

IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS OUTSIDE OF THE UNITED STATES

IMPORTANT: You must read the following before continuing. The following applies to the offering memorandum (the “offering memorandum”) following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the offering memorandum. In accessing the offering memorandum, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE FOLLOWING OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE U.S. SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, “IMD”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the “Prospectus Directive”). Consequently no key information document required by Regulation (EU) No 1286/2014 (the “PRIIPs Regulation”) for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore (the “SFA”) – In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 (the “CMP Regulations 2018”), we have determined the classification of the Bonds as prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

The following offering memorandum is not a prospectus for the purposes of the European Union’s Directive 2003/71/EC (and any amendments thereto) as implemented in member states of the European Economic Area (the “EU Prospectus Directive”). The following offering memorandum has been prepared on the basis that all offers of the Bonds made to persons in the European Economic Area will be made pursuant to an exemption under the EU Prospectus Directive from the requirement to produce a prospectus in connection with offers of the Bonds.

Confirmation and your representation: In order to be eligible to view this offering memorandum or make an investment decision with respect to the securities, investors must be outside the United States. By accepting the e-mail and accessing this offering memorandum, you shall be deemed to have represented to us that (1) you and any customers you represent are outside the United States and that the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States and (2) that you consent to delivery of such offering memorandum by electronic transmission.

Within the United Kingdom, the offering memorandum is being directed solely at and may only be communicated to persons: who (i) fall within Article 19(5) or Article 49(2)(a)-(d) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, (ii) are outside the United Kingdom, or (iii) are persons to whom an invitation or inducement to engage in an investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any securities may otherwise be lawfully communicated or caused to be communicated (all such persons collectively being referred to as “Relevant Persons”). The offering memorandum is directed only at Relevant Persons and must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which this offering memorandum relates is available only to Relevant Persons and will be engaged in only with Relevant Persons. The offering memorandum and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other person. Any person who is not a Relevant Person should not act or rely on the offering memorandum or any of its contents.

You are reminded that this offering memorandum has been delivered to you on the basis that you are a person into whose possession this offering memorandum may be lawfully delivered in accordance with the laws of jurisdiction in which you are located and you may not, nor are you authorised to, deliver or disclose the contents of this offering memorandum to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Joint Lead Managers or any affiliate of the Joint Lead Managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Joint Lead Managers or such affiliate on behalf of the issuer in such jurisdiction. This offering memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently, none of BOCI Asia Limited, The Hongkong and Shanghai Banking Corporation Limited, or Standard Chartered Bank as the Joint Lead Managers, or any person who controls any of them or any director, officer, employee or agent of any of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the offering memorandum distributed to you in electronic format and the hard copy version available to you on request from Joint Lead Managers.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

The information in this preliminary offering memorandum is not complete and may be changed without notice. This preliminary offering memorandum is not an offer to sell these securities and is not soliciting an offer to buy these securities in any jurisdiction where such offer, solicitation or sale is not permitted.

SUBJECT TO COMPLETION
PRELIMINARY OFFERING MEMORANDUM DATED 8 JULY 2019

OFFERING MEMORANDUM

CONFIDENTIAL

Greenland Hong Kong Holdings Limited

(incorporated in the Cayman Islands with limited liability)

(SEHK Stock Code: 00337)



US\$ _____ per cent. Bonds due 2021

Issue Price: _____ per cent.

The _____ per cent. Bonds due 2021 in the aggregate principal amount of US\$ _____ (the “Bonds”) will be issued by Greenland Hong Kong Holdings Limited (the “Company” or the “Issuer”). The Company is a subsidiary of Greenland Holding Group Company Limited (“Greenland Holding”), which holds approximately 60 per cent. of the outstanding shares of the Company at the date of this offering memorandum.

The Bonds will bear interest from and including _____ 2019 at the rate of _____ per cent. per annum payable semi-annually in arrears on _____ January and July of each year, beginning _____. The Bonds will constitute direct, unconditional, unsubordinated and unsecured obligations of the Company and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Company under the Bonds shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

The Bonds will mature on _____ July 2021 at their principal amount. The Bonds may be redeemed by the Company at any time, prior to _____, at its option, in whole but not in part, at a redemption price equal to the Make Whole Price (as defined in the “Terms and Conditions of the Bonds”) as at, and accrued and unpaid interest (if any) to (but excluding) the redemption date.

The Bonds may be redeemed at the option of the Company in whole, but not in part, at any time at their principal amount (together with any interest accrued to the date fixed for redemption) in the event of certain changes affecting taxes of any Relevant Jurisdiction. Following the occurrence of a Put Event (as defined in the “Terms and Conditions of the Bonds”), the Holder of any Bonds will have the right, at such Holder’s option, to require the Company to redeem all, but not some only, of such Holder’s Bonds at 100 per cent. of their principal amount (together with any interest accrued to the date fixed for redemption), provided that if the Company decides not to redeem any Bonds upon the No Keepwell Event (as defined in the “Terms and Conditions of the Bonds”), the interest rate applicable to any then outstanding Bonds since the date of the No Keepwell Event shall be _____ per cent. per annum. See “Terms and Conditions of the Bonds – Redemption and Purchase”.

Investing in the Bonds involves certain risks. See “Risk Factors” beginning on page 12.

Application will be made to The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) for the listing of the Bonds by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange and in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) (together, “Professional Investors”) only. This document is for distribution to Professional Investors only. **Investors should not purchase the Bonds in the primary or secondary markets unless they are Professional Investors and understand the risks involved. The Bonds are only suitable for Professional Investors.**

The Hong Kong Stock Exchange has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Bonds on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Bonds or the Company or quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

This offering memorandum includes particulars given in compliance with the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange for the purpose of giving information with regard to the Company. The Company accepts full responsibility for the accuracy of the information contained in this offering memorandum and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading. Moody’s Investors Service, Inc. (“Moody’s”) has assigned a long-term corporate rating of “Ba2” to the Company with a stable outlook and S&P Global Ratings (“S&P”) has assigned a long-term corporate rating of “BB-” to the Company with a stable outlook. These ratings do not constitute a recommendation to buy, sell or hold the Bonds and may be subject to suspension, reduction or withdrawal at any time by the relevant rating organization.

The Bonds are expected to be rated “Ba2” by Moody’s Investors Services. The ratings reflect the rating agencies’ assessment of the likelihood of timely payment of the principal of and interest on the Bonds. The ratings do not constitute recommendations to purchase, hold or sell the Bonds inasmuch as such ratings do not comment as to market price or suitability for a particular investor. We cannot assure you that the ratings will remain in effect for any given period or that the ratings will not be revised by such rating agencies in the future if in their judgment circumstances so warrant.

The Bonds have not been and will not be registered under the U.S. Securities Act of 1933 (the “Securities Act”) and, subject to certain exceptions, may not be offered or sold within the United States. The Bonds are being offered and sold outside of the United States in reliance on Regulation S under the Securities Act. For a description of these and certain further restrictions on offers and sales of the Bonds and the distribution of this offering memorandum, see the section entitled “Subscription and Sale” on page 122.

With reference to the Notice on Promoting the Reform of the Filing and Registration System for Issuance of Foreign Debt by Enterprises (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知) (the “NDRC Notice”) promulgated by National Development and Reform Commission (the “NDRC”) of the PRC on 14 September 2015 which came into effect on the same day, we have registered the issuance of the Bonds with the NDRC and obtained a certificate from the NDRC dated 14 March 2019 evidencing such registration. Pursuant to the registration certificate, we will cause relevant information relating to the issue of the Bonds to be reported to the NDRC within ten working days after the issue date of the Bonds.

The denomination of the Bonds shall be US\$200,000 each and higher integral multiples of US\$1,000 in excess thereof.

The Bonds will be issued and represented initially by interests in a global certificate (the “Global Certificate”) in registered form which will be registered in the name of a nominee of, and shall be deposited on or about _____ July 2019 (the “Issue Date”) with a common depository for Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking, S.A. (“Clearstream”). Interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described herein, certificates for Bonds will not be issued in exchange for interests in the Global Certificate.

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers
(in alphabetical order)

BOC International

HSBC

Standard Chartered Bank

Joint Bookrunners and Joint Lead Managers
(in alphabetical order)

[_____]

_____ offering memorandum dated _____ July 2019

TABLE OF CONTENTS

	<u>Page</u>
SUMMARY.....	1
THE ISSUE.....	5
SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA	8
RISK FACTORS.....	12
EXCHANGE RATE INFORMATION	41
USE OF PROCEEDS	42
TERMS AND CONDITIONS OF THE BONDS.....	43
SUMMARY OF PROVISIONS RELATING TO THE BONDS IN GLOBAL FORM	59
CAPITALISATION AND INDEBTEDNESS.....	61
CORPORATE STRUCTURE.....	62
BUSINESS	63
REGULATION	85
DIRECTORS AND MANAGEMENT OF THE COMPANY.....	109
RELATED PARTY TRANSACTIONS.....	116
TAXATION.....	119
SUBSCRIPTION AND SALE	122
RATINGS	127
GENERAL INFORMATION.....	128
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS	F-1

IMPORTANT NOTICE

The Company, having made all reasonable enquiries, confirms that (i) this offering memorandum contains all information with respect to the Company, the Company and its subsidiaries (together, the “Group”) and the Bonds, which is material in the context of the issue and offering of the Bonds; (ii) the statements contained in this offering memorandum relating to the Company and the Group are in every material respect true and accurate and not misleading; (iii) the opinions and intentions expressed in this offering memorandum with regard to the Company and the Group are honestly and reasonably held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; (iv) there are no other facts in relation to the Company, the Group or the Bonds, the omission of which would, in the context of the issue and offering of the Bonds, make any statement, opinion or intention expressed in this offering memorandum misleading in any material respect; and (v) all reasonable enquiries have been made by the Company to ascertain such facts and to verify the accuracy of all such information and statements. In addition, the Company accepts full responsibility for the accuracy of the information contained in this offering memorandum.

This offering memorandum has been prepared by the Company solely for use in connection with the proposed offering of the Bonds described in this offering memorandum. The distribution of this offering memorandum and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this offering memorandum comes are required by the Company, BOCI Asia Limited, The Hongkong and Shanghai Banking Corporation Limited and Standard Chartered Bank (together, the “Joint Lead Managers”) to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Bonds or the distribution of this offering memorandum in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Bonds and the circulation of documents relating thereto, in certain jurisdictions including the United States, the United Kingdom, the People’s Republic of China, the Cayman Islands, Hong Kong, Japan and Singapore, to persons connected therewith. For a description of certain further restrictions on offers, sales and resale of the Bonds and distribution of this offering memorandum, see “Subscription and Sale.”

No person has been or is authorised to give any information or to make any representation concerning the Company, the Group or the Bonds other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company, the Joint Lead Managers, Citicorp International Limited as trustee (the “Trustee”) or the Agents (as defined in the Terms and Conditions of the Bonds). Neither the delivery of this offering memorandum nor any offering, sale or delivery made in connection with the issue of the Bonds shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Company, the Group or any of them since the date hereof or create any implication that the information contained herein is correct at any date subsequent to the date hereof. This offering memorandum does not constitute an offer of, or an invitation by or on behalf of the Company, the Joint Lead Managers, the Trustee or the Agents to subscribe for or purchase any of the Bonds and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, “IMD”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the “Prospectus Directive”). Consequently no key information document required by Regulation (EU) No 1286/2014 (the “PRIIPs Regulation”) for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

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The Company has submitted this offering memorandum confidentially to a limited number of institutional investors so that they can consider a purchase of the Bonds. The Company has not authorised its use for any other purpose. This offering memorandum may not be copied or reproduced in whole or in part. It may be distributed only to and its contents may be disclosed only to the prospective investors to whom it is provided. By accepting delivery of this offering memorandum, each investor agrees to these restrictions.

No representation or warranty, express or implied, is made or given by Joint Lead Managers, the Trustee or the Agents as to the accuracy, completeness or sufficiency of the information contained in this offering memorandum, and nothing contained in this offering memorandum is, or shall be relied upon as, a promise, representation or warranty by the Joint Lead Managers, the Trustee or the Agents. None of the Joint Lead Managers, the Trustee and the Agents has independently verified any of the information contained in this offering memorandum and can give any assurance that this information is accurate, truthful or complete. This offering memorandum is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by any of the Company, the Joint Lead Managers, the Trustee or the Agents that any recipient of this offering memorandum should purchase the Bonds. Each potential purchaser of the Bonds should determine for itself the relevance of the information contained in this offering memorandum and its purchase of the Bonds should be based upon such investigations with its own tax, legal and business advisers as it deems necessary.

IN CONNECTION WITH THE ISSUE OF THE BONDS, EACH OF THE JOINT LEAD MANAGERS APPOINTED AND ACTING IN ITS CAPACITY AS A STABILISATION MANAGER (THE “STABILISATION MANAGER”) (OR PERSONS ACTING ON ITS BEHALF) MAY, SUBJECT TO ALL APPLICABLE LAWS AND DIRECTIVES, OVER-ALLOT AND EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF A SERIES OF THE BONDS AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISATION MANAGER (OR PERSONS ACTING ON ITS BEHALF) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE BONDS IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE BONDS AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE BONDS.

In making an investment decision, investors must rely on their own examination of the Company, the Group and the terms of the offering, including the merits and risks involved. See “Risk Factors” for a discussion of certain factors to be considered in connection with an investment in the Bonds.

Each person receiving this offering memorandum acknowledges that such person has not relied on any Joint Lead Managers, the Trustee or the Agents or any person affiliated with any Joint Lead Managers, the Trustee or the Agents in connection with its investigation of the accuracy of such information or its investment decision. To the fullest extent permitted by law, none of the Joint Lead Managers, the Trustee and the Agents accept any responsibility whatsoever for the contents of this offering memorandum or for any other statement, made or purported to be made by the Joint Lead Managers, the Trustee or the Agents or on its or their behalf in connection with the Company, the Group or the issue and offering of the Bonds. Each of the Joint Lead Managers, the Trustee and the Agents accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this offering memorandum or any such statement.

CERTAIN DEFINITIONS, CONVENTIONS AND CURRENCY PRESENTATION

We have prepared the offering memorandum using a number of conventions, which you should consider when reading the information contained herein. When we use the terms “we,” “us,” “our,” the “Company,” the “Group” and words of similar import, we are referring to Greenland Hong Kong Holdings Limited itself, or to Greenland Hong Kong Holdings Limited and its subsidiaries, as the context requires.

Unless otherwise specified or the context requires, all references herein to “Hong Kong” are to the Hong Kong Special Administrative Region of the People’s Republic of China, to “China” or the “PRC” are to the People’s Republic of China and for the purpose of the offering memorandum only, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan.

Unless otherwise specified or the context requires, all references herein to “U.S.” are to the United States of America; all references to “U.S. dollars” or “US\$” are to the lawful currency of the United States of America, to “Renminbi” or “RMB” are to the lawful currency of the PRC and to “Hong Kong dollars” or “HK\$” are to the lawful currency of Hong Kong, as amended from time to time.

Solely for the sake of convenience, the offering memorandum contains translations of certain Renminbi amounts into U.S. dollar amounts. Unless indicated otherwise, the translation of Renminbi amounts into U.S. dollar amounts has been made at the rate of RMB6.8755 to US\$1.00, the noon buying rate as set forth in the H.10 statistical release of the Federal Reserve Bank of New York on 31 December 2018. These translations should not be construed as representations that the Renminbi amounts could actually be converted into any U.S. dollar amounts at the rates indicated or at all.

In the offering memorandum, where information has been presented in thousands or millions of units, or as percentages, amounts may have been rounded up or down. Accordingly, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items and actual numbers may differ from those contained herein due to rounding. References to information in billions of units are to the equivalent of a thousand million units.

Market data and certain industry forecasts and statistics in the offering memorandum have been obtained from both public and private sources, including market research, publicly available information and industry publications. Although this information is believed to be reliable, it has not been independently verified by the Company, the Joint Lead Managers, the Trustee, the Agents or their respective directors and advisors, and none of the Company, the Joint Lead Managers, the Trustee, the Agents and their respective directors and advisors make any representation as to the accuracy or completeness of that information. Such information may not be consistent with other information compiled within or outside the PRC. In addition, third party information providers may have obtained information from market participants and such information may not have been independently verified.

The English names of the PRC nationals, entities, departments, facilities, laws, regulations, certificates, titles and the like are translations of their Chinese names and are included for identification purposes only.

Unless the context otherwise requires, references to “2016”, “2017” and “2018” in the offering memorandum are to our financial years ended 31 December 2016, 2017 and 2018, respectively.

Unless otherwise indicated, in the offering memorandum:

“CBRC” previously, the China Banking Regulatory Commission, which has merged with the China Insurance Regulatory Commission in 2018 to form the China Banking Insurance Regulatory Commission

“CRIC” China Real Estate Information Corporation

“CSRC”	China Securities Regulatory Commission
“GDP”	gross domestic product
“GFA”	gross floor area
“MLR”	previously the Ministry of Land and Resources of the People’s Republic of China, which has been reorganized in 2018 to form the Ministry of Natural Resources
“MOF”	Ministry of Finance of the People’s Republic of China
“MOFCOM”	Ministry of Commerce of the People’s Republic of China
“MOHURD”	Ministry of Housing and Urban-Rural Development of the People’s Republic of China
“NDRC”	National Development and Reform Commission of the People’s Republic of China or its local counterparts
“Pan-Pearl River Delta”	for the purpose of the offering memorandum, the region refers to Hainan, Guangxi, Yunnan and Jiangxi
“Pan-Yangtze River Delta”	for the purpose of the offering memorandum, the region refers to Jiangsu, Zhejiang and Shanghai
“PBOC”	People’s Bank of China
“SAFE”	State Administration of Foreign Exchange of the People’s Republic of China
“SAIC”	previously the State Administration for Industry and Commerce of the People’s Republic of China, which has been reorganized in 2018 to form SAMR
“SAMR”	State Administration for Market Regulation
“SAT”	State Administration of Taxation of the People’s Republic of China
“Western China”	for the purpose of the offering memorandum, the region refers to Sichuan, Guizhou, Inner Mongolia, Xinjiang, Yunnan, Gansu, Shanxi, Ningxia and Chongqing

FORWARD-LOOKING STATEMENTS

This offering memorandum contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include statements relating to:

- our business and operating strategies and our ability to implement such strategies;
- our capital expenditure and property development plans;
- our ability to further develop and manage our projects as planned;
- our capital commitment plans, particularly, plans relating to acquisition of land for our property development and the development of our projects;
- our operations and business prospects, including development plans for our existing and new businesses;
- the regulatory environment in terms of changes in laws and PRC government regulations, policies and approval processes in the regions where we operate as well as the general industry outlook for the PRC real estate industry;
- the interpretation and implementation of the existing rules and regulations relating to land appreciation tax and its future changes in enactment, interpretation or enforcement;
- the prospective financial information regarding our businesses;
- availability and costs of bank loans and other forms of financing;
- our dividend distribution plans;
- projects under development or held for future development;
- future developments and the competitive environment in the PRC real estate industry;
- changes in political, economic, legal and social conditions in the PRC, including the specific policies of the PRC central and local governments affecting the regions where we operate, which affect land supply, availability and cost of financing, and pre-sale, pricing and volume of our property development projects;
- significant delay in obtaining the various permits, proper legal titles or approvals for our properties under development or held for future development;
- timely repayments by our purchasers of mortgage loans guaranteed by us;
- changes in competitive conditions and our ability to compete under these conditions;
- the performance of the obligations and undertakings of the third-party contractors under various construction, building, interior decoration, material and equipment supply and installation contracts;
- changes in currency exchange rates and interest rates; and
- other factors beyond our control.

In some cases, you can identify forward-looking statements by such terminology as “may,” “will,” “should,” “could,” “would,” “expect,” “intend,” “plan,” “anticipate,” “going forward,” “ought to,” “seek,” “project,” “forecast,” “believe,” “estimate,” “predict,” “potential” or “continue” or the negative of these terms or other comparable terminology. Such statements reflect the current views of our management with respect to future events, operations, results, liquidity and capital resources and are not guarantee of future performance and some of which may not materialise or may change. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we cannot assure you that those expectations will prove to be correct, and you are cautioned not to place undue reliance on such statements. In addition, unanticipated events may adversely affect the actual results we achieve. Important factors that could cause actual results to differ materially from our expectations are disclosed under the section entitled “*Risk Factors*” in this offering memorandum. Except as required by law, we undertake no obligation to update or otherwise revise any forward-looking statements contained in this offering memorandum, whether as a result of new information, future events or otherwise after the date of this offering memorandum. All forward-looking statements contained in this offering memorandum are qualified by reference to the cautionary statements set forth in this section.

These forward-looking statements speak only at the date of this offering memorandum. The Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in our expectations with regard thereto or any change of events, conditions or circumstances, on which any such statement was based.

SUMMARY

This summary does not contain all the information that may be important to you in deciding to invest in the Bonds. You should read the entire offering memorandum, including the section entitled “Risk Factors” and our consolidated financial statements and related notes thereto, before making an investment decision.

Overview

We are the only overseas-listed real estate platform of Greenland Holding, a leading property developer in China and an enterprise that the Shanghai State-owned Assets Supervision and Administration Commission (“Shanghai SASAC”) supervises and holds 46.4 per cent of equity interest through subsidiaries. Since Greenland Holding’s acquisition of 60 per cent. of our shares in May 2013, we have been important to Greenland Holding’s strategy and growth.

In recent years, we have experienced significant growth in the scale of our business operation and financial performance. Our revenue has decreased by CAGR of 4.46 per cent. from RMB16,919.2 million for the year ended 31 December 2016 to RMB15,444.2 million for the year ended 31 December 2018; while our net profit has increased by CAGR of 36.68 per cent. from RMB1,060.4 million for the year ended 31 December 2016 to RMB1,980.9 million for the year ended 31 December 2018 and our total asset has increased by CAGR of 29.14 per cent. from RMB54,105.1 million as at 31 December 2016 to RMB90,230.2 million as at 31 December 2018. Our return on equity has increased from 14.1 per cent. for the year ended 31 December 2016 to 16.5 per cent. for the year ended 31 December 2018. Alongside with the growth in our business operations, we have also expanded our financing channels and have lowered our cost of borrowing. Since 2014, we have issued US\$2,100 million of senior notes and completed an aggregate of equivalent to US\$1,070 millions of syndicated loans. In May 2015, we also completed an equity placement that raised US\$223.0 million. Our effective interest cost has increased by 0.8 per cent. points from 4.4 per cent. as at 31 December 2016 to 5.2 per cent. as at 31 December 2018.

We strive to implement the parallel development of our core business segments, real estate development, internet financing and real estates funds, to expand and diversify our revenue sources and to promote the overall advantages of the Greenland brand in the capital markets and throughout the industries in which we operate.

Real Estate Development

Our real estates development business focuses on the development of quality residential, commercial and hotel properties in China by leveraging on the well-known Greenland platform and brand name. Our projects are mostly located in the Pan-Yangtze River Delta region, the Pan-Pearl River Delta region and other provincial capital cities that we believe to have strong growth potential. We have recently acquired land plots located in Suzhou Wujiang, Nanning, Yulin, Wuxi, Zhaoqing, Foshan, Kunming, Tongxiang, Jinhua and Shaoxing. As at 31 March 2019, we had a total of 48 projects held for development and sale in 18 cities, of which mostly are located in first, second and third-tier cities in the PRC.

Internet Financing Business

We operate our internet financing business through our wholly-owned subsidiary Greenland Financial Information Services Co., Ltd (“Greenland Financial Services”) and our internet financing business focuses on the origination and distribution of real estates financing products by leveraging on the well-recognized Greenland brand name and Greenland Holding’s experience and relationships in the PRC real estate industry.

Real Estates Funds Business

Our real estates funds business focuses on identifying suitable investment opportunities in real estate fund projects. By leveraging on our low financing costs, we are able to maximize our yield from such investments. The asset-light business model contributes to the favourable results in our real estates fund investment business. In 2016, we signed strategic cooperation agreements with a Kuwaiti strategic investor, Cinda (HK) Holdings Company Limited and Guangxi Railway Investment (Group) Co., Limited. In 2017, Jade Fluorite Limited, our wholly owned subsidiary (“Jade Fluorite”), Kuwait Silk Road Integrated Real Estate GP Ltd. (“KSI”) and Silk Road Integrated Real Estate GP Ltd. (“JV”), the joint venture company owned 50 per cent. by Jade Fluorite and 50 per cent. by KSI, entered into a shareholders’ agreement (the “JVA”) in relation to, among others, the establishment of the Silk Road Integrated Real Estate Fund I L.P. (the “Fund”) and the management of the JV. The Fund will primarily focus on, among others, investment in top-tier world-class real estate and investment in real estate in prime locations in major cities globally, including cities located within or along the regions covered by China’s “One Belt, One Road” initiative.

Our Competitive Strengths

- Continuous strong shareholder support from and effective integration with Greenland Holding;
- Strong contracted sales performance and solid growth with the back of adequate saleable resources;
- Sizeable, low cost and high quality land bank focusing on the Pan-Yangtze River Delta and the Pan-Pearl River Delta regions;
- Sound credit profile supported by diversified, low-cost financing channels and prudent financial management;
- Effective operation management system that enhances cost-saving and operating efficiency; and
- Experienced and stable management team and effective corporate governance.

Our Business Strategies

Our Integrated Strategy

As our most important financing platform in Hong Kong, we focus on and carry out the integrated strategy that focuses on promoting innovation, transformation and upgrade of our capital platform and the industries in which we operate to make our business bigger and stronger. At the same time we continue to focus on our core business operations and their management. We will implement parallel development of our core businesses operations to expand and diversify our revenue sources and to promote the overall advantages of the Greenland brand in the capital markets and throughout the industries in which we operate.

Real Estate Development Business Strategy

Using our powerful insights and a strong capacity for innovation, we continue to create mature product lines and multi-operational-type combinations in our real estate development business operation. Moreover, based on the characteristics of different markets, we strategically invest in first-tier cities in China such as Shanghai as well as other fast-growing second and third-tier cities across China in order to develop large-scale residential properties and high-end properties. We aim to boost our profitability by innovatively integrating the traditional real estate development business operation with our internet finance and real estate funds business operations.

Real Estates + Business Strategy

With the support we receive from Greenland Holdings and government policies, we have actively adopted a real estates + strategy which focuses on diversifying and expanding our real estates development business to include cultural and commercial tourism, medical and healthcare and tourism and leisure business. In particular, leveraging on the strong brand reputation of Greenland which encourages trusts and confidence from the market, utilizing the cutting-edge medical and healthcare resources from our cooperation with reputable and industry-leading partners and benefiting from supportive government policies that promote the integration of the medical and healthcare industry, the development of elderly care industry and the establishment of sports, fitness and recreation projects, we have initiated projects in cultural and commercial tourism and medical and healthcare services to create a first-class life and health service platform. For example, in March 2018, we entered into a strategic cooperation agreement with Shanghai International Medical Center and Australia-based Provectus Care to establish the first Shanghai-based medical institution focusing on Alzheimer's disease.

Internet Financing Business Strategy

We will strive to further develop our internet finance operations in the real estates industry, continue to optimise the online wealth management platform and actively update and enrich platform product lines to maintain competitiveness. Without compromising the security and health of our asset management business segment, we will diversity our asset sources and accelerate the expansion of our asset management business. We will also fully leveraging our leading technological capabilities to actively develop our data information services business segment and strengthen internal cooperation with various business units to facilitate the establishment of a strong company-wide ecosystem.

Real Estate Fund Business Strategy

We aim to adhere to the development principle of 'light assets and accelerated growth', by identifying suitable investment opportunities in real estate fund projects. We also aim to leverage on our low financing costs to maximize our yield from such investments. We will also maintain a reasonable corporate assets and a healthy cash flow. As we progress toward our goal of becoming a true comprehensive industry conglomerate, we will also promote and strengthen the Greenland brand's advantage in the capital markets and the related industries in which we operate.

Recent Developments

Disposal of Property

On 29 March 2019, our wholly owned subsidiary SPG Investment X (BVI) Limited ("SPG Investment"), entered into a sale and purchase agreement (the "Disposal Agreement") to sell to BSREP III China Retail Holdings Limited, a company incorporated in Bermuda with limited liability, its 100 per cent. interest in its wholly owned subsidiary, the Prosper Spring Investments Limited (旺泉投资有限公司) ("Prosper Spring"), at the purchase price (subject to certain adjustments as set out in the Disposal Agreement) of the sum of (i) the gross asset value of certain of Prosper Spring and its subsidiaries' buildings located at No. 999, Plot 2/2, Block 0099, Wuliqiao Sub-district, Shanghai, PRC and the land parcel thereunder (the "Property") of RMB10,565,000,000 and (ii) the estimated aggregate amount of all other assets of Prosper Spring and its subsidiaries less the estimated aggregate amount of the liabilities and debts of Prosper Spring and its subsidiaries at the completion of the Disposal Agreement. This transaction constitutes a very substantial disposal and we have scheduled an extraordinary general meeting of our shareholders on 18 July 2019 for the consideration and, if thought fit, passing of the relevant ordinary resolution which approves, confirms and authorizes the transaction, and authorizes any of our directors to execute all necessary documents related to the transaction. As of the date of this offering memorandum, this transaction has not yet been completed.

Acquisitions of Land Bank

On 7 March 2019, we won the bid for the land parcel in Dongmeng Economic and Technological Development Zone in Nanning, Guangxi Province at a total consideration of approximately RMB661 million, with a total GFA of approximately 911,000 sq.m. for residential, commercial and office purpose.

On 18 April 2019, our indirect wholly-owned subsidiary Zhejiang Lvxiang Limited (浙江綠香企業管理有限公司) won the bid for the acquisition of the parcel of land with lot number Tongtuxu [2019]04 (桐土儲[2019]04號) located at the south side of Fazhan Avenue and west side of Zhenhua Road, Zhejiang Province, the PRC (中國浙江省桐鄉經濟開發區發展大道南側、振華路西側) with a total site area of approximately 83,396 sq.m., and a land use right of 70 years for urban residential land use and 40 years for wholesale and retail land use and commercial and financial land use for a consideration of approximately RMB483.0 million.

Operating Statistics for the five Months Ended 31 May 2019

For the five months ended 31 May 2019, the contracted sales of the Group amounted to approximately RMB21,614 million, which, as compared to the contracted sales of the Group for the five months ended 31 May 2018, increased by approximately RMB10,248 million, or approximately 90.2 per cent. The contracted gross floor area sold for the five months ended 31 May 2019 amounted to approximately 917,422 sq.m., which, as compared to the contracted gross floor area sold for the five months ended 31 May 2018, increased by approximately 862 sq.m., or approximately 0.1 per cent. The corresponding average selling price amounted to approximately RMB23,559 per sq.m.

THE ISSUE

The following contains summary information about the Bonds. Some of the terms described below are subject to important limitations and exceptions. Words and expressions defined in “Terms and Conditions of the Bonds” and “Summary of Provisions Relating to the Bonds in Global Form” shall have the same meanings in this summary. For a comprehensive description of the terms of the Bonds, see the section entitled “Terms and Conditions of the Bonds” of this offering memorandum.

Issuer.....	Greenland Hong Kong Holdings Limited.
Issue	US\$ in aggregate principal amount of per cent. Bonds due 2021.
Issue Price	per cent.
Form and Denomination	The Bonds will be issued in registered form in denomination of US\$200,000 each and higher integral multiples of US\$1,000 in excess thereof.
Interest	The Bonds will bear interest from and including July 2019 at the rate of per cent. per annum, payable semi-annually in arrear on January and July, beginning .
Issue Date.....	2019.
Maturity Date
Status of the Bonds	The Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.
Negative Pledge and Financial Covenant	The Bonds contain a negative pledge and financial covenant provision as further described in Condition 4 of the Terms and Conditions of the Bonds.
Events of Default	The Bonds contain certain events of default provisions as further described in Condition 9 of the Terms and Conditions of the Bonds.
Taxation.....	All payments of principal, premium and interest by or on behalf of the Issuer in respect of the Bonds shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the Relevant Jurisdictions unless required by law. In such event, the Issuer shall (except in certain circumstances as set out in Condition 8 of the Terms and Conditions of the Bonds) pay such additional amounts as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required.

Optional Redemption.....	At any time prior to _____, the Company may at its option redeem the Bonds, in whole but not in part, at a redemption price equal to the Make Whole Price as defined in the Terms and Conditions of the Bonds as at, and accrued and unpaid interest, if any, to (but excluding), the redemption date specified in the Option Redemption Notice.
Final Redemption	Unless previously redeemed or purchased and cancelled, the Bonds will be redeemed at their principal amount on July 2021.
Redemption for Taxation Reasons	The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time at their principal amount, (together with any interest accrued to the date fixed for redemption), in the event of certain changes affecting taxes of a Relevant Jurisdiction, as further described in Condition 6(b) of the Terms and Conditions of the Bonds.
Redemption for a Put Event.....	Following the occurrence of a Put Event, the Holder of any Bond will have the right, at such Holder's option, to require the Issuer to redeem all, but not some only, of such Holder's Bonds at 100 per cent. of their principal amount, together with accrued interest, as further described in Condition 6(c) of the Terms and Conditions of the Bonds, provided that if the Issuer decides not to redeem any Bonds upon the No Keepwell Event, the interest rate applicable to any then outstanding Bonds since the date of the No Keepwell Event shall be _____ per cent. per annum.
Clearing Systems.....	The Bonds will be represented initially by interests in the Global Certificate, which will be registered in the name of a nominee of, and deposited on the Issue Date with, a common depository for, Euroclear and Clearstream. Interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described in this offering memorandum, certificates for the Bonds will not be issued in exchange for interests in the Global Certificate.
ISIN Code	XS1991146892
Common Code	199114689
LEI Number	549300SQS5QFUUV6IS14
Governing Law.....	English law.
Trustee.....	Citicorp International Limited.
Principal Paying Agent, Registrar and Transfer Agent	Citibank, N.A., London Branch.
Listing	Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds by way of debt issues to Professional Investors only.

Ratings	The Bonds are expected to be rated “Ba2” by Moody’s Investors Services. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency.
Further Issues	The Issuer may from time to time, without the consent of the Holders, create and issue further securities either (a) having the same terms and conditions as the Bonds in all respects (or in all respects save for the first payment of interest on them) and so that the same shall be consolidated and form a single series with the outstanding securities of any series (including the Bonds) constituted by the Trust Deed or any supplemental deed or (b) upon such terms as the Issuer may determine at the time of the issue, as further described in Condition 15 of the Terms and Conditions of the Bonds.
Use of Proceeds	See section entitled “Use of Proceeds”.

SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

The following table presents our selected financial and other data. The selected consolidated statement of profit or loss and other comprehensive income for the years ended 31 December 2016, 2017 and 2018 and the selected consolidated statement of financial position as at 31 December 2016, 2017 and 2018 set forth below (except for EBITDA data) have been derived from our audited consolidated financial statements for the years ended and as at 31 December 2017 and 2018, as audited by Deloitte Touche Tohmatsu, Hong Kong Certified Public Accountants (“Deloitte”), and included elsewhere in this offering memorandum. Our financial statements have been prepared and presented in accordance with the IFRS, which differ in certain respects from generally accepted accounting principles in other jurisdictions. The selected financial data below should be read in conjunction with our consolidated financial statements and the notes to those statements included elsewhere in this offering memorandum.

Selected Consolidated Statement of Profit or Loss and Other Comprehensive Income

	For the year ended 31 December			
	2016	2017	2018	2018
	RMB	RMB	RMB	US\$
	(Audited)	(Audited)	(Audited)	
	(in millions)			
Revenue	16,919.2	14,618.9	15,444.2	2,246.3
Cost of sales	(14,091.2)	(11,027.6)	(11,306.1)	(1,644.4)
Gross profit	2,828.0	3,591.3	4,138.1	601.9
Other income.....	–	25.4	29.3	4.3
Other gains and losses	198.0	273.2	(659.9)	(96.0)
Selling and marketing costs	(415.6)	(587.2)	(811.2)	(118.0)
Administrative expenses.....	(499.7)	(437.5)	(529.8)	(77.1)
Other operating expenses	(844.1)	(13.4)	(47.8)	(7.0)
Write-down of completed properties held for sale	–	(7.7)	–	–
Impairment loss of financial assets and contract assets	–	–	(133.6)	(19.4)
Net gain on disposal of interests in a subsidiary	0.2	72.0	487.7	70.9
Results from operating activities	1,266.8	2,916.1	2,472.8	359.7
Finance income	70.6	95.6	73.2	10.7
Finance expenses.....	(135.1)	(224.2)	(187.5)	(27.3)
Net finance expenses	(64.5)	(128.6)	(114.3)	(16.6)
Share of profit (loss) of associates.....	0.4	(1.0)	(15.3)	(2.2)
Shares of profits (losses) of jointly controlled entity/joint ventures	195.0	139.5	161.4	23.5
Revaluation (loss)/gain on investment properties.....	687.6	329.3	1,226.7	178.4
Profit before income tax	2,085.3	3,255.3	3,731.3	542.7
Income tax expense.....	(1,024.9)	(1,419.7)	(1,750.4)	(254.6)
Profit for the year from continuing operations	1,060.4	1,835.6	1,980.9	288.1
Discontinued operations				
Profit for the year from discontinued operations	180.1	–	–	–
Other comprehensive income				
Fair value gain on investments in equity instruments at fair value through other comprehensive income	–	–	112.3	16.3
Other comprehensive income for the year, net of income tax	–	–	84.3	12.3
Total comprehensive income for the year ...	1,240.5	1,835.6	2,065.2	300.4
Profit for the year	1,240.5	1,835.6	1,980.9	288.1

	For the year ended 31 December			
	2016	2017	2018	2018
	RMB	RMB	RMB	US\$
	(Audited)	(Audited)	(Audited)	
	(in millions)			
Attributable to:				
Owners of the Company	1,112.5	1,319.4	1,736.3	252.5
Non-controlling interests	128.0	516.3	244.7	35.6
Earnings per share				
Basic earnings per share (RMB)	0.39	0.46	0.61	0.1
Diluted earnings per share (RMB)	0.33	0.46	0.61	0.1
Other financial data (unaudited):				
EBITDA ⁽¹⁾	3,229.3	3,196.7	3,843.6	559.0
EBITDA margin ⁽²⁾	19%	22%	25%	25%

Notes:

- (1) EBITDA refers to earnings before interest income/expense, amortisation of intangible assets, income tax expenses and LAT and depreciation. EBITDA is not a standard measure under IFRS. As the property development business is capital intensive, capital expenditure requirements and levels of debt and interest expenses may have a significant impact on net profit of companies with similar operating results. Therefore, we believe the investor community commonly uses this type of financial measure to assess the operating performance of companies in its market sector. As a measure of our operating performance, we believe that the most directly comparable IFRS measure to EBITDA is profit before income tax. We operate in a capital intensive industry. We use EBITDA in addition to profit before income tax because profit before income tax includes many accounting items associated with capital expenditures, such as depreciation, as well as non-operating items, such as amortization of intangible assets and investment income. These accounting items may vary between companies depending on the method of accounting adopted by a company. By minimising differences in capital expenditures and the associated depreciation expenses as well as reported tax positions, intangible assets amortisation and investment income, EBITDA provides further information about our operating performance and an additional measure for comparing its operating performance with other companies' results. Funds depicted by this measure may not be available for debt service due to covenant restrictions, capital expenditure requirements and other commitments. See the section entitled "Non-GAAP Financial Measures" below for a reconciliation of our profit before income tax to the definition of EBITDA.
- (2) EBITDA margin is calculated by dividing EBITDA by revenue for the relevant year, expressed as a percentage.

Selected Consolidated Statement of Financial Position

	As at 31 December			
	2016	2017	2018	2018
	RMB	RMB	RMB	US\$
	(Audited)	(Audited)	(Audited)	
Assets				
Property, plant and equipment.....	1,282.2	1,228.5	1,208.6	175.8
Intangible assets	1.3	1.3	1.3	0.2
Land use rights	24.6	24.0	69.3	10.1
Equity instruments at fair value through other comprehensive income	—	—	294.3	42.8
Other investments	174.6	174.6	—	—
Properties under development	15,082.5	14,976.3	13,194.3	1,919.0
Investment properties	8,216.0	9,082.0	13,083.0	1,902.8
Interests in associates.....	—	6.1	206.6	30.0
Interests in a jointly controlled entity/joint ventures	541.2	686.4	619.3	90.1
Long-term receivable	—	—	—	—
Deferred tax assets.....	210.4	817.6	644.2	93.7
Total non-current assets.....	25,532.8	26,996.8	29,320.9	4,264.5

	As at 31 December			
	2016	2017	2018	2018
	RMB	RMB	RMB	US\$
	(Audited)	(Audited)	(Audited)	
Properties under development	3,928.3	8,945.3	25,083.8	3,648.3
Completed properties held for sale	9,707.4	11,670.0	10,170.4	1,479.2
Other investments	—	—	—	—
Trade, other receivables and advance deposits.....	7,809.2	12,568.2	17,538.5	2,550.9
Tax recoverable	466.1	712.8	944.5	137.4
Contract assets	—	—	840.0	122.2
Contract costs.....	—	—	54.9	8.0
Other financial assets	866.1	—	—	—
Restricted bank deposits.....	1,437.0	2,401.5	2,217.4	322.5
Bank balance and cash	4,358.3	5,455.2	4,059.8	590.5
Total current assets	28,572.3	41,753.0	60,909.3	8,858.9
Total assets	54,105.1	68,749.8	90,230.2	13,123.4
Equity				
Share capital	1,132.9	1,132.9	1,132.1	164.7
Share premium	3,416.5	3,416.5	3,412.9	496.4
Reserves	851.2	961.9	1,138.7	165.6
Perpetual securities	787.8	787.8	787.8	114.6
Retained earnings	2,641.4	3,560.0	4,778.7	695.0
Total equity attributable to equity holders of the Company	8,829.8	9,859.1	11,250.2	1,636.3
Non-controlling interests	893.9	1,725.8	2,694.5	391.9
Total equity	9,723.7	11,584.9	13,944.7	2,028.2
Liabilities				
Interest-bearing loans	3,713.6	1,480.5	3,209.3	466.8
Other financial liabilities	329.5	98.2	—	—
Trade and other payables	14,277.5	16,948.7	29,485.7	4,288.5
Contract liabilities.....	—	—	24,511.2	3,565.0
Pre-sale deposits	10,120.3	19,782.5	—	—
Tax payable.....	1,231.4	1,787.0	1,963.3	285.6
Long-term payable within one year.....	—	—	—	—
Bonds within one year	3,456.8	4,109.5	4,450.6	647.3
Total current liabilities	33,129.2	44,206.4	63,620.2	9,253.2
Interest-bearing loans	5,770.6	9,081.3	9,475.3	1,378.1
Long-term payable	—	—	—	—
Bonds	4,582.0	2,919.2	1,367.4	198.9
Deferred tax liabilities	875.3	958.0	1,822.6	265.1
Total non-current liabilities	11,252.2	12,958.5	12,665.3	1,842.1
Total liabilities	44,381.4	57,164.9	76,285.5	11,095.3
Total equity and liabilities	54,105.1	68,749.8	90,230.2	13,123.4
Net current assets/(liabilities)	(4,556.9)	(2,453.4)	(2,710.9)	(394.3)
Total assets less current liabilities.....	20,975.9	24,543.4	26,610.0	3,870.3

NON-GAAP FINANCIAL MEASURES

We use EBITDA to provide additional information about our operating performance. EBITDA refers to our earnings before the following items:

- finance costs;
- depreciation and amortisation; and
- income tax expenses.

EBITDA is not a standard measure under IFRS. As the property development business is capital intensive, capital expenditure requirements and levels of debt and interest expenses may have a significant impact on net profit of companies with similar operating results. Therefore, we believe the investor community commonly uses this type of financial measures to assess the operating performance of companies in its market sector.

As a measure of our operating performance, we believe that the most directly comparable IFRS measure to EBITDA is profit before income tax. We operate in a capital intensive industry. We use EBITDA in addition to profit before income tax because profit before income tax includes many accounting items associated with capital expenditures, such as depreciation expenses and intangible assets amortisation. These accounting items may vary between companies depending on the accounting policy adopted by a company. By minimising differences in capital expenditures and the associated depreciation expenses as well as reported tax positions and intangible assets amortisation, EBITDA provides further information about our operating performance and an additional measure for comparing our operating performance with other companies' results. Funds depicted by this measure may not be available for debt service due to covenant restrictions, capital expenditure requirements and other commitments.

The following table reconciles our profit before income tax for the year determined under IFRS to its definition of EBITDA for the years indicated.

	Year ended 31 December			
	2016	2017	2018	2018
	RMB	RMB	RMB	US\$
				(in million)
Profit before income tax	2,085.3	3,255.3	3,731.3	542.7
Adjustments:				
Add: Profit before income tax for the year from discontinued operations....	245.6	–	–	–
Add: Depreciation of property, plant and equipment	89.5	97.5	89.0	12.9
Add: Amortisation of intangible assets	1.1	1.0	1.4	0.2
Add: Net finance cost including foreign exchange loss	876.0	(479.3)	769.8	112.0
Add: Capitalized interest expense charged into P&L	619.3	651.5	478.8	69.6
Less: Revaluation gain on investment properties.....	687.6	329.3	(1,226.7)	(178.4)
EBITDA	3,229.2	3,196.7	3,843.6	559

Our definition of EBITDA should not be considered in isolation or construed as an alternative to profit for the year indicated or as an indicator of operating performance or any other standard measure under IFRS. Our definition of EBITDA does not account for taxes and other non-operating cash expenses. Our EBITDA measures may not be comparable to similarly titled measures used by other companies.

RISK FACTORS

An investment in the Bonds is subject to significant risks. You should carefully consider all of the information in this offering memorandum and, in particular, the risks and uncertainties described below before deciding to invest in the Bonds. The risks and uncertainties described below may not be the only ones that we face. Additional risks and uncertainties that we are not aware of or that we currently believe are immaterial could be material. If any of these, including the possible events described below, occur, our business, financial condition or results of operations could be materially and adversely affected. In such case, we may not be able to satisfy our obligations under the Bonds, and you could lose all or part of your investment.

Risks Relating to Our Business

We may be adversely affected by fluctuations in the global economy and financial markets.

Recent global market and economic conditions have been unprecedented and challenging with tight credit conditions and recession or stagnation in most major economies continuing into 2016. The equity and financial markets have been very turbulent since the second half of 2015. Concerns over possible inflation or deflation, uncertainty relating to currency exchange rates and interest rates, the availability and cost of credit, the sovereign debt crisis in Europe, volatility in commodity and oil prices, geopolitical issues and unstable financial markets and the global housing and mortgage markets have contributed to increased market volatility, weakened business and consumer confidence and diminished expectations for economic growth around the world.

The outlook for the world economy and financial markets remains uncertain. In Europe, several countries are facing difficulties in refinancing sovereign debt. On 23 June 2016, the United Kingdom held a remain-or-leave referendum on the United Kingdom's membership within the European Union, the result of which favoured the exit of the United Kingdom from the European Union ("Brexit"). The referendum was advisory, and the terms of any withdrawal are subject to a negotiation period that could last at least two years after the government of the United Kingdom formally initiates a withdrawal process. The process of negotiation will determine the future terms of the United Kingdom's relationship with the European Union, as well as whether the United Kingdom will be able to continue to benefit from the European Union's free trade and similar agreements. The timing of the Brexit and potential impact of Brexit on the economic conditions in the United Kingdom, the European Union and global markets is unclear. The referendum has created significant uncertainty about the future relationship between the United Kingdom and the European Union, including with respect to the laws and regulations that will apply as the United Kingdom determines which European Union laws to replace or replicate in the event of a withdrawal. The referendum has also given rise to calls for the governments of other European Union member states to consider withdrawal. These developments, or the perception that any of them could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Any of these factors could depress economic activity and restrict our access to capital, which could have a material adverse effect on our business, financial condition and results of operations and reduce the price of our securities. In Asia and other emerging markets, some countries are expecting increasing inflationary pressure as a consequence of liberal monetary policy or excessive foreign fund inflow, or both. In the Middle East, political unrest in various countries has resulted in economic instability and uncertainty. Economic conditions in the PRC are sensitive to global economic conditions and the PRC economy experiencing a slowdown. The equity market in China suffered significant falls in 2015 and has continued to experience volatility. In March 2016, both S&P and Moody's changed the outlook of PRC sovereign rating to from stable to negative. In May 2017, Moody's further downgraded PRC's sovereign rating from Aa3 to A1 with stable outlook and as a result, Moody's also downgraded the corporate rating of various state-owned enterprises of the PRC. As the real estate industry is sensitive to macroeconomic trends, real estate prices tend to fluctuate along with the change of macroeconomic conditions.

These and other issues resulting from the global economic slowdown and financial market turmoil have adversely affected, and may continue adversely affecting, the Chinese market and consumption capacity in this market, which may lead to a decline in the general demand for our products and erosion of their sale prices. In addition, any further tightening of liquidity in the global financial markets and in China may negatively affect our liquidity. Therefore, if the global economic slowdown and turmoil in the financial markets crisis continue, our business, financial condition and results of operations may be adversely affected.

We face intense competition in the industries where we have businesses, which may adversely affect our business and results of operations.

Our operating environment is and will continue to be highly competitive. The property industry in the PRC is highly competitive and we face competition as to our property development business from major domestic developers and, to a lesser extent, foreign developers primarily from other countries or regions in Asia. Competition among property developers may increase the costs for land acquisitions and raw materials and administrative costs for hiring or retaining qualified personnel, result in shortages of skilled contractors and oversupply of properties, decrease property prices in certain parts of the PRC and slowdown the rate at which new property developments will be approved and/or reviewed by the relevant government authorities, any of which may adversely affect our business and financial condition. Also, the PRC government's recent measures designed to reduce land supply, raise the benchmark interest rates of commercial banks and place additional limitations on the ability of commercial banks to make loans to property developers, further increased the competition for land among property developers. Furthermore, our relative competitive position varies significantly by service type and geographic area.

Our competitors are well capitalised and have greater financial, marketing and other resources than we have. Some also have greater economies of scale, stronger brand recognition, longer track record and more established relationships with contractors, suppliers and customers in certain markets. Such competitors may be able to respond to changes in market conditions more promptly and effectively than we can. If we are unable to maintain a competitive position, adapt to changing market conditions or otherwise compete successfully with our competitors in our main business segments, our prospects, business, financial condition and results of operations may be materially and adversely affected.

We may fail to obtain sufficient capital resources for continued growth and other operational needs.

We require additional capital resources to pursue our business strategy of continuously growing our business and to remain competitive by responding timely to market demand. In particular, the property development business is capital intensive and we expect to continue to incur a high level of capital expenditures for construction and land acquisition in the foreseeable future. We expect to meet the funding needs for our operations through cash flows from operations, bank borrowings and other external financing sources. Our ability to obtain additional financing will depend on a number of factors, including China's economic condition, prevailing conditions in the domestic and international capital markets, regulatory requirements, our financial condition, results of operations and cash flows, and costs of financing including changes in interest rates. If we cannot obtain sufficient funding on acceptable terms or receive necessary approvals from the regulatory authorities, we may not be able to successfully implement our business strategy, and our prospects could be materially adversely affected.

We may not be able to refinance our indebtedness as it matures and default under the debts may have a material and adverse effect on our financial condition.

We have incurred significant indebtedness. As at 31 December 2018, our total liabilities was RMB76,285.5 million, of which RMB63,620.2 million was recorded as current liabilities. If we are unable to make scheduled payments in connection with our debt and other fixed payment obligations as they become due, we may need to renegotiate the terms and conditions of such obligations or to obtain additional equity or debt financing. We cannot assure you that our renegotiation efforts would be successful or timely or that we would be able to refinance our obligations on acceptable terms or at all. If financial institutions decline to lend additional funds to us or to refinance our existing loans when they

mature and we fail to raise financing through other means, we will need to repay our debt with cash generated from operating activities or some other sources. We cannot assure you that our business will generate sufficient cash flow from operations to repay our borrowings as they mature. Repaying borrowings with cash generated by operating activities will divert our financial resources away from expansion and development of our businesses and implementation of our business strategies. Our Company and certain of our subsidiaries have entered into loan agreements with various banks in the PRC or Hong Kong pursuant to which they have pledged land use rights, buildings and other assets as security. We may lose part or all of this collateral if we cannot repay or refinance such borrowings as they mature, which could materially and adversely affect our business, prospects, financial condition and results of operations.

In addition, we cannot assure you that we will be able to maintain the relevant financial ratios from time to time or that we will not default. If we are unable to obtain forbearance or waiver arrangements with the relevant lenders and upon occurrence of any default, event of default or cross-default in the future, it could lead to, among other things, an acceleration in our debt financing obligations, which could in turn have a material and adverse effect on our financial condition.

The PRC property market has been cyclical and our property development activities are susceptible to significant fluctuations.

Historically, the PRC property market has been cyclical. The rapid expansion of the property market in certain major cities in the PRC, including Guangzhou, Beijing and Shanghai, in the early 1990s culminated in an oversupply in the mid-1990s and a corresponding fall in property values and rentals in the second half of the decade and in particular, during the 2008 economic downturn. Since the late 1990s, private residential property prices and the number of residential property development projects have increased in major cities as a result of an increase in demand driven by domestic economic growth. In particular, prices of residential properties in certain major PRC cities such as Shanghai have experienced rapid and significant growth. There is, however, no assurance that the problems of oversupply and falling property prices that occurred in the mid-1990s and during the 2008 economic downturn will not recur in the PRC property market, and the recurrence of such problems could adversely affect our business and financial condition.

The cyclical property market in the PRC affects the optimal timing for both the acquisition of sites and the sale of completed development properties. This cyclicity, combined with the lead time required for the completion of projects and the sale of properties, means that our results of operations relating to property development activities may be susceptible to significant fluctuations from year to year.

To the extent that supply in the overall property market significantly exceeds demand, we may be subject to significant downturns and disruptions in the market for a sustained period. Alternatively, if a serious downturn in regional or global market conditions should occur, this may seriously affect and disrupt the property market in the PRC. If any of these events were to occur, our financial condition and results of operations would be materially and adversely affected.

We are heavily dependent on the performance of the property market in the PRC, particularly in certain major first-and second-tier cities, such as Shanghai, Suzhou, Haikou, Kunming, Nanning and Hangzhou.

Our business and prospects depend on the performance of the PRC property market. Any housing market downturns in China generally or in the regions where we have property developments could adversely affect our business, financial condition and results of operations. As at 31 March 2019, we had approximately 48 property projects in various stages of development across 18 cities in the PRC, of which the majority is located in first-and second-tier cities. Our business continues to be heavily dependent on the property market in these cities where we operate our business. These property markets may be affected by local, regional, national and global factors, including economic and financial conditions, speculative activities in local markets, demand for and supply of properties, availability of alternative investment choices for property buyers, inflation, government policies, interest rates and availability of capital. These could lead to material adverse impact on our cash flows, financial condition and results of operations.

Demand for private residential properties in the PRC has experienced rapid growth in the last decade, but such growth is often coupled with volatility in market conditions and fluctuations in property prices. We cannot assure you that property development and investment activities will continue at past levels or that we will be able to benefit from future growth in the property market in the cities where we have property projects. Any adverse developments in national and local economic conditions as measured by such factors as GDP growth, employment levels, job growth, consumer confidence, interest rates and population growth in the PRC, particularly in the regions where our projects are located, may reduce demand and depress prices for our products and services and would have a material adverse effect on our business, financial condition and results of operations. Demand for and prices of properties in the PRC are also directly affected by the macroeconomic control measures adopted by the PRC government from time to time. Any further adverse development in the property market in the PRC could have a material adverse effect on our business, financial condition and results of operations.

We may not be able to complete our development projects on time, or at all, which may have negative impact on our cash flows and results of operations.

At present, we derive our property development revenue primarily from the sale of properties that we have developed and derive a relatively small portion from income on investment properties including rental income and property management fees.

Property development projects require substantial capital expenditures prior to and during the construction period for, among other things, land acquisition and construction. The construction of property projects may take one year or longer before they generate positive net cash flow through pre-sales, sales, leasing or rentals. As a result, our cash flows and results of operations may be significantly affected by our project development schedules and any changes to those schedules. The schedule and costs for a development project may be materially and adversely affected by many factors, including but not limited to:

- delays in obtaining necessary licences, permits or approvals from government agencies and authorities;
- changes in market conditions;
- delays in or increased costs of relocation of existing residents or demolition of existing structures;
- unforeseen engineering, design, health, environmental, structural or geographic problems;
- shortages or increased costs of materials, equipment, contractors and skilled labour;
- labour disputes;
- adverse influence caused by other construction projects not undertaken by us;
- construction accidents;
- natural catastrophes;
- adverse weather conditions;
- discovery of historic and cultural relics in the construction site; and
- changes in government policies or in applicable laws or regulations.

Construction delays or failure to complete the construction of a project according to its planned specifications, schedule and budget may harm our reputation as a property developer, lead to loss of or delay in recognising revenues and lower returns. If a property project is not completed on time, the purchasers of pre-sold units of a project may be entitled to compensation for late delivery. If the delay extends beyond a certain period, the purchasers may be entitled to terminate their pre-sale agreements and claim damages. In addition, construction delays or failure to complete the construction of a project as agreed with the government may result in penalty or administrative fine, which may in turn have material adverse effect to our business, results of operations and financial condition. We have experienced construction delays with some of our projects, therefore, we cannot assure you that there would be no significant delays in completion or delivery of our projects in the future and we will be subject to liabilities for any such delays.

We may not be able to successfully manage our growth.

We have been continuously expanding our operations in recent years. For example, as the PRC government unveiled the “Internet Plus” action plan in 2015, we have commenced the Internet finance business in May 2015, supported by strategic cooperation with three financial institutions in the PRC. Please refer to the section headed “Business – Internet Finance Business” for more information relating to our Internet finance business. We further expanded into the real estates funds business in 2016 which focuses on identifying suitable investment opportunities in real estate fund projects to increase our yield from such investments. As we continue to grow, we must continue to improve our managerial, technical and operational knowledge and allocation of resources, and to implement an effective management information system. To effectively manage our expanded operations, we need to continue to recruit and train managerial, accounting, internal audit, engineering, technical, sales and other our staff to satisfy our development requirements. In order to fund our on-going operations and our future growth, we need to have sufficient internal sources of liquidity or access to additional financing from external sources. Furthermore, we will be required to manage relationships with a greater number of customers, suppliers, contractors, service providers, lenders and other third parties. We will need to further strengthen our internal control and compliance functions to ensure that we are able to comply with our legal and contractual obligations and to reduce our operational and compliance risks. We cannot assure you that our growth will be successful or we will not experience issues such as capital constraints, construction delays, operational difficulties at new locations, or difficulties in expanding our existing business and operations and in training an increasing number of personnel to manage and operate the expanded business. Our expansion plans may also adversely affect our existing operations and thereby have a material adverse effect on our business, prospects, financial condition and results of operations.

False, inaccurate or negative media reports about us or our projects, whether substantiated or not, may cause harm to our reputation, divert our management’s attention and adversely affect our business and results of operations.

The development and future trends in the PRC property industry, including business strategies of major property developers, have been the focuses of numerous media reports. Information about us or our projects appears frequently in various media reports. We have also noticed that there had been some inaccurate media reports about us or our projects. The dissemination of such inaccurate or negative media reports or public allegations about us, whether or not substantiated, may adversely harm our reputation and affect public opinion about us and our projects. In addition, such inaccurate or negative media reports may require us to engage in defensive actions, which may divert our management’s attention and adversely affect our business and results of operations. We cannot assure you that there will not be any other false, inaccurate or negative media reports about us or our projects in the future.

In addition, we cannot make any assurance as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information appearing in the media is inconsistent or conflicts with the information contained in the offering memorandum, investors should not rely on any such information in making a decision as to whether to purchase the Bonds, and should rely only on the information included in the offering memorandum.

We may not be able to expand our business effectively through acquisitions, investments, joint ventures and new business opportunities.

Our business strategy includes selective acquisitions of new assets or businesses, entering into new strategic alliances and joint ventures and investing in or entering into new business opportunities. Our ability to benefit from such acquisitions, investments, alliances and joint ventures will depend upon a number of factors, some of which are beyond our control. These factors include, but not limited to:

- identify appropriate assets or businesses for acquisitions, investments, joint ventures or alliances;
- execute the acquisitions or integrate any business we acquire;
- identify additional new markets;
- work with our joint venture partners or other shareholders;
- train and retain qualified personnel to manage and operate our growing business and any new business opportunities; and
- upgrade and improve our risk management controls and systems on a continuous basis.

The failure to manage any of these factors effectively could materially and adversely affect our business, financial condition or results of operations.

Further, business growth could place a significant strain on our managerial, operational and financial resources. Integrating new assets or businesses into our operational framework and ensuring their proper management may involve unanticipated delays, costs and operational problems, in particular with respect to business lines with which we have not had extensive experience. We may encounter unexpected problems or have disagreements or conflicting interests with our joint venture or alliance partners or the other shareholders of our acquisitions. Further, with respect to some joint ventures or equity investments in which we only hold a minority share, we may lack board representation or veto power. In case of disagreements with our partners, management may be required to divert its attention away from other aspects of our businesses to address such disagreements.

Our success depends on the continuing services of our senior management team and other key personnel.

Our future success depends heavily upon the continuing services of our directors and members of our senior management team. To a large extent, our continued ability to successfully integrate new operations and to identify other market opportunities will depend on the experience and expertise of our senior management. If one or more of our senior management or other key personnel are unable or unwilling to continue in their present positions, we may not be able to replace them easily or at all, and our business may be disrupted and our financial condition and results of operations may be materially and adversely affected. In addition, as competition in the PRC for senior management and key personnel with experience and industry expertise is intense, and the pool of qualified candidates is very limited, we may not be able to retain the services of our senior management or other key personnel, or attract and retain high-quality senior management or other key personnel in the future. If we fail to attract and retain qualified personnel, our business and prospects may be adversely affected. Moreover, along with our growth and expansion, we will need to continue to employ, train and retain employees. If we cannot attract and retain suitable human resources, our business, prospects, financial condition and results of operations will be materially and adversely affected.

We may be involved in legal disputes and other proceedings arising out of our operations from time to time and may incur material losses and liabilities as a result.

We may be involved in disputes with various parties, including joint venture partners, management companies, purchasers, suppliers, contractors, construction workers and trustees from our operation, and these disputes may lead to legal and/or other proceedings. In addition, we are subject to extensive regulation by the PRC regulatory authorities, and, from time to time, we may be subject to regulatory and administrative proceedings. These legal, regulatory and other proceedings may result in substantial costs, delays in our development schedule and the diversion of resources and management's attention, regardless of the outcome. As at 31 December 2018, we have been involved in disputes in the ordinary course of our business which did not have an adverse effect on our business, financial condition or results of operation. However, we cannot assure you that we will not be involved in a larger number of proceedings or that such proceedings will not involve larger amounts in controversy in the future. The outcome of these proceedings may materially and adversely affect our operation, reputation, business, prospects, financial condition and results of operations.

Our joint venture partners or cooperation partners may have economic or business interests or goals that are inconsistent with ours, take actions contrary to our instructions or requests or contrary to our policies or objectives, be unable or unwilling to fulfil their obligations under the relevant joint venture or cooperation agreements or have financial difficulties. Disagreement with any of our joint venture partners or other cooperation partners with respect to business objective or the scope or performance of their respective obligations under joint venture or cooperation arrangements or the early termination of the joint venture or cooperation arrangement could adversely affect our business operations, financial condition and result of operations.

Our operations are subject to extensive government policies and regulations, in particular, we are susceptible to changes in policies related to the PRC property industry and local regions in which we operate.

Our business is subject to extensive governmental regulations and, in particular, we are susceptible to policy changes in the PRC property sector. In particular, the PRC government exerts considerable direct and indirect influence on the development of the PRC property sector by imposing industry policies and other economic measures, such as control over the supply of land for property development, maximum bank loan allowed for property developers, maximum number of flats a person could buy and maximum number of mortgage a purchaser could apply, control of foreign exchange, property financing, taxation and foreign investment. The PRC government may restrict or reduce land available for property development, raise the benchmark interest rates of commercial banks, place additional limitations on the ability of commercial banks to make loans to property developers and property purchasers, impose additional taxes and levies on property sales and restrict foreign investment in the PRC property sector.

Since 2010, the PRC government had implemented a series of regulations and policies to slow down the property market and inflation of property prices, as well as to dampen property speculation. These national or local policies may therefore limit our ability to obtain financing, acquire land for future developments, sell our properties at a profit, generate sufficient operating cash flows from contracted sales, impose additional requirements for pre-sales or restrict funds raised by pre-sale properties used only for the purpose of the respective project. Further policies implemented by the PRC government on bank loans and trust financing arrangements for property development projects since January 2010 have had, and may continue to have, a dampening effect on the property markets in which we operate. In addition, on 30 March 2015 the MOF and the SAT jointly promulgated the Circular on Issues concerning Adjustment on the Business Tax Policies of Residential Property Transaction (財政部、國家稅務總局關於調整個人住房轉讓營業稅政策的通知), which provides that for each resale transaction of a residential property that has been held by the owner for a period of less than two years from the date of purchase, the business tax for property resale transactions is levied on full sales price.

We cannot assure you that the PRC or local government will not adopt additional and more stringent industry policies, regulations and measures in the future, including those policies which restrict our access to financing. For example, as a pilot reform, Shanghai and Chongqing started to charge property taxes in early 2011. It is reported that the PRC government is considering the legislation of property taxes so as to implement it nationwide. In late February 2013, the PRC government issued the “New Five Policies” (新國五條) for administration of the housing market and detailed implementation rules, which requires more stringent implementation of the housing price control measures. Following the request of the central government, Beijing, Shanghai and other major cities in China have announced detailed regulations to implement the New Five Policies in late March 2013, to further cool down the local real estate markets. The MLR and the MOHURD issued the Circular on Tightening the Management and Control over Intermediate Residential Properties and Land Supply (關於加強近期住房及用地供應管理和調控有關工作的通知) on 1 April 2017 urging reasonable arrangement for the supply of housing land, including reasonable increase of land supply in cities. Cities such as Beijing, Shanghai, Guangzhou, Chengdu and Shenzhen have promulgated regulatory policies in the control of commercial office projects. On 9 May 2017, the Shanghai Housing and Urban-Rural Construction and Management Committee issued its Opinion on Cleaning-Up Commercial Office Project, which explicitly stopped the issuance of approval for projects of apartment-style office (公寓式辦公項目), and the commercial office use land transfer contracts are not allowed for constructing apartment-style office buildings. It also requires that the owners of commercial office properties are not allowed to receive similar treatment as the residential housing owners in terms of permanent residence registration, school enrollment or public utility fees. As a result the foregoing new policies, we may incur extra expenses in re-examination or renovation of certain commercial office projects, the sale of our commercial office projects (including apartment-style office) may be adversely affected (properties which do not comply with the designed use prescribed in the land grant contract may be restricted from delivery and title registration), disputes between property owners and us may arise from strict treatment of commercial office projects, and we may also be subject to sanctions for failure to observe the regulatory requirements. It is impossible to ascertain the extent of the impact of these measures or to accurately estimate our sales volume and turnover had the measures been introduced. If we fail to adapt our operations to new policies, regulations or measures that may come into effect from time to time with respect to the property industry, or if our marketing and pricing strategies are ineffective in promoting our contracted sales, such policy changes may dampen our contracted sales and cause us to lower our average selling prices and/or incur additional costs, in which case our operating cash flows, gross profit margin, business prospects, results of operations and financial condition may be materially adversely affected. Please refer to the paragraphs headed “-Risks Relating to Conducting Business in China” in this section and the section headed “PRC Regulations” for more information relating to the PRC regulations.

We may be subject to fines or may forfeit land to the PRC government if we fail to develop properties in accordance with the terms and timeframe set out in the land grant contracts.

Under the PRC laws, if we fail to develop a property project according to the terms of the land grant contract, including those relating to the payment of land grant premium, demolition and resettlement costs and other fees, the designated use of the land and the time for commencement and completion of the property development, the PRC government may issue a warning, impose a penalty, and/or order us to forfeit the land. Specifically, under the current PRC laws, if we fail to commence development for more than one year but less than two years from the commencement date stipulated in the land grant contract, the relevant PRC land bureau may issue a warning to us and impose an idle land fee on the land of 20 per cent. of the land grant premium. The relevant PRC land bureau may confiscate our land use rights without compensation if we fail to commence development within two years from the construction commencement date set forth in the land grant contract, unless the delay in the development is caused by government actions or force majeure. Moreover, if a property developer commences development of the land in accordance with the timeframe stipulated in the land grant contract and the developed GFA on the land is less than one-third of the total proposed GFA of the project or the total invested capital is less than one-fourth of the total investment of the project and the development of the land is suspended for more than one year without government approval, the land may be treated as idle land and subject to the risk of forfeiture.

In September 2007, the MLR issued a new notice to further enhance control of the land supply, by requiring developers to develop land according to the terms of the land grant contracts and restricting or prohibiting any non-compliant property developers from participating in future land auctions. In January 2008, the State Council issued a Notice on Promoting the Land Saving and Efficient Use (關於促進節約集約用地的通知) to escalate the enforcement of current rules on idle land management.

Furthermore, the MLR issued a Notice on Restricting the Administration of Construction Land and Promoting the Use of Approved Land (關於嚴格建設用地管理促進批而未用土地利用的通知) in August 2009, which reiterated then applicable rules on idle land management. In September 2010, the MLR and the MOHURD jointly issued the Notice On Further Strengthening the Administration and Control of Real Estate Land and Construction (關於進一步加強房地產用地和建設管理調控的通知), which provides that a property developer and its controlling shareholders will be prohibited from participating in land bidding before certain illegal behaviours in which it engages, such as land idle for more than one year on its own reasons, have been completely rectified. On 1 June 2012, the MLR promulgated the revised Measures on the Disposal of Idle Land (閒置土地處置辦法), which became effective on 1 July 2012.

These further measures limit any application for new land use rights by land developers who intentionally hoard land in breach of the land grant contracts before the completion of the required rectification procedures or any title transfer transaction, lease transaction, mortgage transaction or land modification registration in respect of idle land. On 26 February 2013, the General Office of the State Council issued the Notice on the Continuous Effective Regulation of the Real Estate Market (國務院辦公廳關於繼續做好房地產市場調控工作的通知), which provides that land developers that hold idle land shall be prohibited from participating in land bidding, acquiring loans from commercial banks, obtaining relevant approvals from the CSRC for public listings, refinancing and major assets restructuring and relevant approvals from the CBRC for trust financing. On 22 January 2017, Ministry of Land and Resources issued the Notice of Pilot Program for Improving the Transfer, Lease, and Mortgage of the Use Rights of Construction Land for the Secondary Market (關於完善建設用地使用權轉讓、出租、抵押二級市場的試點方案), which applies stringent criteria for imposing a land idle fee if the land is deemed as an idle land. We cannot assure you that circumstances leading to imposition of penalty, liquidated damages or forfeiture of our land will not arise in the future. If we are deemed as holding land idle for more than one year without cause or are required to forfeit land, we may lose the opportunity to develop the relevant land, our investments in the land, including land premiums paid and development costs incurred, and our ability to bid for other land in the future, any of which could materially and adversely affect our business, prospects, financial condition and results of operations.

We may not be able to acquire land reserves in desirable locations that are suitable for development at commercially acceptable prices in the future.

The growth and success of our business depend on our ability to continue identifying and acquiring land reserves located in desirable locations at commercially reasonable prices that are suitable for residential projects and mixed-use complex projects. We need to build up our land reserve in order to grow our business and we may incur significant costs in identifying, evaluating and acquiring suitable new sites for future development. However, our ability to acquire land may depend on a variety of factors that we cannot control, such as overall economic conditions, our effectiveness in identifying and acquiring land parcels suitable for development and competition for such land parcels.

During the three years ended 31 December 2018, our land reserves were primarily acquired through auctions. The availability and price of land sold at auctions depend on factors beyond our control, including government land policies and competition. The PRC government and relevant local authorities control the supply and price of new land parcels and approve the planning and use of such land parcels. The PRC government's policy to grant state-owned land use rights through a bidding system has caused an increase in the acquisition cost of land reserves in the PRC, including land acquired through secondary market. If we fail to acquire sufficient land reserves in a timely manner and at acceptable prices, or at all, our business prospects, financial condition and results of operations may be materially and adversely affected.

The PRC government has adopted a number of initiatives to control the growth of China's residential property sector and to promote the development of affordable housing. For example:

- one of these initiatives requires the local governments to ensure that residential units with a GFA of less than 90 sq.m. (including affordable housing) account for over 70 per cent. of the total area of residential units that are newly approved and constructed after 1 June 2006;
- in a notice made on 30 September 2007 and amended on 3 December 2010, the MLR stated that land supply priority shall be given to ordinary commodity houses at middle to low prices and of medium to small sizes, affordable housing and low-rent housing, and local authorities shall ensure that at least 70 per cent. of annual land supply for residential units approved consists of the preceding categories of housing units;
- pursuant to the Catalogue of Restricted Use of Land (2012 Version) (限制用地項目目錄 (2012年本)) issued by the MLR and the NDRC on 23 May 2012, the area of a parcel of land granted for commodity housing development shall not exceed seven hectares in small cities and towns, 14 hectares in medium-sized cities or 20 hectares in large cities;
- pursuant to the Notice on Further Strengthening the Administration and Control of Real Estate Land and Construction (國土資源部住房和城鄉建設部關於進一步加強房地產用地和建設管理調控的通知) jointly issued by the MLR and the MOHURD in September 2010, the development and construction of large low-density residential properties should be strictly restricted, and the plot ratio for residential land is required to be more than 1.0; and
- one of these initiatives requires local government to further reassess the timing of reissuing land use rights certificates; no land use rights certificate will be issued if the property developers have not paid off land premiums according to the contract, and there should be no segmentation in the issue of land use rights certificate according to the amount of land premiums paid.

In addition, the PRC central and local governments have implemented various measures to regulate the means by which property developers obtain land use rights for property development. The local government may introduce additional policies to control the property market, including the imposition of various conditions for the property developers to participate in land bidding, and setting a cap on the selling price of new projects to be launched. The PRC government also controls land supply through zoning, land usage regulations and other means.

All of these measures further intensify the competition for land in China among property developers. These policy initiatives and other measures adopted by the PRC government from time to time may limit our ability to acquire suitable land for our development or increase land acquisition costs significantly, which may have a material adverse effect on our business, financial condition and results of operations.

We may not be able to develop properties successfully across different regions in China.

We are a nationwide property developer and we may continue to expand into new geographic areas in China if a suitable opportunity or condition arises. Due to the inherent local nature of property development the local climate, geological conditions, living habits, preferences for purchase, market conditions, regional development policies, regulations and laws, each local area differs from others. Therefore, when developing properties in different regions, we may encounter different challenges. Experiences gained from the existing regions that we operate may not be applicable to other new regions. Our existing business model may not meet the expectations of local business and regulatory environment. We may not be able to find a reliable local supplier or contractor. As a new player in such markets, we may need to recruit additional staff with local knowledge, for which we may incur additional costs and face difficulties in management and operation. In addition, expanding our operation in new geographical areas would subject us to competitions from developers with stronger local popularity, more familiarity with the local regulations, business models, practices and better relationship with local suppliers, contractors and buyers. If we cannot develop properties successfully in the new geographic areas, it might have an adverse effect on our business, financial condition, results of operations and prospects.

Our business may be adversely affected by increases in interest rates, reserve requirement ratio and other tightening measures implemented by the PBOC.

We rely on borrowings to finance a substantial part of our project developments. A substantial part of our borrowings consist of loans from commercial banks in China. In addition, many of our customers finance their purchases of our properties through mortgage loans. Our ability to obtain bank financing and our customers' ability to obtain mortgage loans, as well as the associated finance costs, are affected by benchmark lending rates and bank reserve requirement ratios set by PBOC. The PBOC adjusts the benchmark lending rates from time to time according to the monetary policies of the PRC government. The PBOC promulgated in July 2013 the Notice of the People's Bank of China on Further Promoting the Market-Oriented Interest Rate Reform (中國人民銀行關於進一步推進利率市場化改革的通知), which provides that the lower limit of 0.7 times the benchmark lending rate for financial institutions shall be removed and the financial institutions shall independently determine their lending rates in accordance with commercial principles. In addition, pursuant to the Notice of the People's Bank of China on Lowering the Benchmark Loan and Deposit Rate for Financial Institutions and Further Promoting the Market-Oriented Interest Rate Reform (中國人民銀行關於下調金融機構人民幣貸款及存款基準利率並進一步推進利率市場化改革的通知) promulgated by the PBOC on 21 November 2014, the PBOC lowered (1) the benchmark one-year loan interest rate from 6.0 per cent. to 5.6 per cent., (2) the benchmark one-year deposit rate from 3.00 per cent. to 2.75 per cent., (3) the interest rate of personal housing provident fund loan and deposit of 5 years or less from 4 per cent. to 3.75 per cent. and (4) the interest rate of personal housing provident fund loan and deposit of over 5 years from 4.5 per cent. to 4.25 per cent.. On 28 June 2015, the PBOC further lowered (1) the benchmark one-year loan interest rate from 5.10 per cent. to 4.85 per cent., (2) the benchmark one-year deposit rate from 2.25 per cent. to 2.00 per cent., (3) the interest rate of personal housing provident fund loan and deposit of 5 years or less from 3.25 per cent. to 3.00 per cent. and (4) the interest rate of personal housing provident fund loan and deposit of over 5 years from 3.75 per cent. to 3.50 per cent. On 23 October 2015, the PBOC further lowered (1) the benchmark one-year loan interest rate from 4.6 per cent. to 4.35 per cent., (2) the benchmark one-year deposit rate from 1.75 per cent. to 1.5 per cent., (3) the interest rate of personal housing provident fund deposit collected in the same year remained at 0.35%. The interest rate of personal housing provident fund loan remains unchanged. On 17 February 2016, the PBOC, MOHURD and MOF further released the Notice in Regard to Bettering Housing Provident Fund Personal Account Deposit Interest Rate Formation Mechanism (關於完善職工住房公積金帳戶存款利率形成機制的通知), which provides that the deposit rate of personal housing provident fund has been adjusted to the benchmark one-year deposit rate from 21 February 2016. However, the floating range of interest rates for individual housing loans shall not be adjusted, the original range shall remain unchanged, and the differentiated housing credit policy shall continue to be strictly implemented. The PBOC may raise benchmark lending rates and bank reserve requirement ratios in the future, which may increase the lending rate of the financial institutions. Increases in interest rates increase our finance costs and increase mortgage rates, which could adversely affect our business, financial condition and results of operations. Moreover, interest rate volatility can make it difficult for us to make plans and implement our strategies and can deter potential home buyers. For example, the financial market in China has also changed recently, as evidenced by the overall tightening in the domestic liquidity and bank loans, prolonged approval and drawdown period for mortgage loans and stricter review process for project loans. The reserve requirement refers to the amount of funds that banks must hold in reserve with the PBOC against deposits made by their customers. Increases of the bank reserve requirement ratio may negatively impact the amount of funds available for lending to businesses, including us, by commercial banks in China.

We face uncertainties when obtaining land sites through the acquisition of project companies.

In addition to increasing our land bank through public tender, auction and listing-for-sale, we have obtained land sites for some of our projects through acquisition of project companies that held the land use rights. We expect to continue to obtain land sites through corporate acquisitions in the future. We cannot assure you that we have discovered, or will be able to discover prior to such acquisitions, all existing or potential liabilities of or risks associated with the target project companies. In addition, the government may change the permitted use of the land sites to which such project companies own the land use rights after our acquisitions, rendering the land sites unsuitable for property development purposes. If any of the undiscovered existing or potential liabilities of the acquired project companies are found to be material, or if we are unable to develop properties as intended, our business, prospects, financial condition and results of operations may be materially and adversely affected.

Our business may be adversely affected if we fail to obtain, or experience material delays in obtaining, necessary government approvals in carrying out our property development and management operations.

The property industry in the PRC is heavily regulated. Property developers must abide by various laws and regulations, including rules stipulated by national and local governments to enforce these laws and regulations. To engage in property development and management operations, we must apply to relevant government authorities to obtain (and renew for those relating to on-going operations) various licences, permits, certificates and approvals, including but not limited to, land use rights certificates, qualification certificates for property developer, construction work commencement permits, construction project planning permits, construction land planning permits and pre-sale permits. Some of our operating project companies are in the process of applying for the issue or renewal of their property developer qualification certificates, construction work commencement permits, construction project planning permits, business licences and production safety permits. Before the PRC government authorities issue or renew any certificate or permit, we must meet specific requirements and conditions.

We cannot guarantee that we will be able to adapt to new rules and regulations that may come into effect from time to time with respect to the property industry or that we will not encounter other material delays or difficulties in fulfilling the necessary conditions to obtain and/or renew all necessary certificates or permits for our operations in a timely manner, or at all, in the future. Therefore, in the event that we fail to obtain or renew, or encounter significant delays in obtaining or renewing, the necessary government approvals for any of our major property projects, we may not be able to continue with our development plans and be subject to administrative penalties, and our business, financial condition and results of operations may be adversely affected.

In addition, we cannot assure you that we will not be subject to the penalties by the relevant government authorities for the failure to obtain the construction works planning permit and the construction works commencement permit for the relevant properties before commencement of construction pursuant to the Urban and Rural Planning Law of the PRC (中華人民共和國城鄉規劃法) amended on 23 April 2019 and the Administrative Measures on the Construction Works Commencement Permit (建築工程施工許可管理辦法) amended on 28 September 2018. If this occurs, our business, prospects, financial condition and results of operations may be materially and adversely affected.

Our customers may not be able to obtain mortgages on favourable terms, or at all, which could reduce our sales.

Many of our purchasers rely on mortgages to fund their purchases. An increase in interest rates may significantly increase the cost of mortgage financing, thus reducing the attractiveness of mortgages as a source of financing for property purchases and adversely affecting the affordability of residential properties. In addition, the PRC government and commercial banks may also increase down payment requirements, impose other conditions or otherwise change the regulatory framework in a manner that would make mortgage financing unattractive or unavailable to potential property purchasers.

From time to time, the PRC government issues laws, regulations or government policies regarding mortgage financing to regulate the PRC property market. In January 2010, the State Council issued the Circular on Promoting the Stable and Sound Development of the Real Estate Market (國務院辦公廳關於促進房地產市場平穩健康發展的通知), which, among other things, provides that homeowners with outstanding mortgage loans who intend to buy additional housing properties for themselves, their spouses or dependent children are required to pay a down payment of no less than 40 per cent. of the purchase price and the applicable interest rate shall be set strictly based upon the associated risk level. In April 2010, the State Council issued a notice to raise the minimum down payment for second home purchases to 50 per cent. and set a minimum 30 per cent. down payment on first homes with a GFA of more than 90 sq.m. Further, pursuant to such notice, interest rate for mortgage loans of second homes cannot be lower than 110 per cent. of the PBOC benchmark lending rate. In May 2010, the MOHURD, the PBOC and the CBRC jointly issued a circular to clarify that the number of residential properties owned by an individual property purchaser who is applying for mortgage loans shall be determined by taking into account all residential

properties owned by the family members of such purchaser (including the purchaser and such purchaser's spouse and children under the age of 18), and that property purchasers of second or subsequent residential properties shall be subject to different credit terms when applying for mortgage loans. According to the Notice on Relevant Issues Regarding the Improvement of Differential Mortgage Loan Policies (中國人民銀行、中國銀行業監督管理委員會關於完善差別化住房信貸政策有關問題的通知) jointly issued by the PBOC and the CBRC on 29 September 2010, the minimum down payment has been raised to 30 per cent. for all first home purchases, and commercial banks are required to suspend mortgage loans for purchases of a customer's third or subsequent residential properties. In January 2011, the State Council issued a circular to further raise the minimum down payment for second home purchases to 60 per cent. On 30 March 2015, the PBOC, the MOHURD and the CBRC jointly issued the Circular on Issues concerning the Residential Housing Mortgage Loan Policies (中國人民銀行、住房城鄉建設部、中國銀行業監督管理委員會關於個人住房貸款政策有關問題的通知) to relax mortgage rules for second home purchasers to address demand for improved housing and lift the sagging housing market, which provides that the minimum down payment for second home purchasers in general have been lowered to 40 per cent., the minimum down payment for second home purchasers using public housing funds has been cut to 30 per cent. if all loans are settled on their first home and for first home purchasers using public housing funds, the minimum down payment has been reduced to 20 per cent. of the home's value. On 27 August 2015, the PBOC, MOHURD and CBRC jointly issued the Notice on the Adjustment on the Down Payment Ratio of the Residential Housing Mortgage Loan (住房和城鄉建設部、財政部、中國人民銀行關於調整住房公積金個人住房貸款購房最低首付款比例的通知), which has become effective from 1 September 2015. It is the second time that the authorities have lowered the down payment level in 2015. According to the Notice, the minimum down payment for the second home purchasers using public housing funds has been further reduced from 30 per cent. to 20 per cent. if all loans are settled on their first home. Moreover, the Notice allows Beijing, Shanghai, Guangzhou, and Shenzhen to decide the minimum down payment ratio for the second home purchasers using public housing funds based on both the national policy and their local practices on their discretion. Moreover, according to the Notice on Relevant Issues Regarding the further Improvement of Differential Mortgage Loan Policies (中國人民銀行、中國銀行業監督管理委員會關於進一步完善差別化住房信貸政策有關問題的通知) jointly issued by the PBOC and the CBRC on 24 September 2015, the minimum down payment has been cut to 25 per cent. for first home purchases in cities without purchasing restriction. On 1 February 2016, the PBOC and the CBRC jointly issued the Notice on Issues concerning Adjusting the Individual Housing Loan Policies (中國人民銀行、中國銀行業監督管理委員會關於調整個人住房貸款政策有關問題的通知), which provides that: (i) In cities where "housing purchase restriction" measures are not implemented, the minimum down payment ratio for commercial individual housing loans granted to households of residents for purchasing ordinary housing units for the first time shall generally be 25 per cent., and may be lowered by 5 per cent. by local governments; and where a household which owns one housing unit but has not paid off the relevant housing loan applies again for a commercial individual housing loan to purchase an ordinary housing unit to improve living conditions, the minimum down payment ratio shall not be less than 30 per cent.; and (ii) In cities where "housing purchase restriction" measures are implemented, the individual housing loan policies shall remain unchanged. In addition, pursuant to the Guidelines for the Risk Management of Real Estate Loans of Commercial Banks (商業銀行房地產貸款風險管理指引) issued by the CBRC on 30 August 2004, mortgagee banks may not lend to any individual borrower if the monthly repayment of the anticipated mortgage loan would exceed 50 per cent. of the individual borrower's monthly income or if the total debt service of the individual borrower would exceed 55 per cent. of such individual's monthly income. In the event that mortgages become more difficult to obtain or that the cost of such financing increases, many of our prospective customers who rely on mortgages may not be able to purchase our properties. In line with industry practice, we provide guarantees to banks for mortgage loans they offer to purchasers of our properties. If there are changes in laws, regulations, policies or practices that would prohibit property developers from providing such guarantees and these banks do not accept alternative guarantees from third parties, if available, it may become more difficult for property purchasers to obtain mortgages from banks in connection with pre-sales. Such difficulties may inhibit pre-sales, which could materially and adversely affect our business, prospects, financial condition and results of operations.

We may be subject to legal and business risks if we fail to obtain, renew or maintain qualification certificates.

Property developers must obtain a qualification certificate in order to carry out property development in the PRC. According to the Provisions on Administration of Qualification of Real Estate Developers (房地產開發企業資質管理規定) issued by the MOHURD on 29 March 2000 and amended on 4 May 2015 and 13 December 2018, newly established property developers must first apply for a provisional qualification certificate, which is valid for one year and can be renewed for a maximum of two additional years. A property developer is required to obtain a formal qualification certificate with an approved class before its provisional qualification certificate expires. Formal qualification certificates are subject to annual qualification inspections. Government regulations require developers to fulfil all statutory requirements before obtaining or renewing their qualification certificates. Some of our operating project companies are in the process of applying for the renewal of their property developer qualification certificates. If any of our project companies is unable to obtain or renew the relevant qualification certificates, it may not be able to engage in the relevant property development project. Otherwise it will generally be given a grace period to rectify any noncompliance and may be subject to a penalty of between RMB50,000 and RMB100,000. Failure to ratify the noncompliance within the grace period could result in the revocation of the qualification certificate and the business licence of the relevant project company.

We cannot assure you that the qualification certificates of all of our existing project companies will continue to be maintained or extended or that formal qualification certificates for new project companies and our other non-property development related subsidiaries will be obtained in a timely manner, or at all. If our project companies or our other non-property development related subsidiaries are unable to obtain or maintain their qualification certificates, as applicable, they will not be permitted to engage in or continue their businesses, which could have a material adverse effect on our business and financial condition.

Our land tax provisions and prepayments may not be sufficient to meet our land tax obligations.

In accordance with the provisions of the Provisional Regulations of the PRC on Land Appreciation Tax (中華人民共和國土地增值稅暫行條例) enacted on 13 December 1993 and amended on 8 January 2011 and the related implementation rules regarding land appreciation tax (“LAT”), all entities and individuals that receive income from the sale or transfer of land use rights, buildings and ancillary facilities are subject to LAT at progressive rates ranging from 30 per cent. to 60 per cent. of the appreciation in the value of such properties. The PRC government issues rules and regulations with respect to LAT, including rules and regulations relating to assessable rates, the deductibility of certain expenses and the collection and settlement of LAT. There is an exemption for the sale of ordinary residential properties developed by the taxpayer itself if the appreciation in the value does not exceed 20 per cent. of the total deductible expense items allowed under the relevant LAT regulations. This exemption is not available for sales of luxury residential properties, villas and high-end commercial properties.

On 25 April 2016, the MOF and SAT jointly promulgated the Notice on Issues Relating to Tax Computation Bases for Deed Tax, Real Estate Tax, Land Appreciation Tax and Individual Income Tax following Implementation of the Pilot Scheme of Levying VAT in place of Business Tax (關於營改增後契稅、房產稅、土地增值稅、個人所得稅計稅依據問題的通知), effective on 1 May 2016, which mainly provides that (1) income derived by taxpayer of LAT for transfer of real estate shall be income excluding VAT; (2) VAT input tax pertaining to deductible items of LAT stipulated in the Provisional Regulations of the PRC on Land Appreciation Tax (中華人民共和國土地增值稅暫行條例), which is allowed to be deducted from the output tax, shall be excluded from the deductible items; and (3) where such VAT input tax is not allowed to be deducted from the output tax, it may be included in the deductible items.

We make LAT prepayments and provisions in respect of our property development activities. There is no assurance that the relevant tax authorities will agree with our calculation of LAT liabilities nor is there any guarantee that the LAT provisions will be sufficient to cover our LAT obligations in respect of our past LAT liabilities. If the relevant tax authorities, in particular, the local tax bureau in cities and regions where we operate businesses, determine that our LAT liabilities exceed our LAT prepayments and provisions and seek to collect that excess amount immediately, our business, financial condition or results of operations could, as a consequence, be materially and adversely affected.

Furthermore, relevant notices issued by the PRC government relating to the settlement of LAT allow provincial tax authorities to formulate their own implementation rules according to the local situation. If the implementation rules promulgated in the cities in which our projects are located require us to settle all unpaid LAT at the same time, or impose other conditions, our business, financial condition and results of operations may be materially and adversely affected.

We may be adversely affected by levying VAT in place of business tax.

Pursuant to the Interim Regulations on Business Tax of the People's Republic of China (中華人民共和國營業稅暫行條例) enacted by the State Council on 10 November 2008 and effective on 1 January 2009 and abolished on 19 November 2017, and its Detailed Implementation Rules on the Provisional Regulations on Business Tax of the People's Republic of China (中華人民共和國營業稅暫行條例實施細則) issued by the MOF and SAT on 15 December 2008 and amended on 28 October 2011, the tax rate on transfer of immovable properties is 5 per cent.

The MOF and the SAT promulgated the Pilot Proposals for Levying the Value-added Tax in Lieu of Business Tax (營業稅改徵增值稅試點方案) on 16 November 2011 pursuant to which, the pilot work of the value-added tax in lieu of business tax was carried out in some industries on a national scale since 1 January 2012. Pursuant to this pilot plan and relevant subsequent notices, from 1 January 2012, VAT gradually replaced business tax in the transport and post industry, telecom industry and some of the modern service industries in China. Under the pilot plan, a VAT rate of 6 per cent. applies to certain modern service industries. On 23 March 2016, the MOF and SAT promulgated the Circular on Comprehensively Promoting the Pilot Program of the Collection of Value-Added Tax to Replace Business Tax (Cai Shui [2016] No. 36) (關於全面推開營業稅改徵增值稅試點的通知), which provides that, starting from 1 May 2016, the VAT pilot program cover construction industry, real estate industry, finance industry and life service industry on a nation-wide basis.

