,356,958**	7,317,619
Cost of sales	7	**(5,305,746)**	(5,551,155)
Gross profit		**2,051,212**	1,766,464
Other income	6	**51,927**	70,491
Gains arising from acquisition of subsidiaries	36	**790,959**	–
Fair value gains on investment properties	15	**6,586**	341,216
Net impairment losses on financial and contract assets	45	**(23,861)**	–
Other (losses)/ gains – net		**(45,058)**	19,998
Selling and marketing expenses	7	**(192,886)**	(236,083)
Administrative expenses	7	**(502,698)**	(478,585)
Finance costs – net	10	**(659,853)**	(334,461)
Share of profits and losses of joint ventures and associates	18, 19	**8,810**	449,702
PROFIT BEFORE INCOME TAX		**1,485,138**	1,598,742
Income tax expenses	11	**(681,552)**	(504,480)
PROFIT FOR THE YEAR		**803,586**	1,094,262
Attributable to:			
Owners of the Company		**833,919**	984,302
Non-controlling interests		**(30,333)**	109,960
		803,586	1,094,262
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted (RMB per share)	13	**0.32**	0.38

The notes set out on pages 111 to 202 are an integrated part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2018

	2018 RMB'000	2017 RMB'000
PROFIT FOR THE YEAR	**803,586**	1,094,262
Other comprehensive income which may be reclassified to profit or loss in subsequent periods:		
Exchange differences	**21,027**	(29,178)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**824,613**	1,065,084
Attributable to:		
Owners of the Company	**854,946**	955,124
Non-controlling interests	**(30,333)**	109,960
	824,613	1,065,084

The notes set out on pages 111 to 202 are an integrated part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2018

	Notes	2018 RMB'000	2017 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**93,868**	88,044
Investment properties	15	**18,604,066**	12,244,622
Investments in joint ventures	18	**1,780,760**	2,585,466
Investments in associates	19	**21,300**	20,699
Land held for development for sale	16	**–**	501,643
Prepayments for acquisition of land		**2,555,067**	2,297,438
Prepayments and other receivables	25	**22,934**	705,094
Intangible assets	17	**32,959**	14,992
Available-for-sale investments		**–**	24,540
Deferred tax assets	31	**150,820**	124,892
Total non-current assets		**23,261,774**	18,607,430
CURRENT ASSETS			
Inventories	23	**14,658**	10,199
Land held for development for sale	16	**1,111,781**	607,203
Properties under development	20	**5,121,082**	1,670,574
Completed properties held for sale	21	**5,453,716**	6,121,194
Prepayments for acquisition of land		**1,121,228**	249,655
Contract assets	22	**140,242**	–
Gross amounts due from contract customers	22	**–**	162,463
Trade receivables	24	**1,186,619**	990,036
Prepayments, deposits and other receivables	25	**3,463,103**	5,131,013
Prepaid corporate income tax		**143,720**	30,851
Prepaid land appreciation tax		**262,178**	153,188
Restricted cash	26	**728,486**	1,879,540
Cash and cash equivalents	26	**1,077,775**	1,484,138
Total current assets		**19,824,588**	18,490,054
TOTAL ASSETS		**43,086,362**	37,097,484

	Notes	2018 RMB'000	2017 RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	29	**4,375,520**	10,073,500
Deferred tax liabilities	31	**2,516,583**	1,878,348
Total non-current liabilities		**6,892,103**	11,951,848
CURRENT LIABILITIES			
Contract liabilities	5	**3,046,881**	–
Gross amounts due to contract customers		**–**	525,575
Receipts in advance		**–**	881,468
Trade payables	27	**2,716,306**	2,319,770
Other payables and accruals	28	**4,138,083**	1,935,900
Derivative financial instruments	32	**746,708**	591,065
Interest-bearing bank and other borrowings	29	**12,651,205**	6,912,232
Corporate income tax payable		**469,079**	454,604
Provision for land appreciation tax	30	**587,438**	382,116
Total current liabilities		**24,355,700**	14,002,730
TOTAL LIABILITIES		**31,247,803**	25,954,578
EQUITY			
Equity attributable to owners of the Company			
Issued capital	33	**159,418**	159,418
Reserves	34	**11,215,526**	10,578,761
		11,374,944	10,738,179
Non-controlling interests		**463,615**	404,727
TOTAL EQUITY		**11,838,559**	11,142,906
NET CURRENT (LIABILITIES)/ASSETS		**(4,531,112)**	4,487,324
TOTAL ASSETS LESS CURRENT LIABILITIES		**18,730,662**	23,094,754

The notes set out on pages 111 to 202 are an integrated part of these consolidated financial statements.

Jiang Xiuwen
Director

Yu Shiping
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2018

	Attributable to owners of the Company						
	Issued capital RMB'000	Share premium RMB'000 (note 34)	Other reserves RMB'000 (note 34)	Retained profits RMB'000 (note 34)	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2018	159,418	1,495,452	918,934	8,164,375	10,738,179	404,727	11,142,906
Changes in accounting policies (note 2.2)	–	–	–	(11,463)	(11,463)	–	(11,463)
Restated balance at 1 January 2018	159,418	1,495,452	918,934	8,152,912	10,726,716	404,727	11,131,443
Comprehensive income							
Profit for the year	–	–	–	833,919	833,919	(30,333)	803,586
Other comprehensive income for the year:							
Exchange differences	–	–	21,027	–	21,027	–	21,027
Total comprehensive income for the year	–	–	21,027	833,919	854,946	(30,333)	824,613
Transaction with owners							
Capital contribution from non-controlling interests of subsidiaries	–	–	–	–	–	186,770	186,770
Transfer from retained profits to other reserves	–	–	39,466	(39,466)	–	–	–
Dividend to non-controlling interests of a subsidiary	–	–	–	–	–	(97,549)	(97,549)
Final 2017 dividend	–	(206,718)	–	–	(206,718)	–	(206,718)
Balance at 31 December 2018	159,418	1,288,734	979,427	8,947,365	11,374,944	463,615	11,838,559

	Attributable to owners of the Company						
	Issued capital RMB'000	Share premium RMB'000 (note 34)	Other reserves RMB'000 (note 34)	Retained profits RMB'000 (note 34)	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2017	159,418	1,578,139	925,498	7,209,285	9,872,340	274,189	10,146,529
Comprehensive income							
Profit for the year	–	–	–	984,302	984,302	109,960	1,094,262
Other comprehensive income for the year:	–	–	–	–	–	–	–
Exchange differences	–	–	(29,178)	–	(29,178)	–	(29,178)
Total comprehensive income for the year	–	–	(29,178)	984,302	955,124	109,960	1,065,084
Transaction with owners							
Acquisition of non-controlling interests	–	–	(6,598)	–	(6,598)	(3,402)	(10,000)
Capital contribution from a non-controlling interests of a subsidiary	–	–	–	–	–	23,980	23,980
Transfer from retained profits to other reserves	–	–	29,212	(29,212)	–	–	–
Final 2016 dividend	–	(82,687)	–	–	(82,687)	–	(82,687)
Balance at 31 December 2017	159,418	1,495,452	918,934	8,164,375	10,738,179	404,727	11,142,906

The notes set out on pages 111 to 202 are an integrated part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2018

	Notes	2018 RMB'000	2017 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax		**1,485,138**	1,598,742
Adjustments for:			
Depreciation	7	**17,330**	16,081
Amortisation of intangible assets	7	**11,250**	6,476
Net losses on disposal of items of property, plant and equipment		**145**	846
Gains on disposal of investment properties		**(5,035)**	–
Fair value gains on investment properties	15	**(6,586)**	(341,216)
Fair value losses on derivative financial instruments		**155,643**	99,662
Share of profits and losses of joint ventures and associates		**(8,810)**	(449,702)
Gain on bargain purchase	36	**(630,438)**	–
Gain on re-measurement of the fair value of pre-existing interests in a joint venture to the date of obtaining control	36	**(160,521)**	–
Impairment of properties under development and completed properties held for sale	7	**214,463**	55,622
Net impairment losses on financial and contract assets		**23,861**	–
Finance costs – net	10	**659,853**	334,461
Interest income	6	**(33,339)**	(52,002)
Dividend income	6	**(3,928)**	(1,254)
Others		**(8,054)**	–
		1,710,972	1,267,716
Increase in inventories		**(4,459)**	(2,027)
Decrease/(increase) in properties under development		**2,249,950**	(990,122)
Decrease in completed properties held for sale		**892,718**	4,593,603
Increase in land held for development for sale		**(2,935)**	(803)
Increase in prepayments for acquisition of land		**(1,129,202)**	(189,976)
Decrease/(increase) in gross amounts due from contract customers and contract assets		**22,221**	(29,523)
Increase in trade receivables		**(47,306)**	(175,625)
Decrease/(increase) in prepayments, deposits and other receivables		**3,717,612**	(190,675)
Decrease in trade payables and gross amounts due to contract customers		**(1,291,142)**	(313,343)
Decrease in other payables and accruals		**(3,475,647)**	(1,849,755)
Increase in receipts in advance and contract liabilities		**707,815**	7,392
Cash generated from operations		**3,350,597**	2,127,058
Interest received		**33,339**	52,002
PRC corporate income tax paid		**(182,450)**	(420,828)
PRC land appreciation tax paid		**(291,559)**	(185,556)
PRC land appreciation tax refunded		**–**	43,079
Net cash flows from operating activities		**2,909,927**	1,615,755

Consolidated Statement of Cash Flows (continued)

For the year ended 31 December 2018

	Notes	2018 RMB'000	2017 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in amounts due from joint ventures and associates		**(1,012,675)**	(674,660)
Purchases of property, plant and equipment	14	**(22,615)**	(15,377)
Purchases of intangible assets	17	**(29,139)**	(4,291)
Investment in an associate		**(600)**	(5,000)
Investment in joint ventures		**(583,620)**	(380,964)
Net payment for acquisition of subsidiaries	36	**(679,096)**	(774,752)
Additions to investment properties	15	**(197,306)**	(108,373)
Proceeds from disposal of items of property, plant and equipment		**821**	–
Proceeds from disposal of investment properties		**85,933**	–
Proceeds from disposal of fair value through other comprehensive income ("FVOCI")		**32,594**	–
Decrease/(increase) in restricted cash		**1,151,054**	(832,427)
Dividends received		**3,928**	1,254
Net cash used in investing activities		**(1,250,721)**	(2,794,590)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in amounts due to joint ventures, associates and non-controlling interests		**493,496**	–
Capital contribution from non-controlling interests		**186,770**	23,980
Acquisition of non-controlling interests		**–**	(10,000)
Interest paid		**(1,318,871)**	(1,051,248)
Dividend paid		**(48,774)**	(185,247)
Proceeds of bank and other borrowings		**6,177,359**	7,656,299
Repayment of bank and other borrowings		**(7,555,549)**	(5,626,850)
Net cash (used in)/from financing activities		**(2,065,569)**	806,934
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(406,363)**	(371,901)
Cash and cash equivalents at beginning of year		**1,484,138**	1,856,039
CASH AND CASH EQUIVALENTS AT END OF YEAR			
Representing cash and bank balances	26	**1,077,775**	1,484,138

The notes set out on pages 111 to 202 are an integrated part of these consolidated financial statements.

1. CORPORATE AND GROUP INFORMATION

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

The Company has its primary listing on The Stock Exchange of Hong Kong Limited.

The Company is an investment holding company. During the year ended 31 December 2018, the Company and its subsidiaries (collectively referred to as the "**Group**") were principally involved in property development, property investment, business park operation and management, property construction, decoration and landscaping and property management in Dalian, Wuhan, Shenyang, Beijing, Shanghai, Tianjin, Zhengzhou, Hefei, Xi'an, Suzhou, Hangzhou, Shenzhen, Changsha, Chongqing and Chengdu, the People's Republic of China (the "**PRC**").

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

The consolidated financial statements are presented in thousands of Renminbi ("RMB000"), unless otherwise stated.

Information about subsidiaries

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

Company name	Place of incorporation/ registration and business	Issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Yida Development Company Limited (億達發展有限公司)@#	PRC/Mainland China	RMB1,000,000,000	–	100	Property development
Dalian Yitong Property Development Company Limited (大連益通房地產開發有限公司)*#	PRC/Mainland China	RMB10,000,000	–	100	Property development
Dalian Software Park Company Limited (大連軟件園股份有限公司)*#	PRC/Mainland China	RMB1,000,000,000	–	100	Property development
Wuhan New Software Park Development Company Limited ("Wuhan NSP") (武漢軟件新城發展有限公司)*#^	PRC/Mainland China	RMB475,000,000	–	44	Property development
Yida Construction Group Company Limited (億達建設集團有限公司)*#	PRC/Mainland China	RMB400,000,000	–	100	Construction

1. Corporate and Group Information (continued)

Information about subsidiaries (continued)

Company name	Place of incorporation/ registration and business	Issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Yida Property Service Group Co., Ltd. (億達物業服務集團有限公司) *#&	PRC/Mainland China	RMB85,000,000	–	100	Property management
Dalian Software Park Rongda Development Co., Ltd. (大連軟件園榮達開發有限公司)*#	PRC/Mainland China	RMB660,000,000	–	100	Property development
Dalian Software Park Zhongxing Development Co., Ltd. (大連軟件園中興開發有限公司)*#	PRC/Mainland China	RMB1,900,000,000	–	100	Property development
Dalian Software Park Dejia Development Co., Ltd. (大連軟件園德嘉開發有限公司)*#	PRC/Mainland China	RMB600,000,000	–	100	Property investment
Dalian Service Outsourcing Base Development Company Limited (大連服務外包基地發展有限公司)*#	PRC/Mainland China	RMB210,000,000	–	100	Property development
Dalian Shengyue Property Development Company Limited (大連聖躍房地產開發有限公司)*#	PRC/Mainland China	RMB10,000,000	–	100	Property development
Dalian Gaoji Property Development Company Limited (大連高基房地產開發有限公司)*#	PRC/Mainland China	RMB561,000,000	–	100	Property development
Dalian Shengbei Development Company Limited (大連聖北開發有限公司)*#	PRC/Mainland China	RMB 10,000,000	–	100	Property development
Dalian Yida Meijia Property Development Company Limited (大連億達美加房地產開發有限公司)*#	PRC/Mainland China	RMB120,000,000	–	100	Property development
Dalian Lanwan Property Company Limited (大連藍灣房地產有限公司)*#	PRC/Mainland China	RMB250,000,000	–	100	Property development