On 31 March 2016, the SAT promulgated the Announcement on Promulgation of the Provisional Measures on Administration of Levying and Collection of Value-added Tax on Sale of Real Estate Projects by Real Estate Development Enterprises Which Develop Such Projects (房地產開發企業銷售自行開發的房地產項目增值稅徵收管理暫行辦法) which amended on 15 June 2018, pursuant to the Notice of the Ministry of Finance and the State Administration of Taxation on Full Launch of the Pilot Scheme on Levying Value-added Tax in Place of Business Tax (Cai Shui [2016] No. 36) (關於全面推開營業稅改徵增值稅試點的通知), and the relevant prevailing VAT provisions.

On 10 November 2016, the SAT promulgated the Announcement of the State Administration of Taxation on Several Provisions on Collection and Administration of Land Appreciation Tax following the Implementation of Levying of VAT in place of Business Tax (國家稅務總局關於營改增後土地增值稅若干徵管規定的公告), which provides that (1) Following the implementation of levying VAT in place of business tax, the income from transfer of real estate, which is subject to land appreciation tax, shall exclude VAT; (2) Where a taxpayer uses its development products for staff welfare, incentives, external investments, distribution to shareholders or investors, debt setoff, exchange for non-monetary assets of other organisations and individuals etc., the transfer of ownership shall be deemed as sale of real estate, and the income thereof shall comply with the provisions of Article 3 of the SAT's Notice on Administration of Settlement of Land Appreciation Tax of Property Development Enterprises (關於房地產開發企業土地增值稅清算管理有關問題的通知). Where a taxpayer arranges for resettlement of households, the verification of taxable income and deductibles for the resettlement housing shall comply with the provisions of Article 6 of the SAT's Notice on Issues concerning the Settlement of Value-added Tax on Land (關於土地增值稅清算有關問題的通知).

On 21 December 2016, the Ministry of Finance and the State Administration of Taxation issued the Circular 140, which has been retroactively effective since 1 May 2016. The Circular 140 further clarified that VAT is applicable to investment returns on contracts which undertake for fully recoverable principal, but is not applicable to the non-principal-protected gains from investments in financial products.

On 19 November 2017, the Interim Regulations of the People's Republic of China on Business Tax was abolished and the Interim Regulations of the People's Republic of China on Value added Tax (中華人民共和國增值稅暫行條例) was revised by the State Council. According to the revised Interim Regulations of the People's Republic of China on Value added Tax, selling goods, providing labor services of processing, repairs or maintenance, or selling services, intangible assets or real property in the PRC, or importing goods to the PRC, shall be subject to value added tax. According to a notice jointly issued by MOF and SAT in April 2018, starting from May 1, 2018, the VAT rate will be lowered from 17 percent to 16 percent for manufacturing and some other industries, and from 11 percent to 10 percent for transportation, construction, real estate leasing service, sale of real estate, basic telecommunication services, and farm produce.

On 20 March 2019, the Ministry of Finance, the State Administration of Taxation and General Administration of Customs issued the Announcement on deepening policies related to VAT reform(關於深化增值稅改革有關政策的公告), the VAT rate will be lowered from 16 percent to 13 percent for manufacturing and some other industries, and from 10 percent to 9 percent for transportation, construction, real estate leasing service, sale of real estate, basic telecommunication services, and farm produce.

Since the application of the VAT pilot program in the real estate industry is relatively new, there remain uncertainties on the interpretation and implementation of the relevant rules and regulations. We cannot assure you that our overall tax liability will not increase by levying VAT in lieu of business tax, or we may have to change our business practices in light of such rules, either of which may have a material adverse effect on our business, prospects, financial condition and results of operations.

We are subject to potential environmental liabilities that could result in substantial costs.

We are subject to a variety of laws and regulations concerning the protection of the environment. The particular PRC environmental laws and regulations which apply to any given project development site vary according to the location, the environmental condition, the present and former uses of the site, as well as adjacent properties.

The relevant property development project may be delayed due to our efforts to comply with environmental laws and regulations. In some environmentally-sensitive regions or areas, the compliance costs could be prohibitively expensive.

In addition, each property development project is required by the relevant PRC laws and regulations to undergo environmental assessments and to submit an environmental impact assessment report to the relevant government authorities for approval before commencement of construction. Failure to obtain such approval prior to construction may result in suspension of construction and a penalty which will be not less than 1% but not more than 5% of the overall investment amount for such construction project according to the seriousness and consequences of such violations, and the ecological environment department at the county level or above may order it to restore to the original state.

We did not submit environmental assessment documents to the local authorities regarding the construction of certain of our property projects. The environmental investigations conducted relating to each of our property development projects to date have not revealed any material environmental liability. However, it is possible that these investigations did not reveal all environmental liabilities and there may be environmental liabilities of which we are unaware that may have a material adverse effect on our business and financial condition. In addition, if more stringent regulations are adopted in the future, we cannot assure you that we will be able to fully comply with such regulations and the costs of compliance with these new regulations may be substantial. If any of these occur, our business, prospects, financial condition and results of operations may be materially and adversely affected.

Our business and property sales may be affected if we fail to obtain the record of acceptance examination for our completed projects.

According to the Regulations on Administration of Development and Operations of Urban Real Estate (城市房地產開發經營管理條例) amended by the State Council and effective on 19 March 2018 and 24 March 2019, the Regulation on the Quality Management of Construction Projects (建設工程質量管理條例) enacted and enforced by the State Council on 30 January 2000 and amended on 7 October 2017, the Administrative Measures for Reporting Details Regarding Acceptance Examination Upon Completion of Buildings and Municipal Infrastructure (房屋建築和市政基礎設施工程竣工驗收備案管理辦法) enacted by the MOHURD in April 2000 and amended on 19 October 2009 and the Provisions on Acceptance Examination Upon Completion of Buildings and Municipal Infrastructure (房屋建築和市政基礎設施工程竣工驗收規定) enacted by the MOHURD and effective on 2 December 2013, after completion of work for a project and the subsequent acceptance examination, a real estate developer shall apply to the government property development authority at or above the county level for a record of acceptance examination. For a residential housing project, an acceptance examination shall be conducted upon each unit, and the developer shall issue the acceptance form for each unit after completing such “door to door acceptance”.

We cannot assure you that we will be able to obtain the record of acceptance examination for our completed projects in a timely manner, or at all. In such event, our business, property sales and financial condition may be materially and adversely affected.

We cannot assure you that services performed by independent contractors will meet our quality standards and timing requirements or will be provided within our budget.

We engage independent contractors to provide various services, including but not limited to construction, piling and foundation, engineering, interior decoration, mechanical and electrical installation and utilities installation. We generally select independent contractors through an open tender process. Completion of our projects is therefore subject to the satisfactory performance of these independent contractors. We cannot assure you that we will be able to obtain services from independent contractors within our budget or at all, or that the services rendered by these independent contractors or subcontractors will be satisfactory or will meet our quality and safety standards and our project timelines. If the performance of any independent contractor is not satisfactory or is delayed, we may need to replace the contractor or take other actions to remedy the situation, which could inflate construction costs and delay completion. Any of these factors may have a material adverse effect on our business, prospects, financial condition and results of operations.

We guarantee mortgage loans of our customers and may become liable to mortgagee banks if customers default on their mortgage loans.

In accordance with industry practice, banks require us to guarantee mortgage loans taken by purchasers of the properties that we develop. Typically, we guarantee mortgage loans taken out by purchasers up until (i) we complete the relevant properties and the property ownership certificates and the mortgage are registered in favour of the mortgagee bank, (ii) two years after the expiry date of the mortgage loan contract or (iii) the settlement of mortgage loans between the mortgagee bank and the purchaser. If a purchaser defaults on a mortgage loan, we may be required to repurchase the underlying property by paying off the mortgage. If we fail to do so, the mortgagee bank may auction the underlying property and recover any additional amount outstanding from us as the guarantor of the mortgage loans. In line with industry practice, we do not conduct any independent credit checks on our customers and rely on the credit evaluation conducted by the mortgagee banks on such customers. These are contingent liabilities not reflected on our balance sheets. Should any material default occur and if we were called upon to honour our guarantees, our financial condition and results of operations could be adversely affected.

We are exposed to contractual and legal risks relating to pre-sales; changes in laws and regulations in relation to pre-sale of properties may adversely affect our business, prospects, financial condition and results of operations.

We make certain undertakings in our pre-sale contracts. Our pre-sale contracts and the PRC laws and regulations provide for remedies for breach of these undertakings. For example, if we pre-sell units in a property development and we fail to complete that development, we will be liable to the purchasers for their losses. If we fail to complete a pre-sold property on time, we may be liable to the relevant purchasers for late delivery under the relevant pre-sale contracts or pursuant to relevant PRC laws and regulations. If delays extend beyond a specified period, the purchasers may terminate their pre-sale contracts and claim for damages. A purchaser may also terminate a contract with us if the GFA of the relevant unit, as set out in the individual property ownership certificate, deviates by more than 3 per cent. from the GFA of that unit set out in his or her contract. If a substantial number of purchasers claim against us for breach of contract or terminate their pre-sale contracts with us, our business, prospects, financial condition and results of operations may be materially and adversely affected.

Proceeds from the pre-sales of our properties are an important source of funds for our property developments and have a significant impact on our cash flow and liquidity position. In August 2005, the PBOC proposed in a report entitled “2004 Real Estate Financing Report (2004中國房地產融資報告)” that the practice of pre-selling uncompleted properties be discontinued, on the grounds that pre-sales create significant market risks and generate transactional irregularities. While such proposal has not been adopted by any PRC government authorities and has no mandatory effect, we cannot assure you that the PRC government will not ban or impose material limitations on pre-sales of uncompleted properties in the future. In April 2010, the MOHURD issued the Notice on Further Strengthening the Supervision of Real Estate Market and Improving the Pre-Sale System of Commodity Housing (關於進一步加強房地產市場監管完善商品住房預售制度有關問題的通知). The notice urges local governments to enact regulations on the sale of completed commodity properties in light of local conditions and encourages property developers to sell completed commodity properties. We cannot assure you that we can adapt to new laws, regulations or policies relating to pre-sale of properties that may come into effect from time to time. Any failure to do so may subject us to fines, delays or other impediments in developing our properties. Future implementation of any restrictions on our ability to pre-sell our properties, including any requirements to increase the amount of up-front expenditure we must incur prior to obtaining the pre-sale permit, would extend the time required for recovery of our capital outlay and would force us to seek alternative means to finance our property developments, which could have a material adverse effect on our business, prospects, financial condition and results of operations.

We face certain risk associated with demolition and settlement of acquired land.

All of our projects do not require demolition of existing properties or resettlement of existing residents except for one of our projects in Wuxi municipality. If we obtain the land use rights from the PRC government, land clearance costs are usually included in the land use rights premium, otherwise we would be required to pay the appropriate compensations calculated in accordance with formulae published by the relevant local authorities prior to the construction. If the compensation paid by the PRC government authorities were to increase significantly due to increases in the property market prices, land premiums payable by us may be subject to substantial increases. In respect of projects in which the resettlement costs are borne by us, if the PRC government authorities fail to reach an agreement with the residents for compensation and resettlement at a reasonable cost or within certain period, or the negotiation process takes longer than we expected which may delay the completion of our projects, our results of operation and financial condition may be adversely affected. If a company has acquired a piece of land which the relocation of the existing property has been delayed, it would lead to delays in the title delivery by the government for the properties, consequently delaying the property project development and increasing the relevant costs. Any occurrence of the above factors may result in delays to our development schedule, leading to a substantial increase in cost and a delay in the expected cash inflow resulting from pre-sales of the relevant project, which can adversely affect our cash flows, financial condition and results of operations in the future.

The actual development of some of our property developments may differ from the approved development plan, and the total GFA of some of our property developments may be different from the original authorised area.

When the PRC government grants the land use rights for a parcel of land, it will specify in the land grant contract the permitted use of the land and the total GFA that the developer may develop on the land. However, the actual plan adopted for a property development project may differ from the approved development plan, and the actual GFA constructed may be different from the total GFA authorised in the land grant contract or construction permit due to factors such as subsequent planning and design adjustments. The adjusted planning and design of a property development project and the actual GFA may be subject to approval when the relevant authorities inspect the properties after completion. The developer may be required to pay additional land premium and/or administrative fines or take corrective actions in respect of the adjusted land use and excess GFA before a Construction of Properties and Municipal Infrastructure Completed Construction Works Certified Report (房屋建築工程和市政基礎設施工程竣工驗收備案證明) can be issued to the property development. The methodology for calculating the additional land premium is generally the same as the original land grant contract.

According to the PRC Urban and Rural Planning Law (城鄉規劃法) amended on 23 April 2019, if a construction project proceeds without obtaining the planning permit on construction project or by violating the provisions of the planning permit on construction project, the competent department of urban and rural planning of the local government at or above the county level shall order it to stop construction. If it is still possible for the construction entity or individual to take measures to eliminate the impact on the implementation of urban and rural planning, the department shall order it or him to correct within a certain time limit and impose a fine of not less than 5 per cent. but not more than 10 per cent. of the construction cost; if it is impossible to take measures to eliminate the impact, the department shall order the construction entity or individual to dismantle the building or structure within a certain time limit and confiscate the real objects or the illegal gain, and may also impose a fine not more than 10 per cent. of the construction cost. If this occurs, our business, prospects, financial condition and results of operations may be materially and adversely affected.

The PRC government has implemented restrictions on the payment terms for land use rights.

In September 2007, the MLR revised and issued the Regulations on the Grant of State-owned Construction Land Use Rights through Public Tender, Auction and Invitation for Bidding (招標拍賣掛牌出讓國有建設用地使用權規定) requiring property developers to fully pay the land premium for the entire parcel under the land grant contract before they can receive a land use rights certificate and commence development on the land. This regulation became effective on 1 November 2007. As a result, property developers are not allowed to bid for a large piece of land, make partial payment, and then apply for a land use rights certificate for the corresponding portion of land in order to commence development, which had been the practice in many Chinese cities. In November 2009, the MOF, the MLR, the PBOC, PRC Ministry of Supervision and PRC National Audit Office jointly issued the Notice on Further Enhancing the Revenue and Expenditure Control over Land Grant (關於進一步加強土地出讓收支管理的通知), which raises the minimum down payment on land premiums to 50 per cent. of the total premium and requires the land premium to be fully paid within one year after the signing of a land grant contract, subject to limited exceptions. In March 2010, the MLR issued the Circular on Strengthening Real Estate Land Supply and Supervision (關於加強房地產用地供應和監管有關問題的通知), under which the minimum price for a given land grant is required to be equal to at least 70 per cent. of the benchmark price of the locality where the parcel of land is granted and the bidding deposit for such land grant is required to be equal to at least 20 per cent. of the minimum land premium. Additionally, a land grant contract is required to be entered into within 10 working days after the land grant deal is closed and the down payment of 50 per cent. of the land premium is required to be paid within one month after the execution of the land grant agreement. Any remaining amount is required to be paid in full within one year of the date of the land grant contract in accordance with provisions of such land grant contract, subject to limited exceptions. The implementation of the regulation requires property developers to maintain a higher level of working capital. This may have a material adverse effect on our cash flow, financial condition and business plans.

We may be subject to fines due to non-registration of our leases.

We lease out our commercial properties held for investment and generate rental income from such leases. Pursuant to the Administration Measures for Commodity House Leasing (商品房屋租賃管理辦法) promulgated on 1 December 2010 and became effect on 1 February 2011, both lessors and lessees are required to file the lease agreements for registration and obtain property leasing filing certificates for their leases. We may be required by relevant government authorities to file the lease agreements for registration and may be subject to a fine for non-registration, which may range from RMB1,000 to RMB10,000. The registration of these lease agreements, under which we are the lessors, requires additional steps to be taken by the respective lessees which are beyond our control. Our lessees may not be cooperative and we cannot assure you that we can complete the registration of these lease agreements and any other lease agreements that we may enter into in the future.

The property development business is subject to claims under statutory quality warranties.

Under the Regulations on Administration of Development and Operation of Urban Real Estate (城市房地產開發經營管理條例) enacted by the State Council on 20 July 1998 and amended on 8 January 2011 and 19 March 2018 and 24 March 2019, and the Regulations for the Administration of Sale of Commodity Building (商品房銷售管理辦法), which became effective on 1 June 2001, all property developers in the PRC must provide certain quality warranties for the properties they construct or sell. We are required to provide these warranties to our customers. Generally, we receive quality warranties from our third-party contractors with respect to our property projects. If a significant number of claims were brought against us under our warranties and if we were unable to obtain reimbursement for such claims from third-party contractors in a timely manner or at all, or if the money retained by us to cover our payment obligations under the quality warranties was not sufficient, we could incur significant expenses to resolve such claims or face delays in remedying the related defects, which could in turn harm our reputation, and materially adversely affect our business, financial condition and results of operations.

We are subject to uninsured risks.

We carry third-party liability and fire insurance on certain completed developments in which we have an interest. We generally maintain public liability and assets insurance policies for our properties, the common facilities and the hotel operating areas of our properties. In addition, our property management subsidiaries also maintain property management liability insurance coverage in connection with their business operations. We generally assess the need for maintaining insurance policies based on the specific circumstances of each project under development and the premium is borne by the contractors. However, we may purchase such insurance if required by our creditors in respect of properties pledged to them. In addition, there are certain types of losses, such as losses from forces of nature, that are generally not insured because they are either uninsurable or because insurance cannot be obtained on commercially reasonable terms. This practice is consistent with what we believe to be the industry practice in the PRC. Certain types of losses caused by war, civil disorder, acts of terrorism, earthquakes, typhoons, flooding, and other natural disasters are not covered. Should an uninsured loss or a loss in excess of insured limits occur, we could lose capital invested in our property and anticipated future revenue therefrom while we remain liable for any mortgage indebtedness or other financial obligations relating to the relevant property. Any such loss could materially and adversely affect our financial condition and results of operations.

We may not be able to generate adequate returns on our investment properties; the illiquid nature of, and the lack of alternative uses for, investment properties could limit our ability to respond to adverse changes in the performance of our properties.

Our investment properties primarily consist of retail and commercial units and parking spaces in our property projects. The investment return from investment property is subject to risks including, among other things, competition for tenants, changes in market rents, inability to renew leases or re-let space as existing leases expire, inability to collect rent from tenants due to bankruptcy or insolvency of tenants or otherwise, inability to dispose of major investment properties for the values at which they are recorded in the financial statements, increased operating costs and the need to renovate, repair and re-let space periodically and to pay the associated costs. We cannot assure that we will be able to generate adequate returns on our investment properties.

The ability to eventually dispose of investment properties will also depend on market conditions and levels of liquidity, which may be limited or subject to significant fluctuation in the case of certain types of commercial properties. Investment properties in general are relatively illiquid compared to other types of investments, such as securities. As such, our ability to promptly sell one or more of our investment properties in response to changing economic, financial and investment conditions is limited. The property market is affected by many factors that are beyond our control, including general economic conditions, the availability of mortgage financing and interest rates. We cannot predict whether we would be able to sell any of our investment properties at the price or on the terms set by us, or whether any price or other terms offered by a prospective purchaser would be acceptable to us.

In addition, investment properties may not be readily convertible for alternative uses without substantial capital expenditure if the original function of such investment property became unprofitable due to competition, age, decreased demand, increased supply or other factors. Similarly, substantial capital expenditure may be required to correct defects or to make improvements before an investment property can be sold. These factors and any others that would impede our ability to respond to adverse changes in the performance of our investment properties may materially and adversely affect our business, prospects, financial condition and results of operations.

We are subject to rising costs for labour and materials, which we may not be able to pass on to construction contractors or to purchasers.

Construction and development costs account for the majority of our cost of sales and are one of the significant factors affecting our financial condition and results of operations. As a result of economic growth and the boom in the property industry in the PRC, wages for construction workers and the prices of construction materials and building equipment have substantially increased in recent years. Under the terms of most of our construction contracts, contractors may adjust the contract prices to cover increases in wages and costs of construction materials. In addition, in negotiations that follow upward materials cost fluctuations post-contract, we often agree to bear a greater share of the materials costs than is contractually required. We do so in order to maintain good relations with our contractors, which allow us to repeatedly source good quality and service. We are also exposed to the price volatility of labour and construction materials to the extent that we periodically enter into new or renew existing construction contracts at different terms during the life of a project, which may span several years, or if we choose to hire the construction workers directly or purchase construction materials directly from suppliers. Furthermore, we are unable to pass increased costs on to pre-sale purchasers when construction costs increase subsequent to the date of the pre-sale contract. If we are unable to pass on any increase in the cost of labour, construction materials or building equipment to either our construction contractors or to the purchasers of our properties, our business, prospects, financial condition and results of operations may be materially and adversely affected.

Our branding and marketing strategy as well as our financial condition could be adversely affected if owners of the projects that we have developed elect to stop using us to provide property management services.

We provide property management services in respect of properties primarily developed by us through our wholly-owned subsidiaries. We believe that the provision of quality and value-added management services of an international standard enables us to enhance recognition of our brand and maintain our reputation as a developer of quality properties. We seek to provide comprehensive quality post-sales property management and post-sales services to purchasers of our properties, including services such as rental agency, security, maintenance, operation of clubhouse, cleaning of public areas, domestic assistance, gardening and landscaping and other services. Under PRC laws and regulations such as the Regulation on Property Management (物業管理條例) amended on 19 March 2018, property owners have a right to engage or dismiss a property management company with the consent of more than 50 per cent. of the owners who in the aggregate hold more than 50 per cent. of the total non-communal area of the building. If owners of the projects that we have developed elect to stop using us to provide property management services, our brand and marketing strategy as well as our revenue from the property management business would be materially and adversely affected.

Deterioration in our brand image, or any failure to protect our brand and intellectual property rights, could have a negative impact on our business.

Our brand images play an integral role in all of our business operations. Any negative incident or negative publicity concerning us could adversely affect our reputation and business. Brand value is based largely on subjective consumer perceptions and can be damaged even by isolated incidents that degrade consumer trust. Consumer demand for our products and our brand value could diminish significantly if we fail to preserve the quality of our products, or fail to deliver a consistently positive consumer experience, or if we are perceived to act in an unethical or socially irresponsible manner.

In addition, any unauthorised use of our brands, trademarks and other intellectual property rights could harm our competitive advantages and business. Historically, China has not protected intellectual property rights to the same extent as certain other countries, and infringement of intellectual property rights continues to pose a serious risk of doing business in China. Monitoring and preventing unauthorised use is difficult. The measures we take to protect our intellectual property rights may not be adequate. If we are unable to adequately protect our brand, trademarks and other intellectual property rights, we may lose these rights and our business may suffer materially.

Risks Relating to Conducting Business in China

Changes in PRC economic, political and social conditions, as well as government policies, could have a material adverse effect on our business, prospects, financial condition and results of operations.

Substantially all of our business and operations are conducted in China. Accordingly, our business, prospects, financial condition and results of operations are, to a significant degree, subject to economic, political and social developments in China. The Chinese economy differs from the economies of most developed countries in many respects, including the extent of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. Although the PRC government has implemented measures since the late 1970s emphasising the utilisation of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of improved corporate governance in business enterprises, a substantial portion of productive assets in China is still owned by the PRC government. In addition, the PRC government continues to play a significant role in regulating industry development by imposing industrial policies. The PRC government also exercises significant control over China's economic growth through allocation of resources, controlling payment of foreign currency denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. Certain measures taken by the PRC government to guide the allocation of resources may benefit the overall economy of China but may, however, also have a negative effect on us. For example, our business, prospects, financial condition and results of operations may be adversely affected by government control over capital investments, changes in tax regulations that are applicable to us, change in interest rates and statutory reserve rates for banks or government control in bank lending activities.

Future fluctuations in the value of the Renminbi could have an adverse effect on our financial condition and results of operations.

We conduct all of our business operations in the PRC and our functional currency is the Renminbi. However, a portion of our borrowings is denominated in U.S. dollar and other foreign currencies. As a result, fluctuations in exchange rates, particularly between the Renminbi, the Hong Kong dollar or the U.S. dollar, could affect our profitability and may result in foreign currency exchange losses of our foreign currency-denominated assets and liabilities.

The exchange rate of the Renminbi against the U.S. dollar and other currencies fluctuates and is affected by, among other things, changes in the PRC's, as well as, international, political and economic conditions and the PRC government's fiscal and currency policies. Since 1994, the conversion of the Renminbi into foreign currencies, including the Hong Kong dollar and the U.S. dollar, has been based on rates set daily by the PBOC, based on the previous business day's inter-bank foreign exchange market rates and exchange rates in global financial markets. From 1994 to 20 July 2005, the official exchange rate for the conversion of the Renminbi to U.S. dollar was generally stable. On 21 July 2005, the PRC government adopted a more flexible managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band that is based on market supply and demand with reference to a basket of currencies. On 19 June 2010, the PBOC announced that the PRC government would reform the Renminbi exchange rate regime and increase the flexibility of the exchange rate. On 16 April 2012, the PBOC enlarged the previous floating band of the trading prices of the Renminbi against the U.S. dollar in the inter-bank spot foreign exchange market from 0.5 per cent. to 1 per cent. On 14 March 2014, the PBOC further decided to expand the Renminbi floating band from 1 per cent. to 2 per cent., in order to meet the demands of market development, increase the strength of the market-determined exchange rate and establish a market-based, managed floating exchange rate regime. There remains significant international pressure on the PRC government to adopt a more flexible currency policy, which could result in further and more significant appreciation of the Renminbi against the U.S. dollar. We cannot assure you that the Renminbi will not experience significant appreciation against the U.S. dollar in the future. Any significant increase in the value of the Renminbi against foreign currencies could reduce the value of our foreign currency-denominated revenue and assets.

Under the Corporate Income Tax Law, the Company may be classified as a “resident enterprise” of China. Such classification could result in unfavourable tax consequences to the Company and non-PRC Bondholders.

Under the Corporate Income Tax Law, or the CIT Law, an enterprise established outside of China with a “de facto management organisation” located within China will be considered a “resident enterprise”, and consequently will be treated in a manner similar to a Chinese enterprise for CIT purposes. The implementing rules of the CIT Law define “de facto management” as “substantial and overall management and control over the production and operations, personnel, accounting, and properties” of the enterprise. However, it is still unclear how the PRC tax authorities will determine whether a non-PRC entity will be classified as a “resident enterprise”. Although to date the Company has not been notified of its status for CIT purposes, there can be no assurance that the Company would not be considered to be a PRC resident enterprise. If the Company was treated as a PRC resident enterprise, it would generally be subject to the PRC CIT at the rate of 25 per cent. on its worldwide taxable income. Furthermore, if the Company was treated as a PRC resident enterprise, interest paid by the Company to “non-resident enterprise” holders of the Bonds may be treated as income derived from sources within China and be subject to PRC withholding tax at a rate of 10 per cent., and capital gains realised by such holders of the Bonds may be treated as income derived from sources within China and be subject to a 10 per cent. PRC tax. If the Company was treated as a PRC resident enterprise, interest or gains earned by non-resident individuals may be treated as income derived from sources within China and be subject to PRC income tax (which in the case of interest may be withheld at source by us) at a rate of 20 per cent.. These rates may be reduced by an applicable tax treaty. However, it is unclear whether, if the Company is considered a PRC resident enterprise, non-resident holders might be able to claim the benefit of income tax treaties or agreements entered into between PRC and their countries.

On 23 March 2016, the MOF and SAT jointly issued the Circular of Full Implementation of Business Tax to VAT Reform (Cai Shui [2016] No. 36) (關於全面推開營業稅改徵增值稅試點的通知(財稅[2016]36號)) (“Circular 36”), which confirmed that business tax is replaced by VAT in PRC from 1 May 2016. VAT is applicable where entities or individuals provide services within the PRC. Services are treated as being provided within China where either the service provider or the service recipient is located in the PRC. The services subject to VAT include the provision of financial services such as the provision of loans. It is further clarified under Circular 36 that “loans” refers to the activity of lending capital for another's use and receiving the interest income thereon. The issuance of the Bonds may be regarded as provision of financial services by Bondholders and interest payments on the Bonds may be subject to withholding of

VAT if the Company is a PRC resident enterprise for PRC tax purposes, in which case interest paid by the Company to a non-PRC Bondholder may be subject to withholding of VAT at a rate of 6 per cent. plus related surcharges. VAT is not applicable to any transfer of Bonds between entities or individuals located outside of the PRC and therefore not applicable to gains realised upon such transfers of Bonds. In the event that either the seller or buyer of Bonds is located inside the PRC, pursuant to the Notice on Clarification of VAT Policies for Finance, Real Estate Development, Education Support Services etc. (關於明確金融、房地產開發、教育輔助服務等增值稅政策的通知) (the “Circular 140”) promulgated on 21 December 2016 and being effective retroactively as at 1 May 2016, VAT is applicable to investment returns on contracts which undertake for fully recoverable principal, but is not applicable to non-principal-protected gains (非保本收益) from investments in financial products. As the circulars pertaining VAT are relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties. Therefore, there is uncertainty as to the applicability of VAT if either the seller or buyer of the Bonds is located inside the PRC.

If the Company is required to withhold PRC tax on interest paid to the non-PRC Bondholders, the Company will be required, subject to certain exceptions, to pay such additional amounts as will result in receipt by a holder of a Bond of such amounts as would have been received by the holder had no such withholding been required. The requirement to pay additional amounts will increase the cost of servicing interest payments on the Bonds, and could have an adverse effect on the Company’s ability to pay interest on, and repay the principal amount of, the Bonds, as well as its profitability and cash flow.

In certain circumstances described in Condition 6(b) of the Terms and Conditions of the Bonds the Company may be able to redeem the Bonds in whole, but not in part, in the event the Company is required to pay additional amounts mentioned above due to its being treated as a PRC resident enterprise under the CIT Law. The date on which the Company elects to redeem the Bonds may not accord with the preference of particular Bondholders. In addition, a Bondholder may not be able to reinvest the redemption proceeds in comparable securities at the same rate of return of the Bonds.

We face risks related to force majeure events, natural disasters, health epidemics and other outbreaks, which could significantly affect our operations.

Our business could be materially and adversely affected by natural disasters or the outbreak of avian influenza, severe acute respiratory syndrome (“SARS”), or other epidemics. On 12 May 2008, 14 April 2010 and 20 April 2013, severe earthquakes hit part of Sichuan province in southwest China and part of Qinghai province in west China, resulting in significant casualties and property damage. If a similar disaster were to occur in the future, particularly in regions where we operates, our operations could be materially and adversely affected due to loss of personnel, damage to property or decreased demand for our products.

In April 2009, a new strain of influenza A virus subtype H1N1 was discovered and quickly spread across the world, including to China. In July 2009, the World Health Organization declared the outbreak to be a pandemic, while noting that most of the illnesses were of moderate severity. More recently, human infections of the latest avian influenza strain, H7N9 flu, have begun to appear in different regions in China. Any outbreak of avian influenza, SARS, influenza A (“H1N1”), H7N9 or other adverse public health developments, could adversely affect the overall business sentiment and environment in China and the world, which in turn may lead to slower overall economic growth in China and the world. Any contraction or slowdown in the economic growth of China and the world could adversely affect our business, financial condition, results of operations and growth prospects. In addition, if any of our employees is infected or affected by any severe communicable disease, it could adversely affect or disrupt our operations, as we may be required to close some or all of our business to prevent the spread of the disease. The spread of any severe communicable disease in China may also affect our customers and suppliers, which could in turn adversely affect our business, financial condition, results of operations and growth prospects.

PRC regulations relating to loans and direct investment made by offshore holding companies in PRC entities may delay or prevent us from using the proceeds of offering of the Bonds to contribute additional capital or extend loans to our PRC subsidiaries.

The Company is an offshore holding company which conducts its operations in China through its PRC subsidiaries. In utilising the proceeds from the offering of the Bonds for the purposes described in the section headed “Use of Proceeds” in the offering memorandum, the Company may extend loans or inject additional capital to its PRC subsidiaries. Any loans made to the PRC subsidiaries of the Company, which are treated as foreign invested enterprises under PRC law, are subject to PRC regulations and foreign exchange loan registrations. For example, loans made by the Company to its PRC subsidiaries to finance their activities cannot exceed statutory limits and must be registered with SAFE or its local counterparts. The Company may also finance its PRC subsidiaries by means of capital contributions. These capital contributions must be filed with MOFCOM. We cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, if at all, with respect to future loans or capital contributions made by the Company to its PRC subsidiaries. If we fail to complete such registrations or obtain such approvals, our ability to use the proceeds from the offering to capitalise or otherwise fund our PRC operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to timely perform the payment obligations under the Bonds.

Our ability to secure new projects may be materially and adversely affected by policies and regulations introduced by the PRC government which have the effect of restricting investment in the PRC real estate industry.

In recent years, the PRC government has introduced a number of policies and regulations aiming for regulating overseas investment in the real estate industry in the PRC, which is perceived to result from foreign equity and debt financing of real estate developments. On 23 May 2007, MOFCOM and SAFE jointly issued the Circular on Further Strengthening and Standardizing the Examination, Approval and Regulation of Direct Investment in Real Property by Foreign Investor (商務部、國家外匯管理局關於進一步加強、規範外商直接投資房地產業審批和監管的通知). Such notice, among other things, regulates the establishment of a Foreign Invested Real Property Enterprise (“FIRPE”) in the PRC by a foreign investor, by requiring additional filing procedures with MOFCOM. Further, on 10 July 2007, SAFE issued the Notice concerning Issuance of the List of Foreign-invested Real Estate Projects (First Batch) having been Filed with the Ministry of Commerce issued by the General Division of State Administration of Foreign Exchange (“Notice 130”) (國家外匯管理局綜合司關於下發第一批通過商務部備案的外商投資房地產項目名單的通知) which further restricts the ability of a FIRPE to increase its registered capital and apply for foreign exchange registrations after June 2007. FIRPEs that obtain a certificate of approval for increasing their registered capital will be required to complete MOFCOM filing procedures. On 11 May 2013, SAFE promulgated the Provisions on Foreign Exchange Administration over Direct Investment Made by Foreign Investors in China (Hui Fa [2013] No. 21) (“Circular 21”) (外國投資者境內直接投資外匯管理規定) (匯發[2013]21號), which replaced Notice 130 among other things and refined the corresponding SAFE registration of foreign investment including FIRPE. In addition, on 13 February 2015, the SAFE promulgated the Notice on Further Simplifying and Improving Foreign Exchange Administration Policies for Direct Investment (Hui Fa [2015] No. 13) (關於進一步簡化和改進直接投資外匯管理政策的通知) (匯發[2015]13號) (“Circular 13”), which will replace Circular 21 from 1 June 2015. Under Circular 13, foreign exchange registration for foreign direct investment and outbound direct investment will be exempted from the approval by the SAFE and the registration rights will be delegated from the SAFE to the qualified banks. If we fail to obtain approvals and complete the filing requirements for increasing the registered capital of our existing FIRPEs in the PRC or for establishing new FIRPEs in the PRC, our overseas subsidiaries may be unable to inject the proceeds of the offshore financing into the PRC, which could materially and adversely affect funding of our business and our ability to timely perform the payment obligations under the Bonds.

Risks Relating to the Bonds

The Bonds are unsecured obligations.

The Bonds are unsecured obligations of the Company. The repayment of the Bonds may be adversely affected if:

- the Company enters into bankruptcy, liquidation, reorganisation or other winding-up proceedings;
- there is a default in payment under the Company's future secured indebtedness or other unsecured indebtedness; or
- there is an acceleration of any of the Company's indebtedness.

If any of these events were to occur, the Company's assets may not be sufficient to pay amounts due on the Bonds.

The Bonds do not have the benefit of a keepwell deed or a deed of equity interest purchase undertaking.

The Bonds do not have the benefit of a keepwell deed or a deed of equity interest purchase undertaking provided by its parent, Greenland Holding Group Company Limited ("Greenland Holding"), as compared to other outstanding bonds issued by the Company including but not limited to the US\$450,000,000 3.875 per cent. bonds due 2019 of the Company, and therefore Greenland Holding is not obligated to provide liquidity support in case the Company has insufficient liquidity to meet its payment obligations under the Bonds.

The Company may not be able to redeem the Bonds upon the due date for redemption thereof.

Following the occurrence of a Put Event (as defined in the Terms and Conditions of the Bonds), the Company may, at the option of any Bondholder, be required to redeem all, but not some only, of such Holder's Bonds at 100 per cent. of their principal amount, together with accrued and unpaid interest, provided that if the Company decides not to redeem any Bond upon the No Keepwell Event, the interest rate applicable to any then outstanding Bonds since the date of the No Keepwell Event shall be per cent. per annum. If a Put Event were to occur, the Company may not have sufficient cash in hand and may not be able to arrange financing to redeem the Bonds in time, or on acceptable terms, or at all. The ability to redeem the Bonds in such event may also be limited by the terms of other debt instruments. The Company's failure to repay, repurchase or redeem tendered Bonds could constitute an event of default under the Bonds, which may also constitute a default under the terms of the Company's or the Group's other indebtedness.

If the Company is unable to comply with the restrictions and covenants in its debt agreements (if any), or the Bonds, there could be a default under the terms of these agreements, or the Bonds, which could cause repayment of the Company's debt to be accelerated.

If the Company is unable to comply with the restrictions and covenants in the Bonds, or current or future debt obligations and other agreements (if any), there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to the Company, accelerate repayment of the debt, declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Furthermore, some of the debt agreements of the Company contain cross-acceleration or cross-default provisions. As a result, the default by the Company under one debt agreement may cause the acceleration of repayment of debt, including the Bonds, or result in a default under its other debt agreements, including the Bonds. If any of these events occur, there can be no assurance that the Group's assets and cash flows would be sufficient to repay in full all of the Company's indebtedness, or that it would be able to find alternative financing. Even if the Company could obtain alternative financing, there can be no assurance that it would be on terms that are favourable or acceptable to the Company.

The liquidity and price of the Bonds following this offering may be volatile.

The price and trading volume of the Bonds may be highly volatile. Factors such as variations in the revenues, earnings and cash flows of the Group and proposals of new investments, strategic alliances and/or acquisitions, interest rates and fluctuations in prices for comparable companies could cause the price of the Bonds to change. Any such developments may result in large and sudden changes in the volume and price at which the Bonds will trade. There can be no assurance that these developments will not occur in the future.

Developments in other markets may adversely affect the market price of the Bonds.

The market price of the Bonds may be adversely affected by declines in the international financial markets and world economic conditions. The market for the Bonds is, to varying degrees, influenced by economic and market conditions in other markets, especially those in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can affect the securities markets and the securities of Company in other countries, including China. Since the sub-prime mortgage crisis in 2008, the international financial markets have experienced significant volatility. If similar developments occur in the international financial markets in the future, the market price of the Bonds could be adversely affected.

A trading market for the Bonds may not develop.

The Bonds are a new issue of securities for which there is currently no trading market. There can be no assurance as to the liquidity of the Bonds or that an active trading market will develop. If such a market were to develop, the Bonds could trade at prices that may be higher or lower than the initial issue price depending on many factors, including prevailing interest rates, the Group's operations and the market for similar securities. The Joint Lead Managers are not obligated to make a market in the Bonds and any such market making, if commenced, may be discontinued at any time at the sole discretion of the Joint Lead Managers.

The insolvency laws of Cayman Islands and other local insolvency laws may differ from those of another jurisdiction with which the holders of the Bonds are familiar.

As the Company is incorporated under the laws of Cayman Islands, any insolvency proceeding relating to the Company would likely involve Cayman Islands insolvency laws, the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which the holders of the Bonds are familiar.

If the Company fails to complete the NDRC Post-issuance Filing in connection with the Bonds, NDRC may impose penalties or other administrative procedures on the Company.

On 14 September 2015, the NDRC promulgated the NDRC Notice, pursuant to which if a PRC enterprise or its overseas controlled entities wishes to issue bonds outside of the PRC with a maturity of more than one year, such PRC enterprise must, in advance of issuing such bonds, file certain prescribed documents with the NDRC and obtain a registration certificate from the NDRC in respect of such issue. According to the NDRC Notice, the NDRC will decide whether to accept a submission within five working days upon receipt of the submission and is expected to issue a decision on the submission within seven working days after it accepts the submission. The enterprise must also report certain details of the bonds to the NDRC within 10 business days upon the completion of the bond issue (the "Post-issuance Filing").

There is no clarity on the legal consequences of non-compliance with the NDRC Post-issuance Filing requirement under the additional guidance issued by the NDRC (企業境外發行債券指引), or NDRC Notice Guidelines, on 18 December 2015, which states that companies, investment banks, law firms and other intermediaries involved in debt securities issuances which do not comply with the registration requirement under the NDRC Notice will be subject to a blacklist and sanctions. The NDRC Notice Guidelines are silent as to how such blacklist will be implemented or the exact sanctions that will be

enacted by the NDRC, or any impact on the noteholders, in the event of a non-compliance by us with the NDRC Notice. On 12 June 2017, the NDRC issued a notice (企業境外發行債券風險提示), which clarifies that the enterprises shall obtain a registration certificate from the NDRC in respect of issuing the bonds in advance and submit issuance information to the NDRC within 10 working days from completion of each issue. If the enterprises do not comply with the registration requirement aforesaid, the enterprises may be blacklisted in the credit information sharing platform (全國信用信息共享平台) and the joint punishments platform (聯合懲戒信息平台) by the NDRC. On 18 May 2018, the NDRC issued an additional notice (國家發展改革委約談違規發行外債的有關企業和中介機構), which states that any enterprise or intermediary agencies do not comply with the registration requirement under the NDRC Notice may be subject to a blacklist and be listed in the national credit information sharing platform (全國信用信息共享平台). In the meantime, the relevant companies may be restricted from applying for new registration or participating in the registration of foreign debts. In addition, on 30 May 2016, the Guiding Opinions of the State Council on Establishment and Improvement of the System of United Stimulation for Keeping Promises and United Punishment for Breaching Promises to Accelerate the Construction of Social Integrity (Guo Fa [2016] No. 33) (國務院關於建立完善守信聯合激勵和失信聯合懲戒制度加快推進社會誠信建設的指導意見(國發[2016]33號)) was promulgated by NDRC and the guiding opinion stipulates that the enterprises recorded in the list of dishonest will be restricted from issuing the bonds or financing in the national share transfer system and so on. We have undertaken to notify or cause to be reported the NDRC of the particulars of the issuance of the Bonds within the prescribed period under the NDRC Notice. Since the NDRC Notice is new and without any detailed implementation procedures, there is no assurance that the NDRC will not issue further implementation rules or notices which may require additional steps in terms of the registration or provide sanctions or other administrative procedures the NDRC may impose in case of failure to obtain such registration certificate from the NDRC, or complete NDRC Post-issuance Filing.

There may be less publicly available information about us than is available in certain other jurisdictions.

The Company is listed on the Hong Kong Stock Exchange. There may be less publicly available information about companies listed in Hong Kong than is regularly made available by public companies in certain other countries. In addition, the financial information of the Company included in this offering memorandum has been prepared in accordance with IFRS which differs in certain respects from U.S. GAAP and generally accepted accounting principles in other jurisdictions, which might be material to the financial information contained in this offering memorandum.

Exchange rate risks and exchange controls may result in a Bondholder receiving less interest or principal than expected.

The Company will pay principal and interest on the Bonds in US dollars. This presents certain risks relating to currency conversions if a Bondholder's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than US dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of the US dollar or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the US dollar would decrease (i) the Investor's Currency equivalent yield on the Bonds; (ii) the Investor's Currency equivalent value of the principal payable on the Bonds; and (iii) the Investor's Currency equivalent market value of the Bonds.

Governments and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, a Bondholder may receive less interest or principal than expected, or no interest or principal.

The Trustee may request holders of the Bonds to provide an indemnity and/or security and/or prefunding to its satisfaction.

In certain circumstances, including without limitation giving of notice to the Company pursuant to Condition 9 and taking enforcement steps pursuant to Condition 13 of the Terms and Conditions of the Bonds, the Trustee may, at its sole discretion, request holders of the Bonds to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes actions on behalf of holders of the Bonds. The Trustee shall not be obliged to take any such actions if not indemnified and/or secured and/or prefunded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or prefunding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take actions, notwithstanding the provision of an indemnity or security or prefunding to it, in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the Trust Deed and the Terms and Conditions of the Bonds and the applicable law, it will be for the holders of the Bonds to take such actions directly.

Decisions that may be made on behalf of all holders of the Bonds may be adverse to the interests of individual holders of the Bonds.

The Terms and Conditions of the Bonds contain provisions for calling meetings of holders of the Bonds to consider matters affecting their interests generally. These provisions permit defined majorities to bind all holders of the Bonds including holders who did not attend and vote at the relevant meeting and holders who voted in a manner contrary to the majority. Furthermore, there is a risk that the decision of the majority of holders of the Bonds may be adverse to the interests of the individuals.

We may be able to redeem the Bonds in whole at a redemption price equal to 100 per cent. of the principal amount plus accrued and unpaid interest in the event we are required to pay additional amounts because we are treated as a PRC “resident enterprise”.

In the event that we are treated as a PRC “resident enterprise” under the CIT Law, we may be required to withhold PRC tax on interest paid to certain of our non-resident investors. See “Risk Factors – Risk Relating to Conducting Business in China – Under the Corporate Income Tax Law, the Company may be classified as a “resident enterprise” of China. Such classification could result in unfavourable tax consequences to the Company and non-PRC Bondholders”. In such case, we will, subject to certain exceptions, be required to pay such additional amounts as will result in receipt by a holder of a Bond of such amounts as would have been received by the holder had no such withholding been required. As described in Condition 6(b) of the Terms and Conditions of the Bonds in the event we are required to pay additional amounts as a result of certain changes in specified tax law or certain other circumstances, including any change in interpretation or statement of the official position that results in our being required to withhold tax on interest payments as a result of our being treated as a PRC “resident enterprise,” we may redeem the Bonds in whole at a redemption price equal to 100 per cent. of the principal amount plus accrued and unpaid interest.

The Bonds are subject to optional redemption by us.

As set forth in Condition 6(d) of the Terms and Conditions of the Bonds, the Bonds, may be redeemed by us at any time, prior to the maturity date of the Bonds, at our option, in whole but not in part, at a redemption price equal to the Make Whole Price as at, and accrued and unpaid interest (if any) to (but excluding) the redemption date. Such an optional redemption feature is likely to limit the market value of the Bonds. During any period when we may elect to redeem the Bonds, the market value of those Bonds generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. We may be expected to redeem the Bonds when our cost of borrowing is lower than the interest rate on the Bonds. In such case, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Bonds being redeemed and may only be able to do so at a significantly lower rate. It may therefore cause a negative financial impact on the Bondholders. Potential investors should consider reinvestment risk in light of other investments available at that time.

EXCHANGE RATE INFORMATION

China

The PBOC sets and publishes daily a base exchange rate with reference primarily to the supply and demand of Renminbi against a basket of currencies in the market during the prior day. The PBOC also takes into account other factors, such as the general conditions existing in the international foreign exchange markets. From 1994 to July 20, 2005, the conversion of Renminbi into foreign currencies, including Hong Kong dollars and U.S. dollars, was based on rates set daily by the PBOC on the basis of the previous day's inter-bank foreign exchange market rates and then current exchange rates in the world financial markets. During this period, the official exchange rate for the conversion of Renminbi to U.S. dollars remained generally stable. Although the PRC government introduced policies in 1996 to reduce restrictions on the convertibility of Renminbi into foreign currencies for current account items, conversion of Renminbi into foreign currencies for capital items, such as foreign direct investment, loan principals and securities trading, still requires the approval of SAFE and other relevant authorities. On 21 July 2005, the PRC government introduced a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. On the same day, the value of the Renminbi appreciated by approximately 2 per cent. against the U.S. dollar. On 18 May 2007, the PBOC enlarged the floating band for the trading prices in the inter-bank foreign exchange market of the Renminbi against the U.S. dollar from 0.3 per cent. to 0.5 per cent. around the central parity rate, effective on 21 May 2007. This allows the Renminbi to fluctuate against the U.S. dollar by up to 0.5 per cent. above or below the central parity rate published by the PBOC. The floating band was further widened to 1.0 per cent. on 16 April 2012. From 21 July 2005 to 31 December 2013, the value of the Renminbi appreciated by approximately 26.9 per cent. against the U.S. dollar. On 17 March 2014, the PBOC further widened the floating band against the U.S. dollar to 2.0 per cent. The PRC government has since made and in the future may make further adjustments to the exchange rate system. The PBOC authorised the China Foreign Exchange Trading Center, effective since 4 January 2006, to announce the central parity exchange rate of certain foreign currencies against the Renminbi on each business day. This rate is set as the central parity for the trading against the Renminbi in the inter-bank foreign exchange spot market and the over-the-counter exchange rate for the business day.

The following table sets forth the noon buying rate for U.S. dollars in New York City for cable transfer in Renminbi as certified for customs purposes by the Federal Reserve Bank of New York for the periods indicated:

Period	Exchange Rate			
	Period End	Average ⁽¹⁾	High	Low
		(RMB per US\$1.00)		
2013	6.0537	6.1412	6.2438	6.0537
2014	6.2046	6.1704	6.2591	6.0402
2015	6.4778	6.2869	6.4896	6.1870
2016	6.9430	6.6549	6.9580	6.4480
2017	6.5063	6.7350	6.9575	6.4773
2018				
Dec	6.8755	6.8837	6.9077	6.8343
2019				
Jan	6.6958	6.7863	6.8708	6.6958
Feb.....	6.6912	6.7367	6.7907	6.6822
Mar	6.7112	6.7119	6.7381	6.6916
Apr.....	6.7347	6.7161	6.7418	6.6870
May.....	6.9027	6.8519	6.9182	6.7319
June (through 21 June)	6.8689	6.9053	6.9298	6.8510

Source: Federal Reserve H.10 Statistical Release

Note:

- (1) Determined by averaging the rates on the last business day of each month during the relevant year, except for the average rate of the relevant periods in 2018 and 2019, which is determined by averaging the daily rates during the period.

USE OF PROCEEDS

The gross proceeds from this offering will be US\$ million, which we plan to principally use for refinancing of our offshore debt.

We may adjust the foregoing plans in response to changing market conditions and, thus, reallocate the use of the proceeds.

TERMS AND CONDITIONS OF THE BONDS

The following are the terms and conditions of the Bonds substantially in the form in which they (other than the texts in italics) will be endorsed on the definitive Certificates and referred to in the global certificate.

The US\$ per cent. bonds due 2021 (the “**Bonds**”, which expression, unless the context requires otherwise, includes any further securities issued pursuant to Condition 15 and forming a single series therewith) of Greenland Hong Kong Holdings Limited (the “**Issuer**”) are constituted by a Trust Deed (the “**Trust Deed**”) dated on or about July 2019 (the “**Issue Date**”) made between the Issuer and Citicorp International Limited (the “**Trustee**”, which expression shall include its successor(s)) as trustee for the holders of the Bonds.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Trust Deed. Copies of the Trust Deed and the Agency Agreement dated on or about

July 2019 (the “**Agency Agreement**”) made between the Issuer, the Trustee, Citibank, N.A., London Branch as the principal paying agent (the “**Principal Paying Agent**”), the transfer agent (the “**Transfer Agent**”) and the registrar (the “**Registrar**”), and any other Agents appointed thereunder are available for inspection (subject to prior written notification and proof of holding satisfactory to the Trustee) during normal business hours by the Holders at the principal office for the time being of the Trustee, being at the date of issue of the Bonds at 39th Floor, Champion Tower, 3 Garden Road, Central, Hong Kong and at the specified office of the Principal Paying Agent. The Holders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and those provisions of the Agency Agreement applicable to them.

1. Form, Specified Denomination and Title

- (a) *Form and Denomination:* The Bonds are issued in registered form in denomination of US\$200,000 and higher integral multiples of US\$1,000 in excess thereof. A certificate (each a “**Certificate**”) will be issued to each Holder in respect of its registered holding of Bonds. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Holders (the “**Register**”) which the Issuer will procure to be kept by the Registrar.
- (b) *Title:* Title to the Bonds passes only by transfer and registration of title in the Register. The Holder of any Bond will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the Holder. In these Conditions, “**Holder**” means the person in whose name a Bond is registered in the Register.

2. Status and Security

The Bonds constitute direct, unconditional, unsubordinated and (subject to Condition 4(a)) unsecured obligations of the Issuer and shall at all times rank pari passu and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a), at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

*Upon issue, the Bonds will be evidenced by a global certificate (the “**Global Certificate**”) substantially in the form scheduled to the Trust Deed. The Global Certificate will be registered in the name of a nominee for, and deposited with, a common depositary for Euroclear and Clearstream, Luxembourg, and will be exchangeable for individual Bond Certificates only in the circumstances set out therein.*

3. Transfers of Bonds and Issue of Certificates

- (a) *Register*: The Issuer will cause the Register to be kept at the specified office of the Registrar and in accordance with the terms of the Agency Agreement, on which shall be entered the names and addresses of the Holders and the particulars of the Bonds held by them and of all transfers of the Bonds. Each Holder shall be entitled to receive only one Certificate in respect of its entire holding of Bonds.
- (b) *Transfers*: Subject to the Agency Agreement and Conditions 3(d) and 3(e) herein, a Bond may be transferred by depositing the Certificate issued in respect of that Bond, with the form of transfer on the back of the Certificate duly completed and signed, at the specified office of the Registrar or the Transfer Agent.

Transfers of interests in the Bonds evidenced by the Global Certificate will be effected in accordance with the rules of the relevant clearing systems.

- (c) *Delivery of new Certificates*: Each new Certificate to be issued upon transfer of Bonds will, within seven business days of receipt by the Registrar or the relevant Transfer Agent of the duly completed form of transfer endorsed on the relevant Certificate, be mailed by uninsured mail at the risk of the Holder entitled to the Bond to the address specified in the form of transfer.

Where some but not all of the Bonds in respect of which a Certificate is issued are to be transferred a new Certificate in respect of the Bonds not so transferred will, within seven business days of receipt by the Registrar or the relevant Transfer Agent of the original Certificate, be mailed by uninsured mail at the risk of the Holder of the Bonds not so transferred to the address of such Holder appearing on the Register or as specified in the form of transfer.

In this Condition 3, “business day” means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

- (d) *Formalities free of charge*: Registration of transfer of Bonds and issuance of new Certificates will be effected without charge by or on behalf of the Issuer or any Agent but upon (i) payment (or the giving of such indemnity and/or security and/or prefunding as the Issuer or any Agent may require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer; (ii) the Registrar being satisfied in its absolute discretion with the documents of title or identity of the person making the application; and (iii) the relevant Agent being satisfied that the regulations concerning transfer of Bonds have been complied with.
- (e) *Closed Periods*: No Holder may require the transfer of a Bond to be registered during the period of (i) ten business days ending on (but excluding) the due date for any payment of principal in respect of that Bond, and (ii) during the period of seven business days ending on (and including) any Record Date (as defined in Condition 7(a)), (iii) during the period of seven days prior to (and including) any date on which Bonds may be called for redemption by the Issuer pursuant to Condition 6(b) or Condition 6(d), or (iv) after any such Bond has been put for redemption pursuant to Condition 6(c).
- (f) *Regulations*: All transfers of Bonds and entries on the register of Holders will be made subject to the detailed regulations concerning transfer of Bonds scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar and the Trustee or by the Registrar with the prior written approval of the Trustee. A copy of the current regulations will be made available for inspection by the Registrar to any Holder who requests one in writing.

4. Covenants

- (a) *Negative Pledge*: So long as any Bond remains outstanding (as defined in the Trust Deed) the Issuer will not, and will ensure that none of its Subsidiaries will create, or have outstanding, any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Bonds the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security either (i) as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Holders or (ii) as the Trustee may in its absolute discretion deem not materially less beneficial to the interests of Holders.
- (b) *Financial Statements*: So long as any Bond remains outstanding (as defined in the Trust Deed):
 - (i) the Issuer shall send to the Trustee as soon as practicable after their date of publication and in any event not more than 120 days after the end of each financial year, two copies of the audited annual financial statements (on a consolidated basis) of the Issuer and if such statements shall be in the Chinese language, together with an English translation of the same translated by an internationally recognised firm of accountants or a professional translation service provider, and a certificate signed by a Director or duly authorised officer of the Issuer (on a consolidated basis) certifying that such translation is complete and accurate; and
 - (ii) the Issuer shall send to the Trustee as soon as practicable after its date of publication and in any event not more than 90 days after the end of each financial period, two copies of the semi-annual statements prepared on a basis consistent with the audited financial statements of the Issuer and if such statements shall be in the Chinese language, together with an English translation of the same and a certificate signed by a Director or duly authorised officer of the Issuer certifying that such translation is complete and accurate.
- (c) *Financial Covenant*: So long as any Bond remains outstanding (as defined in the Trust Deed) the Issuer shall have a Total Equity of at least RMB2,000,000,000 at all times.
- (d) In these Conditions:
 - (i) “**Group**” means the Issuer and its Subsidiaries taken as a whole;
 - (ii) “**PRC**” means the People’s Republic of China and for the purpose of these Conditions only, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
 - (iii) “**Relevant Indebtedness**” means any indebtedness issued outside the PRC which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market;
 - (iv) “**Subsidiary**” means, in relation to the Issuer, any company (A) in which the Issuer holds a majority of the voting rights or (B) of which the Issuer is a member and has the right to appoint or remove a majority of the board of directors or (C) of which the Issuer is a member and controls a majority of the voting rights, and includes any company which is a Subsidiary of a Subsidiary of the Issuer; and

- (v) **“Total Equity”** means the line item with the corresponding caption in the consolidated balance sheet of the Issuer, comprising the aggregate of:
 - (A) the amount paid up or credited as paid up on the issued share capital and share premium of the Issuer (other than any shares which are expressed to be redeemable); and
 - (B) the amount standing to the credit of the consolidated reserves and retained earnings of the Group; and
 - (C) the amount attributable to the minority interest.

5. Interest

- (a) *Interest Rate and Interest Payment Dates:* The Bonds bear interest on their outstanding principal amount from and including July 2019 at the rate of per cent. per annum, subject to any increase pursuant to Condition 6(c), payable in arrears on January and July in each year (each an **“Interest Payment Date”**), commencing on . In these Conditions, each period beginning on and including 2019 or any Interest Payment Date and ending on but excluding the next Interest Payment Date is called an **“Interest Period”**. The relevant day-count fraction for an Interest Period or any period of less than a complete Interest Period will be determined on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.
- (b) *Interest Payments:* Each Bond will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused. In such event, it shall continue to bear interest in accordance with this Condition 5 (both before and after judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant Holders, and (ii) the day seven days after the Trustee or the Principal Paying Agent has notified Holders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).
- (c) *Calculation of Interest:* Interest in respect of any Bond shall be calculated per US\$1,000 in principal amount of the Bonds.

6. Redemption and Purchase

- (a) *Final redemption:* Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on July 2021. The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition 6.
- (b) *Redemption for Taxation Reasons:* The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not more than 60 nor less than 30 days’ irrevocable notice to the Trustee, the Principal Paying Agent and the Holders at their principal amount (together with any interest accrued to the date fixed for redemption) if (i) the Issuer informs the Trustee in writing immediately prior to the giving of such notice that the Issuer has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of any Relevant Jurisdiction, or any change in the application or official interpretation of, or the stating of an official position with respect to, such laws or regulations, which change or amendment becomes effective on or after [Issue Date], and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it. Prior to the publication of any notice of redemption pursuant to this Condition 6(b), the Issuer shall deliver to the Trustee a certificate

signed by two directors of the Issuer stating that the obligation referred to in (i) above of this Condition 6(b) cannot be avoided by the Issuer taking reasonable measures available to it; and the Trustee shall be entitled to accept and rely upon such certificate as sufficient evidence (without further investigation or enquiry) of the satisfaction of the conditions precedent set out in (i) and (ii) above of this Condition 6(b), in which event it shall be conclusive and binding on the Holders.

Upon the expiry of any such notice as is referred to in this Condition 6(b), the Issuer shall be bound to redeem the Bonds in accordance with this Condition 6(b), provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then payable.

For the purposes of this Condition 6(b) and Condition 8, “**Relevant Jurisdiction**” means Cayman Islands, Hong Kong and the People’s Republic of China (which for this purpose excludes Hong Kong, Macau and Taiwan) or any political subdivision or any authority therein or thereof having power to tax to which the Issuer becomes subject in respect of payments made by it of any sums due in respect of the Bonds.

- (c) *Redemption for a Put Event*: Following the occurrence of a Put Event, the Holder of any Bond will have the right, at such Holder’s option, to require the Issuer to redeem all, but not some only, of such Holder’s Bonds on the Put Event Put Date at 100 per cent. of their principal amount, together with accrued interest to the Put Event Put Date, provided that if the Issuer decides not to redeem any Bond upon the No Keepwell Event, the interest rate applicable to any then outstanding Bonds since the date of the No Keepwell Event shall be per cent. per annum. To exercise such right, the Holder of the relevant Bond must deposit at the specified office of the Principal Paying Agent or any other Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying Agent (a “**Put Event Put Exercise Notice**”), together with the Certificate evidencing the Bonds to be redeemed, by not later than 30 days following a Put Event, or, if later, 30 days following the date upon which notice thereof is given to Bondholders by the Issuer in accordance with Condition 16. The “**Put Event Put Date**” shall be the fourteenth day after the expiry of such period of 30 days as referred to above.

A Put Event Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Bonds the subject of Put Event Put Exercise Notices delivered as aforesaid on the Put Event Put Date.

Not later than 10 days following the day on which the Issuer becomes aware of a Put Event, the Issuer shall procure that notice regarding the Put Event shall be delivered to the Trustee in writing and to the Holders (in accordance with Condition 16) stating:

- (i) the Put Event Put Date;
- (ii) the date of the Put Event and, briefly, the events causing the Change of Control or the No Keepwell Event;
- (iii) the date by which the Put Event Put Exercise Notice must be given;
- (iv) the redemption amount and the method by which such amount will be paid;
- (v) the names and addresses of all Paying Agents;
- (vi) the procedures that Holders must follow and the requirements that Holders must satisfy in order to exercise the Put Event Put Right; and

(vii) that a Put Event Put Exercise Notice, once validly given, may not be withdrawn,

provided that if the Issuer decides not to redeem any Bond upon the No Keepwell Event, no later than 10 days following the day on which the Issuer becomes aware of the No Keepwell Event, the Issuer shall procure that notice regarding the Put Event shall be delivered to the Trustee and the Principal Paying Agent in writing and to the Holders (in accordance with Condition 16) stating:

- (i) the date of the No Keepwell Event and, briefly, the events causing the No Keepwell Event;
- (ii) the decision of the Issuer not to redeem any Bond upon No Keepwell Event; and
- (iii) the new interest rate applicable to any then outstanding Bonds since the date of the No Keepwell Event.

For the avoidance of doubt, whether or not the Issuer decides to redeem any Bond upon the No Keepwell Event, No Keepwell Event itself shall not be deemed an Event of Default under Condition 9.

None of the Trustee or the Agents shall be required to take any steps to ascertain whether a Put Event or any event which could lead to a Put Event has occurred or may occur and shall be entitled to assume that no such event has occurred until they have received written notice to the contrary from the Issuer. None of the Trustee or the Agents shall be required to take any steps to ascertain whether the condition for the exercise of the rights of Holders in accordance with this Condition 6(c) has occurred. None of the Trustee or the Agents shall be responsible for determining or verifying whether a Bond is to be accepted for redemption under this Condition 6(c) and will not be responsible to Holders for any loss or liability arising from any failure by it to do so. None of the Trustee or the Agents shall be under any duty to determine, calculate or verify the redemption amount payable under this Condition 6(c) and will not be responsible to Holders for any loss arising from any failure by it to do so.

For the purpose of this Condition 6(c):

a **“Change of Control”** occurs when:

- (A) Any person other than SASAC or any other agency as designated by the State Council of the PRC acquires Control, directly or indirectly, Greenland Holding Group Company Limited;
- (B) Greenland Holding Group Company Limited ceases to directly or indirectly hold 50 per cent. or more of the voting rights of the issued share capital of the Issuer; or
- (C) the Issuer consolidates with or merges into or sells or transfers all or substantially all of the Issuer’s assets to any person or persons, acting together, other than its Subsidiaries;

a **“Change of Control Triggering Event”** will be deemed to occur if:

- (i) there is a Change of Control, and
- (ii) provided the Issuer is rated by at least one Rating Agent, within a period ending six months after the date notice of the Change of Control first becomes public (which period shall be extended so long as the Issuer is under consideration (as publicly announced within such six month period) for a possible rating downgrade), a Rating Downgrade occurs as a result of such a Change of Control.

“Control” means (1) the acquisition or control, directly or indirectly, of more than 40 per cent. of the voting rights of the issued share capital of an entity; or (2) the right to appoint and/or remove the majority of the members of the board of directors or other governing body of an entity, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise;

a **“No Keepwell Event”** will be deemed to occur if no Relevant Indebtedness incurred by the Issuer with the benefit of a keepwell deed provided by Greenland Holding Group Company Limited is outstanding or each such debt that continues to be outstanding ceases to have the benefit of such keepwell deed;

a **“person”** includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity) but does not include the Issuer’s board of directors or any other governing board and does not include the Issuer’s wholly-owned direct or indirect subsidiaries;

a **“Put Event”** means a Change of Control Triggering Event or a No Keepwell Event; and

“Fitch” means Fitch Ratings Ltd. and its successors.

“Moody’s” means Moody’s Investors Services, Inc. and its successors.

“Investment Grade Credit Rating” means a rating of Baa3 from Moody’s or BBB-from S&P or BBB-from Fitch or their respective equivalents or better;

“Non-Investment Grade Credit Rating” means a rating of Ba1 from Moody’s or BB+ from S&P or BB+ from Fitch or their respective equivalents or worse.

“SASAC” means the State-owned Assets Supervision and Administration Commission of the People’s Government of Shanghai Municipality.

“Rating Category” means (1) with respect to S&P, any of the following categories: “BB,” “B,” “CCC,” “CC,” “C” and “D” (or equivalent successor categories); (2) with respect to Moody’s, any of the following categories: “Ba,” “B,” “Caa,” “Ca,” “C” and “D” (or equivalent successor categories); and (3) with respect to Fitch, any of the following categories: “BB,” “B,” “CCC,” “CC,” “C” AND “D” (or equivalent successor categories) and (4) the equivalent of any such category of S&P, Moody’s or Fitch used by another Rating Agency. In determining whether the rating of the Issuer has decreased by one or more gradations, gradations within Rating Categories (“+” and “-” for S&P and Fitch; “1,” “2” and “3” for Moody’s; or the equivalent gradations for another Rating Agency) shall be taken into account (for example, with respect to S&P, a decline in a rating from “BB+” to “BB,” as well as from “BB-” to “B+”, will constitute a decrease of one gradation).

“Rating Downgrade” means that at the time of occurrence of a Change of Control: either (i) the Issuer is assigned Investment Grade Credit Ratings from two or more Rating Agencies, all such Investment Grade Credit Rating(s) from the Rating Agencies are either downgraded to a Non-Investment Grade Credit Rating or withdrawn; or (ii) the Issuer is assigned Investment Grade Credit Ratings from one or none of the Rating Agencies, a decrease in all of the ratings of the Issuer by the Rating Agencies by one or more gradations (including gradation within Rating Categories as well as between Rating Categories).

“S&P” means Standard & Poor’s Rating Services and its successors.

(d) *Redemption at the Option of the Issuer:*

On giving not less than 15 nor more than 30 days' notice to the Trustee and Principal Paying Agent in writing and to the Bondholders in accordance with Condition 16, the Issuer may at any time prior to _____, redeem the Bonds, in whole but not in part, at a redemption price equal to the Make Whole Price as of, and accrued and unpaid interest, if any, to (but excluding), the redemption date (the "**Optional Redemption Date**") specified in such notice. Neither the Trustee nor any of the Agents will be responsible for calculating the Make Whole Price.

In this Condition 6(d):

"Adjusted Treasury Rate" means, with respect to any Optional Redemption Date, (i) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated "H.15(519)" or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption "Treasury Constant Maturities," for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three (3) months before or after the First Call Date, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Adjusted Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month), or (ii) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date, in each case calculated on the third Business Day immediately preceding the date when the redemption notice is given by the Issuer to the Bondholders;

"Comparable Treasury Issue" means the U.S. Treasury security having a maturity comparable to _____, that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to _____;

"Comparable Treasury Price" means, with respect to any Optional Redemption Date, (a) if clause (ii) of the Adjusted Treasury Rate is applicable, the average of three, or such lesser number as is obtained by the Issuer, Reference Treasury Dealer Quotations for such Optional Redemption Date, or (b) if fewer than three such Reference Treasury Dealer Quotations are available, the average of all such quotations;

"Make Whole Price" means, with respect to a Bond at any redemption date, the amount calculated by the Quotation Agent that is the greater of (1) the present value of the principal amount of such Bond, plus all required remaining scheduled interest payments due on such Bond from the Optional Redemption Date to _____, (but excluding accrued and unpaid interest to the Optional Redemption Date), computed using a discount rate equal to the Adjusted Treasury Rate plus 1.0 per cent., and (2) the principal amount of such Bonds, which amount shall be notified in writing by the Quotation Agent to the Trustee, the Principal Paying Agent and the Issuer;

"Quotation Agent" means the Reference Treasury Dealer selected by the Issuer and notified in writing to the Trustee and the Principal Paying Agent;

"Reference Treasury Dealer" means each of any three investment banks of recognised standing that is a primary U.S. Government securities dealer in New York City, selected by the Issuer in good faith and notified in writing to the Trustee and Principal Paying Agent; and

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any Optional Redemption Date, the average as determined by the Quotation Agent, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to such Quotation Agent by such Reference Treasury Dealer at 5:00 p.m. (New York time) on the third business day preceding such Optional Redemption Date.

- (e) *Purchase*: The Issuer or any of its Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price. Any Bonds purchased pursuant to this Condition 6(e) may be held, reissued, resold or surrendered to the Registrar for cancellation. The Bonds so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the Holder to vote at any meetings of the Holders and shall not be deemed to be outstanding for certain purposes, including without limitation for the purpose of calculating quorums at meetings of the Holders or for the purposes of Condition 9 and Condition 12(a).
- (f) *Notice of redemption*: All Bonds in respect of which any notice of redemption is given under this Condition shall be redeemed on the date, in such place and in such manner as specified in such notice in accordance with this Condition. If there is more than one notice of redemption given in respect of any Bond (which shall include any notice given by the Issuer pursuant to Condition 6(b) or Condition 6(d) and any Put Event Put Exercise Notice given by a Bondholder pursuant to Condition 6(c)), the notice given first in time shall prevail and in the event of two notices being given on the same date, the first to be given shall prevail.

7. Payments

- (a) *Method of Payment*
 - (i) Payments of principal and premium (if any) shall be made (subject to surrender of the relevant Certificates at the specified office of any Transfer Agent or of the Registrar if no further payment falls to be made in respect of the Bonds represented by such Certificates) in the manner provided in Condition 7(a)(ii).
 - (ii) Interest on each Bond shall be paid to the person shown as the Holder on the Register at the close of business on the 5th business day before the due date for payment thereof (the **“Record Date”**). Payments of interest on each Bond shall be made in US dollars by cheque drawn on a bank in New York City and mailed (at the expense of the Issuer) to the Holder (or to the first named of joint Holders) of such Bond at its address appearing in the Register. Upon application by the Holder to the specified office of the Registrar or any Paying Agent before the Record Date, such payment of interest may be made by transfer to an account in US dollars maintained by the payee with a bank in New York City.
 - (iii) If the amount of principal being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of such Certificate, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested by the Issuer or a Holder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of interest being paid is less than the amount then due, the Registrar will annotate the Register with the amount of interest so paid.
- (b) *Payments subject to Fiscal Laws*: All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Holders in respect of such payments.

- (c) *Payment Initiation:* Where payment is to be made by transfer to an account in US dollars, payment instructions (for value the due date, or if that is not a business day, for value the first following day which is a business day) will be initiated, and, where payment is to be made by cheque, the cheque will be mailed (at the expense of the Issuer) on the due date (or if that is not a business day, on the first following day which is a business day) or, in the case of payments of principal where the relevant Certificate has not been surrendered at the specified office of any Paying Agent or of the Registrar, on a day on which the Principal Paying Agent is open for business and on which the relevant Certificate is surrendered.
- (d) *Delay in Payment:* Holders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Bond if the due date is not a business day, if the Holder is late in surrendering or cannot surrender its Certificate (if required to do so) or if a cheque mailed in accordance with Condition 7(a)(ii) and Condition 7(c) arrives after the due date for payment.
- (e) *Non-Business Days:* If any date for payment in respect of any Bond is not a business day, the Holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this Condition 7 and in Condition 8, “business day” means a day (other than a Saturday or a Sunday) on which banks are open for general business (including dealings in foreign currencies) and on which banks and foreign exchange markets are open for business in London, New York City and, in the case of presentation of a Certificate, in the place in which the Certificate is presented.

8. Taxation

- (a) *Payment without Withholding:* All payments of principal, premium and interest by or on behalf of the Issuer in respect of the Bonds shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the Relevant Jurisdictions or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

If the Issuer is required to make a deduction or withholding by or within any Relevant Jurisdiction the Issuer shall pay such additional amounts (“**Additional Tax Amounts**”) as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no Additional Tax Amounts shall be payable in respect of any Bond:

- (i) Other connection: to a holder (or to a third party on behalf of a holder) who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with any Relevant Jurisdiction other than the mere holding of the Bond;
- (ii) Surrender more than 30 days after the Relevant Date: in respect of which the Certificate representing it is presented (where presentation is required) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such Additional Tax Amounts on surrendering the Certificate representing such Bond for payment on the last day of such period of 30 days;
- (iii) Failure to assist the Issuer to avoid Additional Tax Amounts: in respect of which a holder or beneficial owner fails to comply with a timely request of the Issuer, addressed to the holder, to provide information concerning such holder’s or beneficial owner’s nationality, residence, identity or connection with any Relevant Jurisdiction, if and to the extent that due and timely compliance with such request would have reduced or eliminated any withholding or deduction as to which Additional Tax Amounts would have otherwise been payable to such holder under this Condition 8; or

- (iv) Any combination of taxes, duties, assessments or other governmental charges referred to in the immediately preceding Conditions 8(a)(i) to 8(a)(iii) (both inclusive).

No Additional Amounts shall be paid to a holder that is a fiduciary, partnership or person other than the sole beneficial owner of any payment to the extent that such payment would be required to be included in the income under the laws of a Relevant Jurisdiction, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, or a member of that partnership or a beneficial owner who would not have been entitled to such Additional Amounts had that beneficiary, settlor, member or beneficial owner been the holder thereof.

“**Relevant Date**” in respect of any Bond means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Bondholders that, upon further surrender of the Certificate representing such Bond being made in accordance with these Conditions, such payment will be made, provided that payment is in fact made upon such surrender.

9. Events of Default

If any of the following events (each such event, an “**Event of Default**”) occurs the Trustee at its discretion may, and if so requested by Holders of at least 25 per cent. of the aggregate principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution shall (provided in any such case that the Trustee shall have first been indemnified and/or secured and/or pre-funded to its satisfaction), give written notice to the Issuer that the Bonds are, and they shall immediately become, due and payable at their principal amount together (if applicable) with accrued interest:

- (a) *Non-Payment*: the Issuer fails to pay the principal of any of the Bonds when due, or fails to pay any interest on any of the Bonds when due and such failure continues for a period of 7 calendar days in the case of interest; or
- (b) *Breach of Other Obligations*: the Issuer does not perform or comply with any one or more of its obligations in the Bonds (save where such non-performance or non-compliance gives rise to a right for any Bondholder to require the Issuer to redeem the Bonds pursuant to Condition 6(c), such non-performance or non-compliance shall not constitute an Event of Default) or the Trust Deed which default is incapable of remedy or, if capable of remedy, is not remedied within thirty days after notice of such default shall have been given to the Issuer by the Trustee; or
- (c) *Cross-Default*: (i) any other present or future indebtedness of the Issuer or any of its Subsidiaries for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (iii) the Issuer or any of its Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 9(c) have occurred equals or exceeds US\$50,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the US dollars as quoted by any leading bank on the day on which this Condition 9(c) operates); or
- (d) *Enforcement Proceedings*: a distress, attachment, execution or other legal process (to the extent there is no further appeal) is levied, enforced or sued out on or against any material part of the property, assets or revenues of the Issuer or any of the Principal Subsidiaries and is not discharged or stayed within thirty days; or

- (e) *Security Enforced*: any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of the Principal Subsidiaries over all or a material part of its assets becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver manager or other similar person) and is not discharged within thirty days; or
- (f) *Insolvency*: the Issuer or any of the Principal Subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any material part of (or of a particular type of) the debts of the Issuer or any of the Principal Subsidiaries; or
- (g) *Winding-up*: an order is made or an effective resolution passed for the winding-up or dissolution of the Issuer or any of the Principal Subsidiaries (save for a voluntary solvent winding-up of a Principal Subsidiary), or the Issuer or any of the Principal Subsidiaries ceases or threatens to cease to carry on all or a material part of its business or operations, except (i) for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (A) by an Extraordinary Resolution of the Holders, or (B) in the case of a Principal Subsidiary, whereby the undertaking and assets of the Principal Subsidiary are transferred to or otherwise vested in the Issuer or another Principal Subsidiary; or (ii) a disposal on an arm's length basis where the assets resulting from such disposal are vested in the Issuer or any of the Principal Subsidiaries; or
- (h) *Authorisation and Consents*: any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Bonds and the Trust Deed, (ii) to ensure that those obligations are legally binding and enforceable, and (iii) to make the Bonds and the Trust Deed admissible in evidence in the courts of Hong Kong is not taken, fulfilled or done; or
- (i) *Nationalisation*: any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer or any of the Principal Subsidiaries; or
- (j) *Illegality*: it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Bonds and the Trust Deed; or
- (k) *Analogous Events*: any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of Conditions 9(a) to 9(g) (both inclusive).

In this Condition 9, “**Principal Subsidiary**” means any Subsidiary of the Issuer:

- (a) whose revenue or (in the case of a Subsidiary which itself has Subsidiaries) consolidated revenue, as shown by its latest audited income statement are at least 5 per cent. of the consolidated revenue as shown by the latest published audited consolidated income statement of the Issuer and its Subsidiaries including, for the avoidance of doubt, the Issuer and its consolidated Subsidiaries' share of profits of Subsidiaries not consolidated and of jointly controlled entities and after adjustments for minority interests; or

- (b) whose net profit or (in the case of a Subsidiary which itself has Subsidiaries) consolidated net profit, as shown by its latest audited income statement are at least 5 per cent. of the consolidated net profit as shown by the latest published audited consolidated income statement of the Issuer and its Subsidiaries including, for the avoidance of doubt, the Issuer and its consolidated Subsidiaries' share of profits of Subsidiaries not consolidated and of jointly controlled entities and after adjustments for minority interests; or
- (c) whose total assets or (in the case of a Subsidiary which itself has Subsidiaries) total consolidated assets, as shown by its latest audited balance sheet are at least 5 per cent. of the amount which equals the amount included in the consolidated total assets of the Issuer and its Subsidiaries as shown by the latest published audited consolidated balance sheet of the Issuer and its Subsidiaries as being represented by the investment of the Issuer in each Subsidiary whose accounts are not consolidated with the consolidated audited accounts of the Issuer and after adjustment for minority interests; or
- (d) to which is transferred the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary, provided that (xx) the Principal Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Principal Subsidiary and the Subsidiary to which the assets are so transferred shall forthwith become a Principal Subsidiary and (yy) on or after the date on which the first published audited accounts (consolidated, if appropriate) of the Issuer prepared as of a date later than such transfer are issued, whether such transferor Subsidiary or such transferee Subsidiary is or is not a Principal Subsidiary shall be determined on the basis of such accounts by virtue of the provisions of paragraphs (a), (b) or (c) above of this definition;

provided that, in relation to paragraphs (a), (b) and (c) above of this definition:

- (i) in the case of a corporation or other business entity becoming a Subsidiary after the end of the financial period to which the latest consolidated audited accounts of the Issuer relate, the reference to the then latest consolidated audited accounts of the Issuer for the purposes of the calculation above shall, until consolidated audited accounts of the Issuer for the financial period in which the relevant corporation or other business entity becomes a Subsidiary are published be deemed to be a reference to the then latest consolidated audited accounts of the Issuer adjusted to consolidate the latest audited accounts (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary in such accounts;
- (ii) if at any relevant time in relation to the Issuer or any Subsidiary which itself has Subsidiaries no consolidated accounts are prepared and audited, revenue, net profit or total assets of the Issuer and/or any such Subsidiary shall be determined on the basis of pro forma consolidated accounts prepared for this purpose by the Issuer;
- (iii) if at any relevant time in relation to any Subsidiary, no accounts are audited, its revenue, net profit or total assets (consolidated, if appropriate) shall be determined on the basis of pro forma accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by the Issuer; and
- (iv) if the accounts of any Subsidiary (not being a Subsidiary referred to in proviso (i) above) are not consolidated with those of the Issuer, then the determination of whether or not such subsidiary is a Principal Subsidiary shall be based on a pro forma consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Issuer.

10. Prescription

Claims against the Issuer for payment in respect of the Bonds shall be prescribed and become void unless made within ten years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

11. Replacement of Certificates

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations or other relevant regulatory authority regulations, at the specified office of the Registrar, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require (provided that the requirement is reasonable in light of prevailing market practice). Mutilated or defaced Certificates must be surrendered before replacements will be issued.

12. Meetings of Holders, Modification, Waiver, Authorisation, Determination and Entitlement of Trustee

- (a) *Meetings of Holders:* The Trust Deed contains provisions for convening meetings of the Holders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any of the provisions of the Trust Deed. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. in principal amount of the Bonds for the time being outstanding, or at any adjourned such meeting two or more persons being or representing whatever the principal amount of the Bonds held or represented unless the business of such meeting includes the modification or abrogation of certain of the provisions of these Conditions and certain of the provisions of the Trust Deed, including consideration of proposals, inter alia, (i) to modify the maturity date of the Bonds or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount of, any premium payable on redemption of, or interest on, the Bonds, (iii) to change the currency of payment of the Bonds, or (iv) to modify the provisions concerning the quorum required at any meeting of Holders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 66 per cent, or at any adjourned such meeting not less than 33 per cent, in the principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on all Holders, whether or not they were present at the meeting at which such resolution was passed.

The Trust Deed provides that a resolution passed (i) by way of electronic consents through the relevant clearing system in accordance with the Trust Deed, or (ii) in writing signed by or on behalf of the Holders of not less than 90 per cent. in principal amount of the Bonds outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Holders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Holders.

- (b) *Modification, Waiver, Authorisation and Determination:* The Trustee may (but shall not be obliged to) agree, without the consent of the Holders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, or any failure to comply with any of these Conditions or any of the provisions of the Trust Deed which in its opinion is not materially prejudicial to the interest of the Holders, or may agree, without any such consent as aforesaid, to any modification which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error or where such error is, in the opinion of the Trustee, proven. Any such modification, waiver or authorisation shall be binding on the Holders and, unless the Trustee agrees otherwise, such modification shall be notified to the Holders as soon as practicable thereafter in accordance with Condition 16.

- (c) *Entitlement of the Trustee*: In connection with the exercise of its functions, rights, powers and/or discretions (including but not limited to those referred to in this Condition 12), the Trustee shall have regard to the interests of the Holders as a class and shall not have regard to the consequences of such exercise for individual Holders and the Trustee shall not be entitled to require, nor shall any Holder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Holders.

13. Enforcement

At any time after the Bonds become due and payable, the Trustee may, at its discretion and without further notice, institute such actions, steps or proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed and/or the Bonds, but it need not take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Bondholders holding at least 25 per cent. in principal amount of the Bonds outstanding, and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction. No Bondholder may proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

14. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

The Trustee may rely without liability to Holders on any report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation or certificate or advice and such report, confirmation or certificate or advice shall be binding on the Issuer, the Trustee and the Holders.

The Trustee shall have no obligation to monitor whether an Event of Default, Change of Control or Put Event has occurred, and shall not be liable to any person for not doing so.

15. Further Issues

The Issuer is at liberty from time to time without the consent of the Holders to create and issue further securities either (i) having the same terms and conditions as the Bonds in all respects (or in all respects save for the issue date, issue price and first payment of interest on them) and so that the same shall be consolidated and form a single series with the outstanding securities of any series (including the Bonds) constituted by the Trust Deed or any supplemental deed, or (ii) upon such terms as the Issuer may determine at the time of the issue. Any further securities which are to form a single series with the outstanding securities of any series (including the Bonds) constituted by the Trust Deed or any supplemental deed shall, and any other further securities may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Holders and the holders of securities of other series in certain circumstances where the Trustee so decides.

16. Notices

All notices to the Holders will be valid if (i) mailed to them by uninsured mail at their respective addresses in the Register or (ii) published in a leading newspaper having general circulation in Hong Kong or, if such publication shall not be practicable, in a daily newspaper with general circulation in Asia. It is expected that such publication will normally be made in the Asian Wall Street Journal. The Issuer shall

also ensure that notices are duly published in a manner that complies with the rules and regulations of any stock exchange or other relevant authority on which the Bonds are for the time being listed. Any notice shall be deemed to have been given on the date of publication or, if so published more than once, on the first date on which publication is made.

So long as the Bonds are represented by a Global Certificate and such Global Certificate is held on behalf of Euroclear and Clearstream, any notice to the Bondholders shall be validly given by the delivery of the relevant notice to Euroclear and Clearstream, for communication by the relevant clearing system to entitled accountholders in substitution for notification as required by the Conditions and shall be deemed to have been given on the date of delivery to such clearing system.

17. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999.

18. Governing Law and Jurisdiction

- (a) *Governing Law:* The Trust Deed, the Agency Agreement and the Bonds and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance, with English law.
- (b) *Jurisdiction:* The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds, the Trust Deed and the Agency Agreement and any non-contractual obligations arising out of or in connection with them and accordingly any legal action or proceedings arising out of or in connection with any Bonds, the Trust Deed and the Agency Agreement (“**Proceedings**”) may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts and waives any objection to Proceedings in any such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.

SUMMARY OF PROVISIONS RELATING TO THE BONDS IN GLOBAL FORM

The Global Certificate contains provisions which apply to the Bonds while they are in global form, some of which modify the effect of the Terms and Conditions of the Bonds set out in this offering memorandum. The following is a summary of certain of those provisions.

Terms defined in the terms and conditions of the Bonds and the terms (the “Conditions” or “Terms and Conditions”) set out in this offering memorandum have the meaning in the paragraphs below.

The Bonds will be represented by a Global Certificate which will be registered in the name of a nominee of, and deposited with, a common depository on behalf of Euroclear and Clearstream.

Under the Global Certificate, the Company, for value received, will promise to pay such principal, interest and premium (if any) on the Bonds to the holder of the Bonds on such date or dates as the same may become payable in accordance with the Terms and Conditions of the Bonds.

Owners of interests in the Bonds in respect of which the Global Certificate is issued will be entitled to have title to the Bonds registered in their names and to receive individual definitive Certificates if either Euroclear or Clearstream or any other clearing system (an “*Alternative Clearing System*”) is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so. In such circumstances, the Company will cause sufficient individual definitive Certificates to be executed and delivered to the Registrar for completion, authentication and dispatch to the relevant holders of the Bonds. A person with an interest in the Bonds in respect of which the Global Certificate is issued must provide the Registrar not less than 30 days’ notice at its specified office of such holder’s intention to effect such exchange and a written order containing instructions and such other information as the Company and the Registrar may require to complete, execute and deliver such individual definitive Certificates.

In addition, the Global Certificate will contain provisions which modify the Terms and Conditions as they apply to the Bonds evidenced by the Global Certificate. The following is a summary of certain of those provisions:

Payments: All payments in respect of Bonds represented by a Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record date which shall be on the Clearing System Business Day immediately prior to the date for payment, where Clearing System Business Day means Monday to Friday inclusive except 25 December and 1 January.

Trustee’s Powers: In considering the interests of Bondholders while the Global Certificate is held on behalf of, or registered in the name of any nominee for, a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to the Global Certificate and may consider such interests as if such accountholders were the holders of the Bonds represented by the Global Certificate.

Notices: So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or any Alternative Clearing System, notices to holders of the Bonds shall be given by delivery of the relevant notice to Euroclear or Clearstream or such Alternative Clearing System, for communication by it to accountholders entitled to an interest in the Bonds in substitution for notification as required by the Terms and Conditions of the Bonds.

Transfer of Bonds represented by Global Certificates: Transfers of interests in the Bonds will be effected through the records of Euroclear and Clearstream (or any Alternative Clearing System) and their respective participants in accordance with the rules and procedures of Euroclear and Clearstream (or any Alternative Clearing System) and their respective direct and indirect participants. Where the holding of Bonds represented by the Global Certificate is only transferable in its entirety, the certificate issued to the transferee upon transfer of such holding shall be a Global Certificate. Where transfers are permitted in part, certificates issued to transferees shall not be Global Certificates unless the transferee so requests and certifies to the Registrar that it is, or is acting as or as nominee for a common depositary for Clearstream, Euroclear and/or an Alternative Clearing System.

Cancellation: Cancellation of any Bond represented by the Global Certificate which is required by the Terms and Conditions of the Bonds to be cancelled will be effected by reduction in the principal amount of the Bonds in the register of the Bonds and the Global Certificate on its presentation to or to the order of the Principal Paying Agent for annotation (for information only) in the Global Certificate.

Meetings: For the purposes of any meeting of Bondholders, the holder of the Bonds represented by the Global Certificate shall (unless the Global Certificate represents only one Bond) be treated as two persons for the purposes of any quorum requirements of a meeting of Bondholders and as being entitled to one vote in respect of each US\$1,000.

Bondholder's Redemption: The Bondholder's redemption options in Condition 6(c) may be exercised by the holder of the Global Certificate giving notice to the Principal Paying Agent or any other Paying Agent of the principal amount of Bonds in respect of which the option is exercised within the time limits specified in the Conditions.

Company's Redemption: The option of the Company provided for in Conditions 6(b) and 6(d) shall be exercised by the Company giving notice to the Bondholders within the time limits set out in and containing the information required by that the Conditions.

CAPITALISATION AND INDEBTEDNESS

The following table sets forth our capitalisation and indebtedness as at 31 December 2018 on an actual basis and on an adjusted basis after giving effect to the issuance of the Bonds before deducting the underwriting discounts and commissions and other estimated expenses payable by us in connection with this offering. The following table should be read in conjunction with the selected consolidated financial information and the consolidated financial statements and related notes included in this offering memorandum.