1. Corporate and Group Information (continued)

Information about subsidiaries (continued)

Company name	Place of incorporation/ registration and business	Issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Dalian Software Park Rongtai Development Co., Ltd. (大連軟件園榮泰開發有限公司)*#	PRC/Mainland China	RMB100,000,000	–	100	Property development
Changsha Yida Wisdom Createdinstry Development Co., Ltd. ("Changsha Yida WCD") (長沙億達創智置業發展有限公司)*#Ω	PRC/Mainland China	RMB48,000,000	–	51	Property development
Dalian BEST City Taifeng Development Company Limited (大連科技城泰楓開發有限公司)*#	PRC/Mainland China	RMB22,000,000	–	100	Property investment
Dalian BEST City Xintong Development Company Limited (大連科技城欣同開發有限公司)*#	PRC/Mainland China	RMB10,000,000	–	100	Property investment
Dalian Jiadao Information Co., Ltd. (大連嘉道科技發展有限公司)*#	PRC/Mainland China	RMB 300,000,000	–	100	Property investment
Dalian Software Park Rongyuan Development Co., Ltd. (大連軟件園榮源開發有限公司)*#	PRC/Mainland China	RMB350,000,000	–	100	Property investment
Dalian Shenghe Property Development Company Limited (大連科技城聖和開發有限公司)*#	PRC/Mainland China	RMB10,000,000	–	100	Property development
Dalian Yida Property Company Limited (大連億達房地產股份有限公司)*#	PRC/Mainland China	RMB150,000,000	–	100	Property development
Dalian Changhe Property Development Company Limited (大連昌和房地產開發有限公司)*#	PRC/Mainland China	RMB10,000,000	–	100	Property development
Dalian Software Park Development Company Limited (大連軟件園發展有限公司)*#	PRC/Mainland China	RMB200,000,000	–	100	Property development
Yida Landscaping Engineering Company Limited (億達園林綠化工程有限公司) *#	PRC/Mainland China	RMB20,000,000	–	100	Property development

1. Corporate and Group Information (continued)

Information about subsidiaries (continued)

Company name	Place of incorporation/ registration and business	Issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Sichuan Yixing Real Estate Development Company Limited (四川億興置業發展有限公司)*#	PRC/Mainland China	RMB30,000,000	–	100	Property development
Dalian Ruanjing Property Development Company Limited (大連軟景房地產開發有限公司)*#	PRC/Mainland China	RMB30,000,000	–	100	Property development
Yida Tech Town Development Co., Ltd. (億達科技新城管理有限公司)*	PRC/Mainland China	RMB10,000,000	–	100	Business park investment and management
Liaoning Jiaye Real Estate Development Company Limited (遼寧佳業地產開發有限公司)*#	PRC/Mainland China	RMB20,000,000	–	100	Property development
Yifeng Tech Development Co., Ltd. (北京億鋒科技發展有限公司)#	PRC/Mainland China	RMB10,000,000	–	100	Property investment
King Equity Holdings Limited△	Hong Kong	HK$2	–	100	Investment holding

* Registered as domestic limited liability companies under PRC law.

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

△ Registered as domestic limited liability company under Hong Kong law.

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

& The name of the company was changed from Yida Property Management Company Limited to Yida Property Service Group Co., Ltd. in 2018.

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

Ω The Group considers that it controls Changsha Yida WCD. A joint venture partner of Changsha Yida WCD confirmed that it will follow the Group on any decision regarding operational and financial activities of Changsha Yida WCD. As such, management considers that the Group is in a position to exercise control over the relevant activities of Changsha Yida WCD.

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

2. Summary of Significant Accounting Policies

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

2.1 Basis of Preparation

(a) Compliance with HKFRs and HKCO

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance Cap 622.

The preparation of financial statements in conformity with 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 3.

(b) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for investment properties and certain financial instruments which have been measured at fair value.

(c) Going concern basis

As at 31 December 2018, the Group's current liabilities exceeded its current assets by RMB4,531,112,000. At the same date, its current borrowings amounted to RMB12,651,205,000 while its cash and cash equivalents amounted to RMB1,077,775,000 only. During the year then ended, the financial conditions of certain related parties of the Group changed in such a way that triggered certain terms specified in the Group's loan agreements. This resulted in certain of the Group's borrowings amounted to RMB8,371,035,000 in total as at 31 December 2018 becoming immediately repayable if requested by the lenders, of which RMB3,365,561,000 represented bank loans with scheduled repayment dates within one year, while RMB5,005,474,000 represented non-current bank loans or corporate bond with original maturity dates beyond 31 December 2019 that were reclassified as current liabilities.

The above conditions indicated the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

2. Summary of Significant Accounting Policies (continued)

2.1 Basis of Preparation (continued)

(c) Going concern basis (continued)

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial sources to continue as a going concern. The following plans and measures are formulated to mitigate the liquidity pressure and to improve the financial position of the Group:

(i) Although no demand for immediate repayment have been made by the relevant lenders, and interest payments and the repayments of such loans have been made in accordance with original repayment schedules up to the release of these financial statements, the Group is actively communicating with the relevant banks and financial institutions to explain the Group's financial independence from its related parties, that the Group has not provided guarantee to, nor pledged any of its assets in favour of, those related parties, and that it has no ongoing or planned transactions with those related parties that would have a negative impact on the Group's financial position, cash flows and normal operations. The directors are confident to convince the relevant lenders not to exercise their rights to request the Group for immediate repayment of the bank loans and corporate bond prior to their scheduled contractual repayment dates.

(ii) The Group has timely repaid RMB1.375 billion of corporate bond due in March 2019, and the remaining principal amount of RMB0.625 billion with the original repayment date in March 2019 has been extended to March 2021.

(iii) The Group is also actively negotiating with several existing banks and financial institutions for renewal of and extension for repayment of certain borrowings. Subsequent to 31 December 2018, the Group has also been negotiating with various banks and financial institutions to secure new sources of financing. In this connection, the Group was able to obtain new borrowings of RMB3.586 billion from existing and new lenders, and RMB2.373 billion of these new borrowings are attributable to agreements that do not contain any restrictions relating to the financial conditions of the Group's related parties (although the loan agreements for the remaining new borrowings of RMB1.213 billion contain similar terms that cause these borrowings to be subject to immediate repayment if requested by the lenders). The directors believe that the Group will be able to renew the existing bank loans as well as to secure new bank loans when needed given the Group's good credit history, and the availability of the Group's properties as security for these loans.

(iv) The Group has implemented measures to accelerate the pre-sales and sales of its properties under development and completed properties, and to speed up the collection of outstanding sales proceeds and other receivables.

(v) The Group will continue to take active measures to control administrative costs and maintain containment of capital expenditures.

2. Summary of Significant Accounting Policies (continued)

2.1 Basis of Preparation (continued)

(c) Going concern basis (continued)

The directors of the Company have reviewed the Group's cash flow projections prepared by management, which cover a period of not less than twelve months from 31 December 2018. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2018. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the following:

(i) the successful maintenance of a continuing and normal business relationship with the Group's existing lenders such that no action will be taken by the relevant lenders to exercise their contractual rights to demand immediate repayment of the relevant borrowings and corporate bond;

(ii) the successful negotiations with the lenders for renewal of or extension for repayment of outstanding borrowings;

(iii) the successful obtaining of additional new sources of financing as and when needed; and

(iv) the successful implementation of the plans to accelerate the pre-sales and sales of properties under development and completed properties, speed up the collection of outstanding sales proceeds and other receivables, and control costs and contain capital expenditure so as to generate adequate net cash inflows.

Should the Group be unable to achieve the above-mentioned plans and measures and operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

2. Summary of Significant Accounting Policies (continued)

2.1 Basis of Preparation (continued)

(d) New standards, amendments and interpretations of HKFRSs adopted by the Group in 2018

The Group has applied the following new standards, amendments and interpretation for its annual reporting period commencing 1 January 2018.

- *HKFRS 9 Financial Instruments ("HKFRS 9")*
- *HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15")*
- *Amendments to HKFRS 2 – classification and measurement of share-based payment transactions*
- *Annual Improvements 2014-2016 Cycle*
- *Amendments to HKAS 40 – transfers to investment property*
- *Interpretation 22 Foreign Currency Transactions and Advance Consideration*

The impact of the adoption of HKFRS 9 and HKFRS 15 are described in note 2.2 below. The other newly effective standards, amendments and interpretation to existing standards did not have any impact on the Group's financial statements and did not require retrospective adjustments.

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

The Group has not early adopted any new accounting and financial reporting standards, amendments and interpretation of existing standards which have been issued but are not yet effective for the year ended 31 December 2018. Among these to-be-effective HKFRSs, the following new standard is considered as may have some impacts to the Group's financial statements.

- HKFRS 16 Leases ("HKFRS 16").

HKFRS 16 is effective for annual period beginning from 1 January 2019. The Group is in the process of making assessments on the impacts of HKFRS 16 upon adoption and is considering whether it will choose to take advantage of the practical expedients available and which transition approach and reliefs will be adopted. As disclosed in note 39(b), the Group had future minimum lease payments under non-cancellable operating leases in aggregate of approximately RMB810,360,000 as at 31 December 2018. Upon adoption of HKFRS 16, certain amounts included therein may need to be recognized as new right-of-use assets and lease liabilities. Further analysis, however, will be needed to determine the amount of new rights of use assets and lease liabilities to be recognized, including, but not limited to, any amounts relating to leases of low-value assets and short-term leases, other practical expedients and reliefs chosen and new leases entered into before the date of adoption.

There are no other new standards, amendments and interpretation of existing standards that are not yet effective and that would be expected to have some or material impacts on the Group's financial statements.

2. Summary of Significant Accounting Policies (continued)

2.2 Changes in accounting policies

The Group has adopted HKFRS 9 and HKFRS 15 since 1 January 2018, which led to changes in accounting policies and impact on the financial statements.

(a) Impact on the financial statements

In accordance with the transitional guidance under HKFRS 9, comparative figures have not been restated. The reclassifications and the adjustments arising from the new impairment rules are therefore not reflected in the comparative statement of financial position as at 31 December 2017, but are recognised in the opening statement of financial position on 1 January 2018.

In accordance with the transitional guidance under HKFRS 15, the Group has elected to apply the modified retrospective approach, under which comparative figures have not been restated.

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

Consolidated Statement of Financial Position (extract)	31 December 2017 RMB'000	Adjustments under HKFRS 9 RMB'000	Adjustments under HKFRS 15 RMB'000	1 January 2018 (Restated) RMB'000
Non-current assets				
Available-for-sale investments	24,540	(24,540)	–	–
Financial assets at fair value through other comprehensive income ("FVOCI")	–	24,540	–	24,540
Deferred tax assets	124,892	3,821	–	128,713
Current assets				
Trade receivables	990,036	(5,659)	–	984,377
Contract assets	–	(163)	162,463	162,300
Gross amounts due from contract customers	162,463	–	(162,463)	–
Prepayments, deposits and other receivables	5,131,013	(9,462)	–	5,121,551
Current liabilities				
Contract liabilities	–	–	881,468	881,468
Receipts in advance	881,468	–	(881,468)	–
Equity				
Reserve	10,578,761	(11,463)	–	10,567,298

2. Summary of Significant Accounting Policies (continued)

2.2 Changes in accounting policies (continued)

(b) HKFRS 9 Financial Instruments

HKFRS 9 replaces the provisions of HKAS 39 Financial Instruments ("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 from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in note 2.12 and 2.15 below.

The total impact of HKFRS 9 on the Group's retained profits as at 1 January 2018 is as follows:

	Notes	RMB'000
Closing retained profits – HKAS 39 as at 31 December 2017		8,164,375
Increase in provision for trade receivables and contract assets	(ii)	(5,822)
Increase in provision for other receivables	(ii)	(9,462)
Increase in deferred tax assets relating to impairment provisions	(ii)	3,821
Adjustments to retained profits from adoption of HKFRS 9 on 1 January 2018		(11,463)
Opening retained profits – HKFRS 9 as at 1 January 2018		8,152,912

(i) Classification and measurement

On 1 January 2018 (the date of initial application of HKFRS 9), the Group's management has classified its financial instruments into the appropriate HKFRS 9 categories. The main effects resulting from this reclassification can be referred to note 2.2(a).

2. Summary of Significant Accounting Policies (continued)

2.2 Changes in accounting policies (continued)

(b) HKFRS 9 Financial Instruments (continued)

(i) Classification and measurement (continued)

There is no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities except for derivative financial instruments. The derecognition rules have been transferred from HKAS 39 and have not been changed.

(ii) 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
- contract assets relating to construction contracts
- other receivables (excluding prepayments)

The Group was required to revise its impairment assessment methodology under HKFRS 9 for each of these classes of assets. The impact of the change in impairment methodology on the Group's retained profits and equity is disclosed in the table in note 2.2(b) above.

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

Trade receivables and contract assets

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

This resulted in an increase of the loss allowances on 1 January 2018 by RMB5,659,000 for trade receivables and RMB163,000 for contract assets, respectively.

	Contract assets RMB'000	Trade receivables RMB'000
Closing loss allowance as at 31 December 2017 – calculated under HKAS 39	–	19,270
Amounts restated through opening retained profits	163	5,659
Opening loss allowance as at 1 January 2018 – calculated under HKFRS 9	163	24,929

2. Summary of Significant Accounting Policies (continued)

2.2 Changes in accounting policies (continued)

(b) HKFRS 9 Financial Instruments (continued)

(ii) Impairment of financial assets (continued)

The loss allowances increased by a further RMB13,881,000 to RMB38,810,000 for trade receivables and decreased by RMB17,000 to RMB146,000 for contract assets during the year ended 31 December 2018.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery.

Other receivables (excluding prepayments)

The Group adopts general approach for expected credit loss of other receivables, and considers the possibility of default upon initial recognition of assets and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

Since credit risk has not significantly increased after initial recognition, the loss allowance recognised was therefore limited to 12 months expected losses.Applying the expected credit risk model resulted in the recognition of a loss allowance of RMB 9,462,000 for other receivables on 1 January 2018 (loss allowance for other receivables under HKAS 39 at 31 December 2017 is nil).