	As of 31 December 2018			
	Actual		As adjusted	
	RMB	US\$	RMB	US\$
	(unaudited and unreviewed)			
	(in millions)			
Short-term Borrowings ⁽¹⁾				
– Interest bearing loans.....	3,209.3	466.8	3,209.3	466.8
– Bonds within one year.....	4,450.6	647.3	4,450.6	647.3
Long-term Borrowings ⁽²⁾				
– Interest bearing loans.....	9,475.3	1,378.1	9,475.3	1,378.1
– Bonds.....	1,367.4	198.9	1,367.4	198.9
– Bonds to be issued ⁽³⁾	–	–	–	–
Total Borrowings ⁽⁴⁾	18,502.6	2,691.1	18,502.6	2,691.1
Total Equity ⁽⁵⁾	13,944.7	2,028.2	13,944.7	2,028.2
Total Capitalisation ⁽⁶⁾	24,787.4	3,605.2	24,787.4	3,605.2

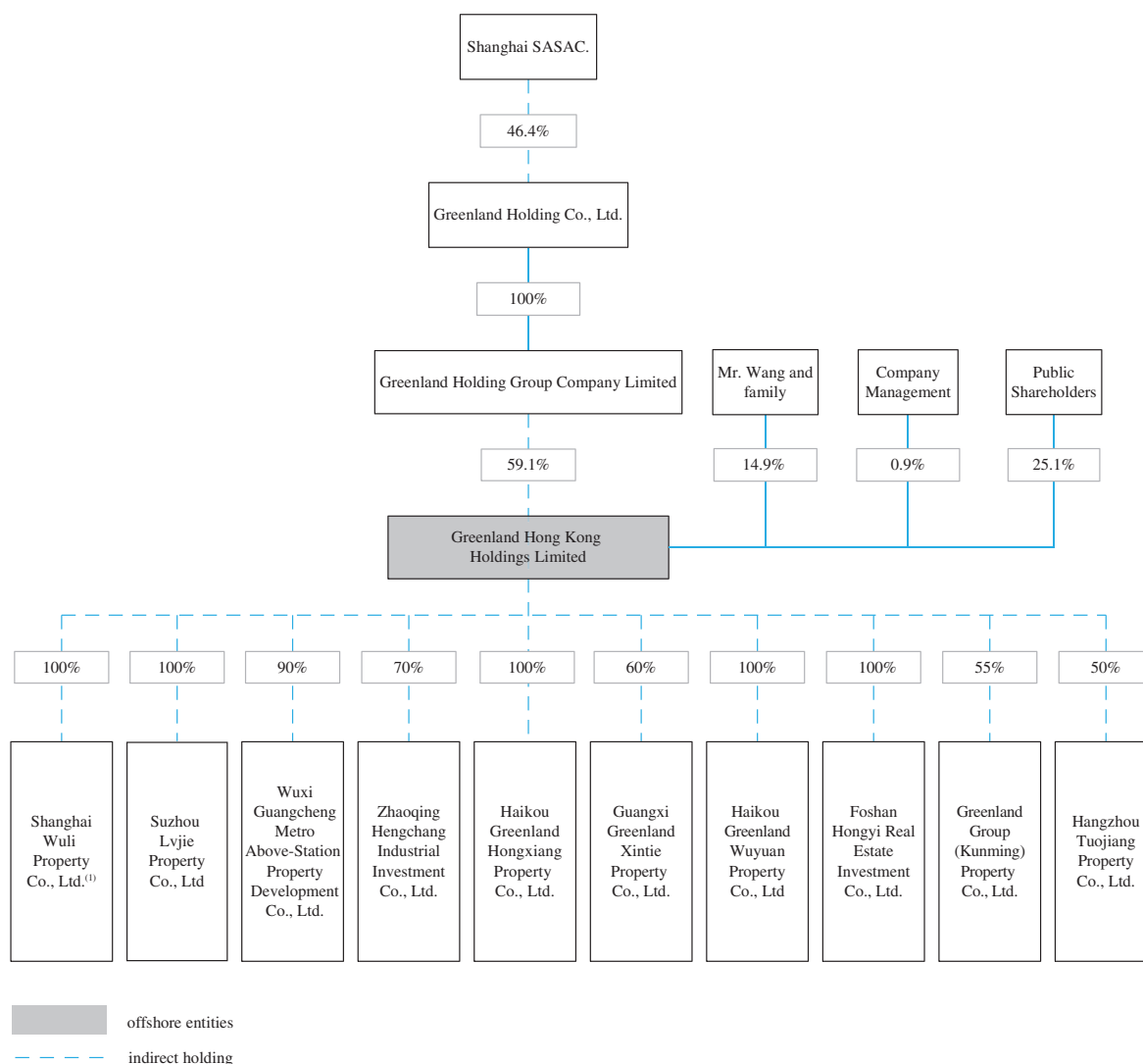
Notes:

- (1) Short-term borrowings include the current portion of interest-bearing loans and bonds.
- (2) Long-term borrowings include the non-current portion of interest-bearing loans and bonds.
- (3) Translation of US dollar amounts to RMB were made of US\$1.00 to RMB6.8755.
- (4) Total borrowings includes short-term borrowings and long-term borrowings.
- (5) Total equity includes share capital, share premium, reserves, perpetual securities, retained earnings and non-controlling interests.
- (6) Total capitalisation equals total long-term borrowings (excluding the current portion of long-term borrowings) and total equity.

There has been no material adverse change in our capitalisation and indebtedness since 31 December 2018.

CORPORATE STRUCTURE

The following chart illustrates our simplified corporate structure as at the date of this offering memorandum:



Note:

- (1) 100 per cent. of the equity interests of Shanghai Wuli Property Co., Ltd., an indirect wholly-owned subsidiary of Greenland Hong Kong Holdings Limited, held by True Thrive Investment Limited, has been pledged to Bank of Shanghai Co., Ltd.

BUSINESS

Overview

We are the only overseas-listed real estate platform of Greenland Holding, a leading property developer in China and an enterprise that the Shanghai State-owned Assets Supervision and Administration Commission (“Shanghai SASAC”) supervises and holds 46.4 per cent of equity interest through subsidiaries. Since Greenland Holding’s acquisition of 60 per cent. of our shares in May 2013, we have been important to Greenland Holding’s strategy and growth.

In recent years, we have experienced significant growth in the scale of our business operation and financial performance. Our revenue has decreased by CAGR of 4.46 per cent. from RMB16,919.2 million for the year ended 31 December 2016 to RMB15,444.2 million for the year ended 31 December 2018; while our net profit has increased by CAGR of 36.68 per cent. from RMB1,060.4 million for the year ended 31 December 2016 to RMB1,980.9 million for the year ended 31 December 2018 and our total asset has increased by CAGR of 29.14 per cent. from RMB54,105.1 million as at 31 December 2016 to RMB90,230.2 million as at 31 December 2018. Our return on equity has increased from 14.1 per cent. for the year ended 31 December 2016 to 16.5 per cent. for the year ended 31 December 2018. Alongside with the growth in our business operations, we have also expanded our financing channels and have lowered our cost of borrowing. Since 2014, we have issued US\$2,100 million of senior notes and completed an aggregate of equivalent to US\$1,070 millions of syndicated loans. In May 2015, we also completed an equity placement that raised US\$223.0 million. Our effective interest cost has increased by 0.8 per cent. points from 4.4 per cent. as at 31 December 2016 to 5.2 per cent. as at 31 December 2018.

We strive to implement the parallel development of our core business segments, real estate development, internet financing and real estates funds, to expand and diversify our revenue sources and to promote the overall advantages of the Greenland brand in the capital markets and throughout the industries in which we operate.

Real Estate Development

Our real estates development business focuses on the development of quality residential, commercial and hotel properties in China by leveraging on the well-known Greenland platform and brand name. Our projects are mostly located in the Pan-Yangtze River Delta region, the Pan-Pearl River Delta region and other provincial capital cities that we believe to have strong growth potential. We have recent acquired land plots located in Suzhou Wujiang, Nanning, Yulin, Wuxi, Zhaoqing, Foshan, Kunming, Tongxiang, Jinhua and Shaoxing. As at 31 March 2019, we had a total of 48 projects held for development and sale in 18 cities, of which mostly are located in first-, second- and third-tier cities in the PRC.

Internet Financing Business

We operate our internet financing business through our wholly-owned subsidiary Greenland Financial Information Services Co., Ltd (“Greenland Financial Services”) and our internet financing business focuses on the origination and distribution of real estates financing products by leveraging on the well-recognized Greenland brand name and Greenland Holding’s experience and relationships in the PRC real estate industry.

Real Estates Funds Business

Our real estates funds business focuses on identifying suitable investment opportunities in real estate fund projects. By leveraging on our low financing costs, we are able to maximize our yield from such investments. The asset-light business model contributes to the favourable results in our real estates fund investment business. In 2016, we signed strategic cooperation agreements with a Kuwaiti strategic investor, Cinda (HK) Holdings Company Limited and Guangxi Railway Investment (Group) Co., Limited. In 2017, Jade Fluorite Limited, our wholly owned subsidiary (“Jade Fluorite”), Kuwait Silk Road Integrated Real Estate GP Ltd. (“KSI”) and Silk Road Integrated Real Estate GP Ltd. (“JV”), the joint venture company owned 50 per cent. by Jade Fluorite and 50 per cent. by KSI, entered into a shareholders’ agreement (the “JVA”) in relation to, among others, the establishment of the Silk Road Integrated Real Estate Fund I L.P. (the “Fund”) and the management of the JV. The Fund will primarily focus on, among others, investment in top-tier world class real estate and investment in real estate in prime locations in major cities globally, including cities located within or along the regions covered by China’s “One Belt, One Road” initiative.

Our Competitive Strengths

We believe the following are our key competitive strengths to support our sustainable and profitable growth:

Continuous strong shareholder support from and effective integration with Greenland Holding

Our majority shareholder, Greenland Holding, is a leading property developer in China and have been listed as one of the “Fortune Global 500” companies since 2012 and was ranked 252 by *Fortune* in the 2018 Fortune Global 500. Greenland Holding is also the second largest enterprise that is supervised by the Shanghai SASAC through subsidiaries and has been receiving strong support from the PRC government. Greenland Holding’s operations cover real estates, finance, infrastructure and consumption, among which the real estates sector is the biggest profit contributor and has accounted for more than 80 per cent. of Greenland Holding’s gross profit since 2012.

We receive continuous and strong shareholder support from Greenland Holding and have been effectively integrated into Greenland Holding’s overall strategy. We benefit from Greenland Holding’s good relationship with the PRC government and are able to obtain land from Greenland Holding at competitive prices, such as the land of our Hangzhou and Kunming projects to expand our overseas development, such as the establishment of the partnership we have with Kuwait Strategic Investor. In recent years, we have successfully completed numerous capital market transactions, including issuances of our US\$200 million bonds (due 2019 and due 2020, respectively), our US\$400 million bonds, our US\$700 million bonds, RMB1.5 billion bonds, US\$500 million bonds and US\$450 million bonds with the benefit of keepwell deed and the deed of equity interest purchase undertaking from Greenland Holding, a US\$120 million perpetual capital securities, a US\$223 million equity placement and equivalent to US\$320 million, US\$500 million and US\$250 million of syndicated loans. Our effective interest cost has fluctuated from 4.4 per cent. as at 31 December 2016 to 5.2 per cent. as at 31 December 2018. We also leverage on Greenland Holding’s brand recognition to develop our asset-light business model in our internet financing business and to develop our real-estates development projects. We also benefit from Greenland Holding’s nationwide marketing network and extensive project experience which increases our operational efficiency and sell-through rates and benefits from the economies of scale which reduces our operating costs with respect to procurement, construction, marketing and other functions. Furthermore, we benefit from Greenland Holding’s comprehensive experiences and local market knowledge in product positioning, sales strategies, design, and market understanding in more than 130 cities in which it has operations in the development of our business and projects.

Strong contracted sales performance and solid growth with the back of adequate saleable resources

We have strong contracted sales performances. Our contracted sales grew at a CAGR of 44.31 per cent. from 2016 to 2018, with the contracted sales amounting to RMB18.2 billion, RMB30.1 billion and RMB37.9 billion, for 2016, 2017 and 2018, respectively, while the contracted GFA for 2016, 2017 and 2018 increased from 1,463,411 sq.m. to 2,271,386 sq.m and further to 3,275,175 sq.m. Our contracted average selling price fluctuated from RMB12,450 per sq.m. in 2016 to RMB13,257 per sq.m. in 2017, to RMB11,580 per sq.m. in 2018 and amounted to RMB23,559 per sq.m. for the five months ended 31 May 2019.

Approximately 97 per cent. of our total contracted sales for the year ended 31 December 2018 are located in Shanghai, the Pan-Yangtze River Delta and Pan-Pearl River Delta regions, consistent with our development strategy focused in first-tier cities and areas with growth potentials. Our contracted sales for the year ended 31 December 2018 constitute 82 per cent. of residential properties, 7 per cent. of office and 11 per cent. of commercial properties.

Sizeable, low cost and high quality land bank focusing on the Pan-Yangtze River Delta and the Pan-Pearl River Delta regions

As at 31 March 2019, we had a total land bank of approximately 20 million sq.m., with sites strategically located in key cities in the Pan-Yangtze River Delta region and the Pan-Pearl River Delta region. In particular, our total planned GFA increased by approximately 6.38 million sq.m. Of these newly increased planned GFA in the three months ended 31 March 2019, approximately 3.93 million sq.m. were attributable to Pan-Pearl River Delta, approximately 1.59 million sq.m. was attributable to Belt and Road Gateway District and approximately 0.86 million sq.m. were attributable to Pan-Yangtze River Delta, respectively. Our average floor price is approximately RMB2,682 per sq.m. for our new projects since 2018 and we have recently acquired several pieces of land site at a relatively lower cost when compared to the land site's premium, including but not limited to, a total GFA of approximately 1,585,000 sq.m. land site by equity transfer agreement with a total consideration of RMB1,855 million for the property project in Zhaoqing City; a site area of approximately 141,280 sq.m. with a planned GFA of approximately 863,186 sq.m. with a total consideration of approximately RMB3,426 million in Wujiaba sub-district, Guandu district, Kunming city for the mixed development of residential, commercial, office and hotel, including 458-meter super highrise, to be the landmark of Kunming city and Yunnan province; a total GFA of approximately 22,000 sq.m. land site with a total consideration of approximately RMB135 million in Wujiang District, Suzhou for the residential and commercial project as Phase III supportive part of Greenland Jiangnan Huafu project; a planned GFA of approximately 191,000 sq.m. land site with a total consideration of approximately RMB1,343 million for Little Swan plot in Liangxi district, Wuxi city, to be developed into a high-quality project in the urban core area; a site area of 58,927 sq.m. land site with a planned GFA of approximately 155,000 sq.m. at a total consideration of RMB973 million in Liangxi district, Wuxi city; a land area of 135,663 sq.m. with a planned GFA of approximately 264,543 sq.m. at a total consideration of approximately RMB4,180 million in Xiangyang, Yiwu, and the project will be an urban complex including high-end commercial, luxury residential, boutique hotel, leisure and restaurants in the center of economics, politics, culture, and transportation in Yiwu, which shows the Group's determination to further develop in Zhejiang province; a GFA of approximately 232,272 sq.m. land site at a total consideration of approximately RMB504 million located at the core area of Pukou Eco-Tech development zone, Shengzhou of Shaoxing City, Zhejiang Province for residential and commercial purposes; a site area of approximately 54,508 sq.m. with a planned GFA of approximately 287,935 sq.m. for approximately RMB1.1355 billion and an average floor price of approximately RMB3,943 per sq.m. in Nanning which will be developed as a complex for residential, commercial and office purposes; and a total GFA of approximately 911,000 sq.m. land site at a total consideration of approximately RMB661 million in Dongmeng Economic and Technological Development Zone in Nanning, Guangxi Province to be developed as Phase II of Greenland Dongmeng International Town. Our land bank is sufficient to support our real estate property development pipeline for the next two to three years and we are on the look out to acquire more quality sites that demonstrate growth potentials by leveraging on Greenland Holding's abundant land resources and their cost-effective financing channels.

Sound credit profile supported by diversified, low-cost financing channels and prudent financial management

We are committed to obtaining low cost external capital through diversified financing channels, including syndicated bank loans, bonds and equity issuance, in order to optimize our capital structure and increase our liquidity. Leveraging the credit advantages available to state owned entities such as Greenland Holding, we have obtained overall credit lines with major domestic banks, including the big four state-owned banks, which allow us to acquire low cost financing with relatively long repayment periods. We also further diversify our financing channels by expanding our overseas financing channels. We have completed syndicated loans equivalent to US\$320 million, US\$500 million and US\$250 million with major offshore banks from Hong Kong. We have also completed various issuances of offshore bonds and one issuance of offshore perpetual capital securities of US\$120 million since 2014 and in May 2015, we completed an equity placement raising US\$223 million in total.

We have benefited greatly from our diversified and low cost financing channels as well as prudent financial management. Subject to market condition and regulatory environment, we have actively adjusted our liability structure to replace short-term debts with long-term debts and optimize our funding channels through onshore financing. Our Renminbi denominated debt increased from RMB10,017 million (representing 57 per cent. of our total debt) as at 31 December 2017 to RMB10,337 million (representing 56 per cent. of our total debt) as at 31 December 2018 and our onshore bank loans also increased from RMB8,518 million (representing 48 per cent. of our total debt) as at 31 December 2017 to RMB10,337 million (representing 56 per cent. of our total debt) as at 31 December 2018. In line with our financial management, our offshore bank loans and offshore bonds accounted for approximately 13 per cent. and 31 per cent. of our total debt as at 31 December 2018, respectively, compared to 12 per cent. and 40 per cent. as at 31 December 2017, respectively. As at 31 December 2016, 2017 and 2018, approximately 41 per cent., 32 per cent. and 41 per cent. of our total borrowings, respectively, were short term borrowings. As at 31 December 2018, approximately 58 per cent. and 42 per cent. of our interest-bearing debt was secured and unsecured, respectively. Our effective interest cost has fluctuated from 4.40 per cent. in 2016 to 4.50 per cent. in 2017 and 5.2 in 2018, of which the effective interest cost for our offshore bonds, offshore bank borrowings and onshore bank borrowings on average was 6.2 per cent., 3.8 per cent. and 5.0 per cent., respectively.

Effective operation management system that enhances cost-saving and operating efficiency

Our effective operation management systems such as the smart purchasing system, self-supplying system and the smart building information modeling (“BIM”) system, which are networked, intelligent and refined, have enhanced our cost-saving and improved our operating efficiency. Our implementation of the supply chain systems, in particular, the smart purchasing system, which is a cloud based platform that enables paperless and digitised tendering and comprehensive one-stop procurement processes, and the self-supplying system, where we achieve economies of scale for our procurement process by centralizing the purchase of supplies and by purchasing directly from the underlying supplier, have resulted in significant reduction in human capital cost, smoother bidding processes by and considerable cost savings in terms of construction and material cost. Our implementation of the smart BIM system which establishes three dimensional building models based on project related data that closely simulates actual construction processes, thereby enhancing our project management capabilities and promotes industry-wide management upgrade. Consequently, the smart BIM system reduces our human capital cost and smoothenes our bidding process, and reduced our cost for changing visa status by reducing the need for physical site visits by our employees. The implementation of the operation management systems also allowed us to realize management and supervision without blind areas with the utilization of big data.

Experienced and stable management team and effective corporate governance

As three of Greenland Holding’s senior management members currently serve as our executive directors, Greenland Holding actively participates in our strategic planning. Mr. Chen Jun, our Chairman and our CEO, also the executive vice president of Greenland Holding, has more than 20 years of experience in the real estate and construction industry with extensive management experience in the industry and joined Greenland Holding in February 2001. Mr. Chen also serves as a deputy of the 11th and 12th People’s Congress of Shaanxi Province, the honorary chairman of Shanghai Chamber of Commerce in Shaanxi and a member of the standing committee of the Shaanxi Youth Federation.

We have adopted a centralized corporate governance structure, which effectively centralizes decision making and integrates resources to ensure efficient operation and governance. We have a Board of Directors, with a Company Secretary and Independent Directors. We have a robust internal control system, including an audit committee, remuneration committee and nomination committee.

Our Business Strategies

In line with the integrated strategy of our majority shareholder Greenland Holding, we have accelerated our pace of corporate restructuring, actively developed innovative business strategies, sought to fully advance our operations in the internet finance industry and have pro-actively explored transforming into the asset-light business model. We strive to develop into a comprehensive industry conglomerate focused on the parallel development of our core business operations in real estate development, internet financing and real estate funds.

Our Integrated Strategy

As our most important financing platform in Hong Kong, we focus on and carry out the integrated strategy that focuses on promoting innovation, transformation and upgrade of our capital platform and the industries in which we operate to make our business bigger and stronger. At the same time we continue to focus on our core business operations and their management. We will implement parallel development of our core businesses operations to expand and diversify our revenue sources and to promote the overall advantages of the Greenland brand in the capital markets and throughout the industries in which we operate.

Real Estate Development Business Strategy

Using our powerful insights and a strong capacity for innovation, we continue to create mature product lines and multi-operational-type combinations in our real estate development business operation. Moreover, based on the characteristics of different markets, we strategically invest in first-tier cities in China such as Shanghai as well as other fast-growing second and third-tier cities across China in order to develop large-scale residential properties and high-end properties. We aim to boost our profitability by innovatively integrating the traditional real estate development business operation with our internet finance and real estate funds business operations.

In addition, we will integrate our existing resources such as hotels, golf clubs, travel services, resorts plus medical and health care operations into our customer resources platform via the internet to provide online and offline value-added services for our customers. Relying on our strong customer base, we plan to increase the Greenland brand's popularity as well as deepen customer loyalty to further expand our customer base and achieve 'precision marketing'. In addition, we will utilise the support we have from Greenland Holding and its vast international resources to gain a clearer differentiating advantage over our competitors and to better satisfy our customers' varying needs through our comprehensive products and service offerings and by adopting the "self-supplying" supply chain management, to cut our costs and improve our operation efficiency. By strengthening and expanding both our marketing and service systems, we will ensure faster and better realization of our annual sales target.

Real Estates + Business Strategy

With the support we receive from Greenland Holdings and governmental policies, we have actively adopted a real estates + strategy which focuses on diversifying and expanding our real estates development business to include cultural and commercial tourism, medical and healthcare and tourism and leisure business. In particular, leveraging on the strong brand reputation of Greenland which encourages trusts and confidences from the market, utilizing the cutting-edge medical and healthcare resources which we gain with our cooperation with reputable and industry-leading partners and assisted by supportive governmental policies that promotes the integration of medical and healthcare industry, the development of elderly care industry and the establishment of sports, fitness and recreation projects, we have initiated projects in cultural, commercial and tourism and medical and healthcare services to create a first-class life and health service platform. For example, in March 2018, we entered into a strategic cooperation agreement with Shanghai International Medical Center and Australia-based Provectus Care to establish the first Shanghai-based medical institution focusing on Alzheimer's disease.

Our key projects in cultural and commercial tourism include Songlong Town, Greenland Mountain Time, Greenland Nanning Central Plaza, Global 188 and Kunming Dayu and offer services such as cultural tourism, nature education, open and three dimensional traffic commercial corridor and family leisure programs. Our key projects in medical and healthcare services include Greenland Hong Kong Provectus Care Residence, the first Shanghai-based medical institution focused on Alzheimer's disease that we established in cooperation with Shanghai International Medical Center and Australia-based Provectus Care, the Greenland Hong Kong Provectus Care Park in the Pan-Yangtze River Delta Region and the Greenland Spring City Dian Lake International Health Model Town in Kunming Yunnan, and offer elderly cognitive impairment care, professional management system, systematic and hierarchical comprehensive nursing services and physiotherapy, Chinese herbal medicine and gene sequencing and health management services. Our real estates + strategy also supports our real estates development business by enhancing our competitiveness and negotiation power in land acquisitions.

Internet Financing Business Strategy

Since entering the Internet finance industry with the establishment of Greenland Financial Services in May 2015, we have achieved rapid progress in our internet finance business operations, which has formed a distinctive development pattern centered on online wealth management, asset management and data information services business segments. Under online wealth management, we seek to offer diversified wealth allocation and services such as financial inclusion service and social wealth investment service to better serve entities and support small to medium sized enterprises in China. We will focus on long-term apartment fund, buyout and development fund, old building renovation fund and real estate equity funds for our asset management service. We seek to offer decentralized e-commerce platforms, big data risk control and management, consumer search and analysis and digital finance and artificial intelligence with our technology data services.

Looking forward, we will continue to expand on the three business segments and also strive to further develop our internet finance operations in the real estates industry, continue to optimise the online wealth management platform and actively update and enrich platform product lines to maintain competitiveness. Without compromising the security and health of our asset management business segment, we will diversify our asset sources and accelerate the expansion of our asset management business. We will also fully leveraging our leading technological capabilities to actively develop our data information services business segment and strengthen internal cooperation with various business units to facilitate the establishment of a strong company-wide ecosystem.

Real Estate Fund Business Strategy

Leveraging our core strengths of being in the business of traditional real estate development, we have achieved remarkable results in our real estate funds business operation by actively exploring the transformation into an asset-light business model. In 2016, we signed strategic cooperation agreements with a Kuwaiti strategic investor, Cinda (HK) Holdings Company Limited, and Guangxi Railway Investment (Group) Co., Limited.

We aim to adhere to the development principle of 'light assets and accelerated growth', by identifying suitable investment opportunities in real estate fund projects. We also aim to leverage on our low financing costs to maximize our yield from such investments. We will also maintain a reasonable corporate assets and a healthy cash flow. As we progress toward our goal of becoming a true comprehensive industry conglomerate, we will also promote and strengthen the Greenland brand's advantage in the capital markets and the related industries in which we operate.

Recent Developments

Disposal of Property

On 29 March 2019, our wholly owned subsidiary SPG Investment X (BVI) Limited ("SPG Investment"), entered into a sale and purchase agreement (the "Disposal Agreement") to sell to BSREP III China Retail Holdings Limited, a company incorporated in Bermuda with limited liability, its 100 per cent. interest in its wholly owned subsidiary, the Prosper Spring Investments Limited (旺泉投资有限公司) ("Prosper Spring"), at the purchase price (subject to certain adjustments as set out in the Disposal Agreement) of the sum of (i) the gross asset value of certain of Prosper Spring and its subsidiaries' buildings located at No. 999, Plot 2/2, Block 0099, Wuliqiao Sub-district, Shanghai, PRC and the land parcel thereunder (the "Property") of RMB10,565,000,000 and (ii) the estimated aggregate amount of all other assets of Prosper Spring and its subsidiaries less the estimated aggregate amount of the liabilities and debts of Prosper Spring and its subsidiaries at the completion of the Disposal Agreement. This transaction constitutes a very substantial disposal and we have scheduled an extraordinary general meeting of our shareholders on 18 July 2019 for the consideration and, if thought fit, passing of the relevant ordinary resolution which approves, confirms and authorizes the transaction, and authorizes any of our directors to execute all necessary documents related to the transaction. As of the date of this offering memorandum, this transaction has not yet been completed.

Acquisitions of Land Bank

On 7 March 2019, we won the bid for the land parcel in Dongmeng Economic and Technological Development Zone in Nanning, Guangxi Province at a total consideration of approximately RMB661 million, with a total GFA of approximately 911,000 sq.m. for residential, commercial and office purpose.

On 18 April 2019, our indirect wholly-owned subsidiary Zhejiang Lvxiang Limited (浙江綠香企業管理有限公司) won the bid for the acquisition of the parcel of land with lot number Tongtuxu [2019]04 (桐土儲[2019]04號) located at the south side of Fazhan Avenue and west side of Zhenhua Road, Zhejiang Province, the PRC (中國浙江省桐鄉經濟開發區發展大道南側、振華路西側) with a total site area of approximately 83,396 sq.m., and a land use right of 70 years for urban residential land use and 40 years for wholesale and retail land use and commercial and financial land use for a consideration of approximately RMB483.0 million.

Operating Statistics for the five months ended 31 May 2019

For the five months ended 31 May 2019, the contracted sales of the Group amounted to approximately RMB21,614 million, which, as compared to the contracted sales of the Group for the five months ended 31 May 2018, increased by approximately RMB10,248 million, or approximately 90.2 per cent. The contracted gross floor area sold for the five months ended 31 May 2019 amounted to approximately 917,422 sq.m., which, as compared to the contracted gross floor area sold for the five months ended 31 May 2018, increased by approximately 862 sq.m., or approximately 0.1 per cent. In the five months ended 31 May 2019, the average selling price was RMB12,400, and the corresponding average selling price amounted to approximately RMB23,559 per sq.m. in the five months ended 31 May 2019.

Our Business

Real Estates Development Business

Headquartered in Shanghai, the Company is a property developer that is principally engaged in the development of quality residential, commercial and hotel properties. The Company has over 10 years of experience developing quality large scale residential community projects. It began as a residential property developer in Shanghai in 1998 and subsequently diversified its business to include city centre integrated projects and leisure and resort facilities in Shanghai. Leveraging its well established position in Shanghai and accumulated experience in property development, the Company has expanded its business from Shanghai to other cities in the Pan-Yangtze River Delta region, including Wuxi, Suzhou and Changshu in Jiangsu Province, and Huangshan in Anhui Province and then to various other provincial capital cities that the Company believes to have strong growth potential, including Kunming in Yunnan Province, Haikou in Hainan Province and Taiyuan in Shanxi Province. The Company further expanded its business to Ningbo, Hangzhou, Jiaxing, Shaoxing and Yiwu in Zhejiang Province, Xuzhou in Jiangsu Province, Nanning and Yulin in Guangxi Province and Zhaoqing and Foshan in Guangdong Province.

As at 31 March 2019, the Company had a total of 48 projects held for development and sale in 18 cities in the PRC. As at 31 March 2019, the Company had a land bank with a total GFA of approximately 20 million sq.m., with prime sites strategically located in key cities in the Pan-Yangtze River Delta, the Pan-Pearl River Delta region and provincial capital cities with regional economic importance.

Our total land bank as at 31 March 2019 was strategically located in the Pan-Yangtze River Delta and Pan-Pearl Delta with a diverse portfolio of real estate development projects with a focused on residential properties, with approximately 80 per cent. of our total land bank as residential properties and approximately 10 per cent., 9 per cent. and 1 per cent. as commercial properties, office and hotel, respectively. Approximately 6 per cent. of our total land bank as at 31 March 2019 have been fully completed for sale and self-use, and approximately 34 per cent. is currently under construction while 60 per cent. are held for further developments. A breakdown of our land bank in value by region reflects that our land reserves in Shanghai, Jiangsu, Zhejiang, Hainan, Yunnan, Guangdong, Guangxi, and others attribute to approximately 14 per cent., 21 per cent., 14 per cent., 6 per cent., 17 per cent., 11 per cent., 16 per cent and 1 per cent. of our total land bank in value as at 31 March 2019.

The following table sets forth the Company's properties portfolio as at 31 March 2019:

Project Name	Location	Type	Interest ⁽²⁾¹	Site Area	Cumulative Planned GFA ⁽¹⁾
			(per cent.)	(sq.m.)	(sq.m.)
Greenland Huangpu Center	Shanghai	Residential Commercial Office	100.0	64,980	242,610
Greenland Seaside City	Shanghai	Commercial Office	50.0	69,172	151,091
Holiday Inn Shanghai Pudong Kangqiao	Shanghai	Hotel Commercial	100.0	42,750	58,596
Greenland Yunxiang Tower	Shanghai	Commercial Office	100.0	11,229	27,339
Cambridge Forest New Town.....	Shanghai	Residential Commercial Office	98.2	1,573,113	1,077,054
Oriental Garden (Cambridge Watertown)	Shanghai	Residential	100.0	304,011	195,548
Tiffany (Cambridge Waters).....	Shanghai	Residential Commercial	100.0	434,317	596,845
Greenland Jiangnan Huafu	Suzhou	Residential	100.0	214,062	510,411
Triumph Residence.....	Suzhou	Residential Commercial	50.0	158,825	542,134
Greenland Suzhou ONE	Suzhou	Residential Commercial Office	100.0	69,217	171,143
Global 188	Suzhou	Commercial Office	100.0	14,893	149,308
Greenland Lincoln Garden	Suzhou	Residential Commercial Office	99.0	96,212	204,000
Greenland Lakeside Villa	Xuzhou	Residential Commercial	100.0	356,629	328,609
China Resources Greenland Triumph Arch	Xuzhou	Residential Commercial	50.0	86,971	324,119
Greenland Sky Tree.....	Wuxi	Residential Commercial Office	90.0	164,643	356,493
Greenland Xi Shui Dong.....	Wuxi	Residential Commercial	100.0	249,005	658,819
Greenland Diamond Mansion.....	Wuxi	Residential Commercial	100.0	70,890	191,000
Wuxi Health Home	Wuxi	Residential Commercial	100.0	58,927	155,000
Greenland Emerald Bay	Changshu	Residential	100.0	107,391	141,588
Greenland La Casa.....	Changshu	Residential	100.0	119,769	96,611
Greenland Bihu International	Ningbo	Residential Commercial	100.0	90,974	138,603
Greenland Cifi City.....	Hangzhou	Residential Commercial	50.0	58,789	258,814
Tongxiang Greenland Central Plaza	Jiaxing	Residential Commercial Office	70.0	137,628	335,633
Greenland Epoch Gate	Yiwu	Residential Commercial Office	100.0	135,663	264,543
Greenland Taiping Lake Resort	Huangshan	Hotel Residential	100.0	2,283,733	1,049,453
Greenland Shanding Park.....	Taiyuan	Residential	100.0	335,368	269,493
Haikou Greenland City	Haikou	Residential Commercial Office	100.0	2,524,679	4,396,600

Project Name	Location	Type	Interest ⁽²⁾¹ (per cent.)	Site Area (sq.m.)	Cumulative Planned GFA ⁽¹⁾ (sq.m.)
Greenland Central Culture Center	Haikou	Residential Commercial Office	100.0	975,717	3,273,100
Greenland Hai Chang Liu	Haikou	Residential Commercial	50.1	339,720	1,000,652
Greenland the Florea	Haikou	Residential	100.0	292,366	235,514
Greenland Hai Po Lan Ting	Kunming	Residential Commercial	55.0	155,549	253,462
Greenland Xiang Shu Hua Cheng	Kunming	Residential Commercial Office	55.0	70,800	228,631
Greenland Yunduhui Square	Kunming	Residential Commercial Office	55.0	59,355	233,887
The Metropolitan	Kunming	Residential Commercial	100.0	170,812	621,141
Greenland Dian Lake International Health Town	Kunming	Residential Commercial Office	100.0	481,663	980,000
Greenland Southeast Asia Headquarters ...	Kunming	Residential Commercial Office Hotel	100.0	141,280	863,186
Greenland West Town International Huadu	Nanning	Residential Commercial	18.0	74,043	295,008
Nanning Greenland Center	Nanning	Commercial Office	100.0	39,099	241,617
Greenland Nanning Central Plaza	Nanning	Residential Commercial Office	60.0	192,684	736,908
Greenland International Huadu	Nanning	Residential Commercial	100.0	98,629	340,416
Wuxiang Greenland Center	Nanning	Commercial Office	100.0	23,479	116,306
Greenland Xin Li • Pu Yue Garden	Nanning	Residential	100.0	86,087	222,376
Nanning Greenland City	Nanning	Residential Commercial Office	15.0	336,417	623,388
Greenland Dongmeng International Town	Nanning	Residential Commercial Office	100.0	873,312	1,783,891
Yulin Greenland City	Yulin	Residential Commercial	42.5	437,525	999,414
Greenland Mountain Time	Foshan	Residential Commercial	100.0	778,697	483,381
Greenland Forest Lake (Songlong Town)	Zhaoqing	Residential Commercial Hotel	70.0	792,500	1,585,000
Greenland Four Seasons Impression	Shengzhou	Residential Commercial	100.0	119,963	232,272

Notes:

(1) This includes properties sold, properties completed for sale and properties held for development.

(2) Interest attributable to the Company.

The Company derives its revenue largely from the sale of properties and, to a lesser extent, from rental income, property management and other related services, hotel and related services and education services. For the years ended 31 December 2016, 2017 and 2018, the Company delivered a total GFA of approximately 1,233,561 sq.m., 1,247,502 sq.m. and 1,027,967 sq.m., respectively, and achieved contracted sales of approximately RMB18.2 billion, RMB30.1 billion and RMB37.9 billion, respectively. The Company recognised revenue from the sale of properties and construction management service of approximately RMB16.4 billion, RMB14.1 billion and RMB14.8 billion, respectively, for the same periods.

Internet Financing Business

As the PRC government unveiled the “Internet Plus” action plan in 2015, the Company entered the Internet finance sector and established Greenland Financial Information Services Co., Ltd (“Greenland Financial Services”) in May 2015, with strategic cooperation agreements with three financial institutions, namely Shanghai Lujiazui International Financial Asset Exchange, Zhong An Online P&C Insurance Co. Ltd. and China Orient Asset Management (International) Holding Limited. In late August 2015, a self-developed mobile Internet finance platform app for Greenland Financial Services, the “Greenland Guangcai” (綠地廣財), was launched online.

Daokun Asset, one of our funds, was recognized as “Top 10 Real Estate Funds of China in 2017” by Zero2IPO Group, “China Real Estate Fashion Award of Boao Real Estate Forum – China’s Annual Impact Fund in 2017”, “China’s Top 20 Most Influential Real Estate Funds 2017” by the 6th BRIC Value Lit and one of the “2016 Top 10 China Real Estates Fund AUM by Growth Rate”. In 2016, Greenland Financial Services was awarded the “Excellent Brand of Inclusive Finance Service in 2016” by Shanghai Financial Service Summit. The Company will continue to innovate to connect the property business with the finance business, while Greenland Financial Services will introduce more innovative financial products. In line with the Company’s strategy, the Company will focus on the property business and “Property + Internet + Finance”, aiming to expand sources of revenue brought by the rapid development of Internet, accommodating industry needs and maximising the efficiency of the use of resources.

Real Estates Funds Business

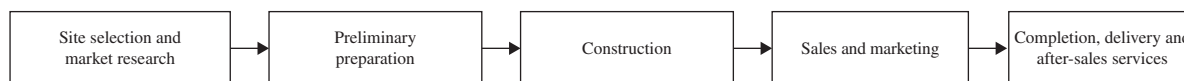
Leveraging on our core strength in real estates development, our real estates funds business focuses on the implementation of real estate fund projects with low financing costs. We also intend to actively explore new application models for our real estate funds. The asset-light business model contributes to the favourable results in our real estates fund investment business. The real estates funds business also promotes stronger relationship with entities such as real estates developers, public funds, broker asset management companies, private funds and trusts and insurance companies

In 2016, we signed strategic cooperation agreements with a Kuwaiti strategic investor, Cinda (HK) Holdings Company Limited and Guangxi Railway Investment (Group) Co., Limited. In 2017, Jade Fluorite Limited, our wholly owned subsidiary (“Jade Fluorite”), Kuwait Silk Road Integrated Real Estate GP Ltd. (“KSI”) and Silk Road Integrated Real Estate GP Ltd. (“JV”), the joint venture company owned 50 per cent. by Jade Fluorite and 50 per cent. by KSI, entered into a shareholders’ agreement (the “JVA”) in relation to, among others, the establishment of the Silk Road Integrated Real Estate Fund I L.P. (the “Fund”) and the management of the JV. The Fund will primarily focus on, among others, investment in top-tier world class real estate and investment in real estate in prime locations in major cities globally, including cities located within or along the regions covered by China’s “One Belt, One Road” initiative.

Property Development Process

Our headquarters and project companies work closely in developing our projects. Our headquarters are responsible for making overall strategic decisions about project development while our project companies oversee the day-to-day operations of our project developments. We have established various procedures and policies to manage our property development process.

The following outlines the core elements of our typical project development process:



Site selection and market research

We place great emphasis and devote significant management resources on site selection as it is the fundamental step to our success of project development. Our headquarters and project companies work closely on market research to identify potential targets. Our project companies are responsible for conducting research on the potential demand for a property development on such site, determining the market positioning, calculating certain operational and financial ratios based on our internal benchmarks such as the target internal rate of return for a project and then formulating a preliminary project feasibility study report for the approval of our headquarters.

Our major criteria of site selection include:

- our ability to develop a property that fits our growth strategies;
- development potentials in the nearby areas and cities;
- demand for the planned project from nearby connected communities and the neighbourhood;
- potential competition in the region;
- future growth potential and appreciation of the land and potential returns of project development;
- convenience of the site, such as the availability of public transportation and infrastructure support; and
- government existing and future development plans for the area.

Preliminary Preparation

Land Acquisition

We acquire a substantial amount of our land for property development from the PRC government through negotiation and discussion with the government prior to the open tender process, which makes it easier for us to win the bid in the open tender process with legally preferential terms due to our brand and high quality projects with designs conforming to the city development plan by the local government. We also acquire land use rights on the secondary market through purchasing projects which have not been completed or acquiring project companies directly from other property developers. We also acquire land in undeveloped area by participating in the development of that area with the government. In addition, we acquire land by cooperation with the government in renovation and urban renewal of old constructions in core area of the city or in construction of ancillary infrastructure. We acquire a small amount of our land by usual public tenders, auctions or listings-for-sale for land use rights in accordance to the Regulations on Granting State-owned Construction Land Use Right through Tenders, Auction and Putting up for Bidding (招標拍賣掛牌出讓國有建設用地使用權規定), promulgated on 28 September 2007 and became effective on 1 November 2007. It provides that the PRC government may only grant land use rights in respect of state-owned land for business, tourism, entertainment and residential commodity property development purposes by way of public tenders, auctions or listings-for-sale. In a public tender, the relevant authorities may assess either solely on tender prices or, alternatively, by references to various factors, including tender prices, credit record of the bidders and quality of the development proposals, in determining to whom such land use right should be granted to. Material investments on land acquisition are assessed and approved by the investment and decision-making committee of our Board in accordance with the authorisation of the Board. For any investment exceeding the amount authorised by the Board, such investment is submitted to the Board for its approval. Where land use rights are granted through auctions or listings-for-sale, the land use rights are normally granted to the highest bidder.

Project Planning and Design

We engage reputable domestic and international architectural, interior and landscape design firms selected through tender processes to conduct our project design work. We apply high standards and unique design for our extra-high buildings which are the landmarks in the cities where they are located. The standards we applied in our extra-high buildings usually become the standards commonly adopted by other similar projects in that city.

A significant portion of our commercial buildings are customised to our clients' orders. A client could order an entire office building after we acquire the land. In this case, we could plan and design the building according to our client's requirements. This mode allows us to lock in sales before the pre-sales stage and substantially increases our sell-through rate.

We maintain a dedicated in-house design team and have strong in-house design capabilities. Our in-house design department is responsible for the overall planning and conceptual design of our development projects. Our sales and marketing department will review a design proposal in accordance with its understanding of customers' need and the relevant market research; and our finance and accounting department is also actively involved to provide certain financial and cost testing. Our design department will then adjust and formulate a final design plan. Our in-house design team works closely with external design firms.

Project financing

We have financed our projects primarily through internal cash flows, including proceeds from pre-sales and sales of our properties, bank loans and trust financing. According to the Guidance on Risk Management of Property Loans of Commercial Banks (商業銀行房地產貸款風險管理指引) issued by the CBRC on 30 August 2004, no bank loan may be granted to projects which have not obtained the relevant land use rights certificates, construction land planning permits, construction work planning permits and

construction work commencement permits. On 25 May 2009, the State Council issued a Notice on Adjusting the Capital Ratio of Fixed Assets Investment Project (關於調整固定資產投資項目資本金比例的通知). The notice provides that the minimum capital requirement for affordable housing and ordinary commodity apartments is 20 per cent., and the minimum capital requirement for other real estate development projects is 30 per cent. Pursuant to the Notice on Adjusting and Improving the Capital System for Fixed Asset Investment Projects (國務院關於調整和完善固定資產投資項目資本金制度的通知) issued by the State Council on 9 September 2015, for real estate development projects, the minimum capital requirement remains unchanged at 20 per cent. for affordable housing and ordinary commodity housing projects, the minimum capital requirement is adjusted from 30 per cent. to 25 per cent. for other real estate projects.

On 12 January 2018, the China Banking Regulatory Commission promulgated the notice on Further Rectifying Chaos in the Banking Industry (中國銀監會關於進一步深化整治銀行業市場亂象的通知) (“Circular No. 4 [2018]”). According to the Appendix 2 of the Circular No. 4 [2018], the key points on rectify chaos in the Banking Industry in 2018 includes rectification of violation of the real estate industry policies. For example, an institution provides financial services for a commercial real estate development project which fails to obtain all the “four certificates for the real estate industry” and the registered capital of the real estate enterprise is not fully paid.

We use proceeds from the pre-sales and sales of our properties to fund part of the construction costs of the relevant projects and to settle bank loans. Proceeds from the pre-sales form the integral source of operating cash inflows during our project development. According to the laws of the PRC, we may pre-sell properties under construction after certain criteria are met and proceeds from the pre-sales are normally used for the construction of such properties. Our policy is to finance our property developments with internal resources to the extent practicable so as to reduce the level of external funding required.

As at 31 December 2018, our outstanding current and non-current borrowings and bonds from banks and other financial institutions amounted to RMB18.6 billion, which is comprised of current interest-bearing loans amounting to RMB3.2 billion, bonds within one year amounting to RMB4.5 billion, non-current interest-bearing loans amounting to RMB9.5 billion and bonds amounting to RMB1.4 billion. Our bank loans are primarily provided by major commercial banks in the PRC. Our ability to finance our projects also depends on the economic and regulatory measures introduced by the central and local governments, which are often intended to stabilise the property market in China. In particular, any decisions to raise the reserve ratio by the PBOC will limit the amount available to commercial banks for lending and our ability to obtain financing from commercial banks.

Construction

Appointment of Construction Companies

We engage construction companies for our projects, including Greenland Construction Group and Yunfeng Group, through tender process in accordance with the Law on Tender and Bidding of the PRC (中華人民共和國招標投標法) and the Rules on the Tender Scope and Criteria for Construction Projects (工程建設項目招標範圍和規模標準規定). In order to ensure the quality and workmanship standards of our properties, we apply stringent criteria in the selection of construction companies and conduct detailed due diligence on them during the bidding process. We typically assess the construction companies’ professional qualifications, reputation and credentials in the project market, financial conditions, experience, price quoted and technical abilities.

After the tender process, we generally accept the winning bidder’s offer and enter into a construction contract with them, under which the construction company is subject to warranties in respect of the quality and construction completion schedule and is obligated to provide periodic progress reports to enable us to closely monitor the construction progress. The construction companies are also required to pay fines in the event of a delay and bear the costs of rectifying any construction defects. Payment to construction contractors by our Group is made in stages in accordance with the terms and conditions stipulated in the construction contracts and the percentage of stage payments varies from case to case. Upon completion

of the project, the contractors will receive approximately 85-90 per cent. of the total payment. We will settle the remaining payment at closing and settlement, with 5 per cent. as retention money for a period of two to three years. The retention money is used to cover any contingent expenses incurred as a result of any construction defects.

Procurement

Our construction contractors, including Shanghai Greenland Construction Engineering Co., Ltd. (上海綠地建築工程有限公司) and Shanghai Greenland Jianshe Gongcheng Company Limited (上海綠地建設工程有限公司), are responsible for procuring general and basic construction materials according to the construction contracts. We have established a centralised procurement process, which plays an essential role in achieving the economies of scale in production and enhancing our bargaining power, ensuring consistent construction material quality and strengthening our cost control. Our procurement department at our headquarters coordinates the procurement of construction materials. We have built stable strategic cooperation with reputable suppliers. We have also set up a stringent bidding process for the selection of suppliers. For construction materials that are particularly important to our projects construction, we seek tenders from various suppliers and assess the quality and price. In addition, pursuant to the Rules on the Tender Scope and Criteria for Construction Projects (工程建設項目招標範圍和規模標準規定), we adopt bidding process for procurement of construction materials whose procurement amount in a single contract exceeding RMB1 million.

Quality Control and Construction Supervision

We place great emphasis on the quality control and construction supervision of our properties to ensure that they comply with relevant regulations and our quality standards. We have established a standardised, professional and procedural operational system of property development and have formulated various management measures for projects management, cost management, procurement management and contracts management as a constituent part of our quality control system.

In compliance with the relevant PRC laws and regulations, we engage certified construction supervision companies to monitor certain aspects of our construction of projects. They conduct quality and safety control checks on all construction materials and workmanship on-site and also monitor the progress of construction, work site safety and the construction completion schedule. In addition to engage external professionals, our project management team of each project company closely oversees the whole construction processes, particularly the quality and timetable of construction works, as well as the selection of construction materials to ensure that our property developments comply with applicable national quality control standards and our own stringent quality control standards.

Sales and marketing

Pre-sales

Pre-sales of our properties commence before the completion of a project or a project phase. Under the Law of the PRC on Urban Real Estate Administration (中華人民共和國城市房地產管理法) issued on 1 January 1995 and amended on 27 August 2009, Regulations on Administration of Development and Operations of Urban Real Estate (城市房地產開發經營管理條例) issued on 20 July 1998 and amended on 8 January 2011 and 19 March 2018 and the Measures for the Administration of Pre-sale of Commodity Buildings (城市商品房預售管理辦法) issued on 1 January 1995 and amended on 20 July 2004, pre-sales of a property shall meet the following conditions:

- (i) the land premiums have been fully paid and the relevant land use rights certificate has been obtained;
- (ii) the construction work planning permit and the construction work commencement permit have been obtained;
- (iii) funds invested for construction of the project for pre-sale have exceeded 25 per cent. of the total investment for the project and date of completion of the project have been set confirmed; and

- (iv) a pre-sale registration has been made with the competent real estate administration and a permit of advance sales of commodities house has been obtained. Please refer to the section headed “*PRC Regulations*” in the offering memorandum for further details of the applicable PRC laws and regulations. Proceeds from pre-sales are generally deposited in escrow accounts and can only be used for financing the construction of the relevant properties.

We adopt a “quick sales and reasonable pricing” strategy and endeavour to sell at least 60 per cent. of the residential units within the first month of the sale of such properties. We set our selling prices of our properties by taking into account local market trends, development costs, expected investment returns and prevailing supply and demand conditions. We will enter into a standard contract with each of our purchasers, which mainly specifies the GFA of the property to be sold, purchase price, method of payment and the date of delivery of the completed property.

Sales and Marketing Plan

We primarily rely on internal resources to sell our properties. Our headquarters are responsible for formulating our annual sales and marketing strategies, in accordance with which our sales and marketing departments of the regional project companies formulate their respective sales and marketing plans. Our sales and marketing personnel at the regional project companies conduct comprehensive and detailed market research and formulate the pre-sales, sales and pricing strategies, which are reviewed and analysed by our headquarters. Our marketing department in our headquarters oversees nationwide marketing activities and provides trainings to our sales teams. Our customer database enables us to collect information in real time and accurately estimate resources required at each stage of the sales process in accordance with the data in the database. All regional divisions share the customer database which increases the efficiency of our sales and marketing. We also set up elite sales teams to support projects with relatively lower sell-through rates.

Completion, Delivery and After-sales Services

Payment Arrangements

Generally, we require purchasers of our properties to pay deposits before entering into formal sale and purchase agreements, which will be forfeited if the purchaser subsequently decides not to purchase the property. Our customers can either pay by one lump sum payment or by mortgage financing. For the customers who choose to settle the purchase price by one lump sum payment, the remaining purchase price balance is typically required to be fully settled no later than six months after the date of the execution of the sale and purchase agreements. For customers purchasing first home who choose to pay by mortgage financing, a down payment of not less than 30 per cent. of the purchase price is required to be paid to us upon signing the sale and purchase agreement and according to the current PRC laws and regulations, they could obtain mortgage loans of up to a maximum of 70 per cent. of the purchase price with a repayment period of up to 30 years for units with a GFA larger than 90 sq.m. These purchasers are required to pay the remaining balance of the portion of the purchase price that is not covered by the mortgage loans prior to the disbursement of the mortgage loans from mortgage banks.

In line with market practice in the PRC, we provide guarantees to the purchasers of our properties for the mortgage loans from mortgagee banks. Under these guarantees, we are jointly responsible for the repayment of principal and interest amount of the mortgage loans by the respective purchasers. If a purchaser defaults under a mortgage loan, we are obligated to repay all debts owed by the purchaser to the mortgagee bank and the mortgagee bank will assign their rights under the loan and the mortgage to us. After the change of mortgagee, we will have the right to the property. These guarantees will be released upon the earliest of:

- (i) the relevant property ownership certificates being obtained and the certificates of other interests with respect to the relevant properties being delivered to the mortgagee banks,

- (ii) two years after the expiry date of the mortgage loan contract, or
- (iii) the settlement of mortgage loans between the mortgagee banks and the purchasers.

Delivery of Properties

We closely monitor the construction progress of our properties and endeavour to deliver our properties to purchasers within the time frame stipulated in the respective sale and purchase agreements. Under the current PRC laws and regulations, we are required to obtain a Record of Acceptance Examination Upon Project Completion (竣工驗收備案證明) prior to the delivery of properties to the purchasers. Once a property development project has passed the requisite completion and acceptance inspections, we will notify the purchasers in respect of the delivery on a timely basis. However, if we fail to deliver the properties to purchasers on the date of delivery stipulated in the respective sale and purchase agreements, we will be obliged to pay a compensation fee of a certain percentage of the purchase price.

After the delivery of properties, we are required to obtain a general property ownership certificate for each of our projects and we also offer assistance to purchasers in applying for strata-title Building Ownership Certificate (分戶產權證) by providing the requisite information to the local title registration office.

After-sales Services

Our customer relationship department is responsible for the after-sales customer services. We provide comprehensive after-sales services, including assistance to our customers in obtaining property title certificates. A customer service staff is dedicated to each customer to provide after-sales services. We believe the provision of high quality after-sales services could enhance our brand recognition and goodwill and help to generate new sales and customer referrals for our properties.

Property development through our joint ventures

We also develop our properties through our joint ventures established with our partners. Pursuant to the terms of our joint venture contracts, both our joint venture partners and we are required to provide property development funds in proportion to our respective interest in the joint venture. We believe that property development through our joint ventures not only helps us to enter into local market but also enables us to utilise the development funds provided by our partners.

PRC Real Property Market

According to the National Bureau of Statistics of China, the total sales revenue of commodity properties in China increased from approximately RMB6,446 billion in 2012 to approximately RMB13,370 billion in 2017 at a CAGR of 15.7 per cent. During the same period, the total GFA of commodity properties sold in China increased from approximately 1,306 million sq.m. in 2012 to approximately 1,694 million sq.m. in 2017 at a CAGR of 8.8 per cent. The average price of commodity properties sold in China increased from RMB5,791 per sq.m. in 2012 to RMB7,893 per sq.m. in 2017, representing a CAGR of 6.4 per cent. The average price of commodity properties sold was calculated by dividing total sales proceeds by the aggregate GFA sold.

The table below sets out selected statistics relating to the PRC property market for the years indicated.

	2012	2013	2014	2015	2016	2017	2018	2012-2018 CAGR (per cent.)
Real estate investment (RMB billion, except CAGR).....	7,180	8,601	9,504	9,598	10,258	10,980	12,026	9.0%
Investment in real estate development in residential properties (RMB billion, except CAGR).....	4,937	5,895	6,435	6,460	6,870	7,515	8,519	9.5%
Total GFA of commodity properties sold (million sq.m., except CAGR).....	1,113	1,306	1,206	1,285	1,573	1,694	1,717	7.5%
Total GFA of residential properties sold (million sq.m., except CAGR).....	985	1,157	1,052	1,124	1,375	1,448	1,479	7.0%
Average price of commodity properties (RMB per sq.m., except CAGR).....	5,791	6,237	6,324	6,793	7,476	7,892	8,734	7.1%
Average price of residential properties (RMB per sq.m., except CAGR).....	5,430	5,850	5,933	6,472	7,203	7,614	8,546	7.9%
Total sales revenue of commodity properties (RMB billion, except CAGR).....	6,446	8,143	7,629	8,728	11,763	13,370	14,997	15.1%
Total sales revenue of residential properties (RMB billion, except CAGR).....	5,347	6,769	6,241	7,275	9,906	11,024	12,639	15.4%

Source: CEIC Global Database, National Bureau of Statistics of China

Property Management

Property management is an important part of our property development and operation business. We place great emphasis on property management as a protective measure of our after-sales services, which we believe could enhance our property value and promote our brand recognition.

We charge our customers management fees on a monthly or quarterly basis. Under the PRC laws, property owners have the right to engage or dismiss a property management service provider with the consent of more than a half of all owners of the building and consent of owners who represent more than 50 per cent. of the interest in the non-communal area of the building in the aggregate. At the date of the offering memorandum, our property management companies have not been dismissed from the management of any properties.

Disposal of Education Operations

On 4 March 2016, Shanghai Cambridge (Group) Co., Ltd. (“Shanghai Cambridge”), one of our subsidiaries, completed the disposal of its 67.14 per cent. equity interest in Shanghai Sipo Education Development Co., Limited (“Sipo”) that carried out all of our education operations. We received RMB348.0 millions in consideration and realized a gain on disposal of RMB246.6 million. Our net cash inflow from the disposal was RMB279.2 million. The proceed generated from the disposal have been applied as our general working capital.

Corporate Governance and Legal Compliance

Our overall corporate governance and legal compliance management is carried out across our integrated organisational structure through the work of (1) the legal department at our headquarters that formulates and monitors the implementation of our corporate governance and compliance standards and (2) all operation departments at our headquarters and our regional project companies that implement such standards. The legal department at our headquarters institutionalises our legal and compliance management, provides legal training to our employees, keeps active communication with the relevant government authorities, improves our legal and regulatory compliance and enhances our corporate governance.

Customers and Suppliers

Our customers for residential properties are primarily individual purchasers in the PRC. Our customers for commercial properties primarily include various types of corporations and other business entities. Our five largest customers during such periods included individuals and corporations for the purchase or lease of our residential properties and commercial properties.

Our major suppliers are construction material and equipment suppliers, construction contractors and design firms. We have access to a wide range of construction contractors and design firms. All of our major contractors and design firms are sizeable, and are properly qualified in respect of the construction and design work contracted to them. We maintain long term business relationships with most of our contractors. Each of our five largest suppliers during such periods is an independent third party of our Group.

Awards and Recognition

Over the past years, we have received widespread recognition. The list below sets out some of the awards we received in respect of our property development and financial services operations:

Hong Kong – Greenland Hong Kong

Awarded the Outstanding Enterprises for Environmental Protection for “2018 Asia-Pacific Environmental Protection Achievement Awards” by the United Nations Environment Programme Foundation, the China Environmental Protection Association, the Hong Kong Environmental Protection Association and the Green Environment Protection Association of Macau

Shanghai – Shanghai Greenland Huangpu Center

Awarded the Performance Award for the “SBID International Interior Design Awards” by UK Design Council

Awarded the Silver Award for the 4th “China Real Estate Design Award for 2017-2018”

Wuxi – Wuxi Sky Tree

Awarded the Excellent Award for the 4th “China Real Estate Design Award for 2017-2018”

Awarded the “Wuxi Human Settlements Property Project Award for 2018” by Wuxi Housing Exchange Center (government agency)

Wuxi – Wuxi Greenland Xi Shui Dong

Awarded the “Quality Property Project for 2018” by Fang.com

Awarded the “Quality Property Project for 2018” on China FZG Rankings by Fang.com

Awarded the “Wonderful Living Model Community for 2018 in China” by House.sina.com.cn

Wuxi – Wuxi Diamond Mansion

Awarded the “2019 Top 10 Potential Property Projects in Wuxi” by Wuxi Weibo Housing

Awarded the “Popular Property Project of the Year” by Wuxi.focus.cn

Yiwu – Yiwu Greenland Epoch Gate

Awarded the “Most Commercial and Influential Model” by the Yiwu Real Estate Jinwu Award Committee

Awarded the “Top Villa in Yiwu” by the Yiwu Real Estate Jinwu Award Committee

Xuzhou – Xuzhou Greenland Lakeside Villa

Awarded the “2018 Property Developer of New Era and Property Project for Wonderful Living” by Xuzhou Press

Awarded the “Chun Hua Award in Real Estate Fair (Spring Edition) for 2018” by Xuzhou Property Market Observation

Foshan – Foshan Greenland Mountain Time

Awarded the “Best Use of New Media for 2018”

Awarded the “Best Selling Property Project for 2018” in annual top trending searches by Anjuke

Kunming – Kunming Greenland Southeast Asia Headquarters

Awarded the Bronze Prize for the “Third REARD Real Estate Star Design Award” by REARDatChina.com

Awarded the “Model Property Project for 2018” by Anjuke

Awarded the “New Forces of Property Project of the Year” by Focus.cn

Awarded the “Most Popular Property Project in Wujiaaba for 2018” by House.ifeng.com

Awarded the “Star Property in Wujiaaba Sub-district of the Year” by Fang.com

Awarded the “Quality Property Project in Wujiaaba Sub-district of the Year” by News.163.com

Kunming – Kunming Greenland Dian Lake International Health Town

Awarded the “Model of Ecological Intelligence for 2018” by Tencent

Awarded the “Kunming Best Human Settlements Environment Award for 2018” by Focus.cn

Awarded the “Chinese Large-scaled Property Projects Driving Urban and Ecological Development” for the 40th Anniversary of Reform and Opening up by the Union of National Real Estate Chamber Of Commerce, the Operation and Management Committee of China Real Estate Association, the Chinese Organization Committee of UN International Week of Science and Peace and the Marketing Association of Chinese Mainstream Media of Real Estate

Nanning – Nanning Greenland Dongmeng International Town

Awarded the Bronze Prize for the “Third REARD Real Estate Star Design Award” by REARDatChina.com

Nanning – Nanning Greenland Nanning Central Plaza

Awarded the “2018 Property Project with the Best Investment Potential in Nanning” by FM93.0 (Education) of Guangxi Broadcasting System, LEDAMEDIA and iResearch

Awarded the “Guangxi Complex Model for 2018” on Guangxi Real Estate Strengthen Rankings by Nanning Evening Post and FM950 Radio

Awarded the “Urban Complex Landmark Award for 2018” by Guangxi Daily, Nanguo Morning News and House Weekly

Nanning – Nanning Greenland City

Awarded the Excellence Award for “CBDA China Decoration Design Award” by the China Building Decoration Association

Awarded the “Large-scaled Influential Property Project in Nanning” on Guangxi Real Estate Strengthen Rankings for 2018 by Nanning Evening Post and FM950 Radio

Awarded the “Urban Model Awards for 2018” for “Golden Brick Award for Real Estate of Guangxi” by Nanguo Morning News and House Weekly

Awarded the “Annual Top Trending Property Project Searches for 2018” on Top China Real Estate Rankings (Desirable life) by Anjuke

Nanning – Nanning Greenland Xin Li • Pu Yue Garden

Awarded the “Best Selling Property Project for 2018” on the Top China Real Estate Rankings

Taiyuan – Taiyuan Greenland Shanding Park

Awarded the “Sixth Residential Architecture Design Excellence Award for 2018” by the World Association of Chinese Architects

Awarded the “Taiyuan Livable Property Project for 2018”

Awarded the “Taiyuan Quality Villa for 2018”

Competition

The property market in China is highly competitive. We compete with other property developers in China in terms of a number of factors, including location, product quality, service quality, price, financial resources, brand recognition and the ability to acquire good quality land reserve. Our existing and potential competitors include major domestic property developers and foreign developers to a lesser extent, such as leading property developers from Hong Kong. We believe that, with our solid and strong national foothold, diversified product portfolio, expertise in extra-high buildings, urban complexes and residential property development, we have demonstrated resiliency to the market changes. Further, given our brand recognition and reputation, product creativity, credibility, quality products and services in the past years, we believe we can react promptly to challenges in the property market in China. Please refer to the section headed “*Risk Factors – Risks Relating to Our Businesses – We face intense competition in the industries where we have businesses, which may adversely affect our business and results of operations.*” in the offering memorandum.

Intellectual Property Rights

Our intellectual property forms an integral basis for our strong brand recognition and is of vital importance to our business. We are the only overseas-listed real estate platform of Greenland Holding and are allowed to use the “Greenland” trademark. As at the date of this offering memorandum, we were not aware of any infringement (i) by us of any intellectual property rights owned by third parties, or (ii) by any third party of any intellectual property rights owned by us.

Insurance

Property developers are not required under applicable PRC laws and regulations to maintain insurance coverage in respect of their property development operations. Consistent with what we believe to be the industry norm for the property development industry in the PRC, we do not maintain insurance coverage against destruction of or damage to our properties, no matter whether they are under development or properties held for sale other than those over which our lending banks have securities interests or for which we are required to maintain insurance coverage under the relevant loan agreements. In addition, we generally do not carry insurance against personal injuries that may occur during property construction. The construction companies are responsible for quality and safety control during the course of the construction and are required to maintain accident insurance for their construction workers pursuant to PRC laws and regulations. To ensure the construction quality and safety, we have set up a set of standards and specifications which the construction workers must comply with during the property construction. We engage qualified supervision companies to oversee the construction process. Under PRC laws, construction contractors and constructors bear civil liability jointly and severally for personal injuries arising out of the construction. However, they shall not be liable if the injury is caused by the wilful conduct of the injured or third person. If contractors are aware of the deficiency of qualification or work safety maintenance of the constructors, contractors may bear civil liability for personal injuries suffered by construction workers with constructors jointly and severally. In addition, according to our construction contracts, any liability that may arise from tortious acts committed on work sites will be borne by the construction companies.

We believe that our insurance coverage is adequate and our insurance policy is in line with customary industry practice of property developers. However, we could not guarantee that we have sufficient or any insurance coverage for losses, damages and liabilities that may arise in our business operations. Please refer to the section headed “*Risk Factors – Risks Relating to Our Businesses – We are subject to uninsured risks*” in the offering memorandum for details.

Environmental Matters

We are subject to a number of environmental laws and regulations including the Environment Protection Law of the PRC (中華人民共和國環境保護法), the Prevention and Control of Noise Pollution Law of the PRC (中華人民共和國環境噪聲污染防治法), the Prevention of Environmental Pollution by Solid Waste (中華人民共和國固體廢物污染環境防治法), the Environmental Impact Assessment Law of the PRC (中華人民共和國環境影響評價法), and Administrative Regulations on Environmental Protection for Development Projects (建設項目環境保護管理條例). Please refer to the section headed “*PRC Regulations*” in the offering memorandum for details of these environmental laws and regulations. At the date of the offering memorandum, we had not encountered any material issues in passing inspections conducted by the relevant environmental authorities upon completion of our properties.

Our corporate mission is to continue to improve our corporate responsibility and green credentials. We have made active efforts for energy conservation and emission reduction, and to promote green technology.

Employees and Safety

We are subject to various PRC laws and regulations in respect of labour, insurance, accidents, health and safety, including the Labour Law of the PRC (中國人民共和國勞動法), the Social Insurance Law of the People's Republic of China (中華人民共和國社會保險法), the Labour Contract Law of the PRC (中華人民共和國勞動合同法), the Social Insurance Law of the PRC (中華人民共和國社會保險法), the Interim Regulations on Collection and Payment of Social Insurance Premiums (社會保險費徵繳暫行條例), the Regulations on Work-related Injury Insurances (工傷保險條例), the Regulations on Unemployment Insurance (失業保險條例), the Trial Procedures for Childbirth Insurance of Enterprise Employees (企業職工生育保險試行辦法), Safety Production Law of the PRC (中國人民共和國安全生產法) and other related regulations, rules and provisions issued by the relevant governmental authorities from time to time.

We are committed to recruiting, training and retaining skilled and experienced employees throughout our operations. We intend to achieve this by offering competitive remuneration packages as well as by focusing on training and career development.

As at 31 December 2018, we had 3,722 employees.

In accordance with the relevant PRC laws and regulations, in addition to the housing fund, we contribute to social welfare insurance for our full-time employees in the PRC, including basic pension insurance, basic medical insurance, unemployment insurance, work-related injury insurance and maternity insurance.

Legal Proceedings

We are involved in legal or other disputes from time to time in the ordinary course of our business. Each of these proceedings is, in our view, immaterial in terms of their impact on the business, financial condition or results of operations of our Group. As at the date of this offering memorandum, we are not aware of any legal proceeding, pending or threatened against us or our Directors, which could be expected to have a material adverse effect on our business, financial conditions and results of operations.

REGULATION

Set out below are summaries of certain aspects of PRC laws and regulations, which are material to the business and operations of the Company. These include laws relating to land and real estate development. For a description of the legal risks relating to government regulation of our business see “Risk Factors”.

PRC property developers must comply with various requirements mandated by PRC laws and regulations, including the policies and procedures established by local authorities designated to implement such laws and regulations.

In particular, the PRC government exerts considerable direct and indirect influence on the development of the PRC property sector by imposing industry policies and other economic measures, such as control over the supply of land for property development, property financing, taxation, foreign exchange and foreign investment. Through these policies and measures, the PRC government may restrict or reduce the land available for property development, raise the benchmark interest rates of commercial banks, place additional limitations on the ability of commercial banks to make loans to property developers and property purchasers, impose additional taxes, such as property tax, impose levies on property sales and restrict foreign investment in the PRC property sector.

Over the past few years, the PRC government has announced a series of measures designed to stabilise the PRC economy and cool down the property market. For example, on 19 May 2010, the PRC government issued policies to enhance the enforcement of the Land Appreciation Tax (the “LAT”). On 29 September 2010, the PBOC and the CBRC jointly issued the Notice on Relevant Issues Regarding the Improvement of Differential Mortgage Loan Policies (中國人民銀行、中國銀行監督管理委員會關於完善差別化住房信貸政策有關問題的通知), which (i) raised the minimum down payment to 30 per cent. for all first residential property purchases with mortgage loans and; (ii) required commercial banks in China to suspend mortgage loans to customers for their third and subsequent residential property purchases or to non-local residents who cannot provide documentation certifying payment of local tax or social security for longer than a one-year period. On 26 January 2011, the General Office of the State Council (中華人民共和國國務院辦公廳) issued new notice to further regulate the property market, which among other measures increased the minimum down payment for second residential property purchases from 50 per cent. to 60 per cent. and levied business tax on ordinary residential properties transferred within five years from the purchase date. Since 1 January 2012, the PBOC has adjusted the benchmark lending rates eight times and the reserve requirement ratio eight times. On 19 July 2013, pursuant to the Notice on Further Promoting the Market-Oriented Interest Rate Reform (中國人民銀行關於進一步推進利率市場化改革的通知), PBOC abolished the lower limit of the lending rate for financial institutions. In addition, local governments in certain cities, such as Beijing, Shanghai, Suzhou, Wuxi, Haikou, Tianjin, Chengdu and Wuhan, have promulgated policies to limit the maximum number of residential properties which may be purchased by a family. The PRC government has also launched new property tax schemes on a trial basis in Shanghai and Chongqing. On 26 February 2013, the General Office of the State Council issued the Notice on the Continuous Effective Regulation of the Real Estate Market (國務院辦公廳關於繼續做好房地產市場調控工作的通知), which continues to impose strict commercial housing restriction policy, reiterates the differentiating loan policies and further requires enhancement on the individual income taxation relating to the sales of property by individual owners.

On 29 September 2014, BOC and CBRC promulgated the Circular of the People’s Bank of China and China Banking Regulatory Commission on Further Providing Effective Housing Financial Services (關於進一步做好住房金融服務工作的通知). This circular stipulates that the credit policy for second residential property purchases after settling the mortgage loans of first residential property purchases shall accord with the policy for first residential property, i.e., the minimum down payment is 30 per cent., and the minimum interest rate is 70 per cent. of the benchmark lending rate. In cities which have no restriction of residential property purchases, the banks have discretion on the minimum down payment and loan interest rates for the mortgage loans of third residential property purchases after settling the mortgage loans of former residential property purchases.

On 30 March 2015, the PBOC, the MOHURD and the CBRC jointly issued the Circular on Issues concerning the Residential Housing Mortgage Loan Policies (中國人民銀行、住房城鄉建設部、中國銀行業監督管理委員會關於個人住房貸款政策有關問題的通知) to relax mortgage rules for second home purchasers to address demand for improved housing and lift the sagging housing market, which provides that the minimum down payment for second home purchasers in general have been lowered to 40 per cent., the minimum down payment for second home purchasers using public housing funds has been cut to 30 per cent. if all loans are settled on their first home and for first home purchasers using public housing funds, the minimum down payment has been reduced to 20 per cent. of the home's value.

On 28 June 2015, the MOHURD issued the Notice on Adjustments on the Municipality's Housing Provident Fund Deposit and Loan Interest Rates (住房和城鄉建設部關於按照中國人民銀行規定實施住房公積金存貸款利率調整的通知) to decrease the deposit interest rates and the loan interest rates of the housing provident fund from the date of this notice. Pursuant to such notice, the deposit interest rate for housing provident fund collected in the current fiscal year (當年繳存) remains unchanged at 0.35 per cent., and the deposit interest rate for housing provident fund balance carried forward from previous fiscal year (上年結轉) has been lowered from 1.85 per cent. to 1.60 per cent. In addition, the interest rate on a housing provident fund loan over five years has been decreased from 3.75 per cent. to 3.50 per cent., and the interest rate on a five-year housing provident fund loan or a housing provident loan less than five years has been reduced from 3.25 per cent. to 3.00 per cent. On 27 August 2015, the MOHURD further issued the Notice on Adjustments on the Municipality's Housing Provident Fund Deposit and Loan Interest Rates (住房和城鄉建設部關於按照中國人民銀行規定實施住房公積金存貸款利率調整的通知) (Jian Jin [2015] 126) to further decrease the deposit interest rate for housing provident fund balance carried forward from previous fiscal year (上年結轉) has been lowered from 1.60 per cent. to 1.35 per cent. In addition, the interest rate on a housing provident fund loan over five years has been decreased from 3.50 per cent. to 3.25 per cent., and the interest rate on a five-year housing provident fund loan or a housing provident loan less than five years has been reduced from 3.00 per cent. to 2.75 per cent.

On 27 August 2015, the PBOC, MOHURD and CBRC jointly issued the Notice on the Adjustment on the Down Payment Ratio of the Residential Housing Mortgage Loan (住房和城鄉建設部、財政部、中國人民銀行關於調整住房公積金個人住房貸款購房最低首付款比例的通知) which became effective from 1 September 2015. It is the second time that the authorities have lowered the down payment level in 2015. According to the Notice, the minimum down payment for the second home purchasers using public housing funds has been further reduced from 30 per cent. to 20 per cent. if all loans are settled on their first home. Moreover, the Notice allows Beijing, Shanghai, Guangzhou, and Shenzhen to decide the minimum down payment ratio for the second home purchasers using public housing funds based on both the national policy and their local practices on their discretion.

On 1 February 2016, the PBOC and the CBRC jointly issued the Notice on Issues concerning Adjusting the Individual Housing Loan Policies (中國人民銀行、中國銀行業監督管理委員會關於調整個人住房貸款政策有關問題的通知), which provides that: (i) In cities where "housing purchase restriction" measures are not implemented, the minimum down payment ratio for commercial individual housing loans granted to households of residents for purchasing ordinary housing units for the first time shall generally be 25 per cent., and may be lowered by 5 per cent. by local governments; and where a household which owns one housing unit but has not paid off the relevant housing loan applies again for a commercial individual housing loan to purchase an ordinary housing unit to improve living conditions, the minimum down payment ratio shall not be less than 30 per cent.; and (ii) In cities where "housing purchase restriction" measures are implemented, the individual housing loan policies shall remain unchanged.

On 17 February 2016, the PBOC, MOHURD and MOF jointly released the Notice in Regard to Bettering Housing Provident Fund Personal Account Deposit Interest Rate Formation Mechanism (關於完善職工住房公積金帳戶存款利率形成機制的通知), which provides that the deposit rate of personal housing provident fund has been adjusted to the benchmark one-year deposit rate from 21 February 2016.

On October 10, 2016, the MOHURD issued the “Circular on Further Regulating Operations of Real Estate Developers to Safeguard the Real Estate Market Order” (關於進一步規範房地產開發企業經營行為維護房地產市場秩序的通知), which requires that improper operations of real estate developers shall be investigated and punished according to law. The improper operations include releasing or spreading false housing information and advertisements, maliciously pushing higher and artificially inflating housing prices by fabricating or spreading information on rising property price and other operations.

Intra-Group Lending

According to Section 61 of the General Principles of Loans (貸款通則) promulgated by the PBOC in 1996, lending and capital raising among non-financial institutions is prohibited. There is a risk that intra-Group lending may be deemed not in compliance with the General Principles of Loans, and the PBOC could cancel the certain intra-Group loans and impose a fine equal to one to five times of its interest income accrued from such loans.

PRC Regulation on Land Supply

PRC government regulations and policies may impair the Company’s ability to obtain a sufficient number of sites or retain sites suitable for property developments. The Company derives the majority of its revenue from the sale of properties it developed in China. This revenue stream is dependent on the Company’s ability to complete and sell its property developments. To grow or maintain its business in the future, the Company will be required to replenish its land reserve with suitable sites for developments. The Company’s ability to identify and acquire a sufficient number of suitable sites is subject to a number of factors that are beyond its control.

The PRC government controls substantially all of the country’s land supply, and regulates the means by which property developers, including the Company, obtain land sites for property developments. As a result, the PRC government’s land supply policies affect the Company’s ability to acquire land use rights for sites that the Company identifies and the costs of land acquisition. Although these regulations do not prevent privately held land use rights from being traded in the secondary market, the PRC government’s policy to grant state-owned land use rights through a bidding system has caused an increase in the acquisition cost of land reserves in the PRC. If the Company fails to acquire sufficient land reserves in a timely manner and at acceptable prices, or at all, its business prospects, financial condition and results of operations may be materially and adversely affected.

The PRC government has adopted a number of initiatives to control the growth of China’s residential property sector and to promote the development of affordable housing. For example: (1) one of these initiatives requires local governments, when approving new residential projects after 1 June 2006, to ensure that at least 70 per cent. of GFA granted for each project consists of units that are smaller than 90 sq.m. (including affordable housing); (2) in a notice made on 30 September 2007 and amended on 3 December 2010, the MLR stated that land supply priority shall be given to ordinary commodity houses at middle to low prices and of medium to small sizes, affordable housing and low-rent housing, and local authorities shall ensure that at least 70 per cent. of annual land supply approved consists of the preceding categories of housing units; (3) pursuant to the Catalogue of Restricted Use of Land (2012 Version) (限制用地項目目錄(2012年本)) issued by the MLR and the NDRC on 23 May 2012, the area of a parcel of land granted for commodity housing development shall not exceed seven hectares in small cities and towns, 14 hectares in medium-sized cities or 20 hectares in large cities; and (4) pursuant to the Notice on Further Strengthening the Administration and Control of Real Estate Land and Construction (關於進一步加強房地產用地和建設管理調控的通知) jointly issued by the MLR and the MOHURD in September 2010, the development and construction of large low-density residential properties should be strictly restricted, and the plot ratio for residential land is required to be more than 1.0. In addition, the PRC central and local governments have implemented various measures to regulate the means by which property developers obtain land use rights for property development. The PRC government also controls land supply through zoning, land usage regulations and other means.

On 31 March 2017, the Shanghai Municipal Bureau of Planning and Land Resources issued the Regulation on Strengthening the Management of the Transfer of Commercial Land of the City (關於加強本市經營性用地出讓管理的若干規定), which was effective on 10 April 2017, to enhance the control over commercial land to cover its supply, acquisition, planning, construction, transfer, operation, registration and mortgage. On 9 May 2017, Shanghai Housing and Urban-rural Development Management Committee, the Shanghai Municipal Bureau of Planning and Land Resources, Shanghai Municipal Development and Reform Commission, Shanghai City Management and Administration Execution Bureau, Shanghai Administration for Industry and Commerce, and Shanghai Financial Services Office further jointly issued the Opinions to Clean-up the Commercial Office (關於開展商業辦公項目清理整頓工作的意見). This Opinion, among other things, stops the issuance of approval for projects of apartment-style office (公寓式辦公項目). In the commercial office use land transfer contract, it should explicitly forbid to construct the apartment-style office buildings. Commercial office units already sold but not yet delivered to the buyer must be renovated according to the required functions of commercial offices. Otherwise, they are forbidden to be delivered or to go through registration procedures. Commercial office units already delivered and in use will be put under strict management and control, and relevant information will be logged into a registration system. The developer and the owner are required to take joint responsibility for making improvements and ensuring safety and security. Developers are also urged to eliminate potential fire hazards. Owners of commercial office properties are not allowed to receive similar treatment as residential housing owners in terms of permanent residence registration, school enrollment or public utility fees. Some other cities, including Beijing, Guangzhou, Chengdu and Shenzhen have promulgated similar regulatory policies in the control of commercial office projects.

All of these measures further intensify the competition for land in China among property developers. These policy initiatives and other measures adopted by the PRC government from time to time may limit the Company's ability to acquire suitable land for its development or increase land acquisition costs significantly, which may have a material adverse effect on its business, financial condition and results of operations.

Land Acquisition Laws

The Rules Regarding the Grant of State-Owned Land Use Rights by Way of Tender, Auction and Listing-for-sale (招標拍賣掛牌出讓國有土地使用權規定) issued by the MLR ("Circular 11") provide that, from 1 July 2002, land use rights for the purposes of commerce, tourism, entertainment and commodity residential property development in China shall be granted by the government only through public tender, auction or listing-for-sale. When deciding to whom land use rights are granted through a tender bidding, the relevant authorities will consider not only the tender price, but also the credit history, qualifications and tender proposal of the tenderer according to the criteria for the bidding. These measures will result in a more transparent land grant process, which will enable developers to compete more effectively.

On 5 June 2003, the PBOC published the Notice on Further Strengthening the Administration of Real Estate Loans (中國人民銀行關於進一步加強房地產信貸業務管理的通知). This notice prohibits commercial banks from advancing loans to fund the payments of land premiums. As a result, real estate developers may only use their own funds to pay for land premiums.

In September 2007, the MLR further promulgated the Regulations on the Grant of State-owned Construction Land Use Rights through Public Tender, Auction and Invitation for Bidding (招標拍賣掛牌出讓國有建設用地使用權規定) to amend Circular 11, requiring that land for industrial use, except land for mining, must also be granted by public tender, auction and invitation for bidding. Only after the grantee has paid the land premium in full under the land grant contract can the grantee apply for the land registration and obtain the land use right certificates. Furthermore, land use rights certificates may not be issued in proportion to the land premium paid under the land grant contract.

In November 2009, the MOF, the MLR, the PBOC, the PRC Ministry of Supervision and the PRC National Audit Office jointly promulgated the Notice on Further Enhancing the Revenue and Expenditure Control over Land Grant (關於進一步加強土地出讓收支管理的通知). This Notice raises the minimum down payment for land premium to 50 per cent. and requires the land premium to be fully paid within one year after the signing of a land grant contract, subject to limited exceptions.

The MLR promulgated the Notice on Problems Regarding Strengthening Supply and Monitoring of Real Estate Land Supply (關於加強房地產用地供應和監管有關問題的通知) (the “Notice”) on 8 March 2010. According to the Notice, the land provision for affordable housing, redevelopment of slum districts and small/medium residential units for occupier owner should be no less than 70 per cent. of total land supply, and the land supply for large residential units will be strictly controlled and land supply for villa projects will be banned. The Notice also requires that the lowest land grant price should not be less than 70 per cent. of the basic land price of the place where the granted land is located and the real estate developer’s bid deposit should not be less than 20 per cent. of the lowest grant price. The land grant agreement must be executed within ten working days after the land transaction is confirmed. The minimum down payment of the land premium should be 50 per cent. and must be paid within one month after the execution of the land grant agreement. The balance should be paid in accordance with the agreement, but no later than one year. If the land grant agreement is not executed in accordance with the requirement above, the land shall not be handed over and the deposit will not be returned. If no grant premium is paid after the execution of the agreement, the land must be withdrawn.

On 21 September 2010, the MLR and the MOHURD issued the Notice on Further Strengthening the Administration and Control of the Lands for Real Estates and the Construction of Real Estates (國土資源部住房和城鄉建設部關於進一步加強房地產用地和建設管理調控的通知) to tighten the examination of qualifications of land bidders. It specifies that when the bidders take part in the bidding or auction of the transferred land, the competent authority of land and resources shall, in addition to requiring proof of identity documents and payment of the bid security, require an undertaking letter stating that the bid security is not from any bank loan, shareholders’ borrowing, on-lending or raised funds and the credit certificate issued by commercial financial institutions. If the bidders are found to have conducted any of the following illegal or irregular activities, the competent authority of land and resources shall forbid the bidders and their controlling shareholders from participating in land bidding activities: (1) committing crimes such as forgery of instruments with an aim to illegally sell the land; (2) conducting illegal activities such as illegal transfers of land use right; (3) where the land is idling for a period of more than one year due to the enterprises’ reasons; or (4) where the development and construction enterprise develops and takes advantage of the land in contravention of the conditions as agreed in the transfer contract. The relevant authorities of land and resources at all levels are required to strictly implement the regulations.

On 13 May 2011, the Ministry of Land and Resources Promulgated the Opinions on Upholding and Improving the System for the Transfer of Land by Tender, Auction and Listing (關於堅持和完善土地招標拍賣掛牌出讓製度的意見), which provides, among other things, that (i) correct utilization of the regulating and controlling effects of the land transfer policy through tender, auction and listing; (ii) improvement in the transparency of the system of tender, auction and listing for housing land; (iii) adjustment and improvement in the land transfer policy through tender, auction and listing, including (a) limitation on house price or land price, and transfer of policy-related housing land by listing or auction; (b) limitation of the gross floor area of allocated security housing, and transfer of commodity housing land by listing or auction; (c) carrying out of comprehensive assessment on conditions of land development and utilization and land transfer prices, and determination of the person who is entitled to land use rights by tender; (iv) promotion of online operation of the transfer of land use rights; (v) improvement in the contracts for land transfer through tender, auction and listing. As a result, property developers are not allowed to bid for a large piece of land, make partial payment, and then apply for a land use rights certificate for the corresponding portion of land in order to commence development, which had been the practice in many Chinese cities. The implementation of such regulation requires property developers to maintain a higher level of working capital, which may have a material adverse effect on our cash flow position, financial condition and business plans.

On 19 July 2012, the MLR and the MOHURD issued the Urgent Notice on Further Tightening Real Estate Land Management and Consolidating Achievements in Real Estate Market Regulation (關於進一步嚴格房地產用地管理鞏固房地產市場調控成果的緊急通知), which reiterated the stringent land policies stated above. On 9 March 2018, the MLR issued the Notice on Issuance of Technical Code on Valuation for Land Grant Premium of State-owned Construction Land Use Rights (關於印發《國有建設用地使用權出讓地價評估技術規範》的通知). The notice provides that, the competent local land authority must conduct valuation process to determine the basic price of state-owned lands for grant, which shall be

determined based on a valuation report on the land in consistent with the technical code issued. The ultimate land premium reached between the land authority and the grantee shall not be less than the basic price of the land determined previously.

On 25 March 2015, the MLR and the MOHURD issued the Notice on Optimizing the Housing and Land Supply Structure in 2015 and Promoting Stable and Sound Development of Real Estate Market (國土資源部、住房城鄉建設部關於優化2015年住房及用地供應結構促進房地產市場平穩健康發展的通知), pursuant to which if the real estate enterprises have conducted serious illegal or irregular activities in the land development and transaction, the competent authorities of land and resources have the power to restrict or forbid the real estate enterprises from participating in new land bidding activities.

In order to control and facilitate the procedure of obtaining land use rights, several local governments have stipulated standard provisions for land grant contracts. Such provisions usually include terms such as use of land, land premium and manner of payment, building restrictions including site coverage, total gross floor area and height limitations, construction of public facilities, submission of building plans and approvals, deadlines for completion of construction, town planning requirements, restrictions against alienation before payment of premium and completion of prescribed development and liabilities for breach of contract. Any change requested by the land user in the specified use of land after the execution of a land grant contract will be subject to approvals from the relevant local land bureau and the relevant urban planning department, and a new land use contract may have to be signed and the land premium may have to be adjusted to reflect the added value of the new use. Registration procedures must then be carried out immediately.

Under current regulations, grantees of land use rights are generally allowed to dispose of the land use rights granted to them in the secondary market. Subject to the terms of the land use right grant and relevant registration requirements, the Company may choose to acquire land from such third parties.

Government Approvals

A PRC property developer must hold a valid qualification certificate to develop property. In addition, at various stages of project development, a PRC property developer must also obtain or renew various licences, certificates, permits and approvals from the relevant PRC administrative authorities, including land use right certificates, planning permits, construction permits, pre-sale permits and certificates or confirmation of completion.

According to the Provisions on Administration of Qualifications of Real Estate Developers (房地產開發企業資質管理規定) issued on 29 March 2000 and amended on 4 May 2015 by MOHURD, a newly established property developer must first apply for a provisional qualification certificate with a one-year validity, which can be renewed annually for not more than two consecutive years. If, however, the newly established property developer fails to commence a property development project within the one-year period following the issue of the provisional qualification certificate, it will not be allowed to extend the term of its provisional qualification certificate. Developers with longer operating histories must submit their qualification certificates to relevant construction administration authorities for review annually. Government regulations require developers to fulfil all statutory requirements before they may obtain or renew their qualification certificates.

The Company conducts its property developments through project companies. These project companies must hold valid qualification certificates to conduct their businesses. There can be no assurance that the Company's project companies will continue to be able to obtain or renew the necessary qualification certificates in a timely manner, or at all. If any of the Company's project companies do not obtain or renew the necessary qualification certificates in a timely manner, or at all, the Company's prospects, business, results of operations and financial condition may be materially and adversely affected.

Land Use Rights

The land use rights in respect of the Company's land reserves will not be formally vested in the Company until it has received the relevant formal land use right certificates and failure to obtain or comply with land use rights could lead to confiscation of its land by the PRC government. Under current PRC land grant policies, the relevant authorities generally will not issue formal land use right certificates until the developer (i) has paid the land premium in full; and (ii) is in compliance with other land grant conditions. The land use rights in respect of the projects and the land that the Company may acquire in the future will not be formally vested in it until it has received the corresponding formal land use right certificates.

If a developer fails to develop the project according to the terms of the land grant contract, the relevant government authorities may issue a warning to, or impose a penalty on, the developer or confiscate the land use rights. Any violation of the land grant contract may also restrict a developer's ability to participate, or prevent it from participating, in future land bidding. Specifically, pursuant to the Measure on Disposal of Idle Land (閒置土地處置辦法) which was promulgated by MLR on 28 April 1999, as amended on 22 May 2012 and became effective on 1 July 2012, if a developer fails to commence development for more than one year from the commencement date stipulated in the land grant contract, the relevant PRC land bureau may serve a warning notice on such developer and impose an idle land fee of up to 20 per cent. of the land premium, unless the delay in the development is caused by government actions or force majeure. If a developer fails to commence the development for more than two years from the commencement date stipulated in the land grant contract, the land use rights are subject to forfeiture to the PRC government unless the delay in development is caused by government actions or force majeure. On 21 March 2013, the MLR promulgated the Notice on the Issuance of Model Legal Instrument of Disposal of Idle Land and Case Table of Disposal of Idle Land (關於印發《閒置土地處置法律文書示範文本》和《閒置土地處置案卷表》的通知) to further standardise the process of the investigation, identification and disposal of idle lands. On September 12, 2014, the Ministry of Land and Resources issued the "Guidelines on Improving Economical and Intensive Use of Land" (關於推進土地節約集約利用的指導意見), which implements the rules regarding idle land and specifies the controlling requirements of the land use standards in the relevant legal documents including land use approvals and land grant contracts.

On 29 September 2010, the PBOC and the CBRC jointly issued the Notice on Relevant Issues Regarding the Improvement of Differential Mortgage Loan Policies (關於完善差別化住房信貸政策有關問題的通知), which required commercial banks to cease to grant loans for new development projects and renewal of loans to property developers that have records of violation of laws and regulations as a result of, among other things, rendering the land idle, changing the use and nature of land, delaying the construction commencement and completion and refusing to sell the properties. On 26 January 2011, the General Office of the State Council promulgated the Notice on Further Improving the Real Estate Market Regulation and Work-related Issues (關於進一步做好房地產市場調控工作有關問題的通知), which stipulates that the PRC government will confiscate land use rights and impose an idle land fee of up to 20 per cent. of the land premium if a developer fails to obtain the construction permit and commence development for more than two years from the commencement date stipulated in the land grant contract. On 26 February 2013, the General Office of the State Council issued the Notice on the Continuous Effective Regulation of the Real Estate Market (關於繼續做好房地產市場調控工作的通知), which provides that land developers that hold idle land shall be prohibited from participating in land bidding, acquiring loans from commercial banks for new residential project, obtaining relevant approvals from CSRC for public listings, refinancing and major assets restructuring and relevant approvals from CBRC for trust financing. On May 19, 2018, MOHURD issued the "Notice on Issues of Further Do Good Job of the Regulation of the Real Estate Market" (關於進一步做好房地產市場調控工作有關問題的通知), requiring that local governments shall formulate residential property development plans according to their respective social development level, supply and demand of residential property and population, and certain cities shall increase the supply of construction land for residential properties. There can be no assurance that there will not be delays in the authorities' issuance of the land use right certificates or the construction permits in respect of the Company's projects.

Financing Regulation

The property development business is capital intensive; measures intended to cool the PRC property market could impair the Company's ability to finance the acquisition and development of its properties. The Company finances its property developments primarily through a combination of pre-sales and sales proceeds, borrowings and equity contributions from shareholders. The Company's ability to maintain adequate working capital and external financing for land acquisitions or property developments on commercially acceptable terms depends on a number of factors that are beyond the Company's control.

The PRC government has in the past taken a number of policy initiatives to tighten financing to property developers. Both the Circular on Further Strengthening the Management of Loans for Property Business (關於進一步加強房地產信貸業務管理的通知) issued by the PBOC on 5 June 2003 and the Guidance on Risk Management of Property Loans of Commercial Banks (商業銀行房地產貸款風險管理指引) issued by CBRC on 30 August 2004 specified the requirements for banks providing loans for the purposes of property development. These requirements include: (1) that loans from commercial banks to real estate enterprises may be granted only as property development loans and it is strictly forbidden to extend such loans as current capital loans for property development projects or other purposes. No lending shall be granted to enterprises which have not obtained the relevant land use right certificates, construction land planning permits, construction work planning permit and construction commencement work permits; and (2) that commercial banks may not grant loans to property developers to finance land premium payments. On 27 September 2007, PBOC and CBRC issued the Notice on Strengthening the Credit Management of Commercial Real Estate (關於加強商業性房地產信貸管理的通知), which further required that loans from commercial banks could only be utilised in the projects of local area subject to limited exclusions, and commercial banks shall not accept commercial houses that have been left idle for more than three years as mortgage for loans.

The fiscal and other measures adopted by the PRC government from time to time may limit the flexibility and ability of the Company to use bank loans to finance its property developments and therefore may require the Company to maintain a relatively high level of internally-sourced cash. In November 2009, the MOF, the MLR, the PBOC, the PRC Ministry of Supervision and the PRC National Audit Office jointly promulgated the Notice on Further Enhancing the Revenue and Expenditure Control over Land Grant (關於進一步加強土地出讓收支管理的通知) which provided that raised the minimum down payment on land premium to 50 per cent. of the total premium and requires the land premium to be fully paid within one year after the signing of a land grant contract, subject to limited exceptions. In March 2010, the PRC government further tightened this requirement by setting the minimum price for land granted to be equal to at least 70 per cent. of the benchmark price for land in the surrounding locality and the bidding deposit to be equal to at least 20 per cent. of the applicable minimum land grant price. Additionally, a land grant contract is required to be entered into within ten working days after the land grant deal is closed and the down payment of 50 per cent. of the land premium (including any deposits previously paid) is required to be paid within one month of signing the land grant contract, with the remaining amount to be paid in full within one year of the date of the land grant contract in accordance with provisions of such land grant contract. These new requirements increase the Company's need for cash to facilitate land acquisitions and construction.

Property Development Financing Laws

On 25 May 2009, the State Council issued the Notice on the Adjustment of the Invested Capital Ratio regarding Investment in Fixed Assets (國務院關於調整固定資產投資項目資本金比例的通知), according to which, for the development of an indemnificatory housing project and a general commodity housing project, the minimum registered capital shall be no less than 20 per cent. of the total investment of the fixed assets development project, and for other property development projects, the minimum registered capital shall be no less than 30 per cent. of the total investment. Therefore, the Company shall use its own funds to fulfil the requirement of the minimum registered capital and could only get such external funding as bank loans for the financing of the remaining capital needs.

Pursuant to the Notice on Adjusting and Improving the Capital System for Fixed Asset Investment Projects (國務院關於調整和完善固定資產投資項目資本金制度的通知) issued by the State Council on 9 September 2015, for real estate development projects, the minimum capital requirement remains unchanged at 20 per cent. for affordable housing and ordinary commodity housing projects, the minimum capital requirement is adjusted from 30 per cent. to 25 per cent. for other real estate projects.

Pre-Sale Regulations

The Company faces contractual and legal risks relating to the pre-sale of properties, including the risk that property developments may not be completed and the risk that changes in laws and regulations in relation to the pre-sales of properties may materially and adversely affect its business, cash flow, financial condition and results of operations. The Company faces contractual risks relating to the pre-sales of properties. For example, if the Company fails to meet the completion time as stated in the pre-sale contracts, purchasers of pre-sold units have the right to claim damages under the pre-sale contracts. Pursuant to Interpretations on Certain Issues Concerning the Application of Law in Trying Cases Involving Disputes over Contracts on Purchase and Sale of Commodity Premises by Supreme People's Court (最高人民法院關於審理商品房買賣合同糾紛案件適用法律若干問題的解釋) enacted on 28 April 2003 and enforced on 1 June 2003, if the Company still fails to deliver the properties to the purchasers within the grace period stipulated in the pre-sale contracts, the purchasers have the right of termination.

According to Administrative Measures for the Sale of Commodity Houses (商品房銷售管理辦法) issued by Ministry of Construction on 4 April 2001 and enforced on 1 June 2001, if the actual GFA of a completed property delivered to purchasers deviates by more than 3 per cent. from the GFA originally stated in the pre-sale contracts, purchasers have the right of termination or the right to claim damages. There can be neither assurance that the Company will not experience delays in the completion and delivery of its projects, nor that the GFA for a delivered unit will not deviate more than 3 per cent. from the GFA set out in the relevant contract. Any termination of the purchase contract as a result of the Company's late delivery of properties will have a material and adverse effect on its business, financial condition and results of operations.

Proceeds from the pre-sales of the Company's properties are an important source of funds for the Company's property developments and have an impact on its liquidity position. On 5 August 2005, the PBOC recommended in a report entitled "2004 Real Estate Financing Report" (2004年中國房地產金融報告) that the practice of pre-selling uncompleted properties be discontinued, on the ground that it creates significant market risks and generates transactional irregularities. On 24 July 2007, an economic research institution under the NDRC proposed to change the existing system for sale of forward delivery housing into one for sale of completed housing. Such recommendation has not been adopted by any PRC governmental authority and has no mandatory effect. In April 2010, the MOHURD issued the Notice on Further Strengthening the Supervision of Real Estate Market and Improving the Pre-Sale system of Commodity Housing (關於進一步加強房地產市場監管完善商品住房預售制度有關問題的通知). The notice urged local governments to enact regulations on the sale of completed residential properties in light of local conditions and encouraged property developers to sell residential properties when they are completed. There can be no assurance that the PRC governmental authorities will not ban or impose material limitations on the practice of pre-selling uncompleted properties in the future. Future implementation of any restrictions on the Company's ability to pre-sell its properties, including any requirements to increase the amount of up-front expenditure the Company must incur prior to obtaining the pre-sale permit, would extend the time required for recovery of its capital outlay and would force it to seek alternative means to finance the various stages of its property developments. This, in turn, could have a material and adverse effect on the business, cash flow, financial condition and results of operations of the Company.

According to the Notice of Further Regulation on the Real Estate Market (國務院辦公廳關於繼續做好房地產市場調控工作的通知) issued by the General Office of the State Council on 26 February 2013, since 2013, local governments shall raise the threshold of commodity housing pre-sales, strengthen the licence management such as construction investment, and delivery time period, guide real estate developers to price the commodity housing rationally, and steadily promote the reform of the pre-sale system of commodity housing. The local government may refuse to issue the pre-sale certificate to: (1) the development project of which the pre-sale price is unreasonably high and the developer refuses to accept the direction of relevant government authority; and (2) the commodity housing project of which the developer does not accept supervision on the pre-sale capital of the relevant project.

PRC Regulation on Real Estate Advertisements

On 24 December 2015, the SAIC promulgated the Provisions on Distribution of Real Estate Advertisements (房地產廣告發布規定), which has become effective on 1 February 2016. According to the Provisions, (1) real estate advertisements referred to in the Provisions shall mean advertisements distributed by real estate development enterprises, holders of real estate rights and real estate intermediary service organisations for pre-sale, pre-lease, sale and lease of real estate projects, project transfer and other real estate projects; (2) real estate advertisements shall be true, legitimate, scientific and accurate, and shall not defraud or mislead consumers; (3) real estate advertisements and information of housing sources shall be true; and (4) the area advertised in real estate advertisements shall be stated as floor area or indoor floor space. In addition, the Provisions also specified other requirements related to the contents of the real estate advertisements.

Pursuant to the Advertising Law of the People's Republic of China (Amended in 2018) (中華人民共和國廣告法(2018年修正)) promulgated by Standing Committee of the National People's Congress on 26 October 2018, property listings information of real estate advertisements shall be true, the area stated shall be the floor area or the indoor floor area, and the advertisements shall not contain the following contents: (1) Commitment on appreciation or investment return; (2) Use the time required to travel between the property to a specific location to state the property's location; (3) Violate the provisions of the State on pricing administration; and (4) Misleading promotion of transportation, commercial, cultural and educational facilities and other municipal facilities under planning or construction.

PRC Regulation on Foreign-Invested Property Development Enterprises

Pursuant to the Foreign Investment Industrial Guidance Catalogue (2007 Revision) (外商投資產業指導目錄(2007年修訂)) jointly promulgated by MOFCOM and NDRC on 31 October 2007, the development and construction of ordinary residential houses were moved from the category of industries in which foreign investment is encouraged to the category of industries in which foreign investment is permitted. In addition, the category of industries in which foreign investment is subject to restrictions (the "Restricted Category") has been adjusted to include the following: the development of large-scale land, which shall be operated only by sino-foreign joint ventures or sino-foreign cooperative ventures; the construction and operation of upscale hotels, villas, premium office buildings and international conference centres; and the secondary property market and housing agents or brokerages. Pursuant to the Foreign Investment Industrial Guidance Catalogue (2011 Revision) (外商投資產業指導目錄(2011年修訂)) jointly promulgated by MOFCOM and NDRC on 24 December 2011, the development and construction of villas were moved from the Restricted Category to the category of industries in which foreign investment is prohibited (the "Prohibited Category"). On 10 March 2015, MOFCOM and NDRC jointly issued the Foreign Investment Industrial Guidance Catalogue (2015 Revision) (外商投資產業指導目錄(2015年修訂)) to revise the 2011 Revision. The 2015 Revision removed all industries of real estate previously specified in the Restricted Catalogue of 2011 Revision. On 28 June 2017, MOFCOM and NDRC jointly issued the new Foreign Investment Industrial Guidance Catalogue (2017 Revision) (外商投資產業指導目錄(2017年修訂)) to revise the 2015 Revision. The 2017 Revision removed construction and operation of large theme parks previously specified in the Restricted Catalogue of 2015 Revision and the construction of villas and golf courses previously specified in the Prohibited Category of the 2015 Revision. On 28 June 2018, MOFCOM and NDRC jointly issued the Special Administrative Measures (Negative List) for Foreign Investment Access (Edition 2018) (外商投資准入特別管理措施(負面清單(2018年版))) which has become effective on 27 July 2018. According to Edition 2018, construction and operation of movie theatres has been removed which specified in the Catalogue of 2017 Revision.

Pursuant to the Circular on Standardizing the Admittance and Administration of Foreign Capital in the Real Property Market (關於規範房地產市場外資准入和管理的意見) ("Circular 171") jointly promulgated and implemented by MOHURD, MOFCOM, NDRC, PBOC, SAIC and SAFE on 11 July 2006, the admittance and administration of foreign capital in the property market must comply with the following requirements: (1) an overseas investor that has not obtained an approval certificate of foreign-invested enterprises or a business license shall not engage in any development or operation of property; (2) for a foreign-invested property enterprise with an investment amount of at least US\$10 million, its registered capital shall not be less than 50 per cent. of its investment amount; and (3) where the total investment is less than US\$10 million, its registered capital shall be governed by the existing provisions.

Pursuant to the Circular of the General Office of the Ministry of Commerce on Relevant Issues Concerning the Implementation of the Opinions Concerning Regulating the Admittance and Administration of Foreign Investment in the Real Property Market (商務部辦公廳關於貫徹落實《關於規範房地產市場外資準入和管理的意見》有關問題的通知) (“MOFCOM Circular 192”) promulgated and implemented on 14 August 2006, where the amount of investment of a property enterprise established by foreign investment is not less than US\$10 million, its registered capital shall not be less than 50 per cent. of its amount of investment; if the investment amount is more than US\$3 million but less than US\$10 million, its registered capital shall not be less than 50 per cent. of its amount of investment; if the investment amount is not more than US\$3 million, its registered capital shall not be less than 70 per cent. of its amount of investment. Where an overseas investor merges with a domestic property enterprise through equity transfer or any other means, or an overseas investor acquires equity of the Chinese party of a foreign-invested property enterprise, it shall make appropriate arrangements for the relevant employees, settle the bank debts and pay the transfer fee with its self-owned capital in a one-off manner within three months as at the date when the business license of the foreign-invested enterprise license is issued (in case of merging domestic enterprises) or the equity transfer agreement comes into force (in case of acquisition of domestic shares of foreign invested enterprises).

On 19 August 2015, the MOHURD, MOFCOM, NDRC, PBOC, SAIC and SAFE jointly issued the Notice Adjusting Policies on the Access and Administration of Foreign Investment in the Real Property Market (住房城鄉建設部、商務部、國家發展改革委、人民銀行、工商總局、外匯局關於調整房地產市場外資準入和管理有關政策的通知) (“Notice 122”) to relax the following restrictions on foreign investment in the real estate market which were previously introduced in both Circular 171 and MOFCOM Circular 192: (i) Notice 122 removed the restriction of the ratio between the FIE’s registered capital amount and the amount of total investment required by both Circular 171 and MOFCOM Circular 192. According to Notice 122, real estate FIEs may enjoy the same ratio between the FIE’s registered capital amount and the amount of total investment as other FIEs; (ii) Notice 122 also removed the requirement on full payment of registered capital before a real estate FIE may borrow domestic loans, foreign loans or convert foreign exchange loans into Renminbi; (iii) in addition, previously under Circular 171, only foreign individuals who have been studying or working in China for more than one year are allowed to purchase real estate. Nowadays, Notice 122 lifted such one-year limit and allows foreign individuals to purchase real estate in China for their own use; and (iv) Notice 122 further provides that the MOHURD, MOFCOM, NDRC, PBOC, SAIC and SAFE will continually simplify, optimise and improve the formalities of foreign investment in real estate market and allows real estate FIEs to directly complete relevant SAFE registrations with competent banks according to relevant SAFE regulations. Apart from the abovementioned adjustments specified in Notice 122, Circular 171 and MOFCOM Circular 192 still remain effective.

The Notice Concerning Further Strengthening and Regulating the Examination, Approval and Supervision of Direct Foreign Investment in Property (關於進一步加強、規範外商直接投資房地產業審批和監管的通知) jointly issued and implemented by MOFCOM and SAFE on 23 May 2007 and amended on 28 October 2015, provides stricter control measures, as follows: foreign investment in the property sector in the PRC relating to upscale properties should be strictly controlled; where an established foreign-invested enterprise intends to enter an existing property development or operation business or engage in a new property development or operation project, it shall apply to the examining and approving organ for extending its business scope or enlarging its business scale in accordance with the relevant laws and regulations governing foreign investment; the merger of or investment in domestic property enterprises by way of return on investment (including the same actual controller) shall be placed under strict control. No overseas investor may avoid by means of changing the actual controller of any domestic property enterprise.

Pursuant to the Notice on Proper Handling of Archival Documents for Foreign Investment in the Property Industry (商務部關於做好外商投資房地產業備案工作的通知) issued by MOFCOM on 18 June 2008, the local branches of MOFCOM are authorised to verify the materials for archiving as submitted by the foreign-invested property enterprise. MOFCOM together with other departments of the State Council shall conduct spot-checks over the above enterprises.

On 24 June 2014, MOFCOM and SAFE jointly issued the Notice on Improving Handling of Archival Documents for Foreign Investment in the Property Industry (關於改進外商投資房地產備案工作的通知) (“Circular 340”) which became effective on 1 August 2014, with the aim to streamline the archiving process. According to Circular 340, the hard copy materials for archiving submitted by the foreign-invested real property enterprise to provincial MOFCOM authorities will be reviewed and archived by provincial authorities, and the information of the enterprises will be transmitted to the MOFCOM in electronic form. MOFCOM will conduct routine spot-check of those enterprises which have fulfilled the archiving procedure; list of foreign-invested real property enterprises which pass the examination (or have yet been examined) will be publicly announced, while a blacklist of enterprises and relevant local authorities which fail to comply with relevant laws and regulations will also be published.

On 6 November 2015, the MOFCOM and SAFE jointly issued the Notice on Further Improvements to Filing for Real Estate Investments of Foreign Investors (商務部、國家外匯管理局關於進一步改進外商投資房地產備案工作的通知) (“Circular 895”), which further simplifies administration of foreign-funded real estate enterprises and removes the filing announcement procedures on the MOFCOM website. Pursuant to Circular 895, upon completion of the aforesaid workflow, foreign-funded real estate enterprises may complete the registration formalities for foreign exchange under direct foreign investment with the banks pursuant to the relevant foreign exchange control provisions. In addition, according to Circular 895, for the purpose of post-event regulation, the MOFCOM shall conduct a random inspection of foreign-funded real estate enterprises quarterly, and the provincial commerce authorities shall submit the examination and approval materials of the randomly-selected enterprises to the MOFCOM within five working days from receipt of the notice on random inspection. Both the foreign-funded real estate enterprises which violate the provisions and their investors shall be punished pursuant to the law, “blacklisted”, and announced on the MOFCOM website.

According to the Administrative Measures for the Verification and Approval and Filing of Foreign Investment Projects (外商投資項目核準和備案管理辦法) issued on 17 May 2014 and revised on 27 December 2014 by the NDRC and the Circular of the State Council on Promulgating the Catalogue of Investment Projects Subject to the Approval of the Government (2016 Version) (政府核準的投資項目目錄(2016年本)), projects with total investment (including capital increase) of US\$300 million or above in the Foreign Investment Industrial Guidance Catalogue (外商投資產業指導目錄) (“Guidance Catalogue”) shall be subject to the approval of the competent investment department under the State Council. Among them, projects with total investment (including capital increase) of US\$2 billion or above shall be reported to the State Council for registration. Restricted projects with total investment (including capital increase) of less than US\$300 million in the Guidance Catalogue shall be subject to the approval of provincial-level governments. Projects not prescribed in the preceding paragraph but included in Articles 1 to 10 of the Circular of the State Council on Promulgating the Catalogue of Investment Projects Subject to the Approval of the Government (2016 Version) (政府核準的投資項目目錄) shall be subject to the approval as specified therein.

LAT Tax (土地增值稅)

Under PRC tax laws and regulations such as the requirements of the Provisional Regulations of the PRC on Land Appreciation Tax (土地增值稅暫行條例) enacted on 13 December 1993 and amended on 8 January 2011, the Company’s properties developed for sale are subject to LAT, which is collectible by the local tax authorities. All income from the sale or transfer of state-owned land use rights, buildings and their ancillary facilities in the PRC is subject to LAT at progressive rates ranging from 30 per cent. to 60 per cent. on the appreciation of land value, which is calculated based on the proceeds from the sale of properties less deductible expenditures as provided in the relevant tax laws. Certain exemptions may be available for the sale of ordinary residential properties developed by the taxpayer itself if the appreciation of land value does not exceed 20 per cent. of the total deductible items as provided in the relevant tax laws. However, sales of commercial properties are not eligible for this exemption. Real estate developers are required to prepay LAT monthly at rates set by local tax authorities after commencement of pre-sales or sales. In May 2010, the SAT issued the Notice on Strengthening the Collection of Land Appreciation Tax (關於加強土地增值稅徵管工作的通知) that requires that the minimum LAT prepayment rate must be no less than 2 per cent. for provinces in eastern China, 1.5 per cent. for provinces in central and north-eastern

China and 1 per cent. for provinces in Western China. If the LAT is calculated based on the authorised taxation method (核定徵收), the minimum taxation rate shall be 5 per cent. in principle. There can be no assurance that the local tax authorities will not further increase LAT prepayment rates in the future. In the event that the prepayment rates applicable to the Company increase, its cash flow and financial position will be adversely affected. On 19 May 2010, the SAT issued Notice on Issues concerning the Settlement of Value-Added Tax on Land (關於土地增值稅清算有關問題的通知). The notice clarifies settlement methods of LAT, specifying the scope and conditions of deductible items when calculating the appreciation value of land. The Notice on the Effective Collection of Land Appreciation Tax (國家稅務總局關於進一步做好土地增值稅徵管工作的通知) issued by the SAT on 20 June 2013, further emphasises that the scopes of the authorised taxation method and deductible items shall not be expanded arbitrarily.

The SAT's Notice on the Administration of the Settlement of Land Appreciation Tax of Property Development Enterprises (關於房地產開發企業土地增值稅清算管理有關問題的通知), which revised on 20 March 2019, requires real estate developers to settle the final LAT payable in respect of their development projects that meet certain criteria, such as (i) 85 per cent. of a development project having been pre-sold or sold, or where this proportion is below 85 per cent., the building area has been leased or for self-used; (ii) the sales are not completed upon the expiration of three years since the day when the sales (or pre-sale) permits have been obtained; (iii) the taxpayer has applied for writing-off tax registration fees but has not gone through the formalities for the settlement of the land appreciation tax yet; or (iv) other circumstances as prescribed by the provincial tax authorities. Local provincial tax authorities are entitled to formulate detailed implementation rules in accordance with this notice in consideration of local conditions. The Company cannot predict when the PRC tax authorities will require it to settle the full amount of LAT applicable to the Company. If the implementation rules promulgated in the cities in which the Company's projects are located require the Company to settle all unpaid LAT or if any or all of its LAT provisions are collected by the PRC tax authorities, its business, financial condition, results of operations and prospects could be materially and adversely affected.

On 25 April 2016, the MOF and SAT jointly promulgated the Notice on Issues Relating to Tax Computation Bases for Deed Tax, Real Estate Tax, Land Appreciation Tax and Individual Income Tax following Implementation of the Pilot Scheme of Levying VAT in place of Business Tax, effective on 1 May 2016, which provides that (1) income derived by taxpayer of LAT for transfer of real estate shall be income excluding valued added tax ("VAT"); (2) VAT input tax pertaining to deductible items of LAT stipulated in the Provisional Regulations of the PRC on Land Appreciation Tax (中華人民共和國土地增值稅暫行條例), which is allowed to be deducted from the output tax, shall be excluded from the deductible items; and (3) where it is not allowed to be deducted from the output tax, it may be included in the deductible items.

In addition, there can be no assurance that the tax authorities will agree with the Company's estimation or the basis on which the Company calculates its LAT obligations. In the event that the tax authorities assess the Company with LAT in excess of the provisions the Company has made for the LAT and the Company is unable to successfully challenge such assessments, the Company's net profits after tax may be adversely affected. There can be no assurance that the LAT obligations it is to assess and provide for in respect of the properties that it develops will be sufficient to cover the LAT obligations which the local tax authorities ultimately impose on it.

Levying VAT in place of Business Tax

Pursuant to the Interim Regulations on Business Tax of the People's Republic of China (中華人民共和國營業稅暫行條例) enacted by the State Council on 10 November 2008 and enforced on 1 January 2009 and abolished on 19 November 2017 and its Detailed Implementation Rules on the Provisional Regulations on Business Tax of the People's Republic of China (中華人民共和國營業稅暫行條例實施細則) issued by the MOF and SAT on 15 December 2008 and amended on 28 October 2011, the tax rate on transfer of immovable properties is 5 per cent.

The MOF and the SAT promulgated the Pilot Proposals for Levying the Value-added Tax in Lieu of Business Tax (營業稅改徵增值稅試點方案) on 16 November 2011 pursuant to which, the pilot work of the value-added tax in lieu of business was carried out in some industries on a national scale since 1 January 2012. Pursuant to this pilot plan and relevant subsequent notices, from 1 January 2012, VAT gradually replaced business tax in the transport and post industry, telecom industry and some of the modern service industries in China. Under the pilot plan, a VAT rate of 6 per cent. applies to certain modern service industries. On 23 March 2016, the MOF and SAT promulgated the Circular on Comprehensively Promoting the Pilot Program of the Collection of Value-Added Tax to Replace Business Tax (Cai Shui [2016] No. 36) (關於全面推開營業稅改徵增值稅試點的通知) and revised on 20 March 2019 by Announcement on Related Policies for Deepening Value-Added Tax Reform (關於深化增值稅改革有關政策的公告), which provides that, starting from 1 May 2016, the VAT pilot program will cover construction industry, real estate industry, finance industry and life service industry on a nation-wide basis.

On 31 March 2016, the SAT promulgated the Announcement on Promulgation of the Provisional Measures on Administration of Levying and Collection of Value-added Tax on Sale of Real Estate Projects by Real Estate Development Enterprises Which Develop Such Projects (房地產開發企業銷售自行開發的房地產項目增值稅徵收管理暫行辦法) as amended on 15 June 2018, pursuant to the Notice of the Ministry of Finance and the State Administration of Taxation on Full Launch of the Pilot Scheme on Levying Value-added Tax in Place of Business Tax (Cai Shui [2016] No. 36) (關於全面推開營業稅改徵增值稅試點的通知), and the relevant prevailing VAT provisions.

On 10 November 2016, the SAT promulgated the Announcement of the State Administration of Taxation on Several Provisions on Collection and Administration of Land Appreciation Tax following the Implementation of Levying of VAT in place of Business Tax (國家稅務總局關於營改增後土地增值稅若干徵管規定的公告), which provides that (1) Following the implementation of levying VAT in place of business tax, the income from transfer of real estate, which is subject to land appreciation tax, shall exclude VAT; (2) Where a taxpayer uses its development products for staff welfare, incentives, external investments, distribution to shareholders or investors, debt setoff, exchange for non-monetary assets of other organisations and individuals etc., the transfer of ownership shall be deemed as sale of real estate, and the income thereof shall comply with the provisions of Article 3 of the SAT's Notice on Administration of Settlement of Land Appreciation Tax of Property Development Enterprises (關於房地產開發企業土地增值稅清算管理有關問題的通知) as amended on 15 June 2018. Where a taxpayer arranges for resettlement of households, the verification of taxable income and deductibles for the resettlement housing shall comply with the provisions of Article 6 of the SAT's Notice on Issues concerning the Settlement of Value-added Tax on Land (關於土地增值稅清算有關問題的通知).

On 21 December 2016, the Ministry of Finance and the State Administration of Taxation issued the Circular 140, which has been retroactively effective since 1 May 2016. The Circular 140 further clarified that VAT is applicable to investment returns on contracts which undertake for fully recoverable principal, but is not applicable to the non-principal-protected gains from investments in financial products.

On November 19, 2017, the Interim Regulations of the People's Republic of China on Business Tax was abolished and the Interim Regulations of the People's Republic of China on Value added Tax (中華人民共和國增值稅暫行條例) was revised by the State Council. According to the revised Interim Regulations of the People's Republic of China on Value added Tax, selling goods, providing labor services of processing, repairs or maintenance, or selling services, intangible assets or real property in the PRC, or importing goods to the PRC, shall be subject to value added tax. According to a notice jointly issued by MOF and SAT in April 2018, starting from May 1, 2018, the VAT rate will be lowered from 17 percent to 16 percent for manufacturing and some other industries, and from 11 percent to 10 percent for transportation, construction, real estate leasing service, sale of real estate, basic telecommunication services, and farm produce.

On March 20, 2019, the Ministry of Finance, the State Administration of Taxation and General Administration of Customs issued the Announcement on deepening policies related to VAT reform (關於深化增值稅改革有關政策的公告), the VAT rate will be lowered from 16 percent to 13 percent for manufacturing and some other industries, and from 10 percent to 9 percent for transportation, construction, real estate leasing service, sale of real estate, basic telecommunication services, and farm produce.

Property Tax

Under the “Interim Regulations of the People’s Republic of China on Property Tax” (中華人民共和國房產稅暫行條例) enacted by the State Council on September 15, 1986 and enforced on October 1, 1986, which was amended on January 8, 2011, the property tax rate is 1.2% if it is calculated on the basis of the residual value of a building, and 12% if it is calculated on the basis of the rental.

On January 27, 2011, the government of Shanghai Municipality issued the “Interim Measures on Pilot Property Tax Scheme on Certain Personal Residential Properties in Shanghai” (上海市開展對部分個人住房徵收房產稅試點的暫行辦法), which provides that, within the territory of the administrative regions of the Shanghai Municipality, property tax will be imposed on any purchase of a second (or further) residential property by local residents or any purchase of a residential property by non-local residents on or after January 28, 2011, at rates ranging from 0.4% to 0.6% based on 70% of the purchase price of the property. These measures became effective on January 28, 2011.

Completion Acceptance Examination (竣工驗收)

The Company’s business and property sales may be affected if it fails to obtain records of acceptance examination for its completed projects. According to the Regulations on Administration of Development of Urban Real Estate (城市房地產開發經營管理條例) enacted by the State Council and effective on 20 July 1998 and amended on 8 January 2011 and 24 March 2019, the Regulation on the Quality Management of Construction Projects (建設工程質量管理條例) enacted and enforced by the State Council on 30 January 2000 and amended on 7 October 2017, the Administrative Measures for Reporting Details Regarding Acceptance Examination Upon Completion of Buildings and Municipal Infrastructure (房屋建築工程和市政基礎設施工程竣工驗收備案管理暫行辦法) enacted by the MOHURD on 7 April 2000 and amended on 19 October 2009 and the Provisions on Acceptance Examination Upon Completion of Buildings and Municipal Infrastructure (房屋建築和市政基礎設施工程竣工驗收規定) enacted and revised by the MOHURD and effective on 2 December 2013, after completion of work for a project, a real estate developer shall apply to the government property development authority at or above the county level for a record of acceptance examination upon project completion.

There can be no assurance that the Company will be able to obtain records of acceptance examination for its completed projects in a timely manner, or at all. In such event, the business, property sales and financial condition of the Company may be materially and adversely affected. The Company may be liable to its customers for damages if it fails to deliver individual property ownership certificates in a timely manner.

Individual Property Ownership Certificate (房產證)

Pursuant to Interpretations on Certain Issues Concerning the Application of Law in Trying Cases Involving Disputes over Contracts on Purchase and Sale of Commodity Premises by Supreme People’s Court passed on 24 March 2003 and enforced on 1 June 2003 (最高人民法院關於審理商品房買賣合同糾紛案件適用法律若干問題的解釋), property developers are required to deliver to purchasers the relevant individual property ownership certificates within 90 days after delivery of a pre-sold property or 90 days after execution of sale agreement of a ready-built property or, within a time frame set out in the relevant sale agreement, unless the agreement provides otherwise. Property developers, including the Company, generally elect to specify a deadline for the delivery of the individual property ownership certificates in the sale agreements to allow sufficient time for the application and approval processes.

Under current regulations, the Company is required to submit the requisite governmental approvals in connection with its property developments, including land use rights documents planning permits, construction permits and records of acceptance examination, to the local bureau of land resources and housing administration for the relevant properties and apply for the general property ownership certificate in respect of these properties. According to Administrative Measures for the Pre-Sale of Commercial Housing in Urban Areas (2004 Revision) (城市商品房預售管理辦法) (2004年修正), the Company shall go

through the formalities for registration and record-filing of a contract of pre-sale of commercial housing with the competent Real Estate Authority and the relevant land administration of the people's government at the city or county level within 30 days after the date of execution of the contract and the purchasers shall go through the procedure of change in registration of land use right and registration of individual property ownership within 90 days after delivery of a pre-sold property to obtain the individual property ownership certificates in respect of the properties purchased by the purchasers. According to Administrative Measures for the Sale of Commodity Houses issued by the MOHURD on 4 April 2001 (商品房銷售管理辦法), the Company is required to submit related documents to the bureau for purchaser's application of ownership certificate within 60 days after the delivery of property. The company is mandated to assist property purchasers to go through related land use right alteration and house ownership registration procedures. Nevertheless, delays by the various administrative authorities in reviewing the application and granting approval and certain other factors may affect timely delivery of the general and individual property ownership certificates. Therefore, the Company may not be able to deliver individual property ownership certificates to purchasers on time as a result of delays in the administrative approval processes or for any other reason beyond its control, which may result in it having to pay default payments and, in the case of a prolonged delay, the purchaser terminating the sales agreement. If the Company becomes liable to a significant number of purchasers for late delivery of the individual property ownership certificates, its business, financial condition and results of operations may be materially and adversely affected.

REAL ESTATE REGISTRATION

On November 24, 2014, the State Council promulgated the "Interim Regulations on Real Estate Registration" (不動產登記暫行條例), which became effective on March 1, 2015 and provides that the competent department of land and resources under the State Council shall be responsible for guiding and supervising the real estate registration of the State. The local government at or above the county level shall designate a department as the real estate registration authority within its administrative region, and such department shall be subject to the guide and supervision by the competent real estate registration authority at the higher level. The "Implementing Rules of the Interim Regulations on Real Estate Registration" (不動產登記暫行條例實施細則), effective from January 1, 2016, authorizes the real estate registration authority to perform a site inspection following an acceptance of the application for real estate registration and sets out regulations regarding real estate registration information management.

Environmental Laws

Potential liability for environmental problems could result in substantial costs and delay in the development of the Company's projects. The Company is subject to a variety of laws and regulations concerning environmental protection. The local environmental laws and regulations applicable to any development site vary greatly according to the site's location and environmental condition, the present and former uses of the site and the nature of the adjoining properties. Compliance with environmental laws and conditions may result in delays in development schedules, may cause the Company to incur substantial compliance and other costs and may prohibit or severely restrict project development activity in environmentally-sensitive regions or areas.

The PRC environmental regulations including the Environmental Protection Law (2014 Revision) (中華人民共和國環境保護法 (2014年修訂)), the Prevention and Control of Noise Pollution Law (2018 Revision) (中華人民共和國環境噪聲污染防治法(2018年修訂)), the Prevention of Environmental Pollution by Solid Waste (中華人民共和國固體廢物污染環境防治法) being effective on 7 November 2016, the Environmental Impact Assessment Law (2018 Revision) (中華人民共和國環境影響評價法(2018年修訂)) and the Administrative Regulations on Environmental Protection for Development Projects (2017 Revision) (建設項目環境保護管理條例) (2017年修訂) provide that each project developed by a property developer is required to undergo an environmental assessment. Unless otherwise provided by the relevant laws, a property developer is required to submit an environmental impact report, an environmental impact analysis table or an environmental impact registration form to the relevant government authorities for approval before commencement of construction. If the Company fails to comply with these requirements, the local environmental authority may order it to suspend construction of the project until the development

environmental impact assessment report is submitted to and approved by the local environmental authority. The local environmental authority may also impose on the Company a fine of RMB50,000 to RMB200,000 in respect of a project if the Company commences construction prior to obtaining such approval from the local environmental authority. There can be no assurance that the Company will be able to complete environmental assessment procedures for its future projects and that the relevant environmental authorities will not order it to suspend construction of these projects or will not impose a fine on it. In the event that there is a suspension of construction or imposition of a fine, this may adversely affect the business and financial condition of the Company.

In addition, PRC regulations require environmental protection facilities included in a property development to pass the inspection by the environmental authorities in order to obtain completion approval before commencing operations. The residential and commercial property projects of the Company have environmental protection facilities that are subject to this requirement. If the Company fails to comply with this requirement, the local environmental authorities may order it to suspend construction or prohibit the use of the facilities, which may disrupt its operations and adversely affect its business. Environmental authorities may also impose a fine of up to RMB100,000 on the Company in respect of a project which is required to have environmental protection facilities but fails to do so. The Company is currently applying for the completion approval of environmental protection facilities for some projects. There can be no assurance that the Company can obtain such approvals in a timely manner or at all. In the event that such completion approvals cannot be obtained or if a fine is imposed on the Company, its business and financial condition may be materially and adversely affected.

SAFE Regulation

The Company's ability to satisfy its obligations under the Bonds mainly depends upon the ability of its PRC subsidiaries to obtain and remit sufficient foreign currency to pay dividends to them and, if applicable, to repay shareholder loans. The PRC government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency to jurisdictions outside China. Under existing PRC foreign exchange regulations, payments of certain current account items can be made in foreign currencies without prior approval from the local branch of the SAFE, by complying with certain procedural requirements. However, except as otherwise specified by laws and regulations, approval from the appropriate government authorities is usually required where Renminbi is to be converted into foreign currency and remitted to a jurisdiction outside China to pay capital expenses such as the repayment of bank loans denominated in foreign currencies. The PRC government may also, at its discretion, restrict access to foreign currencies for current account transactions in the future. The Company's PRC subsidiaries must present certain documents to the SAFE, its authorised branch, or the designated foreign exchange bank, for approval before they can obtain and remit foreign currencies out of China, including, in the case of dividends, evidence that the relevant tax record procedure has been completed and, in the case of shareholder loans, evidence of the registration of the loan with the SAFE. Prior to payment of interest and principal on any shareholder loan that the Company makes to its PRC subsidiaries, the relevant PRC subsidiary must also present evidence that the relevant registration procedure relating to the withholding tax on the interest payable of such shareholder loan has been completed. If the PRC foreign exchange control system prevents the Company from obtaining sufficient foreign currency, or if the Company's PRC subsidiaries for any reason fails to satisfy any of the PRC legal requirements for remitting foreign currency payments, such PRC subsidiary will be unable to pay the Company dividends or interest and principal on shareholder loans, which may affect the Company's ability to satisfy their obligations under the Bonds.

SAFE Regulation on Current Account RMB Remittance

Under the applicable PRC foreign exchange control regulations, current account items refer to any transaction for international receipts and payments involving goods, services, earnings and other frequent transfers.

Since April 2009, the PRC has commenced a pilot scheme pursuant to which Renminbi may be used for settlement of imports and exports of goods between approved pilot enterprises in five designated cities in the PRC including Shanghai, Guangzhou, Dongguan, Shenzhen and Zhuhai and enterprises in designated offshore jurisdictions including Hong Kong and Macau. On 17 June 2010, the PRC government promulgated the Circular on Issues concerning the Expansion of the Scope of the Pilot Programme of Renminbi Settlement of Cross-Border Trades (關於擴大跨境貿易人民幣結算試點有關問題的通知). In August 2011, the PRC government promulgated the Circular on Expanding the Regions of Cross-border Trade Renminbi Settlement (關於擴大跨境貿易人民幣結算地區的通知) to further expand Renminbi cross-border trade settlement nationwide. In February 2012, the PRC government further promulgated the Notice on Matters Relevant to the Administration of Enterprises Engaging in Renminbi Settlement of Export Trade in Goods (關於出口貨物貿易人民幣結算企業管理有關問題的通知). In March 2014, the PRC government promulgated the Notice on Simplifying Procedures for the Administration of Enterprises Engaging in Renminbi Settlement of Export Trade in Goods (關於簡化出口貨物貿易人民幣結算企業管理有關事項的通知).

Pursuant to the circulars mentioned above, (i) Renminbi settlement of import and export of goods and of services and other current account items became permissible, (ii) the list of designated pilot districts were expanded to cover all provinces and cities in the PRC, (iii) the restriction on designated offshore districts has been lifted and (iv) any enterprise qualified for the export and import business is permitted to use Renminbi as settlement currency for export of goods, provided that the relevant provincial government has submitted to PBOC and five other PRC authorities (the “Six Authorities”) a list of key enterprises subject to supervision and the Six Authorities have verified and published such list (the “Supervision List”).

Accordingly, offshore enterprises are entitled to use Renminbi to settle import of goods and services and other current account items between them and qualified PRC enterprises. Renminbi remittance for export of goods from the PRC may be effected by (a) enterprises with the foreign trading right and incorporated in a province which has already submitted the Supervision List (for the avoidance of doubt, that PRC enterprise does not necessarily need to be included in the Supervision List) or (b) enterprises that have been approved as a pilot enterprise for using Renminbi for exports if the relevant province has not submitted the Supervision List.

SAFE Regulation on Capital Account RMB Remittance

Under the applicable PRC foreign exchange control regulations, capital account items include cross-border transfers of capital, direct investments, securities investments, derivative products and loans. Except as otherwise specified by laws and regulations, capital account payments are generally subject to approval or registration of the relevant PRC authorities.

Settlements for capital account items are generally required to be made in foreign currencies. For instance, foreign investors (including any Hong Kong investors) are required to make any capital contribution to foreign invested enterprises in a foreign currency in accordance with the terms set out in the relevant joint venture contracts and/or articles of association as approved by the relevant authorities. Foreign invested enterprises or relevant PRC parties are also generally required to make capital item payments including proceeds from liquidation, transfer of shares, reduction of capital, interest and principal repayment to foreign investors in a foreign currency. That said, the relevant PRC authorities or the qualified banks may grant approval or registration for a foreign entity to make a capital contribution or a shareholder’s loan to a foreign invested enterprise with Renminbi lawfully obtained by it outside the PRC and for the foreign invested enterprise to service interest and principal repayment to its foreign investor outside the PRC in Renminbi on a trial basis. The foreign invested enterprise may be required to complete a registration and verification process with the relevant PRC authorities or the qualified banks before such Renminbi remittances.

On 7 April 2011, SAFE promulgated the Circular on Issues Concerning the Capital Account Items in connection with Cross-Border Renminbi (國家外匯管理局綜合司關於規範跨境人民幣資本項目業務操作有關問題的通知) (the “SAFE Circular”), which became effective on 1 May 2011. According to the SAFE Circular, in the event that foreign investors intend to use cross-border Renminbi (including offshore Renminbi and onshore Renminbi held in the capital accounts of non-PRC residents) to make a contribution to an onshore enterprise or make payment for the transfer of equity interest of an onshore enterprise by a PRC resident, such onshore enterprise shall be required to submit the relevant MOFCOM’s prior written consent to the relevant local branches of SAFE of such onshore enterprise and register for a foreign invested enterprise status. Further, the SAFE Circular clarifies that the foreign debts borrowed, and the external guarantee provided by onshore entities (including financial institutions) in Renminbi shall, in principle, be regulated under the current PRC foreign debt and external guarantee regime.

On 12 October 2011, MOFCOM promulgated the Circular on Issues in relation to Crossborder Renminbi Foreign Direct Investment (商務部關於跨境人民幣直接投資有關問題的通知) (the “MOFCOM RMB FDI Circular”). In accordance with the MOFCOM RMB FDI Circular, MOFCOM and its local counterparts are authorised to approve Renminbi Foreign Direct Investment (“Renminbi FDI”) in accordance with existing PRC laws and regulations regarding foreign investment, with the following exceptions which require the preliminary approval by the provincial counterpart of MOFCOM and the consent of MOFCOM: (i) Renminbi FDI with the capital contribution in Renminbi of 300 million or more; (ii) Renminbi FDI in financing guarantee, financing lease, micro financing or auction industries; (iii) Renminbi FDI in foreign invested investment companies, venture capital or equity investment enterprises; or (iv) Renminbi FDI in cement, iron & steel, electrolytic aluminium, shipbuilding or other policy sensitive sectors. In addition, Renminbi FDI in the real estate sector is allowed following the existing rules and regulations of foreign investment in real estate, although Renminbi foreign debt remains unavailable to foreign invested real estate enterprises. The proceeds of Renminbi FDI may not be used towards investment in securities, financial derivatives or entrustment loans in the PRC, except for investments in PRC domestic listed companies through private placements or share transfers by agreement under the PRC strategic investment regime.

On 13 October 2011, PBOC promulgated the Measures for Administration of RMB Settlement Business in Relation to Foreign Direct Investment (外商直接投資人民幣結算業務管理辦法) (“The PBOC Renminbi FDI Measures”), pursuant to which, PBOC special approval for Renminbi FDI and shareholder loans which was required by the PBOC Notice concerning Clarification of Certain Issues on Cross-border Renminbi Settlement (中國人民銀行關於明確跨境人民幣業務相關問題的通知) (the “PBOC Notice”) promulgated on 3 June 2011 is no longer necessary. The PBOC Renminbi FDI Measures provide that, among others, foreign invested enterprises are required to conduct registrations with the local branch of PBOC within ten working days after obtaining the business licenses for the purpose of Renminbi settlement. Under the measures, a foreign investor is allowed to open a Renminbi preliminary expense account (人民幣前期費用專用存款賬戶) to reimburse some expenses before the establishment of a foreign invested enterprise and the balance in such an account can be transferred to the Renminbi capital account (人民幣資本金專用存款賬戶) of such foreign invested enterprise when it is established. Commercial banks can remit a foreign investor’s Renminbi proceeds from distribution (dividends or otherwise) by its PRC subsidiaries out of the PRC after reviewing certain requisite documents. If a foreign investor intends to use its Renminbi proceeds from distribution (dividends or otherwise) by its PRC subsidiaries, the foreign investor may open a Renminbi re-investment account (人民幣再投資專用賬戶) to pool the Renminbi proceeds, and the PRC parties selling stock in domestic enterprises to foreign investors can open Renminbi accounts and receive the purchase price in Renminbi paid by foreign investors. The PBOC Renminbi FDI Measures also state that the foreign debt quota of a foreign invested enterprise constitutes its Renminbi debt and foreign currency debt from its offshore shareholders, offshore affiliates and offshore financial institutions, and a foreign invested enterprise may open a Renminbi account (人民幣一般存款賬戶) to receive its Renminbi proceeds borrowed offshore by submitting the Renminbi loan contract to the commercial bank and make repayments of principal of and interest on such debt in Renminbi by submitting certain documents as required to the commercial bank.

On 14 June 2012, the PBOC promulgated the Notice concerning Clarification of Renminbi Settlement in relation to Foreign Direct Investment (關於明確外商直接投資人民幣結算業務操作細則的通知) (the “PBOC Notice 2012”), which provides more detailed requirements with respect to all accounts concerning capital injection, payment of purchase price in the merger and acquisition of PRC domestic enterprises, remittance of dividends and distribution, as well as Renminbi denominated cross-border loans. Foreign investors, foreign-invested enterprises and domestic shareholders must check and clarify all the existing Renminbi accounts and provide supplementary documents to open an account or modify the information within three months after the promulgation of the PBOC Notice 2012. For those who have more than one preliminary expense account (前期費用專用存款賬戶), capital account (資本金專用存款賬戶), merger and acquisition account (併購專用存款賬戶) or equity transfer account (股權轉讓專用存款賬戶), they are required to choose one of them and close all of the other accounts. The funds in the accounts for Renminbi capital and Renminbi denominated cross-border loan (資本金專用存款賬戶及人民幣境外借款一般存款賬戶) shall not be used for investment in securities, financial derivatives, entrusted loans, financial products or properties of non-self-use. In addition, the foreign-invested non-investment enterprises shall not use the funds in the Renminbi capital account and Renminbi denominated cross-border loan account (資本金專用存款賬戶及人民幣境外借款一般存款賬戶) for re-investment in the PRC.

On 11 May 2013, SAFE promulgated the Provisions on Foreign Exchange Administration over Direct Investment Made by Foreign Investors in China (外國投資者境內直接投資外匯管理規定) (the “Circular”), which became effective on 13 May 2013 and was amended 10 October 2018. According to the SAFE Provisions, a foreign-invested Enterprise that needs to remit funds abroad due to capital reduction, liquidation, advance recovery of investment, profit distribution, etc. may purchase foreign exchange and make external payment with the relevant bank after going through corresponding registration.

On 3 December 2013, MOFCOM promulgated the Announcement on Issues in relation to Cross-border Renminbi Foreign Direct Investment (關於跨境人民幣直接投資有關問題的公告) (the “Announcement”), which became effective and implemented from 1 January 2014. According to the Announcement, foreign-invested enterprises shall not use the capital invested through Renminbi FDI to directly or indirectly invest in securities, financial derivatives (except for strategic invest in listed companies) or entrustment loans in the PRC. The MOFCOM RMB FDI Circular ceased to be effective on the same date of the implementation of the Announcement.

On 10 January 2014, SAFE promulgated the Notice of the State Administration of Foreign Exchange on Further Improving and Adjusting the Policies on Capital Account Foreign Exchange Administration (關於進一步改進和調整資本項目外匯管理政策的通知) which allows a domestic enterprise to lend to overseas enterprises with equity affiliation, provided that the domestic enterprise shall register the quotas of overseas lending with SAFE branch, and the cumulative overseas loan amount may not exceed 30 per cent. of its equity; if the loan amount exceed the said percentage, the SAFE branch shall decide on a case by case basis.

On 13 February 2015, the SAFE promulgated Circular 13 to simplify foreign exchange rules for cross-border investments. According to Circular 13, foreign exchange registration for foreign direct investment and outbound direct investment will be exempted from the approval by the SAFE and the registration rights will be delegated from the SAFE to the qualified banks from 1 June 2015. Under the Circular 13, foreign investors could open foreign exchange accounts in qualified banks directly after providing the banks with registration documents, with no need to obtain separate government approval. By Circular 13, such qualified banks will administer foreign exchange transactions according to the registration information provided by the parties and the SAFE will indirectly supervise foreign exchange registration by verifying and inspecting the qualified banks.

Before 2014, Foreign Investment Enterprises (“FIEs”) can only convert the foreign exchange in their capital accounts into RMB and withdraw the converted funds on an as-needed basis and there are also stringent rules on the purpose for which the converted RMB may be used.

According to the Circular on the Relevant Operating Issues concerning the Improvement of the Administration of Payment and Settlement of Foreign Currency Capital of Foreign-funded Enterprises issued by the General Affairs Department of the SAFE (國家外匯管理局綜合司關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知) (“Circular 142”) on 29 August 2008, for each conversion and withdrawal, an FIE is required to provide various supporting documents evidencing the authenticity of the transaction to relevant bank for review and verification. Also the converted RMB should only be used by FIEs in line with their business scope as approved by the examination and approval authorities, for example, for acquiring equipment and real property for self-use. Except for special type of FIEs such as venture capital and private equity enterprises, ordinary FIEs are generally prohibited from using the RMB converted from their capital account balance to make equity investments in other companies in China. And except for foreign-funded real estate enterprises, foreign-funded enterprise shall not use the RMB converted from their capital account balance to purchase domestic real estate for any purpose other than its own use.

In February 2014, SAFE’s Shanghai Branch promulgated the Circular on the Supporting the Construction of Foreign Exchange Control in the Shanghai Free Trade Zone (國家外匯管理局上海市分局關於印發支援中國(上海)自由貿易試驗區建設外匯管理實施細則的通知) (“Circular 26”) and SAFE issued the Approval for the Implementation Rules on Foreign Exchange Control in the Shanghai Free Trade Zone (國家外匯管理局關於中國(上海)自由貿易試驗區外匯管理實施細則的批覆) to approve the Circular 26. Circular 26 introduces certain liberalisation measures relaxing the above restrictions on companies incorporated in the Shanghai Free Trade Zone (“Shanghai FTZ”). On 16 December 2015, SAFE’s Shanghai Branch further promulgated the Implementation Rules on the Further Promotion of Foreign Exchange Reform and Trial in the Shanghai Free Trade Zone (國家外匯管理局上海市分局關於印發《進一步推進中國(上海)自由貿易試驗區外匯管理改革試點實施細則》的通知) (“Circular 145”), which abolished Circular 26 and introduced further relaxations in foreign exchange settlement and payment.

On 4 July 2014, SAFE issued the Circular on Relevant Issues Concerning the Pilot Reform in Certain Areas of the Administrative Method of the Conversion of Foreign Exchange Funds by Foreign-Invested Enterprises (關於在部分地區開展外商投資企業外匯資本金結匯管理方式改革試點有關問題的通知) (“Circular 36”). The issuance of Circular 36, which mirrors Circular 26 implemented in the Shanghai FTZ since February 2014, is seen as a step to further relax capital account settlement in more locations across China. Circular 36 applies to 16 designated industrial parks, including Zhongguancun Science Park, Suzhou Industrial Park, Tianjin Binhai New Area, Shenzhen Qianhai, Hengqin New Area, Chongqing Liangjiang New Area, and Shenyang Economic Zone (“Pilot Areas”).

On 30 March 2015, the SAFE promulgated the Circular of the SAFE on Relevant Issues Concerning the Reform of the Administrative Method of the Conversion of Foreign Exchange Funds by Foreign-invested Enterprises (國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知) (“Circular 19”), which will relax the capital account settlement for all foreign invested enterprises across the nation from 1 June 2015. According to Circular 19, Circular 142 and Circular 36 will cease to be effective on the same date of the implementation of Circular 19. On 9 June 2016, the SAFE further promulgated the Circular of the SAFE on Relevant Issues Concerning the Reform and Regulation of the Administrative Policies of the Conversion under Capital Items (國家外匯管理局關於改革和規範資本項目結匯管理政策的通知) (“Circular 16”). According to Circular 16, in case of any discrepancy between Circular 19 and Circular 16, Circular 16 shall prevail. Circular 16 allows all foreign invested enterprises across the PRC to convert 100 per cent. (subject to future adjustment at discretion of SAFE) of the foreign currency capital (which has been processed through the SAFE’s equity interest confirmation procedure for capital contribution in cash or registered by a bank on the SAFE’s system for account-crediting for such capital contribution) into Renminbi at their own discretion without providing various supporting documents. However, to use the converted Renminbi, a foreign invested enterprise still needs to provide supporting documents and goes through the review process with the banks for each withdrawal. A negative list with respect to the usage of the capital and the Renminbi proceeds through the aforementioned settlement procedure is set forth under the Circular 16.

In addition, pursuant to the Notice of State Administration of Foreign Exchange on Improving the Check of Authenticity and Compliance to Further Promote Foreign Exchange Control (國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知) (the “Circular 3”) promulgated on 26 January 2017, when conducting outward remittance of a sum equivalent to more than US\$50,000 for a domestic institution, the bank shall, under the principle of genuine transaction, check the profit distribution resolution made by the board of directors (or profit distribution resolution made by partners), original of tax filing form and audited financial statements, and stamp with the outward remittance sum and date on the original of tax filing form. In addition, the domestic institution shall make up its losses of previous years with accordance to laws. On 24 March 2017 and 27 April 2017, the SAFE respectively posted two series of questions and answers on its official website, in order to further explain the Circular 3.

On 5 January 2018, the People’s Bank of China promulgated the Notice on Further Improving Policies of Cross-Border RMB Business to Promote Trade and Investment Facilitation (中國人民銀行關於進一步完善人民幣跨境業務政策促進貿易投資便利化的通知) (“Circular No. 3 [2018]”), which supports enterprises to use RMB in cross-border settlement and for the investment income such as profits and dividends legally obtained by overseas investors in China, banks shall review relevant materials as required before processing cross-border RMB settlement and ensure free remittance of profits of foreign investors in accordance with the law.

CIT and Withholding Tax

Under the Corporate Income Tax Law amended on 29 December 2018, the Company may be classified as a “resident enterprise” of China. Such classification could result in unfavourable tax consequences to it and its non-PRC Noteholders. Under the CIT Law, an enterprise established outside of China with a “de facto management organisation” located within China will be considered a “resident enterprise,” and consequently will be treated in a manner similar to a Chinese enterprise for CIT purposes. The implementing rules of the CIT Law including the Notice of the State Administration of Taxation on Issues about the Determination of Chinese-Controlled Enterprises Registered Abroad as Resident Enterprises on the Basis of Their Body of Actual Management (關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知) promulgated on 22 April 2009 and amended on 19 December 2017 and 29 January 2014 define “de facto management” as “substantial and overall management and control over the production and operations, personnel, accounting, and properties” of the enterprise pursuant to the Announcement of the State Administration of Taxation on Issues concerning the Determination of Resident Enterprises on the Basis of Their Actual Bodies (關於依據實際管理機構標準實施居民企業認定有關問題的公告). On 27 July 2011, the SAT issued, and then on 17 April 2015, 28 June 2016 and 15 June 2018 revised, the Measures on Administration of Chinese-Controlled Enterprises Registered Abroad Income Tax ((for Trial) (境外註冊中資控股居民企業所得稅管理辦法(試行))), in order to further regulate and strengthen the administration of the Chinese-controlled enterprises registered abroad on the basis of their body of actual management. However, it is still unclear how the PRC tax authorities will determine whether an entity will be classified as a “resident enterprise.” If the PRC tax authorities determine that the Company is a “resident enterprise” for PRC enterprise income tax purposes, a number of unfavourable PRC tax consequences could follow. The Company would generally be subject to CIT at a rate of 25 per cent. on its worldwide taxable income as well as PRC CIT reporting obligations. In the present case, this would mean that income such as interest from any investment of any portion of the offering proceeds and other income sourced outside of the PRC would be subject to PRC CIT at a rate of 25 per cent. If the Company is considered a “resident enterprise”, interest payable to certain “non-resident enterprise” holders of the Bonds may be treated as income derived from sources within China and be subject to PRC withholding tax at a rate of 10 per cent., and capital gains realised by such holders of the Bonds may be treated as income derived from sources within China and be subject to a 10 per cent. PRC tax, in each case subject to the provisions of any applicable tax treaty. Furthermore, if the Company is considered a “resident enterprise,” interest payable or gains earned by non-resident individual holders of the Bonds may be treated as income derived from sources within China and be subject to PRC income tax (which in the case of interest may be withheld at source) at a rate of 20 per cent., in each case subject to the provisions of any applicable tax treaty.

There are significant uncertainties under the CIT Law relating to the withholding tax liabilities of the Company's PRC subsidiaries. Under the CIT Law, the profits of a foreign invested enterprise generated in 2008 and onwards which are distributed to its immediate holding company outside the PRC will be subject to a withholding tax rate of 10.0 per cent. or a lower treaty rate as contained in any income tax treaty or agreement to which China is a party. Pursuant to a special arrangement between Hong Kong and the PRC, such rate is lowered to 5.0 per cent. if a Hong Kong resident enterprise owns 25 per cent. or more equity interest in a PRC company. Some of the Company's PRC subsidiaries are currently wholly owned by Hong Kong subsidiaries. According to the Circular of the SAT on Printing and Issuing the Administrative Measures for Non-resident individuals and Enterprises to Enjoy the Treatment Under Taxation Treaties (Trial) (非居民享受稅收協定待遇管理辦法) (試行), which became effective on 1 October 2009, the 5 per cent. withholding tax rate does not automatically apply and approvals from competent local tax authorities are required before an enterprise can enjoy any benefits under the relevant tax treaties. However, on 27 August 2015, the SAT promulgated the Administrative Measures for Tax Treaties Treatment for Non-resident Taxpayers (非居民納稅人享受稅收協定待遇管理辦法), which became effective on 1 November 2015 and amended on 15 June 2018 and replaced the previous circular, cancelled the pre-approval for non-resident taxpayers when claiming tax benefits for dividends, interest, royalties and capital gains. This means that taxpayers may determine whether they are qualified for the tax benefits by themselves and enjoy the preferential tax rates under the tax bureau's afterwards supervision and management. The taxpayers may either choose to claim the benefits on their own or finish the application procedures with a tax withholding agent. Moreover, according to a tax circular issued by the SAT in February 2009, if the main purpose of an offshore arrangement is to obtain a preferential tax treatment, the PRC tax authorities have the discretion to adjust the preferential tax rate for which an offshore entity would otherwise be eligible. The PRC tax authorities might not grant approvals on the 5 per cent. withholding tax rate on dividends received by the Company's subsidiaries in Hong Kong from the Company's PRC subsidiaries.

Foreign Debt Laws

Under PRC regulations, the Company may not be able to transfer to the Company's PRC subsidiaries proceeds from this offering, which could impair their respective ability to make timely payments of interest and principal under the Bonds. Under PRC rules and regulations relating to supervision of foreign debt, including policies of the SAFE, restrictions on the incurrence of foreign debt (including intercompany debt that would be owed to the Company by the Company's PRC subsidiaries) will require that the proceeds of this offering and other funding the Company provides to the Company's PRC subsidiaries that will be used for land acquisitions and developments in China may only be transferred to the Company's PRC subsidiaries as equity investments and not as loans. Equity contributions by the Company to the Company's PRC subsidiaries will require approvals from the PRC governmental authorities, such as the approvals from the commerce department of the local government and filing with MOFCOM and the local branch of the SAFE, which may take considerable time and delay the actual contribution to the PRC subsidiaries. This may adversely affect the financial condition of the PRC subsidiaries and may cause delays to the development undertaken by such PRC subsidiaries. There can be no assurance that the Company has obtained or will obtain in a timely manner or at all relevant necessary approval certificates or filings for all its operating subsidiaries in the PRC to comply with this regulation.

Anti-money Laundering Law

According to the Anti-money Laundering Law of the People's Republic of China (中華人民共和國反洗錢法) published by the Standing Committee of the National People's Congress on 31 October 2006 and implemented on 1 January 2007, the financial institutions established in the People's Republic of China and specific non-financial-institutions which are required to perform anti-money laundering obligations according to the provisions shall adopt preventive and control measures pursuant to the law, and fulfil anti-money laundering obligations by establishing proper and comprehensive systems for determining customer identity, retaining customer identity information and transaction records, and a system of reporting large amount transactions and suspicious transactions.

Pursuant to Notice of on the Regulation of Housing Financing and Strengthening Anti-Money Laundering (關於規範購房融資和加強反洗錢工作的通知) promulgated and implemented on September 29, 2017 by the Ministry of Housing and Urban-Rural Development, the People's Bank of China and the China Banking Regulatory Commission, real estate development enterprises are strictly forbidden to provide "down payment loan" for house-purchase financing, including the real estate development enterprises shall not advance the down payment for purchasers or advance the down payment in other forms such as instalment for down payment, shall not provide purchasers with down payment through any platform or institution, shall not induce purchasers to finance through other institutions in any form, and shall not organize a "crowd-funding" purchase of house.

On 26 July, 2018, Notice of the General Office of the People's Bank of China on Strengthening the Anti-Money Laundering Supervision over Specific Non-Financial Institutions (中國人民銀行辦公廳關於加強特定非金融機構反洗錢監管工作的通知) was promulgated by People's Bank of China, which clarifies that real estate development companies carrying out the businesses as selling houses and providing services for real estate transactions shall perform anti-money laundering and counter-terrorism financing obligations.

DIRECTORS AND MANAGEMENT OF THE COMPANY

Our Board currently consists of eight Directors, comprising five executive Directors and three independent non-executive Directors. Our Board is responsible and has general powers for the management and conduct of our business. The table below shows certain information in respect of the members of our Board as at the date of this offering memorandum:

Name	Age	Role(s)
CHEN Jun (陳軍)	44	Executive Director, Chairman of the Board, Chief Executive Officer and the Chairman of the Nomination Committee
WANG Weixian (王偉賢)	55	Executive Director and Honorary Chairman
HOU Guangjun (侯光軍)	47	Executive Director and Chief Operating Officer
WANG Xuling (王煦菱)	58	Executive Director
WU Zhengkui (吳正奎)	45	Executive Director
CHEONG Ying Chew, Henry (張英潮)	71	Independent Non-Executive Director
FONG Wo, Felix (方和)	68	Independent Non-Executive Director
KWAN Kai Cheong (關啟昌)	69	Independent Non-Executive Director, Chairman of the Audit Committee and the Remuneration Committee

Directors

Executive Directors

CHEN Jun (陳軍), 44, is the Executive Director, Chairman of the Board and Chief Executive Officer of the Company. Mr. Chen is responsible for the overall planning, formulation of strategies and overall daily operations of the Company. He has more than 20 years of experience in the real estate and construction industry, with extensive management experience in the industry. Since he joined the Greenland Holding in February 2001, Mr. Chen has served as project manager, assistant general manager and deputy general manager of the Business Divisions of Greenland Holding and vice president and executive vice president of Greenland Holding. Mr. Chen also serves as the honorary chairman of The Shanghai Chamber of Commerce in Shaanxi, vice chairman of the Air City Development Committee under the China Research Society Of Urban Development and a member of the 10th standing committee of the Shaanxi Youth Federation. Mr. Chen also serves as a deputy of the 11th and 12th People's Congress of Shaanxi Province, the honorary chairman of Shanghai Chamber of Commerce in Shaanxi, vice chairman of the Airport City Development Committee under the China City Development Research Society and a member of the 10th standing committee of the Shaanxi Youth Federation. Mr. Chen obtained a bachelor's degree in industrial and civil architecture from the College of Architecture and Engineering of Nanjing University of Technology, a master's degree in architectural and civil engineering from Xi'an University of Architecture and Technology, an EMBA degree from Tsinghua University School of Economics and Management and a PhD degree in national economics from the School of Chinese Academy of Social Sciences. Mr. Chen joined the Company in August 2013.

WANG Weixian (王偉賢), 55, is the Executive Director, Honorary Chairman and founder of the Company. Mr. Wang is Chairman of both Cornerstone Capital and Alpha King Real Estate Development, a Vietnam-based real estate company, through which the Company has established partnership with Ping An Insurance Group. Mr. Wang is also Chairman of the Peninsula Shanghai Waitan Hotel Company Limited. Mr. Wang has over 20 years of experience in finance, construction, and property investment and development. Mr. Wang graduated from South China University of Technology with a Bachelor degree in Building Materials and University of Technology, Sydney (Australia) with a Bachelor degree of Commerce. He is also a councillor of the Shanghai Soong Ching Ling Foundation and The Nature Conservancy (TNC).

HOU Guangjun (侯光軍), 47, is the Executive Director and Chief Operating Officer of the Company. Mr. Hou has over 20 years of experience in the real estate and construction industry, with extensive management experience in the industry. Since he joined Greenland Holding in November 1996, Mr. Hou has held the posts of engineer, project manager, assistant general manager, deputy general manager and general manager of the Business Divisions of Greenland Holding. Before joining Greenland Holding, he worked for Shanghai Railway Sub-administration. Mr. Hou graduated from Tongji University with a bachelor's degree in materials engineering. Mr. Hou joined the Company in August 2013.

WANG Xuling (王煦菱), 58, is the Executive Director of the Company. Ms. Wang graduated from Ji'nan University (Guangzhou). Prior to joining the Company, Ms. Wang was the executive director and deputy general manager of Mission Hills Golf Club ("Mission Hills Group"), responsible for sales and marketing of properties. Before joining Mission Hills Group, Ms. Wang had about 12 years of experience in the news and media business. Ms. Wang joined the Company as Executive Director in 2007 and was once the Chief Executive Officer of the Company since April 2011.

WU Zhengkui (吳正奎), 45, is the Executive Director of the Company. Mr. Wu is also the deputy general manager of the Finance Department of Greenland Holding. Mr. Wu graduated from Fudan University with a master's degree in accounting. He also has the professional title of intermediate accountant. Mr. Wu has over 15 years of experience in the real estate and construction industry, with extensive experience in financial management within the industry. Since he joined Greenland Holding in January 2002, Mr. Wu has served as finance manager, director and supervisor of the subsidiaries of Greenland Holding and assistant general manager of the Finance Department of Greenland Holding. Mr. Wu joined the Company in August 2013.

Independent Non-executive Directors

CHEONG Ying Chew, Henry (張英潮), 71, has been an Independent Non-Executive Director of the Company since 2006. He holds a Bachelor of Science degree in Mathematics and a Master of Science degree in Operational Research and Management. Mr. Cheong is also an Independent Non-executive Director of CK Asset Holdings Limited, CK Infrastructure Holdings Limited, CNC International Limited, Hutchison Telecommunications Hong Kong Holdings Limited, New World Department Store China Limited, Skyworth Digital Holdings Limited and TOM Group Limited. Mr. Cheong currently serves as an executive director and the deputy chairman of Worldsec Limited, a company listed on the London Stock Exchange. He is also an Independent Director of BTS Group Holdings Public Company Limited, a company listed on the Stock Exchange of Thailand.

FONG Wo, Felix (方和), BBS, JP, 68, is an Independent Non-Executive Director of the Company since 2006, a practicing solicitor in Hong Kong and is also qualified in Canada and England. He is appointed by the Ministry of Justice of China as one of the China-Appointed Attesting Officers in Hong Kong. Mr. Fong is a consultant and the founding partner of the Hong Kong law firm, King & Wood (formerly known as Arculli Fong & Ng), and has practiced law for over 30 years, including eight years in Toronto. Mr. Fong is an independent non-executive director of a number of listed companies, namely Guangdong Land Holdings Limited (formerly known as Kingway Brewery Holdings Limited), Evergreen International Holdings Limited, Sheen Tai Holdings Group Company Limited, Xinming China Holdings Limited and WuXi Biologics (Cayman) Inc., whose shares are listed on the Hong Kong Stock Exchange. Mr. Fong is also an independent non-executive director of Bank of Shanghai (Hong Kong) Limited. From May 2010 to May 2016, Mr. Fong was an independent non-executive director of China Oilfield Services Limited, whose shares are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange. From April 2011 to July 2018, Mr. Fong was an independent non-executive director of China Investment Development Limited, a company listed on the Hong Kong Stock Exchange. Mr. Fong is a member of the Guangdong Provincial Committee of Chinese People's Political Consultative Conference (9th and 10th Sessions), a director of the China Overseas Friendship Association, a director of the Shanghai Chinese Overseas Friendship Association and an executive director of the Guangdong Overseas Friendship Association. He is the former chairman of the Advisory Council on Food and Environmental Hygiene and is a member of the Hong Kong Communications Authority and a director of the Hong Kong Basic Law Institute. Mr. Fong is a member of the first Selection Committee for the purposes of electing the Chief

Executive for Hong Kong Special Administrative Region, a founding member of the Canadian International School of Hong Kong, a member of the Board of Advisers for the Faculty of Business of the University of Victoria, British Columbia, Canada and a visiting professor of the School of Law of Sun Yat-sen University, China.

KWAN Kai Cheong (關啟昌), 69, is an Independent Non-Executive Director of the Company since 2006, holds a Bachelor of Accountancy (Honors) degree from the University of Singapore and is a member of the Institute of Chartered Accountants in Australia. He is also a fellow of the Hong Kong Institute of Directors. Mr. Kwan is presently Chairman of the Board of Utopa Limited, a commercial property operating company in China and the president of Morrison & Company Limited, a business consultancy firm.

Senior Management

The table below sets forth certain information concerning our other senior management members:

Name	Age	Role(s)
GU Minqi (顧敏琦)	43	Vice President
JIANG Zhongmin (姜忠民)	50	Assistant President
CHEN Zengli (陳增立)	42	Assistant President
LEI Yu, Rain (雷雨)	46	Secretary to the Board and General Manager of Legal and Risk Control Center
SUN Yu (孫昱)	43	General Manager of Technology Research and Development Department
LI Qiang (李強)	44	General Manager of Cost Management Department and Material Company
LI Peng (李鵬)	36	Assistant President and General Manager of Jiangsu Company
Gao Xiang (高翔)	38	Assistant to the President of Greenland Financial Services
WU Zhiqiang (吳志強)	44	General Manager of Investment and Development Department
JIA Shunfei (賈順飛)	41	General Manager of Operation Development Department
YANG Xiaoli (楊筱莉)	53	General Manager of the Commercial Management Department
SUN Guangzheng (孫光正)	42	General Manager of the Marketing Management Department
ZHOU Tian (周天)	48	General Manager of Human Resources Department
JIANG Hualian (蔣華聯)	47	Director of General Office
LU Weiping (陸維平)	39	General Manager of Property Company

GU Minqi (顧敏琦), 43, is the vice president of the Company and General Manager of the Guangxi Company and Hainan Company. Mr. Gu obtained a bachelor's degree in industrial and civil architecture from Zhengzhou University. He is a senior engineer with the qualifications of National First Class Registered Architect and National Supervision Engineer. With more than 20 years of experience in the real estate industry and strong multi-project management capability, he held senior management positions with several renowned property developers in Henan and Shanghai for a long period of time. Mr. Gu joined the Company at the end of 2013 and was recognised as the "Model Staff of Greenland Group for 2014", "Outstanding Manager of Greenland Hong Kong for 2016", "Person of the Year of Greenland Group for 2016", "Merit Prize for Fifth Anniversary of Greenland Hong Kong", "Outstanding Contribution Prize in Greenland Hong Kong for 2017" and "Person of the Year of Greenland Group for 2018".

JIANG Zhongmin (姜忠民), 50, is the Assistant President of the Company. Mr. Jiang obtained a bachelor's degree in Economics and Management from China Agricultural University. With 30 years of experience in the real estate industry, he held senior management positions for a long period of time with extensive experience in investment and development of real estate projects. Mr. Jiang joined Greenland Group at the end of 1993 and was previously the chief officer of Jinlu Company, assistant to the general manager of the ancillary Department and assistant to the general manager of the Property Business Division II of Greenland Holdings. He previously worked in Shanghai Electronic Instruments Bureau Real Estate Company (上海市儀錶局房地產公司) (formerly known as Electronic Instruments Housing Office 儀錶局住宅辦). Mr. Jiang joined the Company at the end of 2017.

CHEN Zengli (陳增立), 42, is the Assistant President of the Company. Mr. Chen obtained his bachelor's degree in Economics from Shanghai University of Finance and Economics and master's degree in Global Economics from Jilin University. Mr. Chen has 20 years of relevant experiences in China's four largest banks, and his highest position was the deputy branch Manager of China's four largest banks and a member of the CPC Committee. After that, he worked as the assistant president (M7) in Zhongliang Holdings Group responsible for finance, investment and financing, and as the General Manager of Zhejiang Branch of Southwest Securities, specialised in interbank borrowings, investment banking, investment and financing business. With years of experiences as senior management, he has extensive experiences in analysing the overall situation and coordination with abundant resources in political and business fields. Mr. Chen joined Greenland Hong Kong at the end of 2018.

LEI Yu, Rain (雷雨), 46, is the Secretary to the Board and General Manager of Legal and Risk Control Center of the Company. At the same time, he is one of the person-in-charge of Capital Market Department and Internal Audit Department. Mr. Lei graduated from Fudan University with a bachelor's degree in law and a master's degree in public administration. He also obtained a master's degree in Business Administration from China Europe International Business School. Mr. Lei is a qualified lawyer in the PRC and has over 20 years of working experience in compliance and internal risk control of listed companies, mergers, acquisitions and reorganisation of companies, project investment and financing and contract negotiation, etc. Prior to joining the Company in May 2003, Mr. Lei worked at Grandall Law Firm (Shanghai), where he was mainly engaged in corporate mergers and acquisitions and IPO projects. Mr. Lei was recognised as the "2014 Industrial Honorary Role Model of Greenland Group", "Outstanding Manager of Greenland Hong Kong for 2015", "Outstanding Manager of Greenland Hong Kong for 2016", "Model Staff of the Group for 2016", "Outstanding Manager of Greenland Hong Kong for 2017", "Merit Prize for the Fifth Anniversary of Greenland Hong Kong", "Outstanding Manager of Greenland Hong Kong for 2018" and "Advanced Staff of Greenland Group for 2018".

SUN Yu (孫昱), 43, is the General Manager of Technology Research and Development Department of the Company. Mr. Sun graduated from Dalian University of Technology with a master's degree in architecture. He is a Class I registered architect and intermediate engineer. He has nearly 20 years of experience in architectural design. Prior to joining Greenland Holding in 2010, Mr. Sun worked in East China Architectural Design & Research Institute and was responsible for the management of various large-scale ultra-high-rise urban complex projects, such as Changsha Greenland Center, Wuhan Greenland Center, Greenland AD 1860, Greenland Gu Cun Park Business Plaza, Nanning Greenland Center and Greenland Huangpu Center. Mr. Sun Yu joined the Company in November 2013.

LI Qiang (李強), 44, is the General Manager of Cost Management Department of the Company and the General Manager of Material Company. Mr. Li graduated from Tongji University with a bachelor's degree in project management and is an intermediate engineer. With over 20 years of experience in cost and budget management, Mr. Li is seasoned in dynamic cost calculation and control throughout the entire process of a project. After joining Greenland Holdings in 2006, he has served as the Deputy Cost Manager of the Commercial Group, Deputy Cost Manager of the Property Business Division II and Cost Director of the Shandong Business Division. Previously, he worked at Shimao Group and Widnell Ltd. He was awarded "Outstanding Manager of Greenland Hong Kong for 2017", "Outstanding Manager of Greenland Hong Kong for 2018" and "Advanced Staff of Greenland Group for 2018".

LI Peng (李鵬), 36, is the Assistant President of the Company and the General Manager of Jiangsu Company. Mr. Li graduated from Shaanxi Normal University with a bachelor's degree in Education. He also obtained a master's degree in Business Administration of Senior Management from China Europe International Business School. Mr. Li Peng joined the Northwest Business Division of Greenland Holding in 2007 and has more than 10 years of experience in real estate marketing. He was awarded the "Business Role Model" of 2012 of Greenland Group, "Outstanding Manager of Greenland Hong Kong for 2016", "Model Staff of Greenland Group for the Year", "Outstanding Manager of Greenland Hong Kong for 2017", "Merit Prize for the Fifth Anniversary of Greenland Hong Kong" for 2018, "Outstanding Manager of Greenland Hong Kong for 1H 2018 and 2018", "Model Staff of Greenland Group for 2018" and "Three-Star Marketing Prize of Greenland Group for 2018".

GAO Xiang (高翔), 38, is the assistant to the President of Greenland Financial Services, a company under the Company, and the General Manager of Daokun Assets Management Company Limited. He graduated from Xiangtan University and Tongji University with a master's degree in Engineering Management. With more than 10 years of experience in the real estate investment and real estate fund, Mr. Gao held senior management positions such as the vice president of Jindi Wins Investment, and the executive vice general manager of Ping An Industrial Fund in Ping An Securities. He was the one of the first players and management personnel of real estate fund. Mr. Gao joined Greenland Hong Kong in March 2016, and was recognized as the "Outstanding Manager of Greenland Hong Kong for 2016". He manages several investment management companies under Greenland Hong Kong, of which Daokun Assets Management Company Limited was awarded the "TOP 10 China Real Estate Fund for 2017" by Zero2IPO, with accumulated scope of asset management of over RMB10 billion.

WU Zhiqiang (吳志強), 44, is the General Manager of Investment and Development Department of the Company. Mr. Wu graduated from Shanghai Jiao Tong University with an EMBA degree. As an intermediate engineer, he has nearly 20 years of experience in real estate industry. Prior to joining Greenland Holdings in 2003, Mr. Wu was the project manager of Property Business Division II, assistant to general manager and vice general manager of Northwest Business Division, and joined Greenland Hong Kong in March 2016.

JIA Shunfei (賈順飛), 41, is the General Manager of Operation Development Department. Mr. Jia graduated from Cheung Kong Graduate School of Business with a master's degree in business administration. Prior to joining Greenland Hong Kong in February 2018, Mr. Jia was the general manager of Investment Expansion Division of White Peak, vice general manager of Guangxi Company of Greenland Hong Kong and assistant to president of SPG.

YANG Xiaoli (楊筱莉), 53, is the General Manager of the Commercial Management Department of the Company. She graduated from Jiangnan University and Shanghai Jiao Tong University with an EMBA degree. With over 20 years of business operation and management, she was responsible for and coordinated construction, opening, improvement and overall operational management for many well-known department stores/shopping malls. Prior to joining Greenland Hong Kong in January 2015, Ms. Yang worked at several listed companies such as New World Development Company Limited, Golden Eagle Retail Group Ltd. and Red Star Commercial.

SUN Guangzheng (孫光正), 42, is the General Manager of the Marketing Management Department of the Company. Mr. Sun graduated from Xi'an Jiaotong University majoring in marketing and has nearly 20 years of experiences in real estate industry. Mr. Sun joined Greenland Holdings in June 2005, and worked as urban marketing director of Northwest Business Division, marketing director of Beijing and Tianjin Business Division, marketing director of Property Business Division I. Prior to joining Greenland Hong Kong in February 2019, he was the vice general president of Ronshine Group.

ZHOU Tian (周天), 48, is the General Manager of Human Resources Department of the Company and a member of the Society for Human Resources Management (SHRM). Mr. Zhou graduated from Shanghai University with a bachelor's degree and obtained a MPA degree from Fudan University and has nearly 20 years of experiences in real estate industry. Mr. Zhou joined Greenland Holdings in December 1999, and worked for Communist Party Affairs Department, General Office of the Group and served as

the officer of Property Business Division I, director of American Company of Greenland Holdings and director of Human Resources Department. Before that, he worked for Polar Research Institute of China and Shanghai Pudong New District Meilongzhen (Group) Co., Ltd. Mr. Zhou joined Greenland Hong Kong in February 2019.

JIANG Hualian (蔣華聯), 47, is the director of general office of the Company. Ms. Jiang graduated from Si Tanka University in USA with a MBA degree and an intermediate title. Prior to joining Greenland Hong Kong in May 2018, Ms. Jiang was Deputy Director of Shanghai Jingan Special Education Guidance Center and Vice Principal of Nanyang School, assistant to director and head of Business Development Department of Shanghai Youth Activity Center of Shanghai Communist Youth League Committee, a Party Committee member of Shanghai Youth Activity Center and secretary of the party branch of Shanghai Youth Culture Center. Since March 2016, she has been a Committee Member of the Jingan Committee of Shanghai.

LU Weiping (陸維平), 39, is the General Manager of Property Company of the Company. He joined Greenland Hong Kong in September 2018. Mr. Lu graduated from Fudan University with a bachelor's degree in real estate economic management, an intermediate title and National Certified Property Manager's Qualification Certificate. Prior to joining the Company, he was senior manager of Colliers International, director of Property Management Division of Forte (Group) Co., Ltd. and the General Manager of Property Business Division I of Shanghai Vanke Property Services Company Limited.

Board Committees

Audit Committee

The Board established the audit committee on 19 September 2006 with specific written terms of reference which deal clearly with its authority and responsibilities.

The committee is responsible for formulating and reviewing the financial and internal control principles of the Company. The committee is also responsible for making recommendation to the Board on the appointment, re-appointment and removal of the external auditors, approving the remuneration and terms of engagement of the external auditors and considering any questions of resignation or dismissal of such auditors. The committee can seek independent professional advice to complement its own resources to discharge its duties.

The committee comprises all the independent non-executive Directors, namely Messrs. CHEONG Ying Chew, Henry, FONG Wo, Felix, JP. and KWAN Kai Cheong. Mr. KWAN Kai Cheong is the chairman of the committee.

Remuneration Committee

The Board established the remuneration committee on 19 September 2006 with specific written terms of reference which deal clearly with its authority and responsibilities.

The committee is responsible for formulating and reviewing the remuneration policy and specific remuneration packages of all executive Directors. In formulating the remuneration policy, the committee takes into consideration factors such as salaries paid by comparable companies, employment conditions and responsibilities, and individual performance of the Directors, senior management, and the general staff. The committee can seek independent professional advice to complement its own resources to discharge its duties.

The remuneration committee currently comprises Mr. CHEN Jun, Ms. WANG Xuling and all the independent non-executive Directors namely Messrs. CHEONG Ying Chew, Henry, FONG Wo, Felix, JP. and KWAN Kai Cheong. Mr. KWAN Kai Cheong is the chairman of the committee.

Nomination Committee

The Company established a nomination committee on 1 April 2013 in compliance with the CG Code. The nomination committee is responsible for nomination and selection of Directors. Proposed new Directors are selected based on skills and experience that will enable them to make positive contributions to the performance of the Board. The nomination committee is chaired by Mr. CHEN Jun and has specific written terms of reference which deal clearly with its authority and responsibilities and posted on the respective websites of the Company and the Stock Exchange. The principal functions of the nomination committee include:

- to review the structure, size and composition (including the skills, knowledge and experience) of the Board and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nomination for directorships;
- to assess the independence of independent non-executive Directors; and
- to make recommendations to the Board on the appointment or reappointment of Directors and succession planning for Directors, in particular chairman and chief executive.

The nomination committee currently comprises two executive Directors, namely Messrs. CHEN Jun and HOU Guangjun; and all the independent non-executive Directors, namely Messrs. CHEONG Ying Chew, Henry, FONG Wo, Felix, JP. and KWAN Kai Cheong. Mr. CHEN Jun is the chairman of the committee.

RELATED PARTY TRANSACTIONS

The following discussion describes certain material related party transactions between our consolidated subsidiaries and our directors, executive officers and principal shareholders and, in each case, the companies with whom they are affiliated. Each of our related party transactions was entered into in the ordinary course of business, on fair and reasonable commercial terms, in our interests and the interests of our shareholders.

As a listed company on the Hong Kong Stock Exchange, we are subject to the requirements of Chapter 14A of the listing rules of the Hong Kong Stock Exchange (the “Listing Rules”) which require certain “connected transactions” with “connected persons” be approved by a company’s independent shareholders. Each of our related party transactions disclosed hereunder that constitutes a connected transaction within the meaning of the Listing Rules requiring shareholder approval has been so approved, or otherwise exempted from compliance under Chapter 14A of the Listing Rules.

During the year ended 31 December 2018, the Group entered into the following transactions and arrangements with persons who constituted “connected persons” which were required to be disclosed for the purposes of the Listing Rules:

On 12 December 2018, the purchaser, namely Guangxi Greenland Xintie Real Property Limited (廣西綠地鑫鐵置業有限公司), an indirect subsidiary of the Company, had won the bid submitted by it through an auction for the acquisition of the land parcels and property development projects situated at land parcels C & D, located at the north side of Qingxiu Wanda Plaza, Dongge Road extension, Nanning, the PRC, at a consideration of RMB1,135.5 million.

On 13 November 2018, the seller, namely True Crown Holdings Limited (Group) Co., Ltd. (尚毅控股有限公司), a wholly owned subsidiary of the Company, entered into the agreement to sell to the purchaser, namely Nanchang Shenfei Real Property Limited (南昌綠地申飛置業有限公司), the 100% of the equity interest in Nanchang Shenyang Real Properties Limited (南昌申陽置業有限公司) at a consideration of US\$283 million.

On 5 July 2018, Haikou Greenland Wuyuan Property Co., Ltd. (海口綠地五源置業有限公司), a wholly-owned subsidiary of the Company, entered into a contractor agreement with Shanghai Greenland Construction Engineering Co., Ltd. (上海綠地建築工程有限公司) (“Contractor A”) to appoint Contractor A as the contractor in relation to the construction works for the sport centre project of the redeveloped project to be constructed on land parcel situated in eastern side of Changbin Road, Xinying District, Haikou City, Hainan Province of the PRC for an estimated total contract sum of RMB451.3 million subject to adjustment.

On 5 July 2018, Haikou Project Company entered into a contractor agreement with Guizhou Construction Engineering Group Co., Ltd. (貴州建工集團有限公司) (“Contractor B”) to appoint Contractor B as the contractor in relation to the surveying, design, procurement and construction works for the ancillary projects relating to Haikou Sport Centre for an estimated total contract sum of RMB209.9 million subject to adjustment.

On 5 July 2018, Kunming Greenland Dianchi Property Co., Ltd. (昆明綠地滇池置業有限公司), a wholly-owned subsidiary of the Company entered into a contractor agreement with Contractor A to appoint Contractor A as the contractor in relation to the construction works for Dianchi International Project (滇池國際項目) to be developed on a land parcel situated in the intersection of Yuyang Road and Gudian Road, Chenggong District, Kunming City, Yunnan Province of the PRC, for an estimated total contract sum of RMB263.3 million subject to adjustment.

On 5 July 2018, Xuzhou Southern Development Property Development Co., Ltd. (徐州南部房地產開發有限公司), a 100%-owned subsidiary of the Company, entered into a contractor agreement with Xi'an Construction Engineering Head Office Co. (西安市建築工程總公司) ("Contractor C") to appoint Contractor C as the contractor in relation to the construction works for the Xuzhou Tongshan Greenland Lakeside Villa property development project (徐州銅山綠地湖語墅項目) to be constructed on land parcel situated in the northern side of Huashan Road and the southern side of Qianjiang Road, Tongshan District, Xuzhou City, Jiangsu Province of the PRC for an estimated total contract sum of RMB197.3 million subject to adjustment.

On 5 July 2018, Zhaoqing City Hengchang Industrial Investment Ltd. (肇慶市亨昌實業投資有限公司), a 70%-owned subsidiary of the Company, entered into a contractor agreement with Jiangsu Construction Engineering Co., Ltd. (江蘇省建築工程集團有限公司) ("Contractor D") to appoint Contractor D as the contractor in relation to the construction works for the phase 1 of the property development project to be constructed on land parcel situated in Songlong Town, Gaoyao District, Zhaoqing City, Guangdong Province of the PRC for an estimated total contract sum of RMB148.8 million subject to adjustment.

Details of the above connected transactions were set out in the announcements of the Company dated 5 July 2018, 13 November 2018 and 12 December 2018 as well as the circulars of the Company dated 6 August 2018 and 30 November 2018.

On 5 July 2018, the Company entered into a cooperation framework agreement with Greenland Group Senmao Landscape Engineering Co., Ltd. (綠地集團森茂園林有限公司) in relation to landscape construction and greening works for certain property development projects of the Group in the PRC.

The annual aggregate contracted amount payable for the landscape construction and greening works to be provided by Senmao for the three years ending 31 December 2020 shall not exceed the amounts set out below:

For the year ended 31 December 2018: RMB131.80 million;

For the year ending 31 December 2019: RMB61.78 million; and

For the year ending 31 December 2020: RMB4.08 million.

On 31 May 2018, the Company entered into a hotel management and statistic corporation framework agreement with Shanghai Greenland Hotel Investment and Development Co., Ltd. (上海綠地酒店投資發展有限公司) (the "Hotel Manager"), pursuant to which the Hotel Manager, its holding company and subsidiaries of such holding company shall provide the pre-opening consultancy services, hotel management and operation services, reservation system service and a license to use their brand names to such hotel projects as may be specified by the Company from time to time.

The maximum aggregate annual fee for the aforesaid transaction for each of the financial years ending 31 December 2035 shall be not more than RMB100 million.

On 29 May 2018, Nanchang Shenyang Real Estate Co., Ltd. (南昌申陽置業有限公司) ("Nanchang Shenyang Real Estate"), a wholly owned subsidiary of the Company, entered into a partnership agreement with Shanghai Greenland Shenhua Football Club Co., Ltd. (上海綠地申花足球俱樂部有限公司) ("Shanghai Greenland Shenhua FC Company") for the appointment of Nanchang Shenyang Real Estate as the official cooperation partner of Shanghai Greenland Shenhua Football Club in respect of China Football Association Super League (中國足球超級聯賽) for the period commencing on 1 July 2018 to 30 June 2019 at a consideration of RMB30 million.

On 23 January 2018, the Company and each of Mr. Chen Jun, Mr. Hou Guangjun, Ms. Wang Xuling and Mr. Gu Minqi (the “Connected Subscribers”) entered into a subscription agreement, pursuant to which each of the Connected Subscribers conditionally agreed to subscribe for an aggregate of 13,590,000 Shares for an aggregate subscription price of approximately HK\$51,370,200 in cash in accordance with the employee share ownership and incentive plan of the Company.

Details of the above continuing connected transactions were set out in the announcements of the Company dated 23 January 2018, 29 May 2018, 31 May 2018 and 5 July 2018 as well as the circular of the Company dated 14 February 2018.

TAXATION

The following summary of certain Cayman Islands, Hong Kong and PRC tax consequences of the purchase, ownership and disposition of the Bonds is based upon applicable laws, regulations, rulings and decisions in effect as at the date of this offering memorandum, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Bonds and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Persons considering the purchase of the Bonds should consult their own tax advisors concerning the tax consequences of the purchase, ownership and disposition of the Bonds, including such possible consequences under the laws of their country of citizenship, residence or domicile.

Cayman Islands

Under the laws of the Cayman Islands, payments of interest and principal on the Bonds will not be subject to taxation and no withholding will be required on the payment of interest and principal or premium to any holder of the Bonds, as the case may be, nor will gains derived from the disposal of the Bonds be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax.

No stamp duty is payable in respect of the issue of the Bonds. An instrument of transfer in respect of a Bond is stampable if executed in or brought into the Cayman Islands.

The Company has been incorporated under the laws of the Cayman Islands as an exempted company with limited liability and, as such, has obtained an undertaking from the Governor in Cabinet of the Cayman Islands as to tax concessions under the Tax Concessions Law (1999 Revision). In accordance with the provision of section 6 of The Tax Concessions Law (1999 Revision), the Governor in Cabinet undertakes with the Company:

- a. That no law which is thereafter enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations;
- b. In addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable, on or in respect of the Company's shares, debentures or other obligations, or by way of the withholding, in whole or part, of any relevant payment as defined in Section 6(3) of the Tax Concessions Law (1999 Revision); and
- c. These concessions shall be for a period of 20 years from 2 May 2006.

Hong Kong

Withholding Tax

No withholding tax is payable in Hong Kong in respect of payments of principal, premium (if any) or interest in respect of the Bonds or in respect of any capital gains arising from the sale of the Bonds.

Profits Tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Interest on the Bonds may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

- (i) interest on the Bonds is derived from Hong Kong and is received by or accrues to a company carrying on a trade, profession or business in Hong Kong;

- (ii) interest on the Bonds is derived from Hong Kong and is received by or accrues to a person, other than a company (such as a partnership), carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business; or
- (iii) interest on the Bonds is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 11) of Hong Kong) and arises through or from the carrying on by the financial institution of its business in Hong Kong.

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal and redemption of Bonds will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal or redemption of Bonds will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, from the carrying on of a trade, profession or business in Hong Kong and the sum has a Hong Kong source. The source of such sums will generally be determined by having regard to the manner in which the Bonds are acquired and disposed of.

If the Bonds are short or medium term debt instruments (as defined in the Inland Revenue Ordinance), profits tax will be assessable at one-half of the standard profits tax rate.