(c) HKFRS 15 Revenue from Contracts with Customers – Impact of adoption

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

The Group has adopted HKFRS 15 Revenue from Contracts with Customers from 1 January 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In summary, the following adjustments were made to the amounts recognised in the statement of financial position at the date of initial application (1 January 2018):

	As at 31 December 2017* RMB'000	Re-classification RMB'000	As at 1 January 2018 under HKFRS 15 RMB'000
Contract assets	–	162,463	162,463
Gross amounts due from contract customers	162,463	(162,463)	–
Contract liabilities	–	881,468	881,468
Receipts in advance	881,468	(881,468)	–

* The amount in this column are before the adjustments from the adoption of HKFRS 9, including increase in the impairment loss allowance for trade receivable and contract assets and other receivables, see note 2.2(b) above.

2. Summary of Significant Accounting Policies (continued)

2.2 Changes in accounting policies (continued)

(c) HKFRS 15 Revenue from Contracts with Customers – Impact of adoption (continued)

Presentation of assets and liabilities related to contracts with customers

As stated in the above table, the Group has changed the presentation of certain amounts in the statement of financial position to reflect the terminology of HKFRS 15:

- Contract assets relating to construction contracts presented as gross amounts due from contract customers in prior periods were now reclassified to contract assets (1 January 2018, net of provision: RMB162,463,000);
- Contract liabilities relating to proceeds received from presale of property development presented as receipts in advance in prior periods were now reclassified to contract liabilities (1 January 2018: RMB881,468,000).

2.3 Principles of consolidation and equity accounting

i. 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 statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

ii. 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 (see (iv) below), after initially being recognised at cost.

iii. Joint arrangements

Under HKFRS 11 *Joint Arrangements* investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. All the Group's joint arrangements are classified as joint ventures.

2. Summary of Significant Accounting Policies (continued)

2.3 Principles of consolidation and equity accounting (continued)

iii. Joint arrangements (continued)

Joint ventures

Interests in joint ventures are accounted for using the equity method (see (iv) below), after initially being recognised at cost.

iv. 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 profit or loss, 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 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 2.11.

v. 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 Company.

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 profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

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 profit or loss where appropriate.

2. Summary of Significant Accounting Policies (continued)

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 profit or loss 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 profit or loss.

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 profit or loss.

2. Summary of Significant Accounting Policies (continued)

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. Impairment testing is also required according to note 2.11.

2.6 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The board of the Company has appointed a strategic steering committee which assesses the financial performance and position of the Group, and makes strategic decisions. The steering committee has been identified as executive directors that make strategic decisions.

2.7 Foreign currency translation

(i) Functional and presentation currency

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

(ii) 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 profit or loss. 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.

All such foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains/(losses).

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 profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

2. Summary of Significant Accounting Policies (continued)

2.7 Foreign currency translation (continued)

(iii) Group companies

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

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this 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 dates of the transactions), and all resulting exchange 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.

(iv) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

2. Summary of Significant Accounting Policies (continued)

2.8 Property, plant and equipment and depreciation

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

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 any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

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

Building and leasehold improvements	Over the shorter of lease terms and 20 years
Plant and machinery	5 to 10 years
Vehicles	3 to 10 years
Furniture, fixtures and office equipment	3 to 20 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 2.11).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

2.9 Investment properties

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

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

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

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

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

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

2. Summary of Significant Accounting Policies (continued)

2.10 Intangible assets

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

Licences

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

Software

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

2.11 Impairment of non-financial assets

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

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

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

2.12 Investments and other financial assets

(i) 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 OCI, or through profit or loss), and
- those to be measured at amortised cost.

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

2. Summary of Significant Accounting Policies (continued)

2.12 Investments and other financial assets (continued)

(i) Classification (continued)

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

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

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

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

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

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. The Group classified its debt instrument into the following measurement category.

- 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 not included in finance costs using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are included in the statement of profit of loss.

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

2. Summary of Significant Accounting Policies (continued)

2.12 Investments and other financial assets (continued)

(iii) Measurement (continued)

Equity instruments

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

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss 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.

(iv) 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. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables (including lease receivables) and contract assets, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For other receivables, the Group applies general approach for expected credit loss prescribed by HKFRS 9. Since credit risk has not significantly increased after initial recognition, the loss allowance recognized was therefore limited to 12 months expected losses.

2. Summary of Significant Accounting Policies (continued)

2.12 Investments and other financial assets (continued)

(v) Accounting policies applied until 31 December 2017

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

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

- loans and receivables, and
- available-for-sale financial assets.

The classification determined on the purpose for which the investments were acquired. Management determined the classification of its investments at initial recognition. See note 43 for details about each type of financial asset.

(i) Reclassification

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

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

2. Summary of Significant Accounting Policies (continued)

2.12 Investments and other financial assets (continued)

(v) Accounting policies applied until 31 December 2017 (continued)

(ii) Subsequent measurement

Subsequent to the initial recognition, loans and receivables were subsequently carried at amortised cost using the effective interest method.

Available-for-sale financial assets were subsequently carried at fair value. Gains or losses arising from changes in the fair value are recognised as follows:

- for available-for-sale financial assets that are monetary securities denominated in a foreign currency – translation differences related to changes in the amortised cost of the security were recognised in profit or loss and other changes in the carrying amount were recognised in other comprehensive income
- for other monetary and non-monetary securities classified as available-for-sale – in other comprehensive income.

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

(iii) Impairment

The Group assessed at the end of each reporting period whether there was objective evidence that a financial asset or group of financial assets was impaired. A financial asset or a group of financial assets was impaired and impairment losses were incurred only if there was 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) had an impact on the estimated future cash flows of the financial asset or group of financial assets that could be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost was considered an indicator that the assets are impaired.

Assets carried at amortised cost

For loans and receivables, the amount of the loss was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that had not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset was reduced and the amount of the loss was recognised in profit or loss. If a loan had a variable interest rate, the discount rate for measuring any impairment loss was the current effective interest rate determined under the contract.

If, in a subsequent period, the amount of the impairment loss decreased and the decrease could 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 was recognised in profit or loss.

2. Summary of Significant Accounting Policies (continued)

2.12 Investments and other financial assets (continued)

(v) Accounting policies applied until 31 December 2017 (continued)

Assets classified as available-for-sale

If there was objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – was removed from equity and recognised in profit or loss.

Impairment losses on equity instruments that were recognised in profit or were not reversed through profit or loss in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increased in a subsequent period and the increase could be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss was reversed through profit or loss.

2.13 Financial liabilities

(a) Initial recognition and measurement

The Group's financial liabilities include trade and other payables, interest-bearing bank and other borrowings.

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

(b) Subsequent measurement

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

Loans and borrowings

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

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

(c) Derecognition of financial liabilities

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

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

2. Summary of Significant Accounting Policies (continued)

2.14 Derivative financial instruments

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately. Further details of derivative financial instruments are disclosed in note 32.

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 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position where the Group currently has a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

2.17 Land held for development for sale

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

2.18 Properties under development

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

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

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

2. Summary of Significant Accounting Policies (continued)

2.19 Completed properties held for sale

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

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

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

2.20 Inventories

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

2.21 Trade receivables

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 24 for further information about the Group's accounting for trade receivables and note 2.2(b) for a description of the Group's impairment policies.

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are included in current assets, except for those mature more than twelve months after the year (or out of the normal operating cycle of the business if longer) which are classified as non-current assets.

2.22 Cash and cash equivalents

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

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

2.23 Provisions

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

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

2. Summary of Significant Accounting Policies (continued)

2.24 Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax

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

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also 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 substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.25 Employee benefits

Liabilities for wages and salaries, including non-monetary benefits after the end of the period in which the employees render the related service are recognised in respect of employee's services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

The liabilities are presented as current employee benefit obligations in the statement of financial position.

Pension scheme

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

2. Summary of Significant Accounting Policies (continued)

2.26 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.27 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss 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 prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

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 reporting period.

2.28 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred.

2. Summary of Significant Accounting Policies (continued)

2.29 Revenue recognition

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

- provides all of the benefits received and consumed simultaneously by the customer; or
- creates and enhances an asset that the customer controls as the Group performs; or
- do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

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

When either party to a contract has performed, the Group presents the contract in the statement of financial position as a contract asset or a contract liability, depending on the relationship between the relevant group entity's performance and the customer's payment.

A contract asset is the Group's right to consideration in exchange for services that the Group has transferred to a client. A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers service to the customer, the Group presents the contract liability when the payment is made or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

(a) Sales of properties

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 customer 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 determing the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant. As a practical expedient, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if the Group expects, at contract inception, that the period between when the Group transfers the properties to the customer and when the customer pays for that properties will be one year or less.

The Group recognised as an asset the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs. As a practical expedient, the Group recognises the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the assets that the Group otherwise would have recognised is one year or less.

2. Summary of Significant Accounting Policies (continued)

2.29 Revenue recognition (continued)

(b) Construction service

For construction service, the Group's performance creates or enhances an asset or work in progress that the customer controls as the asset is created or enhanced, thus the Group satisfies a performance obligation and recognised revenue over time, by reference to the progress of certified value of work performance to date.

(c) Property management services

Revenue arising from property management services is recognised when the services are rendered.

(d) Business park operation and management services

Revenue arising from business park operation and management services is recognised when the services are rendered.

(e) Rental income

Rental income is recognised on a straight line basis over the lease term.

2. Summary of Significant Accounting Policies (continued)

2.30 Earnings per share

(i) 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.

(ii) 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.

2.31 Dividend income

Dividends are recognised as other income in profit or loss when the right to receive payment is established.

2.32 Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Lease income from operating leases where the Group is a lessor is recognised as income on a straight-line basis over the lease term (note 5). The respective leased assets are included in the statement of financial position based on their nature.

2. Summary of Significant Accounting Policies (continued)

2.33 Dividends distribution

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

2.34 Government grants

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

Where the grant relates to an asset, the fair value is credited to other payables and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

2.35 Interest income

Interest income on financial assets at amortised cost calculated using the effective interest method is recognized in the statement of profit or loss.

Interest income is presented as other income where it is earned from bank deposits that are held for cash management purposes, see note 6 below. Any other interest income is included in finance income.

3. Critical Accounting Judgements and Estimates

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

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

Critical Accounting Judgements

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

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

The Group considers that it is in a position to exercise control over the relevant activities of Changsha Yida WCD having considered that a joint venture partner of Changsha Yida WCD confirmed by entering into an agreement with a subsidiary of the Group that it will follow the Group on any decision regarding operational and financial activities of Changsha Yida WCD. As such, Changsha Yida WCD was accounted for as a subsidiary of the Group.

3. Critical Accounting Judgements and Estimates (continued)

Critical Accounting Estimation

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

Properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. The estimated net realisable value is the estimated selling price less selling expenses and the estimated cost of completion (if any), which are estimated based on the best available information. The Group has engaged an external valuer to perform a valuation of the Group's properties under development and completed properties held for sale as at 31 December 2018 to assess if the net realisable values of these assets are lower than their carrying amounts.

Allocation of construction costs on properties under development

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

PRC corporate income tax ("CIT")

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

PRC land appreciation tax ("LAT")

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

Deferred tax assets

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

Fair value of investment properties

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

Fair values of derivative financial instruments

The fair values of derivative financial instruments that are not traded in an active market are estimated by management based on the valuation performed by an independent professional valuer using the Binomial Model. This valuation requires the Group to make estimates on dividend yield, net asset value volatility, risk-free interest rate, and stock volatility of comparable companies, and hence they are subject to uncertainty. The fair values of the derivative financial instruments at 31 December 2018 were RMB746,708,000 (2017: RMB591,065,000). Further details are included in note 32 to the financial statements.

3. Critical Accounting Judgements and Estimates (continued)

Critical Accounting Estimation (continued)

Recoverability of other receivables for primary land development

The Group has entered into certain cooperation agreements with the local government authorities under which the Group provides funding to the local government authorities for the primary land development of certain land parcels. Management estimates the expected repayment schedule and amounts and considers the discounting impact of the receivables. The provision for impairment of other receivables for primary land development of the Group is based on the evaluation of collectability and ageing analysis of these receivables and on management's estimation. Significant estimation is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of the local government authorities. If the financial conditions of the local government authorities were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The carrying amount of other receivables for primary land development at 31 December 2018 was RMB2,053,998,000 (2017: RMB2,425,327,000). Further details are set out in note 25 to the financial statements.

4. Operating Segment Information

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

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

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

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

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

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

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

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

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

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

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

During the year, the Group's largest customer and five largest customers in aggregate accounted for 36% and 35% of the Group's total revenue, respectively. In the year ended 31 December 2017, no revenue from transaction with a single external customer amounted to 10% or more of the Group's total revenue.

4. Operating Segment Information (continued)

Year ended 31 December 2018

	Property development RMB'000	Property investment RMB'000	Business park operation and management RMB'000	Construction, decoration and landscaping RMB'000	Property management RMB'000	Others RMB'000	Total RMB'000
Segment revenue	5,959,854	482,580	279,786	635,799	619,486	–	7,977,505
Inter-segment revenue	(2,073)	(3,982)	(216,944)	(317,200)	(80,348)	–	(620,547)
Revenue from external customers	5,957,781	478,598	62,842	318,599	539,138	–	7,356,958
Segment results	1,205,905	342,745	(34,810)	(10,746)	16,049	2,264	1,521,407
Reconciliation:							
Interest income							33,339
Dividend income and unallocated gains							790,959
Corporate and other unallocated expenses							(200,714)
Finance costs							(659,853)
Profit before income tax							1,485,138
Income tax expenses							(681,552)
Profit for the year							803,586
Segment assets	50,013,463	26,004,152	211,200	6,908,659	440,659	14,188,326	97,766,459
Reconciliation:							
Elimination of intersegment receivables							(57,180,310)
Corporate and other unallocated assets							2,500,213
Total assets							43,086,362
Segment liabilities	41,054,705	12,325,139	227,135	6,602,612	386,154	17,484,399	78,080,144
Reconciliation:							
Elimination of intersegment payables							(57,180,310)
Corporate and other unallocated liabilities							10,347,969
Total liabilities							31,247,803
Other segment information:							
Depreciation and amortisation	9,804	5,501	3,262	6,669	3,084	260	28,580
Capital expenditure*	29,980	181,262	23,850	3,378	10,582	8	249,060
Fair value gains on investment properties	–	6,586	–	–	–	–	6,586
Share of profits and losses of joint ventures and associates	(7,795)	31,924	198	(9,841)	391	(6,067)	8,810
Investments in joint ventures	941,979	791,858	7,289	16,600	2,925	20,109	1,780,760
Investments in associates	–	–	16,817	–	600	3,883	21,300

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

4. Operating Segment Information (continued)

Year ended 31 December 2017

	Property development RMB'000	Property investment RMB'000	Business park operation and management RMB'000	Construction, decoration and landscaping RMB'000	Property management RMB'000	Others RMB'000	Total RMB'000
Segment revenue	6,002,591	386,813	128,727	700,618	461,245	–	7,709,994
Inter-segment revenue	(11,412)	(1,305)	(98,491)	(232,876)	(48,291)	–	(392,375)
Revenue from external customers	5,991,179	385,508	60,236	467,742	412,954	–	7,317,619
Segment results	1,345,622	645,683	(93,067)	21,079	77,440	(17,148)	1,979,609
Reconciliation:							
Interest income							52,002
Dividend income and unallocated gains							1,254
Corporate and other unallocated expenses							(99,662)
Finance costs							(334,461)
Profit before income tax							1,598,742
Income tax expenses							(504,480)
Profit for the year							1,094,262
Segment assets	36,149,335	14,633,395	113,944	5,747,445	315,046	9,256,265	66,215,430
Reconciliation:							
Elimination of intersegment receivables							(32,790,555)
Corporate and other unallocated assets							3,672,609
Total assets							37,097,484
Segment liabilities	23,881,986	2,458,647	266,856	4,570,068	310,324	6,965,387	38,453,268
Reconciliation:							
Elimination of intersegment payables							(32,790,555)
Corporate and other unallocated liabilities							20,291,865
Total liabilities							25,954,578
Other segment information:							
Depreciation and amortisation	15,208	2,170	598	4,250	174	157	22,557
Capital expenditure*	4,477	109,183	9,401	3,598	1,382	–	128,041
Fair value gains on investment properties	–	341,216	–	–	–	–	341,216
Share of profits and losses of joint ventures and associates	341,986	115,470	(218)	(7,613)	77	–	449,702
Investments in joint ventures	1,797,001	757,499	1,992	26,441	2,533	–	2,585,466
Investments in associates	20,699	–	–	–	–	–	20,699

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

Geographical information

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

5. Revenue

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

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

	Notes	**2018 RMB'000**	2017 RMB'000
Revenue from contracts with customers recognised at a point in time			
Sale of properties	(a)	**5,957,781**	5,991,179
Revenue from contracts with customers recognised over time			
Business park operation and management service income		**62,842**	60,236
Construction, decoration and landscaping income		**318,599**	467,742
Property management income		**539,138**	412,954
		920,579	940,932
Revenue from contracts with customers		**6,878,360**	6,932,111
Revenue from other sources			
Rental income		**478,598**	385,508
		7,356,958	7,317,619

Note:

(a) Revenue recognised in relation to contract liabilities:

	31 December 2018 RMB'000	1 January 2018 RMB'000
Contract liabilities	**3,046,881**	881,468

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

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

	2018 RMB'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**769,362**

6. Other Income

	Notes	2018 RMB'000	2017 RMB'000
Interest income		**33,339**	52,002
Dividend income		**3,928**	1,254
Government subsidies	(a)	**14,660**	17,235
		51,927	70,491

Note:

(a) Government subsidies have been received by the Group from government authorities in Mainland China which are mainly for the Group's business park operation. The government subsidies have been recognised in the consolidated statement of profit or loss to the extent of operating expenses incurred up to the year ended 31 December 2018 and 31 December 2017 respectively. There are no unfulfilled conditions or contingencies relating to these subsidies.

7. Expenses by Nature

Expenses included in cost of sales, selling and marketing expenses and administrative expenses are analyzed follow:

	Notes	2018 RMB'000	2017 RMB'000
Cost of properties sold		**4,107,662**	4,593,603
Cost of services provided		**777,071**	756,926
Impairment of properties under development and completed properties held for sale		**214,463**	55,622
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties		**206,550**	145,004
Employee benefit expenses	8	**310,756**	289,220
Office lease expenses		**32,402**	53,041
Depreciation	14	**17,330**	16,081
Amortisation of intangible assets	17	**11,250**	6,476
Auditor's remuneration			
– Audit services		**5,180**	5,530
– Non-audit services		**2,165**	2,900
Other costs and expenses		**316,501**	341,420
Total cost of sales, selling and marketing expenses and administrative expenses		**6,001,330**	6,265,823

8. Employee Benefit Expenses (including directors' emoluments)

	2018 RMB'000	2017 RMB'000
Wages, salaries and other benefit expenses	**264,397**	249,966
Pension scheme contributions	**46,359**	39,254
Total	**310,756**	289,220

(a) Five Highest Paid Individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2018 include four (2017: four) directors whose emoluments are reflected in the analysis presented in note 9. The emoluments of the remaining one individual was between HKD1,500,000 to HKD3,000,000.

9. Directors' and Chief Executives' Remuneration

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

	2018 RMB'000	2017 RMB'000
Fees	**1,200**	1,200
Other emoluments:		
Salaries, allowances and benefits in kind	**5,150**	5,398
Discretionary bonuses	**5,841**	5,183
Pension scheme contributions	**383**	356
	11,374	10,937
	12,574	12,137

9. Directors' and Chief Executives' Remuneration (continued)

The remuneration of each of the directors and chief executives' for the year ended 31 December 2018 is set out below:

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Executive directors:					
Mr. Jiang Xiuwen	–	1,783	2,067	118	3,968
Mr. Zhang Zhichao*	–	14	–	–	14
Mr. Chen Donghui	–	54	–	–	54
Ms. Ma Lan^	–	1,699	1,051	112	2,862
Mr. Yu Shiping	–	957	1,673	97	2,727
Ms. Zheng Xiaohua&	–	480	1,050	56	1,586
Mr. Xu Beinan▲	–	–	–	–	–
	–	4,987	5,841	383	11,211
Non-executive directors:					
Mr. Wang Gang#	–	41	–	–	41
Mr. Chen Chao	–	54	–	–	54
Mr. Zhao Xiaodong	–	54	–	–	54
Mr. Gao Wei@	–	14	–	–	14
	–	163	–	–	163
Independent non-executive directors:					
Mr. Yip Wai Ming	300	–	–	–	300
Mr. Guo Shaomu	300	–	–	–	300
Mr. Wang Yinping	300	–	–	–	300
Mr. Han Gensheng	300	–	–	–	300
	1,200	–	–	–	1,200
	1,200	5,150	5,841	383	12,574

@ Resigned as non-executive director on 26 March 2018.
# Appointed as non-executive director on 26 March 2018.
* Resigned as executive directors on 22 June 2018.
& Appointed as executive director on 22 June 2018.
^ Resigned as executive director on 29 March 2019.
▲ Appointed as executive director on 29 March 2019.

9. Directors' and Chief Executives' Remuneration (continued)

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

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

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

Appointed as executive director on 18 September 2017.

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

10. Finance Costs – net

An analysis of finance income and costs is as follows:

	2018 RMB'000	2017 RMB'000
Finance costs		
Interest on bank loans and other loans	**1,470,484**	1,244,717
Less: Interest capitalised	**(675,848)**	(771,856)
	794,636	472,861
Interest income	**(134,783)**	(138,400)
Finance costs – net	**659,853**	334,461

11. Income Tax Expenses

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2017: Nil). The income tax for the subsidiaries operating in Mainland China is calculated at the applicable tax rates on their taxable profits for the year.

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

	2018 RMB'000	2017 RMB'000
Current – PRC		
Corporate income tax charge for the year	**105,971**	274,614
Land appreciation tax charge for the year (note 30)	**409,417**	214,306
Overprovision of PRC land appreciation tax in prior years*	**–**	(80,790)
	515,388	408,130
Deferred (note 31):		
Current year	**166,164**	76,153
Reversal of deferred tax assets on LAT overprovided in prior years	**–**	20,197
	166,164	96,350
Total tax charge for the year	**681,552**	504,480

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

11. Income Tax Expenses (continued)

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

	2018 RMB'000	2017 RMB'000
Profit before tax	**1,485,138**	1,598,742
At the statutory income tax rate (25%)	**371,285**	399,685
Tax losses utilised from previous periods	**(136,898)**	(16,291)
Profits and losses attributable to joint ventures and associates	**(2,202)**	(112,426)
Income not subject to tax	**(222,224)**	(81,502)
Expenses not deductible for tax	**113,735**	129,531
Tax losses and temporary differences not recognised	**250,793**	85,346
Reversal of an overprovision for LAT in prior years	**–**	(80,790)
Reversal of deferred tax effect on an overprovision for LAT in prior years	**–**	20,197
LAT	**409,417**	214,306
Tax effect of LAT	**(102,354)**	(53,576)
Tax charge at the Group's effective rate	**681,552**	504,480

The share of tax attributable to joint ventures and associates amounting to RMB14,624,000 (2017: RMB42,296,000) and Nil (2017: RMB35,243,000) are included in "Share of profits and losses of joint ventures and associates" in the consolidated statement of profit or loss, respectively.

12. Dividend

	2018 RMB'000	2017 RMB'000
Proposed no final dividend (2017: RMB8 cents) per ordinary share	**–**	206,718

In addition, no interim dividend has been declared during the year (2017: Nil).

13. Earnings Per Share Attributable to Ordinary Equity Holders of the Company

The calculation of the basic earnings per share is based on the consolidated profit for the year attributable to the ordinary equity holders of the Company of RMB833,919,000 (2017: RMB984,302,000), and the weighted average number of ordinary shares of 2,583,970,000 (2017: 2,583,970,000) in issue during the year.

Diluted earnings per share is same as basic earnings per share for the years ended 31 December 2018 and 2017 as the Group had no potentially dilutive ordinary shares in issue during those years.

14. Property, Plant and Equipment

	Buildings and leasehold improvements RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Furniture, fixtures and office equipment RMB'000	Assets under construction RMB'000	Total RMB'000
31 December 2018						
At 31 December 2017 and at 1 January 2018:						
Cost	134,403	48,357	20,036	48,626	–	251,422
Accumulated depreciation	(72,579)	(36,946)	(16,250)	(37,603)	–	(163,378)
Net carrying amount	61,824	11,411	3,786	11,023	–	88,044
At 1 January 2018, net of accumulated depreciation	61,824	11,411	3,786	11,023	–	88,044
Additions	13,712	213	3,060	5,501	129	22,615
Acquisition of subsidiaries (note 36)	141	–	381	983	–	1,505
Depreciation provided during the year	(9,323)	(3,034)	(1,596)	(3,377)	–	(17,330)
Write-off/disposal	(131)	(313)	(134)	(388)	–	(966)
At 31 December 2018, net of accumulated depreciation	66,223	8,277	5,497	13,742	129	93,868
At 31 December 2018:						
Cost	148,125	42,722	20,935	47,734	129	259,645
Accumulated depreciation	(81,902)	(34,445)	(15,438)	(33,992)	–	(165,777)
Net carrying amount	66,223	8,277	5,497	13,742	129	93,868

At 31 December 2018, a building of the Group with a carrying value of RMB45,308,000 (2017: RMB50,721,000) was pledged to a financial institution to secure the loans granted to the Group (note 29).

14. Property, Plant and Equipment (continued)

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

15. Investment Properties

	Completed RMB'000	Under construction RMB'000	Total RMB'000
Carrying amount at 1 January 2017	9,936,350	1,858,683	11,795,033
Additions	63,694	44,679	108,373
Transfers	480,000	(480,000)	–
Net gains from fair value adjustments	51,906	289,310	341,216
Carrying amount at 31 December 2017 and 1 January 2018	**10,531,950**	**1,712,672**	**12,244,622**
Additions arising from acquisition of subsidiaries (note 36)	**1,896,450**	**4,947,100**	**6,843,550**
Other additions	**40,818**	**156,488**	**197,306**
Disposals	**(80,898)**	**–**	**(80,898)**
Transfer out to properties under development	**–**	**(607,100)**	**(607,100)**
Net gains from fair value adjustments	**6,330**	**256**	**6,586**
Carrying amount at 31 December 2018	**12,394,650**	**6,209,416**	**18,604,066**

At 31 December 2018, certain of the Group's investment properties of RMB13,869,213,000 (2017: RMB11,949,268,000) were pledged to banks to secure the loans granted to the Group (note 29).

The Group's completed investment properties are leased to third parties under operating leases, further summary details of which are included in note 39(a) to the financial statements.

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

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

For investment properties under construction which were stated at fair value at 31 December 2018 and 2017, valuations were based on the residual and market approach and have taken into account the expended construction costs and the costs that will be expended to complete the development to reflect the quality of the completed development on the basis that the properties will be developed and completed in accordance with the Group's latest development plan.

In the opinion of the Directors, for all investment properties that are measured at fair value, the current use of the properties is their highest and best use. Included in the Group's investment properties are certain completed investment properties and investment properties under construction measured at fair value in the aggregate carrying amount of RMB1,530,000,000 as at 31 December 2018 (2017: RMB1,495,000,000), which are subject to restrictions on sale and transfer, but may be leased to tenants that are engaged in software research and development and outsourcing services.

15. Investment Properties (continued)

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

	Valuation technique	Significant unobservable inputs	Range (weighted average)	
			2018	2017
Completed	Income approach			
Retail		Estimated yearly rental value per square metre (RMB)	**720-2,016**	476-2,020
Office		Estimated yearly rental value per square metre (RMB)	**420-864**	539-865
Car park		Estimated yearly rental value per lot (RMB)	**3,528-8,208**	3,526-5,306
Retail		Capitalisation rate	**5.25%**	4.8%-5.5%
Office		Capitalisation rate	**4.25%-4.75%**	4.3%-5.3%
Car park		Capitalisation rate	**3.75%**	3.8%
Under construction	Residual and market approach			
Office		Estimated yearly rental value per square metre (RMB)	**420-708**	604-697
Car park		Estimated yearly rental value per lot (RMB)	**3,732-7,068**	3,726-4,946
Retail		Capitalisation rate	**5.25%**	N/A
Office		Capitalisation rate	**4.75%**	4.8%
Car park		Capitalisation rate	**3.75%**	3.8%
Office and car park		Development profit	**3%-29%**	4.5%-25%

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

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

16. Land Held for Development for Sale

	2018 RMB'000	2017 RMB'000
Carrying amount at beginning of year	**1,108,846**	1,337,624
Additions	**2,935**	803
Transfer to properties under development	–	(229,581)
Carrying amount at end of year	**1,111,781**	1,108,846
Current portion	**(1,111,781)**	(607,203)
Non-current portion	–	501,643

At 31 December 2018, certain of the Group's land held for development for sale of RMB833,898,000 (2017: RMB461,673,000) were pledged to banks to secure the bank and other loans granted to the Group (note 29).