Stamp Duty

No Hong Kong stamp duty will be chargeable upon the issue or transfer of a Bond (for so long as the register of holders of the Bonds is maintained outside Hong Kong).

Estate Duty

No Hong Kong estate duty is payable in respect of the Bonds.

PRC

The following summary describes certain PRC tax consequences of ownership and disposition of the Bonds by beneficial owners who, or which, are not residents of mainland China for PRC tax purposes. These beneficial owners are referred to as non-PRC Bondholders in this “*Taxation – PRC*” section. In considering whether to invest in the Bonds, investors should consult their own tax advisors with regard to the application of PRC tax laws to their particular situations as well as any tax consequences arising under the laws of any other tax jurisdiction.

Pursuant to the CIT Law and its implementation regulations including the Notice of the State Administration of Taxation on Issues about the Determination of Chinese-Controlled Enterprises Registered Abroad as Resident Enterprises on the Basis of Their Body of Actual Management (關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知) promulgated on 22 April 2009, enterprises that are established under laws of foreign countries and regions (including Hong Kong, Macau and Taiwan) but whose “de facto management organisations” are within the territory of China are treated as PRC tax resident enterprises for the purpose of the CIT Law and must pay PRC enterprise income tax at the rate of 25 per cent. in respect of their taxable income. If relevant PRC tax authorities decide, in accordance with applicable tax rules and regulations, that the “de facto management organisation” of the Company is within the territory of PRC, the Company may be treated as a PRC tax resident enterprise for the purpose of the CIT Law, and the Company may be subject to PRC enterprise income tax at the rate of 25 per cent. on its taxable income. At the date of the offering memorandum, the Issuer has not been notified or informed by the PRC tax authorities that it is considered to be a PRC tax resident enterprise for the purpose of the CIT Law.

However, there is no assurance that the Issuer will not be treated as a PRC tax resident enterprise under the CIT Law and related implementation regulations in the future. Pursuant to the CIT Law and its implementation regulations, any non-resident enterprise without an establishment within the PRC or whose income has no connection to its establishment inside the PRC must pay enterprise income tax on income sourced within the PRC, and such income tax must be withheld at source by the PRC payer. Accordingly, if the Company is treated as a PRC tax resident enterprise by the PRC tax authorities, the Company may be required to withhold income tax from the payments of interest in respect of the Bonds to any non-PRC Bondholder, and gain from the disposition of the Bonds may be subject to PRC tax, if the income or gain is treated as PRC-source. The tax rate is generally 10 per cent. for non-resident enterprise Bondholders and 20 per cent. in the case of non-resident individuals. Any such PRC tax liability may be reduced by the provisions of an applicable tax treaty. However, it is unclear whether, if the Company is considered a PRC resident enterprise, non-resident holders might be able to claim the benefit of income tax treaties or agreements entered into between PRC and their countries. If the Company is required under CIT Law to withhold PRC tax on payments it makes on the Bond, it will be required to pay additional amounts to Bondholders, subject to certain exceptions, so that they would receive the full amount of the scheduled payment, as further set out in the Terms and Conditions of the Bonds.

VAT

On 23 March 2016, the MOF and SAT issued the Circular 36, which confirmed that business tax is replaced by VAT from 1 May 2016. Since then, the income derived from the provision of financial services which attracted business tax has been completely replaced by, and subject to, VAT. According to Circular 36, entities and individuals providing services within China are subject to VAT. The services are treated as being provided within China where either the service provider or the service recipient is located in the PRC. The services subject to VAT include the provision of financial services such as the provision of loans. It is further clarified under Circular 36 that the term “loans” refers to the activity of lending capital for another’s use and receiving the interest income thereon. The issuance of the Bonds may be regarded as the provision of financial services by Bondholders and interest payments on the Bonds may be subject to withholding of VAT if the Company is a PRC resident enterprise for PRC tax purposes at a rate of 6 per cent. plus related surcharges.

On 21 December 2016, the Ministry of Finance and the State Administration of Taxation issued the Circular 140, which has been retroactively effective since 1 May 2016. The Circular 140 further clarified that VAT is applicable to investment returns on contracts which undertake for fully recoverable principal, but is not applicable to the non-principal-protected gains from investments in financial products. As there is no definition of non-principal-protected gains under Circular 36 or Circular 140, there is uncertainty as to whether the Bonds shall be deemed to be a financial product that provides for non-principal-protected-gain investment.

As the circulars pertaining VAT are relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties. Therefore, the applicability of VAT if either the seller or buyer of the Bonds is located inside the PRC is uncertain. In particular, where a Bondholder who is an individual resells the Bonds, VAT may be exempted according to Circular 36 if the resale of Bonds is treated as resale of financial products. Where a Bondholder who is an entity located outside of the PRC resells the Bonds to an entity or individual located outside of the PRC and derives any gain, VAT does not apply since neither the service provider nor the service recipient is located in the PRC. However, where a Bondholder who is an entity resells the Bonds, there is uncertainty as to the applicability of VAT if either the seller or buyer of Bonds is located inside the PRC.

Circular 36 has been issued quite recently and the above statement may be subject to further change upon the issuance of clarification rules and/or different interpretation by the competent tax authority. There is uncertainty as to the application of Circular 36.

SUBSCRIPTION AND SALE

The Company has entered into a subscription agreement with BOCI Asia Limited, The Hongkong and Shanghai Banking Corporation Limited and Standard Chartered Bank (together, the “Joint Lead Managers”) dated July 2019 (the “Subscription Agreement”) pursuant to which and subject to certain conditions contained in the Subscription Agreement, the Company agreed to sell to the Joint Lead Managers, and the Joint Lead Managers have agreed to severally, but not jointly, subscribe and pay for the aggregate principal amount of the Bonds set forth opposite its name below:

Joint Lead Managers	Principal Amount of the Bonds to be Subscribed
	(US\$)
BOCI Asia Limited	
The Hongkong and Shanghai Banking Corporation Limited.....	
Standard Chartered Bank	
Total	

The Subscription Agreement provides that the Company will indemnify the Joint Lead Managers and their affiliates against certain liabilities in connection with the offer and sale of the Bonds. The Subscription Agreement provides that the obligations of the Joint Lead Managers are subject to certain conditions precedent and entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made to the Company.

The Joint Lead Managers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities (“Banking Services or Transactions”). The Joint Lead Managers and their respective affiliates may have, from time to time, performed, and may in the future perform, various Banking Services and/or Transactions with the Company for which they have received, or will receive, fees and expenses. In addition, the Company has agreed with the Joint Lead Managers that certain private banks will be paid a commission in connection with the purchase of the Bonds by their private bank clients.

In connection with the offering of the Bonds, the Joint Lead Managers and/or their respective affiliates, or affiliates of the Company, may place orders, receive allocations and purchase Bonds for their own account (without a view to distributing such Bonds). Such entities may hold or sell such Bonds or purchase further Bonds for their own account in the secondary market or deal in any other securities of the Company, and therefore, they may offer or sell the Bonds or other securities otherwise than in connection with the offering. Accordingly, references herein to the Bonds being ‘offered’ should be read as including any offering of the Bonds to the Joint Lead Managers and/or their respective affiliates, or affiliates of the Company for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any legal or regulatory obligation to do so. Furthermore, it is possible that only a limited number of investors may subscribe for a significant proportion of the Bonds. If this is the case, liquidity of trading in the Bonds may be constrained (see “Risk Factors – Risks Relating to the Bonds – The liquidity and price of the Bonds following this offering may be volatile.”). The Company and the Joint Lead Managers are under no obligation to disclose the extent of the distribution of the Bonds amongst individual investors.

Some of the Joint Lead Managers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Company. The Joint Lead Managers have received, or may in the future receive, customary fees and commissions for these transactions.

In the ordinary course of their various business activities, the Joint Lead Managers and their respective affiliates make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Company, including the Bonds. Certain of the Joint Lead Managers or their affiliates that have a lending relationship with the Company routinely hedge their credit exposure to the Company consistent with their customary risk management policies. Typically, such Joint Lead Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Company's securities, including potentially the Bonds offered hereby. Any such short positions could adversely affect future trading prices of the Bonds offered hereby. The Joint Lead Managers and their affiliates may make investment recommendations and/or publish or express independent research views (positive or negative) in respect of the Bonds or other financial instruments of the Company, and may recommend to their clients that they acquire long and/or short positions in the Bonds or other financial instruments.

In connection with the issue of the Bonds, each of the Joint Lead Managers appointed and acting in its capacity as a stabilisation manager (the "Stabilisation Manager") or any person acting on behalf of the Stabilisation Manager may, to the extent permitted by applicable laws and directives, over allot the Bonds or effect transactions with a view to supporting the price of the Bonds at a level higher than that which might otherwise prevail, but in so doing, the Stabilisation Manager or any person acting on behalf of the Stabilisation Manager shall act as principal and not as agent of the Company. However, there is no assurance that the Stabilisation Manager or any person acting on behalf of the Stabilisation Manager will undertake stabilisation action. Any loss or profit sustained as a consequence of any such over allotment or stabilisation shall be for the account of the Joint Lead Managers.

General

None of the Company or any Joint Lead Manager has made any representation that any action will be taken in any jurisdiction by the Joint Lead Managers or the Company that would permit a public offering of the Bonds, or possession or distribution of the offering memorandum (in preliminary, proof or final form) or any other offering or publicity material relating to the Bonds (including roadshow materials and investor presentations), in any country or jurisdiction where action for that purpose is required. No Joint Lead Manager is authorised to make any representation or use any information in connection with the issue, subscription and sale of the Bonds other than as contained in, or which is consistent with, the final offering memorandum or any amendment or supplement to it.

United States

The Bonds have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Bonds are being offered and sold outside of the United States in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of the Bonds, an offer or sale of Bonds within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

European Economic Area

Prohibition of Sales to EEA Retail Investors

The Bonds have not been and will not be offered, sold or otherwise made available to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
 - i. a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); or
 - ii. a customer within the meaning of Directive 2002/92/EC (as amended, the “Insurance Mediation Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - iii. not a qualified investor as defined in Directive 2003/71/EC (as amended, the “Prospectus Directive”); and
- (b) the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Bonds

United Kingdom

Each Joint Lead Manager has represented, warranted and agreed that:

- (a) (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Bonds other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Bonds would otherwise constitute a contravention of Section 19 of the FSMA by the Company;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the “FSMA”)) received by it in connection with the issue or sale of the Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Company; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

The PRC

Each Joint Lead Manager has represented, warranted and agreed that the Bonds are not being offered or sold and may not be offered or sold, directly or indirectly, in the People’s Republic of China (for such purposes, not including Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws of the People’s Republic of China.

Hong Kong

Each Joint Lead Manager has represented, warranted and agreed that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than (i) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Singapore

Each Joint Lead Manager has acknowledged that the offering memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented and agreed that it has not offered or sold any Bonds or caused such Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Bonds or cause such Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, the offering memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Bonds, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in the Securities and Futures Act (Chapter 289) of Singapore (the “SFA”) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 2(1) of the SFA) or securities-based derivatives contracts (as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA, except:

- (i) to an institutional investor or to a relevant person or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA; or
- (ii) where no consideration is or will be given for the transfer; or
- (iii) where the transfer is by operation of law; or
- (iv) as specified in Section 276(7) of the SFA.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 (the “CMP Regulations 2018”), the Issuer has determined the classification of the Bonds as prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Japan

The Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No.25 of 1948, as amended, the “Financial Instruments and Exchange Act”). Accordingly, each Joint Lead Manager has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Bonds in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

Cayman Islands

No offer or invitation whether directly or indirectly may be made to the public in the Cayman Islands to subscribe for the Bonds.

RATINGS

The Bonds are expected to be rated “Ba2” by Moody’s. The ratings reflect the rating agencies’ assessment of the likelihood of timely payment of the principal of and interest on the Bonds. The ratings do not address the payment of any Additional Amounts and do not constitute recommendations to purchase, hold or sell the Bonds inasmuch as such ratings do not comment as to market price or suitability for a particular investor. Each such rating should be evaluated independently of any other rating on the Bonds, on other securities of ours, or on us. Additionally, we have been assigned a long-term corporate rating of Ba2 with a stable outlook by Moody’s and a long-term corporate credit rating of BB- with a stable outlook by S&P. We cannot assure you that the ratings will remain in effect for any given period or that the ratings will not be revised by such rating agencies in the future if in their judgment circumstances so warrant.

GENERAL INFORMATION

1. **Clearing Systems:** The Bonds have been accepted for clearance through Euroclear and Clearstream with Common Code 199114689 and ISIN XS1991146892 for the Bonds.
2. **Authorisation:** The Company has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of its obligations under the Bonds, the Trust Deed and the Agency Agreement. The issue of the Bonds was authorised by resolutions of the board of directors of the Company on July 3, 2019. PRC counsel to the Company and the Joint Lead Managers have advised that no approvals or consents are required from any regulatory authorities or other relevant authorities in the PRC for the Company to engage in the transaction.
3. **No Material Adverse Change:** Except for those as disclosed in this offering memorandum, there has been no material adverse change in the financial or trading position or prospects of the Company since 31 December 2018.
4. **Litigation:** None of the Company or any other member of the Group is involved in any litigation or arbitration proceedings that the Company believes are material in the context of the Bonds, the Company is not aware that any such proceedings are pending or threatened.
5. **Available Documents:** Copies of the Company's audited financial statements for the years ended 31 December 2017 and 2018, the Trust Deed, the Agency Agreement and the Articles of Association of the Company will be available for inspection from the Issue Date at No. 111 Xiehe Road, Changning District, Shanghai, China, 200335, during normal business hours, so long as any of the Bonds is outstanding. The Company prepares its annual financial statements each year.
6. **Financial Statements:** The audited consolidated financial statements of the Company as at and for the years ended 31 December 2016, 2017 and 2018 which are included elsewhere in this offering memorandum and were included in the Company's audited consolidated financial statements for the years ended 31 December 2017 and 2018 have been audited by Deloitte as stated in the reports appearing herein.
7. **Listing:** Application will be made to the Hong Kong Stock Exchange for the listing of the Bonds by way of debt issues to Professional Investors only as described in this Offering Memorandum. The Hong Kong Stock Exchange takes no responsibility for the correctness of any statements made on opinions or reports contained in this Offering Memorandum. Admission of the Bonds to the official list of the Hong Kong Stock Exchange is not to be taken as an indication of the merits of the Bonds or us. If the application to the Hong Kong Stock Exchange to list the Bonds is approved, such Bonds listed on the Hong Kong Stock Exchange will be traded on the Hong Kong Stock Exchange in a board lot size of at least HK\$500,000 (or its equivalent in other currencies). It is expected that dealing in, and listing of, the Bonds on the Hong Kong Stock Exchange will commence on 2019.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Audited consolidated financial information as at and for the years ended 31 December 2018¹

Independent Auditor's Report.....	F-2
Consolidated Statement of Profit or Loss and Other Comprehensive Income	F-10
Consolidated Statement of Financial Position	F-12
Consolidated Statement of Changes in Equity.....	F-14
Consolidated Statement of Cash Flows	F-16
Notes to the Consolidated Financial Statements.....	F-18
Summary of Consolidated Financial Information	F-188

Audited consolidated financial information as at and for the years ended 31 December 2017¹

Independent Auditor's Report.....	F-191
Consolidated Statement of Profit or Loss and Other Comprehensive Income	F-199
Consolidated Statement of Financial Position	F-201
Consolidated Statement of Changes in Equity.....	F-203
Consolidated Statement of Cash Flows	F-205
Notes to the Consolidated Financial Statements.....	F-207
Summary of Consolidated Financial Information	F-341

1 The accountants' report on the Group's consolidated financial statements as at and for the years ended 31 December 2017 and 2018 set out herein are reproduced from the Group's annual reports for the years ended 31 December 2017 and 2018 respectively. Page references referred to in the above named reports refer to pages set out in such annual reports.

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

Deloitte.
德勤

TO THE SHAREHOLDERS OF GREENLAND HONG KONG HOLDINGS LIMITED

(Incorporated in Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Greenland Hong Kong Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 148 to 325, which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“**IFRSs**”) issued by the International Accounting Standards Board (“**IASB**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “**Code**”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

致綠地香港控股有限公司股東

(於開曼群島註冊成立的有限公司)

意見

本行已審核載列於第148至325頁綠地香港控股有限公司(「**貴公司**」)及其子公司(統稱「**貴集團**」)的綜合財務報表，其包括於二零一八年十二月三十一日的綜合財務狀況表與截至該日止年度的綜合損益及其他全面利潤表、綜合權益變動表及綜合現金流量表、以及綜合財務報表的附註(包括重大會計政策概要)。

本行認為，綜合財務報表已根據國際會計準則理事會(「**國際會計準則理事會**」)頒佈的國際財務報告準則(「**國際財務報告準則**」)真實而公平地反映貴集團於二零一八年十二月三十一日的綜合財務狀況以及其截至該日止年度的綜合財務表現及綜合現金流量，並已按照香港公司條例的披露規定妥為編製。

意見的基準

本行已根據香港會計師公會(「**香港會計師公會**」)頒佈的香港審計準則(「**香港審計準則**」)進行審計。本行在該等準則下的責任已於本報告「核數師就審計綜合財務報表須承擔的責任」一節中作進一步闡述。根據香港會計師公會頒佈的專業會計師道德守則(以下簡稱「**守則**」)，本行獨立於貴集團，並已履行守則中的其他道德責任。本行相信，本行所獲得的審計憑證能充足及適當地為本行的審計意見提供基礎。

關鍵審計事項

關鍵審計事項為根據本行的專業判斷，認為對本期間綜合財務報表的審計最為重要的事項。該等事項於本行審計整體綜合財務報表及出具意見時處理，而本行不會對該等事項提供獨立的意見。

INDEPENDENT AUDITOR'S REPORT (Continued)
獨立核數師報告(續)

Key audit matters

關鍵審計事項

How our audit addressed the key audit matter

我們的審計如何處理關鍵審計事項

Valuation of investment properties

投資物業估值

We identified the valuation of investment properties as a key audit matter due to the key management judgment is required in determining the fair value and also the significance of investment properties to the financial statements as a whole.

Management has estimated the fair value of investment properties to be at approximately RMB13,083 million at 31 December 2018, with a revaluation gain of approximately RMB1,227 million recorded in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2018.

我們識別了投資物業估值為關鍵審計事項，原因是釐定公允價值時涉及主要管理人員的判斷，以及投資物業對整體財務報表的重要性。

於二零一八年十二月三十一日，管理層已估計投資物業的公允價值為約人民幣13,083,000,000元，重估收益約為人民幣1,227,000,000元，記錄於截至二零一八年十二月三十一日止年度的綜合損益及其他全面利潤表內。

Our procedures in relation to the valuation of investment properties among others:

- Understanding the management's process for reviewing the work of the Valuer;
- Evaluating the design and implementation of controls in respect of the management's process for reviewing the work of the Valuer;
- Evaluating the appropriateness of the Valuer's scope and assessing whether the Valuer had sufficient expertise and resource;

我們有關投資物業估值進行的程序如下：

- 了解管理層審視估值師工作的過程；
- 評估管理層審視估值師工作的過程所用監控之設計及實施；
- 評估估值師工作範疇的合適性以及評定估值師有否足夠專業知識及資源；

INDEPENDENT AUDITOR'S REPORT (Continued)
獨立核數師報告(續)

Key audit matters

關鍵審計事項

How our audit addressed the key audit matter

我們的審計如何處理關鍵審計事項

Valuation of investment properties (Continued)

投資物業估值(續)

The Group has hired the independent external valuer, Debenham Tie Leung Limited ("DTZ") (the "Valuer"), in assisting the management's estimation of the fair value of investment properties.

As disclosed in note 22 to the consolidated financial statements, fair value of investment properties under development are determined using direct comparison approach and fair value of completed investment properties are determined using income capitalisation approach. The revaluations are dependent on certain key input that require significant management judgement, including capitalisation rates, average unit market rent and average market unit price.

貴集團已聘請獨立外部估值師戴德梁行有限公司(「戴德梁行」)(「估值師」)協助管理層估計投資物業的公允價值。

誠如綜合財務報表附註22所披露，開發中投資物業的公允價值乃採用直接比較法釐定，而已建成投資物業的公允價值乃採用收益資本化法釐定。估值乃取決於若干涉及管理層作出重大判斷的主要輸入數據，包括資本化比率、平均單位市場租金及平均單位市場價格。

- Obtaining the valuation report issued by the Valuer for all investment properties and interviewing the Valuer to evaluate valuation approach appropriate for use in determining the fair value of investment properties. Discussing with the Valuer on the key assumptions and evaluating the appropriateness of the key assumptions included within the valuations, the namely reversionary yield, including market unit rent rate, market unit price and the rationale behind all significant movement during the year on a property by property basis; and
- Assessing the reasonableness of estimated costs to completion of investment properties under development by comparing, on a sample basis, the previous budgeted costs to actual development costs incurred, and checking to supporting documentation such as quantity surveyors reports and signed contracts.
- 取得估值師就所有投資物業出具的估值報告，並與估值師會面以評估適合用以釐定投資物業公允價值的估值方法。與估值師討論主要假設，評估估值包含的主要假設是否合適，即復歸收益率，包括單位市場租金、單位市場價格及年內每項物業的所有重大變動的理據；及
- 透過按抽樣基準將先前所預算成本與實際產生的開發成本進行比較，以評估發展中物業達至完工的預計成本是否合理，核查證明文件記錄(如工料測量報告及已簽署合約)。

INDEPENDENT AUDITOR'S REPORT (Continued)
獨立核數師報告(續)

Key audit matters

關鍵審計事項

How our audit addressed the key audit matter

我們的審計如何處理關鍵審計事項

Land appreciation tax provision

土地增值稅撥備

We identified the Land Appreciation Tax ("LAT") provision as a key audit matter due to the significant management judgement exercised by the Group in respect its provision in accordance with the People's Republic of China (the "PRC") tax laws and regulations.

As disclosed in note 4 to the consolidated financial statements, the Group is subject to LAT in the PRC. The calculation of LAT are highly dependent on the appropriateness of the rates used, which are determined by the appreciation of land value. The appreciation of land value is determined with reference to proceeds of the properties less the estimated deductible expenditures, including the cost of land use rights and all property development expenditures. The Group estimated the deductible expenditures according to the understanding of the relevant PRC tax laws and regulations. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and the related income tax provisions in the periods in which such tax is finalised with local tax authorities.

As at 31 December 2018, the LAT payable amounted to approximately RMB949 million and the LAT recognised in the consolidated profit and loss and other comprehensive income statement amounted to approximately RMB668 million for the year ended 31 December 2018.

我們識別土地增值稅(「**土地增值稅**」)撥備為關鍵審計事項，原因是貴集團根據中華人民共和國(「**中國**」)稅務法律及法規作出撥備，當中涉及管理層作出的重大判斷。

誠如綜合財務報表附註4所披露，貴集團須繳納中國土地增值稅。土地增值稅的計算十分視乎所用比率是否合適，而所用比率乃按土地價值的增加釐定。土地價值的增加乃參考物業所得款項減估計的可扣減開支釐定，包括土地使用權的成本及所有物業開發開支。貴集團根據中國相關稅務法律法規估計可扣減開支。最終稅務結果可能與初步記錄的有所不同，而差額將影響與地方稅局確定稅項當期內所得稅開支及相關所得稅撥備。

於二零一八年十二月三十一日，應付土地增值稅約為人民幣949,000,000元，而截至二零一八年十二月三十一日止年度綜合損益及其他全面利潤表內確認的土地增值稅約為人民幣668,000,000元。

Our procedures in relation to the provision for LAT included, among others:

- Understanding the design and implementation of controls in respect of the principal assumptions and judgements made in arriving at the provision for LAT;
- Engaging tax specialist to evaluate LAT provision and potential exposures as at 31 December 2018;
- Assessing the Group's assumptions and judgements through our knowledge of the tax circumstances and tax regulation in the PRC and by examining tax filing records and review of correspondence with the tax authorities;
- Checking the relevant financial information, such as proceeds from sales of properties, land costs, borrowing costs and the relevant property development expenditures, used in the calculation of provision for LAT to the Group's historical financial data; and
- Assessing the adequacy and appropriateness of the disclosures in respect to the provision for LAT.

我們有關土地增值稅撥備的程序(其中包括)：

- 就計算土地增值稅撥備所用主要假設及判斷方面，了解監控措施的設計和實施；
- 委聘稅務專家評估二零一八年十二月三十一日的土地增值稅撥備及潛在風險；
- 通過我們對中國的稅務狀況及稅務法規的認識，以及藉著查核與稅務當局之間的報稅記錄及信函，評定貴集團的假設及判斷；
- 檢查用於計算土地增值稅撥備的相關財務資料，如銷售物業所得款項、土地成本、借貸成本及相關物業開發開支與本集團過往財務數據；及
- 評定土地增值稅撥備方面作出的披露的充足性及合適性。

INDEPENDENT AUDITOR'S REPORT *(Continued)*
獨立核數師報告 (續)**OTHER INFORMATION**

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

其他資料

貴公司董事須對其他資料負責。其他資料包括年報內所載的資料，但不包括綜合財務報表及本行載於其中的核數師報告。

本行對綜合財務報表的意見並不涵蓋其他資料，本行亦不對該等其他資料發表任何形式的保證結論。

就本行對綜合財務報表的審計，本行的責任乃細閱其他資料，在此過程中，考慮其他資料與綜合財務報表或本行在審計過程中所知悉的情況是否存在重大抵觸或看似存在重大錯誤陳述。基於本行已執行的工作，倘本行認為其他資料存在重大錯誤陳述，本行需要報告該事實。本行就此並無任何事項須報告。

董事及治理層就綜合財務報表須承擔的責任

貴公司董事須負責根據國際會計準則理事會頒佈的國際財務報告準則及香港公司條例的披露規定編製真實而公平的綜合財務報表，並對貴公司董事認為為使綜合財務報表的編製不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責。

在編製綜合財務報表時，貴公司董事負責評估貴集團持續經營的能力，並在適用情況下披露與持續經營有關的事項，以及使用持續經營為會計基礎，除非董事有意將貴集團清盤或停止經營，或別無其他實際的替代方案。

治理層須負責監督貴集團的財務報告過程。

INDEPENDENT AUDITOR'S REPORT (Continued)
獨立核數師報告(續)**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 solely to you, as a body, in accordance with our agreed terms of engagement 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 HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- (a) 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.
- (b) 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.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

**核數師就審計綜合財務報表須承擔
的責任**

本行的目標乃對綜合財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括本行意見的核數師報告，並按照協定的委聘條款僅向閣下(作為整體)報告，除此之外本報告別無其他目的。本行概不就本報告的內容對任何其他人士負責或承擔責任。合理保證為高水平的保證，但不能保證按照香港審計準則進行的審計總能發現重大錯誤陳述。錯誤陳述可以由欺詐或錯誤引起，如果合理預期其單獨或匯總起來可能影響綜合財務報表使用者依賴綜合財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

作為根據香港審計準則進行審計其中一環，本行在整個審核過程中運用專業判斷，保持專業懷疑態度。本行亦：

- (a) 識別及評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審計程序以應對該等風險，以及獲取充足及適當的審計憑證，作為本行意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致出現重大錯誤陳述的風險高於未能發現因錯誤而導致出現重大錯誤陳述的風險。
- (b) 瞭解與審計相關的內部控制，以設計在有關情況下屬適當的審計程序，但目的並非對貴集團內部控制的有效性發表意見。
- (c) 評估貴公司董事所採用會計政策的適當性以及作出會計估計及相關披露的合理性。

INDEPENDENT AUDITOR'S REPORT *(Continued)*
獨立核數師報告(續)

- (d) Conclude on the appropriateness of the directors of the Company's 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.
- (e) 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.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

- (d) 對貴公司董事採用持續經營會計基礎的適當性作出結論，並根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對貴集團的持續經營能力產生重大疑慮。倘本行認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露。假若有關的披露不足，則修訂本行的意見。本行的結論乃基於直至核數師報告日止所取得的審計憑證。然而，未來事項或情況可能導致貴集團不能持續經營業務。
- (e) 評估綜合財務報表的整體列報方式、結構及內容(包括披露)事項以及綜合財務報表是否公平反映相關交易及事項。
- (f) 就貴集團內實體或業務活動的財務資料獲取充足適當的審計憑證，以便對綜合財務報表發表意見。本行負責貴集團審計的方向、監督及執行。本行為審計意見承擔全部責任。

本行與治理層溝通審計的計劃範圍及時間以及重大審計發現等，其中包括本行在審計中識別出內部控制的任何重大不足之處。

INDEPENDENT AUDITOR'S REPORT *(Continued)*
獨立核數師報告(續)

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

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

The engagement partner on the audit resulting in the independent auditor's report is Wong Tin Chak, Samuel.

本行亦向治理層提交聲明，表明本行已符合有關獨立性的相關專業道德要求，並與彼等溝通可能合理被認為會影響本行獨立性的所有關係及其他事項以及在適用的情況下相關的防範措施。

從與治理層溝通的事項中，本行確定該等對本期間綜合財務報表的審計最為重要的事項，因而構成關鍵審計事項。本行在核數師報告中闡釋該等事項，除非法律或規例不允許公開披露該等事項，或在極端罕見的情況下，合理預期倘於本行之報告中註明某事項造成的負面後果超過產生的公眾利益，則本行決定不應在報告中註明該事項。

出具獨立核數師報告的審計項目合夥人為王天澤。

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

28 March 2019

德勤•關黃陳方會計師行

執業會計師

香港

二零一九年三月二十八日

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

綜合損益及其他全面利潤表

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

	NOTES 附註	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Revenue	收益		
– Goods and services	– 貨品及服務	5	15,392,793
– Rental	– 租金		51,453
Total revenue	總收益	15,444,246	14,618,872
Cost of sales	銷售成本	(11,306,122)	(11,027,571)
Gross profit	毛利	4,138,124	3,591,301
Other income	其他收入	7	29,346
Other gains and losses	其他收益及虧損	8	(659,896)
Selling and marketing costs	銷售及市場推廣成本		(811,226)
Administrative expenses	行政費用		(529,847)
Other operating expenses	其他經營開支		(47,817)
Write-down of completed properties held for sale	已建成待售物業之撇減		–
Impairment loss of financial assets and contract assets	金融資產及合同資產之減值虧損		(133,529)
Net gain on disposal of interests in a subsidiary	出售一家子公司權益之收益淨額		487,691
Results from operating activities	來自經營活動的業績	2,472,846	2,916,112
Finance income	融資收入	9	73,195
Finance costs	融資成本	10	(187,488)
Net finance costs	融資成本淨額	(114,293)	(128,572)
Share of losses of associates	應佔聯營公司虧損		(15,354)
Share of profits of joint ventures	應佔合營企業溢利		161,431
Gains on the change in fair value of investment properties	投資物業公允價值變動收益	22	1,226,688
Profit before income tax	除所得稅前溢利	3,731,318	3,255,305
Income tax expenses	所得稅開支	11	(1,750,378)
Profit for the year	年內溢利	1,980,940	1,835,618
Attributable to:	以下人士應佔：		
Owners of the Company	本公司擁有人	1,736,288	1,319,308
Non-controlling interests	非控股權益	244,652	516,310
		1,980,940	1,835,618

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)
綜合損益及其他全面利潤表(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

	NOTE 附註	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Other comprehensive income	其他全面收入		
<i>Items that will not be reclassified to profit or loss:</i>	<i>將不會重新分類至損益的項目：</i>		
Fair value gain on investments in equity instruments at fair value through other comprehensive income	按公允價值列賬於其他全面收入的股權工具投資的公允價值收益	112,340	—
Other comprehensive income for the year, net of income tax	年內其他全面收入，扣除所得稅	84,255	—
Total comprehensive income for the year	年內全面收入總額	2,065,195	1,835,618
Total comprehensive income attributable to:	以下人士應佔全面收入總額：		
Owners of the Company	本公司擁有人	1,820,543	1,319,308
Non-controlling interests	非控股權益	244,652	516,310
		2,065,195	1,835,618

		2018 二零一八年 RMB 人民幣元	2017 二零一七年 RMB 人民幣元
Earnings per share:	每股盈利：		
Basic and diluted	基本及攤薄	0.61	0.46

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

As at 31 December 2018
於二零一八年十二月三十一日

	NOTES 附註	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
ASSETS	資產		
Non-Current Assets	非流動資產		
Property, plant and equipment	物業、廠房及設備 18	1,208,629	1,228,459
Intangible assets	無形資產 19	1,251	1,296
Land use rights	土地使用權 20	69,315	24,042
Equity instruments at fair value through other comprehensive income ("FVTOCI")	按公允價值列賬於其他全面收入(「按公允價值列賬於其他全面收入」)的股權工具 21	294,340	–
Other financial assets	其他金融資產 22	–	174,567
Investment properties	投資物業 23	13,083,000	9,082,000
Properties under development	發展中物業 23	13,194,256	14,976,268
Interests in associates	聯營公司權益 25	206,554	6,084
Interests in joint ventures	合營企業權益 26	619,344	686,413
Deferred tax assets	遞延稅項資產 33	644,169	817,628
Total non-current assets	非流動資產總額	29,320,858	26,996,757
Current Assets	流動資產		
Properties under development	發展中物業 23	25,083,825	8,945,329
Completed properties held for sale	已建成待售物業 24	10,170,401	11,669,969
Trade, other receivables and advance deposits	應收賬款、其他應收款項及預付按金 27	17,538,455	12,568,170
Tax recoverable	可收回稅項 28	944,494	712,849
Contract assets	合同資產 29	839,997	–
Contract costs	合同成本 30	54,962	–
Restricted bank deposits	受限制銀行存款 31	2,217,430	2,401,495
Bank balance and cash	銀行結餘及現金 32	4,059,778	5,455,227
Total current assets	流動資產總額	60,909,342	41,753,039
Total assets	資產總額	90,230,200	68,749,796
EQUITY AND LIABILITIES	權益及負債		
Capital And Reserves	資本及儲備		
Share capital	股本 40	1,132,097	1,132,855
Share premium	股份溢價 41	3,412,872	3,416,546
Reserves	儲備 41	1,138,759	961,894
Perpetual securities	永久證券 42	787,823	787,823
Retained earnings	保留溢利	4,778,667	3,560,011
Total equity attributable to owners of the Company	本公司擁有人應佔權益總額	11,250,218	9,859,129
Non-controlling interests	非控股權益	2,694,520	1,725,761
Total equity	權益總額	13,944,738	11,584,890

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
綜合財務狀況表(續)

As at 31 December 2018
於二零一八年十二月三十一日

	NOTES 附註	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
LIABILITIES	負債		
Non-Current Liabilities	非流動負債		
Interest-bearing loans	計息貸款 34	9,475,268	9,081,312
Bonds	債券 37	1,367,416	2,919,171
Deferred tax liabilities	遞延稅項負債 33	1,822,577	957,999
Total non-current liabilities	非流動負債總額	12,665,261	12,958,482
Current Liabilities	流動負債		
Interest-bearing loans	計息貸款 34	3,209,345	1,480,500
Trade and other payables	應付賬款及其他應付款項 35	29,485,687	16,948,717
Contract liabilities	合同負債 36	24,511,228	–
Pre-sale deposits	預售按金	–	19,782,530
Other financial liabilities	其他金融負債	–	98,178
Tax payable	應付稅項 33	1,963,342	1,787,012
Bonds	債券 37	4,450,599	4,109,487
Total current liabilities	流動負債總額	63,620,201	44,206,424
Total liabilities	負債總額	76,285,462	57,164,906
Total equity and liabilities	權益及負債總額	90,230,200	68,749,796
Net current liabilities	流動負債淨額	(2,710,859)	(2,453,385)
Total assets less current liabilities	總資產減流動負債	26,609,999	24,543,372

The consolidated financial statements on page 148 to 325 were approved and authorised for issue by the board of directors on 28 March 2019 and are signed on its behalf by:

第148至325頁的綜合財務報表於二零一九年三月二十八日獲董事會批准及授權刊發，並由以下代表簽署：

Chen Jun

陳軍

Chairman of the Board of Directors and Chief Executive Officer
董事會主席兼行政總裁

Hou Guangjun

侯光軍

Chief Operation Officer
首席營運官

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

	Issued capital	Shares premium	Shares held for Share Award Scheme	Merger reserves	Capital redemption reserves	PRC statutory reserves	FVOCI reserves	Perpetual securities	Retained earnings	Subtotal	Attributable to non-controlling interests	Total
	已發行股本	股份溢價	股份獎勵計劃所持股份	合併儲備	資本贖回儲備	中國法定儲備	按公允價值計量的其他金融資產	永久證券	保留溢利	小計	非控股權益	合計
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
At 1 January 2018 (audited)	1,132,855	3,416,546	(49,279)	455,392	1,231	554,550	-	787,823	3,560,011	9,859,129	1,725,761	11,584,890
Adjustments	-	-	-	-	-	-	5,575	-	(45,767)	(40,192)	1,804	(38,388)
At 1 January 2018 (restated)	1,132,855	3,416,546	(49,279)	455,392	1,231	554,550	5,575	787,823	3,514,244	9,818,937	1,727,565	11,546,502
Profit for the year	-	-	-	-	-	-	-	-	1,736,288	1,736,288	244,652	1,980,940
Other comprehensive income	-	-	-	-	-	-	84,255	-	-	84,255	-	84,255
Total comprehensive income	-	-	-	-	-	-	84,255	-	1,736,288	1,820,543	244,652	2,065,195
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	585,085	585,085
Capital contribution from non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	225,218	225,218
Dividends recognised as distribution	-	-	-	-	-	-	-	-	(342,114)	(342,114)	(88,000)	(430,114)
Dividends paid to perpetual securities (note 42)	-	-	-	-	-	-	-	-	(42,716)	(42,716)	-	(42,716)
Repurchase and logout shares	(758)	(3,674)	-	-	-	-	-	-	-	(4,432)	-	(4,432)
Transfer to reserves	-	-	-	-	-	87,035	-	-	(87,035)	-	-	-
As at 31 December 2018	1,132,097	3,412,872	(49,279)	455,392	1,231	641,585	89,830	787,823	4,778,667	11,250,218	2,694,520	13,944,738

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)
綜合權益變動表(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

	Shares held for Share			Capital			PRC		Attributable to non-controlling interests		Total
	Issued capital	Shares premium	Award Scheme	Merger reserves	redemption reserve	statutory reserves	Revaluation reserve	Perpetual securities	Retained earnings	Subtotal	
	已發行股本 RMB'000 人民幣千元	股份溢價 RMB'000 人民幣千元	股份獎勵計劃 所持股份 RMB'000 人民幣千元	合併儲備 RMB'000 人民幣千元	贖回儲備 RMB'000 人民幣千元	中國法定儲備 RMB'000 人民幣千元	重估儲備 RMB'000 人民幣千元	永久證券 RMB'000 人民幣千元	保留溢利 RMB'000 人民幣千元	小計 RMB'000 人民幣千元	合計 RMB'000 人民幣千元
At 1 January 2017	1,132,855	3,416,546	[49,279]	455,392	1,231	418,281	25,589	787,823	2,641,360	8,829,798	9,723,694
Profit for the year	-	-	-	-	-	-	-	-	1,319,308	1,319,308	1,835,618
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	-	-	-	1,319,308	1,319,308	1,835,618
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	141,161
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	[39,949]
Disposal of investment properties	-	-	-	-	-	-	[25,589]	-	25,589	-	-
Capital contribution from non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	214,343
Dividends recognised as distribution	-	-	-	-	-	-	-	-	[244,139]	[244,139]	[244,139]
Dividends paid to perpetual securities	-	-	-	-	-	-	-	-	[45,838]	[45,838]	[45,838]
Transfer to reserves	-	-	-	-	-	136,269	-	-	[136,269]	-	-
As at 31 December 2017	1,132,855	3,416,546	[49,279]	455,392	1,231	554,550	-	787,823	3,500,011	9,859,129	11,584,890

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
OPERATING ACTIVITIES	經營活動		
Profit for the year	年內溢利	1,980,940	1,835,618
Adjustments for:	調整項目：		
Depreciation of property, plant and equipment	物業、廠房及設備折舊	89,003	97,514
Amortisation of intangible assets	無形資產攤銷	45	45
Amortisation of land use rights	土地使用權攤銷	1,395	566
Gains on the change in fair value of investment properties	投資物業公允價值變動收益	(1,226,688)	(329,268)
Losses from financial assets/liabilities carried at fair value through profit or loss ("FVTPL")	按公允價值列賬於損益(「按公允價值列賬於損益」)的金融資產／負債的虧損	15,247	335,812
Foreign exchange loss (gain)	匯兌虧損(收益)	655,459	(607,869)
Write-down of completed properties held for sale	已建成待售物業之撇減	-	7,746
Impairment loss of contract assets	合同資產減值虧損	1,403	-
Impairment loss of trade and other receivables	應收賬款及其他應收款項之減值虧損	132,126	-
Net finance costs	融資成本淨額	114,293	128,572
Share of profits of joint ventures	應佔合營企業溢利	(161,431)	(139,496)
Share of losses of associates	應佔聯營公司虧損	15,354	999
Net gain on disposal of interests in a subsidiary	出售一家子公司權益之收益淨額	(487,691)	(72,063)
Net gain on disposal of property, plant and equipment	出售物業、廠房及設備之收益淨額	(10,810)	(1,128)
Income tax expense	所得稅開支	1,750,378	1,419,687
Operating cash flows before movements in working capital	營運資金變動前的經營現金流量	2,869,023	2,676,735
Increase in trade, other receivables and advance deposits	應收賬款、其他應收款項及預付按金增加	(525,066)	(1,214,334)
Increase in contract assets	合同資產增加	(841,400)	-
Increase in contract costs	合同成本增加	(30,552)	-
Increase in properties under development and completed properties held for sale	發展中物業及已建成待售物業增加	(11,747,784)	(1,573,735)
Increase in contract liabilities	合同負債增加	8,059,477	-
Increase in trade and other payables	應付賬款及其他應付款項增加	4,997,257	12,001,035
Income tax paid	已付所得稅	(1,624,854)	(1,709,283)
Net cash from operating activities	經營活動所得現金淨額	1,156,101	10,180,418

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)
綜合現金流量表(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
INVESTING ACTIVITIES	投資活動		
Interest received	已收利息	86,315	95,619
Proceeds from disposal of interests in a subsidiary	出售一家子公司權益所得款項	925,807	106,715
Proceeds from sale of investment properties and property, plant and equipment	銷售投資物業以及物業、廠房及設備所得款項	36,803	3,519
Proceeds from disposal of financial assets	出售金融資產所得款項	-	298,882
Decrease in restricted cash	受限制現金減少	4,222,001	576,826
Increase in restricted cash	受限制現金增加	(4,037,936)	(1,541,337)
Payment for settlement of financial liabilities carried at FVTPL	償還按公允價值列賬於損益的金融負債付款	(113,425)	-
Amounts advance to related parties	預付關聯方款項	(10,031,473)	(4,294,004)
Repayment from related parties	關聯方還款	1,770,287	760,753
Acquisition of a subsidiary	收購一家子公司	(1,626,521)	(2,262,530)
Capital contribution to a joint venture	向一家合營企業出資	-	(5,714)
Withdrawal of capital contribution from a joint venture	撤回向一家合營企業出資	228,500	-
Capital contribution to associates	向聯營公司出資	(228,944)	(7,721)
Acquisition of investment properties	收購投資物業	(1,281,181)	(1,214,471)
Acquisition of land use rights	收購土地使用權	(2,067)	-
Acquisition of property, plant and equipment	收購物業、廠房及設備	(71,221)	(42,651)
Net cash used in investing activities	投資活動所用現金淨額	(10,123,055)	(7,526,114)
FINANCING ACTIVITIES	融資活動		
Proceeds from interest-bearing loans	計息貸款所得款項	4,856,634	9,118,862
Proceeds from issuance of bonds	發行債券所得款項	2,684,863	2,705,740
Expenses on issue of bonds	發行債券開支	(9,631)	(8,117)
Capital contribution from non-controlling shareholders	非控股股東出資	225,218	214,343
Advance from related parties	來自關聯方預付款	9,181,246	728,902
Repayment to related parties	向關聯方還款	(1,578,075)	(1,930,141)
Repayment of bonds	償還債券	(4,146,640)	(3,360,550)
Repayment of interest-bearing loans	償還計息貸款	(2,224,955)	(7,788,220)
Dividend paid	已付股息	(342,114)	(250,944)
Perpetual securities dividend paid	已付永久證券之股息	(42,716)	(45,838)
Dividend paid to a non-controlling shareholder	向非控股股東派付股息	(88,000)	-
Interest paid	已付利息	(1,017,040)	(907,743)
Payment on repurchase of shares	購回股份付款	(4,432)	-
Net cash from (used) in financing activities	融資活動所得(所用)現金淨額	7,494,358	(1,523,706)
Net (decrease) increase in cash and cash equivalents	現金及現金等價物(減少)增加淨額	(1,472,596)	1,130,598
Cash and cash equivalents at 1 January	於一月一日的現金及現金等價物	5,455,227	4,358,259
Effect of foreign exchange rate changes	匯率變動的影響	77,147	(33,630)
Cash and cash equivalents at 31 December the end of the year	於年末十二月三十一日的現金及現金等價物	4,059,778	5,455,227
Represented by Bank balance and cash	由下列項目組成： 銀行結餘及現金	4,059,778	5,455,227

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

1. GENERAL INFORMATION AND BASIS OF PREPARATION

1.1 General information

Greenland Hong Kong Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 13 April 2006 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 2007, as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681 GT, George Town, Grand Cayman, British West Indies. In 2006, the companies comprising the Group underwent a reorganisation (the “**Reorganisation**”) to rationalise the Group’s structure in preparation for the listing of the Company’s shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”). On 30 June 2006, the Company became the holding company of the subsidiaries now comprising the Group. The Company’s shares are listed on the Hong Kong Stock Exchange since 10 October 2006.

Greenland Holdings Corporation Limited (“**Greenland Holdings**”) is the ultimate controlling shareholder of the Group.

The consolidated financial statements are presented in Renminbi (“**RMB**”), which is also the functional currency of the Company.

The Company is an investment holding company. The principal activity of its subsidiaries (together with the Company referred to as the “**Group**”) is the development for sale and rental of residential properties in the People’s Republic of China (the “**PRC**”) and the operation of hotels.

1.2 Basis of preparation

As at 31 December 2018, the consolidated statement of financial position reflected a net current liabilities of RMB2,710,859,000. In addition, as at 31 December 2018, the Group had capital commitments, property under development and investment properties under development contracted but not provided in the consolidated financial statements, amounting to RMB13,487,602,000 as disclosed in note 47 to the consolidated financial statements. The working capital deficit was primarily caused by RMB24,633,855,000 contract liabilities. The directors of the Company have taken into account the amount of properties under development that would become available for sale in the next twelve months, which would allow the Group to have sufficient working capital to satisfy its present requirement for the next twelve months from 31 December 2018. Accordingly, the consolidated financial statements is prepared on a going concern basis.

1. 一般資料及編製基準

1.1 一般資料

綠地香港控股有限公司(「**本公司**」)於二零零六年四月十三日根據開曼群島公司法第22章(二零零七年經合併及修訂的第3條法例)在開曼群島註冊成立為受豁免有限公司。本公司註冊辦事處的地址為Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681 GT, George Town, Grand Cayman, British West Indies。二零零六年，為籌備本公司股份於香港聯合交易所有限公司(「**香港聯交所**」)主板上市，包括在本集團內的公司進行了一項重組(「**重組**」)，以使本集團的架構合理化。於二零零六年六月三十日，本公司成為本集團現時屬下各子公司的控股公司。本公司股份自二零零六年十月十日起在香港聯交所上市。

綠地控股集團股份有限公司(「**綠地控股**」)為本集團的最終控股股東。

該等綜合財務報表以人民幣(「**人民幣**」)呈列，人民幣亦為本公司的功能貨幣。

本公司為投資控股公司，其子公司(連同本公司統稱「**本集團**」)的主要業務為在中華人民共和國(「**中國**」)開發住宅物業以供銷售及出租以及經營酒店。

1.2 編製基準

於二零一八年十二月三十一日，綜合財務狀況表反映流動負債淨額為人民幣2,710,859,000元。此外，於二零一八年十二月三十一日，本集團有資本承擔以及已訂約但未於綜合財務報表中計提撥備的發展中物業及發展中投資物業人民幣13,487,602,000元，其披露於綜合財務報表附註47。營運資金虧絀乃主要由於合同負債人民幣24,633,855,000元所致。本公司董事已計及將予未來十二個月可供銷售的發展中物業的金額，其將令本集團擁有充裕營運資金以應付自二零一八年十二月三十一日起未來十二個月的目前需要。因此，綜合財務報表乃按持續經營基準而編製。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

New and Amendments to IFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to IFRSs issued by the International Accounting Standards Board ("IASB") for the first time in the current year.

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers and the related Amendments
IFRIC-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
Amendments to IAS 28	As part of the Annual Improvements to IFRSs 2014-2016 Cycle
Amendments to IAS 40	Transfers of Investment Property

Except as described below, the application of the new and amendments to IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. 應用新訂國際財務報告準則(「國際財務報告準則」)及其修訂

本年度強制生效的新訂國際財務報告準則及其修訂

本集團已於本年度首次採納下列由國際會計準則理事會(「國際會計準則理事會」)所頒佈的新訂國際財務報告準則及其修訂。

國際財務報告準則第9號	金融工具
國際財務報告準則第15號	來自客戶合約的收益及其相關修訂
國際財務報告詮釋委員會—詮釋第22號	外幣交易及預付代價
國際財務報告準則第2號之修訂	股份支付交易之分類及計量
國際財務報告準則第4號之修訂	在國際財務報告準則第4號「保險合約」下應用國際財務報告準則第9號「金融工具」
國際會計準則第28號之修訂	國際財務報告準則二零一四年至二零一六年週期的年度改進一部分
國際會計準則第40號之修訂	轉讓投資物業

除下文所述者外，於本年度應用新訂國際財務報告準則及其修訂並無對本集團本年度及過往年度財務表現及狀況及／或該等綜合財務報表所載披露產生重大影響。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

2.1 IFRS 15 Revenue from Contracts with Customers

The Group has applied IFRS 15 for the first time in the current year. IFRS 15 superseded IAS 18 *Revenue* and the related interpretations.

The Group has applied IFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in IFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 18 *Revenue* and the related interpretations.

The Group recognises revenue from the following major sources which arise from contracts with customers:

- Sale of properties and construction management service
- Hotel and related services
- Property management and other services

Information about the Group's performance obligations and the accounting policies resulting from application of IFRS 15 are disclosed in notes 5 and 3 respectively.

2. 應用新訂國際財務報告準則(「國際財務報告準則」)及其修訂(續)

2.1 國際財務報告準則第15號來自客戶合約的收益

本集團已於本年度首次採納國際財務報告準則第15號。國際財務報告準則第15號取代國際會計準則第18號*收益*及相關詮釋。

本集團已追溯應用國際財務報告準則第15號，而初步應用該準則的累計影響已於二零一八年一月一日初步應用當日確認。於初步應用日期的一切差異已於期初保留溢利(或權益的其他部分(如適用))確認，且並無重列比較資料。再者，根據國際財務報告準則第15號的過渡條文，本集團選擇僅就於二零一八年一月一日尚未完成的合約追溯應用該準則。由於比較資料乃根據國際會計準則第18號*收益*及相關詮釋編製，因此，若干比較資料可能無法用作比較。

本集團自下列主要來源(來自客戶合約的收益)確認收益：

- 物業銷售及建築管理服務
- 酒店及配套服務
- 物業管理及其他服務

有關本集團因應用國際財務報告準則第15號而導致的履約責任及會計政策的資料分別披露於附註5及3。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (Continued)

2.1 IFRS 15 Revenue from Contracts with Customers (Continued)

Summary of effects arising from initial application of IFRS 15

The following table summarises the impact of transition to IFRS 15 on retained earnings at 1 January 2018:

2. 應用新訂國際財務報告準則(「國際財務報告準則」)及其修訂(續)

2.1 國際財務報告準則第15號來自客戶合約的收益(續)

初步應用國際財務報告準則第15號產生之影響概述

下表概述於二零一八年一月一日過渡至國際財務報告準則第15號時對保留溢利的影響：

			Impact of adopting IFRS 15 at 1 January 2018 於二零一八年一月一日應用國際財務報告準則第15號的影響 RMB'000 人民幣千元
		Note 附註	
Retained earnings	保留溢利		
Recognition of significant financing component	確認重大融資部分	(b)	(55,483)
Recognition of contract costs	確合同成本	(a)	22,004
Tax effect	稅務影響		8,370
Impact at 1 January 2018	於二零一八年一月一日的影響		(25,109)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

2.1 IFRS 15 Revenue from Contracts with Customers (Continued)

Summary of effects arising from initial application of IFRS 15 (Continued)

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2018. Line items that were not affected by the changes have not been included.

2. 應用新訂國際財務報告準則(「國際財務報告準則」)及其修訂(續)

2.1 國際財務報告準則第15號來自客戶合約的收益(續)

初步應用國際財務報告準則第15號產生之影響概述(續)

對二零一八年一月一日綜合財務狀況表確認的金額作出如下調整。不受變動影響之項目並無列入。

	Note	Carrying amounts previously reported at 31 December 2017	Reclassification	Remeasurement	Carrying amounts under IFRS 15 at 1 January 2018
	附註	先前於二零一七年十二月三十一日報告的賬面值 RMB'000 人民幣千元	重新分類 RMB'000 人民幣千元	重新計量 RMB'000 人民幣千元	於二零一八年一月一日根據國際財務報告準則第15號項下的賬面值 RMB'000 人民幣千元
Non-current Assets					
Deferred tax assets	(b)	817,628	-	13,871	831,499
Current Assets					
Properties under development	(b)	8,945,329	-	904,567	9,849,896
Contract costs	(a)			24,410	24,410
Capital and Reserves					
Retained earnings	(a) and (b)	3,560,011	-	(25,109)	3,534,902
Non-controlling interests	(a)	1,725,761	-	1,804	1,727,565
Non-current Liabilities					
Deferred tax liabilities	(a)	957,999	-	6,103	964,102
Current Liabilities					
Per-sale deposits	(c)	19,782,530	(19,782,530)	-	-
Contract liabilities	(b) and (c)	-	19,782,530	960,050	20,742,580

Notes:

- (a) The Group incurred incremental commission paid/payable to intermediaries/employees in connection with obtaining properties sales contracts with customers. These amounts were previously expensed as incurred. At the date of initial application of IFRS 15, incremental costs of obtaining contracts of RMB24,410,000 were recognised with corresponding adjustments RMB16,503,000 to retained profits, RMB1,804,000 to non-controlling interests. The Group recognised related deferred tax liabilities amounting to RMB6,103,000.

附註：

- (a) 本集團就獲得客戶物業銷售合約而產生遞增已付／應付中介人／僱員佣金。該等金額過往於產生時支銷。於初步應用國際財務報告準則第15號當日，合同遞增成本人民幣24,410,000元已獲確認，保留溢利及非控股權益分別相應調整人民幣16,503,000元及人民幣1,804,000元。本集團確認相關遞延稅項負債人民幣6,103,000元。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (Continued)

2.1 IFRS 15 Revenue from Contracts with Customers (Continued)

Summary of effects arising from initial application of IFRS 15 (Continued)

Notes: (Continued)

- (b) In respect of sales of properties, the Group concluded that there was a significant financing component for those contracts where the period between the customer's payment and the transfer of properties to the customer exceeds one year. Upon adoption of IFRS 15, the Group recognised contract liabilities amounting to RMB960,050,000 for the interest on the advances received from customers with a significant financing component, with RMB41,612,000 and RMB904,567,000 charged to retained earnings and properties under development respectively. The Group recognised related deferred tax assets amounting to RMB13,871,000.
- (c) Advances from customers of RMB19,782,530,000 in respect of sales of properties and properties management previously included in pre-sale deposits were reclassified to contract liabilities.

The following tables summarise the impacts of applying IFRS 15 on the Group's consolidated statement of financial position as at 31 December 2018 and its consolidated statement of profit or loss and other comprehensive income for the current year for each of the line items affected. Line items that were not affected by the changes have not been included.

2. 應用新訂國際財務報告準則(「國際財務報告準則」)及其修訂(續)

2.1 國際財務報告準則第15號來自客戶合約的收益(續)

初步應用國際財務報告準則第15號產生之影響概述(續)

附註：(續)

- (b) 物業銷售方面，本集團認為客戶付款與向客戶轉讓物業之間的時期超過一年的合約存在重大融資部分。於採納國際財務報告準則第15號後，本集團確認有關來自具備重大融資部分的客戶所收取墊款利息合同負債為人民幣960,050,000元，以及自保留溢利及發展中物業中分別扣除人民幣41,612,000元及人民幣904,567,000元。本集團確認相關遞延稅項資產人民幣13,871,000元。
- (c) 過往計入預售按金的銷售物業及物業管理預收客戶款項人民幣19,782,530,000元已重新分類為合同負債。

下表概述應用國際財務報告準則第15號對本集團於二零一八年十二月三十一日的綜合財務狀況表及本年度綜合損益及其他全面利潤表中各項受影響項目的影響。不受變動影響之項目並無列入。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (Continued)

2.1 IFRS 15 Revenue from Contracts with Customers (Continued)

Summary of effects arising from initial application of IFRS 15 (Continued)

Impact on the consolidated statement of financial position

2. 應用新訂國際財務報告準則(「國際財務報告準則」)及其修訂(續)

2.1 國際財務報告準則第15號來自客戶合約的收益(續)

初步應用國際財務報告準則第15號產生之影響概述(續)

對綜合財務狀況表的影響

		As reported	Adjustment	Amounts without application of IFRS 15 未應用國際財務報告準則第15號之金額
		如報告所列 RMB'000 人民幣千元	調整 RMB'000 人民幣千元	RMB'000 人民幣千元
Non-current Assets	非流動資產			
Deferred tax assets	遞延稅項資產	644,169	(15,279)	628,890
Current Assets	流動資產			
Properties under development	發展中物業	25,083,825	(549,178)	24,534,647
Trade, other receivables and advance deposits	應收賬款、其他應收款項及預付按金	17,538,455	839,997	18,378,452
Contract assets	合同資產	839,997	(839,997)	–
Contract costs	合同成本	54,962	(54,962)	–
Capital and reserves	資本及儲備			
Retained earnings	保留溢利	4,778,667	6,361	4,785,028
Non-controlling interests	非控股權益	2,694,520	(1,743)	2,692,777
Non-current Liabilities	非流動負債			
Deferred tax liabilities	遞延稅項負債	1,822,577	(13,741)	1,808,836
Current Liabilities	流動負債			
Per-sale deposits	預售按金	–	23,900,932	23,900,932
Contract liabilities	合同負債	24,511,228	(24,511,228)	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

2.1 IFRS 15 Revenue from Contracts with Customers (Continued)

Summary of effects arising from initial application of IFRS 15 (Continued)

Impact on the consolidated statement of profit or loss and other comprehensive income

2. 應用新訂國際財務報告準則(「國際財務報告準則」)及其修訂(續)

2.1 國際財務報告準則第15號來自客戶合約的收益(續)

初步應用國際財務報告準則第15號產生之影響概述(續)

對綜合損益及其他全面利潤表的影響

		As reported	Adjustment	Amounts without application of IFRS 15 未應用國際財務報告準則第15號之金額
		如報告所列 RMB'000 人民幣千元	調整 RMB'000 人民幣千元	第15號之金額 RMB'000 人民幣千元
Revenue	收益	15,444,246	(500,869)	14,943,377
Cost of sales	銷售成本	11,306,122	(467,315)	10,838,807
Selling and marketing expenses	銷售及市場推廣費用	811,226	30,552	841,778
Finance costs	融資成本	187,488	(39,189)	148,299
Profit before income tax	除所得稅前溢利	3,731,318	(24,917)	3,706,401
Income tax expense	所得稅開支	1,750,378	(6,230)	1,744,148
Profit for the year	年內溢利	1,980,940	(18,687)	1,962,253
Attributable to:	以下人士應佔：			
Owners of the Company	本公司擁有人	1,736,288	(18,748)	1,717,540
Non-controlling interests	非控股權益	244,652	61	244,713
Total comprehensive income for the year	年內全面收入總額	2,065,195	(18,687)	2,046,508
Attributable to:	以下人士應佔：			
Owners of the Company	本公司擁有人	1,820,543	(18,748)	1,801,795
Non-controlling interests	非控股權益	244,652	61	244,713

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

2.1 IFRS 15 Revenue from Contracts with Customers (Continued)

Summary of effects arising from initial application of IFRS 15 (Continued)

Impact on the consolidated statement of cash flows

2. 應用新訂國際財務報告準則(「國際財務報告準則」)及其修訂(續)

2.1 國際財務報告準則第15號來自客戶合約的收益(續)

初步應用國際財務報告準則第15號產生之影響概述(續)

對綜合現金流量表的影響

		As reported	Adjustment	Amounts without application of IFRS 15 未應用國際財務報告準則第15號之金額
		如報告所列 RMB'000 人民幣千元	調整 RMB'000 人民幣千元	RMB'000 人民幣千元
Operating activities	經營活動			
Profit for the year	年內溢利	1,980,940	(18,687)	1,962,253
Income tax expense	所得稅開支	1,750,378	(6,230)	1,744,148
Increase in contract costs	合同成本增加	(30,552)	30,552	—
Increase in properties under development and completed properties held for sale	發展中物業及已建成待售物業增加	(11,747,784)	14,763	(11,733,021)
Increase in contract assets	合同資產增加	(841,400)	841,400	—
Increase in trade and other receivables	應收賬款及其他應收款項增加	(525,066)	(841,400)	(1,366,466)
Increase in trade, other payables and pre-sale deposits	應付賬款、其他應付款項及預售按金增加	4,997,257	8,039,079	13,036,336
Increase in contract liabilities	合同負債增加	8,059,477	(8,059,477)	—
Net cash from operating activities	經營活動所得現金淨額	1,156,101	—	1,156,101

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

2.2 IFRS 9 Financial Instruments

In the current year, the Group has applied IFRS 9 *Financial Instruments* and the related consequential amendments to other IFRSs. IFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets, other items (for example, contract assets and financial guarantee contracts) and 3) general hedge accounting.

The Group has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 39 *Financial Instruments: Recognition and Measurement*.

Accounting policies resulting from application of IFRS 9 are disclosed in note 3.

2. 應用新訂國際財務報告準則(「國際財務報告準則」)及其修訂(續)

2.2 國際財務報告準則第9號金融工具

於本年度，本集團已應用國際財務報告準則第9號金融工具及其他國際財務報告準則相關的相應修訂。國際財務報告準則第9號就1)金融資產及金融負債的分類和計量；2)金融資產、其他項目(如合同資產及財務擔保合約)的預期信貸虧損(「預期信貸虧損」)；及3)一般對沖會計引入新規定。

本集團已根據國際財務報告準則第9號所載的過渡條文應用國際財務報告準則第9號，即對二零一八年一月一日(首次應用日期)尚未取消確認的工具追溯應用分類及計量要求(包括預期信貸虧損模式項下的減值)，而並無對已於二零一八年一月一日取消確認的金融工具應用相關要求。二零一七年十二月三十一日的賬面值與二零一八年一月一日的賬面值之間的差異於期初保留溢利及權益的其他部分中確認，並無重列可資比較資料。

由於比較資料乃根據國際會計準則第39號金融工具：確認及計量編製，因此，若干比較資料可能無法用作比較。

因應用國際財務報告準則第9號而導致的會計政策披露於附註3。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

2.2 IFRS 9 Financial Instruments (Continued)

Summary of effects arising from initial application of IFRS 9

The table below illustrates the classification and measurement of financial assets and financial liabilities and other items subject to ECL under IFRS 9 and IAS 39 at the date of initial application, 1 January 2018.

2. 應用新訂國際財務報告準則(「國際財務報告準則」)及其修訂(續)

2.2 國際財務報告準則第9號金融工具(續)

初步應用國際財務報告準則第9號的影響概述

下表說明金融資產及金融負債及其他涉及預期信貸虧損項目於初步應用日期(二零一八年一月一日)根據國際財務報告準則第9號及國際會計準則第39號進行的分類及計量。

		Equity instruments at fair value through other comprehensive income ("FVTOCI")	Financial assets at amortised cost (previously classified as loans and receivables)	Financial liabilities at fair value through profit or loss ("FVTPL")	Other financial liabilities	Deferred tax assets	Deferred tax liabilities	FVTOCI reserve	Retained earnings
	Notes	按公允價值列賬於其他全面收入(「按公允價值列賬於其他全面收入」)	按攤銷成本計量的金融資產(先前分類為貸款及應收款項)	按公允價值列賬於損益(「按公允價值列賬於損益」)	其他金融負債	遞延稅項資產	遞延稅項負債	按公允價值列賬於其他全面收入	保留溢利
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	附註	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Closing balance at 31 December 2017 – IAS 39	於二零一七年十二月三十一日的期末結餘—國際會計準則第39號	174,567	-	9,059,063	-	98,178	817,628	957,999	- 3,560,011
Effect arising from initial application of IFRS 9:	初步應用國際財務報告準則第9號的影響:								
Reclassification	重新分類	-	-	-	-	-	-	-	-
From available-for-sale investments	來自可供出售投資 (a)	(174,567)	174,567	-	-	-	-	-	-
From other financial liabilities	來自其他金融負債	-	-	-	98,178	(98,178)	-	-	-
Remeasurement	重新計量	-	-	-	-	-	-	-	-
From cost to fair value	從成本至公允價值 (a)	-	7,433	-	-	-	1,858	5,575	-
Impairment under ECL model	預期信貸虧損模式下的減值 (b)	-	-	(27,544)	-	6,886	-	-	(20,658)
Opening balance at 1 January 2018	於二零一八年一月一日的期初結餘	-	182,000	9,031,519	98,178	-	824,514	959,857	5,575 3,539,353

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

2.2 IFRS 9 Financial Instruments (Continued)

Summary of effects arising from initial application of IFRS 9 (Continued)

- (a) *Available-for-sale ("AFS") investments*
The Group elected to present in other comprehensive income ("OCI") for the fair value changes of all its equity investments previously classified as available-for-sale, all of them related to unquoted equity investments previously measured at cost less impairment under IAS 39. These investments are not held for trading and not expected to be sold in the foreseeable future. At the date of initial application of IFRS 9, RMB174,567,000 were reclassified from available-for-sale investments to equity instruments at FVTOCI. The fair value gains of RMB7,433,000 relating to those unquoted equity investments previously carried at cost less impairment were adjusted to equity instruments at FVTOCI, with corresponding adjustments RMB5,575,000 to FVTOCI reserve and RMB1,858,000 to deferred tax liability as at 1 January 2018.

- (b) *Impairment under ECL model*
The Group applies the IFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and contract assets. Except for those which had been determined as credit impaired under IAS 39, trade receivables and contract assets have been assessed individually for debtors with significant balances, the remaining balances are grouped based on debtors' aging. To measure the ECL, trade receivables and contract assets have been grouped based on shared credit risk characteristics.

2. 應用新訂國際財務報告準則(「國際財務報告準則」)及其修訂(續)

2.2 國際財務報告準則第9號金融工具(續)

初步應用國際財務報告準則第9號的影響概述(續)

- (a) *可供出售(「可供出售」)投資*
本集團選擇將先前分類為可供出售之所有股權投資的公允價值變動於其他全面收入(「其他全面收入」)中列賬，全部是關於先前根據國際會計準則第39號按成本減去減值計量的無報價股權投資。該等投資並非持作買賣，且預計不會於可預見未來出售。於初步應用國際財務報告準則第9號之日，人民幣174,567,000元已從可供出售投資重新分類至按公允價值列賬於其他全面收入的股權工具。先前按成本減去減值計量的無報價股權投資公允價值收益人民幣7,433,000元已調整至於二零一八年一月一日的按公允價值列賬於其他全面收入的股權工具，並相應調整人民幣5,575,000元至按公允價值列賬於其他全面收入的儲備及人民幣1,858,000元至遞延稅項負債。

- (b) *預期信貸虧損模式項下的減值*
本集團應用國際財務報告準則第9號簡化法將預期信貸虧損計量，其就所有應收賬款及合同資產使用存續期預期信貸虧損。除根據國際會計準則第39號釐定為已減值信貸外，對具有重大結餘的應收賬款及合同資產已進行個別評估，餘額按照應收賬款的賬齡歸類。為計量預期信貸虧損，應收賬款及合同資產已根據共同信貸風險特點分類。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

2.2 IFRS 9 Financial Instruments (Continued)

Summary of effects arising from initial application of IFRS 9 (Continued)

(b) Impairment under ECL model (Continued)

ECL for other financial assets at amortised cost, including bank balance and cash and other non-trade receivables, are assessed on 12-month ECL ("12m ECL") basis and there had been no significant increase in credit risk since initial recognition, except for the other non-trade receivables amounting to RMB573,720,000 which are assessed and measured on lifetime ECL basis as those credit risk had increased significantly since initial recognition.

For outstanding financial guarantees, the Group considers there has been no significant increase in credit risk since initial recognition and hence the loss allowance is assessed on 12m ECL basis.

As at 1 January 2018, the additional credit loss allowance of RMB27,544,000 has been recognised against retained earnings. The additional loss allowance is charged against the respective asset.

2. 應用新訂國際財務報告準則(「國際財務報告準則」)及其修訂(續)

2.2 國際財務報告準則第9號金融工具(續)

初步應用國際財務報告準則第9號的影響概述(續)

(b) 預期信貸虧損模式項下的減值(續)

按攤銷成本計量的其他金融資產(包括銀行結餘及現金以及其他非貿易應收賬款)的預期信貸虧損乃按照12個月預期信貸虧損(「12個月預期信貸虧損」)基準估計，且自初始確認以來信貸風險並無大幅增加，惟人民幣573,720,000元的其他非貿易應收賬款乃按存續期預期信貸虧損基準評估及計量，原因是信貸風險自初始確認以來顯著增加。

就未償還財務擔保而言，本集團認為自初始確認以來信貸風險並無大幅增加，故按12個月預期信貸虧損基準評估虧損撥備。

於二零一八年一月一日，人民幣27,544,000元的額外信貸虧損撥備已於保留盈利確認。額外虧損撥備自各自的資產中扣除。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

2.2 IFRS 9 Financial Instruments (Continued)

Summary of effects arising from initial application of IFRS 9 (Continued)

(b) Impairment under ECL model (Continued)

All loss allowances including trade receivables and other non-trade receivables as at 31 December 2017 reconcile to the opening loss allowance as at 1 January 2018 is as follows:

		Trade receivables	Other non-trade receivables	Total
		應收賬款	其他非貿易應收賬款	總計
		RMB' 000	RMB' 000	RMB' 000
		人民幣千元	人民幣千元	人民幣千元
At 31 December 2017 – IAS 39	於二零一七年十二月三十一日 — 國際會計準則第39號	25,735	43,400	69,135
Amounts remeasured through opening retained earnings	透過期初保留溢利重新計量的金額	10,758	16,786	27,544
At 1 January 2018	於二零一八年一月一日	36,493	60,186	96,679

2.3 Amendments to IAS 40 Transfers of Investment Property

The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by evidence that a change in use has occurred. The amendments further clarify that situations other than the ones listed in IAS 40 may evidence a change in use, and that a change in use is possible for properties under construction (i.e. a change in use is not limited to completed properties).

At the date of initial application, the Group assessed the classification of certain properties based on conditions existed at that date, there is no impact to the classification at 1 January 2018.

2. 應用新訂國際財務報告準則(「國際財務報告準則」)及其修訂(續)

2.2 國際財務報告準則第9號金融工具(續)

初步應用國際財務報告準則第9號的影響概述(續)

(b) 預期信貸虧損模式項下的減值(續)

於二零一七年十二月三十一日的所有虧損撥備(包括應收賬款及其他非貿易應收賬款)與於二零一八年一月一日的期初虧損撥備對賬如下:

2.3 國際會計準則第40號之修訂轉讓投資物業

該等修訂澄清，向投資物業轉讓或由投資物業轉讓需要評估物業是否符合投資物業的定義或已不再符合投資物業的定義，並以證據證明已發生用途變更。該修訂進一步澄清，除國際會計準則第40號之修訂所列的情況外，其他情況可能會證明用途有所改變，在建物業也有可能會改變用途(即改變用途不限於已建成物業)。

於初步應用日期，本集團根據於該日存在的狀況評估若干物業分類，對於二零一八年一月一日的分類概無造成影響。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

2.4 Impacts on opening consolidated statement of financial position arising from the application of all new standards

As a result of the changes in the entity's accounting policies above, the opening consolidated statement of financial position had to be restated. The following table show the adjustments recognised for each of the line items affected.

2. 應用新訂國際財務報告準則(「國際財務報告準則」)及其修訂(續)

2.4 應用所有新準則對期初綜合財務狀況表的影響

由於上述實體會計政策的變動，期初綜合財務狀況表須予重列。下表列示就各單獨項目確認的調整。

		31 December 2017 二零一七年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)	IFRS 15 國際財務報告 準則第15號 RMB'000 人民幣千元	IFRS 9 國際財務報告 準則第9號 RMB'000 人民幣千元	1 January 2018 二零一八年 一月一日 RMB'000 人民幣千元 (Restated) (經重列)
Non-current Assets	非流動資產				
Equity instruments at FVTOCI	按公允價值列賬於其他全面 收入的股權工具	-	-	182,000	182,000
Other financial assets	其他金融資產	174,567	-	(174,567)	-
Deferred tax assets	遞延稅項資產	817,628	13,871	6,886	838,385
Others with no adjustments	並無調整的其他項目	26,004,562	-	-	26,004,562
		26,996,757	13,871	14,319	27,024,947
Current Assets	流動資產				
Properties under development	發展中物業	8,945,329	904,567	-	9,849,896
Contract costs	合同成本	-	24,410	-	24,410
Trade, other receivables and advance deposits	應收賬款、其他 應收款項及預付按金	12,568,170	-	(27,544)	12,540,626
Others with no adjustments	並無調整的其他項目	20,239,540	-	-	20,239,540
		41,753,039	928,977	(27,544)	42,654,472
Total assets	資產總額	68,749,796	942,848	(13,225)	69,679,419
Equity	權益				
Reserves	儲備	961,894	-	5,575	967,469
Retained earnings	保留溢利	3,560,011	(25,109)	(20,658)	3,514,244
Non-controlling interests	非控股權益	1,725,761	1,804	-	1,727,565
Others with no adjustments	並無調整的其他項目	5,337,224	-	-	5,337,224
		11,584,890	(23,305)	(15,083)	11,546,502

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

2.4 Impacts on opening consolidated statement of financial position arising from the application of all new standards (Continued)

2. 應用新訂國際財務報告準則(「國際財務報告準則」)及其修訂(續)

2.4 應用所有新準則對期初綜合財務狀況表的影響(續)

		31 December 2017 二零一七年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)	IFRS 15 國際財務報告 準則第15號 RMB'000 人民幣千元	IFRS 9 國際財務報告 準則第9號 RMB'000 人民幣千元	1 January 2018 二零一八年 一月一日 RMB'000 人民幣千元 (Restated) (經重列)
Non-current Liabilities	非流動負債				
Deferred tax liabilities	遞延稅項負債	957,999	6,103	1,858	965,960
Others with no adjustments	並無調整的其他項目	12,000,483	–	–	12,000,483
		12,958,482	6,103	1,858	12,966,443
Current Liabilities	流動負債				
Pre-sale deposits	預售按金	19,782,530	(19,782,530)	–	–
Contract liabilities	合同負債	–	20,742,580	–	20,742,580
Financial liabilities at FVTPL	按公允價值列賬於 損益的金融負債	–	–	98,178	98,178
Other financial liabilities	其他金融負債	98,178	–	(98,178)	–
Others with no adjustments	並無調整的其他項目	24,325,716	–	–	24,325,716
		44,206,424	960,050	–	45,166,474
Total liabilities	負債總額	57,164,906	966,153	1,858	58,132,917
Total equity and liabilities	權益及負債總額	68,749,796	942,848	(13,225)	69,679,419
Net current liabilities	流動負債淨額	(2,453,385)	(31,073)	(27,544)	(2,512,002)
Total assets exceed current liabilities	總資產超過流動負債	24,543,372	(17,202)	(13,225)	24,512,945

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

2.5 New and amendments to IFRSs in issue but not yet effective:

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 16	Leases ¹
IFRS 17	Insurance Contracts ³
IFRIC 23	Uncertainty over Income Tax Treatments ¹
Amendments to IFRS 3	Definition of a Business ⁴
Amendments to IFRS 9	Prepayment Features with Negative Compensation ¹
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to IAS 1 and IAS 8	Definition of Material ⁵
Amendments to IAS 19	Plan Amendment, Curtailment and Settlement ¹
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures ¹
Amendments to IFRSs	Annual Improvements to IFRSs 2015-2017 Cycle ¹

- ¹ Effective for annual periods beginning on or after 1 January 2019.
- ² Effective for annual periods beginning on or after a date to be determined.
- ³ Effective for annual periods beginning on or after 1 January 2021.
- ⁴ Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.
- ⁵ Effective for annual periods beginning on or after 1 January 2020.

Except for the new and amendments to IFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

2. 應用新訂國際財務報告準則(「國際財務報告準則」)及其修訂(續)

2.5 已頒佈但尚未生效之新訂國際財務報告準則及其修訂：

本集團並未提早應用下列已頒佈但尚未生效之新訂國際財務報告準則及其修訂：

國際財務報告準則第16號	租賃 ¹
國際財務報告準則第17號	保險合約 ³
國際財務報告詮釋委員會第23號	所得稅處理的不確定性 ¹
國際財務報告準則第3號之修訂	業務之定義 ⁴
國際財務報告準則第9號之修訂	提早還款特性及負補償 ¹
國際財務報告準則第10號及國際會計準則第28號之修訂	投資者與其聯營公司或合營企業之間出售或注入資產 ²
國際會計準則第1號及國際會計準則第8號之修訂	重要之定義 ⁵
國際會計準則第19號之修訂	計劃修訂、縮減或支付 ¹
國際會計準則第28號之修訂	於聯營公司及合營企業的長期權益 ¹
國際財務報告準則之修訂	國際財務報告準則二零一五至二零一七週期的年度改進 ¹

- ¹ 於二零一九年一月一日或之後開始的年度期間生效。
- ² 於待定期或之後開始的年度期間生效。
- ³ 於二零二一年一月一日或之後開始的年度期間生效。
- ⁴ 就收購日期為二零二零年一月一日或之後開始的首個年度期間開始時或之後的業務合併及資產收購生效。
- ⁵ 於二零二零年一月一日或之後開始的年度期間生效。

除下文所述之新訂國際財務報告準則及其修訂外，本公司董事預期應用所有其他新訂國際財務報告準則及其修訂於可預見未來將不會對綜合財務報表產生重大影響。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)**2.5 New and amendments to IFRSs in issue but not yet effective: (Continued)****IFRS 16 Leases**

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede IAS 17 Leases and the related interpretations when it becomes effective.

IFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. In addition, IFRS 16 requires sales and leaseback transactions to be determined based on the requirements of IFRS 15 as to whether the transfer of the relevant asset should be accounted as a sale. IFRS 16 also includes requirements relating to subleases and lease modifications.

Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected as operating lease payments under IAS 17 are presented as operating cash flows. Upon application of IFRS 16, the lease payments in relation to lease liability will be split into a principal and an interest portion which will be presented as financing cash flows by the group. Upfront prepaid lease payments will continue to be presented as investing or operating cash flows in accordance to the nature, as appropriate.

2. 應用新訂國際財務報告準則(「國際財務報告準則」)及其修訂(續)**2.5 已頒佈但尚未生效之新訂國際財務報告準則及其修訂：(續)****國際財務報告準則第16號租賃**

國際財務報告準則第16號為識別出租人及承租人的租賃安排及會計處理引入一個綜合模式。當國際財務報告準則第16號生效時，將取代國際會計準則第17號租賃及相關詮釋。

國際財務報告準則第16號根據所識別資產是否由客戶控制來區分租賃及服務合約。此外，國際財務報告準則第16號規定售後租回交易根據國際財務報告準則第15號有關轉讓相關資產是否應作為銷售入賬的規定而釐定。國際財務報告準則第16號亦包括有關分租及租賃修改的規定。

除短期租賃及低值資產租賃外，經營租賃及融資租賃的差異就承租人會計處理移除，並須就承租人的所有租賃確認使用權資產及相應負債的模式替代。

使用權資產初步按成本計量，並隨後以成本(惟若干例外情況除外)減累計折舊及減值虧損計量，並就租賃負債任何重新計量而作出調整。租賃負債乃按租賃付款(非當日支付)的現值初步計量。隨後，租賃負債就(其中包括)利息及租賃付款以及租賃修訂的影響作出調整。此外，由於國際會計準則第17號項下的經營租賃付款以經營現金流量呈列，現金流量的分類亦將受影響。應用於國際財務報告準則第16號之時，集團會將租賃負債的租賃付款分配為本金及利息部份，並將以融資現金流量呈列。前期預付租賃付款將繼續根據性質呈列為投資或經營現金流量(如適當)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

2.5 New and amendments to IFRSs in issue but not yet effective: (Continued)

IFRS 16 Leases (Continued)

Under IAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement and prepaid lease payments for leasehold lands where the Group is a lessee. The application of IFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

Other than certain requirements which are also applicable to lessor, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by IFRS 16.

As at 31 December 2018, the Group has non-cancellable operating lease commitments of RMB57,970,000 as disclosed in note 46. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of IFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

In addition, the Group currently considers refundable rental deposits paid of RMB2,308,000 and refundable rental deposits received of RMB21,362,000 as rights and obligations under leases to which IAS 17 applies. Based on the definition of lease payments under IFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost. Adjustments to refundable rental deposits paid would be considered as additional lease payments and included in the carrying amount of right-of-use assets. Adjustments to refundable rental deposits received would be considered as advance lease payments.

2. 應用新訂國際財務報告準則(「國際財務報告準則」)及其修訂(續)

2.5 已頒佈但尚未生效之新訂國際財務報告準則及其修訂：(續)

國際財務報告準則第16號租賃(續)

根據國際會計準則第17號，本集團已就融資租賃安排確認資產及相關融資租賃負債，並就本集團作為承租人的租賃土地確認預付租賃款項。應用國際財務報告準則第16號可能導致分類該等資產時出現潛在變動，視乎本集團於擁有時分開呈列使用權資產或將相關資產在同一項目內呈列。

除適用於出租人的若干規定外，國際財務報告準則第16號大致保留國際會計準則第17號內出租人的會計規定，並繼續規定出租人將租賃分類為經營租賃或融資租賃。

此外，國際財務報告準則第16號亦要求較廣泛的披露。

於二零一八年十二月三十一日，本集團有不可撤銷的經營租賃承擔人民幣57,970,000元，披露於附註46。初步評估顯示該等安排將符合租賃的定義。根據國際財務報告準則第16號，本集團將就所有租賃確認使用權資產及對應負債，除非其符合低值或短期租賃。

此外，本集團目前將已付的可退回租賃按金人民幣2,308,000元及已收的可退回租賃按金人民幣21,362,000元視為適用於國際會計準則第17號的租賃權利及義務。根據國際財務報告準則第16號項下的租賃付款定義，該等按金並非有關使用相關資產的權利的付款，因此，該等按金的賬面值可調整至攤銷成本。已付可退回租賃按金的調整會被視為租賃付款，並將計入使用權資產的賬面值。已收可退回租賃按金的調整將會被視為預收租賃付款。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

2.5 New and amendments to IFRSs in issue but not yet effective: (Continued)

IFRS 16 Leases (Continued)

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group intends to elect the practical expedient to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC-Int 4. Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC-Int 4. Therefore, the Group will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application. Furthermore, the Group intends to elect the modified retrospective approach for the application of IFRS 16 as lessee and will recognise the cumulative effect of initial application to opening retained profits without restating comparative information.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRSs issued by IASB. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("**Listing Rules**") and by the Hong Kong Companies Ordinance.

3.2 Fair value and historical cost

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments and investment properties that are measured at fair values at the end of reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2. 應用新訂國際財務報告準則(「國際財務報告準則」)及其修訂(續)

2.5 已頒佈但尚未生效之新訂國際財務報告準則及其修訂：(續)

國際財務報告準則第16號租賃(續)

應用新規定可能導致上文所述計量、呈列及披露發生變動。本集團擬選擇可行權宜的方法將國際財務報告準則第16號應用於先前應用國際會計準則第17號及國際財務報告詮釋委員會—詮釋第4號「釐定安排是否包括租賃」識別為租賃的合約，而不會應用此準則於先前應用國際會計準則第17號及國際財務報告詮釋委員會—詮釋第4號並無識別為包括租賃的合約。因此，本集團將不會重新評估於首次應用日期前已存在的合約是否屬(或是否包括)租賃。此外，本集團作為承租人擬就採納國際財務報告準則第16號選擇經修訂的追溯法，並將確認初步應用的累計影響至期初保留溢利而不會重列比較資料。

3. 重大會計政策

3.1 合規聲明

綜合財務報表乃根據符合國際會計準則理事會所頒佈的國際財務報告準則編製而成。此外，綜合財務報表載有香港聯合交易所有限公司證券上市規則(「**上市規則**」)及香港公司條例所規定的適用披露資料。

3.2 公允價值及歷史成本

綜合財務報表乃根據歷史成本基準編製而成，惟若干金融工具及投資物業於報告期末乃按下文所載之會計政策所闡釋以公允價值計量。

歷史成本一般根據就交換貨品及服務而付出的代價公允價值計算。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Fair value and historical cost (Continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of IAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

3. 重大會計政策(續)

3.2 公允價值及歷史成本(續)

公允價值為於計量日期市場參與者於有序交易中出售資產所收取或轉讓負債所支付的價格，而不論該價格是直接觀察所得亦或運用另一估值技術估計得出。在估計資產或負債的公允價值時，本集團會考慮市場參與者於計量日期為該資產或負債進行定價時將會考慮的該等特徵。在該等綜合財務報表中計量及披露的公允價值均在此基礎上予以釐定，但國際會計準則第17號租賃範圍內的租賃交易以及與公允價值有若干類似之處但並非公允價值的計量（例如國際會計準則第2號存貨中的可變現淨值或國際會計準則第36號資產減值中的使用價值）除外。

非金融資產的公允價值計量是透過市場參與者以最高及最佳效用使用該資產而獲得經濟利益或將該資產售予另一名會以最高及最佳效用使用該資產的市場參與者而獲得經濟利益進行計算。

此外，就財務報告而言，公允價值計量根據公允價值計量的輸入數據可觀察性及公允價值計量的輸入數據對其整體的重要性分類為第一層次、第二層次或第三層次，詳情如下：

- 第一層次輸入數據為實體於計量日期可以取得的相同資產或負債於活躍市場之報價（未經調整）；
- 第二層次輸入數據為就資產或負債直接或間接地可觀察之輸入數據（第一層次內包括的報價除外）；及
- 第三層次輸入數據為資產或負債的不可觀察輸入數據。

主要會計政策載列如下。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

3. 重大會計政策(續)

3.3 合併基準

綜合財務報表納入本公司及由本公司及其子公司控制的實體的財務報表。當本公司符合以下條件時，即取得控制權：

- 可對被投資公司行使權力；
- 參與被投資公司業務所得可變回報涉及的風險或權利；及
- 能運用其權力影響其回報。

倘有事實及情況顯示上文所列三項控制權要素之一項或以上出現變動，本集團會重新評估其是否對被投資公司擁有控制權。

倘本集團於被投資公司的投票權未能佔大多數，而投票權足以賦予本公司實際能力以單方面指揮被投資公司的相關活動，即對被投資公司擁有權力。本集團於評估本集團於被投資公司的投票權是否足以賦予其權力時，會考慮所有相關事實及情況，包括：

- 相對其他投票權持有人所持投票權的數量及分散情況，本集團持有投票權的數量；
- 本集團、其他投票權持有人或其他人士持有的潛在投票權；
- 其他合約安排產生的權利；及
- 顯示本集團目前能夠或不能在需要作出決定時指揮相關活動的任何額外事實及情況(包括於過往股東大會上的投票模式)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**3.3 Basis of consolidation (Continued)**

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

3. 重大會計政策(續)**3.3 合併基準(續)**

子公司綜合入賬於本集團取得有關子公司的控制權時開始，並於本集團喪失有關子公司的控制權時終止。具體而言，年內收購或出售的子公司的收入及開支乃自本集團取得控制權當日起計入綜合損益及其他全面利潤表，直至本集團不再控制有關子公司當日為止。

損益及其他全面收入的每個項目乃歸屬於本公司擁有人及非控股權益。子公司的全面收入總額歸屬於本公司擁有人及非控股權益，即使此舉會導致非控股權益出現虧絀結餘。

如有需要，將對子公司的財務報表作出調整，以令其會計政策與本集團的會計政策一致。

有關本集團成員間的交易的所有集團內部資產及負債、權益、收入、開支及現金流量均於綜合賬目時全數抵銷。

於子公司非控股權益與本集團的權益分開列示，其屬現時擁有權權益，賦予持有人權利於清盤時按比例分佔相關子公司的資產淨值。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**3.3 Basis of consolidation (Continued)**

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9/IAS 39 when applicable, the cost on initial recognition of an investment in a joint venture or an associate.

3. 重大會計政策(續)**3.3 合併基準(續)**

本集團於子公司的權益變動但並無導致本集團喪失該等子公司的控制權，則入賬作為權益交易。本集團的相關權益部分與非控股權益的賬面值均會作出調整，以反映彼等於子公司的相對權益變動，包括按照本集團與非控股權益之權益比例，將本集團與非控股權益之間的相關儲備重新歸屬。

非控股權益所調整的金額與所付或所收代價的公允價值之間的任何差額，均直接於權益確認並歸屬於本公司擁有人。

倘本集團喪失子公司的控制權，則取消確認該子公司的資產及負債以及非控股權益(如有)。收益或虧損於損益確認，並按(i)所收代價的公允價值及任何保留權益的公允價值的總額及(ii)資產(包括商譽)之賬面值，與本公司擁有人應佔子公司負債之間的差額計算得出。所有先前就該子公司於其他全面收入確認之金額應予入賬，猶如本集團已直接出售相關資產或負債入賬(即按適用國際財務報告準則訂明重新分類至損益或直接轉撥至保留溢利)。於喪失控制權當日在該前子公司保留的任何投資的公允價值，將根據國際財務報告準則第9號／國際會計準則第39號被視為其後入賬首次確認的公允價值，或(如適用)首次確認合營企業或聯營公司投資的成本。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below); and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

3. 重大會計政策(續)

3.4 業務合併

收購業務乃以收購法入賬。業務合併所轉讓代價按公允價值計量，乃按本集團所轉讓資產、所產生對被收購公司前擁有人的負債及所發行以交換被收購公司控制權的股權於收購日期的公允價值總和計算。收購相關成本一般於產生時於損益確認。

於收購日期，已收購可識別資產及已承擔負債乃按其公允價值確認，惟以下除外：

- 遞延稅項資產或負債及有關僱員福利安排的負債或資產乃分別根據國際會計準則第12號*所得稅*及國際會計準則第19號*僱員福利*確認及計量；
- 有關被收購方的股份支付安排的負債或股權工具，或由本集團訂立以取代被收購公司的股份支付安排，乃於收購日期根據國際財務報告準則第2號*股份支付*計量（見下文的會計政策）；及
- 根據國際財務報告準則第5號*持作待售非流動資產及終止經營業務*分類為持作待售資產（或出售組別）乃根據該準則計量。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**3.4 Business combinations (Continued)**

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

3. 重大會計政策(續)**3.4 業務合併(續)**

商譽乃按已轉讓代價、於被收購公司的任何非控股權益金額及收購公司先前於被收購公司持有的股權公允價值(如有)的總額超過所收購可識別資產及所承擔負債於收購日期的淨額之差額計量。倘經重新評估後，所收購可識別資產及所承擔負債的淨額超過已轉讓代價、於被收購公司的任何非控股權益金額及收購公司先前於被收購公司持有的股權公允價值(如有)的總和，超出部分將即時於損益中確認為議價購買收益。

屬現時擁有權益且於清盤時賦予其持有人權利按比例分佔相關子公司淨資產的非控股權益初步按非控股權益應佔被收購公司可識別資產淨值已確認金額的比例計量。

倘本集團在業務合併中轉讓的代價包括或然代價安排，或然代價則按其於收購日期的公允價值計量，並計入作為在業務合併中所轉讓代價的一部分。合資格作計量期間調整的或然代價公允價值變動會作出追溯調整。計量期間調整為於「計量期間」(自收購日期起不可超過一年)取得有關於收購日期存在的事實及情況的額外資料所引致的調整。

或然代價的其後會計處理如不合資格作計量期間調整乃取決於或然代價的分類方式。分類為權益的或然代價不會於其後報告日期重新計量，而其後結算將於權益內入賬。分類為資產或負債的或然代價於其後報告日期重新計量為公允價值，而相應收益或虧損則於損益中確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Business combinations (Continued)

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under IFRS 9/IAS 39 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised at that date.