17. Intangible Assets

	Licenses and software RMB'000
At 1 January 2017	17,177
Additions during the year	4,291
Amortisation during the year	(6,476)
At 31 December 2017 and 1 January 2018	14,992
Additions during the year	29,139
Acquisition of subsidiaries (note 36)	78
Amortisation during the year	(11,250)
At 31 December 2018	32,959

18. Investments in Joint Ventures

	2018 RMB'000	2017 RMB'000
Share of net assets	**1,780,760**	2,558,331
Loans to joint ventures	**–**	27,135
	1,780,760	2,585,466

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

The Group's other receivable balances due from joint ventures are disclosed in note 25 to the financial statements. The Group's other payable balances due to joint ventures are disclosed in note 28 to the financial statements. Particulars of the joint ventures, all of which are unlisted corporate entities, are as follows:

Company name	Paid-up capital	Place of registration/ business	Percentage of ownership interest		Principal activities
			2018	2017	
Richcoast Group (Note)	US$780	BVI/Mainland China	**N/A**	38.46	Investment holding
Dalian Delan Software Development Co., Ltd. (大連德蘭軟件發展有限公司)@@# (Note)	RMB300,000,000	PRC/Mainland China	**N/A**	52	Property development
Dalian Jiadao Information Co., Ltd. (大連嘉道科技發展有限公司)@@# (Note)	RMB300,000,000	PRC/Mainland China	**N/A**	52	Property development
Dalian Qiantong Science & Technology Development Co., Ltd. (大連乾通科技發展有限公司)@@# (Note)	RMB800,000,000	PRC/Mainland China	**N/A**	52	Property development
Dalian Ruisheng Software Development Co., Ltd. (大連瑞聖軟件發展有限公司)@@# (Note)	RMB800,000,000	PRC/Mainland China	**N/A**	52	Property development
Dalian Software Park Ascendas Development Company Limited (大連軟件園騰飛發展有限公司)@@#^	US$52,700,000	PRC/Mainland China	**50**	50	Property investment
Dalian Yida Deji Decoration Engineering Company Limited (大連億達德基裝飾工程有限公司)@@#	RMB10,800,000	PRC/Mainland China	**50**	50	Interior decoration

18. Investments in Joint Ventures (continued)

Company name	Paid-up capital	Place of registration/ business	Percentage of ownership interest 2018	2017	Principal activities
Dalian Yize Property Development Company Limited (大連億澤房地產開發有限公司) @@#	RMB314,770,000	PRC/Mainland China	**52.57**	52.57	Property development
Dalian Yihong Property Development Company Limited (大連億鴻房地產開發有限公司) @@#	RMB347,200,000	PRC/Mainland China	**52.57**	52.57	Property development
Dalian Qingyun Sky Realty and Development Company Limited (大連青雲天下房地產開發有限公司) @@^	RMB2,963,280,000	PRC/Mainland China	**25**	25	Property development
Panasonic Yida Decoration Co., Ltd. (松下億達裝飾工程有限公司) @#	RMB50,000,000	PRC/Mainland China	**49**	49	Decoration
Shenzhen Shenlong Yida BEST City Development Company Limited(深圳市深龍億達科技園發展有限公司) @#	RMB5,000,000	PRC/Mainland China	**55**	55	Business park investment and management
Dalian Qingyun Sky Property Service Company Limited (大連青雲天下物業服務有限公司) @#	RMB5,000,000	PRC/Mainland China	**50**	50	Property management
Chengdu Yida Chuangzhi Park Zone Operation Management Company Limited (成都億達創智園區運營管理有限公司) @#	RMB2,000,000	PRC/Mainland China	**51**	51	Business park investment and management
Beijing Shichuang Yida Technology Service Co., Ltd. (北京實創億達科技服務有限公司) @#	RMB1,000,000	PRC/Mainland China	**51**	–	Consulting service
Eagle Fit Limited ("Eagle Fit")	US$200	BVI	**35**	35	Dormant

@ Registered as domestic limited liability companies under PRC law.

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

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

^ Material joint venture

Note: Richcoast Group was considered to be joint venture of the Group as at 31 December 2017. During the year, the Group acquired 61.54% equity interest of Richcoast Group and therefore, Richcoast Group has since then become a subsidiary of the Group (note 36).

18. Investments in Joint Ventures (continued)

The following tables illustrate the summarised financial information in respect of material joint ventures, namely Richcoast Group, Dalian Qingyun Sky Realty and Development Company Limited and Dalian Software Park Ascendas Development Company Limited, adjusted for any differences in accounting policies:

Richcoast Group:

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

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

18. Investments in Joint Ventures (continued)

Dalian Qingyun Sky Realty and Development Company Limited:

	2018 RMB'000	2017 RMB'000
Current assets	**3,317,442**	3,511,175
Non-current assets	**2,217**	2,452
Current liabilities	**(504,029)**	(730,094)
	2,815,630	2,783,533

	2018 RMB'000	2017 RMB'000
Revenue	**589,454**	–
Cost of sales and operating expenses	**(483,629)**	(25,624)
Profit/(loss) before income tax	**55,717**	(25,624)
Income tax expense	**(23,620)**	–
Profit/(loss) for the year and total comprehensive income/(loss) for the year	**32,097**	(25,624)
The above profit/(loss) for the year includes the following:		
Depreciation and amortisation	**(1,523)**	(540)
Interest income	**12,057**	4,166
Interest expense	**(25)**	(20)

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

	2018 RMB'000	2017 RMB'000
Net assets of the joint venture	**2,815,630**	2,783,533
Group's effective interest	**25%**	25%
Carrying amount of the Group's interest in the joint venture	**703,907**	695,883

Dalian Software Park Ascendas Development Company Limited:

	2018 RMB'000	2017 RMB'000
Current assets	**182,750**	170,944
Non-current assets	**2,650,875**	2,385,789
Current liabilities	**(246,776)**	(195,522)
Non-current liabilities	**(1,008,003)**	(846,213)
	1,578,846	1,514,998

18. Investments in Joint Ventures (continued)

	2018 RMB'000	2017 RMB'000
Revenue	**143,376**	116,726
Cost of sales and operating expenses	**(65,628)**	(198,442)
Profit before income tax	**77,748**	315,168
Income tax expense	**(13,901)**	(84,228)
Profit for the year and total comprehensive income for the year	**63,847**	230,940
The above profit for the year includes the following:		
Interest expenses – net	**(24,188)**	(32,911)

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

	2018 RMB'000	2017 RMB'000
Net assets of the joint venture	**1,578,846**	1,514,998
Group's effective interest	**50%**	50%
Carrying amount of the Group's interest in the joint venture	**789,423**	757,499

Aggregate information of joint ventures that are not individually material:

	2018 RMB'000	2017 RMB'000
The Group's share of profit/(loss)	**(31,138)**	(22,321)
The Group's share of total comprehensive income/(loss)	**(31,138)**	(22,321)
Aggregate carrying amount of the Group's interests in these joint ventures	**287,430**	278,264

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

	2018 RMB'000	2017 RMB'000
Guarantees in respect of the mortgage facilities provided to certain purchasers of a joint venture's properties	**59,063**	65,018

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

19. Investments in Associates

	2018 RMB'000	2017 RMB'000
Share of net assets	**21,300**	20,699

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

Company name	Registered and paid-up capital	Place of registration/ business	Percentage of ownership interest 2018	Percentage of ownership interest 2017	Principal activities
Hunan Jinke Yida Estate Development Company Limited (湖南金科億達產業發展有限公司)#	RMB100,000,000	PRC/Mainland China	**10**	10	Business park investment and management
Chongqing Jinke Kejian Real Estate Company Limited (重慶金科科健置業有限公司)#	RMB100,000,000	PRC/Mainland China	**10**	10	Property management
Crown Speed Investments Limited	HK$10,000	Hong Kong	**21.22**	21.22	Investment holding
Capital Chain Holdings Limited	HK$10,000	Hong Kong	**7**	7	Investment holding
Better Chance Investments Limited	HK$10,000	Hong Kong	**7**	7	Investment holding
Dalian Port Business Service Company Limited (大連航港商務服務有限公司)#	RMB2,000,000	PRC/Mainland China	**30**	–	Management service

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

The Group did not have any material associates for the year.

20. Properties Under Development

	2018 RMB'000	2017 RMB'000
Properties under development expected to be completed:		
Within normal operating cycle included under current assets	**5,332,092**	1,700,094
Less: Provisions for impairment loss	**(211,010)**	(29,520)
	5,121,082	1,670,574
Properties under development expected to be completed within normal operating cycle and recoverable:		
– Within one year	**2,579,724**	1,453,231
– After one year	**2,541,358**	217,343
	5,121,082	1,670,574

At 31 December 2018, certain of the Group's properties under development of RMB1,760,467,000 (2017: RMB1,243,299,000) were pledged to banks to secure the loans granted to the Group (note 29).

21. Completed Properties Held for Sale

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

	2018 RMB'000	2017 RMB'000
Completed properties held for sale	**5,512,791**	6,147,296
Less: Provisions for impairment loss	**(59,075)**	(26,102)
	5,453,716	6,121,194

22. Contracts Assets/Gross Amounts Due From Contract Customers

The Group has adopted HKFRS 15 “Revenue from Contracts with Customers” from 1 January 2018 which resulted in changes in the presentation of certain amounts in the statement of financial position to the terminology of HKFRS 15 (note 2.2).

	2018 RMB'000	2017 RMB'000
Contract assets/Gross amounts due from contract customers	**140,388**	162,463
Less: Allowances for impairment of contract assets	**(146)**	–
	140,242	162,463

23. Inventories

	2018 RMB'000	2017 RMB'000
Construction materials	**14,658**	10,199

24. Trade Receivables

	2018 RMB'000	2017 RMB'000
Trade receivables – gross amount	**1,225,429**	1,009,306
Less: Allowances for impairment of trade receivables	**(38,810)**	(19,270)
	1,186,619	990,036

Trade receivables mainly represent receivables for contract works. The payment terms of contract works receivables are stipulated in the relevant contracts. Trade receivables are non-interest-bearing.

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

	2018 RMB'000	2017 RMB'000
Within 1 year	**908,533**	792,132
1 to 2 years	**259,626**	167,086
Over 2 years	**57,270**	50,088
	1,225,429	1,009,306

24. Trade Receivables (continued)

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 31 December 2018, a provision of RMB38,810,000 (1 January 2018: RMB24,929,000) was made against the gross amounts of trade receivables (Note 2.2).

As at 31 December 2018, included in the Group's trade receivables are amounts due from the Group's joint ventures of RMB145,456,000 (2017: RMB325,760,000) and amounts due from the Group's associates of RMB20,981,000 (2017: Nil), which are all repayable on credit terms similar to those offered to the major customers of the Group.

25. Prepayments, Deposits and Other Receivables

	2018 **RMB'000**	2017 RMB'000
Prepayments	**639,101**	436,278
Deposits and other receivables – gross amount	**2,866,395**	5,399,829
Less: Allowances for impairment of deposits and other receivables	**(19,459)**	–
Carrying amount at end of year	**3,486,037**	5,836,107
Current portion	**(3,463,103)**	(5,131,013)
Non-current portion	**22,934**	705,094

The Group applies the general approach to provide for expected credit losses prescribed by HKFRS9. As at 31 December 2018, a provision of RMB19,459,000 (1 January 2018: RMB9,462,000) was made against the gross amounts of deposits and other receivables (note 45).

As at 31 December 2018, included in the Group's prepayments, deposits and other receivables are amounts due from associates of RMB30,853,000, which are unsecured, interest-free and repayable on demand.

As at 31 December 2018, included in the Group's prepayments, deposits and other receivables are amounts due from joint ventures of RMB6,584,000 (2017: RMB44,733,000), which are unsecured, interest-free and repayable on demand.

As at 31 December 2018, included in the Group's prepayments, deposits and other receivables are amounts due from joint ventures of RMB12,822,000, among which RMB10,960,000 are unsecured, bear interest at a rate of 5.655% per annum and are repayable in 2019. As at 31 December 2017, including in the Group's prepayment, deposits and other receivables were amounts due from joint ventures of RMB2,254,560,000, which were unsecured, bear interest at rates ranging from 4.8% to 5.2% per annum.

As at 31 December 2018, included in the Group's other receivables are advances of RMB2,053,998,000 (2017: RMB2,425,327,000) to certain local government authorities in Dalian, the PRC, in connection with the primary land development of certain land parcels in Dalian, the PRC.

26. Cash and Cash Equivalents and Restricted Cash

	2018 RMB'000	2017 RMB'000
Cash and bank balances	**1,806,261**	3,363,678
Less: Restricted cash	**(728,486)**	(1,879,540)
Cash and cash equivalents	**1,077,775**	1,484,138

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

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to RMB1,803,429,000 (2017: RMB3,198,477,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Notes:

- According to the relevant loan facility agreements signed by certain subsidiaries of the Group with the banks, the subsidiaries are required to place the pre-sale proceeds from their properties at designated bank accounts. The deposits can only be used for the payment of property development costs incurred by the subsidiaries and the repayment of the relevant loans. At 31 December 2018, such guarantee deposits amounted to RMB134,632,000 (2017: RMB1,082,292,000).
- At 31 December 2018, the deposits of the Group amounted to RMB51,854,000 (2017: RMB20,248,000), were placed at designated bank accounts by certain subsidiaries of the Group for potential industrial accidents during construction work and training talents, according to the relevant regulation implemented by the local government and contracts.
- At 31 December 2018, certain of the Group's time deposits of RMB542,000,000 (2017: RMB777,000,000) were pledged to banks to secure the bank and other loans granted to the Group (note 29).