3.5 Acquisition of a subsidiary not constituting a business

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to investment properties which are subsequently measured under fair value model and financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

3. 重大會計政策(續)

3.4 業務合併(續)

倘業務合併乃分階段達成，本集團先前持有的被收購公司股權會按收購日期(即本集團取得控制權當日)的公允價值重新計量，而由此產生的收益或虧損(如有)會在損益或其他全面收入(如適用)中確認。於收購日期前，由被收購公司權益產生且先前於其他全面收入中確認並根據國際財務報告準則第9號／國際會計準則第39號進行計量的金額，將按照本集團直接出售先前持有權益所需的相同基準入賬。

倘業務合併的初步會計處理於合併發生的報告期末仍未完成，本集團會呈報未完成會計處理的項目的臨時金額。該等臨時金額會在計量期間(見上文)追溯調整，並會確認額外資產或負債，以反映所取得有關收購日期已存在的事實及情況的新資料，而倘知悉有關資料，將會影響當日確認的金額。

3.5 收購不構成業務的子公司

倘本集團收購一組不構成業務的資產或負債，本集團識別及確認個別可識別的所收購資產及所承擔負債，將購買價首先按公允價值分配至投資物業(隨後按公允價值模式計量)及金融資產／金融負債，購買價的餘額按於購買日期的相對公允價值分配至其他可識別資產及負債。該項交易並不導致商譽或議價購買收益。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**3.6 Goodwill**

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash generating unites) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash generating unites) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit (or the group of cash generating unites).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

The Group's policy for goodwill arising on the acquisition of an associate and a joint venture is described below.

3. 重大會計政策(續)**3.6 商譽**

收購業務所產生的商譽按收購業務(見上文的會計政策)當日訂立的成本減任何累計減值虧損(如有)列賬。

為進行減值測試，商譽會被分攤至預期可受惠於合併的協同效益的本集團各現金產生單位(或現金產生單位組別)，即就內部管理而言監控商譽的而且不大於經營分部的最低層級。

獲分攤商譽的現金產生單位或一組現金產生單位每年進行減值測試，或當有跡象顯示該單位可能出現減值則更頻密地進行。就報告期內進行收購所產生的商譽，獲分攤商譽的現金產生單位或一組現金產生單位會於該報告期末前進行減值測試。當現金產生單位的可收回金額低於其賬面值，則首先分攤減值虧損以抵減分攤至該單位或該組現金產生單位的任何商譽的賬面值，其後按單位內各資產的賬面值按比例分攤至單位的其他資產。

出售相關現金產生單位或現金產生單位組別內的任何現金產生單位時，商譽應佔的金額會在釐定出售損益金額時包括在內。當本集團出售屬於現金產生單位(或一組現金產生單位內的現金產生單位)的業務時，所出售商譽的金額按所出售業務及現金產生單位(或現金產生單位組別)的保留部分的相對價值計量。

本集團因收購一家聯營公司及一家合營企業產生的商譽政策載於下文。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.7 Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

3. 重大會計政策(續)

3.7 於聯營公司及合營企業投資

聯營公司指本集團對其有重大影響力的實體。重大影響力為參與被投資公司的財務及營運決策的權力，但並非對該等政策擁有控制權或共同控制權。

合營企業指一項合營安排，據此，對該安排擁有共同控制權的訂約人士擁有對該合營安排的淨資產的權利。共同控制權指按照合約協定對某項安排所共有的控制權，共同控制權僅在相關活動的決定需要共同享有控制權的各方一致同意時方始存在。

聯營公司及合營企業的業績及資產與負債以權益會計法計入該等綜合財務報表。用作權益會計目的的聯營公司及合營企業的財務報表，乃使用與本集團在類似情況下就類似交易及事件所採用的一致會計政策編製。根據權益法，聯營公司或合營企業投資初步按成本於綜合財務狀況表確認，並於其後調整以確認本集團應佔聯營公司或合營企業的損益及其他全面收入。損益及其他全面收入以外之聯營公司／合營企業的淨資產變動不會入賬，除非該等變動導致本集團持有的所有權權益出現變動。倘本集團應佔聯營公司或合營企業的虧損超出本集團於該聯營公司或合營企業的權益(包括實質上構成本集團於聯營公司或合營企業淨投資一部分的任何長期權益)，本集團會取消確認其應佔的進一步虧損。僅於本集團已產生法律或推定責任或已代表聯營公司或合營企業支付款項的情況下，方會確認額外虧損。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

**3. SIGNIFICANT ACCOUNTING POLICIES
(Continued)****3.7 Investments in associates and joint ventures
(Continued)**

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3. 重大會計政策(續)**3.7 於聯營公司及合營企業投資(續)**

於聯營公司或合營企業投資乃自被投資公司成為聯營公司或合營企業當日起按權益法入賬。收購聯營公司或合營企業投資時，投資成本超出本集團應佔被投資公司的可識別資產及負債的公允價值淨額的任何金額會確認為商譽，並計入該投資的賬面值內。本集團應佔可識別資產及負債的公允價值淨額超出投資成本之任何金額，於重新評估後會即時在收購該投資的期間內於損益確認。

本集團評估於一家聯營公司或一家合營企業的投資是否可能出現客觀減值跡象。如出現任何客觀證據，則根據國際會計準則第36號將投資的全部賬面值(包括商譽)作為單一資產，透過比較其可收回金額(使用價值及公允價值減銷售成本兩者中的較高者)與其賬面值進行減值測試。任何已確認的減值虧損構成投資賬面值的一部分。倘其後投資的可收回金額增加，則根據國際會計準則第36號確認該減值虧損撥回。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**3.7 Investments in associates and joint ventures (Continued)**

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of IFRS9/IAS 39, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

3. 重大會計政策(續)**3.7 於聯營公司及合營企業投資(續)**

當本集團不再對聯營公司或合營企業具有重大影響力，其會入賬為出售於被投資方的全部權益，所產生收益或虧損於損益確認。倘本集團保留於前聯營公司或合營企業的權益且該保留權益為國際財務報告準則第9號／國際會計準則第39號範圍內的金融資產，本集團會於該日按公允價值計量保留權益，而該公允價值被視為於首次確認時的公允價值。聯營公司或合營企業的賬面值與出售聯營公司或合營企業相關權益的任何保留權益及任何所得款項公允價值之間的差額，會於釐定出售聯營公司或合營企業的收益或虧損時包括在內。此外，本集團會將先前在其他全面收入就該聯營公司或合營企業確認的所有金額入賬，基準與該聯營公司或合營企業直接出售相關資產或負債所需基準相同。因此，該聯營公司或合營企業先前已於其他全面收入確認的收益或虧損，會於出售相關資產或負債時重新分類至損益。本集團會於出售／部分出售相關聯營公司或合營企業時將收益或虧損由權益重新分類至損益(作為重新分類調整)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**3.7 Investments in associates and joint ventures (Continued)**

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

3. 重大會計政策(續)**3.7 於聯營公司及合營企業投資(續)**

當聯營公司投資變為合營企業投資或合營企業投資變為聯營公司投資，本集團會繼續使用權益法。發生該等擁有權權益變動時，不會對公允價值重新計量。

倘本集團削減其於聯營公司或合營企業的擁有權權益而本集團繼續使用權益法，若有關收益或虧損會於出售相關資產或負債時重新分類至損益，則本集團會將先前已於其他全面收入確認與削減擁有權權益有關的收益或虧損比例重新分類至損益。

倘集團實體與本集團的聯營公司或合營企業進行交易，與有關聯營公司或合營企業進行交易產生的溢利及虧損會在本集團綜合財務報表確認，惟僅以與本集團並無關聯的聯營公司或合營企業權益為限。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.8 Revenue from contracts with customers (upon application of IFRS 15 in accordance with transitions in note 2)

Under IFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group’s right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group’s unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

3. 重大會計政策(續)

3.8 來自客戶合約的收益(根據附註2過渡應用國際財務報告準則第15號後)

根據國際財務報告準則第15號，本集團於履行履約責任時(或就此)確認收益，即與特定履約責任相關的貨品或服務的「控制權」轉讓予客戶時確認收益。

履約責任指一項或一組特定的貨品或服務或基本相同的一系列特定貨品或服務。

倘符合下列其中一項標準，控制權隨時間轉讓，而收益參照相關履約責任的完成進度隨時間確認：

- 在本集團履約時客戶同時收取及耗用由本集團履約所帶來的利益；
- 本集團履約創設及提升於本集團履約時由客戶控制的資產；或
- 本集團履約並無產生對本集團有替代用途的資產，且本集團有強制執行權，以支付至今已履約部分的款項。

否則，收益於客戶獲得特定貨品或服務的控制權時確認。

合同資產指本集團向客戶轉讓貨品或服務而作為交換有權收取代價但尚未成為無條件的權利。合同資產根據國際財務報告準則第9號評估減值。相反，應收款項代表本集團對代價的無條件權利，即代價僅隨時間推移即會成為到期應付。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**3.8 Revenue from contracts with customers (upon application of IFRS 15 in accordance with transitions in note 2) (Continued)**

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

3. 重大會計政策(續)**3.8 來自客戶合約的收益(根據附註2過渡應用國際財務報告準則第15號後)(續)**

合同負債指本集團向客戶轉讓本集團已收取客戶代價(或代價到期應付)的貨品或服務的責任。

與相同合約有關的合同資產及合同負債按淨額基準入賬及呈列。

按時間確認收益：計量履約責任的完成進度

履約責任的完成進度乃根據輸出法計量，即透過直接計量迄今已轉讓予客戶的貨品或服務價值，相對合約下承諾提供的餘下貨品或服務的價值確認收益，有關方法最能反映本集團於轉讓貨品或服務控制權方面的履約情況。

履約責任的完成進度乃根據投入法計量，即透過按本集團為完成履約責任的付出或投入(相對於為完成履約責任的預期總投入)確認收益，有關方法最能反映本集團於轉讓貨品或服務控制權方面的履約情況。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.8 Revenue from contracts with customers (upon application of IFRS 15 in accordance with transitions in note 2) (Continued)

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

For advance payments received from customers before the transfer of the associated goods or services in which the Group adjusts for the promised amount of consideration for a significant financing component, the Group applies a discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. The relevant interest expenses during the period between the advance payments were received and the transfer of the associated goods and services are accounted for on the same basis as other borrowing costs.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

3. 重大會計政策(續)

3.8 來自客戶合約的收益(根據附註2過渡應用國際財務報告準則第15號後)(續)

存在重大融資部分

於釐定交易價時，倘向客戶轉讓貨品或服務時(不論以明示或暗示方式)協定的付款時間為客戶或本集團帶來重大融資利益，則本集團就貨幣時間值的影響而調整已承諾的代價金額。於該等情況下，合約含有重大融資部分。不論於合約中以明示呈列或合約訂約方協定的支付條款暗示融資承諾，合約中均可能存在重大融資部分。

就付款與轉讓相關貨品或服務相隔期間不足一年的合約而言，本集團應用可行權宜方法，不就任何重大融資部分調整交易價格。

就於轉讓相關貨品或服務前向客戶收取的預付款項而言，本集團對重大融資部分就承諾代價金額作出調整，本集團採用本集團與客戶之間於合約開始時的單獨融資交易中反映的貼現率。於收取預付款項及轉讓相關貨品及服務的期間內，相關利息費用按其借貸成本的相同基準入賬。

主事人與代理人

當另一方從事向客戶提供貨品或服務，本集團釐定其承諾的性質是否為提供特定貨品或服務本身的履約責任(即本集團為主事人)或安排由另一方提供該等貨品或服務(即本集團為代理人)。

倘本集團在向客戶轉讓貨品或服務之前控制特定貨品或服務，則本集團為主事人。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.8 Revenue from contracts with customers (upon application of IFRS 15 in accordance with transitions in note 2) (Continued)

Principal versus agent (Continued)

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Incremental costs of obtaining a contract

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

The Group recognises sales commissions as an asset if it expects to recover these costs. The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate.

The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year.

Revenue recognition (prior to 1 January 2018)

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

3. 重大會計政策(續)

3.8 來自客戶合約的收益(根據附註2過渡應用國際財務報告準則第15號後)(續)

主事人與代理人(續)

倘本集團的履行責任為安排另一方提供特定的貨品或服務，則本集團為代理人。在此情況下，在將貨品或服務轉讓予客戶之前，本集團並不控制另一方提供的特定貨品或服務。當本集團為代理人時，其所確認收益金額為其預期有權就安排由另一方提供的特定貨品或服務而取得的任何費用或佣金。

取得合約的增量成本

取得合約的增量成本乃本集團為取得客戶合約而產生的該等成本，倘並無取得合約則不會產生該等成本。

倘本集團預期可收回該等成本，則本集團將銷售佣金確認為資產。其後該資產按系統化基準攤銷至損益，該基準與向客戶轉讓該資產相關的貨品或服務一致。

倘該等成本將於一年內悉數攤銷至損益，本集團則應用可行權宜方法，支銷取得合約的所有增量成本。

確認收益(於二零一八年一月一日前)

收益乃按已收或應收代價的公允價值計量。收益就估計客戶退貨、回扣及其他類似津貼作出扣減。

收益於其金額能可靠地計量、未來經濟利益將有可能流入本集團及各項本集團業務的指定條件得以達成時確認，如下所述。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.8 Revenue from contracts with customers (upon application of IFRS 15 in accordance with transitions in note 2) (Continued)

Goods, services and interests

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed.

Revenue from sale of properties in the ordinary course of business is recognised when the respective properties have been completed and delivered to the buyers. Deposits and instalments received from purchasers prior to meeting the above criteria for revenue recognition are included in the consolidated statement of financial position under current liabilities.

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- installation fees are recognised by reference to the stage of completion of the installation, determined as the proportion of the total time expected to install that has elapsed at the end of the reporting period;
- servicing fees are recognised by reference to the proportion of the total cost of providing the servicing for the product sold; and
- revenue from time and material contracts is recognised at the contractual rates as labour hours and direct expenses are incurred.

Service income is recognised when services are provided.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3. 重大會計政策(續)

3.8 來自客戶合約的收益(根據附註2過渡應用國際財務報告準則第15號後)(續)

貨品、服務及利息

銷售貨品的收益於交付貨品及權利轉移時確認。

於日常業務過程中銷售物業的收益於相關物業已建成並交付予買方時確認。於達成上述確認收益的條件前，向買方收取的按金及分期付款計入綜合財務狀況表中的流動負債。

提供服務的合約收益於參考合約的完成進度確認。合約的完成階段按下列各項釐定：

- 安裝費經參考安裝完成進度確認，並按報告期末所用安裝時間佔估計安裝總時間的比例釐定；
- 服務費經參考佔就已售產品提供服務的總成本的比例確認；及
- 按時計算及重大合約收益根據工時及直接開支按合約利率確認。

服務收入於提供服務時確認。

利息收入乃參照未償還本金及適用實際利率，按時間基準累計。適用實際利率指透過金融資產預計年期將估計未來現金收入貼現至該資產於初步確認時的賬面淨值的利率。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**3.9 Foreign currencies**

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

3.10 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

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

All other borrowing costs are recognised in profit or loss in the year in which they are incurred.

3. 重大會計政策(續)**3.9 外幣**

於編製各個別集團實體的財務報表時，以該實體功能貨幣以外的貨幣(外幣)進行的交易，按交易日期的現行匯率確認。於各報告期末，以外幣結算的貨幣項目乃按當日的現行匯率重新換算。以公允價值列賬的外幣計值非貨幣項目，會按釐定公允價值當日的現行匯率重新換算，而以外幣按歷史成本計量的非貨幣項目則不會重新換算。

結付貨幣項目產生的以及重新換算貨幣項目時的匯兌差額於其產生期間在損益中確認，惟有關用作未來生產的在建資產的外幣借貸的匯兌差額除外，其會在其被視為該等外幣借貸利息成本的調整時，計入該等資產的成本。

3.10 借貸成本

因收購、興建或生產需要長時間方可達到可使用狀態或出售的資產而直接產生的借貸成本，將加入至該等資產的成本，直至有關資產大致達到可使用狀態或可供出售時為止。

在等待使用於合資格資產前將特定借貸暫時投資所賺取的投資收入會從合資格進行資本化的借貸成本中扣除。

所有其他借貸成本均於產生的年度於損益確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.11 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit/loss before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

3. 重大會計政策(續)

3.11 稅項

所得稅開支指即期應付稅項及遞延稅項的總和。

即期應付稅項乃按年內應課稅溢利計算。應課稅溢利有別於除稅前溢利／虧損，原因為於其他年度的應課稅或可扣稅的收入或開支項目，及毋須課稅或可扣稅的項目。本集團的即期稅項負債乃按報告期末已執行或實際已執行的稅率計算。

遞延稅項就綜合財務報表內資產及負債的賬面值與計算應課稅溢利所用的相應稅基之間的暫時差額而確認。遞延稅項負債一般就所有應課稅暫時差額確認。遞延稅項資產一般在可能會有應課稅溢利以供扣減可扣稅暫時差額時確認所有可供扣減暫時差額。倘在某項交易中，商譽或首次確認(業務合併除外)其他資產及負債所產生的暫時差額不會影響應課稅溢利或會計溢利，有關資產及負債則不予確認。此外，倘初始確認商譽產生暫時差額，則不予確認遞延稅項負債。

由子公司及聯營公司投資以及合營企業權益相關的應課稅暫時差額會確認遞延稅項負債，惟倘本集團能夠控制暫時差額的撥回及暫時差額很大機會於可見將來不會撥回則除外。與該等投資有關的可扣稅暫時差額所產生的遞延稅項資產只有在有足夠應課稅溢利可供動用暫時差額的利益並預期於可見將來撥回的情況下方始確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**3.11 Taxation (Continued)**

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3. 重大會計政策(續)**3.11 稅項(續)**

遞延稅項資產的賬面值於報告期末審閱，倘不再可能有足夠應課稅溢利以收回全部或部分資產，則削減遞延稅項資產的賬面值。

遞延稅項資產及負債乃按預期適用於清償負債或變現資產期間的稅率(以報告期末已執行或實際已執行的稅率(及稅法)為基準)計量。

遞延稅項負債及資產計量反映本集團預期於報告期末收回或清償其資產及負債賬面值的方式所產生的稅務結果。

為計量按公允價值模型計量的投資物業的遞延稅項負債或遞延稅項資產，除非假設被推翻，否則有關物業的賬面值乃假設為可通過出售全數收回。當投資物業可予折舊，並於旨在隨著時間的推移而非通過出售消耗絕大部分包括在投資物業內的經濟利益的業務模式內持有時，有關假設會被推翻。

當有可強制執行權利將即期稅項資產與即期稅項負債抵銷，並涉及與同一稅務機關徵收的所得稅有關且本集團擬按淨額基準結算其即期稅項資產及負債時，則遞延稅項資產及負債可互相對銷。

即期及遞延稅項會在損益中確認，除非其與於其他全面收入確認或直接於權益確認的項目有關(在該情況下，即期及遞延稅項亦分別於其他全面收入或直接於權益確認)。倘即期稅項或遞延稅項源自業務合併的首次入賬，有關稅務影響則計入業務合併入賬。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.12 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

3.13 Leases

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

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset. Other than investment properties measured under fair value model, such costs are recognised as an expense on a straight-line basis over the lease term.

Rental income which is derived from the Group's ordinary course of business is presented as revenue.

The Group as lessee

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

3. 重大會計政策(續)

3.12 政府補助

只有在合理確定本集團將會遵守其附帶條件時及將可收取補助時，方會確認政府補助。

政府補助在本集團將補貼擬補償的相關成本確認為開支期間按有系統的基準於損益確認。

就已經產生的開支或虧損收取作為補償的政府補助，或為向本集團提供即時財務支持而收取的政府補助，而無未來相關成本者，乃於可收取時在當期損益內確認。

3.13 租賃

當租賃條款將絕大部分有關擁有權的風險及回報轉移至承租人，租賃則歸類為融資租賃。所有其他租賃均歸類為經營租賃。

本集團作為出租人

經營租賃的租金收入按相關租賃年期以直線法於損益確認。磋商及安排經營租賃所產生的初始直接成本會加入租賃資產的賬面值。除以公允價值模型計量之投資物業外，該等成本按租賃年期以直線法確認為開支。

來自本集團日常業務過程中的租金收入呈列為收益。

本集團作為承租人

經營租賃付款按相關租賃年期以直線法確認為開支。作為訂立經營租賃的優惠而已收取及應收取的利益，乃按租賃年期以直線法確認為租金開支扣減。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

**3. SIGNIFICANT ACCOUNTING POLICIES
(Continued)****3.14 Employee benefits***Retirement benefit costs and termination benefits*

The Group participates in state-managed retirement benefit schemes, which are defined contribution schemes, pursuant to which the Group pays a fixed percentage of its qualifying staff's wages as contributions to the plans. Payments to such retirement benefit schemes are charged as an expense when employees have rendered service entitling them to the contributions.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

3. 重大會計政策(續)**3.14 僱員福利***退休福利成本及離職福利*

本集團參加由國家管理的退休福利計劃，該等計劃為界定供款計劃，據此，本集團按合資格員工的工資的固定百分比向該等計劃供款。向該等退休福利計劃支付的款項在僱員已提供享有該等供款的服務時作為開支扣除。

離職福利負債在實體不再可撤回離職福利要約及實體確認任何相關重組成本時(以較早者為準)確認。

短期僱員福利

短期僱員福利乃於僱員提供服務時預期支付的福利的未折現金額確認。所有短期僱員福利乃確認為開支，除非另一國際財務報告準則規定或准許在資產成本當中予以加入

僱員就工資及薪金、年假及病假累計方面的福利會在扣除任何已支付的金額後確認負債。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.14 Employee benefits (Continued)

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options reserve.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will continue to be held in share options reserve.

3. 重大會計政策(續)

3.14 僱員福利(續)

授予僱員之購股權

向僱員及提供類似服務的其他人士作出的股權結算以股份為基礎之付款乃於授出日期按股權工具的公允價值計量。

不考慮所有非市場歸屬條件，於授出日期釐定的股權結算以股份為基礎之付款的公允價值乃於歸屬期間，基於本集團對將會最終歸屬的股權工具的估計，按直線法支銷，權益(購股權儲備)則相應增加。於各報告期末，本集團根據對所有非市場歸屬條件的評估，對估計預期將歸屬的股權工具數目作出修訂。修訂原有估計的影響(如有)於損益內確認，令累計開支反映經修訂估計，並對購股權儲備作出相應調整。

購股權獲行使時，先前於購股權儲備中確認的數額將轉撥至股份溢價。當購股權於歸屬日期後失效或於屆滿日仍未獲行使，先前在購股權儲備中確認的金額將繼續於購股權儲備持有。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

**3. SIGNIFICANT ACCOUNTING POLICIES
(Continued)****3.15 Property, plant and equipment**

Property, plant and equipment, including land and buildings held for use in the production or supply of goods or services, or for administrative purposes other than construction in progress, are stated in the consolidated statement of financial position at cost less accumulated depreciation and accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

If an item of property, plant and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item (including the relevant prepaid lease payments) at the date of transfer is recognised in other comprehensive income and accumulated in property revaluation reserve. On the subsequent sale or retirement of the asset, the relevant revaluation reserve will be transferred directly to retained profits.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

3. 重大會計政策(續)**3.15 物業、廠房及設備**

物業、廠房及設備包括持作生產或供應貨品或服務用途，或作行政用途的土地及樓宇(在建工程除外)，乃按成本減累計折舊及累計減值虧損(如有)在綜合財務狀況表列賬。

建設中以供生產、供應或行政用途的物業按成本減任何已確認的減值虧損列賬。成本包括專業費用及(就合資格資產而言)根據本集團會計政策資本化的借貸成本。該等物業於竣工及可作擬定用途時歸類至物業、廠房及設備的適當類別。該等資產在可作擬定用途時，開始按其他物業資產的相同基準計提折舊。

倘物業、廠房及設備項目因業主自用結束證明用途改變而成為投資物業，於轉撥日期該項目(包括相關預付租賃付款)的賬面值及公允價值之間的任何差額於其他全面收入確認以及於物業重估儲備累計。資產於其後出售或棄用時，相關重估儲備將直接轉撥至保留溢利。

折舊按撇銷物業、廠房及設備(在建工程除外)項目成本減估計可使用年期的剩餘價值，以直線法確認。估計可使用年期、剩餘價值及折舊方法會於各報告期末審閱，而任何估計變動的影響則按未來基準入賬。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**3.15 Property, plant and equipment (Continued)**

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.16 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including and properties under construction for such purposes).

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are classified and accounted for as investment properties and are measured using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year in which the item is derecognised.

3. 重大會計政策(續)**3.15 物業、廠房及設備(續)**

物業、廠房及設備項目於出售或預期不會因繼續使用該資產產生日後經濟利益時取消確認。因出售或淘汰物業、廠房及設備項目所產生的任何收益或虧損按銷售所得款項與該資產的賬面值之間的差額釐定，並在損益中確認。

3.16 投資物業

投資物業為持有目的在於賺取租金收入及／或資本增值的物業(包括就此等目的之在建物業)。

投資物業初始按成本(包括任何直接應佔支出)計量。首次確認後，投資物業按其公允價值計量。本集團所有以經營租約持有以賺取租金或達致資本增值的物業權益分類及入賬為物業投資，且以公允價值模式計量。投資物業公允價值變動所產生的收益或虧損會在產生期間計入損益。

在建投資物業招致的建造成本會資本化為在建投資物業賬面值的一部分。

投資物業於永久不再使用或預期不會因其出售產生日後經濟利益時取消確認。因取消確認資產所產生的任何收益或虧損(按資產的出售所得款項淨額與賬面值之間的差額計算)在項目取消確認的年度內計入損益。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**3.17 Intangible assets**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with effect of any changes in estimate being accounted for a prospective basis.

An intangible asset is derecognised on disposals, or when no future economic benefits are expected from use. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the assets, are recognised in profit or loss when the asset is derecognised.

3.18 Impairment of tangible, intangible assets and contract costs other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its tangible, intangible assets with finite useful lives and contract costs to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the assets may be impaired.

The recoverable amount of tangible and intangible assets are estimated individually, when it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

3. 重大會計政策(續)**3.17 無形資產**

分開收購且具有有限可使用年期的無形資產按成本減累計攤銷及累計減值虧損列賬。攤銷乃按其估計可使用年期以直線法確認。估計可使用年期及攤銷方法於各報告期末審閱，而任何估計變動的影響則按未來基準入賬。

無形資產於出售或預期不會因使用該資產產生日後經濟利益時取消確認。因取消確認無形資產所產生的收益或虧損按資產的出售所得款項淨額與賬面值之間的差額計量，並在資產取消確認時於損益中確認。

3.18 有形及無形資產以及合同成本(商譽除外)減值

於報告期末，本集團審閱其具有有限可使用年期的有形資產、無形資產及合同成本的賬面值，以釐定該等資產是否有任何減值虧損跡象。如有任何有關跡象，則估計資產的可收回金額，以釐定減值虧損(如有)的程度。尚未可供使用的無形資產至少每年及在有跡象顯示資產可能出現減值時進行減值測試。

有形資產及無形資產的可收回金額乃單獨評估，如不可能估計個別資產的可收回金額，本集團估計該資產所屬現金產生單位的可收回金額。如可識別合理及一致的分配基準，企業資產亦分配至個別現金產生單位，或將其分配至可識別合理及一致的分配基準的最小現金產生單位組別。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.18 Impairment of tangible, intangible assets and contract costs other than goodwill (Continued)

Before the Group recognises an impairment loss for assets capitalised as contract costs under IFRS 15, the Group assesses and recognises any impairment loss on other assets related to the relevant contracts in accordance with applicable standards. Then, impairment loss, if any, for assets capitalised as contract costs is recognised to the extent the carrying amounts exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services that have not been recognised as expenses. The assets capitalised as contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

3. 重大會計政策(續)

3.18 有形及無形資產以及合同成本(商譽除外)減值(續)

根據國際財務報告準則第15號，本集團在將資本化資產減值虧損確認為合同成本前，按適用準則評估及確認任何與相關合約有關的其他資產減值虧損。其後，倘賬面值超過本集團預期就交換相關貨品或服務收取的代價減直接與提供貨品或服務相關而並無確認為開支的成本，則就資本化資產的減值虧損(如有)確認為合同成本。作為合同成本的資本化資產其後計入其所屬的現金產生單位的賬面值，以評估有關現金產生單位減值。

可收回金額為公允價值減出售成本與使用價值兩者的較高者。在評估使用價值時，估計未來現金流量將使用可反映當時市場對貨幣時間價值及資產(其未來現金流量估計乃未經調整)特定風險的評估的稅前貼現率貼現至其現值。

倘估計資產(或現金產生單位)的可收回金額低於其賬面值，則將該資產(或現金產生單位)賬面值撇減至其可收回金額。於分配減值虧損時，則減值虧損將首先分配以調低任何商譽之賬面值(如適用)，其後根據該單位內各資產之賬面值按比例分配至其他資產。資產的賬面值不會扣減至低於其公允價值減出售成本(倘可計量)、其使用價值(倘可釐定)及零中的最高者。將另行分配至資產的減值虧損金額按比例分配至該單位的其他資產。減值虧損即時於損益確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**3.18 Impairment of tangible, intangible assets and contract costs other than goodwill (Continued)**

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3.19 Properties under development

Properties under development, representing leasehold land and buildings located in the PRC under development for future sale in the ordinary course of business, are stated at the lower of cost and net realisable value. Cost comprises the costs of land use rights, construction costs, borrowing costs capitalised and other direct development expenditure. Net realisable value represents the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. Properties under development are transferred to completed properties for sale upon completion of development.

3.20 Completed properties for sale

Completed properties for sale are stated at the lower of cost and net realisable value. Cost comprises the costs of land use rights, construction costs, borrowing costs capitalised and other direct development expenditure. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

The Group transfers a property from completed properties for sale to investment property when there is a change in use to hold the property to earn rentals or/and for capital appreciation rather than for sale in the ordinary course of business, which is evidenced by the commencement of an operating lease to another party. Any difference between the fair value of the property at the date of transfer and its previous carrying amount is recognised in profit or loss.

3. 重大會計政策(續)**3.18 有形及無形資產以及合同成本(商譽除外)減值(續)**

倘於其後撥回減值虧損，則將該資產的賬面值調增至經修訂的估計可收回金額，惟增加後的賬面值不得超過該資產於過往年度未曾確認減值虧損而應有的賬面值。減值虧損的撥回即時於損益確認。

3.19 發展中物業

發展中物業指位於中國發展中的租賃土地及樓宇，以供日後在日常業務過程中出售，乃按成本及可變現淨值兩者的較低者列賬。成本包括土地使用權成本、建造成本、資本化借貸成本及其他直接發展開支。可變現淨值指日常業務過程中的估計售價減去估計竣工成本及出售所需的估計成本。發展中物業會在發展完成後轉撥至已建成待售物業。

3.20 已建成待售物業

已建成待售物業按成本或可變現淨值兩者的較低者列賬。成本包括土地使用權成本、建造成本、資本化借貸成本及其他直接發展開支。可變現淨值指日常業務過程中的估計售價減去出售所需的估計成本。

倘改變用途，將已建成待售物業由在日常業務過程中出售改為持有物業以賺取租金收入或／及資本增值(證據為出租予另一方的經營租賃開始)，本集團則將已建成待售物業項目轉撥至投資物業。物業於轉撥當日的公允價值與其先前的賬面值之間的差額會在損益中確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**3.21 Provisions**

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

3.22 Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 since 1 January 2018. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3. 重大會計政策(續)**3.21 撥備**

當本集團因過往事件而有現時責任，且本集團有可能日後須履行該責任，而且該項責任的金額可以可靠地計量，則會確認撥備。

確認為撥備之金額乃根據於報告期末要履行該項現時責任所須代價的最佳估計，當中考慮圍繞責任的風險及不確定性。倘採用估計用以履行責任所需現金流量來對撥備進行計量，則其賬面值乃該等現金流量的現值(倘金錢的時間值的影響為重大)。

繁重合約項下所產生現時責任乃確認及計量為撥備。當本集團為達致其所擁有合約項下責任而不可避免地產生的費用超出預期自該合約收取的經濟利益時，則被視為存在繁重合約。

3.22 金融工具

當集團實體成為工具合約條文之訂約方，則確認金融資產及金融負債。所有以常規方式買賣的金融資產於交易日確認及取消確認。以常規方式買賣指須根據市場規則或慣例訂立之時間內交收資產之金融資產買賣。

金融資產及金融負債初始按公允價值計量，惟與客戶合約產生的應收賬款除外，其自二零一八年一月一日起初始根據國際財務報告準則第15號計量。收購或發行金融資產及金融負債(按公允價值列賬於損益的金融資產或金融負債除外)直接應佔的交易成本均於初始確認時加入至或扣除自金融資產或金融負債的公允價值(如適用)。收購按公允價值列賬於損益的金融資產或金融負債直接應佔的交易成本即時於損益確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.22 Financial instruments (Continued)

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets (upon application of IFRS 9 in accordance with transitions in note 2)

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. 重大會計政策(續)

3.22 金融工具(續)

實際利率法為計算金融資產或金融負債攤銷成本及於相關期間分配利息收入及利息費用的方法。實際利率法為於初始確認時將金融資產或金融負債預期年內或(倘適當)較短期間的估計未來現金收入及付款(包括組成實際利率一部分的所有已付或已收費用及點數、交易成本及其他溢價或折讓)準確折現至賬面淨值的利率。

金融資產

金融資產的分類及其後計量(根據附註2過渡應用國際財務報告準則第9號後)

符合下列條件的金融資產其後按攤銷成本計量：

- 以收取合同現金流量為目的而持有金融資產之經營模式下持有之金融資產；及
- 金融資產之合同條款於指定日期產生之現金流量純粹為支付本金及未償還本金之利息。

符合下列條件的金融資產其後以按公允價值列賬於其他全面收入計量：

- 同時以收取合同現金流量及出售為目的之經營模式下持有之金融資產；及
- 合同條款於指定日期產生之現金流量純粹為支付本金及未償還本金之利息。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.22 Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (upon application of IFRS 9 in accordance with transitions in note 2) (Continued)

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in OCI if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 Business Combinations applies.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

3. 重大會計政策(續)

3.22 金融工具(續)

金融資產(續)

金融資產的分類及其後計量(根據附註2過渡應用國際財務報告準則第9號後)(續)

所有其他金融資產其後按公允價值列賬於損益計量。惟於首次應用／初始確認金融資產當日，倘該股權投資並非持作買賣，亦非由於收購方在國際財務報告準則第3號業務合併所適用的業務合併中確認的或然代價，本集團可不可撤銷地選擇於其他全面收入呈列股權投資公允價值之其後變動。

倘符合下列條件，金融資產分類為持作買賣：

- 其獲收購乃主要為於短期內出售；或
- 於初始確認時，其為本集團共同管理之可識別金融工具組合的一部分，並具有短期套利的近期實際模式；或
- 為未被指定及有效作為對沖工具之衍生工具。

此外，倘如此可消除或大幅減少會計錯配，則本集團可不可撤銷地將須按攤銷成本或按公允價值列賬於其他全面收入計量的金融資產指定為按公允價值列賬於損益計量。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.22 Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (upon application of IFRS 9 in accordance with transitions in note 2) (Continued)

- (i) Amortised cost and interest income
- Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

- (ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "Other income" line item in profit or loss.

3. 重大會計政策(續)

3.22 金融工具(續)

金融資產(續)

金融資產的分類及其後計量(根據附註2過渡應用國際財務報告準則第9號後)(續)

- (i) 攤銷成本及利息收入
- 利息收入就其後按攤銷成本計量的金融資產及其後按公允價值列賬於其他全面收入計量的債務工具／應收款項採用實際利率法確認。利息收入透過將實際利率用於金融資產賬面總值來計算，惟其後已變為信貸減值的金融資產(見下文)除外。就其後已變為信貸減值的金融資產而言，利息收入透過將實際利率用於自下個報告期起計的金融資產攤銷成本確認。倘信貸減值金融工具的信貸風險降低令金融資產不再出現信貸減值，則利息收入在釐定資產不再出現信貸減值後，透過將實際利率用於自報告期開始起計的金融資產賬面總值來確認。

- (ii) 指定為按公允價值列賬於其他全面收入的股權工具

按公允價值列賬於其他全面收入的股權工具投資隨後按公允價值計量，而公允價值變動產生的收益就虧損於其他全面收入中確認並累計至按公允價值列賬於其他全面收入的儲備，並毋須進行減值評估。於出售股權投資時，累計收益或虧損將不會重新分類至損益，並將轉撥至保留溢利。

當本集團確立收取股息的權利時，該等股權工具投資的股息於損益確認，除非股息明確指收回部分投資成本。股息計入於損益「其他收入」項目內。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.22 Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (upon application of IFRS 9 in accordance with transitions in note 2) (Continued)

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

Impairment of financial assets (upon application of IFRS 9 in accordance with transitions in note 2)

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under IFRS 9 (including trade receivables, other non-trade receivables, bank balance and cash), contract assets and financial guarantee contracts. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12m ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

3. 重大會計政策(續)

3.22 金融工具(續)

金融資產(續)

金融資產的分類及其後計量(根據附註2過渡應用國際財務報告準則第9號後)(續)

(iii) 按公允價值列賬於損益的金融資產

不符合按攤銷成本計量或按公允價值列賬於其他全面收入或指定為按公允價值列賬於其他全面收入標準的金融資產按公允價值列賬於損益計量。

按公允價值列賬於損益的金融資產按各報告期末的公允價值計量，任何公允價值收益或虧損於損益中確認。於損益確認的收益或虧損淨額不包括就金融資產賺取的任何股息或利息，並計入「其他收益及虧損」一欄。

金融資產減值(根據附註2過渡應用國際財務報告準則第9號後)

本集團就根據國際財務報告準則第9號須予減值的金融資產(包括應收賬款、其他非貿易應收賬款、銀行結餘及現金)、合同資產及財務擔保合約的預期信貸虧損確認虧損撥備。預期信貸虧損的金額於各報告日期更新，以反映信貸風險自初始確認以來的變動。

存續期預期信貸虧損指相關工具於其預計年期內所有可能違約事件產生的預期信貸虧損。相反，12個月預期信貸虧損指預計於報告日期後12個月內可能發生的違約事件產生的存續期預期信貸虧損部分。評估乃根據本集團過往信貸虧損經驗，並就債務人特定因素、整體經濟狀況以及對於報告日期之當時狀況及未來狀況預測的評估作調整。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.22 Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (upon application of IFRS 9 in accordance with transitions in note 2) (Continued)

The Group always recognises lifetime ECL for trade receivables and contract assets. The ECL on these assets are assessed collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

- (i) Significant increase in credit risk
- In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

3. 重大會計政策(續)

3.22 金融工具(續)

金融資產(續)

金融資產減值(根據附註2過渡應用國際財務報告準則第9號後)(續)

本集團一直就應收賬款及合同資產確認存續期預期信貸虧損。該等資產的預期信貸虧損採用具合適分組的撥備矩陣進行整體評估。

對於所有其他工具，本集團計量的虧損撥備等於12個月預期信貸虧損，除非自初始確認後信貸風險大幅增加，本集團確認存續期預期信貸虧損。應否確認存續期預期信貸虧損的評估乃基於自初始確認以來發生違約之可能性或風險的顯著增加。

- (i) 信貸風險大幅增加
- 於評估信貸風險自初始確認以來是否大幅增加時，本集團比較於報告日期就金融工具發生違約的風險與於初始確認日期就金融工具發生違約的風險。於作出此評估時，本集團考慮屬合理及可支持的定量及定質資料，包括過往經驗及在並無繁重成本或工作下可得的前瞻性資料。

尤其是，於評估信貸風險是否已大幅增加時已計入下列資料：

- 金融工具的外部(如有)或內部信貸評級的實際或預期嚴重轉差；
- 信貸風險的外部市場指標嚴重轉差(如債務人的信貸息差及信貸違約掉期價格大幅增加)；

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.22 Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (upon application of IFRS 9 in accordance with transitions in note 2) (Continued)

- (i) Significant increase in credit risk (Continued)
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
 - an actual or expected significant deterioration in the operating results of the debtor;
 - an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

3. 重大會計政策(續)

3.22 金融工具(續)

金融資產(續)

金融資產減值(根據附註2過渡應用國際財務報告準則第9號後)(續)

- (i) 信貸風險大幅增加(續)
- 預期導致債務人滿足其債務責任的能力大幅減少的業務、財務或經濟狀況的現有或預測不利變動；
 - 債務人的經營業績實際或預期嚴重轉差；
 - 債務人所在的監管、經濟或科技環境的實際或預期重大不利變動，導致債務人滿足其債務責任的能力大幅減少。

不論上述評估的結果，當合約付款已逾期超過30日，本集團會假定信貸風險自初始確認起大幅增加，除非本集團具有合理及可支持資料展示相反情況。

儘管存在上述情況，倘債務工具於報告日期展示為具有低信貸風險，本集團假設債務工具的信貸風險自初始確認起並無大幅增加。倘i)其違約風險偏低，ii)借方有強大能力於短期滿足其合約現金流量責任，及iii)較長期的經濟及業務狀況存在不利變動，惟將未必削弱借方達成其合約現金流量責任的能力，則債務工具的信貸風險會被釐定為偏低。當債務工具的內部或外部信貸評級為「投資級別」(按照全球理解的釋義)，則本集團會視該債務工具的信貸風險偏低。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.22 Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (upon application of IFRS 9 in accordance with transitions in note 2) (Continued)

- (i) Significant increase in credit risk (Continued)
- For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

- (ii) Definition of default
- For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3. 重大會計政策(續)

3.22 金融工具(續)

金融資產(續)

金融資產減值(根據附註2過渡應用國際財務報告準則第9號後)(續)

- (i) 信貸風險大幅增加(續)
- 就財務擔保合約而言，本集團成為不可撤銷承擔一方的日期被視為就金融工具減值評估進行初始確認之日期，故於估計信貸風險自財務擔保合約自初始確認起是否有顯著上升時，本集團考慮特定債務人違約風險的變動。

本集團定期監控用以識別信貸風險有否大幅增加的標準之有效性，且修訂標準(如適當)以確保標準能在金額逾期前識別信貸風險大幅增加。

- (ii) 違約定義
- 就內部信貸風險管理而言，本集團認為，違約事件在內部制訂或得自外界來源的資料顯示債務人不大可能悉數向債權人(包括本集團)還款(未計及本集團所持任何抵押品)時發生。

無論上述情形如何，本集團認為，當金融資產逾期超過90天，則發生違約，除非本集團有合理且具理據的資料證明更滯後的違約標準屬更合適。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.22 Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (upon application of IFRS 9 in accordance with transitions in note 2) (Continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

3. 重大會計政策(續)

3.22 金融工具(續)

金融資產(續)

金融資產減值(根據附註2過渡應用國際財務報告準則第9號後)(續)

(iii) 信貸減值金融資產

金融資產在一項或以上違約事件(對該金融資產估計未來現金流量構成不利影響)發生時出現信貸減值。金融資產出現信貸減值的證據包括有關下列事件的可觀察數據:

- (a) 發行人或借款人的重大財務困難;
- (b) 違反合約(如違約或逾期事件);
- (c) 借款人的貸款人因有關借款入財務困難的經濟或合約理由而向借款人授出貸款人不會另行考慮的優惠;或
- (d) 借款人將可能陷入破產或其他財務重組。

(iv) 撇銷政策

當有資料顯示對手方處於嚴重財務困難及無實際收回可能(例如,對手方已處於清盤狀態或已進行破產程序),則本集團撇銷金融資產。經考慮法律意見後(倘合適),被撇銷的金融資產可能仍須按本集團收回程序進行強制執行活動。撇銷構成取消確認事件。任何其後收回在損益中確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**3.22 Financial instruments (Continued)***Financial assets (Continued)*

Impairment of financial assets (upon application of IFRS 9 in accordance with transitions in note 2) (Continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the expected losses is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

For ECL on financial guarantee contracts for which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

3. 重大會計政策(續)**3.22 金融工具(續)***金融資產(續)*

金融資產減值(根據附註2過渡應用國際財務報告準則第9號後)(續)

(v) 預期信貸虧損的計量及確認

預期信貸虧損的計量為違約可能性、違約損失率(即出現違約時的損失幅度)及違約風險的敞口。違約可能性及違約損失率的評估乃按照歷史數據進行，並就前瞻性資料作出調整。預期信貸虧損的估計乃無偏概率加權平均金額，以發生違約的風險為權重確定。

一般而言，預期信貸虧損為本集團根據合約應收的所有合約現金流量與本集團預計收取的現金流量之間的差額，並按初始確認時釐定的實際利率貼現。

就財務擔保合約而言，由於根據擔保工具條款，本集團僅須於債務人違約時作出付款。因此，預期虧損金額為償還持有人所產生信貸虧損的預期款項的現值減本集團預期自持有人、債務人或任何其他方收取的任何金額。

對於無法確定實際利率的財務擔保合約的預期信貸虧損，本集團將採用折現率反映當前市場對貨幣時間價值的評估以及特定於現金流量的風險，但僅限於並且在某種程度上，通過調整折現率而不是調整折現的現金短缺來考慮風險。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.22 Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (upon application of IFRS 9 in accordance with transitions in note 2) (Continued)

(v) Measurement and recognition of ECL (Continued)

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables, finance lease receivables and amounts due from customers are each assessed as a separate group. Loans to related parties are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

For financial guarantee contracts, the loss allowances are recognised at the higher of the amount of the loss allowance determined in accordance with IFRS 9; and the amount initially recognised less, where appropriate, cumulative amount of income recognised over the guarantee period.

3. 重大會計政策(續)

3.22 金融工具(續)

金融資產(續)

金融資產減值(根據附註2過渡應用國際財務報告準則第9號後)(續)

(v) 預期信貸虧損的計量及確認(續)

倘預期信貸虧損按集體基準計量或迎合個別工具水平證據未必存在的情況，則金融工具按以下基準分組：

- 金融工具性質(即本集團的應收賬款及其他應收款項、融資租賃應收款項及應收客戶款項作為單獨組別各自評估。應付關聯方的貸款按個別基準就預期信貸虧損進行評估)；
- 逾期狀況；
- 債務人的性質、規模及行業；及
- 外部信貸評級(如可得)。

分組工作經管理層定期檢討，以確保各組別成份繼續具備類似信貸風險特徵。

利息收入按金融資產的賬面總值計算，除非金融資產出現信貸減值則除外，而在該情況下，利息收入乃按金融資產的攤銷成本計算。

就財務擔保合約，虧損撥備按根據國際財務報告準則第9號釐定的虧損撥備；及初始確認的金額減(如適用)擔保期內已確認收入累計金額的較高者確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.22 Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (upon application of IFRS 9 in accordance with transitions in note 2) (Continued)

(v) Measurement and recognition of ECL (Continued)

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and other non-trade receivables where the corresponding adjustment is recognised through a loss allowance account.

Classification and subsequent measurement of financial assets (before application of IFRS 9 on 1 January 2018)

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss ("FVTPL"), held-to-maturity investments, Available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

3. 重大會計政策(續)

3.22 金融工具(續)

金融資產(續)

金融資產減值(根據附註2過渡應用國際財務報告準則第9號後)(續)

(v) 預期信貸虧損的計量及確認(續)

本集團通過調整所有金融工具的賬面值於損益確認彼等的減值收益或虧損，惟應收賬款及其他非貿易應收賬款除外，此種情況下透過虧損撥備賬確認相應調整。

金融資產的分類及其後計量(於二零一八年一月一日應用國際財務報告準則第9號前)

金融資產分為下列具體類別：按公允價值列賬於損益(「按公允價值列賬於損益」)之金融資產、持至到期投資、可供出售金融資產、貸款及應收款項。分類視乎金融資產的性質及目的而定，並於初始確認時釐定。金融資產之所有以常規方式買賣按買賣日期為基準予以確認或取消確認。以常規方式買賣指須根據市場規則或慣例訂立之時間框架內交收資產之金融資產買賣。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.22 Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets
(before application of IFRS 9 on 1 January 2018) (Continued)

(i) Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is (i) held for trading or (ii) it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading (or contingent consideration that may be received by an acquirer as part of a business combination) may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

3. 重大會計政策(續)

3.22 金融工具(續)

金融資產(續)

金融資產的分類及其後計量(於二零一八年一月一日應用國際財務報告準則第9號前)(續)

(i) 按公允價值列賬於損益的金融資產

倘金融資產(i)持作買賣或(ii)指定為按公允價值列賬於損益，則分類為按公允價值列賬於損益。

倘符合下列條件，金融資產分類為持作買賣：

- 其獲收購乃主要為於短期內出售；或
- 於初始確認時，其為本集團共同管理之可識別金融工具組合的一部分，並具有短期套利的近期實際模式；或
- 為未被指定及有效作為對沖工具之衍生工具。

持作買賣的金融資產除外的金融資產(或可能由收購方收取以作為業務合併的一部分的或然代價)可在下列情況下於初步確認時指定為按公允價值列賬於損益：

- 該指定消除或大幅減少可能會出現的計量或確認方面的一致性；或
- 該金融資產構成一組金融資產或金融負債或金融資產及金融負債組合之一部分，而根據本集團制定的風險管理或投資策略，該項資產乃以公允價值為基礎進行管理及評估表現，且有關分組之資料乃按此基準向內部提供；或
- 其構成包含一項或多項嵌入衍生工具的合約之一部分，而國際會計準則第39號允許將整個組合合約(資產或負債)指定為按公允價值列賬於損益。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.22 Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets
(before application of IFRS 9 on 1 January 2018) (Continued)

(i) Financial assets at FVTPL (Continued)

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in the "other gains and losses" line item. Fair value is determined in the manner described in note 43.

(ii) AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

Equity and debt securities held by the Group that are classified as available-for-sale are measured at fair value at the end of each reporting period except for unquoted equity investments whose fair value cannot be reliably measured. Changes in the carrying amount of AFS debt instruments relating to interest income calculated using the effective interest method are recognised in profit or loss. Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established. Other changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss is reclassified to profit or loss.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period.

3. 重大會計政策(續)

3.22 金融工具(續)

金融資產(續)

金融資產的分類及其後計量(於二零一八年一月一日應用國際財務報告準則第9號前)(續)

(i) 按公允價值列賬於損益的金融資產(續)

按公允價值列賬於損益的金融資產按公允價值列賬，而重新計量產生之任何收益或虧損於損益中確認。於損益確認的收益或虧損淨額不包括就金融資產賺取的任何股息或利息，並計入「其他收益及虧損」一欄。公允價值乃按附註43所述方式釐定。

(ii) 可供出售金融資產

可供出售金融資產為指定為可供出售或不分類為按公允價值列賬於損益之金融資產、貸款及應收款項或持有至到期投資之非衍生工具。

除公允價值無法可靠計量的無報價股權投資外，本集團所持分類為可供出售金融資產的股本及債務證券乃於各報告期末按公允價值計量。與按實際利率法計量的利息收入有關的可供出售債務工具賬面值變動乃於損益確認。可供出售權益工具的股息於本集團收取有關股息的權利確立時在損益確認。可供出售金融資產賬面值的其他變動於其他全面收入確認及累計。當有關投資被出售或釐定為已出現減值時，累計收益或虧損重新分類至損益。

可供出售股權投資如於活躍市場中並無報價，且其公允價值無法可靠計算，則於各報告期末按成本減任何已識別減值虧損計量。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.22 Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets
(before application of IFRS 9 on 1 January 2018) (Continued)

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, restricted bank deposits and bank balance and cash) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets (before application of IFRS 9 on 1 January 2018)

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For AFS equity investment, a significant or prolonged decline in the fair value of that investment below cost is considered to be objective evidence of impairment.

3. 重大會計政策(續)

3.22 金融工具(續)

金融資產(續)

金融資產的分類及其後計量(於二零一八年一月一日應用國際財務報告準則第9號前)(續)

(iii) 貸款及應收款項

貸款及應收款項指並非於活躍市場報價而具有固定或可確定付款的非衍生金融資產。於首次確認後，貸款及應收款項(包括應收賬款及其他應收款項、受限制銀行存款以及銀行結餘及現金)以實際利率法按攤銷成本減減值計量。

除利息確認並不重大的短期應收款外，利息收入乃應用實際利率確認。

金融資產減值(於二零一八年一月一日應用國際財務報告準則第9號前)

金融資產(除按公允價值列賬於損益外)於報告期末評估有否出現虧損跡象。倘有客觀證據證明因首次確認金融資產後發生的一項或多項事件令金融資產的估計未來現金流量受到影響，則金融資產被視為已減值。

就可供出售股本投資而言，該投資的公允價值顯著或持續下降至低於其成本值，將被視為減值的客觀證據。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.22 Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (before application of IFRS 9 on 1 January 2018) (Continued)

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade and other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

3. 重大會計政策(續)

3.22 金融工具(續)

金融資產(續)

金融資產減值(於二零一八年一月一日應用國際財務報告準則第9號前)(續)

就所有其他金融資產而言，減值的客觀證據可包括：

- 發行人或對手方遭遇重大財務困難；或
- 違約，如拖欠或無法如期償還利息或本金；或
- 借款人可能會宣告破產或進行其他財務重組。

就評估為不作個別減值的若干類別金融資產(例如應收賬款及其他應收款項)而言，會另行按集體基準評估減值。應收款項組合減值的客觀證據可包括本集團的過往收款經驗、組合內遞延付款數目增加、有關拖欠應收款項的國家或地方經濟狀況的可觀察變動。

就按攤銷成本列賬的金融資產而言，所確認的減值虧損金額為該資產賬面值與按該金融資產原實際利率貼現的估計未來現金流量現值兩者之間的差額。

就按成本列賬的金融資產而言，減值虧損金額按資產賬面值與按類似金融資產當前市場回報率貼現的估計未來現金流量現值兩者之間的差額計量。有關減值虧損將不會於其後期間撥回。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.22 Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (before application of IFRS 9 on 1 January 2018) (Continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade or other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an AFS asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income. In respect of available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

3. 重大會計政策(續)

3.22 金融工具(續)

金融資產(續)

金融資產減值(於二零一八年一月一日應用國際財務報告準則第9號前)(續)

就所有金融資產而言，金融資產賬面值直接按減值虧損扣減，惟應收賬款及其他應收款項例外，其賬面值乃透過使用撥備賬目扣減。撥備賬的賬面值變動於損益內確認。倘應收賬款或其他應收款項被視為無法收回，則從撥備賬撇銷。其後收回過往撇銷的款項乃計入損益。

倘可供出售金融資產被視為出現減值，先前於其他全面收入確認的累計收益或虧損會在期內重新分類至損益。

就按攤銷成本計量的金融資產而言，倘於其後期間減值虧損金額減少，而該減少可客觀地與確認減值虧損後發生的事件相關連，則先前確認的減值虧損透過損益撥回，惟該資產於撥回減值日期的賬面值不得超過在並無確認減值情況下應有的攤銷成本。

就可供出售股本投資而言，先前於損益確認的減值虧損不會透過損益撥回。減值虧損後的任何公允價值增幅會在其他全面收入確認。就可供出售債務投資而言，倘投資公允價值增加可客觀地與確認減值虧損後發生的事件相關連，則透過損益撥回減值虧損。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

**3. SIGNIFICANT ACCOUNTING POLICIES
(Continued)****3.22 Financial instruments (Continued)***Financial assets (Continued)**Derecognition of financial assets*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI upon application of IFRS 9, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained profits.

On derecognition of an AFS financial asset, the cumulative gain or loss previously accumulated in the AFS revaluation reserve is reclassified to profit or loss.

3. 重大會計政策(續)**3.22 金融工具(續)***金融資產(續)**取消確認金融資產*

僅在獲取資產所產生現金流量的合約權利到期，或將金融資產及該資產所有權的絕大部分風險及回報轉讓予另一實體的情況下，本集團方會取消確認金融資產。倘若本集團並無轉讓或保留所有權的絕大部分風險及回報，並繼續控制所轉讓資產，則本集團會確認於資產中的保留權益及按可能須支付的金額確認相關負債。倘本集團保留所轉讓金融資產所有權的絕大部分風險及回報，則本集團將繼續確認金融資產，並就已收款項確認有抵押借款。

一旦取消確認金融資產，則該項資產的賬面值與已收及應收代價總額之間的差額會於損益確認。

於取消確認本集團已根據應用國際財務報告準則第9號選擇於初始確認時按公允價值列賬於其他全面收入計量的股權工具投資，先前於投資重估儲備累計的累計收益或虧損並無重新分類至損益，而獲轉撥至保留溢利。

於取消確認可供出售金融資產時，先前於可供出售重估儲備累計的累計收益或虧損重新分類至損益。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.22 Financial instruments (Continued)

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at amortised cost

Financial liabilities including interest-bearing loan, trade and other payables and bonds are subsequently measured at amortised cost, using the effective interest method.

3. 重大會計政策(續)

3.22 金融工具(續)

金融負債及股本

分類為債務或股本

集團實體發行的債務及股權工具乃根據所訂立合約安排的性質與金融負債及股權工具的定義分類為金融負債或股本。

股權工具

股權工具是能證明在扣除本集團所有負債後在本集團的資產中擁有剩餘權益的任何合約。本集團發行的股權工具乃按已收所得款項扣除直接發行成本確認。

購回本公司自有股權工具乃直接於權益確認及扣減。概不就買賣、發行或註銷本公司自有股權工具而於損益確認收益或虧損。

金融負債

所有金融負債隨後採用實際利率法按攤銷成本或按公允價值列賬於損益計量。

按攤銷成本計量的金融負債

金融負債包括計息貸款、應付賬款及其他應付款項以及債券，其後以實際利率法按攤銷成本計量。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.22 Financial instruments (Continued)

Financial liabilities and equity (Continued)

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9 (since 1 January 2018)/IAS 37 Provisions, Contingent Liabilities and Contingent Assets (before application of IFRS 9 on 1 January 2018); and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Derecognition/non-substantial modification of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. 重大會計政策(續)

3.22 金融工具(續)

金融負債及股本(續)

財務擔保合約

財務擔保合約乃要求發行人就持有人因特定債務人未能根據債務工具的條款於到期時付款而蒙受的損失，而向持有人支付特定款項的合約。財務擔保合約負債初步按其公允價值計量，其後乃按以下兩者中的較高者計量：

- 根據國際財務報告準則第9號(自二零一八年一月一日起)／國際會計準則第37號撥備、或然負債及或然資產(於二零一八年一月一日應用國際財務報告準則第9號前)釐定的虧損撥備金額；及
- 初步確認金額減(如適用)於擔保期間確認的累計攤銷。

金融負債的取消確認／非重大修訂

當且僅當本集團的責任獲解除、取消或屆滿時，本集團方會取消確認金融負債。所取消確認的金融負債賬面值與已付及應付代價的差額於損益中確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.22 Financial instruments (Continued)

Financial liabilities and equity (Continued)

Derecognition/non-substantial modification of financial liabilities (Continued)

The Group accounts for an exchange with a lender of a financial liability with substantially different terms as an extinguishment of the original financial liability and the recognition of a new financial liability. A substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the Group) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, such exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent.

Non-substantial modifications of financial liabilities (under IFRS 9 since 1 January 2018)

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

3. 重大會計政策(續)

3.22 金融工具(續)

金融負債及股本(續)

金融負債的取消確認／非重大修訂(續)

本集團與借貸方交換條件有重大差異的金融負債將入賬列作取消原金融負債及確認新金融負債。對現有金融負債或其部分條款的重大修訂(無論是否歸因於本集團的財政困難)均入賬列為取消原金融負債及確認新金融負債。本集團認為，倘根據新條款現金流量經貼現現值(包括任何已付費用減已收並使用原實際利率貼現的任何費用)與原金融負債剩餘現金流量經貼現現值的差額為至少10%以上，則有關條款存在重大差異。因此，債務工具的有關交換或條款修訂均入賬列作取消，由此產生的任何成本或費用於取消時確認為收益或虧損的一部分。倘有關差額少於10%，則交換或修訂被視為非重大修訂。

金融負債的非重大修訂(自二零一八年一月一日起根據國際財務報告準則第9號)

就並無導致取消確認的金融負債非重大修訂而言，相關金融負債的賬面值將按經修訂合約現金流量的現金的現值計算，並按金融負債的原實際利率貼現。由此產生的交易成本或費用乃按經修訂金融負債的賬面值調整，並於剩餘年期予以攤銷。金融負債賬面值的任何調整於修訂日期於損益中確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**3.22 Financial instruments (Continued)***Financial liabilities and equity (Continued)*

Non-substantial modifications of financial liabilities (before application of IFRS 9 on 1 January 2018) (Continued)

For non-substantial modifications of financial liabilities that do not result in derecognition, at the point of modification, the carrying amount of the relevant financial liabilities is revised for directly attributable transaction costs and any consideration paid to or received from the counterparty. The effective interest rate is then adjusted to amortise the difference between the revised carrying amount and the expected cash flows over the life of the modified instrument.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss.

Generally, multiple embedded derivatives in a single instrument that are separated from the host contracts are treated as a single compound embedded derivative unless those derivatives relate to different risk exposures and are readily separable and independent of each other.

Embedded derivatives (under IFRS 9 since 1 January 2018)

Derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of IFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured in its entirety as either amortised cost or fair value as appropriate.

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

3. 重大會計政策(續)**3.22 金融工具(續)***金融負債及股本(續)*

金融負債的非重大修訂(於二零一八年一月一日應用國際財務報告準則第9號前)(續)

就並無導致取消確認的金融負債非重大修訂而言，於修訂時，相關金融負債的賬面值就直接應佔交易成本及任何已付或已收對手方代價予以修訂。其後調整實際利率以攤銷經修訂工具賬面值與於年期內的預期現金流量之間的差額。

衍生金融工具

衍生工具初始按照訂立衍生工具合同之日的公允價值確認，隨後在報告期末重新計量公允價值。產生的收益或虧損於損益中確認。

一般而言，單一工具中獨立於主合約的多個嵌入衍生工具被視為單一複合嵌入衍生工具，除非該等衍生工具面臨不同風險及未能隨時分開，且彼等各自獨立。

嵌入衍生工具(自二零一八年一月一日起根據國際財務報告準則第9號)

嵌入於包含屬於國際財務報告準則第9號範圍的金融資產的複合合約中的衍生工具不應分拆。整個複合合約應整體按攤餘成本或按公允價值分類和其後計量。

當其滿足衍生工具的定義惟風險及特徵與主合約的風險和特徵並無緊密相關，且主合約並非按公允價值列賬於損益計量時，嵌入於包含不屬於國際財務報告準則第9號範圍的金融資產的複合合約中的衍生工具應作為單獨的衍生工具。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.22 Financial instruments (Continued)

Derivative financial instruments (Continued)

Embedded derivatives (before application of IFRS 9 on 1 January 2018)

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The following critical accounting judgement and key sources of estimation uncertainty are used in the preparation of the consolidated financial statements.

Critical judgements in applying accounting policies

Deferred taxation on investment properties

The Group recognises deferred tax in respect of the changes in fair value of the investment properties based on directors' best estimate assuming future tax consequences through usage of such properties for rental purpose, rather than through sale. The final tax outcome could be different from the deferred tax liabilities recognised in the consolidated financial statements should the investment properties are subsequently disposed by the Group, rather than consumed substantially all of the economic benefits embodied in the investment properties by leasing over time. In the event the investment properties are being disposed, the Group may be liable to higher tax upon disposal considering the impact of land appreciation tax.

3. 重大會計政策(續)

3.22 金融工具(續)

衍生金融工具(續)

嵌入衍生工具(於二零一八年一月一日應用國際財務報告準則第9號前)

倘嵌入非衍生主合約的衍生工具符合衍生工具的定義，其風險及特徵與主合約風險及特徵並無緊密密切關係，且主合約並非按公允價值列賬於損益計量時，嵌入衍生工具視為獨立衍生工具。

抵銷金融資產及金融負債

僅當本集團目前擁有在法律上可強制執行的權利將已確認金額抵銷，且有意按淨額基準結算或同時變現資產及清償負債時，金融資產及金融負債方會被抵銷，而其淨額會於綜合財務狀況表內呈列。

4. 重大會計判斷及估計不確定因素的主要來源

編製綜合財務報表時所用的重大會計判斷及估計不確定因素的主要來源如下。

應用會計政策的重大判斷

投資物業的遞延稅項

本集團根據董事的最佳估計確認投資物業公允價值變動的遞延稅項，假設未來稅務結果是通過將該等物業用作出租用途而非通過出售引致。倘投資物業其後被本集團出售，而非以租賃方式隨著時間的推移消耗絕大部分包括在投資物業內的經濟利益，則最終稅務結果可能與綜合財務報表內確認的遞延稅項負債有別。倘投資物業被出售，考慮到土地增值稅的影響，本集團在出售時可能須繳納更高的稅項。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty

Valuation of investment properties

Debenham Tie Leung Limited ("DTZ"), having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property portfolio every six months. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in arms' length transaction.

In the absence of current prices in an active market, the valuations are prepared by direct comparison approach for investment properties under development and income capitalisation approach for completed investment properties, considering the capitalisation rates, average unit market rent, average market unit price and the remaining economic life of the property.

Investment property under construction or development is valued by estimating the fair value of the completed investment property and then deducting from that amount the estimated costs to complete construction or development, financing costs and a reasonable profit margin.

PRC land appreciation taxes

The Group is subject to land appreciation taxes in the PRC. However, the implementation and settlement of these taxes varies among various tax jurisdictions in cities of the PRC, and the Group has not finalised its PRC land appreciation taxes calculation and payments with most of local tax authorities in the PRC. The calculation of LAT are highly dependent on the appropriateness of the rates used, which are determined by the appreciation of land value. The appreciation of land value is determined with reference to proceeds of the properties less the estimated deductible expenditures, including the cost of land use rights and all property development expenditures. The Group estimated the deductible expenditures according to the understanding of the relevant PRC tax laws and regulations. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and the related income tax provisions in the periods in which such tax is finalised with local tax authorities.

4. 重大會計判斷及估計不確定因素的主要來源(續)

估計不確定因素的主要來源

投資物業估值

戴德梁行有限公司("戴德梁行")(該測量師行具有適當獲認可之專業資格，且對被估值物業之位置及種類有近期經驗)對本集團的投資物業組合每六個月評估一次。公允價值按市值(即自願買方及自願賣方雙方經公平磋商於估值日期買賣一項物業的估計款額)釐定。

若缺乏活躍市場現時價格，則會在考慮到資本化率、平均單位市場租金、平均單位市場價格及物業的剩餘經濟年期後以直接比較法為發展中投資物業作出評估，並以收入資本化法為已建成投資物業作出評估。

興建中或發展中的投資物業的估值是估計已建成投資物業的公允價值並從該金額扣減估計完成建築或發展的成本、融資成本及合理的利潤率。

中國土地增值稅

本集團須支付中國之土地增值稅。然而，有關稅項之執行及結算在中國各城市不同稅務司法權區有異，而本集團尚未與中國大部分地方稅務機關落實中國土地增值稅之計算及付款方法。土地增值稅的計算與所使用根據土地價值增幅釐定的比率的適當性高度相關。土地價值增幅乃經參考物業所得款項減去估計可扣稅開支(包括土地使用權成本及所有物業發展開支)而釐定。本集團按其對相關中國稅務法律及規例之理解估計可扣稅開支。最終稅務結果可能與初步記錄的金額有別，而有關差異將影響地方稅務機關落實有關稅項期間之所得稅開支及相關所得稅撥備。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Recognition of deferred tax assets

At 31 December 2018, the Group has recognised deferred tax assets as set out in note 33. The ability to realise the deferred tax assets mainly depends on whether it is probable that future taxable profits will be available against which related tax benefits under the deferred tax assets can be utilised. In cases where the actual future taxable profits generated are less than expected, a reversal of deferred tax assets may arise, which will be recognised in profit or loss for the period in which such a reversal takes place.

Impairment of non-financial long-lived assets

If circumstances indicate that the carrying amounts of non-financial long-lived assets (other than investment properties, properties under development, completed properties held for sale and deferred tax assets) may not be recoverable, the assets may be considered impaired and are tested for impairment. An impairment loss is recognised when the asset's recoverable amount has declined below its carrying amount. The recoverable amount is the greater of the fair value less costs of disposal and value in use. In determining the recoverable amount, the Group estimates the future cash flows to be derived from continuing use and ultimate disposal of the asset and applies an appropriate discount rate to these future cash flows.

Write-down of properties under development and completed properties held for sale

Management performs a regular review on the carrying amounts of properties under development and completed properties held for sale. Based on management's review, write-down of properties under development and completed properties held for sale will be made when the estimated net realisable value has declined below the carrying amount.

4. 重大會計判斷及估計不確定因素的主要來源(續)

估計不確定因素的主要來源(續)

確認遞延稅項資產

於二零一八年十二月三十一日，本集團已確認附註33所載的遞延稅項資產。變現遞延稅項資產的能力主要視乎是否有可供動用的未來應課稅溢利以抵銷遞延稅項資產的相關稅項利益。倘實際產生的未來應課稅溢利少於預期，則可能撥回遞延稅項資產，並將於撥回期間於損益中確認。

非金融長期資產之減值

當情況顯示非金融長期資產(投資物業、發展中物業、已建成待售物業及遞延稅項資產除外)之賬面值可能不可收回時，該等資產可能會被視為已減值及會進行減值測試。當資產之可收回金額跌至低於其賬面值時，則會確認減值虧損。資產的可收回金額乃其公允價值減出售成本與使用價值兩者中的較高者。於釐定可收回金額時，本集團會估計持續使用及最終出售資產所產生之未來現金流量及採用合適折現率折現此等未來現金流量。

發展中物業及已建成待售物業之撇減

管理層對發展中物業及已建成待售物業之賬面值進行定期審閱。根據管理層之審閱，當估計可變現淨值跌至低於賬面值時，將會對發展中物業及已建成待售物業作出撇減。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Write-down of properties under development and completed properties held for sale (Continued)

In determining the net realisable value of completed properties held for sale, management refers to prevailing market data such as recent sales transactions, market survey reports available from independent property valuers and internally available information, as basis for evaluation. As of 31 December 2018, the amount of the write-down of completed properties held for sale was RMB19,542,000 (As of 31 December 2017: RMB25,908,000).

In respect of properties under development, the estimate of net realisable value requires the application of a risk-adjusted discount rate to the estimated future cash flows to be derived from these properties. These estimates require judgement as to the anticipated sale prices by reference to recent sales transactions in nearby locations, marketing costs (including price discounts required to stimulate sales) and the estimated costs to completion of properties, the legal and regulatory framework and general market conditions.

ECL allowance

The Group recognises a loss allowance for ECL on financial assets including trade receivables and other non-trade receivables, contract assets and financial guarantee which are subject to impairment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition. Significant judgements and estimations are required in determining the impairment assessment including the judgements on grouping basis for the provision matrix and the estimations on the expected loss rates used to calculate the ECL allowance. As at 31 December 2018, the carrying amount of trade receivables, contract assets and other non-trade receivables are RMB242,489,000, RMB839,997,000 and RMB14,005,702,000 respectively, net of accumulated ECL impairment loss of RMB41,405,000, RMB1,403,000 and RMB187,400,000 respectively.

4. 重大會計判斷及估計不確定因素的主要來源(續)

估計不確定因素的主要來源(續)

發展中物業及已建成待售物業之撇減(續)

於釐定已建成待售物業之可變現淨值時，管理層會以最近銷售交易、由獨立物業估值師所提供之市場調查報告及內部可得資料等當時市場數據作為評估基準。於二零一八年十二月三十一日，已建成待售物業之撇減金額為人民幣19,542,000元(於二零一七年十二月三十一日：人民幣25,908,000元)。

就發展中物業而言，可變現淨值之估計須應用已調整風險折現率，折現該等物業產生之估計未來現金流量。此等估計需要透過參考附近地點之最近銷售交易、市場推廣成本(包括促銷所需之價格折讓)及建成物業之估計成本、法律及監管架構以及一般市場情況，對預期銷售價格作出判斷。

預期信貸虧損撥備

本集團就受限於國際財務報告準則第9號項下減值之金融資產(包括應收賬款及其他非貿易應收賬款、合同資產及財務擔保合約)相關的預期信貸虧損確認虧損撥備。預期信貸虧損金額於各報告日期予以更新，以反映信貸風險自初始確認以來的變動。於釐定減值評估時須作出重大判斷及估計，包括對撥備矩陣按集體基準作出判斷及對計算預期信貸虧損撥備使用的預期虧損率作出估計。於二零一八年十二月三十一日，應收賬款、合同資產及其他非貿易應收賬款賬面值分別為人民幣242,489,000元、人民幣839,997,000元及人民幣14,005,702,000元(扣除累計預期信貸虧損減值虧損分別人民幣41,405,000元、人民幣1,403,000元及人民幣187,400,000元)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

5. REVENUE

(i) Disaggregation of revenue from contracts with customers

5. 收益

(i) 來自客戶合約的收益分類

		For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度		
		Revenue recognised at a point in time 在某時點 確認的收益 RMB'000 人民幣千元	Revenue recognised over time 隨時間 確認的收益 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
Type of goods and service under IFRS 15	國際財務報告準則第15號 項下貨品及服務種類			
Sales of properties and construction management service	物業銷售及建築管理服務	13,029,929	1,801,400	14,831,329
Hotel and related services	酒店及配套服務	-	134,541	134,541
Property management and other services	物業管理及其他服務	-	426,923	426,923
		13,029,929	2,362,864	15,392,793

		For the year ended 31 December 2017 截至二零一七年 十二月三十一日 止年度 RMB'000 人民幣千元
Sales of properties and construction management service	物業銷售及建築管理服務	14,101,515
Hotel and related services	酒店及配套服務	137,361
Property management and other services	物業管理及其他服務	343,675
		14,582,551

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

5. REVENUE (Continued)**(ii) Performance obligations for contracts with customers***Sales of properties*

For contracts entered into with customers on sales of properties, the relevant properties specified in the contracts are based on customer's specifications with no alternative use. Taking into consideration of the relevant contract terms, the legal environment and relevant legal precedent, the Group concluded that the Group does not have an enforceable right to payment prior to transfer of the relevant properties to customers. Revenue from sales of residential properties is therefore recognised at a point in time when the completed property is transferred to customers, being at the point that the customer obtains the control of the completed property and the Group has present right to payment and collection of the consideration is probable.

The Group receives 30%-70% of the contract value as deposits from customers when they sign the sale and purchase agreement. Such advance payment schemes result in contract liabilities being recognised throughout the property construction period.

The Group considers the advance payment schemes contain significant financing component and accordingly the amount of consideration is adjusted for the effects of the time value of money taking into consideration the credit characteristics of the Group. As this accrual increases the amount of the contract liability during the period of construction, it increases the amount of revenue recognised when control of the completed property is transferred to the customer.

5. 收益(續)**(ii) 客戶合約的履約責任***銷售物業*

就銷售物業與客戶訂立的合約而言，該等合約所指明的相關物業乃基於客戶的規定而並無作其他用途。經計及相關合約條款、法律環境及相關判例後，本集團得出結論為本集團於向客戶轉讓相關物業前並無擁有可強制執行權利收取款項。因此，銷售住宅物業的收益於向客戶轉讓已建成物業的時間點確認，即於客戶取得該已建成物業的控制權，且本集團擁有即時權利收取付款及可能收取代價時確認。

本集團於簽訂買賣協議時向客戶收取合約價值30%至70%作為訂金。有關預付款項計劃導致合同負債於整個物業興建期間確認。

本集團認為預付款項計劃包括重大融資成分，因此在考慮本集團的信貸特徵後，就貨幣的時間價值對代價的金額進行調整。由於該應計費用將增加興建期間的合同負債金額，其導致已建成物業的控制權轉讓予客戶時確認的收益金額有所增加。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

5. REVENUE (Continued)

(ii) Performance obligations for contracts with customers (Continued)

Construction management service

Construction management service is recognised over time on input method based on the proportion of construction costs incurred for work performed to date relative to the estimated total construction cost. The construction management service fees are billed to the clients periodically on an agreed-upon payment schedule and/or milestone between the customers and the Group. The Group recognised a contract asset over the period in which construction management service are performed representing the Group's right to consideration for the services performed. Any amount previously recognised as a contract asset is reclassified to trade receivables when the rights become unconditional, which is at the point when billings are issued to the customer.

Construction contract contain variable consideration as the consideration is calculated based on construction costs incurred plus a mark-up and subject to a maximum ceiling. The Group only include the estimated total construction cost that had been reviewed and approved by the clients as basis for progress measurement, as costs not reviewed and approved by the clients could be disputed as non-reimbursable under the terms of the contract.

5. 收益(續)

(ii) 客戶合約的履約責任(續)

建築管理服務

建築管理服務的收益按迄今所完成工程的建築成本佔估計總建築成本的比例使用輸入法隨時間確認。建築管理服務費按客戶與本集團的協定付款時間及／進度定期向客戶出具發票。本集團於履行建築管理服務期間內確認合同資產，即本集團就已履行服務收取代價的權利。倘有關權利成為無條件(即向客戶出具發票之時)，任何先前確認為合同資產的金額重新分類為應收賬款。

建築合約包括可變代價，原因為代價乃根據已產生建築成本加漲價計算，並設有上限。本集團僅計及經客戶審閱及批准的總建築成本，作為進度計量基準，原因為未經客戶審閱及批准的成本將會因合約條款項下無償而有爭議性。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

5. REVENUE (Continued)**(ii) Performance obligations for contracts with customers (Continued)**

At the end of each reporting period, the Group updates the estimated total construction cost, which in turn would affect the transaction price (including updating its assessment of whether an estimate of variable consideration is constrained), to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

Hotel and related services

The Group's performance obligation from hotel and related services is mainly to provide accommodation services to guests. Revenue from accommodation service is recognised overtime and the progress measured using the output method during the period when the rooms for accommodation are occupied. The hotel and related services fees are billed to the clients after the services are provided.

Property management services

Revenue from property management services is recognised over time, and the progress measured using the output method. The property management service fees are billed to the clients periodically (either monthly or quarterly billing period).

5. 收益(續)**(ii) 客戶合約的履約責任(續)**

於各報告期末，本集團更新估計總建築成本，其將影響交易價格(包括更新其對可變代價估計是否出現限制的評估)，以真實呈列於報告期末的當時情況及於報告期內的情況變動。

酒店及配套服務

本集團的酒店及配套服務的履約責任主要為向住客提供住宿服務。來自住宿服務的收益隨時間確認，且進度乃按輸出法於入住住宿房間的期間內確認。於提供服務後，我們將就酒店及配套服務向客戶出具發票。

物業管理服務

來自物業管理服務的收益隨時間確認，且進度乃使用輸出法計量。本公司定期(每月或季度計算期)向客戶出具發票。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

5. REVENUE (Continued)

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2018 and the expected timing of recognising revenue are as follows:

		Sales of properties 物業銷售 RMB'000 人民幣千元
Within one year	一年內	17,887,377
More than one year but not more than two years	超過一年但兩年內	11,855,971
More than two years	超過兩年以上	2,620,105
		32,363,453

These amounts disclosed above do not include transaction price allocated to performance obligations which have been satisfied but not yet recognised due to variable consideration constraint.

All hotel and related services and property management and other services are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

5. 收益(續)

(iii) 分配至客戶合約剩餘履約責任的交易價格

於二零一八年十二月三十一日，分配至剩餘履約責任(尚未履行或部分未履行)的交易價格及預計確認收益的期限如下：

上文披露的金額並無計入分配至履約責任(已履行但因可變代價限制而尚未確認)的交易價格。

酒店及配套服務以及酒店管理及其他服務的年期全部為一年或以下。由於根據國際財務報告準則第15號所允許者，並無披露獲分配至該等未履行合約的交易價格。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

6. SEGMENT REPORTING

The Group has four reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the chief operating decision maker (the "CODM"), Group's senior executive management, reviews internal management reports at least on a monthly basis. The following summary describes the operations in each of the Group's reportable segments.

Sales of properties and construction management service: this segment includes development and sales of residential properties and provision of construction management service. Currently the Group's activities in this unit are carried out in Shanghai, Kunming, Changshu, Wuxi, Suzhou, Haikou, Nanchang, Taiyuan, Ningbo, Huangshan, Hangzhou, Zhaoqing, Xuzhou and Nanning.

Hotel and related service: this segment operates hotels and service apartments to generate accommodation service and related income. Currently the Group's activities in this unit are carried out in Shanghai, Suzhou and Huangshan.

Property management and other services: this segment provides property management and other services to external customers and group companies. Currently the Group's activities in this unit are carried out in Shanghai, Kunming, Changshu, Huangshan, Wuxi, Nanning, Suzhou, Haikou, Taiyuan and Xi'an.

Lease of properties: this segment leases commercial and residential properties to generate rental income and gain from the appreciation in the properties' values in the long term. Currently the Group's investment property portfolio is located in Shanghai, Suzhou, Nanning and Wuxi.

6. 分部報告

如下文所述，本集團有四個可申報分部，為本集團的策略性業務單位。策略性業務單位提供不同的產品及服務，由於需要不同的技術及營銷策略，因此獨立管理。就各策略性業務單位而言，主要經營決策者（「**主要經營決策者**」，本集團之高層行政管理人員）最少每月審閱內部管理報告。以下概要說明本集團各可申報分部的營運。

物業銷售及建築管理服務：本分部包括發展及銷售住宅物業以及提供建築管理服務。目前本集團於上海、昆明、常熟、無錫、蘇州、海口、南昌、太原、寧波、黃山、杭州、肇慶、徐州及南寧經營此單位的業務。

酒店及配套服務：本分部經營酒店及服務式公寓，以產生住宿服務及相關收入。目前本集團於上海、蘇州及黃山經營此單位的業務。

物業管理及其他服務：本分部向外部客戶及集團公司提供物業管理及其他服務。目前本集團於上海、昆明、常熟、黃山、無錫、南寧、蘇州、海口、太原及西安經營此單位的業務。

物業租賃：本分部出租商業及住宅物業以產生租金收入以及長期物業升值的收益。目前本集團的投資物業組合位於上海、蘇州、南寧及無錫。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

6. SEGMENT REPORTING (Continued)

For the purposes of assessing segment performance and allocating resources between segments, the Group's CODM monitors the results, assets and liabilities attributable to each reportable segment on the following basis:

Segment assets include all current and non-current assets with the exception of interests in associates and interests in joint ventures. Segment liabilities include all current and non-current liabilities except for bonds managed at corporate level.

Revenue and expenses are allocated to the reportable segments with reference to the revenue generated and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Segment results do not include share-based payments, net gain on disposal of equity interests in subsidiaries, share of profits (losses) of associates, share of profits of joint ventures and any other transactions managed at the corporate level.

For the year ended 31 December 2018

6. 分部報告(續)

為評估分部表現及於各分部間進行資源配置，本集團之主要經營決策者按以下基準監控各可申報分部之業績、資產及負債：

分部資產包括所有流動及非流動資產(除聯營公司權益及合營企業權益外)。分部負債包括所有流動及非流動負債(除由企業階層管理之債券外)。

收益及開支乃參照可申報分部產生之收益及開支或因分部應佔之資產折舊或攤銷而產生者，分配至該等分部。分部業績並不包括股份支付、出售子公司股權之收益淨額、應佔聯營公司溢利(虧損)、應佔合營企業溢利及任何其他由企業階層管理之交易。

截至二零一八年十二月三十一日止年度

		Sales of properties and construction management service	Lease of properties	Hotel and related services	Property management and other services	Total
		物業銷售及建築管理服務	物業租賃	酒店及配套服務	物業管理及其他服務	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Revenue from external customers	外部客戶收益	14,831,329	51,453	134,541	426,923	15,444,246
Inter-segment revenue	分部間收益	-	-	-	589,498	589,498
Reportable segment revenue	可申報分部收益	14,831,329	51,453	134,541	1,016,421	16,033,744
Reportable segment profit	可申報分部溢利	461,071	920,016	1,035	6,293	1,388,415
Interest income	利息收入	69,088	274	244	3,589	73,195
Interest expenses	利息費用	(168,243)	(664)	(18,522)	(59)	(187,488)
Revaluation gains on investment properties	投資物業重估收益	-	1,226,688	-	-	1,226,688
Depreciation and amortisation	折舊及攤銷	9,045	-	77,780	3,618	90,443
Reportable segment assets	可申報分部資產	78,424,276	13,083,000	1,738,365	2,112,126	95,357,767
Additions to non-current segment assets during the year	年內增加分部非流動資產	50,135	4,001,000	642	21,536	4,073,313
Reportable segment liabilities	可申報分部負債	65,940,180	6,934,324	1,317,193	1,233,679	75,425,376

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

6. SEGMENT REPORTING (Continued)

For the year ended 31 December 2017

6. 分部報告(續)

截至二零一七年十二月三十一日止年度

		Sales of properties and construction management service 物業銷售及 建築管理服務 RMB'000 人民幣千元	Lease of properties 物業租賃 RMB'000 人民幣千元	Hotel and related services 酒店及 配套服務 RMB'000 人民幣千元	Property management and other services 物業管理及 其他服務 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Revenue from external customers	外部客戶收益	14,101,515	36,321	137,361	343,675	14,618,872
Inter-segment revenue	分部間收益	–	–	–	110,561	110,561
Reportable segment revenue	可申報分部收益	14,101,515	36,321	137,361	454,236	14,729,433
Reportable segment profit	可申報分部溢利	1,240,463	330,281	14,772	88,726	1,674,242
Interest income	利息收入	85,073	219	181	10,146	95,619
Interest expenses	利息費用	(210,393)	(542)	(12,372)	(884)	(224,191)
Revaluation gains on investment properties	投資物業重估收益	–	329,268	–	–	329,268
Depreciation and amortisation	折舊及攤銷	9,621	–	84,751	3,753	98,125
Reportable segment assets	可申報分部資產	61,028,600	9,082,000	839,987	1,824,027	72,774,614
Additions to non-current segment assets during the year	年內增加分部非流動資產	32,004	866,000	410	13,747	912,161
Reportable segment liabilities	可申報分部負債	47,661,577	4,813,692	410,840	971,918	53,858,027

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

6. SEGMENT REPORTING (Continued)

Reconciliation of reportable segment revenue, profit, assets and liabilities

6. 分部報告(續)

可申報分部收益、溢利、資產及負債的對賬

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Revenue	收益		
Reportable segment revenue	可申報分部收益	16,033,744	14,729,433
Elimination of inter-segment revenue	分部間收益對銷	(589,498)	(110,561)
Consolidated revenue	綜合收益	15,444,246	14,618,872
Profit	溢利		
Reportable segment profit	可申報分部溢利	1,388,415	1,674,242
Elimination of inter-segment profits	分部間溢利對銷	(41,243)	(49,184)
Net gain on disposal of interests in subsidiaries	出售子公司權益之收益淨額	487,691	72,063
Share of losses of associates	應佔聯營公司虧損	(15,354)	(999)
Share of profits of joint ventures	應佔合營企業溢利	161,431	139,496
Consolidated profit after income tax	除所得稅後綜合溢利	1,980,940	1,835,618
Assets	資產		
Reportable segment assets	可申報分部資產	95,357,767	72,774,614
Elimination of inter-segment receivables	分部間應收款項對銷	(4,957,929)	(3,721,779)
Elimination of inter-segment investments	分部間投資對銷	(995,536)	(995,536)
Interests in associates	聯營公司權益	206,554	6,084
Interests in joint ventures	合營企業權益	619,344	686,413
Consolidated total assets	綜合資產總額	90,230,200	68,749,796
Liabilities	負債		
Reportable segment liabilities	可申報分部負債	75,425,376	53,858,027
Elimination of inter-segment payables	分部間應付款項對銷	(4,957,929)	(3,721,779)
Bonds	債券	5,818,015	7,028,658
Consolidated total liabilities	綜合負債總額	76,285,462	57,164,906

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

6. SEGMENT REPORTING (Continued)

Geographical information

In view of the fact that the Group mainly operates in the PRC, no geographical segment information is presented.

Information about major customers

For the year ended 31 December 2018, except that a customer contributes approximately RMB1,776,506,000 to the revenue of the Group in respect of the sales of a property (for the year ended 31 December 2017: Nil) and a customer contributes approximately RMB1,801,400,000 to the revenue of the Group in respect of the construction management service (for the year ended 31 December 2017: Nil), no other single customer contributes 10% or more of the total sales of the Group.

6. 分部報告(續)

地區資料

由於本集團主要在中國營運，故概無呈列地區分部資料。

有關主要客戶的資料

截至二零一八年十二月三十一日止年度，除一名客戶就物業銷售向本集團貢獻收益約人民幣1,776,506,000元(截至二零一七年十二月三十一日止年度：無)及一名客戶就建築管理服務向本集團貢獻收益約人民幣1,801,400,000元(截至二零一七年十二月三十一日止年度：無)外，概無單一客戶貢獻本集團總銷售的10%或以上。

7. OTHER INCOME

7. 其他收入

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Forfeited deposits from customers	來自客戶的沒收違約金	17,135	13,894
Government grants (note)	政府補助(附註)	8,099	1,746
Others	其他	4,112	9,776
		29,346	25,416

Note: The amount of government grants represents the incentive subsidies received from the PRC local district authorities for the business activities carried out by the Group in the district. There are no specific conditions attached to the grants.

附註：政府補助金額指因本集團於區內進行業務活動而自中國當地地區機關收到的優惠補貼。該等補助並無特定附帶條件。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

8. OTHER GAINS AND LOSSES

8. 其他收益及虧損

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Losses from financial assets/liabilities carried at FVTPL	來自按公允價值列賬於損益金融資產／負債虧損		
– unrealised	– 未變現	–	(254,464)
– realised	– 已變現	(15,247)	(81,348)
Foreign exchange (loss) gain	匯兌(虧損)收益	(655,459)	607,869
Net gain on disposal of property, plant and equipment and investment properties	出售物業、廠房及設備以及投資物業之收益淨額	10,810	1,128
Total	總額	(659,896)	273,185

9. FINANCE INCOME

9. 融資收入

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Interest income on bank deposits and entrusted loans	銀行存款及受託貸款利息收入	73,195	95,619

10. FINANCE COSTS

10. 融資成本

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Interest expenses on bonds	債券利息費用	263,424	375,792
Interest expenses on interest-bearing loans	計息貸款利息費用	651,393	596,952
Interest expenses on contract liabilities	合同負債利息費用	521,267	–
Less: interest of bonds capitalised	減：資本化的債券利息	(194,247)	(299,985)
interest of loans capitalised	資本化的貸款利息	(572,271)	(448,568)
interest of contract liabilities capitalised	資本化的合同負債利息	(482,078)	–
Net interest expenses	利息費用淨額	187,488	224,191

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

11. INCOME TAX EXPENSES

(i) Income tax in the consolidated statement of profit or loss and comprehensive income represents:

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Current tax (note 33(i))	即期稅項(附註33(i))		
– in respect of current year	– 本年度	754,927	1,345,185
– in respect of prior years	– 過往年度	20,147	43,458
– provision for land appreciation tax for current year	– 本年度土地增值稅撥備	667,969	629,475
		1,443,043	2,018,118
Deferred tax (note 33(ii) and (iii))	遞延稅項(附註33(ii)及(iii))		
– charge (credit) for current year	– 本年度開支(抵免)	307,335	(598,431)
Total income tax expenses	所得稅開支總額	1,750,378	1,419,687

No provision for Hong Kong Profits Tax has been made as the Group did not earn any income subject to Hong Kong Profits Tax during both years.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

11. 所得稅開支

(i) 綜合損益及全面利潤表內的所得稅指：

由於本集團於兩個年度均無賺取任何須繳納香港利得稅的收入，故並無作出香港利得稅撥備。

根據開曼群島及英屬處女群島的規則及規例，本集團毋須繳納任何開曼群島及英屬處女群島所得稅。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

11. INCOME TAX EXPENSES (Continued)

(i) Income tax in the consolidated statement of profit or loss and comprehensive income represents: (Continued)

Enterprise Income Tax

Pursuant to the Enterprise Income Tax Law of the PRC, the Group's main operating companies were subject to PRC Enterprise Income Tax ("EIT") at a rate of 25% (2017: 25%).

In addition, the EIT Law provides that qualified dividend income between two "resident enterprises" that have a direct investment relationship is exempted from income tax. Otherwise, such dividends will be subject to a 5% or 10% withholding tax under the EIT Law. A 10% withholding tax rate is applicable to the Group.

Land Appreciation Tax

According to the requirements of the Provisional Regulations of the PRC on LAT effective from 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT effective from 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for property sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items. Land appreciation tax of RMB667,969,000 (2017: RMB629,475,000) has been included in profit or loss during the year.

11. 所得稅開支(續)

(i) 綜合損益及全面利潤表內的所得稅指：(續)

企業所得稅

根據中國企業所得稅法，本集團的主要營運中公司均須按25%的稅率繳納中國企業所得稅(「**企業所得稅**」)(二零一七年：25%)。

此外，企業所得稅法規定兩間具有直接投資關係的「居民企業」獲豁免就合資格股息收入繳納所得稅。否則，有關股息須根據企業所得稅法繳納5%或10%預扣稅。本集團適用10%預扣稅。

土地增值稅

根據於一九九四年一月一日生效之《中華人民共和國土地增值稅暫行條例》以及於一九九五年一月二十七日生效之《中華人民共和國土地增值稅暫行條例實施細則》的要求，出售或轉讓於中國之國有土地使用權、樓宇及其附屬設施之所有收入須就增值額按介乎30%至60%之累進稅率繳納土地增值稅，惟倘普通住宅房之物業出售之增值額不超過可扣稅項目總額之總和20%，則可獲豁免。年內計入損益中的土地增值稅為人民幣667,969,000元(二零一七年：人民幣629,475,000元)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

11. INCOME TAX EXPENSES (Continued)

(ii) The income tax expense for the year can be reconciled to the accounting profit as follows:

11. 所得稅開支(續)

(ii) 年內所得稅開支與會計溢利對賬如下：

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Profit before income tax	除所得稅前溢利	3,731,318	3,255,305
Tax at the applicable PRC EIT rate of 25% (2017: 25%)	按中國適用企業所得稅率25% (二零一七年：25%)計算之稅項	932,830	813,826
Tax effect of income not taxable for tax purposes	就稅務而言不課稅所得收入的稅務影響	(12,045)	(78,885)
Tax effect of share of results of associates	應佔聯營公司業績的稅務影響	3,838	250
Tax effect of share of results of joint ventures	應佔合營企業業績的稅務影響	(40,358)	(34,874)
Tax effect of expenses not deductible for tax purposes	不可抵扣的稅項費用的稅務影響	272,899	183,800
Under-provision in respect of prior years	過往年度撥備不足	42,729	43,458
Tax effect of tax losses not recognised	未確認稅務虧損的稅務影響	130,004	128,003
Tax effect of impairment losses not realised	未變現的減值虧損的稅務影響	-	(20,767)
Utilisation of tax losses previously not recognised	利用過往未確認的稅務虧損	(33,977)	(87,230)
Tax effect on disposal of a subsidiary (note)	出售一家子公司的稅務影響 (附註)	(46,519)	-
LAT provision for the year	年內土地增值稅撥備	667,969	629,475
Tax effect of LAT	土地增值稅的稅務影響	(166,992)	(157,369)
Tax charge for the year	年度稅務費用	1,750,378	1,419,687

Note: EIT on disposals of subsidiaries is calculated at 10% of the difference between consideration and the registered capital of the relevant subsidiary incorporated in the PRC.

附註：出售子公司的企業所得稅乃按代價與於中國註冊成立的相關子公司註冊股本間差額的10%計算。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

12. PERSONNEL EXPENSES

12. 員工開支

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Staff costs (including directors' emoluments)	員工成本(包括董事酬金)	656,386	482,718
Less: capitalised in properties under development and investment properties under development	減：發展中物業及發展中投資物業的資本化	(171,269)	(97,459)
Total	總計	485,117	385,259

13. PROFIT FOR THE YEAR

13. 年度溢利

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
The following expenses (income) are included in results for the year	以下費用(收入)已計入年度業績中		
Cost of properties sold	已出售物業成本	10,836,197	10,478,611
Auditors' remuneration	核數師酬金		
– audit services	– 審核服務	2,380	2,110
– audit-related services	– 審核相關服務	1,000	505
Depreciation of property, plant and equipment	物業、廠房及設備折舊	89,003	97,514
Amortisation of land use rights	土地使用權攤銷	1,395	566
Amortisation of intangible assets	無形資產攤銷	45	45
Amortisation of contract costs	合同成本攤銷	59,441	–
Write-down of completed properties held for sale	已建成待售物業之撇減	–	7,746
Operating lease charges	經營租賃支出	27,717	24,410
Gross rental income from investment properties	來自投資物業的租金總收入	51,453	36,321
Less: direct operating expenses incurred for investment properties that generated rental income during the year	減：因年內產生租金收入的投資物業計提直接經營開支	(30,604)	(22,397)
direct operating expenses incurred for investment properties that did not generate rental income during the year	因年內並無產生租金收入的投資物業計提直接經營開支	(7,064)	(4,359)
		13,785	9,565

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

14. DIRECTORS' REMUNERATION

14. 董事酬金

		Directors' Fee	Basic salaries, allowances and other benefits	Contributions to retirement benefit schemes	Bonus	Total
		董事袍金	基本薪金、津貼及其他福利	退休福利計劃供款	花紅	合計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
For the year ended	截至二零一八年十二月三十一日					
31 December 2018	止年度					
Executive Directors	執行董事					
Mr. Chen Jun	陳軍先生	-	4,742	95	2,023	6,860
Mr. Hou Guangjun	侯光軍先生	-	2,797	95	859	3,751
Mr. Wu Zhengkui	吳正奎先生	-	-	-	-	-
Mr. Wang Weixian	王偉賢先生	-	323	30	-	353
Ms. Wang Xuling	王煦菱女士	-	1,991	17	785	2,793
Independent Non-Executive Directors	獨立非執行董事					
Mr. Cheong Ying Chew, Henry	張英潮先生	323	-	-	-	323
Mr. Fong Wo, Felix, JP	方和先生(太平紳士)	323	-	-	-	323
Mr. Kwan Kai Cheong	關啟昌先生	323	-	-	-	323
Total	合計	969	9,853	237	3,667	14,726

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

14. DIRECTORS' REMUNERATION
(Continued)

14. 董事酬金(續)

		Basic salaries, allowances and other benefits	Contributions to retirement benefit schemes	Bonus	Total	
	Directors' Fee	基本薪金、 津貼及其他福利	退休福利 計劃供款	花紅	合計	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	
For the year ended	截至二零一七年十二月三十一日					
31 December 2017	止年度					
Executive Directors	執行董事					
Mr. Chen Jun	陳軍先生	-	3,071	88	296	3,455
Mr. Hou Guangjun	侯光軍先生	-	2,204	88	519	2,811
Mr. Wu Zhengkui	吳正奎先生	-	-	-	-	-
Mr. You Defeng	游德鋒先生	-	660	35	458	1,153
Mr. Wang Weixian	王偉賢先生	-	338	32	-	370
Ms. Wang Xuling	王煦菱女士	-	1,622	16	448	2,086
Independent Non-Executive Directors	獨立非執行董事					
Mr. Cheong Ying Chew, Henry	張英潮先生	338	-	-	-	338
Mr. Fong Wo, Felix, JP	方和先生(太平紳士)	338	-	-	-	338
Mr. Kwan Kai Cheong	關啟昌先生	338	-	-	-	338
Total	合計	1,014	7,895	259	1,721	10,889

The Executive Director Mr. You Defeng resigned in 2017.

執行董事游德鋒先生於二零一七年辭任。

The emolument of the Executive Director Mr. Wu Zhengkui was borne by Greenland Holdings.

執行董事吳正奎先生的酬金由綠地控股承擔。

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

上文所示執行董事酬金主要就彼等提供本公司及本集團事務管理服務而支付。

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

上文所示獨立非執行董事的酬金及就彼等擔任本公司董事而支付。

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

於兩個年度，概無董事或主要行政人員放棄或同意放棄任何薪酬的安排。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

15. EMPLOYEES' REMUNERATION

The five highest paid individuals of the Group during the year ended 31 December 2018 comprise three directors of the Company (2017: four), whose remuneration is disclosed in note 14. Details of remuneration paid to the remaining highest paid two individuals of the Group are as follows:

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Basic salary, allowances and other benefits	基本薪金、津貼及其他福利	5,826	2,472
Contributions to retirement benefit schemes	退休福利計劃供款	179	88
Bonus	花紅	1,327	442
		7,332	3,002

During the year ended 31 December 2018, the emolument of above two individuals are within the band from Hong Kong Dollar ("HKD") 4,500,001 to 5,000,000 and 3,500,001 to 4,000,000 (2017: 3,000,001 to 3,500,000).

15. 僱員酬金

本集團截至二零一八年十二月三十一日止年度的五名最高薪酬人士包括本公司三名(二零一七年：四名)董事，其酬金已於附註14披露。向本集團其餘兩名最高薪酬人士支付的酬金詳情如下：

截至二零一八年十二月三十一日止年度，上述兩名人士的酬金屬於4,500,001港元(「港元」)至5,000,000港元及3,500,001港元至4,000,000港元(二零一七年：3,000,001港元至3,500,000港元)的範圍。

16. DIVIDENDS

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Dividends recognised as distribution during the year	年內確認為分派的股息		
2017 Final: HKD0.15 per share (2016 Final: HKD0.1 per share)	二零一七年末期：每股0.15港元 (二零一六年末期：每股0.1港元)	342,114	244,139

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2018 of HKD0.20 (2017: final dividend in respect of the year ended 31 December 2017 of HKD0.15) per ordinary share, in an aggregate amount of HKD558,377,000 (2017: HKD419,052,000), has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

於報告期末後，本公司董事建議就截至二零一八年十二月三十一日止年度派付末期股息每股普通股0.20港元(二零一七年：就截至二零一七年十二月三十一日止年度派付末期股息每股0.15港元)，總額為558,377,000港元(二零一七年：419,052,000港元)，惟須待股東於應屆股東週年大會批准後方可作實。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

17. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

17. 每股盈利

本公司擁有人應佔每股基本及攤薄盈利按下
列數據計算：

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Earnings used in the calculation of basic and diluted earnings per share	計算每股基本及攤薄盈利所用的盈利	1,736,288	1,319,308
Distribution related to perpetual securities	永久證券分派	(44,778)	(45,575)
Earnings used in the calculation of basic and diluted earnings per share	計算每股基本及攤薄盈利所用的盈利	1,691,510	1,273,733

Number of shares

股份數目

		2018 二零一八年 '000 千股	2017 二零一七年 '000 千股
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	就每股基本及攤薄盈利而言普通股的加權平均數	2,770,145	2,770,980

Earnings

盈利

		2018 二零一八年 RMB 人民幣元	2017 二零一七年 RMB 人民幣元
Earnings for the purpose of basic and diluted earnings per share	就每股基本及攤薄盈利而言的盈利	0.61	0.46

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

18. PROPERTY, PLANT AND EQUIPMENT

18. 物業、廠房及設備

		Buildings	Leasehold improvements	Motor vehicles	Fixtures, fittings & equipment	Construction in progress	Total
		樓宇	租賃物業裝修	汽車	裝置、傢俱及設備	在建工程	合計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Cost	成本						
Balance at 1 January 2017	於二零一七年一月一日的結餘	1,277,221	77,360	47,146	337,852	231	1,739,810
Addition	添置	-	1,882	1,273	13,395	26,101	42,651
Transfer	轉撥	-	11,650	-	-	(11,650)	-
Acquisition of subsidiaries	收購子公司	-	677	-	2,833	-	3,510
Disposal of a subsidiary	出售一家子公司	-	-	-	(65)	-	(65)
Disposals	轉讓	-	-	(745)	(12,712)	-	(13,457)
Balance at 31 December 2017	於二零一七年十二月三十一日的結餘	1,277,221	91,569	47,674	341,303	14,682	1,772,449
Addition	添置	1,559	29,080	2,547	34,365	3,670	71,221
Transfer	轉撥	18,352	-	-	-	(18,352)	-
Acquisition of a subsidiary (note 49)	收購一家子公司(附註49)	672	-	78	757	-	1,507
Disposal of a subsidiary (note 50)	出售一家子公司(附註50)	-	-	-	(492)	-	(492)
Disposals	轉讓	(672)	(32,439)	(3,020)	(24,000)	-	(60,131)
Balance at 31 December 2018	於二零一八年十二月三十一日的結餘	1,297,132	88,210	47,279	351,933	-	1,784,554
Depreciation	折舊						
Balance at 1 January 2017	於二零一七年一月一日的結餘	177,479	52,350	38,996	188,744	-	457,569
Charge for the year	年內折舊	71,356	2,829	1,470	21,859	-	97,514
Disposal of a subsidiary	出售一家子公司	-	-	-	(27)	-	(27)
Disposals	轉讓	-	-	(342)	(10,724)	-	(11,066)
Balance at 31 December 2017	於二零一七年十二月三十一日的結餘	248,835	55,179	40,124	199,852	-	543,990
Charge for the year	年內折舊	49,561	13,391	2,653	23,398	-	89,003
Disposal of a subsidiary (note 50)	出售一家子公司(附註50)	-	-	-	(261)	-	(261)
Disposals	轉讓	(114)	(32,439)	(2,746)	(21,508)	-	(56,807)
Balance at 31 December 2018	於二零一八年十二月三十一日的結餘	298,282	36,131	40,031	201,481	-	575,925
Carrying amounts	賬面值						
At 31 December 2017	於二零一七年十二月三十一日	1,028,386	36,390	7,550	141,451	14,682	1,228,459
At 31 December 2018	於二零一八年十二月三十一日	998,850	52,079	7,248	150,452	-	1,208,629

All buildings owned by the Group are located in the PRC.

本集團擁有的所有樓宇均位於中國。

As at 31 December 2018, property, plant and equipment with a total carrying value of RMB462,552,000(as at 31 December 2017: RMB522,476,000) were pledged as collateral for the Group's borrowings.

於二零一八年十二月三十一日，本集團已抵押賬面總值人民幣462,552,000元(於二零一七年十二月三十一日：人民幣522,476,000元)的物業、廠房及設備作為本集團借貸的抵押品。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

19. INTANGIBLE ASSETS

19. 無形資產

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Cost	成本		
Balance at 1 January	於一月一日的結餘	1,700	1,700
Amortisation	攤銷		
Balance at 1 January	於一月一日的結餘	404	359
Amortisation charge for the year	年內攤銷開支	45	45
Balance at 31 December	於十二月三十一日的結餘	449	404
Carrying amounts	賬面值		
Balance at 31 December	於十二月三十一日的結餘	1,251	1,296
Useful life for amortisation	攤銷可使用年期	38 years 38年	38 years 38年

Intangible assets represent contractor qualification in PRC, for own use purpose.

無形資產為供自用的中國承包商資格。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

20. LAND USE RIGHTS

20. 土地使用權

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Cost	成本		
Balance at 1 January	於一月一日的結餘	30,850	30,850
Acquisition of a subsidiary (note 49)	收購一家子公司(附註49)	44,601	–
Addition	添置	2,067	–
Balance at 31 December	於十二月三十一日的結餘	77,518	30,850
Amortisation	攤銷		
Balance at 1 January	於一月一日的結餘	6,808	6,242
Amortisation charge for the year	年內攤銷開支	1,395	566
Balance at 31 December	於十二月三十一日的結餘	8,203	6,808
Carrying amounts	賬面值		
Balance at 31 December	於十二月三十一日的結餘	69,315	24,042
Useful life for amortisation	攤銷可使用年期	39-50 years 39-50年	39-42 years 39-42年

Land use rights represent lease prepayments for acquiring rights to use land, which is all located in the PRC, for own use properties.

土地使用權指收購使用土地權利的租賃預付款項，全部位於中國，用作自用物業。

21. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

21. 按公允價值列賬於其他全面收入的股權工具

		2018 二零一八年 RMB'000 人民幣千元
Unlisted equity investments	非上市股本投資	294,340

The above unlisted equity investments represent the Group's equity interest in a private entity established in the PRC. These investments are not held for trading, instead, they are held for long-term strategic purposes. The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

上述非上市股本投資指本集團於中國註冊成立的私人實體的股權。該等投資並非持作買賣，而是為長期策略目的而持有。本公司董事已選擇指定該等股權工具投資為按公允價值列賬於其他全面收入計量，原因為彼等認為於損益中確認該等投資公允價值的短期變動將與本集團持有該等投資作長期目的並實現其長遠潛在表現不符。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

22. INVESTMENT PROPERTIES

22. 投資物業

		Completed investment properties 已建成 投資物業 RMB'000 人民幣千元	Investment properties under development 發展中 投資物業 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
FAIR VALUE	公允價值			
As at 1 January 2017	於二零一七年一月一日	3,246,000	4,970,000	8,216,000
Additions	添置	–	1,235,707	1,235,707
Disposal	轉讓	(408,975)	–	(408,975)
Disposal of a subsidiary	出售一家子公司	(290,000)	–	(290,000)
Net increase in fair value recognised in profit or loss	在損益確認的公允價值 增加淨額	98,975	230,293	329,268
As at 31 December 2017	於二零一七年 十二月三十一日	2,646,000	6,436,000	9,082,000
Additions	添置	–	1,310,438	1,310,438
Transfer from completed properties held for sale (note 24)	轉撥自己建成待售物業 (附註24)	1,486,543	–	1,486,543
Disposal	轉讓	(22,669)	–	(22,669)
Transfer	轉撥	406,978	(406,978)	–
Net increase in fair value recognised in profit or loss (note)	在損益確認的公允價值 增加淨額(附註)	560,513	666,175	1,226,688
As at 31 December 2018	於二零一八年 十二月三十一日	5,077,365	8,005,635	13,083,000

Note: During the year ended 31 December 2018, certain properties held for sale with carrying amount of RMB1,486,543,000 (2017:Nil) was transferred to completed investment properties upon the change in use of the properties evidenced by commencement of leasing agreement for the properties to generate rental income. At the date of transfer, the gain on revaluation of properties transferred from properties held for sale to investment properties amounting to RMB375,457,000 (2017:Nil) was recognised in profit or loss.

附註：於截至二零一八年十二月三十一日止年度，賬面值為人民幣1,486,543,000元（二零一七年：無）的若干待售物業於該等物業的用途出現變更後被轉撥至已建成投資物業，跡象為就該等物業開展租賃協議以產生租金收入。於轉撥日期，由待售物業轉撥至投資物業的重估物業收益人民幣375,457,000元（二零一七年：無）於損益中確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

22. INVESTMENT PROPERTIES (Continued)

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The fair value of the Group's investment properties as at 31 December 2018 and 2017 has been arrived at on the basis of a valuation carried out on the respective dates by DTZ, an independent valuer not related to the Group.

For completed investment properties, the valuations have been arrived at using income capitalisation approach, where appropriate, by capitalising the net rental income derived from the existing tenancies with due allowance for the reversionary income potential of the respective properties.

For investment properties under construction or development, the valuations have been arrived at assuming that the investment properties will be completed in accordance with the development proposals and the relevant approvals for the proposals have been obtained. The key inputs in the valuations include the market value of the completed investment properties, which are estimated with reference to sales evidence of similar properties in the nearest locality, with adjustments made to account for differences in locations and other factors specific to the respective properties based on the valuer's judgement. Costs of development are also taken into account including construction costs, finance costs and professional fees, as well as developer's profit margin which reflects the remaining risks associated with the development of the properties at the valuation date and the return that the developer would require for bringing them to completion status, which is determined by the valuer based on its analyses of recent land transactions and market value of similar completed properties in the respective locations.

There has been no change to the valuation technique during the year.

In estimating the fair value of the investment properties, the highest and best use of the investment properties is their current use.

22. 投資物業(續)

本集團所有根據經營租賃持有以賺取租金收入或資本增值的物業權益按公允價值模式計量，並分類及入賬為投資物業。

本集團投資物業於二零一八年及二零一七年十二月三十一日的公允價值乃根據獨立估值師戴德梁行(其與本集團並無關聯)於相關日期進行的估值而達致。

就已建成投資物業而言，已在適當情況下採用收入資本化法進行評估，方式為將從現有租戶收取之租金收入淨額撥充資本連同就各物業任何潛在復歸收入作出適當扣減計算。

就在建或發展中投資物業而言，估值乃基於假設該等投資物業將根據發展規劃及已取得的相關規劃的批覆完工。估值的主要輸入值包括已建成投資物業的市值(乃參考鄰近地域相似物業的銷售憑證估計，同時，根據估值師判斷的不同地段的差異以及各物業的其他不同特質進行調整)。該估值也將物業的開發成本納入考慮，包括建設成本、財務費用和專業費用，以及開發商的利潤率(於估值日反映物業開發的剩餘風險和開發商在物業開發完工時所期待的回報)，該等因素取決於估值師對近期土地交易和不同區域類似已完工物業市場價值的分析。

年內，估值技術概無變更。

就評估投資物業公允價值而言，投資物業現有用途即其最佳用途。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

22. INVESTMENT PROPERTIES (Continued)

The following table presents the fair value of the Group's investment properties measured at the end of the reporting period on a recurring basis, categorised into the level 3 fair value hierarchy as defined in IFRS 13, fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

At 31 December 2018, the Group's investment properties are measured at level 3 category of fair value measurement and during the year ended 31 December 2018, there were no transfers into or out of Level 3.

	Valuation Techniques 估值技術	Key input 主要輸入數據	Range 範圍	Notes 附註
Completed investment properties located in Mainland China 位於中國內地的已建成投資物業	Income capitalisation approach 收入資本化法	Capitalisation rates 資本化率	3.5%–8.5%	(i)
		Average unit market rent 平均單位市場租金	RMB39 – RMB277 per sq.m per month 每月每平方米人民幣39元至 人民幣277元	(ii)
Investment properties under development located in Mainland China 位於中國內地的發展中投資物業	Direct comparison approach 直接比較法	Average market unit price 平均單位市場價格	RMB8,000 – RMB85,000 per sq.m 每平方米人民幣8,000元至 人民幣85,000元	(ii)

Notes: Descriptions of the sensitivity in key inputs and interrelationship:

- (i) The fair value measurement is negatively correlated to the key input that a lower factor will result in a higher fair value.
- (ii) The fair value measurement is positively correlated to the key input that a higher factor will result in a higher fair value.

As at 31 December 2018, the Group has not obtained the State-owned Land Use Rights Certificate for certain investment properties, which are amounted to RMB133,000,000 (as at 31 December 2017: RMB131,000,000).

As at 31 December 2018, investment properties with a total carrying value of RMB578,000,000 (as at 31 December 2017: RMB571,000,000) were pledged as collateral for the Group's borrowings.

22. 投資物業(續)

下表呈列本集團於報告期末按經常性基準計量的投資物業公允價值，有關公允價值於國際財務報告準則第13號公允價值計量所界定之公允價值第三層次中進行分類。公允價值所歸類的層次乃經參考以下估值技術所用的輸入數據的可觀察性及重要性而釐定：

於二零一八年十二月三十一日，本集團的投資物業按公允價值計量類別的第三層次計量，截至二零一八年十二月三十一日止年度，第三層次並無轉入或轉出。

附註：主要輸入數據敏感度及相互關係的描述：

- (i) 公允價值計量與主要輸入數據呈負相關，即系數越低，公允價值越高。
- (ii) 公允價值計量與主要輸入數據呈正相關，即系數越高，公允價值越高。

於二零一八年十二月三十一日，本集團並未取得國有土地使用權證的若干投資物業為數人民幣133,000,000元(於二零一七年十二月三十一日：人民幣131,000,000元)。

於二零一八年十二月三十一日，本集團已將賬面總值人民幣578,000,000元(於二零一七年十二月三十一日：人民幣571,000,000元)的投資物業抵押作為本集團借貸的抵押品。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

23. PROPERTIES UNDER DEVELOPMENT

23. 發展中物業

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Cost	成本		
Balance at 1 January	於一月一日的結餘	23,921,597	19,010,732
Cost capitalised	成本資本化	24,783,376	12,779,663
Acquisition of a subsidiary (note 49)	收購一家子公司(附註49)	3,083,526	4,361,407
Disposal of a subsidiary (note 50)	出售一家子公司(附註50)	(2,687,246)	–
Transfer to completed properties held for sale (note 24)	轉撥至已建成待售物業(附註24)	(10,823,172)	(12,230,205)
Balance at 31 December	於十二月三十一日的結餘	38,278,081	23,921,597
Classified as current assets	分類為流動資產	25,083,825	8,945,329
Classified as non-current assets	分類為非流動資產	13,194,256	14,976,268
Interest capitalisation included in the above:	已計入上述項目的被資本化利息：		
Balance at 1 January	於一月一日的結餘	1,329,769	1,085,724
Cost capitalised	成本資本化	837,817	647,441
Disposal of a subsidiary	出售一家子公司	(57,914)	–
Transfer to completed properties held for sale	轉撥至已建成待售物業	(212,789)	(403,396)
Balance at 31 December	於十二月三十一日的結餘	1,896,883	1,329,769

All the properties under development are located in the PRC.

所有發展中物業均位於中國。

The weighted average interest rate of capitalised interest of borrowings and bonds is 5.57% (2017: 4.80%).

借貸及債券的資本化利率的加權平均利率為5.57%(二零一七年：4.80%)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

24. COMPLETED PROPERTIES HELD FOR SALE **24. 已建成待售物業**

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Cost	成本		
Balance at 1 January	於一月一日的結餘	11,695,877	9,808,674
Transfer from properties under development (note 23)	轉撥自發展中物業(附註23)	10,823,172	12,230,205
Transfer to investment properties (note 22)	轉撥至投資物業(附註22)	(1,486,543)	–
Disposal of a subsidiary	出售一家子公司	–	(190,295)
Transfer to cost of sales	轉撥至銷售成本	(10,842,563)	(10,152,707)
Balance at 31 December	於十二月三十一日的結餘	10,189,943	11,695,877
Write-down of completed properties held for sale:	撇減已建成待售物業：		
Balance at 1 January	於一月一日的結餘	(25,908)	(101,233)
Additions	添置	–	(7,746)
Transfer to cost of sales	轉撥至銷售成本	6,366	83,071
Balance at 31 December	於十二月三十一日的結餘	(19,542)	(25,908)
		10,170,401	11,669,969

All the completed properties held for sale are located in the PRC.

所有已建成待售物業均位於中國。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

25. INTERESTS IN ASSOCIATES

25. 聯營公司權益

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Cost of unlisted investments in associates	聯營公司非上市投資成本	236,915	7,971
Share of post-acquisition profits, net of dividends received	應佔收購後溢利，扣除已收股息	(30,361)	(1,887)
		206,554	6,084

No associate was individually material to the Group for both years.

於兩個年度概無聯營公司對本集團而言屬個別重大。

Details of each of the Group's associates at the end of the reporting period are as follows:

本集團各聯營公司於報告期末的詳情如下：

Name of associate 聯營公司名稱	Principal activity 主營業務	Place of incorporation and principal place of business 註冊成立及 主要經營地點	Proportion of ownership interest and voting power held by the Group as at 31 December 於十二月三十一日 本集團擁有權益及所持表決權比例	
			2018 二零一八年	2017 二零一七年
Shanghai Yingkun Investment Limited Partnership Corporation ("Shanghai Yingkun") (note i) 上海穎堃投資合夥企業(有限合夥) (「上海穎堃」)(附註i)	Investing and consulting	Shanghai, the PRC	23%	23%
Guangxi Greenland Jinyao Property Co., Ltd ("Guangxi Jinyao") (note ii) 廣西綠地金耀置業有限公司(「廣西金耀」) (附註ii)	Property development	Guangxi, the PRC	18%	18%
Guangxi Jiuquwan Automobile Industry Investment Limited ("Guangxi Jiuquwan") (note iii) 廣西九曲灣汽車文化產業投資優先公司 (「廣西九曲灣」)(附註iii)	Property development	Guangxi, the PRC	15%	15%
Guangxi Yulin Tongzhou Logistics Co., Ltd. ("Yulin Tongzhou") (note iv) 廣西玉林通洲物流有限公司(「玉林通洲」) (附註iv)	Property development	Guangxi, the PRC	42.5%	—
Guangxi Yulin Tonghe Investment Co., Ltd. ("Yulin Tonghe") (note iv) 廣西玉林通和投資有限公司(「玉林通和」) (附註iv)	Property development	Guangxi, the PRC	42.5%	—
Guangxi Yulin Tongxing Investment Co., Ltd. ("Yulin Tongxing") (note iv) 廣西玉林通興投資有限公司(「玉林通興」) (附註iv)	Property development	Guangxi, the PRC	42.5%	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

25. INTERESTS IN ASSOCIATES (Continued)

- (i) Shanghai Yingkun is a limited partnership corporation. Shanghai Daokun Investment Management Co., Ltd, the subsidiary of the Group, is the general partner of Shanghai Yingkun. The Group is one of the four partners (including general and limited partners), while resolution about any partnership-related events is made in an one partner one vote approach, and must be approved by more than half of all partners. Profits and losses of Shanghai Yingkun are distributed in accordance with the subscription capital shares of the partners. Therefore, Shanghai Yingkun was recognised as an associate.
- (ii) In March 2017, Guangxi Jinyao was established by the Group and other two shareholders. The Group occupied 18% equity interests. According to the Articles of Association of Guangxi Jinyao, only one out of six directors of Guangxi Jinyao is appointed by the Group, while a valid board resolution requires half of the total votes. The Group thus does not have the power to control or jointly control Guangxi Jinyao. Therefore, Guangxi Jinyao was recognised as an associate.
- (iii) In December 2017, the Group acquired 15% equity interests of Guangxi Jiuquwan. According to the Articles of Association of Guangxi Jiuquwan, only one out of five directors of Guangxi Jiuquwan is appointed by the Group, while a valid board resolution requires half of the total votes. The Group thus does not have the power to control or jointly control Guangxi Jiuquwan. Therefore Guangxi Jiuquwan was recognised as an associate.
- (iv) In February 2018, the Group contributed 42.5% equity interests of Yulin Tongzhou, Yulin Tonghe and Yulin Tongxing. According to the Articles of Association of these companies, the Group appointed only one out of six directors of these three companies, while a valid board resolution requires half of the total votes. The Group thus does not have the power to control or jointly control these three companies. Therefore, these three companies were recognised as associates.

Aggregate information of associates that are not individually material:

25. 聯營公司權益(續)

- (i) 上海穎堃為一間有限合夥企業。本集團的子公司上海道堃資產管理有限公司為上海穎堃的普通合夥人。本集團為四名合夥人(包括一般及有限合夥人)之一，而合夥相關事件的決議案乃以各名合夥人一人一票的方式作出，並須獲得過半數合夥人批發。上海穎堃的損益按合夥人的認繳資本股份分配。因此，上海穎堃已確認為聯營公司。
- (ii) 於二零一七年三月，本集團與另外兩名股東成立廣西金耀。本集團佔18%股權。根據廣西金耀的組織章程細則，廣西金耀六名董事中僅有一名由本集團委任，而董事會決議案需獲過半數投票方為有效。本集團因而並無持有廣西金耀的控制權或共同控制權。因此，廣西金耀確認為聯營公司。
- (iii) 於二零一七年十二月，本集團取得廣西九曲灣15%股權。根據廣西九曲灣的組織章程細則，廣西九曲灣五名董事中僅有一名由本集團委任，而董事會決議案需獲過半數投票方為有效。本集團因而並無持有廣西九曲灣的控制權或共同控制權。因此，廣西九曲灣確認為聯營公司。
- (iv) 於二零一八年二月，本集團出資玉林通洲、玉林通和及玉林通興42.5%股權。根據該等公司的組織章程細則，該三家公司六名董事中僅有一名由本集團委任，而董事會決議案需獲過半數投票方為有效。本集團因而並無持有該三家公司的控制權或共同控制權。因此，該三家公司確認為聯營公司。

並非個別重大聯營公司的匯總資料：

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Group's share of total losses for the year	本集團應佔年度虧損總額	(15,354)	(999)
Aggregate carrying amount of the Group's interests in these associates	本集團於該等聯營公司的權益賬面總值	206,554	6,084

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

25. INTERESTS IN ASSOCIATES (Continued)

The Group has discontinued recognition of its share of losses of certain associates as its share of losses of those associates equals or exceeds its interests in the associate. The amounts of unrecognised share of losses of these associates, both for the year and cumulatively, are as follows:

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Unrecognised share of losses of associates for the year	應佔聯營公司年內未確認虧損	4,886	600
Accumulated unrecognised share of losses of associates	應佔聯營公司累計未確認虧損	5,486	600

25. 聯營公司權益(續)

本集團已取消確認其應佔若干聯營公司的虧損，此乃由於其應佔該等聯營公司虧損相等於或超越其於該等聯營公司的權益。應佔該等聯營公司虧損的年內及累計未確認金額如下：

26. INTERESTS IN JOINT VENTURES

26. 合營企業權益

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Cost of unlisted investments in joint ventures	合營企業非上市投資成本	133,307	361,807
Share of postacquisition profits, net of dividends received	應佔收購後溢利，扣除已收股息	486,037	324,606
		619,344	686,413

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

26. INTERESTS IN JOINT VENTURES (Continued)

Details of the Group's joint ventures at the end of reporting period is as follows:

26. 合營企業權益(續)

本集團於報告期末的合營企業詳情如下：

Name of joint venture 合營企業名稱	Principal activity 主營業務	Place of incorporation and principal place of business 註冊成立及 主要經營地點	Proportion of ownership interest and voting power held by the Group as at 31 December 於十二月三十一日 本集團的擁有權權益及所持表決權比例	
			2018 二零一八年	2017 二零一七年
Forever Rich Enterprise Limited ("Forever Rich")	Property development	Suzhou, Jiangsu Province, the PRC	50%	50%
Forever Rich Enterprise Limited ("Forever Rich")	物業發展服務	中國江蘇省蘇州市		
Haikou Chengjian Green Island Landscape Engineering Co., Ltd ("Haikou Chengjian") (note)	Landscape engineering	Haikou, Hainan Province, the PRC	32.5%	32.5%
海口城建綠島景觀綠化工程有限公司 ("海口城建")(附註)	園林綠化工程	中國海南省海口市		

Note: In March 2016, Haikou Chengjian was established by the Group and other two shareholders. The Group occupied 32.5% equity interests. According to the Articles of Association of Haikou Chengjian, the Group and other shareholders jointly control Haikou Chengjian. Therefore, Haikou Chengjian is recognised as a joint venture.

附註：於二零一六年三月，海口城建由本集團及另外兩名股東成立。本集團佔32.5%股權。根據海口城建的組織章程細則，本集團及其他股東共同控制海口城建。因此，海口城建獲確認為合營企業。

Summarised financial information of a material joint venture

Summarised financial information in respect of each of the Group's material joint ventures is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with IFRSs.

The joint venture is accounted for using the equity method in these consolidated financial statements.

重大合營企業財務資料概要

下文載列本集團各重大合營企業的財務資料概要。下文所載財務資料概要為合營企業於根據國際財務報告準則編製的財務報表所示金額。

合營企業按權益法於該等綜合財務報表入賬。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

**26. INTERESTS IN JOINT VENTURES
(Continued)**

Forever Rich

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Current assets	流動資產	3,465,555	1,747,608
Non-current assets	非流動資產	413,525	233,235
Current liabilities	流動負債	2,748,910	717,177

The above amounts of assets and liabilities include the following:

上述資產及負債金額包括：

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Bank balance and cash	銀行結餘及現金	1,269,942	160,788

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Revenue	收益	1,041,975	894,636
Profit and total comprehensive income for the year	年度溢利及全面收入總額	323,505	280,286
The above profit for the year includes the following:	上述年度溢利包括：		
Depreciation and amortisation	折舊及攤銷	309	315
Finance income	融資收入	33,469	26,233
Income tax expense	所得稅開支	108,214	93,503

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

26. INTERESTS IN JOINT VENTURES (Continued)

Forever Rich (Continued)

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

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Net assets of Forever Rich	Forever Rich淨資產	1,130,170	1,263,666
Proportion of the Group's ownership interest in Forever Rich	本集團於Forever Rich的擁有權益比例	50%	50%
Carrying amount of the Group's interest in Forever Rich	本集團的Forever Rich權益的賬面值	565,085	631,833

Aggregate information of the joint venture that is not individually material:

26. 合營企業權益(續)

Forever Rich(續)

以上財務資料概要與於綜合財務報表確認的合營企業權益賬面值的對賬：

並非個別重大合營企業的匯總資料：

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Group's share of total losses for the year	本集團應佔年度虧損總額	(321)	(647)
Aggregate carrying amount of the Group's interest in the joint venture	本集團於該合營企業的權益賬面總值	54,259	54,580

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

**27. TRADE, OTHER RECEIVABLES AND
ADVANCE DEPOSITS**

**27. 應收賬款、其他應收款項及預
付按金**

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Trade receivables	應收賬款		
– due from related parties (note i)	– 應收關聯方(附註i)	5,522	3,869
– due from non-related parties	– 應收非關聯方	278,372	169,584
		283,894	173,453
Less: allowance for doubtful debts	減：呆賬撥備	(41,405)	(25,735)
Trade receivables, net off allowance for doubtful debts	應收賬款，扣除呆賬撥備	242,489	147,718
Other non-trade receivables	其他非貿易應收賬款		
– due from related parties (note i)	– 應收關聯方(附註i)	10,688,157	6,463,627
– due from non-related parties (note ii)	– 應收非關聯方(附註ii)	2,601,032	1,977,481
– consideration receivable due from a related party	– 應收關聯方的代價	903,913	–
		14,193,102	8,441,108
Less: allowance for doubtful debts	減：呆賬撥備	(187,400)	(43,400)
Other non-trade receivables, net off allowance for doubtful debts	其他非貿易應收賬款，扣除呆賬撥備	14,005,702	8,397,708
Advance payments to contractors	預付承包商款項	894,739	1,603,102
Advance to related parties	預付關聯方款項	138,319	513,637
Advance deposits for acquisition of land use rights	收購土地使用權的預付按金	1,119,312	1,120,000
Other tax prepayments (note iii)	其他預繳稅款(附註iii)	1,137,894	786,005
Total	總計	17,538,455	12,568,170

Notes:

- (i) The receivables due from related parties are unsecured and repayable on demand.
- (ii) Non-trade receivable balances, deposits and advances to third parties are expected to be settled or recovered within one year.
- (iii) Other tax prepayments mainly represent prepayment of value-added tax, tax surcharge during the pre-sale stage of certain properties.

附註：

- (i) 應收關聯方款項為無抵押及須於要求時償還。
- (ii) 非貿易應收賬款結餘、按金及預付第三方的款項預期於一年內清還或收回。
- (iii) 其他預繳稅款主要指因預售若干物業而預繳的增值稅及附加稅。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

27. TRADE, OTHER RECEIVABLES AND ADVANCE DEPOSITS (Continued)

The following is an aged analysis of trade receivables, net of allowance for credit losses, presented based on the invoice dates:

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
0-90 days	0-90日	169,739	138,287
91-180 days	91-180日	6,673	622
181-365 days	181-365日	5,747	3,656
Over 365 days	超過365日	60,330	5,153
		242,489	147,718

In general, the Group provides no credit term to its customers.

In general, the Group provides no credit term to its customers. As at 31 December 2018, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB242,489,000 which are past due as at the reporting date. Out of the past due balances, RMB72,750,000 has been past due 90 days or more and is not considered as in default since the directors of the Group consider that there is no indicators of default risk from the debtors. Other than bills received, the Group does not hold any collateral over these balances.

Aging of trade receivables which are past due but no impaired:

		2017 二零一七年 RMB'000 人民幣千元
0-90 days	0-90日	138,287
91-180 days	91-180日	622
181-365 days	181-365日	3,656
Over 365 days	超過365日	5,153
		147,718

27. 應收賬款、其他應收款項及預付按金(續)

以下為根據發票日期呈列的應收賬款(扣除信貸虧損撥備)賬齡分析：

本集團一般不會向客戶提供信貸期。

本集團一般不會向客戶提供信貸期。於二零一八年十二月三十一日，賬面總值為人民幣242,489,000元的應收賬款於報告日期已逾期，並計入本集團的應收賬款結餘。於該等逾期結餘中，人民幣72,750,000元已逾期90日或以上，但本集團董事認為，由於該等應收賬款並無出現違約風險的跡象，故該等款項並無被視為違約。除已收賬單外，本集團並無就該等結餘持有任何抵押。

已逾期但未減值的應收賬款賬齡如下：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

**27. TRADE, OTHER RECEIVABLES AND
ADVANCE DEPOSITS (Continued)**
Movement in the allowance for doubtful debts

**27. 應收賬款、其他應收款項及預
付按金(續)**
呆賬撥備變動

		2017 二零一七年 RMB'000 人民幣千元
At 1 January	於一月一日	69,265
Amounts written off as uncollectible	撇銷金額為不可收回	(130)
At 31 December	於十二月三十一日	69,135

Details of impairment assessment of trade and other receivables for the year ended 31 December 2018 are set out in note 43.

截至二零一八年十二月三十一日止年度，應收賬款及其他應收款項的減值評估詳情載於附註43。

28. TAX RECOVERABLE

28. 可收回稅項

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Enterprise Income Tax	企業所得稅	306,870	259,848
Land Appreciation Tax	土地增值稅	637,624	453,001
		944,494	712,849

29. CONTRACT ASSETS

29. 合同資產

		2018 二零一八年 RMB'000 人民幣千元
Construction management service	建築管理服務	839,997

The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditioned on the Group's future performance in achieving specified milestones stipulated in the relevant contracts at the reporting date on construction management service. The contract assets are transferred to trade receivables when the rights become unconditional.

合同資產主要有關本集團就已竣工且尚未出具發票的工程收取代價的權利有關，原因為有關權利的條件為本集團於報告日期就建築管理服務的未來表現達致相關合約指明的特定里程碑。當有關權利成為無條件時，合同資產轉撥至應收賬款。

Details of impairment assessment of contract assets for the year ended 31 December 2018 are set out in note 43.

截至二零一八年十二月三十一日止年度，合同資產減值評估詳情載於附註43。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

30. CONTRACT COSTS

30. 合同成本

		2018 二零一八年 RMB'000 人民幣千元
Costs for obtaining property sale contracts	取得物業銷售合同的成本	54,962

Management expects the incremental costs, primarily sale commission paid/payable, as a result of obtaining the property sale contracts are recoverable. The Group has capitalised the amounts and amortised when the related revenue are recognised.

管理層預計可收回因取得物業銷售合同而出現增量成本(主要為已付/應付銷售佣金)。本集團已資本化有關金額，並於確認相關收益時進行攤銷。

31. RESTRICTED BANK DEPOSITS

31. 受限制銀行存款

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Deposits for construction and development of properties	建築及發展物業按金	657,384	637,669
Deposits for mortgage loans	按揭貸款按金	1,085,257	1,342,601
Deposits pledged for interest-bearing loans	就計息貸款而抵押的按金	422,205	400,000
Others	其他	52,584	21,225
		2,217,430	2,401,495

Pledged bank deposits carry interest at fixed rates which range from 0.35% to 2.75% (2017: 0.30% to 2.00%) per annum.

已抵押銀行存款按固定年利率介乎0.35%至2.75%(二零一七年:0.30%至2.00%)計息。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

32. BANK BALANCE AND CASH

32. 銀行結餘及現金

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Bank balance and cash	銀行結餘及現金	6,277,208	7,856,722
Less: restricted cash deposits (note 31)	減：受限制現金存款(附註31)	(2,217,430)	(2,401,495)
		4,059,778	5,455,227
Bank balance and cash is denominated in	以下列貨幣結算的銀行結餘及現金		
RMB	人民幣	4,738,234	6,954,102
USD	美元	1,519,221	733,481
HKD	港元	19,753	169,139
		6,277,208	7,856,722

Bank balances carry interest at market rates which range from 0.35% to 2.75% (31 December 2017: 0.30% to 2.00%) per annum.

銀行結餘按市場年利率介乎0.35%至2.75% (二零一七年十二月三十一日：0.30%至2.00%)計息。

RMB is not a freely convertible currency and the remittance of funds out of the PRC is subject to exchange restrictions imposed by the PRC government.

人民幣並非自由兌換貨幣，從中國匯出人民幣須遵守中國政府制訂的匯兌限制。

As of 31 December 2018, the carry amount of advance from customers under supervision is RMB619,769,000 (as of 31 December 2017: RMB524,631,000).

於二零一八年十二月三十一日，受監管預收客戶款項賬面值為人民幣619,769,000元(於二零一七年十二月三十一日：人民幣524,631,000元)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

**33. TAX PAYABLE/DEFERRED TAX ASSETS/
(LIABILITIES)**

- (i) Current taxation in the consolidated statement of financial position represents:

33. 應付稅項／遞延稅項資產／(負債)

- (i) 綜合財務狀況表的即期稅項指：

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
PRC Enterprise Income Tax	中國企業所得稅		
Balance brought forward	承前結餘	1,047,969	586,537
Provision for the year (note 11(i))	年內撥備(附註11(i))	754,927	1,345,185
Under provision in prior years (note 11(i))	過往年度撥備不足(附註11(i))	20,147	43,458
Payment during the year	年內付款	(808,518)	(927,196)
Disposal of a subsidiary	出售一家子公司	-	(15)
Balance carried forward	結餘結轉	1,014,525	1,047,969
PRC Land Appreciation Tax	中國土地增值稅		
Balance brought forward	承前結餘	739,043	644,885
Provision for the year (note 11(i))	年內撥備(附註11(i))	667,969	629,475
Payment during the year	年內付款	(458,195)	(535,317)
Balance carried forward	結餘結轉	948,817	739,043
Total	合計	1,963,342	1,787,012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

33. TAX PAYABLE/DEFERRED TAX ASSETS/ (LIABILITIES) (Continued)

(ii) Deferred tax assets recognised:

The components of deferred tax assets recognised in the consolidated statement of financial position and the movements during the year were as follows:

		Temporary difference on revenue recognition and related cost of sales	Temporary difference on land appreciation tax and other accruals	Tax losses	ECL provision	Contract liabilities	Total
		收益確認及 有關銷售成本 的暫時差異	土地增值稅及 其他應計項目 的暫時差異	稅務虧損	預期信貸 虧損撥備	合同負債	合計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
At 1 January 2017	於二零一七年一月一日	100,525	116,991	74,000	-	-	291,516
(Charge) credit to profit or loss	(扣除自)計入損益	599,790	30,853	(58,251)	-	-	572,392
At 31 December 2017	於二零一七年十二月三十一日	700,315	147,844	15,749	-	-	863,908
Adjustment (note 2)	調整(附註2)	-	-	-	6,886	13,871	20,757
At 1 January 2018	於二零一八年一月一日	700,315	147,844	15,749	6,886	13,871	884,665
(Charge) credit to profit or loss	(扣除自)計入損益	(137,839)	81,606	(6,886)	33,382	1,408	(28,329)
Disposal of a subsidiary (note 50)	出售一家子公司(附註50)	(124,464)	(6,805)	-	-	-	(131,269)
At 31 December 2018	於二零一八年十二月三十一日	438,012	222,645	8,863	40,268	15,279	725,067

As at 31 December 2018, the Group had unused tax losses of RMB2,482,403,000 (as at 31 December 2017: RMB2,499,758,000) available to offset against future profits. Deferred tax assets have been recognised in respect of the tax losses of RMB35,452,000 (as at 31 December 2017: RMB62,996,000) at the applicable income tax rates of the respective subsidiaries as at 31 December 2018. No deferred tax assets have been recognised in respect of the remaining tax losses of RMB2,446,951,000 (as at 31 December 2017: RMB2,436,762,000) because the management is of the view that it is not probable that the individual subsidiaries concerned can generate profits to utilise the tax losses before the tax losses become expired. The unrecognised tax losses for the year ended 31 December 2018 will expire in the following years ending 31 December.

33. 應付稅項／遞延稅項資產／(負債)(續)

(ii) 已確認遞延稅項資產：

已在綜合財務狀況表確認的遞延稅項資產部分及年內變動如下：

於二零一八年十二月三十一日，本集團可用來抵銷未來溢利的未動用稅務虧損為人民幣2,482,403,000元（於二零一七年十二月三十一日：人民幣2,499,758,000元）。於二零一八年十二月三十一日，就稅務虧損按個別子公司適用之所得稅率確認的遞延稅項資產為人民幣35,452,000元（於二零一七年十二月三十一日：人民幣62,996,000元）。由於管理層認為有關個別子公司不大可能可產生溢利以於稅務虧損到期前動用稅務虧損，因此並未就其餘稅務虧損人民幣2,446,951,000元（於二零一七年十二月三十一日：人民幣2,436,762,000元）確認遞延稅項資產。於截至二零一八年十二月三十一日止年度的未確認稅務虧損將於其後截至十二月三十一日止年度屆滿。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

33. TAX PAYABLE/DEFERRED TAX ASSETS/ (LIABILITIES) (Continued)

(ii) Deferred tax assets recognised: (Continued)

At the end of the reporting period, the Group has deductible temporary differences of RMB18,165,000 (31 December 2017: RMB18,165,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

33. 應付稅項／遞延稅項資產／(負債)(續)

(ii) 已確認遞延稅項資產：(續)

於報告期末，本集團的可扣稅暫時差額為人民幣18,165,000元（二零一七年十二月三十一日：人民幣18,165,000元）。由於不大可能產生可扣稅暫時差額用以抵銷應課稅溢利，故並無就該等可扣稅暫時差額確認遞延稅項資產。

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
2018	二零一八年	—	373,921
2019	二零一九年	435,435	441,071
2020	二零二零年	629,688	708,539
2021	二零二一年	360,673	401,221
2022	二零二二年	501,138	512,010
2023	二零二三年	520,017	—
		2,446,951	2,436,762

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

**33. TAX PAYABLE/DEFERRED TAX ASSETS/
(LIABILITIES) (Continued)**

(iii) Deferred tax liabilities recognised:

The components of deferred tax liabilities recognised in the consolidated statement of financial position and the movements during the year were as follows:

		Revaluation of investment properties 投資物業重估 RMB'000 人民幣千元	Fair value adjustments 公允價值調整 RMB'000 人民幣千元	Contract costs 合同成本 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
At 1 January 2017	於二零一七年一月一日	686,067	294,661	–	980,728
Acquisition of subsidiaries	收購子公司	–	67,824	–	67,824
Charge (credit) to profit or loss	扣除自(計入)損益	8,642	(34,681)	–	(26,039)
Disposal of a subsidiary	出售一家子公司	(18,234)	–	–	(18,234)
At 31 December 2017	於二零一七年十二月三十一日	676,475	327,804	–	1,004,279
Adjustment (note 2)	調整(附註2)	–	1,858	6,103	7,961
At 1 January 2018	於二零一八年一月一日	676,475	329,662	6,103	1,012,240
Acquisition of a subsidiary (note 49)	收購一家子公司 (附註49)	–	584,144	–	584,144
Charge (credit) to profit or loss	扣除自(計入)損益	315,551	(44,183)	7,638	279,006
Charge to OCI	扣除自其他全面收入	–	28,085	–	28,085
At 31 December 2018	於二零一八年十二月三十一日	992,026	897,708	13,741	1,903,475

33. 應付稅項／遞延稅項資產／(負債)(續)

(iii) 已確認遞延稅項負債：

已在綜合財務狀況表確認的遞延稅項負債部分及年內變動如下：

(iv) Net-off of deferred tax assets and liabilities:

(iv) 抵銷遞延稅項資產及負債：

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Deferred tax assets recognised	已確認遞延稅項資產	725,067	863,908
Net-off with deferred tax liabilities	與遞延稅項負債抵銷	(80,898)	(46,280)
Deferred tax assets	遞延稅項資產	644,169	817,628
Deferred tax liabilities recognised	已確認遞延稅項負債	1,903,475	1,004,279
Net-off with deferred tax assets	與遞延稅項資產抵銷	(80,898)	(46,280)
Deferred tax liabilities	遞延稅項負債	1,822,577	957,999

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

34. INTEREST-BEARING LOANS

34. 計息貸款

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Current	短期		
Current portion of non-current secured bank loans	有抵押銀行長期貸款的即期部分	3,037,909	1,361,500
Current portion of non-current unsecured loans	無抵押長期貸款的即期部分	171,436	119,000
		3,209,345	1,480,500
Non-current	長期		
Secured bank loans (note i and ii)	有抵押銀行貸款(附註i及ii)	7,038,729	5,839,967
Equity pledged loans (note iii)	股權抵押貸款(附註iii)	3,730,000	2,970,000
Unsecured loans	無抵押貸款	1,915,884	1,751,845
Less: current portion of non-current secured bank loans	減：有抵押銀行長期貸款的即期部分	(3,037,909)	(1,361,500)
current portion of non-current unsecured loans	無抵押長期貸款的即期部分	(171,436)	(119,000)
		9,475,268	9,081,312

As at 31 December 2018, the Group's secured loans and equity pledged loans were secured by the following:

於二零一八年十二月三十一日，本集團的有抵押貸款及股權抵押貸款以下列各項作為抵押：

- (i) Properties with a total carrying amount of RMB12,653,263,000 (as at 31 December 2017: RMB8,205,056,000) (notes 18, 22 and 23);
- (ii) Pledged time deposits of RMB422,205,000 (as at 31 December 2017: RMB400,000,000); and
- (iii) Equity interests of certain subsidiaries of the Company.

- (i) 賬面總值人民幣12,653,263,000元(於二零一七年十二月三十一日：人民幣8,205,056,000元)的物業(附註18、22及23)；
- (ii) 本公司人民幣422,205,000元(於二零一七年十二月三十一日：人民幣400,000,000元)的有抵押定期存款；及
- (iii) 本公司若干子公司的股本權益。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

34. INTEREST-BEARING LOANS (Continued)

The Group's non-current loans were repayable based on repayment schedule set out in relevant loan agreements as follows:

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Over 1 year but less than 2 years	超過一年但兩年內	7,905,768	3,607,871
Over 2 years but less than 5 years	超過兩年但五年內	1,285,500	5,116,441
Over 5 years	超過五年以上	284,000	357,000
		9,475,268	9,081,312

The effective interest rates of the interest-bearing loans were as follows:

		2018 二零一八年 Per annum 年利率	2017 二零一七年 Per annum 年利率
Effective interest rate	實際利率		
Variable-rate borrowings	可變利率借貸	2.47%-6.08%	2.47%-5.46%

The Group's borrowings that are denominated in currencies other than functional currency of the relevant group entities are set out below:

		HKD 港元 RMB'000 人民幣千元	USD 美元 RMB'000 人民幣千元
As at 31 December 2018	於二零一八年十二月三十一日	543,244	1,804,824
As at 31 December 2017	於二零一七年十二月三十一日	326,001	1,718,307

34. 計息貸款(續)

本集團的長期貸款須按相關貸款協議所載的下列還款期限償還：

計息貸款的實際利率如下：

本集團按相關集團實體的功能貨幣以外的貨幣計值的借貸載列如下：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

35. TRADE AND OTHER PAYABLES

35. 應付賬款及其他應付款項

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Payables due to related parties	應付關聯方款項		
– trade related	– 貿易相關	744,750	64,817
– non-trade related	– 非貿易相關	12,963,598	4,966,070
		13,708,348	5,030,887
Trade payables	應付賬款	11,177,086	9,361,992
Payable on purchase of land use rights	購買土地使用權應付款項	620,555	620,555
Consideration payable on acquisition of subsidiaries	收購子公司之應付代價	–	274,484
Other taxes payable	其他應付稅項	209,390	173,190
Interest payable	應付利息	96,579	161,951
Dividends payable	應付股息	240	234
Other payables and accrued expenses	其他應付款項和預提費用	3,673,489	1,325,424
		15,777,339	11,917,830
Total	合計	29,485,687	16,948,717

The aged analysis of trade payables due to related parties and the third parties is stated as follows:

應付關聯方及第三方的應付賬款賬齡分析如下：

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
0–90 days	0–90日	9,312,288	7,074,106
91–180 days	91–180日	637,596	290,866
181–365 days	181–365日	462,261	881,354
Over 365 days	超過365日以上	1,509,691	1,180,483
		11,921,836	9,426,809

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

36. CONTRACT LIABILITIES

36. 合同負債

	As at 31 December 2018 於二零一八年 十二月三十一日 RMB'000 人民幣千元	As at 1 January 2018 於二零一八年 一月一日 RMB'000 人民幣千元
Sales of properties 物業銷售	24,511,228	20,742,580

Revenue of RMB10,627,231,000 was recognised during the year ended 31 December 2018 that was included in the contract liabilities at the beginning of the year of 2018.

截至二零一八年十二月三十一日止年度，已確認收益人民幣10,627,231,000元計入二零一八年年初的合同負債。

Contract liabilities RMB13,923,400,000 are expected to be recognised after more than 12 months from the end of the reporting period.

預期合同負債人民幣13,923,400,000元將於自報告期結束起計超過十二個月後予以確認。

The Group receives 30%-70% of the contract value as deposits from customers upon signing the sale and purchase agreement. Such advance payment schemes (include value-added tax with applicable tax rates from 5% to 10%) result in contract liabilities being recognised until the customer obtains control of the completed property.

本集團於簽訂買賣協議時向客戶收取合同價值的30%至70%作為訂金。有關預付款項計劃(包括按適用稅率介乎5%至10%計算的增值稅)導致確認合同負債，直至客戶取得已建成物業的控制權為止。

37. BONDS

37. 債券

On 23 January 2014, the Company issued 5.50% bonds due 2018 (the "A Bond") with an aggregated nominal value of RMB1,500,000,000 at a value equal to 99% of the face value. The A Bond is listed on the Hong Kong Stock Exchange. The Bond carries interest at the rate of 5.50% per annum, payable semi-annually on 23 January and 23 July in arrears. The A Bond matured and repaid on 23 January 2018.

於二零一四年一月二十三日，本公司按等同面值99%的價值發行於二零一八年到期總面值人民幣1,500,000,000元的5.50厘債券(「甲債券」)。甲債券於香港聯交所上市。甲債券按年利率5.50厘計息，於每年一月二十三日及七月二十三日每半年期末付息。甲債券於二零一八年一月二十三日到期及償還。

On 28 July 2016, the Company issued 3.875% bonds due 2019 (the "B Bond") with an aggregated nominal value of USD450,000,000 at a value equal to 99.301% of the face value. The B Bond is listed on the Hong Kong Stock Exchange. The B Bond carries interest at the rate of 3.875% per annum, payable semi-annually on 28 January and 28 July in arrears and will mature on 28 July 2019. The net proceeds after deducting the direct issuance costs, amounted to approximately USD443,986,000 (equivalent to RMB2,956,815,000).

於二零一六年七月二十八日，本公司按等同面值99.301%的價值發行於二零一九年到期總面值450,000,000美元的3.875厘債券(「乙債券」)。乙債券於香港聯交所上市。乙債券按年利率3.875厘計息，於每年一月二十八日及七月二十八日每半年期末付息，並將於二零一九年七月二十八日到期。經扣除直接發行成本後的所得款項淨額約為443,986,000美元(相等於人民幣2,956,815,000元)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

37. BONDS (Continued)

On 7 July 2017, the Company issued 4.50% bonds due 2018 (the “**C Bond**”) with an aggregated nominal value of USD400,000,000 at a value equal to 100% of the face value. The C Bond is listed on the Hong Kong Stock Exchange. The C Bond carries interest at the rate of 4.50% per annum, payable semi-annually on 7 January and 7 July in arrears. The C Bond matured and repaid on 5 July 2018.

On 27 June 2018, the Company issued 7.875% bonds due 2019 (the “**D Bond**”) with an aggregated nominal value of USD200,000,000 at a value equal to 100% of the face value. The D Bond is listed on the Hong Kong Stock Exchange. The D Bond carries interest at the rate of 7.875% per annum, payable semi-annually on 27 December and 27 June in arrears and will mature on 27 June 2019, unless redeemed earlier. The net proceeds after deducting the direct issuance costs, amounted to approximately USD199,347,000 (equivalent to RMB1,299,346,000).

On 17 December 2018, the Company issued 9.875% bonds due 2020 (the “**E Bond**”) with an aggregated nominal value of USD200,000,000 at a value equal to 100% of the face value. The E Bond is listed on the Hong Kong Stock Exchange. The E Bond carries interest at the rate of 9.875% per annum, payable semi-annually on 26 December and 25 June in arrears and will mature on 17 June 2020, unless redeemed earlier. The net proceeds after deducting the direct issuance costs, amounted to approximately USD199,219,000 (equivalent to RMB1,375,886,000).

The A Bond and B Bond have the benefit of a keepwell deed from Greenland Holdings Group Company Limited, the intermediate controlling shareholder of the Company.

The C Bond have an embedded issuer's redemption option, the Company may, by giving not less than 15 nor more than 30 days' notice to the trustee in writing and to the bondholders, redeem the bond, in whole or in part, at a redemption price equal to 101 percent of their principal amount, together with accrued and unpaid interest. The redemption option of the C bond was not realised before the repayment date.

The D Bond have an embedded issuer's redemption option, the Company may, by giving not more than 30 days' notice to the trustee in writing and to the bondholders, redeem the bond, in whole or in part, at a redemption price equal to 100 percent of their principal amount, together with accrued and unpaid interest.

37. 債券(續)

於二零一七年七月七日，本公司按等同面值100%的價值發行於二零一八年到期總面值400,000,000美元的4.50厘債券(「**丙債券**」)。丙債券於香港聯交所上市。丙債券按年利率4.50厘計息，於每年一月七日及七月七日每半年期末付息。丙債券於二零一八年七月五日期到期及償還。

於二零一八年六月二十七日，本公司按等同面值100%的價值發行於二零一九年到期總面值200,000,000美元的7.875厘債券(「**丁債券**」)。丁債券於香港聯交所上市。丁債券按年利率7.875厘計息，於每年十二月二十七日及六月二十七日每半年期末付息，並將於二零一九年六月二十七日到期(除非獲提早贖回)。經扣除直接發行成本後的所得款項淨額約為199,347,000美元(相等於人民幣1,299,346,000元)。

於二零一八年十二月十七日，本公司按等同面值100%的價值發行於二零二零年到期總面值200,000,000美元的9.875厘債券(「**戊債券**」)。戊債券於香港聯交所上市。戊債券按年利率9.875厘計息，於每年十二月二十六日及六月二十五日每半年期末付息，並將於二零二零年六月十七日期到期(除非獲提早贖回)。經扣除直接發行成本後的所得款項淨額約為199,219,000美元(相等於人民幣1,375,886,000元)。

甲債券及乙債券附有本公司中介控股股東綠地控股集團有限公司提供的保持良好契據的利益。

丙債券具有嵌入式發行人贖回權。本公司可透過向受託人及債券持有人發出不少於15日且不多於30日的書面通知，按相等於債券本金額101%的贖回價連同累計未付利息贖回全部或部分債券。丙債券的贖回權於償還日期前並無兌現。

丁債券具有嵌入式發行人贖回權。本公司可透過向受託人及債券持有人發出不多於30日的書面通知書，按相等於債券本金額100%的贖回價連同累計未付利息贖回全部或部分債券。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

37. BONDS (Continued)

The E Bond have an embedded issuer's redemption option, the Company may, by giving not less than 15 nor more than 30 days' notice to the trustee in writing and to the bondholders, redeem the bond, in whole or in part, at a redemption price equal to 100 percent of their principal amount, together with accrued and unpaid interest.

The directors consider the fair value of the issuer's redemption options of the D Bond and E Bond are immaterial to the Group as at 31 December 2018.

The movements of different components of Bonds are set out below:

		Total 合計 RMB'000 人民幣千元
As at 31 December 2017	於二零一七年十二月三十一日	7,028,658
Net proceeds from bonds issued	發行債券所得淨額	2,675,232
Interests charged	利息開支	263,424
Interests paid/payable	已付／應付利息	(243,254)
Repayment of bonds	償還債券	(4,146,640)
Exchange realignment	匯兌調整	240,595
As at 31 December 2018	於二零一八年十二月三十一日	5,818,015

The Bonds represent the contractually determined stream of future cash flows discounted at the rate of interest determined by the market instruments of comparable credit status taken into account the business risk and financial risk of the Company. The effective interest rate is 4.355%-10.162% per annum for the year ended 31 December 2018.

37. 債券(續)

戊債券具有嵌入式發行人贖回權。本公司可透過向受託人及債券持有人發出不少於15日且不多於30日的書面通知書，按相等於債券本金額100%的贖回價連同累計未付利息贖回全部或部分債券。

董事認為，於二零一八年十二月三十一日，丁債券及戊債券的發行人贖回權的公允價值對本集團而言並不重大。

債券不同部分的變動載列如下：

債券為按利率折現的約定未來現金流量，利率經考慮本公司的業務風險及財務風險後，按照信貸狀況相若的市場工具釐定。截至二零一八年十二月三十一日止年度，實際年利率為4.355%至10.162%。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

37. BONDS (Continued)

The Bonds was repayable as follows:

At 31 December 於十二月三十一日		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Represented by	由下列項目組成		
Bonds within one year	一年內到期的債券	4,450,599	4,109,487
Bonds	債券		
After one year but within two years	一年後但兩年內	1,367,416	2,919,171

37. 債券(續)

債券須於以下年期償還：

38. EMPLOYEE RETIREMENT SCHEME

The employees of the Group are members of a state-managed retirement benefit scheme operated by the PRC government. The subsidiaries are required to contribute 20%-22% of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

The total expense recognised in profit or loss of RMB51,556,000 (2017: RMB38,407,000) represents contributions payable to these plans by the Group at rates specified in the rule of the plans. As at 31 December 2018, contributions of RMB956,000 (as at 31 December 2017: RMB840,000) due in respect of the year had not been paid over to the plans. The amounts were paid subsequent to the end of the year.

38. 僱員退休計劃

本集團之僱員均為中國政府管理之國家運營退休福利計劃之成員。該等子公司須按照僱員薪金費用的20%-22%向退休福利計劃供款，以撥支有關福利。就退休福利計劃而言，本集團之唯一責任為作出所訂明供款。

損益中確認的開支總額人民幣51,556,000元(二零一七年：人民幣38,407,000元)乃本集團按該等計劃規則訂明的費率應付該等計劃的供款。於二零一八年十二月三十一日，就年內應繳供款人民幣956,000元(於二零一七年十二月三十一日：人民幣840,000元)仍未支付予有關計劃。該等款項已於年末後支付。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

39. SHARE-BASED PAYMENT

Share award scheme

The Company adopted the Share Award Scheme on 3 December 2010. The purpose of the Share Award Scheme is to recognise and reward the contribution of the executives and employees (whether serving full-time or part-time) and directors of the Group to the growth and development of the Group through an award of the shares of the Company. Details of the Share Award Scheme were set out in the Company's 2012 annual report.

On 2 April 2013, the Board of Directors approved to grant 16,103,000 shares of the Company to the eligible participants, of which 400,000 shares were granted to a director and 2,000,000 shares were granted to four independent non-executive directors (500,000 shares each) respectively. The shares granted to the independent non-executive directors were vested immediately. The vesting date of the remaining granted shares is 31 March 2015.

Movements in the number of shares held for the Share Award Scheme is as follows:

	Shares held for the Share Award Scheme 股份獎勵計劃所持股份 (thousand) (千股)	Awarded shares 獎勵股份 (thousand) (千股)
Outstanding as of 31 December 2018 and 31 December 2017 於二零一八年十二月三十一日及二零一七年十二月三十一日 尚未行使	22,697	–

As at 31 December 2018, the carrying amount of shares held for the Share Award Scheme was RMB49,279,000 (as at 31 December 2017: RMB49,279,000).

During the years ended 31 December 2018 and 2017, no expenses in relation to share-based payments is charged to administrative expenses in profit or loss.

39. 股份支付

股份獎勵計劃

本公司於二零一零年十二月三日採納股份獎勵計劃。股份獎勵計劃的目的是通過授予本公司的股份，肯定及獎賞本集團的主管人員、僱員（不論全職或兼職）及董事為本集團的增長及發展所作出的貢獻。股份獎勵計劃詳情載於本公司二零一二年年報。

於二零一三年四月二日，董事會批准向合資格參與者授出16,103,000股本公司股份，其中400,000股授予一名董事及2,000,000股分別授予四名獨立非執行董事（各500,000股）。向獨立非執行董事授出之股份已即時歸屬。餘下授出股份之歸屬日期為二零一五年三月三十一日。

股份獎勵計劃所持股份的數目變動如下：

於二零一八年十二月三十一日，股份獎勵計劃所持股份的賬面值為人民幣49,279,000元（於二零一七年十二月三十一日：人民幣49,279,000元）。

截至二零一八年及二零一七年十二月三十一日止年度並無於損益的行政費用就股份支付扣除開支。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

40. SHARE CAPITAL

40. 股本

		The Group and the Company as at 31 December 2018 and 2017 本集團及本公司 於二零一八年及二零一七年 十二月三十一日	
		No. of shares 股份數目 (thousand) (千股)	Amount 金額 HKD'000 千港元
Authorised:	法定：		
Ordinary shares of HKD0.5 each	每股面值0.5港元的普通股	7,000,000	3,500,000
Convertible preferred shares of HKD0.5 each	每股面值0.5港元的可轉換優先股	3,000,000	1,500,000
Total	合計	10,000,000	5,000,000

		The Group and the Company 本集團及本公司			
		2018 二零一八年		2017 二零一七年	
		No. of shares 股份數目 (thousand) (千股)	Amount 金額 RMB'000 人民幣千元	No. of shares 股份數目 (thousand) (千股)	Amount 金額 RMB'000 人民幣千元
Ordinary shares, issued and fully paid:	普通股，已發行及繳足：				
At 1 January	於一月一日	2,793,677	1,132,855	2,793,677	1,132,855
Repurchase and logout shares	購回及註銷股份	(1,792)	(758)	-	-
At 31 December	於十二月三十一日	2,791,885	1,132,097	2,793,677	1,132,855

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

40. SHARE CAPITAL (Continued)

Authorised and issued share capital

(i) Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at any general meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets. In 2018, the Company repurchased and logout 1,792,000 shares amounting to approximately RMB758,000 (2017: Nil).

(ii) Convertible preference shares ("CPS")

The holders of CPS will not have the right to attend and vote at a general meeting (except for the winding up of the Company or for any resolution to vary or abrogate the rights or privileges of such holder or vary the restrictions to which the CPS are subject). The conversion period is any time after issue, provided that the conversion right will be suspended to the extent that it would result in the Company failing to comply with the public float requirement. Each CPS (at the option of the holder) will be convertible at any time (and without payment of any additional consideration) to ordinary shares on a one to one basis. Each CPS will confer on the holder thereof the right to receive dividend *pari passu* with holders of ordinary shares on the basis of the number of ordinary shares into which each CPS may be converted and on an as converted basis. On a distribution of assets on liquidation, winding up or a dissolution of the Company, the assets and funds of the Company available for distribution: (a) will first be paid to the holders of CPS *pari passu* among themselves in respect of the aggregate nominal amounts paid up on the CPS held by them; and (b) the remaining assets will be distributed *pari passu* to the holders of any class of shares (including the CPS). The CPS will be transferable without any restriction by the holders thereof. The CPS will be non-redeemable. No application will be made for the listing of the CPS on the Stock Exchange or any other stock exchange.

40. 股本(續)

法定及已發行股本

(i) 普通股

普通股持有人有權收取不時宣派的股息，並有權在本公司任何股東大會上按照每持有一股股份獲得一票的比例參與投票。所有普通股均就本公司剩餘資產享有同等權利。於二零一八年，本公司購回及註銷金額約為人民幣758,000元(二零一七年：無)的1,792,000股股份。

(ii) 可轉換優先股(「可轉換優先股」)

可轉換優先股的持有人將無權出席股東大會及於會上表決(惟為本公司清盤或將更改或廢除有關持有人之權利或特權或更改可轉換優先股所受之限制之任何決議案則除外)。轉換期為發行後的任何時間，惟倘會導致本公司無法遵守任何公眾持股量規定，則轉換權將暫告中止。每股可轉換優先股(按持有人選擇權)將可隨時(且毋須支付任何額外代價)按一對一基準轉換為普通股。每股可轉換優先股將賦予其持有人享有與普通股持有人同等之收取股息權利，基準為按每股可轉換優先股可轉換而成之普通股數目計算以及猶如已予以轉換。當本公司清盤、清算或解散時分派資產，本公司可供分派的資產及資金：(a)將首先就可轉換優先股持有人所持有可轉換優先股的已繳足面值總額向可轉換優先股持有人支付，而彼等之間具同等地位；及(b)餘下資產將向任何類別股份(包括可轉換優先股)的持有人分派，而彼等之間具同等地位。可轉換優先股之持有人轉讓可轉換優先股將不受任何限制。可轉換優先股不可贖回。概不會就可轉換優先股在聯交所或任何其他證券交易所上市提出申請。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

41. SHARE PREMIUM AND RESERVES

(a) Share premium

The application of the share premium account is governed by the Companies Law of the Cayman Islands.

(b) Merger reserves

The merger reserves represent the difference between the Company's share of the nominal value of the paid-up capital of the subsidiaries acquired over the nominal value of the ordinary shares issued by the Company.

(c) Capital redemption reserve

Capital redemption reserve represents the nominal value of the shares repurchased which has been paid out of the Company's distributable reserves.

(d) PRC statutory reserves

Transfers from retained earnings to PRC statutory reserves were made in accordance with the relevant PRC rules and regulations and the articles of association of the Company's subsidiaries incorporated in the PRC and were approved by the respective boards of directors. The statutory reserves consist of:

(i) General reserve fund

Transfers from retained earnings to the general reserve fund were made in accordance with the articles of association of the Company's subsidiaries and were approved by the respective boards of directors.

For the entity concerned, the general reserve fund can be used to cover previous years' losses, if any, and may be converted into capital in proportion to equity holders' existing equity holdings, provided that the balance after such conversion is not less than 25% of their registered capital.

(ii) Enterprise expansion fund

Transfers from retained earnings to the enterprise expansion fund were made in accordance with the articles of association of the Company's subsidiaries and were approved by the respective boards of directors.

For the entity concerned, the enterprise expansion fund can be used for business development purposes and for working capital purpose. This fund is non-distributable other than upon liquidation. Transfers to this fund must be made before distribution of dividends to the equity holders.

41. 股份溢價及儲備

(a) 股份溢價

股份溢價賬的動用受開曼群島公司法所規管。

(b) 合併儲備

合併儲備指本公司應佔被收購子公司的繳足股本面值與本公司發行的普通股面值的差額。

(c) 資本贖回儲備

資本贖回儲備指以本公司可供分派儲備支付之購回股份面值。

(d) 中國法定儲備

由保留溢利轉撥至中國法定儲備乃根據有關中國規則及規例與本公司在中國註冊成立之子公司的章程細則進行，並獲各自董事會批准。法定儲備包括：

(i) 法定盈餘公積金

由保留溢利轉撥至法定盈餘公積金乃根據本公司子公司的章程細則進行，並獲各自董事會批准。

就有關的公司而言，法定盈餘公積金可用作彌補上年度虧損(如有)，亦可按股權持有人現時的持股比例兌換為股本，惟兌換後結餘不得少於註冊資本的25%。

(ii) 企業發展基金

由保留溢利轉撥至企業發展基金乃根據本公司子公司的章程細則進行，並獲各自董事會批准。

就有關的公司而言，企業發展基金可用作業務發展及營運資金。除清盤外，該基金不可分派。須將保留溢利轉撥至該基金後方可向股權持有人分派股息。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

42. PERPETUAL SECURITIES

On 27 July 2016 (the “**Issue Date**”), the Group issued USD denominated senior perpetual capital securities (“**Perpetual Securities**”) with an aggregate principal amount of USD120,000,000. The Perpetual Securities confer the holders a right to receive distributions at the applicable distribution rate from the Issue Date payable semi-annually in arrears in USD.

The principal terms of the Perpetual Securities were disclosed in the Group’s 2016 consolidated financial statements.

As the Perpetual Securities only impose contractual obligations on the Group to repay principal or to pay any distributions under certain circumstances which are at the Group’s discretion, they have in substance confer the Group an unconditional right to avoid delivering cash or other financial asset to settle contractual obligations, therefore they do not meet the definition for classification as financial liabilities under IAS 32 Financial Instruments: Presentation. As a result, the whole instrument is classified as equity, and distributions if and when declared are treated as equity dividends.

Distribution of USD6,750,000 (equivalent to RMB42,716,000) has been provided and paid by the Company for the year.

43. FINANCIAL INSTRUMENTS

The Group conducts its operations in the PRC and accordingly is subject to special considerations and significant risks. These include risks associated with, among others, the political, economic and legal environment, influence of national authorities over pricing regulation and competition in the industry.

The Group has exposure to the following risks from its use of financial instruments:

- market risk (including currency risk and interest rate risk)
- credit risk
- liquidity risk

This note presents information about the Group’s exposure to each of the above risks, and the Group’s objectives, policies and processes for measuring and managing risk.

42. 永久證券

二零一六年七月二十七日(「**發行日期**」)，本集團發行本金總額為120,000,000美元的以美元計值的高級永久資本證券(「**永久證券**」)。永久證券賦予持有人權利，自發行日期起按適用的分派率每半年期末收取以美元支付的分派。

永久證券的主要條款於本集團二零一六年的綜合財務報表中披露。

由於永久證券僅對本集團施加在本集團酌情下償付本金或在若干情況下支付任何分派的合約責任，其實際上賦予本集團避免分發現金或其他金融資產以履行合約責任的無條件權利，因此其並不符合國際會計準則第32號「金融工具：呈報」項下之分類為金融負債之定義。因此，整項工具分類作權益，或倘有宣派則在宣派時當作權益股息。

本公司已計提及支付年內分派6,750,000美元(相當於人民幣42,716,000元)。

43. 金融工具

本集團在中國經營業務，故須受特定因素及重大風險影響，其中包括政治、經濟及法制環境、國家機構實施價格管制的影響及行業競爭等風險。

本集團使用的金融工具具有以下風險：

- 市場風險(包括外幣風險與利率風險)
- 信貸風險
- 流動性風險

本附註呈列有關本集團涉及上述各項風險、本集團計量管理風險的目標、政策及程序的資料。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

43. FINANCIAL INSTRUMENTS (Continued)

Management has overall responsibility for the establishment and oversight of the Group's risk management framework. Management establishes policies to identify and analyse the risks faced by the Group, to set up appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. Through training and management standards and procedures, management aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

43.1 Categories of financial instruments

43. 金融工具(續)

管理層全權負責建立並監督本集團的風險管理架構。管理層建立政策是為了辨明和分析本集團面臨的風險，並設置適當的風險限制和控制措施以監控風險是否在限制範圍內。風險管理政策及系統須定期進行審閱以反映市場環境及本集團經營活動的變化。管理層通過其培訓和管理標準及程序，旨在建立具紀律性及建設性的控制環境，使得身處其中的所有僱員明白自身的角色及義務。

43.1 金融工具類別

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Financial assets	金融資產		
Loans and receivables (including bank balance and cash)	貸款及應收款項 (包括銀行結餘及現金)	N/A 不適用	16,402,148
AFS investments	可供出售投資	N/A 不適用	174,567
Amortised cost	攤銷成本	20,525,399	N/A 不適用
Equity instruments at FVTOCI	按公允價值列賬於其他全面收入的股權工具	294,340	N/A 不適用
Total	合計	20,819,739	16,576,715
Financial liabilities	金融負債		
Amortised cost	攤銷成本	47,778,685	34,365,763
Financial liabilities carried at FVTPL	按公允價值列賬於損益的金融負債	—	98,178
Total	合計	47,778,685	34,463,941

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

43. FINANCIAL INSTRUMENTS (Continued)

43.2 Foreign currency risk management

The Group is mainly exposed to the fluctuations in exchange rates between RMB and HKD/USD. The exposure in HKD/USD arises mainly from the Group's bank balance and cash, trade and other receivables, trade and other payables, Interest-bearing loans, and Bonds.

In respect of the monetary assets and liabilities denominated in foreign currencies, the Group ensures manages the net exposures to this risk by utilizing forward foreign exchange contracts.

The management closely monitors foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Denominated in HKD 以港元計價		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Trade and other receivables	應收賬款及其他應收款項	423,132	73,769
Bank balance and cash	銀行結餘及現金	19,753	169,139
Trade and other payables	應付賬款及其他應付款項	(742,556)	(953,698)
Interest-bearing loans	計息貸款	(543,244)	(326,001)
Overall exposure	總風險	(842,915)	(1,036,791)

43. 金融工具(續)

43.2 外幣風險管理

本集團主要面對人民幣與港元／美元之間匯率波動的風險。港元／美元的風險主要來自本集團銀行結餘及現金、應收賬款及其他應收款項、應付賬款及其他應付款項、計息貸款及債券。

有關以外幣計價的貨幣資產及負債，本集團通過遠期外匯合約管理淨風險。

管理層密切監控外匯風險並將於需要時考慮對沖重大外匯風險

於報告期末，本集團以貨幣資產及貨幣負債計值的外幣賬面值如下。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

43. FINANCIAL INSTRUMENTS (Continued)

43.2 Foreign currency risk management (Continued)

Denominated in USD 以美元計價		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Trade and other receivables	應收賬款及其他應收款項	1,060,995	2,356
Bank balance and cash	銀行結餘及現金	1,519,221	733,481
Bonds	債券	(5,818,015)	(5,528,808)
Trade and other payables	應付賬款及其他應付款項	(7,703,472)	(1,687,053)
Interest-bearing loans	計息貸款	(1,804,824)	(1,718,307)
Overall exposure	總風險	(12,746,095)	(8,198,331)

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 5% (2017: 5%) increase and decrease in RMB against the relevant foreign currencies. 5% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. A positive number below indicates an increase in post-tax profit where RMB strengthens 5% against the relevant currency. For a 5% weakening of RMB against the relevant currency, there would be an equal and opposite impact on the profit and the amounts below would be negative.

外幣敏感度分析

下表顯示，在人民幣兌以下外幣升值及貶值5%(二零一七年：5%)的情況下本集團的敏感度。5%乃管理層對合理可能的外幣匯率變動的評估。敏感度分析僅包括現有以外幣計值之貨幣項目，並按外幣匯率出現5%變化調整其於年結日之換算數額。下列正數表示人民幣兌相關貨幣升值5%時則除稅後溢利增加。倘人民幣兌相關外幣貶值5%，對溢利會有同等及相反的影響，下述金額會變成負數。

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Profit or loss	溢利或虧損		
HKD	港元	31,609	51,840
USD	美元	477,979	409,917
Equity	權益		
HKD	港元	31,609	51,840
USD	美元	477,979	409,917

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

43. FINANCIAL INSTRUMENTS (Continued)

43.3 Interest rate risk management

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank deposits and bonds (see notes 31, 32 and 37 for details).

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balance (see notes 31 and 32 for details) and variable-rate interest-bearing loans (see note 34 for details).

The Group manages the net exposure to interest rate risks by maintaining sufficient lines of credit to obtain acceptable lending costs and by monitoring the exposure to such risks on an ongoing basis. When appropriate and at times of interest rate uncertainty or volatility, interest rate swaps may be used to assist in the Group's management of interest rate exposure.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For variable rate liabilities, the analysis is prepared assuming the amount of the liabilities outstanding at the end of the reporting period was outstanding for the whole year.

(a) Interest rate profile

The following table details the interest rate profile of the Group's interest-bearing borrowings and bonds by the end of reporting period.

		2018 二零一八年		2017 二零一七年	
		Effective interest rate 實際利率	RMB'000 人民幣千元	Effective interest rate 實際利率	RMB'000 人民幣千元
Fixed rate borrowings Bonds	固定利率借貸 債券	6.63%	5,818,015	4.81%	7,028,658
			5,818,015		7,028,658
Variable rate borrowings	可變利率借貸				
Secured interest bearing loans	有抵押計息貸款	4.86%	10,768,729	4.70%	8,809,967
Unsecured interest bearing loans	無抵押計息貸款	4.08%	1,915,884	4.08%	1,751,845
			12,684,613		10,561,812
Total borrowings	借貸總額		18,502,628		17,590,470
Fixed rate borrowings as a percentage of total borrowings	固定利率借貸佔借貸總額 百分比		31%		40%

43. 金融工具(續)

43.3 利率風險管理

本集團面對有關固定利率銀行存款及債券(詳情見附註31、32及37)的公允價值利率風險。

本集團亦面對有關可變利率銀行結餘(詳情見附註31及32)及可變利率計息貸款(詳情見附註34)的現金流量利率風險。

本集團通過維持充足的信貸額度以使借貸成本處於可接受水平及通過持續監控該等風險來管理利率淨風險。在適當時及倘利率不明朗或波動，可以使用利率掉期協助本集團管理利率風險。

利率敏感度分析

下述敏感度分析乃根據報告期末非衍生工具利率風險而釐定。就可變利率負債而言，編製該分析時乃假設於報告期末未償還負債金額在全年均為未償還。

(a) 利率情況

下表詳述於報告期末本集團的計息借貸及債券利率情況。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

43. FINANCIAL INSTRUMENTS (Continued)

43.3 Interest rate risk management (Continued)

(b) Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for interest-bearing loans at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If the market lending interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2018 would have decreased/increased by RMB95,135,000 (2017: decreased/increased by RMB79,261,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank balance and cash and interest-bearing loans.

43.4 Credit risk and impairment assessment

As at 31 December 2018, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position and the amount of contingent liabilities in relation to financial guarantee issued by the Group as disclosed in note 45.

The Group's credit risk is primarily attributable to trade receivable, contract assets, other non-trade receivables, bank balance and cash and amount of contingent liabilities in relation to the financial guarantees provided by the Group.

The Group has concentration of credit risk as 35.43% (31 December 2017: 27.68%) and 59.27% (31 December 2017: 63.65%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively within the sales of properties and construction management service segment.

43. 金融工具(續)

43.3 利率風險管理(續)

(b) 敏感度分析

下述敏感度分析乃根據報告期末計息貸款利率風險而釐定。就可變利率負債而言，編製該分析時乃假設於報告期末未償還負債金額在全年均為未償還。內部向主要管理人員匯報利率風險採用100個基點增幅或減幅，乃管理層對合理可能的利率變動的評估。

倘市場借貸利率增加／減少100個基點，且所有其他可變值維持不變，本集團截至二零一八年十二月三十一日止年度的除稅後溢利將會減少／增加人民幣95,135,000元(二零一七年：減少／增加人民幣79,261,000元)，主要由於本集團面對可變利率銀行結餘及現金以及計息貸款的利率風險。

43.4 信貸風險及減值評估

於二零一八年十二月三十一日，由於對手方未能履行責任及本集團提供的財務擔保導致本集團財務虧損而使本集團承受的最高信貸風險乃來自綜合財務狀況表所述的各類經確認的金融資產的賬面值及附註45披露的有關本集團作出財務擔保的或然負債金額。

本集團的信貸風險主要來自應收賬款、合同資產、其他非貿易應收賬款、銀行結餘及現金及有關本集團提供財務擔保的或然負債金額。

本集團就物業銷售及建築管理服務分部應收本集團最大客戶及五大客戶的賬款總額的信貸風險集中度分別為35.43%(於二零一七年十二月三十一日：27.68%)及59.27%(二零一七年十二月三十一日：63.65%)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

43. FINANCIAL INSTRUMENTS (Continued)

43.4 Credit risk and impairment assessment (Continued)

Trade receivables and contract assets arising from contracts with customers

In order to minimise the credit risk, The Group has policies in place to ensure that sales are made to customers with an appropriate financial strength and/or appropriate percentage of down payments. It also has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model upon application of IFRS 9 (2017: incurred loss model) on trade balances individually or based on provision matrix. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Other non-trade receivables

The credit risk of other non-trade receivables is managed through an internal process. The credit quality of each counterparty is investigated before an advance is made. The Group also actively monitors the outstanding amounts owed by each debtor and uses information developed internally or external resources to assess whether credit risk has increased significantly since initial recognition. The Group has concentration of credit risk from amounts due from Greenland Holdings of RMB4,591,508,000 (2017: RMB10,000).

Bank balance and cash

Cash deposits are mainly placed with state-owned financial institutions and reputable banks which are all high-credit-quality financial institutions, therefore the Group's credit risk on liquid funds is limited.

Contingent liabilities in relation to the financial guarantees

For properties that are still under construction, the Group typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of the properties. If a customer defaults on the payment of its mortgage during the term of the guarantee, the bank holding the mortgage may demand the Group to repay the outstanding amount under the loan and any accrued interest thereon. Under such circumstances, the Group is able to retain the customer's deposits and sell the property to recover any amounts paid by the Group to the bank. Unless the selling price drop significantly, which the probability is remote, the Group would not be in a loss position in selling those properties out. In this regard, the directors of the Company consider that the Group's credit risk in relation to financial guarantees from mortgage loans is largely mitigated.

43. 金融工具(續)

43.4 信貸風險及減值評估(續)

來自客戶合約的應收賬款及合同資產

為盡量降低信貸風險，本集團已制定政策，確保銷售乃以適當財務優勢及／或首期付款的適當百分比向客戶作出。本集團亦有其他監控程序，確保採取跟進行動收回逾期債務。此外，本集團於應用國際財務報告準則第9號後根據預期信貸虧損模式(二零一七年：產生虧損模式)就貿易結餘進行單獨或根據撥備矩陣進行減值評估。就此而言，本公司董事認為，本集團的信貸風險已大幅降低。

其他非貿易應收賬款

其他非貿易應收賬款的信貸風險乃透過內部程序進行管理。各對手方的信貸品質乃於作出預付款項前進行調查。本集團亦積極監控各債務人尚未償還的金額，並使用內部或外部資源所得資料評估信貸風險自初始確認以來是否出現大幅增加。本集團應收綠地控股款項人民幣4,591,508,000元(二零一七年：人民幣10,000元)有信貸風險集中情況。

銀行結餘及現金

現金存款主要存放於國有金融機構及信譽良好的銀行(全部為高信貸品質的金融機構)，因此本集團流動資金的信貸風險有限。

有關財務擔保的或然負債

就仍在建物業而言，本集團一般就客戶借款以撥支購買物業的按揭貸款向銀行提供擔保。倘客戶於擔保期內未能償還其按揭，持有按揭的銀行可能要求本集團償還貸款項下的未償還金額及任何就此應計利息。於該情況下，本集團能夠保留客戶按金並銷售有關物業，以收回本集團向銀行支付的任何金額。除非售價大幅降低(可能性甚微)外，本集團將不會因銷售該等物業而處於虧損狀況。就此而言，本公司董事認為，本集團有關按揭貸款提供財務擔保的信貸風險已大幅減少。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

43. FINANCIAL INSTRUMENTS (Continued)

43.4 Credit risk and impairment assessment (Continued)

The Group's internal credit risk grading assessment comprises the following categories:

43. 金融工具(續)

43.4 信貸風險及減值評估(續)

本集團的內部信貸風險評級評估包括以下分類：

Internal credit rating 內部信貸評級	Description 說明	Trade receivables/ contract assets 應收賬款／合同資產	Other finance assets/ other items 其他金融資產／其他項目
Low risk 低風險	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows 對手方的違約風險低，以及具有滿足合約現金流量的強大能力	Lifetime ECL – not credit-impaired 存續期預期信貸虧損 – 並無信貸減值	12m ECL 12個月預期信貸虧損
Watch list 關注名單	The counterparty has a low risk of default, but there is sign of possible increase in credit risk since initial recognition through information developed internally or external resources 對手方的違約風險低，惟透過內部或外部資源所得出資料，有跡象顯示信貸風險自初始確認以來出現潛在增加	Lifetime ECL – not credit-impaired 存續期預期信貸虧損 – 並無信貸減值	12m ECL 12個月預期信貸虧損
Doubtful 呆賬	There have been significant increases in credit risk since initial recognition through information developed internally or external resources 根據內部或外部資源所得出資料，信貸風險自初始確認以來已出現大幅增加	Lifetime ECL – not credit-impaired 存續期預期信貸虧損 – 並無信貸減值	Lifetime ECL – not credit-impaired 存續期預期信貸虧損 – 並無信貸減值
Loss 虧損	There is evidence indicating the asset is credit-impaired 有證據顯示資產出現信貸減值	Lifetime ECL – credit-impaired 存續期預期信貸虧損 – 信貸減值	Lifetime ECL – credit-impaired 存續期預期信貸虧損 – 信貸減值
Write-off 撇銷	There is evidence indicating that the debtor is in severe financial difficult and the Group has no realistic prospect of recovery 有證據顯示債務人有嚴重財政困難，而本集團預期不大可能收回	Amount is written-off 撇銷有關金額	Amount is written-off 撇銷有關金額

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

43. FINANCIAL INSTRUMENTS (Continued)

43.4 Credit risk and impairment assessment (Continued)

The tables below detail the credit risk exposures of the Group's financial assets and financial guarantee contracts which are subject to ECL assessment:

43. 金融工具(續)

43.4 信貸風險及減值評估(續)

下表詳述須進行預期信貸虧損評估的本集團金融資產及財務擔保合約所面臨的信貸風險：

2018 二零一八年	Notes 附註	External credit rating 外部信貸評級	Internal credit rating 內部信貸評級	12-month or lifetime ECL 12個月或存續期預期信貸虧損	Gross carrying amount 賬面總值 RMB'000 人民幣千元
Financial assets at amortised cost 按攤銷成本計量的金融資產					
Trade receivables 應收賬款	27	N/A 不適用	note 3 附註3 Low risk 低風險 Loss 虧損	Lifetime ECL (provision matrix) 存續期預期信貸虧損(撥備矩陣) Lifetime ECL 存續期預期信貸虧損 Credit-impaired 信貸減值	115,620 142,539 25,735
					283,894
Other non-trade receivables (note 1) 其他非貿易應收 賬款(附註1)	27	N/A 不適用	Low risk 低風險 Watch list 關注名單 Doubtful 呆賬 Loss 虧損	12m ECL 12個月預期信貸虧損 12m ECL 12個月預期信貸虧損 Lifetime ECL – not credit-impaired 存續期預期信貸虧損 – 並無信貸 減值 Lifetime ECL – credit-impaired 存續期預期信貸虧損 – 信貸減值	5,094,621 8,481,376 573,720 43,385
					14,193,102
Bank balance and cash 銀行結餘及現金	32	A3 – Aaa A3-Aaa	N/A 不適用	12m ECL 12個月預期信貸虧損	6,277,208
Other items 其他項目					
Contract assets (note 4) 合同資產(附註4)	29	N/A 不適用	N/A 不適用	Lifetime ECL 存續期預期信貸虧損	841,400
Financial guarantee contracts (note 2) 財務擔保合約(附註2)	45	N/A 不適用	N/A 不適用	12m ECL 12個月預期信貸虧損	11,561,273

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

43. FINANCIAL INSTRUMENTS (Continued)

43.4 Credit risk and impairment assessment (Continued)

Notes:

- As part of the Group's credit risk management, the Group applies internal credit rating for other non-trade receivables. The following table provides information about the exposure to credit risk for other non-trade receivables which are assessed based on provision matrix as at 31 December 2018 within 12m ECL and lifetime ECL (not credit impaired). Debtors with credit-impaired with gross carrying amounts of RMB43,385,000 as at 31 December 2018 were assessed individually.