27. Trade Payables

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

	2018 RMB'000	2017 RMB'000
Due within 1 year or on demand	**1,615,470**	1,805,833
Due within 1 to 2 years	**1,100,836**	513,937
	2,716,306	2,319,770

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

As at 31 December 2018, included in the Group's trade payables are amounts due to the Group's joint ventures of RMB29,117,000 (2017: RMB36,924,000), which are unsecured and interest-free.

28. Other Payables and Accruals

	2018 RMB'000	2017 RMB'000
Employee benefits payable	**156,536**	168,891
Dividend payable	**255,493**	–
Accruals	**441,572**	368,313
Other payables	**3,284,482**	1,398,696
Carrying amount at end of the year	**4,138,083**	1,935,900
Current portion	**(4,138,083)**	(1,935,900)
Non-current portion	**–**	–

As at 31 December 2018, included in the Group's other payables are amounts due to joint ventures of RMB184,180,000 (2017: RMB119,634,000), which are unsecured, interest-free and repayable on demand.

As at 31 December 2018, included in Group's other payables are amounts due to Main Zone Group Limited and Innovate Zone Group Limited of RMB342,556,000 (2017: RMB921,077,000) and RMB1,681,256,000 respectively, as part of the consideration for the acquisition of 28.2% and 61.54% equity interests in Richcoast Group. The payables due to Main Zone Group Limited and Innovate Zone Group Limited carry a late payment interest at a rate of 5% per annum since 28 December 2017 and 14 May 2018, respectively.

29. Interest-Bearing Bank and Other Borrowings

	2018			2017		
	Effective interest rate (%)	**Maturity**	**RMB'000**	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans – secured	**4.35-10.60**	**2019**	**6,316,447**	2.24-7.50	2018	3,147,877
Other loans – secured	**5.70-18.0**	**2019**	**4,089,128**	1.20-12.00	2018	2,732,300
Other loans – unsecured	**1.20-7.00**	**2019**	**2,245,630**	3.00-6.76	2018	1,032,055
			12,651,205			6,912,232
Non-current						
Bank loans – secured	**3.58-6.18**	**2020-2021**	**1,554,508**	3.58-7.50	2019-2030	3,764,650
Other loans – secured	**8.50-15.00**	**2020**	**761,057**	1.20-10.60	2019-2025	2,309,500
Other loans – unsecured	**6.95**	**2020**	**2,059,955**	6.76-8.23	2020-2021	3,999,350
			4,375,520			10,073,500
			17,026,725			16,985,732

	2018 RMB'000	2017 RMB'000
Analysed into:		
Bank loans repayable		
– Within one year or on demand	**6,316,447**	3,147,877
– In the second year	**1,188,320**	1,359,040
– In the third to fifth years, inclusive	**366,188**	1,539,806
– Beyond five years	**–**	865,804
	7,870,955	6,912,527
Other loans repayable		
– Within one year or on demand	**6,334,758**	3,764,355
– In the second year	**2,821,012**	1,220,000
– In the third to fifth years, inclusive	**–**	5,071,350
– Beyond five years	**–**	17,500
	9,155,770	10,073,205
	17,026,725	16,985,732

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

As at 31 December 2018, included in bank loans of the Group is an amount of RMB1,742,480,000 (2017: RMB1,472,000,000) containing an on-demand clause, which has been classified as current liabilities. For the purpose of the table above, the loan is included within current interest-bearing bank and other borrowings and analysed into bank loans repayable within one year or on demand.

The current bank borrowings included borrowings with principal amounts of RMB 5,005,474,000 (2017: Nil) with original maturity beyond 31 December 2019 which have been reclassified as current liabilities as at 31 December 2018 as a result of the matters described in note 2.1(c).

(a) Included in other loans of the Group are corporate bonds in an aggregate principal amount of RMB2,801,748,000(31 December 2017: RMB3,000,000,000). The first tranche of RMB1,000,000,000 and the second tranche of RMB2,000,000,000 of the corporate bonds were issued by Yida Development Company Limited ("Yida Development"), an indirectly wholly-owned subsidiary of the Company, on 24 September 2015 and 8 March 2016, respectively. At the end of third year, Yida Development shall be entitled to adjust the coupon rate of corporate bonds and the bond holders shall be entitled to sell back the bonds to Yida Development. A principal amount of RMB 198,252,000 of the first tranche has been redeemed during 2018 and the remaining principal amount of RMB801,748,000 of the first tranche was recorded in current borrowings. Subsequent to the year end, the principal amount of RMB1,374,976,000 of the second tranche has been redeemed on 7 March 2019 as scheduled and the maturity date of the remaining principal amount of RMB 625,024,000 of the second tranche has been extended to 6 March 2021.

(b) Included in other loans of the Group are senior notes with principal amounts of USD300,000,000 (approximately RMB2,058,960,000) (31 December 2017: USD300,000,000, approximately RMB1,960,260,000) issued by the Company in April 2017 (the "Senior Notes"). The net proceeds after deducting the issuance costs, amounted to approximately USD289,819,000 (approximately RMB1,989,086,000). The Senior Notes are unsecured, have a term of three years and bear interest at a rate of 6.95% per annum. The Senior Notes will mature on 19 April 2020.

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

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

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

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

(i) mortgages over the Group's properties under development with an aggregate carrying value at 31 December 2018 of approximately RMB1,760,467,000 (2017: RMB1,243,299,000);

(ii) pledges of the Group's investment properties with an aggregate carrying value at 31 December 2018 of approximately RMB13,869,213,000 (2017: RMB11,949,268,000);

(iii) pledges of the Group's land held for development for sale with an aggregate carrying value at 31 December 2018 of approximately RMB833,898,000 (2017: RMB461,673,000);

(iv) pledges of the Group's completed properties held for sale with an aggregate carrying value at 31 December 2018 of approximately RMB3,899,419,000 (2017: RMB3,708,060,000);

(v) pledge of a building of the Group with a carrying value at 31 December 2018 of approximately RMB 45,308,000 (2017: RMB50,721,000);

(vi) corporate guarantees executed by certain subsidiaries of the Group to the extent of RMB9,027,509,000 (2017: RMB10,612,607,000) as at 31 December 2018;

(vii) pledges of certain equity interests of the subsidiaries of the Company;

(viii) pledges of certain of the Group's time deposits with an aggregate carrying value at 31 December 2018 of approximately RMB542,000,000 (2017: RMB777,000,000); and

(ix) pledges of other receivables of the Group with a carrying value at 31 December 2018 of approximately RMB254,400,000 (2017: Nil).

(d) Other than certain other loans with a carrying amount of RMB2,059,955,000 (2017: RMB2,603,370,000) denominated in USD as at 31 December 2018 and RMB245,836,000 (2017: Nil) denominated in HKD as at 31 December 2018, all bank and other loans of the Group are denominated in RMB as at 31 December 2018 and 2017.

(e) As at 31 December 2018, included in other loans of the Group are loans from joint ventures with principal amounts of RMB21,000,000 (2017: RMB21,000,000), which is unsecured, bears interest at 4.75% per annum and is repayable on demand, and RMB13,480,000 (2017: RMB13,480,000), which is unsecured, bears interest at 3% per annum and is repayable on demand, respectively.

30. Provision for Land Appreciation Tax

	RMB'000
At 1 January 2017	399,063
Charged to the consolidated statement of profit or loss during the year (note 11)	214,306
Overprovision in prior years (note 11)	(80,790)
Payments for the year	(150,463)
At 31 December 2017 and 1 January 2018	**382,116**
Charged to the consolidated statement of profit or loss during the year (note 11)	**409,417**
Payments for the year	**(204,095)**
At 31 December 2018	**587,438**

According to the requirements of the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例) effective from 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例實施細則) effective from 27 January 1995, all gains arising from the sale or transfer of state-owned land use rights, buildings and their attached facilities in Mainland China are subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for the sale of ordinary residential properties (普通標準住宅) if their appreciation values do not exceed 20% of the sum of the total deductible items.

The Group has estimated, made and included a provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated.

31. Deferred Tax

	2018 RMB'000	2017 RMB'000
Deferred tax assets	**150,820**	124,892
Deferred tax liabilities	**(2,516,583)**	(1,878,348)
	(2,365,763)	(1,753,456)

The movements in the deferred tax account after offsetting are as follows:

	2018 RMB'000	2017 RMB'000
Opening balance	**(1,753,456)**	(1,657,106)
Accrual of financial and contract assets impairment from adoption of HKFRS9 on 1 January 2018 (see note 45))	**3,821**	–
Charged to profit or loss	**(166,164)**	(96,350)
Additions arising from acquisition of subsidiaries (note 36)	**(449,964)**	–
	(2,365,763)	(1,753,456)

As at 31 December 2018, deferred income tax assets and deferred income tax liabilities amounting to RMB80,160,000 were offset.

The movements in deferred income tax assets and liabilities for both years ended 31 December 2018 and 2017 without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

(a) Deferred tax assets

The movements in deferred tax assets before offsetting are as follows:

Movements	Fair value adjustments arising from acquisition of subsidiaries RMB'000	Unrealised profits from intra-group transactions RMB'000	Provision for LAT RMB'000	Impairment provision on financial and contract assets RMB'000	Others RMB'000	Total RMB'000
At 1 January 2017	–	29,986	111,344	–	–	141,330
(Charged)/credited						
– to profit or loss	–	(16,811)	373	–	–	(16,438)
At 31 December 2017	–	13,175	111,717	–	–	124,892
Impact of HKFRS 9 (note 45)	–	–	–	3,821	–	3,821
At 1 January 2018 (Restated)	–	13,175	111,717	3,821	–	128,713
(Charged)/credited						
– to profit or loss	(201,857)	13,357	4,293	3,597	860	(179,750)
Acquisition of subsidiaries (note 36)	282,017	–	–	–	–	282,017
At 31 December 2018	80,160	26,532	116,010	7,418	860	230,980

31. Deferred Tax (continued)

(b) Deferred tax liabilities

The movements in deferred tax liabilities before offsetting are as follows:

Movements	Provision for LAT RMB'000	Revaluation of investment properties RMB'000	Fair value adjustments arising from acquisition of subsidiaries RMB'000	Total RMB'000
At 1 January 2017	(15,681)	(1,652,538)	(130,217)	(1,798,436)
(Charged)/credited				
– to profit or loss	(15,600)	(115,067)	50,755	(79,912)
At 31 December 2017	(31,281)	(1,767,605)	(79,462)	(1,878,348)
At 1 January 2018	(31,281)	(1,767,605)	(79,462)	(1,878,348)
(Charged)/credited				
– to profit or loss	18,267	(31,626)	26,945	13,586
Acquisition of subsidiaries (note 36)	–	–	(731,981)	(731,981)
At 31 December 2018	(13,014)	(1,799,231)	(784,498)	(2,596,743)

The Group had unutilised tax losses of approximately RMB1,912,393,000 (2017: RMB1,504,153,000) as at 31 December 2018, that can be carried forward for five years from the year in which the losses arose for offsetting against future taxable profits of the tax entities in which the losses arose. Deferred tax assets are recognised for tax losses carried forward only to the extent that the realisation of the related benefits through future taxable profits is probable. The Group did not recognise deferred tax assets in respect of such unutilised tax losses as the realisation of the related benefits is uncertain.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be levied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable tax rate is 5% or 10%. The Group is therefore liable to withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

As at 31 December 2018 and 2017, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the Directors, these subsidiaries will not distribute such earnings in the foreseeable future. The aggregate amounts of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB3,642,501,000 as at 31 December 2018 (2017: RMB3,371,806,000).

32. Derivative Financial Instruments

	2018 RMB'000	2017 RMB'000
Liabilities		
Current		
– Put options	**746,708**	591,065

In November 2011, the Group granted put options to certain joint venture partners to sell their equity interest in certain joint venture to the Group, which were further modified according to the supplementary agreements signed in December 2013. The put options can be exercised at any time after the expiry of the first 54 months after the date of initial investments or after the pre-sale of a certain percentage of saleable construction area and a certain percentage of saleable construction area is delivered, whichever is earlier.

In June 2016, the Group received notices from certain joint venture partners in respect of the exercise of the put options at the price formula stipulated in the supplementary agreements signed in December 2013. On 23 October 2017, the Group received an arbitration notice in respect of the submission of arbitration applications by the joint venture partners, requesting the Group to pay the price of the put option and the relevant interest and compensation in accordance with the price formula stipulated in the above supplementary agreement. Up to the release of these financial statements, the Group submitted a response to the arbitration notice and no further notice was received up to date.

Description of valuation techniques used and key inputs to valuation on put options:

		Range/weighted average	
Valuation technique	**Significant unobservable inputs**	**31 December 2018**	31 December 2017
Binomial model	Dividend yield	**0%**	0%
	Net asset value volatility	**26.30%**	19.45%
	Risk-free interest rate	**2.65%**	3.53%
	Stock volatility of comparable companies	**41.69%**	31.78%

Generally, a change in the assumption made for the net asset value volatility is accompanied by a directionally similar change in the risk-free interest rate and an opposite change in the dividend yield and stock volatility.

32. Derivative Financial Instruments (continued)

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in combined net effect of the dividend yield, net asset value volatility, risk-free interest rate and stock volatility of comparable companies (collectively the "Combined factors").

	Increase/(decrease) in basis points	Combined net effect on profit before tax RMB'000
Year ended 31 December 2018		
Combined factors	100	(11,408)
Combined factors	(100)	12,414
Year ended 31 December 2017		
Combined factors	100	(14,586)
Combined factors	(100)	15,942

33. Share Capital

	2018 RMB'000	2017 RMB'000
Authorised:		
50,000,000,000 shares of US$0.01 each	**3,124,300**	3,124,300
Issued and fully paid:		
2,583,970,000 ordinary shares of US$0.01 each	**159,418**	159,418

34. Reserves

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the financial statements.

	Share premium RMB'000	Statutory surplus reserve RMB'000	Merger reserve RMB'000	Capital reserve RMB'000	Share-based payment reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000
Balance at 31 December 2017	1,495,452	512,580	352,979	(6,598)	81,000	(21,027)	8,164,375	10,578,761
Changes in accounting policies (note 2.2)	–	–	–	–	–	–	(11,463)	(11,463)
Restated balance at 1 January 2018	1,495,452	512,580	352,979	(6,598)	81,000	(21,027)	8,152,912	10,567,298
Comprehensive income								
Profit for the year	–	–	–	–	–	–	833,919	833,919
Other comprehensive income for the year:								
Exchange differences	–	–	–	–	–	21,027	–	21,027
Total comprehensive income for the year	–	–	–	–	–	21,027	833,919	854,946
Transactions with owners								
Transfer from retained profits to other reserves	–	39,466	–	–	–	–	(39,466)	–
Final 2017 dividend	(206,718)	–	–	–	–	–	–	(206,718)
Balance at 31 December 2018	1,288,734	552,046	352,979	(6,598)	81,000	–	8,947,365	11,215,526

34. Reserves (continued)

	Share premium account RMB'000	Statutory surplus reserve RMB'000	Merger Reserve RMB'000	Capital Reserve RMB'000	Share-based payment reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000
Balance at 1 January 2017	1,578,139	483,368	352,979	–	81,000	8,151	7,209,285	9,712,922
Comprehensive income								
Profit for the year	–	–	–	–	–	–	984,302	984,302
Other comprehensive loss for the year:								
Exchange differences	–	–	–	–	–	(29,178)	–	(29,178)
Total comprehensive income for the year	–	–	–	–	–	(29,178)	984,302	955,124
Transaction with owners								
Acquisition of non-controlling interests	–	–	–	(6,598)	–	–	–	(6,598)
Transfer from retained profits to other reserves	–	29,212	–	–	–	–	(29,212)	–
Final 2016 dividend	(82,687)	–	–	–	–	–	–	(82,687)
Balance at 31 December 2017	1,495,452	512,580	352,979	(6,598)	81,000	(21,027)	8,164,375	10,578,761

- ### Statutory surplus reserve

  Transfers from retained profits to the statutory surplus reserve were made in accordance with the relevant PRC rules and regulations and the articles of association of the Company's subsidiaries established in the PRC, and were approved by the respective boards of directors.

- ### Merger reserve

  The merger reserve represents the reserve arising pursuant to the reorganisation of the Group in 2013.

- ### Share-based payment reserve

  The share-based payment reserve represents the reserve arising pursuant to the reorganisation of the Group in 2013. The amount of RMB 81,000,000 represents the difference between the estimated fair value of the shares at the date of issue and the consideration paid by the companies owned by certain employees of the Group.

35. Partly-Owned Subsidiary with Material Non-controlling Interests

Details of the Group's subsidiary that has material non-controlling interests are set out below:

	2018	2017
Percentage of equity interest held by non-controlling interests:		
Wuhan NSP	**56%**	56%

	2018 **RMB'000**	2017 RMB'000
(Loss)/profit for the year allocated to non-controlling interests:		
Wuhan NSP	**(12,452)**	112,357
Balance of non-controlling interests at reporting date:		
Wuhan NSP	**269,149**	380,233

The following tables illustrate the summarised financial information of the above subsidiary. The amounts disclosed are before any inter-company eliminations:

	2018 **RMB'000**	2017 RMB'000
Revenue	**418,798**	1,681,125
Total expenses	**(443,702)**	(1,456,411)
(Loss)/profit for the year	**(24,904)**	224,714
Total comprehensive (loss)/income for the year	**(24,904)**	224,714
Current assets	**2,510,928**	2,555,309
Non-current assets	**11,458**	11,603
Current liabilities	**(1,100,097)**	(1,074,603)
Non-current liabilities	**(881,824)**	(816,564)
Net cash flows used in operating activities	**(193,051)**	(176,525)
Net cash flows (used in)/from investing activities	**(486)**	275,630
Net cash flows (used in)/from financing activities	**(86,583)**	29,026
Net (decrease)/increase in cash and cash equivalents	**(280,120)**	128,131

36. Business Combinations

(a) Summary of acquisitions

As at 31 December 2016, the Group held 10.26% equity interests in Richcoast Group, which held 78% equity interests in a real estate project known as Project Dalian Tiandi through certain project companies, while the remaining 22% equity interests in Project Dalian Tiandi was held by the Group directly. As a result, the Group held approximately 30% effective equity interests in Project Dalian Tiandi. Richcoast Group and those certain project companies of Project Dalian Tiandi were recognised as associates to the Group until 14 November 2017.

On 14 November 2017, the Group entered into acquisition agreements with the other two shareholders of Richcoast Group respectively, to acquire the entire remaining equity interests in Richcoast Group. As at 31 December 2017, the acquisition of additional 28.20% equity interests of Richcoast Group from Main Zone Group Limited was completed by the Group, and therefore the Group increased the equity interests in Richcoast Group from 10.26% to 38.46% and held approximately 52% effective equity interests in Project Dalian Tiandi. Since then, Richcoast Group became a joint venture of the Group until 14 May 2018.

On 14 May 2018, the Group completed the acquisition of the remaining 61.54% equity interests in Richcoast Group, as a result, Richcoast Group became a wholly owned subsidiary of the Group, and therefore the Group held 100% equity interests in Project Dalian Tiandi. The consideration for the 61.54% acquisition was RMB3,160 million (including the consideration for 61.54% equity interests and the consideration for purchasing certain shareholder's loan). During the year ended 31 December 2018, the Group recorded a gain of approximately RMB790.96 million for the acquisition of the interests in Richcoast Group, including the gain of approximately RMB160.52 million on remeasurement of pre-existing interests in a joint venture to the fair value of date of obtaining control and gain of approximately RMB630.44 million on bargain purchase, which were separately disclosed as gains arising from acquisition of subsidiaries in the consolidated statement of profit and loss.

36. Business Combinations (continued)

(a) Summary of acquisitions (continued)

The following table summarises the consideration, the fair value of the identifiable assets and liabilities and the non-controlling interests at the acquisition date of 14 May 2018.

	Fair value recognised on acquisition of Richcoast Group RMB'000
Consideration in cash	
– Amount paid in 2017	338,332
– Amount paid in 2018	1,140,412
– Amount not yet paid as at 31 December 2018	1,681,256
	3,160,000
– Fair value of interest in a joint venture held before business combination	981,139
	4,141,139
Fair value of identifiable assets and liabilities acquired on the acquisition date:	
Property, plant and equipment	1,505
Intangible assets	78
Investment properties	6,843,550
Properties under development	4,599,000
Completed properties held for sale	258,213
Trade receivables	168,817
Prepayments, deposits and other receivables	712,804
Prepaid corporate income tax	21,915
Prepaid land appreciation tax	21,526
Cash and cash equivalents	461,316
Trade payables	(1,162,103)
Other payables and accruals	(3,967,541)
Contract liabilities	(1,457,598)
Deferred tax liabilities	(449,964)
Interest-bearing bank and other borrowings	(1,279,941)
Net identifiable assets acquired	4,771,577
Gain on bargain purchase	630,438

36. Business Combinations (continued)

(a) Summary of acquisitions (continued)

The recognition of gain on bargain purchase was due to the fact that the consideration for equity interests in Richcoast Group was lower than the fair value of identifiable assets and liabilities acquired, primarily due to increase in fair value of the underlying properties. The consideration is determined after arm's length negotiations with the counterparty.

The gain on re-measurement of pre-existing interests in the Richcoast Group to its fair value as of the acquisition date amounting to RMB160,521,000 upon obtaining control of Richcoast Group was included in gains arising from acquisition of subsidiaries in the consolidated statement of profit or loss.

(b) Purchase consideration – cash outflow

	RMB'000
Outflow of cash to acquire subsidiaries, net of cash acquired	
Cash consideration paid in 2018	(1,140,412)
Less: Cash and bank balances acquired	461,316
Net outflow of cash — investing activities	(679,096)

37. Financial Guarantees

The Group had the following financial guarantees as at the end of the reporting period:

(a) As at 31 December 2018, the maximum obligation in respect of the mortgage facilities provided to certain purchasers of the Group's properties amounted to RMB324,054,000 (2017: RMB454,930,000).

At the end of the reporting period, the Group provided guarantees in respect of the mortgage facilities granted by certain banks to certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default on mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with the accrued interest and penalties owed by the defaulted purchasers to the banks.

Under the above arrangement, the related properties were pledged to the banks as security on the mortgage loans. Upon default on mortgage payments by these purchasers, the banks are entitled to take over the legal titles and can realise the pledged properties through open auction. The Group is obliged to repay the banks for the shortfall if the proceeds from the auction of the properties cannot cover the outstanding mortgage principals together with the accrued interest and penalties.

The Group's guarantee period starts from the dates of grant of the relevant mortgage loans, and ends upon the earlier of (i) the issuance of real estate ownership certificates to the purchasers, which will generally be available within one to two years after the purchasers take possession of the relevant properties; and (ii) the settlement of mortgage loans between the mortgage banks and the purchasers.

(b) As at 31 December 2017, the Group provided a guarantee for an amount not exceeding RMB41,600,000 in respect of the payment obligations of a subsidiary of Richcoast Group to a joint venture (formed between Richcoast Group and an independent third party) and the joint venture partner. Such guarantee has been released during the year ended 31 December 2018.

(c) The Group provided guarantees to the extent of RMB954,372,000 as at 31 December 2017 in respect of bank loans granted to its joint ventures. Such guarantees has been released during the year ended 31 December 2018.

In the opinion of the directors, the fair values of the financial guarantee contracts of the Group are insignificant at initial recognition and the directors consider that the possibility of the default of the parties involved is remote, and accordingly, no value has been recognised in the financial statements and no expected credit losses has been recognised.

38. Pledge of Assets

Details of the Group's assets pledged for the Group's bank and other loans are included in note 29 to the financial statements.

39. Operating Lease Arrangements

(a) As lessor

The Group leases its investment properties (note 15) under operating lease arrangements, with leases negotiated for terms ranging from one to twenty years. The terms of the leases generally also require the tenants to pay security deposits and to provide for periodic rent adjustments according to the then prevailing market conditions. Certain contingent rent receivables are determined based on the turnover of the lessees.

At the end of the reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	2018 **RMB'000**	2017 RMB'000
Within one year	**331,174**	304,005
In the second to fifth years, inclusive	**532,734**	492,311
After five years	**102,067**	41,120
	965,975	837,436

(b) As lessee

The Group leases certain of the office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to thirteen years.

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2018 **RMB'000**	2017 RMB'000
Within one year	**65,152**	40,531
In the second to fifth years, inclusive	**242,553**	209,618
After five years	**502,655**	576,327
	810,360	826,476

40. Commitments

In addition to the operating lease commitments, the Group had the following capital commitments at the end of the reporting period:

	2018 RMB'000	2017 RMB'000
Contracted, but not provided for:		
Capital expenditure for investment properties under construction and properties under development in Mainland China	**2,977,815**	1,666,962
Capital contribution to a joint venture	**–**	234,300
	2,977,815	1,901,262

In addition, the Group's share of the joint ventures' own capital commitments, which are not included in the above, is as follows:

	2018 RMB'000	2017 RMB'000
Contracted, but not provided for:		
Capital expenditure for investment properties under construction and properties under development in Mainland China	**125,543**	264,292

41. Notes to the Consolidated Statement of Cash Flows

Changes in liabilities arising from financing activities

	Interest-bearing bank and other borrowings RMB'000
At 1 January 2018	16,985,732
Additions arising from obtaining control/acquisition of subsidiaries (note 36)	1,279,941
Changes from financing cash flows	(1,378,190)
Foreign exchange movements	105,029
Changes in interest accruals	34,213
At 31 December 2018	17,026,725
At 1 January 2017	15,010,775
Changes from financing cash flows	1,771,330
Foreign exchange movements	(9,828)
Changes in interest accruals	213,455
At 31 December 2017	16,985,732

42. Related Party Transactions

(a) In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

	Notes	**2018** **RMB'000**	2017 RMB'000
Service fees from joint ventures	(i)	**134,205**	206,321
Service fees to a joint venture	(i)	**423**	11,512
Service fees from associates	(i)	**30,488**	172,026
Consulting fees to non-controlling shareholders	(iii)	–	8,000
Rental income from joint ventures	(ii)	**5,627**	2,617
Interest income from a joint venture	(iv)	**14,002**	416
Interest expenses to a joint venture	(iv)	**1,402**	1,421
Interest income from associates	(iv)	–	34,476

Notes:

(i) The service fees were related to the construction services, landscaping services and property management services provided by the Group and related to decoration provided to the Group by a joint venture at rates determined in accordance with the terms and conditions set out in the contracts entered into with the related parties.

(ii) The rentals were determined at rates mutually agreed with the related parties.

(iii) The consulting fees were charged for the project design, implementation and management services provided by the Group at rates determined in accordance with the terms and conditions set out in the contracts entered into with the related parties.

(iv) The interest income was related to advances made by the Group to a joint venture and associates. The interest expenses were related to loans from a joint venture to the Group. The interest rates were mutually agreed with the related parties.

In the opinion of the directors, the above transactions were entered into in the ordinary course of business of the Group.

(b) Compensation of key management personnel of the Group

In the opinion of the directors, the directors represent the key management personnel of the Group and details of the compensation are set out in note 9 to the financial statements.

43. Financial Instruments by Category

The carrying amounts of each of the categories of financial instruments of the Group as at the end of the reporting period are as follows:

At 31 December 2018

Financial assets

	Financial assets at amortised cost RMB'000
Trade receivables (note 24)	1,186,619
Deposits and other receivables (note 25)	2,846,936
Restricted cash (note 26)	728,486
Cash and cash equivalents (note 26)	1,077,775
	5,839,816

Financial liabilities

	Financial liabilities at fair value through profit or loss RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
Derivative financial instruments (note 32)	746,708	–	746,708
Trade payables (note 27)	–	2,716,306	2,716,306
Other payables and accruals (note 28)	–	3,650,633	3,650,633
Interest-bearing bank and other borrowings (note 29)	–	17,026,725	17,026,725
	746,708	23,393,664	24,140,372

43 Financial Instruments by Category (continued)

At 31 December 2017

Financial assets

	Loans and receivables RMB'000	Available–for-sale financial assets RMB'000	Total RMB'000
Loans to joint ventures (note 18)	27,135	–	27,135
Available-for-sale investments	–	24,540	24,540
Trade receivables (note 24)	990,036	–	990,036
Deposits and other receivables (note 25)	5,399,829	–	5,399,829
Restricted cash (note 26)	1,879,540	–	1,879,540
Cash and cash equivalents (note 26)	1,484,138	–	1,484,138
	9,780,678	24,540	9,805,218

Financial liabilities

	Financial liabilities at fair value through profit or loss RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
Derivative financial instruments (note 32)	591,065	–	591,065
Trade payables (note 27)	–	2,319,770	2,319,770
Other payables and accruals (note 28)	–	1,705,935	1,705,935
Interest-bearing bank and other borrowings (note 29)	–	16,985,732	16,985,732
	591,065	21,011,437	21,602,502

44. Fair Value and Fair Value Hierarchy of Financial Instruments

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

Fair value hierarchy as at 31 December 2018

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets measured at fair value:				
Investment properties (note 15)	–	–	**18,056,950**	**18,056,950**
Liabilities measured at fair value:				
Derivative financial instruments (note 32)	–	–	**746,708**	**746,708**

Fair value hierarchy as at 31 December 2017

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets measured at fair value:				
Investment properties (note 15)	–	–	11,717,192	11,717,192
Liabilities measured at fair value:				
Derivative financial instruments (note 32)	–	–	591,065	591,065

44. Fair Value and Fair Value Hierarchy of Financial Instruments (continued)

The fair values of the non-current portion of loans to joint ventures, other receivables and interest-bearing bank and other borrowings are approximate to their carrying amounts as at 31 December 2018 and 2017.

The details of the valuation technique and inputs used in the fair value measurement of investment properties and derivative financial instruments have been disclosed in note 15 and note 32 to the financial statements, respectively.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2017: Nil).

The Group's finance department determines the policies and procedures for recurring fair value measurement, such as investment properties and derivative financial instruments. The finance department comprises the head of the investment properties segment, head of the Group's investment team, chief financial officer and the managers of each property.

External valuers are involved for the valuation of significant assets, such as investment properties and significant liabilities, such as derivative financial liabilities. Involvement of external valuers is decided upon annually by the finance department. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The finance department decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the finance department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the finance department verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The finance department, in conjunction with the Group's external valuers, also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

45. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise bank and other borrowings and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are market risk, interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Market risk

The Group's assets are predominantly in the form of land held for development for sale, investment properties, properties under development and completed properties held for sale. In the event of a severe downturn in the property market, these assets may not be readily realised.

Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Other than deposits held at banks, the Group does not have significant interest-bearing assets. Restricted deposits were held at banks in Mainland China at the same savings rate of unrestricted deposits throughout the year. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk. Since the Group has mainly entered into floating interest rate loans, there is no significant fair value interest rate risk. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax. There is no material impact on other components of the Group's equity.

	Increase/(decrease) in basis points	Effect on profit before tax RMB'000
Year ended 31 December 2018		
RMB	**50**	**(24,400)**
RMB	**(50)**	**24,400**
Year ended 31 December 2017		
RMB	50	(24,312)
RMB	(50)	24,312

45. Financial Risk Management Objectives and Policies (continued)

Foreign exchange risk

All of the Group's revenue and substantially all of the Group's operating expenses are denominated in RMB, which is currently not a freely convertible currency. The PRC Government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of Mainland China. Shortages in the availability of foreign currencies may restrict the ability of the Group's PRC subsidiaries to remit sufficient foreign currencies to pay dividends or other amounts to the Group.

Under the existing PRC foreign exchange regulations, payments of current account items, including dividends, trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the State Administration of Foreign Exchange by complying with certain procedural requirements. However, approval from appropriate PRC governmental authorities is required where RMB is to be converted into a foreign currency and remitted out of Mainland China to pay capital account items, such as the repayment of bank and other borrowings denominated in foreign currencies.

Currently, the Group's PRC subsidiaries may purchase foreign currencies for settlement of current account transactions, including payment of dividends to the Company, without prior approval of the State Administration of Foreign Exchange. The Group's PRC subsidiaries may also retain foreign currencies in their current accounts to satisfy foreign currency liabilities or to pay dividends. Since foreign currency transactions on the capital account are still subject to limitations and require approval from the State Administration of Foreign Exchange, this could affect the Group's subsidiaries' ability to obtain required foreign exchange through debt or equity financing, including by means of loans or capital contributions from the Company.

The Group's financial assets and liabilities including certain short term deposits and borrowings denominated in United States dollars or Hong Kong dollars are subject to foreign currency risk. Therefore, the fluctuations in the exchange rates of RMB against foreign currencies could affect the Group's results of operations.

Up to the release of these financial statements, the Group has not entered into any hedging transactions in an effort to reduce the Group's exposure to foreign currency exchange risk. While the Group may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited and the Group may not be able to hedge the Group's exposure successfully, or at all.

As at 31 December 2018, if RMB had weakened/strengthened by 10% (2017: 3%) against the United States dollars, which was considered reasonably possible by management, the Group's profit before income tax for the year would have been decreased/increased by RMB200,857,000 (2017: RMB49,136,000) mainly because of borrowings denominated in United States dollars.

45. Financial Risk Management Objectives and Policies (continued)

Credit risk

It is the Group's policy that all customers are required to pay deposits in advance of the purchase of properties. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. There is no significant concentration of credit risk.

Trade receivables are mainly arisen from sales of properties, lease of investment properties and other service businesses. Other receivables mainly comprise amounts due from related parties and advances to local government authorities in connection with primary land development. The Group closely monitors these trade receivables and other receivables to ensure actions are taken to recover these balances in case of any risk of default.

On top of the credit risk arising from the financial guarantees provided by the Group as detailed in note 37, the credit risk of the Group's other financial assets, which mainly comprise cash and short term deposits and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these assets.

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 increases in credit risk on other financial instruments of the individual property owner or the same borrower
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower.

45. Financial Risk Management Objectives and Policies (continued)

Credit risk (continued)

(i) Trade receivables and contract assets

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowances for trade receivables and contract assets.

As at 31 December 2018, the loss allowance for trade receivables was determined as follows. The expected credit losses below also incorporated forward looking information.

31 December 2018	Current	More than 180 days past due	More than 1 year past due	More than 2 year past due	Total
Expected loss rate	0.93%	12.18%	58.01%	100.00%	–
Gross carrying amount (RMB'000)	1,191,543	–	14,616	19,270	1,225,429
Loss allowance (RMB'000)	11,060	–	8,480	19,270	38,810

As at 1 January 2018, the loss allowance for trade receivables was determined as follows. The expected credit losses below also incorporated forward looking information.

1 January 2018	Current	More than 180 days past due	More than 1 year past due	More than 2 year past due	Total
Expected loss rate	0.38%	7.00%	50.00%	100.00%	–
Gross carrying amount (RMB'000)	961,846	28,190	–	19,270	1,009,306
Loss allowance (RMB'000)	3,685	1,974	–	19,270	24,929

For contract assets, the expected credit losses of RMB146,000 as at 31 December 2018 and RMB163,000 as at 1 January 2018, were determined based on carrying amounts of RMB140,388,000 and RMB162,463,000 respectively at expected loss rate of 0.1%.

45. Financial Risk Management Objectives and Policies (continued)

Credit risk (continued)

(ii) Other receivables (excluding prepayments)

The Group uses three categories for other receivables which reflect their credit risk and how the loss provision is determined for each of those categories. 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
Stage one	Customers have a low risk of default and a strong capacity to meet contractual cash flow	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.
Stage two	Receivables for which there is a significant increase in credit risk since initial recognition	Lifetime expected losses
Stage three	Receivables for which there is credit loss since initial recognition	Lifetime expected losses

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.

As at 31 December 2018, the Group provides for loss allowance for other receivables as follows:

	Category	Expected credit loss rate	Estimated gross carrying amount at default RMB'000	Loss allowance RMB'000	Carrying amount (net of impairment provision) RMB'000
Amounts due from related parties	Stage one	1.70%	47,767	(813)	46,954
Receivables for primary land development	Stage one	0.10%	2,053,998	(2,054)	2,051,994
Others	Stage one	2.17%	764,630	(16,592)	748,038
			2,866,395	(19,459)	2,846,936

45. Financial Risk Management Objectives and Policies (continued)

Credit risk (continued)

(ii) Other receivables (excluding prepayments) (continued)

As at 1 January 2018, the Group provides for credit losses against other receivables as follows:

	Category	Expected credit loss rate	Estimated gross carrying amount at default RMB'000	Loss allowance RMB'000	Carrying amount (net of impairment provision) RMB'000
Amounts due from related parties	Stage one	0.01%	2,299,293	(298)	2,298,995
Receivables for primary land development	Stage one	0.10%	2,425,327	(2,425)	2,422,902
Others	Stage one	1.00%	675,209	(6,739)	668,470
			5,399,829	(9,462)	5,390,367

The loss allowances for trade receivables, contract assets and other receivables as at 31 December 2018 are reconciled to the opening loss allowances as follows:

	Contract assets RMB'000	Trade receivables RMB'000	Other receivables RMB'000	Total RMB'000
Closing loss allowances as at 31 December 2017 calculated under HKAS 39	–	19,270	–	19,270
Amounts restated through opening retained profits	163	5,659	9,462	15,284
Opening loss allowances as at 1 January 2018 – calculated under HKFRS 9	163	24,929	9,462	34,554
Provision for loss allowance recognised/(reversed) in profit or loss during the year	(17)	13,881	9,997	23,861
Closing loss allowances as at 31 December 2018 – calculated under HKFRS 9	146	38,810	19,459	58,415

45. Financial Risk Management Objectives and Policies (continued)

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank and other borrowings. In addition, banking facilities are available for contingency purposes.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	At 31 December 2018				
	On demand or within 1 year RMB'000	In the second year RMB'000	3 to 5 years RMB'000	Beyond 5 years RMB'000	Total RMB'000
Interest-bearing bank and other borrowings (note 29)	**13,546,250**	**4,311,316**	**388,160**	**–**	**18,245,726**
Trade payables (note 27)	**2,716,306**		**–**	**–**	**2,716,306**
Other payables and accruals (note 28)	**3,650,633**	**–**	**–**	**–**	**3,650,633**
	19,913,189	**4,311,316**	**388,160**	**–**	**24,612,665**
Financial guarantees issued: Maximum amount guaranteed (note 37)	**324,054**	**–**	**–**	**–**	**324,054**

45. Financial Risk Management Objectives and Policies (continued)

Liquidity risk (continued)

	At 31 December 2017				
	On demand or within 1 year RMB'000	In the second year RMB'000	3 to 5 years RMB'000	Beyond 5 years RMB'000	Total RMB'000
Interest-bearing bank and other borrowings (note 29)	7,364,788	2,757,459	7,074,400	926,849	18,123,496
Trade payables (note 27)	2,319,770	–	–	–	2,319,770
Other payables and accruals (note 28)	1,732,661	–	–	–	1,732,661
	11,417,219	2,757,459	7,074,400	926,849	22,175,927
Financial guarantees issued: Maximum amount guaranteed (note 37)	1,450,902	–	–	–	1,450,902

The maturity profile of the derivative financial instruments please refer to note 32.

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and provide returns for shareholders and benefits for other stakeholders.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is subject to financial covenants attached to the interest-bearing bank and other borrowings that define capital structure requirements. The financial institutions have the right to call the bank and other borrowings immediately for breach of the relevant financial covenants. There have been no breaches in the financial covenants during the year. No changes were made in the objectives, policies or processes for managing capital during the year.

45. Financial Risk Management Objectives and Policies (continued)

Capital management (continued)

The Group monitors capital using a net debt ratio, which is net debt divided by the capital. Net debt includes interest-bearing bank and other borrowings and promissory notes, less cash and cash equivalents and restricted cash. Capital represents total equity. The net debt ratios as at the end of the reporting periods were as follows:

	2018 **RMB'000**	2017 RMB'000
Interest-bearing bank and other borrowings	**17,026,725**	16,985,732
Promissory notes included in other payables	**–**	534,521
Less: Cash and cash equivalents	**(1,077,775)**	(1,484,138)
Less: Restricted cash	**(728,486)**	(1,879,540)
Net debt	**15,220,464**	14,156,575
Total equity	**11,838,559**	11,142,906
Net debt ratio	**128.6%**	127.0%

46. Statement of Financial Position and Reserve Movements of the Company

	2018 RMB'000	2017 RMB'000
NON-CURRENT ASSET		
Investment in a subsidiary	–*	–*
CURRENT ASSETS		
Other receivables	–	106,842
Due from subsidiaries	**4,110,395**	3,187,640
Cash and cash equivalents	**365**	382,099
Total current assets	**4,110,760**	3,676,581
CURRENT LIABILITIES		
Other payables and accruals	**206,718**	–*
Due to subsidiaries	**326,958**	227,194
Total current liabilities	**533,676**	227,194
NET CURRENT ASSETS	**3,577,084**	3,449,387
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**2,524,342**	1,935,575
Net assets	**1,052,742**	1,513,812
EQUITY		
Issued capital	**159,418**	159,418
Reserves (note)	**893,324**	1,354,394
Total equity	**1,052,742**	1,513,812

* Less than RMB1,000

Jiang Xiuwen
Director

Yu Shiping
Director

46. Statement of Financial Position and Reserve Movements of the Company (continued)

Note:

A summary of the Company's reserves is as follows:

	Share premium RMB'000	Share-based payment reserve RMB'000	Accumulated losses RMB'000	Total reserves RMB'000
As at 1 January 2017	1,578,139	81,000	(43,009)	1,616,130
Final 2016 dividend	(82,687)	–	–	(82,687)
Loss for the year and total comprehensive loss for the year	–	–	(179,049)	(179,049)
As at 31 December 2017 and 1 January 2018	1,495,452	81,000	(222,058)	1,354,394
Final 2017 dividend	(206,718)	–	–	(206,718)
Loss for the year and total comprehensive loss for the year	–	–	(254,352)	(254,352)
As at 31 December 2018	1,288,734	81,000	(476,410)	893,324

47. Approval of the Financial Statements

The financial statements were approved and authorised for issue by the board of directors of the Company on 29 March 2019.

商務園區運營專家
www.yidachina.com

億達中國控股有限公司
Yida China Holdings Limited

中華人民共和國（「中國」）總部
Headquarter In The People's Republic Of China ("PRC")
中國上海市黃浦區福佑路8號中國人保大廈5樓
5/F, People's Insurance Mansion, No. 8, Fuyou Road,
Huangpu District, Shanghai, PRC

香港主要營業地點
Principal Place Of Business In Hong Kong
香港金鐘金鐘道88號太古廣場二座12樓1215室
Suite 1215, Two Pacific Place, 88 Queensway,
Admiralty, Hong Kong