Internal credit rating	內部信貸評級	Average loss rate 平均虧損率	Other non-trade receivables 其他非貿易應收賬款 RMB'000 人民幣千元
Low risk	低風險	0.31%	5,094,621
Watch list	關注名單	0.53%-3.21%	8,481,376
Doubtful	呆賬	6.28%	573,720
			14,149,717

During the year ended 31 December 2018, the Group provided RMB127,214,000 impairment allowance for other non-trade receivables, based on the internal credit rating.

- For financial guarantee contracts, the gross carrying amount represents the maximum amount the Group has guaranteed under the respective contracts. The maximum amount that the Group has guaranteed under the respective contracts was RMB11,561,273,000 as at 31 December 2018. At the end of the year, the directors of the Company have performed impairment assessment, and concluded that there has been no significant increase in credit risk since initial recognition of the financial guarantee contracts. Accordingly, the loss allowance for financial guarantee contracts issued by the Group is measured at an amount equal to 12m ECL. The directors of the Company considered that the 12m ECL allowance is insignificant at 1 January 2018 and 31 December 2018.
- For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant outstanding balances or credit-impaired, the Group determines the expected credit losses on these items by using a provision matrix.

43. 金融工具(續)

43.4 信貸風險及減值評估(續)

附註：

- 作為本集團信貸風險管理的一部分，本集團就其他非貿易應收賬款應用內部信貸評級。下表提供有關非貿易應收賬款面臨的信貸風險的資料，其於二零一八年十二月三十一日乃根據屬於12個月預期信貸虧損及存續期預期信貸虧損(並無信貸減值)的撥備矩陣評估。於二零一八年十二月三十一日，已對賬面總值為人民幣43,385,000元的信貸減值應收賬款進行單獨評估。

截至二零一八年十二月三十一日止年度，本集團根據內部信貸評級就其他非貿易應收賬款計提減值撥備人民幣127,214,000元。

- 就財務擔保合約而言，賬面總值指本集團根據相關合約提供擔保的最高金額。於二零一八年十二月三十一日，本集團根據相關合約提供擔保的最高金額為人民幣11,561,273,000元。於年末，本公司董事已進行減值評估，並認為有關財務擔保合約的信貸風險自初始確認以來並無大幅增加。因此，本集團作出財務擔保合約的虧損撥備乃按相當於12個月預期信貸虧損的金額計量。本公司董事認為，於二零一八年一月一日及二零一八年十二月三十一日，12個月預期信貸虧損撥備並不重大。
- 就應收賬款而言，本集團已採用國際財務報告準則第9號的簡化法計量存續期預期信貸虧損的虧損撥備。除具有重大未償還結餘或出現信貸減值的應收賬款外，本集團採用撥備矩陣釐定該等項目的預期信貸虧損。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

43. FINANCIAL INSTRUMENTS (Continued)

43.4 Credit risk and impairment assessment (Continued)

Notes: (Continued)

3. (Continued)

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers in relation to its property sales, hotel and related services and property management and other services because these customers consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for trade receivables which are assessed based on provision matrix as at 31 December 2018 within lifetime ECL (not credit impaired). Debtors with significant outstanding balances or credit-impaired with gross carrying amounts of RMB142,539,000 and RMB25,735,000 respectively as at 31 December 2018 were assessed individually using internal credit rating.

		Average loss rate 平均虧損率	Trade receivables 應收賬款 RMB'000 人民幣千元
Gross carrying amount	賬面總值		
0-90 days	0-90日	7%	70,121
91-180 days	91-180日	9%	7,671
181-365 days	181-365日	10%	4,642
Over 365 days	超過365日	13%	33,186
			115,620

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort.

During the year ended 31 December 2018, the Group provided RMB89,000 and RMB4,823,000 impairment allowance for trade receivables based on the provision matrix and individual assessment respectively.

4. During the year ended 31 December 2018, the Group assessed the impairment for the contract assets in relation to its construction management service with a significant outstanding balance amounting to approximately RMB841,400,000 individually and provided RMB1,403,000 impairment allowance for contract assets.

43. 金融工具(續)

43.4 信貸風險及減值評估(續)

附註：(續)

3. (續)

作為本集團信貸風險管理的一部分，就物業銷售、酒店及配套服務以及物業管理及其他服務而言，本集團使用應收賬款的賬齡評估客戶的減值，原因為該等客戶由大量具有代表彼等根據合約條款支付所有到期款項的能力的共同風險特徵的小型客戶組成。下表提供有關應收賬款面臨的信貸風險資料，其於二零一八年十二月三十一日乃根據屬於存續期預期信貸虧損(並無信貸減值)的撥備矩陣進行評估。於二零一八年十二月三十一日，已對具有重大未償還結餘或出現信貸減值賬面總值分別為人民幣142,539,000元及人民幣25,735,000元的應收賬款使用內部信貸評級進行單獨評估。

估計虧損率乃於應收賬款的預期年內按過往觀察違約率進行估計，並就毋須花費不必要成本或精力即可獲得的前瞻性資料進行調整。

截至二零一八年十二月三十一日止年度，本集團根據撥備矩陣及單獨評估就應收賬款分別計提撥備人民幣89,000元及人民幣4,823,000元。

4. 截至二零一八年十二月三十一日止年度，本集團單獨就具有重大未償還結餘的建築管理服務的合同資產約人民幣841,400,000元評估減值，並就合同資產計提減值撥備人民幣1,403,000元。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

43. FINANCIAL INSTRUMENTS (Continued)

43.4 Credit risk and impairment assessment (Continued)

The following table shows the movement in lifetime ECL that has been recognised for trade receivables and contract assets and under the simplified approach.

		Lifetime ECL (not credit- impaired) 存續期預期 信貸虧損 (並無信貸減值) RMB'000 人民幣千元	Lifetime ECL (credit- impaired) 存續期預期 信貸虧損 (信貸減值) RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
As at 31 December 2017 under IAS 39	於二零一七年十二月 三十一日根據國際會計 準則第39號			
Adjustment upon application of IFRS 9	於應用國際財務報告準則 第9號後調整	–	25,735	25,735
		10,758	–	10,758
As at 1 January 2018 – As restated	於二零一八年一月一日 — 經重列	10,758	25,735	36,493
Changes due to financial instruments recognised as at 1 January:	於一月一日因已確認金融 工具導致的變動：			
– Impairment losses recognized	— 已確認減值虧損	2,934	–	2,934
New financial assets originated or purchased	源自或購買的新金融資產	3,381	–	3,381
As at 31 December 2018	於二零一八年 十二月三十一日	17,073	25,735	42,808

Changes in the loss allowance for trade receivables are mainly due to:

應收賬款的虧損撥備變動乃主要由於：

		31/12/2018 二零一八年十二月三十一日 Increase in lifetime ECL 存續期預期信貸虧損增加	
		Not credit- impaired 並無信貸減值 RMB'000 人民幣千元	Credit- impaired 信貸減值 RMB'000 人民幣千元
Trade debtors with significant gross carrying amounts of RMB142,539,000 defaulted as at 31 December 2018	於二零一八年十二月三十一日 具有重大賬面總值人民幣 142,539,000元的違約應收 賬款	4,823	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

43. FINANCIAL INSTRUMENTS (Continued)

43.4 Credit risk and impairment assessment (Continued)

The following tables show reconciliation of loss allowances that has been recognised for other non-trade receivables.

43. 金融工具(續)

43.4 信貸風險及減值評估(續)

下表呈列就其他非貿易應收賬款的已確認虧損撥備的對賬。

		12m ECL	Lifetime ECL (not credit- impaired)	Lifetime ECL (credit- impaired)	Total
		12個月預期 信貸虧損	存續期預期 信貸虧損 (並無信貸減值)	存續期預期 信貸虧損 (信貸減值)	合計
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
As at 31 December 2017 under IAS 39	於二零一七年十二月三十一日根據國際會計準則第39號				
		–	15	43,385	43,400
Adjustment upon application of IFRS 9	於應用國際財務報告準則第9號後調整	194	16,592	–	16,786
As at 1 January 2018 – as restated	於二零一八年一月一日 – 經重列	194	16,607	43,385	60,186
Changes due to financial instruments recognised as at 1 January:	於一月一日因已確認金融工具導致的變動：				
– Impairment losses recognised	– 已確認減值虧損	40,640	19,420	–	60,060
New financial assets originated or purchased	源自或購買的新金融資產	67,154	–	–	67,154
As at 31 December 2018	於二零一八年十二月三十一日	107,988	36,027	43,385	187,400

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

43. FINANCIAL INSTRUMENTS (Continued)

43.5 Liquidity risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from banks to meet its liquidity requirements in the short and longer term.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short-, medium- and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

43.5.1 Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

43. 金融工具(續)

43.5 流動性風險管理

流動性風險為本集團在到期日無法履行其財務義務的風險。本集團的政策為定期監控其流動資金需要及遵守借款契約的情況，確保維持充足的現金儲備及從銀行獲得足夠的已訂約融資額度，以應付本集團短期及較長期的流動資金需求。

流動性風險管理的最終責任在於董事會，其已設立合適的流動性風險管理框架，以管理本集團的長、中、短期資金及流動性管理需要。本集團通過維持足夠儲備、銀行融資及儲備借貸融資，以及持續監控預測及實際現金流量，加上將金融資產及負債的到期情況進行匹配，以管理流動性風險。

43.5.1 流動性及利息風險列表

下表詳述本集團具協定還款期間的非衍生金融負債項下合約承擔的其餘到期情況。下表乃按本集團可能需要付款的最早日期為基準，根據金融負債的未貼現現金流量釐定。

		Weighted average effective interest rate 加權平均 實際利率 %	Within 1 year or on demand 一年內 或按要求 RMB'000 人民幣千元	Within 2 years but over 1 year 兩年內 但一年以上 RMB'000 人民幣千元	Within 5 years but over 2 years 五年內 但兩年以上 RMB'000 人民幣千元	Over 5 years 五年以上 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元	Carrying amount 賬面值 RMB'000 人民幣千元
31 December 2018	二零一八年十二月三十一日							
Trade and other payables	應付賬款及其他應付款項	-	29,276,057	-	-	-	29,276,057	29,276,057
Variable interest rate loans	可變利率貸款	4.74%	3,351,821	8,527,543	1,541,121	392,609	13,813,094	12,684,613
Bonds	債券	6.63%	4,770,353	1,440,414	-	-	6,210,767	5,818,015
Financial guarantees issued: Maximum amount guaranteed	已出具的財務擔保： 最高擔保額	-	11,561,273	-	-	-	11,561,273	-
			48,959,504	9,967,957	1,541,121	392,609	60,861,191	47,778,685
31 December 2017	二零一七年十二月三十一日							
Trade and other payables	應付賬款及其他應付款項	-	16,775,293	-	-	-	16,775,293	16,775,293
Variable interest rate loans	可變利率貸款	4.59%	1,554,012	3,866,402	5,947,369	493,484	11,861,267	10,561,812
Bonds	債券	4.81%	4,327,678	3,054,330	-	-	7,382,008	7,028,658
Financial guarantees issued: Maximum amount guaranteed	已出具的財務擔保： 最高擔保額	-	9,922,333	-	-	-	9,922,333	-
			32,579,316	6,920,732	5,947,369	493,484	45,940,901	34,365,763

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

43. FINANCIAL INSTRUMENTS (Continued)**43.5 Liquidity risk management (Continued)****43.5.1 Liquidity and interest risk tables (Continued)**

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that such an amount will not be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

43.6 Fair value measurements

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

43.6.1 Fair value of the Group's financial asset and financial liability that is measured at fair value on a recurring basis

A certain financial asset is measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined, as well as the level of the fair value hierarchy into which the fair value measurements are categorised based on the degree to which the inputs to the fair value measurements is observable.

43. 金融工具(續)**43.5 流動性風險管理(續)****43.5.1 流動性及利息風險列表(續)**

上述財務擔保合約金額乃在擔保對手單位作出申索時，本集團根據有關安排被迫全數結付擔保的最高金額。根據於報告期末的預期，本集團認為在有關安排下有關金額應當不需支付。然而，此項估計乃受對手單位就擔保事項作出申索的或然率而變動，而該或然率乃取決於受擔保的由對手單位持有的金融應收款項蒙受信貸虧損的可能性。

43.6 公允價值計量

此附註提供有關本集團如何釐定多項金融資產及金融負債的公允價值的資料。

43.6.1 本集團以經常性基準按公允價值計量的金融資產及金融負債的公允價值

於各報告期末，有某項金融資產按公允價值計量。下表提供的資料，乃有關該等金融資產及金融負債公允價值如何釐定，以及根據公允價值計量輸入數據可以觀察的程度而分類的公允價值計量的公允價值層級。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

43. FINANCIAL INSTRUMENTS (Continued)

43.6 Fair value measurements (Continued)

43.6.1 Fair value of the Group's financial asset and financial liability that is measured at fair value on a recurring basis (Continued)

Financial assets 金融資產		Fair values as at 31 December 於十二月三十一日的公允價值		Fair value hierarchy 公允價值層級	Valuation techniques and key inputs 估值技巧及主要輸入數據
		2018 二零一八年	2017 二零一七年		
Foreign currency structured forward contracts classified as financial liabilities carried at FVTPL	分類為按公允價值列賬於損益的金融負債的外幣結構性遠期合約	-	Liability - RMB98,178,000 負債－人民幣 98,178,000元	Level 2 第二層	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties 折現現金流量。 未來現金流量乃根據遠期外幣匯率（來自報告期末可觀察的遠期外幣匯率）及合約遠期匯率估計，所用折現率乃反映多個對手單位的信貸風險
Equity instrument carried at FVTOCI	按公允價值列賬於其他全面收入的股權工具	Asset - RMB294,340,000 資產－人民幣 294,340,000元	-	Level 3 第三層	Income approach - in this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of this investee, based on an appropriate discount rate. 收入法－於該方法中，根據適用折現率，使用折現現金流量法計算該被投資公司擁有權所得的預期未來經濟利益的現值

The Group's unlisted equity investments is classified as investment at FVTOCI (2017: AFS investments) and is measured at fair value at each reporting date. The fair value changes RMB84,255,000 are recognized in other comprehensive income in the current year.

本集團的非上市股權投資乃分類為按公允價值列賬於其他全面收入的投資（二零一七年：可供出售投資）並於各報告日期按公允價值計量。公允價值變動人民幣84,255,000元於本年度於其他全面收入中確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

43. FINANCIAL INSTRUMENTS (Continued)

43.6 Fair value measurements (Continued)

43.6.2 Fair value of financial assets and financial liabilities that are not measured at fair value

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

		2018 二零一八年		2017 二零一七年	
		Carrying amount 賬面值 RMB'000 人民幣千元	Fair value 公允價值 RMB'000 人民幣千元	Carrying amount 賬面值 RMB'000 人民幣千元	Fair value 公允價值 RMB'000 人民幣千元
Bonds	債券	5,818,015	5,817,193	7,028,658	7,004,283

44. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

Consistent with industry practice, the Group monitors its capital structure on the basis of a net gearing ratio (total interest-bearing loans and bonds less cash and cash equivalents (including restricted cash) over total equity). Therefore, the Group defined debts as interest-bearing loans and bonds.

The Group is not subject to any externally imposed capital requirements.

The Group's risk management committee reviews the capital structure of the Group on a semi-annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital.

43. 金融工具(續)

43.6 公允價值計量(續)

43.6.2 並非以公允價值計量的金融資產及金融負債的公允價值

除下表所詳述外，董事認為綜合財務報表內所確認的金融資產及金融負債的賬面值與公允價值相若。

44. 資本管理

本集團管理資本以確保本集團系內公司能夠繼續根據持續經營基準經營，同時透過取得最佳股債平衡，為股東創造最大回報。本集團整體策略與去年保持不變。

根據行業慣例，本集團以負債比率淨額(計息貸款及債券總額減去現金及現金等價物(包括受限制現金)後除以權益總額)作為監控資本架構的基準。因此，本集團界定債項為計息貸款及債券。

本公司並無受外部施加的資本規定所規限。

本集團的風險管理委員會每半年對本集團的資本架構進行審視。委員會審視過程中，會考慮資金成本及各類別資金相關的風險。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

44. CAPITAL MANAGEMENT (Continued)

The gearing ratio at end of the reporting period was as follows.

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Debts	債項	18,502,628	17,590,470
Bank balance and cash	銀行結餘及現金	(6,277,208)	(7,856,722)
Net debts	淨債項	12,225,420	9,733,748
Equity	權益	13,944,738	11,584,890
Net debts to equity ratio	淨債項佔權益比率	88%	84%

44. 資本管理(續)

報告期末的負債比率如下。

45. FINANCIAL GUARANTEES

As at the reporting date, the Group has issued the following guarantees:

The Group has arranged mortgage loan facilities for certain purchasers of property units and provided financial guarantees to secure obligations of such purchasers for repayments. The outstanding guarantees amounted to RMB11,561,273,000 as at 31 December 2018 (as at 31 December 2017: RMB9,922,333,000). Such guarantees terminate upon the earlier of (i) the issuance of the real estate ownership certificate which will generally be available within six months after the buyer takes possession of the relevant properties; and (ii) the satisfaction of the mortgaged loan by the buyer of the properties.

In the opinion of directors of the Company, the fair values of the financial guarantee contracts of the Group are insignificant at initial recognition and the directors consider the possibility of default by the parties involved to be remote. Accordingly, no value has been recognised in the statement of financial position as at 31 December 2018 and 2017.

45. 財務擔保

於報告日期，本集團已發出以下擔保：

本集團已為部分物業單位的買方提供按揭貸款，並對該等買方的還款責任提供財務擔保。於二零一八年十二月三十一日，已授出的擔保為人民幣11,561,273,000元（於二零一七年十二月三十一日：人民幣9,922,333,000元）。該等擔保於以下較早期間終止：(i)發出房地產所有權證（一般在買方擁有有關物業後六個月內發出）時；及(ii)物業買方償還按揭貸款時。

本公司董事認為，本集團財務擔保合約於首次確認時的公允價值很低，而董事認為有關訂約方違約的機會極微。因此，並無於二零一八年及二零一七年十二月三十一日的財務狀況表中確認任何價值。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

46. OPERATING LEASE ARRANGEMENTS

The Group as lessee

	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Minimum lease payments paid under operating leases during the year	27,717	24,410

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Within one year	15,280	10,153
In the second to fifth year inclusive	37,220	35,221
Over five years	5,470	13,793
Total	57,970	59,167

Operating lease payments represent rentals payable by the Group for certain office premises. Leases are negotiated for a term ranging from 1 to 10 years with fixed rentals.

於報告期末，本集團就下列到期之不可註銷經營租賃而有未來最低租金付款承擔：

經營租賃付款指本集團就若干辦公室物業的應付租金。經磋商後之租賃期介乎一至十年之間，為固定租金。

The Group as lessor

	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Property rental income, net of negligible outgoings under operating leases during the year	51,453	36,321

本集團作為出租人

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

46. OPERATING LEASE ARRANGEMENTS (Continued)

The Group as lessor (Continued)

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Within one year	一年內	75,538	52,422
In the second to fifth year inclusive	兩年後但五年內	341,876	184,531
Over five years	超過五年	315,555	44,335
Total	合計	732,969	281,288

Property rental income represents rentals receivable by the Group. Leases are negotiated for a term ranging from 1 to 15 years with fixed rentals.

46. 經營租賃安排(續)

本集團作為出租人(續)

於報告期末，本集團與租戶訂立下列未來最低租賃付款：

物業租金收益指本集團應收租金。經磋商後之租賃期介乎一至十五年之間，為固定租金。

47. CAPITAL COMMITMENTS

47. 資本承擔

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Property under development and investment properties under development contracted but not provided in the consolidated financial statements	已訂約但未於綜合財務報表撥備的發展中物業及發展中投資物業	13,487,602	11,138,547

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

48. RELATED-PARTY DISCLOSURES

- (i) During the year, in addition to those disclosed in note 50 to the consolidated financial statements, the Group entered into the following transactions with related parties:

48. 關聯方披露

- (i) 年內，除綜合財務報表附註50所披露者外，本集團與關聯方訂立以下交易：

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Property management and other services fee	物業管理及其他服務費		
– Greenland Holdings' subsidiaries	– 綠地控股子公司	5,744	8,240
– joint ventures and associates	– 合營企業及聯營公司	362	1,347
– non-controlling shareholders of subsidiaries	– 子公司非控股股東	1,835	–
Construction service provided by Greenland Holdings' subsidiaries	綠地控股子公司提供的建築服務	1,088,522	2,221,951
Interest income arising from amounts due from associates	應收聯營公司款項產生的利息收入	28,308	–
Interest expense arising from amounts due to Greenland Holdings' subsidiaries	應付綠地控股子公司款項產生的利息費用	–	57,021
Entrusted loan received from non-controlling shareholders of subsidiaries	來自子公司非控股股東的已收委託貸款	–	380,230
Entrusted loan repaid	已償還委託貸款		
– subsidiaries of a non-controlling shareholders of a subsidiary	– 一家子公司非控股股東的子公司	–	522,170
– Greenland Holdings' subsidiary	– 綠地控股子公司	–	370,000
Advance to	向下列各項作出預付款項		
– Greenland Holdings	– 綠地控股	4,591,498	10
– Greenland Holdings' subsidiaries	– 綠地控股子公司	4,236,019	2,260,997
– associates	– 聯營公司	440,722	120,369
– joint ventures	– 合營企業	175,541	–
– non-controlling shareholders of subsidiaries	– 子公司非控股股東	587,692	1,912,616
– Shareholder's Company	– 股東公司	1	12
		11,156,244	7,854,963

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

**48. RELATED-PARTY DISCLOSURES
(Continued)**

- (i) During the year, in addition to those disclosed in note 50 to the consolidated financial statements, the Group entered into the following transactions with related parties: (Continued)

48. 關聯方披露(續)

- (i) 年內，除綜合財務報表附註50所披露者外，本集團與關聯方訂立以下交易：(續)

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Repayment from	來自下列各項的還款		
– Greenland Holdings' subsidiaries	– 綠地控股子公司	1,387,984	754,953
– associates	– 聯營公司	82,978	–
– joint ventures	– 合營企業	–	1,261
– non-controlling shareholders of subsidiaries	– 子公司非控股股東	299,325	4,539
		1,770,287	760,753
Advance from	來自下列各項的預付款項		
– Greenland Holdings' subsidiaries	– 綠地控股子公司	7,534,040	3,497
– associates	– 聯營公司	36,003	–
– non-controlling shareholders of subsidiaries	– 子公司非控股股東	1,611,203	725,404
– Shareholder's Company	– 股東公司	–	1
		9,181,246	728,902
Repayment to	向下列各項作出的還款		
– Greenland Holdings	– 綠地控股	2	–
– Greenland Holdings' subsidiaries	– 綠地控股子公司	818,767	1,448,043
– associates	– 聯營公司	66,000	240,384
– non-controlling shareholders of subsidiaries	– 子公司非控股股東	693,305	241,714
– Shareholder's Company	– 股東公司	1	–
		1,578,075	1,930,141

Note: Mr. Wang Weixian is a "Shareholder" of the Company. Shareholder's Company represents a company owned by the Shareholder and affiliates.

附註：王偉賢先生為本公司的「股東」。股東公司為該股東及聯屬公司擁有的公司。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

48. RELATED-PARTY DISCLOSURES (Continued)

- (ii) As at the end of the year, the Group had balances with related parties, which are all unsecured, as follows:

48. 關聯方披露(續)

- (ii) 於年末，本集團與關聯方的結餘均為無抵押，其載列如下：

		2018 二零一八年						
		Project-related 項目相關		Non-project related 非項目相關		Sub Total 小計		
		Non-interest bearing 免息 RMB'000 人民幣千元	Interest bearing 計息 RMB'000 人民幣千元	Non-Interest bearing 免息 RMB'000 人民幣千元	Interest bearing 計息 RMB'000 人民幣千元	Non-interest bearing 免息 RMB'000 人民幣千元	Interest bearing 計息 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Due from Greenland Holdings	應收綠地控股	-	-	4,591,508	-	4,591,508	-	4,591,508
Greenland Holdings' subsidiaries	綠地控股子公司	1,078,142	-	1,233,458	-	2,311,600	-	2,311,600
Associates	聯營公司	26,500	451,613	-	-	26,500	451,613	478,113
Joint ventures	合營企業	79,325	-	116,674	-	195,999	-	195,999
Non-controlling shareholders of subsidiaries	子公司非控股股東	4,090,810	-	67,868	-	4,158,678	-	4,158,678
Shareholder's Company	股東公司	-	-	13	-	13	-	13
		5,274,777	451,613	6,009,521	-	11,284,298	451,613	11,735,911
Due to Greenland Holdings	應付綠地控股	686,730	-	-	-	686,730	-	686,730
Greenland Holdings' subsidiaries	綠地控股子公司	798,784	-	7,501,026	-	8,299,810	-	8,299,810
Associates	聯營公司	36,013	-	-	-	36,013	-	36,013
A director and entities controlled by the director	一名董事及其控制的實體	-	-	1,158	-	1,158	-	1,158
Non-controlling shareholders of subsidiaries	子公司非控股股東	4,522,976	-	161,661	-	4,684,637	-	4,684,637
		6,044,503	-	7,663,845	-	13,708,348	-	13,708,348

		2017 二零一七年						
		Project related 項目相關		Non-project related 非項目相關		Sub Total 小計		
		Non-interest bearing 免息 RMB'000 人民幣千元	Interest bearing 計息 RMB'000 人民幣千元	Non-Interest bearing 免息 RMB'000 人民幣千元	Interest bearing 計息 RMB'000 人民幣千元	Non-interest bearing 免息 RMB'000 人民幣千元	Interest bearing 計息 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Due from Greenland Holdings	應收綠地控股	10	-	-	-	10	-	10
Greenland Holdings' subsidiaries	綠地控股子公司	2,962,838	-	2,340	-	2,965,178	-	2,965,178
Associates	聯營公司	121,798	-	-	-	121,798	-	121,798
Joint ventures	合營企業	-	-	20,458	-	20,458	-	20,458
Non-controlling shareholders of subsidiaries	非控股股東	3,528,937	-	344,741	-	3,873,678	-	3,873,678
Shareholder's Company	股東公司	-	-	12	-	12	-	12
		6,613,583	-	367,551	-	6,981,134	-	6,981,134
Due to Greenland Holdings	應付綠地控股	686,732	-	-	-	686,732	-	686,732
Greenland Holdings' subsidiaries	綠地控股子公司	212,048	724,021	136,457	-	348,505	724,021	1,072,526
Associates	聯營公司	66,000	-	-	-	66,000	-	66,000
A director and entities controlled by the director	一名董事及其控制的實體	-	-	1,158	-	1,158	-	1,158
Non-controlling shareholders of subsidiaries	子公司非控股股東	2,548,697	-	655,773	-	3,204,470	-	3,204,470
Shareholder's Company	股東公司	-	-	1	-	1	-	1
		3,513,477	724,021	793,389	-	4,306,866	724,021	5,030,887

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

48. RELATED-PARTY DISCLOSURES (Continued)

- (ii) As at the end of the year, the Group had balances with related parties, which are all unsecured, as follows: (Continued)

In respect of project-related balances with related parties:

- (a) The trade balances due from Greenland Holdings' subsidiaries, joint ventures, associates and non-controlling shareholders of subsidiaries are mainly receivables from property management and other services.
- (b) The project-related balances due from Greenland Holdings and its subsidiaries are mainly prepaid distributions and consideration receivables from disposal of a subsidiary. The project-related balances due to Greenland Holdings and its subsidiaries are mainly project advances and non-interest bearing loans.
- (c) The project-related balances due from non-controlling shareholders are mainly prepaid distributions. The project-related balances due from joint ventures/associates are mainly project advances to these joint ventures/associates and are tied to the project development cycle. In the opinion of the directors, these balances are expected to be settled when the projects concerned commence pre-sales.
- (d) The project-related balances due to non-controlling shareholders are mainly project advances from these non-controlling shareholders and are tied to the project development cycle. In the opinion of the directors, these balances are repayable on demand and are expected to be settled when the projects concerned commence pre-sales.

The non-project related balances with related parties are mainly unsecured advances and repayable on demand.

The interest bearing balances due from associates of RMB451,613,000 at 31 December 2018 (2017: Nil) carried interest at fixed rate of 4.35% – 8.00% (2017: Nil) per annum.

48. 關聯方披露(續)

- (ii) 於年末，本集團與關聯方的結餘均為無抵押，其載列如下：(續)

就與關聯方的項目相關結餘而言：

- (a) 應收綠地控股子公司、合營企業、聯營公司及子公司非控股股東的貿易結餘主要為物業管理及其他服務的應收款項。
- (b) 應收綠地控股及其子公司的項目相關結餘主要為出售一家子公司的預付分派及應收代價。應付綠地控股及其子公司的項目相關結餘主要為項目墊款及免息貸款。
- (c) 應收非控股股東的項目相關結餘主要為預付分派。應收合營企業／聯營公司的項目相關結餘主要為向該等合營企業／聯營公司作出的項目墊款，並與項目發展週期一致。董事認為，該等結餘預期將予有關項目開展預售時予以償付。
- (d) 應付非控股股東的項目相關結餘主要為來自該等非控股股東的項目墊款，並與項目發展週期一致。董事認為，該等結餘為按要求償還，並預期將於有關項目開展預售時予以償付。

與關聯方的非項目相關結餘主要為無抵押墊款及按要求償還。

於二零一八年十二月三十一日，應收聯營公司的計息結餘人民幣451,613,000元(二零一七年：無)乃按固定年利率4.35%至8.00%(二零一七年：無)計息。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

48. RELATED-PARTY DISCLOSURES (Continued)

(iii) Compensation of key management personnel

Remuneration for key management personnel, including amounts paid to the Company's directors as disclosed in note 14 and five of the highest payment to employees as disclosed in note 15, was as follows:

	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Salaries and other emoluments 工資及其他薪酬	21,089	12,877

48. 關聯方披露(續)

(iii) 關鍵管理人員薪酬

關鍵管理人員薪酬包括在附註14中披露支付予本公司董事的薪酬和在附註15中披露支付予五位最高薪酬僱員的薪酬，詳情如下：

49. ACQUISITION OF A SUBSIDIARY

On 23 January 2018, the Group completed the acquisition of 70% interest in Zhaoqing Hengchang from an independent third party for cash consideration of RMB1,365,197,000. This acquisition has been accounted for using the acquisition method. Zhaoqing Hengchang is engaged in property development business and was acquired to continue the expansion of the Group's property development business.

Assets acquired and liabilities recognised at the date of acquisition are as follows:

49. 收購一家子公司

於二零一八年一月二十三日，本集團完成向獨立第三方收購肇慶亨昌70%權益，現金代價為人民幣1,365,197,000元。收購已按收購法入賬。肇慶亨昌從事物業開發業務，收購乃為繼續本集團物業開發業務的擴充。

收購日期的已收購資產及已確認負債載列如下：

		RMB'000 人民幣千元
Net assets acquired 已收購之淨資產		
Bank balance and cash 銀行結餘及現金		13,160
Trade and other receivables 應收賬款及其他應收款項		111,044
Properties under development 發展中物業		3,083,526
Property, plant and equipment 物業、廠房及設備		1,507
Land use rights 土地使用權		44,601
Contract liabilities 合同負債		(152,498)
Trade and other payables 應付賬款及其他應付款項		(566,914)
Deferred tax liabilities 遞延稅項負債		(584,144)
		1,950,282
Non-controlling interests 非控股權益		(585,085)
		1,365,197

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

49. ACQUISITION OF A SUBSIDIARY (Continued)

No goodwill arose from the Zhaoqing Hengchang acquisition.

Non-controlling interest in Zhaoqing Hengchang recognised at the acquisition date was measured by reference to the proportionate share 30% of recognised amounts of net assets of Zhaoqing Hengchang and amounted to RMB585,085,000.

Total consideration

		RMB'000 人民幣千元
Cash	現金	1,365,197

Net cash outflow on acquisitions

		RMB'000 人民幣千元
Cash consideration	現金代價	1,365,197
Bank balance and cash acquired	已收購銀行結餘及現金	(13,160)
		1,352,037

Included in the profit for the year, a loss amounting to approximately RMB14,606,000 was attributable to Zhaoqing Hengchang. Revenue for the year includes RMB162,908,000 revenue attributable to Zhaoqing Hengchang.

Had the acquisition of Zhaoqing Hengchang been effected at the beginning of the year, the total amount of revenue of the Group for the year would have been RMB15,444,672,000, and the amount of the profit for the year would have been RMB1,980,942,000. The proforma information is for illustrative purposes only and is not necessarily an indication results of operations of the Group that actually would have been achieved had that the acquisition been completed at the beginning of the year, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit of the Group had Zhaoqing Hengchang been acquired at the beginning of the year, the directors of the Company calculated depreciation and amortisation of plant and equipment based on the recognised amounts of plant and equipment at the date of the acquisition.

49. 收購一家子公司(續)

肇慶亨昌收購事項概無產生商譽。

於收購日期確認的肇慶亨昌非控股權益乃按肇慶亨昌淨資產的已確認金額所佔30%的比例計量，合共人民幣585,085,000元

總代價

收購的現金流出淨額

年內溢利包括肇慶亨昌應佔虧損約人民幣14,606,000元。年內收益包括肇慶亨昌應佔收益人民幣162,908,000元。

倘收購肇慶亨昌已於年初進行，本集團的年內收益總額將為人民幣15,444,672,000元，而年內溢利將為人民幣1,980,942,000元。備考資料僅供說明之用，並不一定表示倘收購於年初發生時本集團可實際取得的營運業績，亦不擬作為未來業績的預測。

在釐定本集團的「備考」收益及溢利時(假設肇慶亨昌已於年初被收購)，本公司董事已根據收購日期確認的廠房及設備金額計算廠房及設備的折舊及攤銷。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

50. DISPOSAL OF A SUBSIDIARY

On 30 September 2018, the Group disposed of its entire 100% equity interest in Nanchang Shenyang Property Co., Ltd. ("Nanchang Shenyang") to Greenland Holdings for a cash consideration of approximately RMB1,970,501,000.

The effect of disposal of Nanchang Shenyang is analysed as follows:

50. 出售一家子公司

於二零一八年九月三十日，本集團向綠地控股出售其於南昌申陽置業有限公司(「南昌申陽」)的全部100%股權，現金代價為約人民幣1,970,501,000元。

出售南昌申陽的影響分析如下：

		RMB'000 人民幣千元
Property, plant and equipment	物業、廠房及設備	231
Properties under development	發展中物業	2,687,246
Trade, other receivables and advance deposits	應收賬款、其他應收款項及預付按金	4,313,113
Bank balance and cash	銀行結餘及現金	140,781
Tax recoverable	可收回稅項	126,496
Deferred tax assets	遞延稅項資產	131,269
Interest-bearing loans	計息貸款	(625,000)
Contract liabilities	合同負債	(4,964,594)
Trade and other payables	應付賬款及其他應付款項	(326,732)
Net assets disposed of	已出售之淨資產	1,482,810
Gain on disposal of a subsidiary:	出售一家子公司收益：	
Consideration	代價	1,970,501
Net assets disposed of	已出售之淨資產	(1,482,810)
Gain on disposal of Nanchang Shenyang	出售南昌申陽收益	487,691
Net cash inflow arising on disposal:	出售的現金流入淨額：	
Total consideration	總代價	1,970,501
Bank balance and cash disposed of	已出售的銀行結餘及現金	(140,781)
Consideration receivable, included in other non-trade receivable due from related parties	應收代價(計入應收關聯方的其他非貿易應收賬款)	(903,913)
Proceeds from disposal of a subsidiary	出售一家子公司所得款項	925,807

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

51. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities:

51. 來自融資活動產生的負債的對賬

下表詳述本集團融資活動所產生的負債變動(包括現金及非現金變動)。融資活動所產生的負債已經或將會於本集團綜合現金流量表內分類為融資活動現金流量：

		Borrowings	Bonds	Loans from related parties	Interest payable	Total
		借貸	債券	來自關聯方的貸款	應付利息	合計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
At 1 January 2018	於二零一八年一月一日	10,561,812	7,028,658	4,966,070	161,951	22,718,491
Financing cash flows	融資現金流量	2,631,679	(1,471,408)	7,546,150	(960,019)	7,746,402
Disposal of a subsidiary	出售一家子公司	(625,000)	-	-	-	(625,000)
Foreign exchange	外匯	116,122	240,595	451,378	-	808,095
Interest expenses	利息費用	-	20,170	-	894,647	914,817
At 31 December 2018	於二零一八年十二月三十一日	12,684,613	5,818,015	12,963,598	96,579	31,562,805

		Borrowings	Bonds	Loans from related parties	Interest payable	Total
		借貸	債券	來自關聯方的貸款	應付利息	合計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
At 1 January 2017	於二零一七年一月一日	9,484,221	8,038,774	6,227,416	180,261	23,930,672
Financing cash flows	融資現金流量	1,330,642	(662,927)	(1,201,239)	(907,743)	(1,441,267)
Disposal of a subsidiary	出售一家子公司	(102,159)	-	-	-	(102,159)
Foreign exchange	外匯	(150,892)	(373,479)	(117,128)	-	(641,499)
Interest expenses	利息費用	-	26,290	57,021	889,433	972,744
At 31 December 2017	於二零一七年十二月三十一日	10,561,812	7,028,658	4,966,070	161,951	22,718,491

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

52. SUBSEQUENT EVENT

On 26 January 2019, the Group distributed the dividend of Perpetual Securities issued on 27 July 2016. The amount is USD3,375,000 (approximately RMB22,940,000).

52. 結算日後事件

於二零一九年一月二十六日，本集團就二零一六年七月二十七日發行的永久證券分派股息。金額為3,375,000美元(約人民幣22,940,000元)。

53. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

53. 本公司財務狀況表

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
ASSETS	資產		
Investment in subsidiaries	子公司投資	13,915,102	13,750,666
Total non-current assets	非流動資產總額	13,915,102	13,750,666
Trade, other receivables and advance deposits	應收賬款、其他應收款項及預付按金	89,069	81,472
Bank balance and cash	銀行結餘及現金	125,128	298,284
Total current assets	流動資產總額	214,197	379,756
Total assets	資產總額	14,129,299	14,130,422
CAPITAL AND RESERVES	資本及儲備		
Share capital	股本	1,132,097	1,132,855
Share premium	股份溢價	3,412,872	3,416,546
Reserves	儲備	309,670	309,670
Perpetual securities	永久證券	787,823	787,823
Accumulated losses	累計虧損	(1,509,885)	(1,159,730)
Total equity attributable to equity holders of the Company	本公司股權持有人應佔權益總額	4,132,577	4,487,164
LIABILITIES	負債		
Bonds	債券	1,367,416	2,919,171
Interest-bearing loans	計息貸款	2,003,448	1,632,845
Total non-current liabilities	非流動負債總額	3,370,864	4,552,016
Interest-bearing loans	計息貸款	603,620	924,967
Trade and other payables	應付賬款及其他應付款項	1,571,639	56,788
Bonds	債券	4,450,599	4,109,487
Total current liabilities	流動負債總額	6,625,858	5,091,242
Total liabilities	負債總額	9,996,722	9,643,258
Total equity and liabilities	權益及負債總額	14,129,299	14,130,422

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

53. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued) **53. 本公司財務狀況表(續)**

		Share capital 股本 RMB'000 人民幣千元	Share premium 股份溢價 RMB'000 人民幣千元	Capital redemption reserve 資本贖回儲備 RMB'000 人民幣千元	Contributed surplus (note) 實繳盈餘(附註) RMB'000 人民幣千元	Perpetual securities 永久證券 RMB'000 人民幣千元	Accumulated losses 累計虧損 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
At 1 January 2017	於二零一七年一月一日	1,132,855	3,416,546	1,231	308,439	787,823	(315,587)	5,331,307
Loss and total comprehensive expense for the year	年度虧損及全面開支總額	-	-	-	-	-	(554,166)	(554,166)
Dividends recognised as distribution	確認為分派的股息	-	-	-	-	-	(244,139)	(244,139)
Dividends paid to perpetual securities	已付永久證券之股息	-	-	-	-	-	(45,838)	(45,838)
At 31 December 2017	於二零一七年十二月三十一日	1,132,855	3,416,546	1,231	308,439	787,823	(1,159,730)	4,487,164
Loss and total comprehensive expense for the year	年度虧損及全面開支總額	-	-	-	-	-	34,675	34,675
Dividends recognised as distribution	確認為分派的股息	-	-	-	-	-	(342,114)	(342,114)
Repurchase and logout shares	購回及註銷股份	(758)	(3,674)	-	-	-	-	(4,432)
Dividends paid to perpetual securities	已付永久證券之股息	-	-	-	-	-	(42,716)	(42,716)
At 31 December 2018	於二零一八年十二月三十一日	1,132,097	3,412,872	1,231	308,439	787,823	(1,509,885)	4,132,577

Note: The excess of the consolidated net assets represented by the shares of the subsidiaries acquired over nominal value of the shares issued by the Company in exchange under the Reorganisation was transferred to the contributed surplus account in the Company's financial statements.

附註：所收購子公司股份之綜合淨資產超過本公司於重組時發行以交換該等股份面值之差額轉撥至本公司財務報表的實繳盈餘賬。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

54. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the Company's principal subsidiaries as at 31 December 2018 and 2017 are as follows.

54. 本公司主要子公司詳情

本公司於二零一八年及二零一七年十二月三十一日之主要子公司詳情如下。

Name of subsidiary 子公司名稱	Principal activity 主要業務	Registered capital 註冊資本	Place and date of incorporation 註冊成立地點及日期	Proportion of ownership interest and voting power held by the Company as at 31 December 本集團於十二月三十一日的擁有權權益及所持表決權比例	
				2018 二零一八年	2017 二零一七年
SPG Investment Ltd.	Investment holding 投資控股	USD1 1美元	British Virgin Islands, 2 March 2004 英屬處女群島， 二零零四年三月二日	100%	100%
Shanghai Cambridge (Group) Co., Ltd. 上海康橋半島(集團)有限公司	Property development, sales and lease 房地產開發、銷售及租賃	USD67,670,000 67,670,000美元	the PRC, 25 August 1998 中國， 一九九八年八月二十五日	98.24%	98.24%
Shanghai SPG Property Service Co., Ltd. 上海盛高物業服務有限公司	Property management services 物業管理服務	RMB5,000,000 人民幣5,000,000元	the PRC, 17 January 2001 中國， 二零零一年一月十七日	98.42%	98.42%
Shanghai SPG Hotel Development Co., Ltd. 上海盛高酒店發展有限公司	Hotel operation, property development, sales and lease 酒店營運、房地產開發、 銷售及租賃	RMB405,500,000 人民幣405,500,000元	the PRC, 1 December 2006 中國， 二零零六年十二月一日	98.24%	98.24%
Shanghai Oriental Cambridge Property Development Co., Ltd. 上海東方康橋房地產發展有限公司	Property development, sales and lease 房地產開發、銷售及租賃	RMB650,000,000 人民幣650,000,000元	the PRC, 26 September 2002 中國， 二零零二年九月二十六日	100%	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

54. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Details of the Company's principal subsidiaries as at 31 December 2018 and 2017 are as follows. (Continued)

54. 本公司主要子公司詳情(續)

本公司於二零一八年及二零一七年十二月三十一日之主要子公司詳情如下。(續)

Name of subsidiary 子公司名稱	Principal activity 主要業務	Registered capital 註冊資本	Place and date of incorporation 註冊成立地點及日期	Proportion of ownership interest and voting power held by the Company as at 31 December 本集團於十二月三十一日的擁有權益及所持表決權比例	
				2018 二零一八年	2017 二零一七年
Shanghai Zhujia Cambridge Property Development Co., Ltd. 上海珠佳康橋半島房地產開發有限公司	Property development and sales 房地產開發及銷售	RMB280,000,000 人民幣280,000,000元	the PRC, 24 September 2003 中國， 二零零三年九月二十四日	100%	100%
Huangshan SPG Property Development Co., Ltd. 黃山盛高半島房地產發展有限公司	Hotel development and operation 酒店開發及經營	RMB270,000,000 人民幣270,000,000元	the PRC, 7 January 2004 中國， 二零零四年一月七日	100%	100%
Kunming SPG Land Development Co., Ltd. 昆明盛高置地發展有限公司	Property development, sales and lease 房地產開發、銷售及租賃	RMB142,500,000 人民幣142,500,000元	the PRC, 9 November 2006 中國， 二零零六年十一月九日	100%	100%
Huangshan Hiddentiger Club Management Co., Ltd. 黃山卧虎會所管理有限公司	Property management services 物業管理服務	RMB1,000,000 人民幣1,000,000元	the PRC, 7 July 2009 中國， 二零零九年七月七日	100%	100%
Kunming SPG Grand City Development Co., Ltd. 昆明盛高大城房地產發展有限公司	Property development, sales and lease 房地產開發、銷售及租賃	USD40,000,000 40,000,000美元	the PRC, 15 June 2007 中國， 二零零七年六月十五日	100%	100%
Suzhou Runjian Property Co., Ltd. 蘇州潤建置業有限公司	Property development, sales and lease 房地產開發、銷售及租賃	RMB300,000,000 人民幣300,000,000元	the PRC, 28 September 2007 中國， 二零零七年九月二十八日	100%	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

**54. PARTICULARS OF PRINCIPAL
SUBSIDIARIES OF THE COMPANY
(Continued)**

Details of the Company's principal subsidiaries as at 31 December 2018 and 2017 are as follows. (Continued)

54. 本公司主要子公司詳情(續)

本公司於二零一八年及二零一七年十二月三十一日之主要子公司詳情如下。(續)

Name of subsidiary 子公司名稱	Principal activity 主要業務	Registered capital 註冊資本	Place and date of incorporation 註冊成立地點及日期	Proportion of ownership interest and voting power held by the Company as at 31 December 本集團於十二月三十一日的擁有權益及所持表決權比例	
				2018 二零一八年	2017 二零一七年
Suzhou SPG Property Management Co., Ltd. 蘇州盛高物業服務有限公司	Hotel Operations, Property management services 酒店營運、物業管理服務	RMB500,000 人民幣500,000元	the PRC, 5 March 2009 中國， 二零零九年三月五日	100%	100%
Wuxi Guosheng Property Development Co., Ltd. 無錫國盛房產開發有限公司	Property development, sales and lease 房地產開發、銷售及租賃	HKD1,196,530,000 1,196,530,000港元	the PRC, 2 November 2007 中國， 二零零七年十一月二日	100%	100%
Wuxi Shenglian Property Development Co., Ltd. 無錫盛聯房產開發有限公司	Property development, sales and lease 房地產開發、銷售及租賃	HKD1,105,000,000 1,105,000,000港元	the PRC, 2 November 2007 中國， 二零零七年十一月二日	100%	100%
Hainan Jianqiao Property Co. Ltd. 海南建橋置業有限公司	Property development, sales and lease 房地產開發、銷售及租賃	RMB115,000,000 人民幣115,000,000元	the PRC, 4 January 2008 中國， 二零零八年一月四日	100%	100%
Shanghai Huichang Construction Engineering Co., Ltd. 上海卉昌建築工程有限公司	Construction and decoration services 建築及裝修服務	RMB100,000,000 人民幣100,000,000元	the PRC, 21 May 2009 中國， 二零零九年五月二十一日	100%	100%
Changshu SPG Land Development Co., Ltd. 常熟盛高房產開發有限公司	Property development, sales and lease 房地產開發、銷售及租賃	RMB200,000,000 人民幣200,000,000元	the PRC, 12 July 2007 中國， 二零零七年七月十二日	100%	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

54. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Details of the Company's principal subsidiaries as at 31 December 2018 and 2017 are as follows. (Continued)

54. 本公司主要子公司詳情(續)

本公司於二零一八年及二零一七年十二月三十一日之主要子公司詳情如下。(續)

Name of subsidiary 子公司名稱	Principal activity 主要業務	Registered capital 註冊資本	Place and date of incorporation 註冊成立地點及日期	Proportion of ownership interest and voting power held by the Company as at 31 December 本集團於十二月三十一日的擁有權權益及所持表決權比例	
				2018 二零一八年	2017 二零一七年
Changshu SPG Real Estate Development Co., Ltd. 常熟盛地置業有限公司	Property development, sales and lease 房地產開發、銷售及租賃	RMB550,000,000 人民幣550,000,000元	the PRC, 24 October 2007 中國， 二零零七年十月二十四日	100%	100%
Shanxi SPG Land Development Co., Ltd. 山西盛高置地發展有限公司	Property development, sales and lease 房地產開發、銷售及租賃	USD20,000,000 20,000,000美元	the PRC, 27 August 2009 中國， 二零零九年八月二十七日	100%	100%
Ningbo SPG Cicheng Property Development Co., Ltd. 寧波盛高慈城房地產發展有限公司	Property development, sales and lease 房地產開發、銷售及租賃	RMB600,000,000 人民幣600,000,000元	the PRC, 21 March 2011 中國， 二零一一年三月二十一日	100%	100%
Hangzhou Tuojiang Property Co., Ltd. 杭州拓江置業有限公司	Property development, sales and lease 房地產開發、銷售及租賃	USD582,000,000 582,000,000美元	the PRC, 22 July 2013 中國， 二零一三年七月二十二日	50% (note iii) (附註iii)	50% (note iii) (附註iii)
Haikou Greenland Hongxiang Property Co., Ltd. 海口綠地鴻翔置業有限公司	Property development, sales and lease 房地產開發、銷售及租賃	RMB600,000,000 人民幣600,000,000元	the PRC, 27, November 2013 中國， 二零一三年十一月二十七日	100%	100%
Shanghai Daokun Investment Management Co., Ltd. 上海道堃資產管理有限公司	Investing and consulting 投資及諮詢	RMB10,000,000 人民幣10,000,000元	the PRC, 9 June 2015 中國， 二零一五年六月九日	100%	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

54. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Details of the Company's principal subsidiaries as at 31 December 2018 and 2017 are as follows. (Continued)

54. 本公司主要子公司詳情(續)

本公司於二零一八年及二零一七年十二月三十一日之主要子公司詳情如下。(續)

Name of subsidiary 子公司名稱	Principal activity 主要業務	Registered capital 註冊資本	Place and date of incorporation 註冊成立地點及日期	Proportion of ownership interest and voting power held by the Company as at 31 December 本集團於十二月三十一日的擁有權益及所持表決權比例	
				2018 二零一八年	2017 二零一七年
Shanghai He Mao Property Co., Ltd. 上海合茂房地產發展有限公司	Property development, sales and lease 房地產開發、銷售及租賃	RMB630,000,000 人民幣630,000,000元	the PRC, 11 December 2013 中國， 二零一三年十二月十一日	50% (note iii) (附註iii)	50% (note iii) (附註iii)
Nanning Greenland Yingkai Investment Co., Ltd. 南寧綠地穎愷投資有限公司	Property development, sales and lease 房地產開發、銷售及租賃	RMB558,500,000 人民幣558,500,000元	the PRC 1, November 2013 中國， 二零一三年十一月一日	100%	100%
Success Yield Group Limited 成耀集團有限公司	Investment of subsidiaries 投資子公司	USD200 200美元	the BVI, 6 May, 2011 英屬處女群島， 二零一一年五月六日	50% (note iii) (附註iii)	50% (note iii) (附註iii)
Xu Bao Co., Ltd. 旭寶有限公司	Investment of subsidiaries 投資子公司	HKD2 2港元	the BVI, 6 September, 2012 英屬處女群島， 二零一二年九月六日	50% (note iii) (附註iii)	50% (note iii) (附註iii)
Xuzhou Nanbu Property Co., Ltd. 徐州南部房地產開發有限公司	Property development, sales and lease 房地產開發、銷售及租賃	USD50,000,000 50,000,000美元	the PRC, 23 January 2014 中國， 二零一四年一月二十三日	100%	100%
Xuzhou Mingzhi Property Co., Ltd. 徐州銘智房地產開發有限公司	Property development, sales and lease 房地產開發、銷售及租賃	HKD1,414,000,000 1,414,000,000港元	the PRC, 3 March 2014 中國， 二零一四年三月三日	50% (note iii) (附註iii)	50% (note iii) (附註iii)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

54. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Details of the Company's principal subsidiaries as at 31 December 2018 and 2017 are as follows. (Continued)

54. 本公司主要子公司詳情(續)

本公司於二零一八年及二零一七年十二月三十一日之主要子公司詳情如下。(續)

Name of subsidiary 子公司名稱	Principal activity 主要業務	Registered capital 註冊資本	Place and date of incorporation 註冊成立地點及日期	Proportion of ownership interest and voting power held by the Company as at 31 December 本集團於十二月三十一日的擁有權益及所持表決權比例	
				2018 二零一八年	2017 二零一七年
Shanghai Xiangxuan Property Co., Ltd. 上海翔軒置業有限公司	Property development, sales and lease 房地產開發、銷售及租賃	RMB20,000,000 人民幣20,000,000元	the PRC, 17 January 2014 中國， 二零一四年一月十七日	100%	100%
Greenland (Kunming) Property Co., Ltd. 綠地集團(昆明)置業有限公司	Property development, sales and lease 房地產開發、銷售及租賃	RMB517,272,222 人民幣517,272,222元	the PRC, 17 December 2012 中國， 二零一二年十二月十七日	55%	55%
Greenland (Kunming Wuhua) Property Development Co., Ltd. 綠地集團(昆明五華)房地產開發有限公司	Property development, sales and lease 房地產開發、銷售及租賃	RMB528,000,000 人民幣528,000,000元	the PRC, 19 December 2012 中國， 二零一二年十二月十九日	55%	55%
Shanghai Wuli Property Co., Ltd. 上海五里置業有限公司	Property development, sales and lease 房地產開發、銷售及租賃	RMB6,000,000,000 人民幣6,000,000,000元	the PRC, 21 February 2014 中國， 二零一四年二月二十一日	100%	100%
Nanning Greenland Hongkai Property Property Co., Ltd. 南寧綠地鴻愷置業有限公司	Property development, sales and lease 房地產開發、銷售及租賃	HKD700,000,000 700,000,000港元	the PRC, 20 May 2014 中國， 二零一四年五月二十日	100%	100%
Haikou Greenland Wuyuan Property Co., Ltd. 海口綠地五源置業有限公司	Property development, sales and lease 房地產開發、銷售及租賃	RMB200,000,000 人民幣200,000,000元	the PRC, 26 January 2014 中國， 二零一四年一月二十六日	100%	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

54. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Details of the Company's principal subsidiaries as at 31 December 2018 and 2017 are as follows. (Continued)

54. 本公司主要子公司詳情(續)

本公司於二零一八年及二零一七年十二月三十一日之主要子公司詳情如下。(續)

Name of subsidiary 子公司名稱	Principal activity 主要業務	Registered capital 註冊資本	Place and date of incorporation 註冊成立地點及日期	Proportion of ownership interest and voting power held by the Company as at 31 December 本集團於十二月三十一日的擁有權益及所持表決權比例	
				2018 二零一八年	2017 二零一七年
Hainan Tianhongjiye Shiye Co., Ltd. 海南天泓基業實業有限公司	Property development, sales and lease 房地產開發、銷售及租賃	RMB100,000,000 人民幣100,000,000元	the PRC, 21 December 2009 中國， 二零零九年十二月二十一日	50.1%	50.1%
Hainan Tianhongjiye Investment Co., Ltd. 海南天泓基業投資有限公司	Property development, sales and lease 房地產開發、銷售及租賃	RMB180,000,000 人民幣180,000,000元	the PRC, 12 January 2010 中國， 二零一零年一月十二日	50.1%	50.1%
Nanning Greenland Xinyuan Property Co., Ltd. 南寧綠地信源置業有限公司	Property development, sales and lease 房地產開發、銷售及租賃	RMB300,000,000 人民幣300,000,000元	the PRC, 27 November 2014 中國， 二零一四年十一月二十七日	100%	100%
Suzhou Lvjie Property Co., Ltd. 蘇州綠杰置業有限公司	Property development, sales and lease 房地產開發、銷售及租賃	USD2,250,000,000 2,250,000,000美元	the PRC, 22 October 2015 中國， 二零一五年十月二十二日	100%	100%
Shanghai Greenland Financial Information Services Co., Ltd. 上海綠地金融信息服務有限公司	Financing 融資	RMB100,000,000 人民幣100,000,000元	the PRC, 23 January 2015 中國， 二零一五年一月二十三日	100%	100%
Guangxi Greenland Xintie Property Co., Ltd. 廣西綠地鑫鐵置業有限公司	Property development, sales and lease 房地產開發、銷售及租賃	RMB100,000,000 人民幣100,000,000元	the PRC, 29 April 2016 中國， 二零一六年四月二十九日	60%	60%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

54. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Details of the Company's principal subsidiaries as at 31 December 2018 and 2017 are as follows. (Continued)

54. 本公司主要子公司詳情(續)

本公司於二零一八年及二零一七年十二月三十一日之主要子公司詳情如下。(續)

Name of subsidiary 子公司名稱	Principal activity 主要業務	Registered capital 註冊資本	Place and date of incorporation 註冊成立地點及日期	Proportion of ownership interest and voting power held by the Company as at 31 December 本集團於十二月三十一日的擁有權益及所持表決權比例	
				2018 二零一八年	2017 二零一七年
Suzhou Lvying Property Co., Ltd. 蘇州綠穎置業有限公司	Property development, sales and lease 房地產開發、銷售及租賃	RMB20,000,000 人民幣20,000,000元	the PRC, 13 July 2016 中國， 二零一六年七月十三日	100%	100%
Guangxi Greenland Hengrun Property Development Co., Ltd. 廣西綠地恒潤置業發展有限公司	Property development, sales and lease 房地產開發、銷售及租賃	RMB100,000,000 人民幣100,000,000元	the PRC, 5 May 2016 中國， 二零一六年五月五日	65%	65%
Suzhou Lvwo Amusement Equipment Co., Ltd. 蘇州綠沃遊樂設備有限公司	Commercial management 商業管理	RMB12,750,000 人民幣12,750,000元	the PRC, 1 January 2017 中國， 二零一七年一月一日	80%	80%
Wuxi Guangcheng Metro Above-Station Property Development Co., Ltd. 無錫廣城地鐵上蓋置業有限公司	Property development, sales and lease 房地產開發、銷售及租賃	RMB20,000,000 人民幣20,000,000元	the PRC, 19 December 2013 中國， 二零一三年十二月十九日	90%	90%
Wujiang Shenyong Real Estate Development Co., Ltd. 吳江神鷹房地產開發有限公司	Property development, sales and lease 房地產開發、銷售及租賃	RMB50,000,000 人民幣50,000,000元	the PRC, 14 July 2011 中國， 二零一一年七月十四日	99%	99%
Foshan Hongyi Real Estate Investment Co., Ltd. 佛山市鴻億置業投資有限公司	Property development, sales and lease 房地產開發、銷售及租賃	RMB100,000,000 人民幣100,000,000元	the PRC, 3 July 2007 中國， 二零零七年七月三日	100%	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

54. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Details of the Company's principal subsidiaries as at 31 December 2018 and 2017 are as follows. (Continued)

54. 本公司主要子公司詳情(續)

本公司於二零一八年及二零一七年十二月三十一日之主要子公司詳情如下。(續)

Name of subsidiary 子公司名稱	Principal activity 主要業務	Registered capital 註冊資本	Place and date of incorporation 註冊成立地點及日期	Proportion of ownership interest and voting power held by the Company as at 31 December 本集團於十二月三十一日的擁有權權益及所持表決權比例	
				2018 二零一八年	2017 二零一七年
Jiaxing Luzhan Real Estate Co., Ltd. 嘉興綠展置業有限公司	Property development, sales and lease 房地產開發、銷售及租賃	RMB326,150,000 人民幣326,150,000元	the PRC, 1 September 2017 中國， 二零一七年九月一日	70%	70%
Jiaxing Qinghua Real Estate Co., Ltd. 嘉興慶華置業有限公司	Property development, sales and lease 房地產開發、銷售及租賃	RMB156,381,000 人民幣156,381,000元	the PRC, 1 September 2017 中國， 二零一七年九月一日	70%	70%
Jiaxing Tongchuang Real Estate Co., Ltd. 嘉興桐創置業有限公司	Property development, sales and lease 房地產開發、銷售及租賃	RMB222,669,000 人民幣222,669,000元	the PRC, 1 September 2017 中國， 二零一七年九月一日	70%	70%
Zhaoping Hengchang 肇慶亨昌	Property development, sales and lease 房地產開發、銷售及租賃	RMB300,000,000 人民幣300,000,000元	the PRC, 30 September 2007 中國， 二零零七年九月三十日	70% (note ii) (附註ii)	—
Greenland Kunming Dianchi Property Co., Ltd. 昆明綠地滇池置業有限公司	Property development, sales and lease 房地產開發、銷售及租賃	RMB30,000,000 人民幣30,000,000元	the PRC, 17 August 2017 中國， 二零一七年八月十七日	100%	100%
Greenland Kunming Spring City Property Co., Ltd. 昆明綠地春城置業有限公司	Property development, sales and lease 房地產開發、銷售及租賃	RMB10,000,000 人民幣10,000,000元	the PRC, 22 March 2018 中國， 二零一八年三月二十二日	100% (note i) (附註i)	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

54. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Details of the Company's principal subsidiaries as at 31 December 2018 and 2017 are as follows. (Continued)

54. 本公司主要子公司詳情(續)

本公司於二零一八年及二零一七年十二月三十一日之主要子公司詳情如下。(續)

Name of subsidiary 子公司名稱	Principal activity 主要業務	Registered capital 註冊資本	Place and date of incorporation 註冊成立地點及日期	Proportion of ownership interest and voting power held by the Company as at 31 December 本集團於十二月三十一日的擁有權益及所持表決權比例	
				2018 二零一八年	2017 二零一七年
Greenland Kunming Center Property Co., Ltd. 昆明綠地中心置業有限公司	Property development, sales and lease 房地產開發、銷售及租賃	RMB10,000,000 人民幣10,000,000元	the PRC, 22 March 2018 中國， 二零一八年三月二十二日	100% (note i) (附註i)	-
Yiwu Lvchuan Property Co., Ltd. 義烏綠創置業有限公司	Property development, sales and lease 房地產開發、銷售及租賃	RMB50,000,000 人民幣50,000,000元	the PRC, 4 July 2018 中國， 二零一八年七月四日	100% (note i) (附註i)	-
Wuxi Lvying Property Co., Ltd. 無錫綠穎置業有限公司	Property development, sales and lease 房地產開發、銷售及租賃	RMB50,000,000 人民幣50,000,000元	the PRC, 3 September 2018 中國， 二零一八年九月三日	100% (note i) (附註i)	-
Shaoxing Lvshen Property Co., Ltd. 紹興綠申置業有限公司	Property development, sales and lease 房地產開發、銷售及租賃	RMB10,000,000 人民幣10,000,000元	the PRC, 4 September 2018 中國， 二零一八年九月四日	100% (note i) (附註i)	-
Nanning Greenland Qixiang Investment Co., Ltd. 南寧綠地麒翔投資有限公司	Property development, sales and lease 房地產開發、銷售及租賃	RMB30,000,000 人民幣30,000,000元	the PRC, 1 January 2018 中國， 二零一八年一月一日	60% (note i) (附註i)	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

54. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Details of the Company's principal subsidiaries as at 31 December 2018 and 2017 are as follows. (Continued)

54. 本公司主要子公司詳情(續)

本公司於二零一八年及二零一七年十二月三十一日之主要子公司詳情如下。(續)

Name of subsidiary 子公司名稱	Principal activity 主要業務	Registered capital 註冊資本	Place and date of incorporation 註冊成立地點及日期	Proportion of ownership interest and voting power held by the Company as at 31 December 本集團於十二月三十一日的擁有權益及所持表決權比例	
				2018 二零一八年	2017 二零一七年
Nanning Overseas Chinese Transport Asset Management Co., Ltd. 南寧僑運資產管理有限公司	Property development, sales and lease 房地產開發、銷售及租賃	RMB10,000,000 人民幣10,000,000元	the PRC, 1 January 2018 中國， 二零一八年一月一日	100% (note i) (附註i)	—
Zhaoging Zhengyu Real Estate Development Co., Ltd. 肇慶正域房地產開發有限公司	Property development, sales 房地產開發、銷售	RMB1,000,000 人民幣1,000,000元	the PRC, 3 November 2008 中國， 二零零八年十一月三日	100% (note i) (附註i)	—
Nanning Greenland Hongjun Real Estate Co., Ltd. 南寧綠地鴻駿置業有限公司	Property development, sales and lease 房地產開發、銷售及租賃	RMB1,010,000 人民幣1,010,000元	the PRC, 1 January 2018 中國， 二零一八年一月一日	100% (note i) (附註i)	—
Nanning Huasong Industrial Investment Co., Ltd. 南寧華嵩產業投資有限公司	Property development, sales and lease 房地產開發、銷售及租賃	RMB10,000,000 人民幣10,000,000元	the PRC, 1 January 2018 中國， 二零一八年一月一日	100% (note i) (附註i)	—
Nanchang Shenyang 南昌申陽	Property development, sales and lease 房地產開發、銷售及租賃	USD25,000,000 25,000,000美元	the PRC, 24 December 2015 中國， 二零一五年十二月二十四日	— (note iv) (附註iv)	100%
Guangxi Greenland Xingjie Property Co., Ltd. 廣西綠地興鐵置業有限公司	Property development, sales and lease 房地產開發、銷售及租賃	RMB3,000,000 人民幣3,000,000元	the PRC, 4 August 2015 中國， 二零一五年八月四日	— (note v) (附註v)	60%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

54. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Details of the Company's principal subsidiaries as at 31 December 2018 and 2017 are as follows. (Continued)

54. 本公司主要子公司詳情(續)

本公司於二零一八年及二零一七年十二月三十一日之主要子公司詳情如下。(續)

Name of subsidiary 子公司名稱	Principal activity 主要業務	Registered capital 註冊資本	Place and date of incorporation 註冊成立地點及日期	Proportion of ownership interest and voting power held by the Company as at 31 December 本集團於十二月三十一日的擁有權益及所持表決權比例	
				2018 二零一八年	2017 二零一七年
Nanning Greenland Haiyue Investment Co., Ltd. 南寧綠地海悅投資有限公司	Property development, sales 房地產開發、銷售	RMB50,000,000 人民幣50,000,000元	the PRC, 4 July 2018 中國， 二零一八年七月四日	100% (note i) (附註i)	-
Hainan Greenland Haichuang Hotel Management Co., Ltd. 海南綠地海創酒店管理有限公司	Hotel development and operation 酒店開發及營運	RMB10,000,000 人民幣10,000,000元	the PRC, 1 January 2018 中國， 二零一八年一月一日	100% (note i) (附註i)	-
Tongxiang Co-production Information Technology Co., Ltd. 桐鄉合製信息科技有限公司	software development 軟件開發	RMB30,000,000 人民幣30,000,000元	the PRC, 13 June 2018 中國， 二零一八年六月十三日	100% (note i) (附註i)	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

**54. PARTICULARS OF PRINCIPAL
SUBSIDIARIES OF THE COMPANY
(Continued)**

Details of the Company's principal subsidiaries as at 31 December 2018 and 2017 are as follows. (Continued)

Note i: The subsidiaries were newly established in 2018.

Note ii: The subsidiary was acquired in 2018.

Note iii: The Group has the right to appoint a majority of directors to the board of directors. Hence the Group has the power over these entities and has the ability to use its power to affect its returns. Therefore, these entities are accounted for as subsidiaries of the Company.

Note iv: The subsidiary was disposed in 2018.

Note v: The subsidiary was liquidated in 2018.

Except for SPG Investment Ltd, all the subsidiaries are indirectly held.

None of the subsidiaries had issued any debt securities at the end of the year.

No minority interest was individually material to the Group for the year.

54. 本公司主要子公司詳情(續)

本公司於二零一八年及二零一七年十二月三十一日之主要子公司詳情如下。(續)

附註i：該等子公司於二零一八年新成立。

附註ii：該子公司於二零一八年獲收購。

附註iii：本集團有權委任董事會的過半數董事。因此，本集團對該等實體擁有權力，並有能力運用其權力影響其回報。有鑑於此，該等實體入賬作為本公司的子公司。

附註iv：該子公司於二零一八年獲出售。

附註v：該子公司於二零一八年被清盤。

除SPG Investment Ltd外，所有子公司為間接擁有。

年末概無子公司已發行任何債務證券。

年內概無個別少數權益對本集團而言屬重大。

SUMMARY OF CONSOLIDATED FINANCIAL INFORMATION

綜合財務資料概要

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

綜合損益及其他全面利潤表

Year ended 31 December 截至十二月三十一日止年度		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元	2014 二零一四年 RMB'000 人民幣千元
Revenue	收益	15,444,246	14,618,872	16,919,188	5,687,953	2,840,025
Cost of sales	銷售成本	(11,306,122)	(11,027,571)	(14,091,196)	(4,647,388)	(2,060,909)
Gross profit	毛利	4,138,124	3,591,301	2,827,992	1,040,565	779,116
Other income	其他收入	29,346	25,416	-	-	-
Other gains and losses	其他收益及虧損	(659,896)	273,185	197,969	176,430	11,808
Selling and marketing costs	銷售及市場推廣成本	(811,226)	(587,187)	(415,567)	(318,911)	(265,450)
Administrative expenses	行政費用	(529,847)	(437,517)	(499,687)	(428,641)	(427,585)
Other operating expenses	其他經營開支	(47,817)	(13,403)	(844,073)	(887,192)	(12,697)
Write-down of completed properties held for sale	已建成待售物業之撇減	-	(7,746)	-	-	-
Impairment loss of financial assets and contract assets	金融資產及合同資產之減值虧損	(133,529)	-	-	-	-
Net gain on disposal of equity interest in subsidiaries	出售子公司權益之收益淨額	487,691	72,063	228	590	(500)
Results from operating activities	來自經營活動的業績	2,472,846	2,916,112	1,266,862	(417,159)	84,692
Finance income	融資收入	73,195	95,619	70,574	58,947	82,980
Finance expenses	融資成本	(187,488)	(224,191)	(135,088)	(199,114)	(186,180)
Net finance expenses	融資成本淨額	(114,293)	(128,572)	(64,514)	(140,167)	(103,200)
Share of profits (loss) of associates	應佔聯營公司溢利(虧損)	(15,354)	(999)	370	(1,007)	94
Share of profit (loss) of joint ventures	應佔合營企業溢利(虧損)	161,431	139,496	195,015	4	(2,726)
Revaluation gain on investment properties	投資物業重估收益	1,226,688	329,268	687,638	1,115,249	522,212
Profit before income tax	除所得稅前溢利	3,731,318	3,255,305	2,085,371	556,920	501,072
Income tax expense	所得稅開支	(1,750,378)	(1,419,687)	(1,024,852)	(540,664)	(436,951)
Profit for the year from continuing operations	來自持續經營業務的年內溢利	1,980,940	1,835,618	1,060,519	16,256	64,121
Discontinued operations	終止經營業務					
Profit for the year from discontinued operations	來自終止經營業務的年內溢利	-	-	180,063	15,389	-
Other comprehensive income for the year, net of income tax	年內其他全面收入，扣除所得稅	84,255	-	-	-	-
Profit and total comprehensive income for the year	年度溢利及全面收入總額	2,065,195	1,835,618	1,240,582	31,645	64,121
Attributable to:	以下人士應佔：					
Owners of the Company	本公司擁有人	1,820,543	1,319,308	1,112,543	220,240	107,690
Non-controlling interests	非控股權益	244,652	516,310	128,039	(188,595)	(43,569)
Earnings per share	每股盈利					
Basic earnings per share (RMB)	每股基本盈利(人民幣元)	0.61	0.46	0.39	0.08	0.04
Diluted earnings per share (RMB)	每股攤薄盈利(人民幣元)	0.61	0.46	0.39	0.08	0.04

SUMMARY OF CONSOLIDATED FINANCIAL INFORMATION (Continued)
綜合財務資料概要(續)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
綜合財務狀況表

Year ended 31 December 截至十二月三十一日止年度		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元	2014 二零一四年 RMB'000 人民幣千元
Assets	資產					
Non-current assets	非流動資產					
Property, plant and equipment	物業、廠房及設備	1,208,629	1,228,459	1,282,241	1,546,906	1,619,850
Intangible assets	無形資產	1,251	1,296	1,341	1,386	1,431
Land use rights	土地使用權	69,315	24,042	24,608	74,738	76,924
Equity instruments at FVTOCI	按公允價值列賬於其他全面收入的股權工具	294,340	-	-	-	-
Other financial assets	其他金融資產	-	174,567	174,567	174,567	2,800
Investment properties	投資物業	13,083,000	9,082,000	8,216,000	7,246,000	5,722,000
Properties under development	發展中物業	13,194,256	14,976,268	15,082,454	15,587,580	17,599,647
Investments in associates	聯營公司投資	206,554	6,084	-	-	3,603
Interests in joint ventures	合營企業權益	619,344	686,413	541,203	296,187	938,022
Long-term receivables	長期應收款	-	-	-	-	596,096
Deferred tax assets	遞延稅項資產	644,169	817,628	210,427	269,727	185,915
Total non-current assets	非流動資產總額	29,320,858	26,996,757	25,532,841	25,197,091	26,746,288
Current assets	流動資產					
Properties under development	發展中物業	25,083,825	8,945,329	3,928,278	8,716,805	4,489,993
Completed properties held for sale	已建成待售物業	10,170,401	11,669,969	9,707,441	4,885,603	1,727,423
Trade, other receivables and advance deposits	應收賬款、其他應收款項及預付按金	17,538,455	12,568,170	8,275,245	5,214,650	2,760,960
Long-term receivables with one year	一年內到期的長期應收款	-	-	-	-	125,561
Tax recoverable	可收回稅項	944,494	712,849	-	-	-
Contract assets	合同資產	839,997	-	-	-	-
Contract costs	合同成本	54,962	-	-	-	-
Other financial assets	其他金融資產	-	-	866,059	143,000	-
Restricted bank deposits	受限制現金	2,217,430	2,401,495	1,436,984	621,618	156,693
Bank balance and cash	銀行結餘及現金	4,059,778	5,455,227	4,358,259	5,207,187	5,032,763
Total current assets	流動資產總額	60,909,342	41,753,039	28,572,266	24,788,863	14,293,393
Total assets	資產總額	90,230,200	68,749,796	54,105,107	49,985,954	41,039,681
Equity and Liabilities	權益及負債					
Capital and Reserves	資本及儲備					
Share capital	股本	1,132,097	1,132,855	1,132,855	1,132,855	1,068,154
Share premium	股份溢價	3,412,872	3,416,546	3,416,546	3,416,546	2,362,986
Reserves	儲備	1,138,759	961,894	851,214	829,466	834,203
Perpetual securities	永久證券	787,823	787,823	787,823	-	-
Retained earnings	保留溢利	4,778,667	3,560,011	2,641,360	1,550,565	1,353,595
Total equity attributable to owners of the Company	本公司擁有人應佔權益總額	11,250,218	9,859,129	8,829,798	6,929,432	5,618,938
Non-controlling interests	非控股權益	2,694,520	1,725,761	893,896	758,676	371,648
Total equity	權益總額	13,944,738	11,584,890	9,723,694	7,688,108	5,990,586

SUMMARY OF CONSOLIDATED FINANCIAL INFORMATION (Continued)
綜合財務資料概要(續)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
綜合財務狀況表(續)

Year ended 31 December 截至十二月三十一日止年度		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元	2014 二零一四年 RMB'000 人民幣千元
Liabilities	負債					
Non-current liabilities	非流動負債					
Interest bearing loans	計息貸款	9,475,268	9,081,312	5,770,601	6,577,283	4,454,928
Long-term payable	長期應付款	-	-	-	26,494	30,437
Bonds	債券	1,367,416	2,919,171	4,581,996	4,714,521	8,763,401
Deferred tax liabilities	遞延稅項負債	1,822,577	957,999	899,639	875,234	491,791
Total non-current liabilities	非流動負債總額	12,665,261	12,958,482	11,252,236	12,193,532	13,740,557
Current liabilities	流動負債					
Interest bearing loans	計息貸款	3,209,345	1,480,500	3,713,620	3,265,938	1,227,105
Other financial liabilities	其他金融負債	-	98,178	329,543	-	-
Trade, other payables and pre-sale deposits	應付賬款、其他應付款項及預售按金	29,485,687	36,731,247	24,397,814	21,471,556	19,314,718
Contract liabilities	合同負債	24,511,228	-	-	-	-
Tax payable	應付稅項	1,963,342	1,787,012	1,231,422	831,413	760,715
Bonds	債券	4,450,599	4,109,487	3,456,778	4,529,407	-
Long-term payable within one year	一年內到期的長期應付款	-	-	-	6,000	6,000
Total current liabilities	流動負債總額	63,620,201	44,206,424	33,129,177	30,104,314	21,308,538
Total liabilities	負債總額	76,285,462	57,164,906	44,381,413	42,297,846	35,049,095
Total equity and liabilities	權益及負債總額	90,230,200	68,749,796	54,105,107	49,985,954	41,039,681
Net current liabilities	流動負債淨額	(2,710,859)	(2,453,385)	(4,556,911)	(5,315,451)	(7,015,145)
Total assets less current liabilities	總資產減流動負債	26,609,999	24,543,372	20,975,930	19,881,640	19,731,143

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

Deloitte.
德勤

TO THE SHAREHOLDERS OF GREENLAND HONG KONG HOLDINGS LIMITED
(Incorporated in Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Greenland Hong Kong Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as “**the Group**”) set out on pages 140 to 281, which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“**IFRSs**”) issued by the International Accounting Standards Board (“**IASB**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (“**the Code**”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

致綠地香港控股有限公司股東

(於開曼群島註冊成立的有限公司)

意見

本行已審核載列於第140至281頁綠地香港控股有限公司(「**貴公司**」)及其子公司(統稱「**貴集團**」)的綜合財務報表，其包括於二零一七年十二月三十一日的綜合財務狀況表與截至該日止年度的綜合損益及其他全面利潤表、綜合權益變動表及綜合現金流量表、以及綜合財務報表的附註(包括重大會計政策概要)。

本行認為，綜合財務報表已根據國際會計準則理事會(「**國際會計準則理事會**」)頒佈的國際財務報告準則(「**國際財務報告準則**」)真實而公平地反映 貴集團於二零一七年十二月三十一日的綜合財務狀況以及其截至該日止年度的綜合財務表現及綜合現金流量，並已按照香港公司條例的披露規定妥為編製。

意見的基準

本行已根據香港會計師公會(「**香港會計師公會**」)頒佈的香港審計準則(「**香港審計準則**」)進行審計。本行在該等準則下的責任已於本報告「核數師就審計綜合財務報表須承擔的責任」一節中作進一步闡述。根據香港會計師公會頒佈的專業會計師道德守則(以下簡稱「**守則**」)，本行獨立於 貴集團，並已履行守則中的其他道德責任。本行相信，本行所獲得的審計憑證能充足及適當地為本行的審計意見提供基礎。

關鍵審計事項

關鍵審計事項為根據本行的專業判斷，認為對本期間綜合財務報表的審計最為重要的事項。該等事項於本行審計整體綜合財務報表及出具意見時處理，而本行不會對該等事項提供獨立的意見。

INDEPENDENT AUDITOR'S REPORT (Continued)
獨立核數師報告(續)

Key audit matters
關鍵審計事項

How our audit addressed the key audit matter
我們的審計如何處理關鍵審計事項

Valuation of investment properties
投資物業估值

We identified the valuation of investment properties as a key audit matter due to the key management judgment is required in determining the fair value and also the significance of investment properties to the financial statements as a whole.

Management has estimated the fair value of investment properties to be at approximately RMB9,082 million at 31 December 2017, with a revaluation gain of approximately RMB329 million recorded in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2017.

我們識別了投資物業估值為關鍵審計事項，原因是釐定公允價值時涉及主要管理人員的判斷，以及投資物業對整體財務報表的重要性。

於二零一七年十二月三十一日，管理層已估計投資物業的公允價值為約人民幣9,082,000,000元，重估收益約為人民幣329,000,000元，記錄於截至二零一七年十二月三十一日止年度的綜合損益及其他全面利潤表內。

Our procedures in relation to the valuation of investment properties among others:

- Understanding the management's process for reviewing the work of the Valuers;
- Evaluating the design and implementation of controls in respect of the management's process for reviewing the work of the Valuers;
- Evaluating the appropriateness of the Valuers' scope and assessed whether the Valuers had sufficient expertise and resource;
- Obtaining the valuation report issued by the Valuers for all investment properties and interviewed the Valuers to evaluate valuation approach appropriate for use in determining the fair value of investment properties;

我們有關投資物業估值進行的程序如下：

- 了解管理層審視估值師工作的過程；
- 評估管理層審視估值師工作的過程所用監控之設計及實施；
- 評估估值師工作範疇的合適性以及評定估值師有否足夠專業知識及資源；
- 取得估值師就所有投資物業出具的估值報告，並與估值師進行會面，以評估釐定投資物業公允價值方面適合採用的估值方法；

INDEPENDENT AUDITOR'S REPORT (Continued)
獨立核數師報告(續)**Key audit matters**
關鍵審計事項**How our audit addressed the key audit matter**
我們的審計如何處理關鍵審計事項**Valuation of investment properties (Continued)****投資物業估值(續)**

The Group has hired independent external valuers, Debenham Tie Leung Limited ("DTZ") (the "Valuers"), in assisting the management's estimation of the fair value of investment properties.

As disclosed in Note 22 to the consolidated financial statements, fair value of investment properties under development are determined using direct comparison approach and fair value of completed investment properties are determined using income capitalisation approach. The revaluations are dependent on certain key input that require significant management judgement, including capitalisation rates, average unit market rent and average market unit price.

貴集團已聘請獨立外部估值師戴德梁行有限公司(「戴德梁行」)(「估值師」)協助管理層估計投資物業的公允價值。

誠如綜合財務報表附註22所披露，開發中投資物業的公允價值乃採用直接比較法釐定，而已建成投資物業的公允價值乃採用收益資本化法釐定。估值乃取決於若干涉及管理層作出重大判斷的主要輸入數據，包括資本化比率、平均單位市場租金及平均單位市場價格。

- Discussing with the valuers on the key assumptions and evaluating the appropriateness of the key assumptions included within the valuations, the namely reversionary yield, including market unit rent rate, market unit price and the rationale behind all significant movement during the year on a property by property basis;
- Comparing the valuations on samples of properties to our independently formed expectations; and
- Assessing the reasonableness of estimated costs to completion of investment properties under development by comparing, on a sample basis, the previous budgeted costs to actual development costs incurred, and checking to supporting documentation such as quantity surveyors reports and signed contracts.
- 與估值師討論主要假設，評估估值包含的主要假設是否合適，即復歸收益率，包括單位市場租金、單位市場價格及年內所有重大變動的理據(逐一物業說明)；
- 將物業樣本的估值，與獨立形成的預期進行比較；及
- 透過按抽樣基準將先前所預算成本與實際產生的開發成本進行比較，以評估預計成本是否合理，並核查證明文件記錄(如工料測量報告及已簽署合約)。

INDEPENDENT AUDITOR'S REPORT (Continued)
獨立核數師報告(續)

Key audit matters
關鍵審計事項

How our audit addressed the key audit matter
我們的審計如何處理關鍵審計事項

Land appreciation tax provision
土地增值稅撥備

We identified the Land Appreciation Tax ("LAT") provision as a key audit matter due to the significant management judgement exercised by the Group in respect its provision in accordance with the People's Republic of China (the "PRC") tax laws and regulations.

As disclosed in Note 4 to the consolidated financial statements, the Group is subject to LAT in the PRC. The calculation of LAT are highly dependent on the appropriateness of the rates used, which are determined by the appreciation of land value. The appreciation of land value is determined with reference to proceeds of the properties less the estimated deductible expenditures, including the cost of land use rights and all property development expenditures. The Group estimated the deductible expenditures according to the understanding of the relevant PRC tax laws and regulations. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and the related income tax provisions in the periods in which such tax is finalised with local tax authorities.

As at 31 December 2017, the LAT payable amounted to approximately RMB739 million and the LAT recognised in the consolidated profit and loss and other comprehensive income statement amounted to approximately RMB629 million for the year ended 31 December 2017.

我們識別土地增值稅(「土地增值稅」)撥備為關鍵審計事項，原因是貴集團根據中華人民共和國(「中國」)稅務法律及法規作出撥備，當中涉及管理層作出的重大判斷。

誠如綜合財務報表附註4所披露，貴集團須繳納中國土地增值稅。土地增值稅的計算十分視乎所用比率是否合適，而所用比率乃按土地價值的增加釐定。土地價值的增加乃參考物業所得款項減估計的可扣減開支釐定，包括土地使用權的成本及所有物業開發開支。貴集團根據中國相關稅務法律法規估計可扣減開支。最終稅務結果可能與初步記錄的有所不同，而差額將影響與地方稅局確定稅項當期內所得稅開支及相關所得稅撥備。

於二零一七年十二月三十一日，應付土地增值稅約為人民幣739,000,000元，而截至二零一七年十二月三十一日止年度綜合損益及其他全面利潤表內確認的土地增值稅約為人民幣629,000,000元。

Our procedures in relation to the provision for LAT included, among others:

- Understanding the design and implementation of controls in respect of the principal assumptions and judgements made in arriving at the provision for LAT;
- Engaging tax specialist to evaluate LAT provision and potential exposures as at 31 December 2017;
- Assessing the Group's assumptions and judgements through our knowledge of the tax circumstances and tax regulation in the PRC and by examining tax filing records and review of correspondence with the tax authorities;
- Checking the relevant financial information, such as proceeds from sales of properties, land costs, borrowing costs and the relevant property development expenditures, used in the calculation of provision for LAT to the Group's historical financial data; and
- Assessing the adequacy and appropriateness of the disclosures in respect to the provision for LAT.

我們有關土地增值稅撥備的程序(其中包括)：

- 就計算土地增值稅撥備所用主要假設及判斷方面，了解監控措施的設計和實施；
- 委聘稅務專家評估二零一七年十二月三十一日的土地增值稅撥備及潛在風險；
- 通過我們對中國的稅務狀況及稅務法規的認識，以及藉著查核與稅務當局之間的報稅記錄及信函，評定貴集團的假設及判斷；
- 檢查用於計算土地增值稅撥備的相關財務資料，如銷售物業所得款項、土地成本、借貸成本及相關物業開發開支與本集團過往財務數據；及
- 評定土地增值稅撥備方面作出的披露的充足性及合適性。

INDEPENDENT AUDITOR'S REPORT (Continued)

獨立核數師報告(續)

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

其他資料

貴公司董事須對其他資料負責。其他資料包括年報內所載的資料，但不包括綜合財務報表及本行載於其中的核數師報告。

本行對綜合財務報表的意見並不涵蓋其他資料，本行亦不對該等其他資料發表任何形式的保證結論。

就本行對綜合財務報表的審計，本行的責任乃細閱其他資料，在此過程中，考慮其他資料與財務報表或本行在審計過程中所知悉的情況是否存在重大抵觸或看似存在重大錯誤陳述。基於本行已執行的工作，倘本行認為其他資料存在重大錯誤陳述，本行需要報告該事實。本行就此並無任何事項須報告。

董事及治理層就綜合財務報表須承擔的責任

貴公司董事須負責根據國際會計準則理事會頒佈的國際財務報告準則及香港公司條例的披露規定編製真實而公平的綜合財務報表，並對董事認為使綜合財務報表的編製不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責。

在編製綜合財務報表時，董事負責評估 貴集團持續經營的能力，並在適用情況下披露與持續經營有關的事項，以及使用持續經營為會計基礎，除非董事有意將 貴集團清盤或停止經營，或別無其他實際的替代方案。

治理層須負責監督 貴集團的財務報告過程。

INDEPENDENT AUDITOR'S REPORT (Continued)
獨立核數師報告(續)

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 solely to you, as a body, in accordance with our agreed terms of engagement 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 HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- (a) 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.
- (b) 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.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

核數師就審計綜合財務報表須承擔的責任

本行的目標乃對綜合財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括本行意見的核數師報告，並按照協定的委聘條款僅向閣下(作為整體)報告，除此之外本報告別無其他目的。本行概不就本報告的內容對任何其他人士負責或承擔責任。合理保證為高水平的保證，但不能保證按照香港審計準則進行的審計總能發現重大錯誤陳述。錯誤陳述可以由欺詐或錯誤引起，如果合理預期其單獨或匯總起來可能影響綜合財務報表使用者依賴綜合財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

作為根據香港審計準則進行審計其中一環，本行在整個審核過程中運用專業判斷，保持專業懷疑態度。本行亦：

- (a) 識別及評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審計程序以應對該等風險，以及獲取充足及適當的審計憑證，作為本行意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致出現重大錯誤陳述的風險高於未能發現因錯誤而導致出現重大錯誤陳述的風險。
- (b) 瞭解與審計相關的內部控制，以設計在有關情況下屬適當的審計程序，但目的並非對貴集團內部控制的有效性發表意見。
- (c) 評估董事所採用會計政策的適當性以及作出會計估計及相關披露的合理性。

INDEPENDENT AUDITOR'S REPORT (Continued)
獨立核數師報告(續)

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

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

- (d) 對董事採用持續經營會計基礎的適當性作出結論，並根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對貴集團的持續經營能力產生重大疑慮。倘本行認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露。假若有關的披露不足，則修訂本行的意見。本行的結論乃基於直至核數師報告日止所取得的審計憑證。然而，未來事項或情況可能導致貴集團不能持續經營業務。
- (e) 評估綜合財務報表的整體列報方式、結構及內容(包括披露)事項以及綜合財務報表是否公平反映相關交易及事項。
- (f) 就貴集團內實體或業務活動的財務資料獲取充足適當的審計憑證，以便對綜合財務報表發表意見。本行負責貴集團審計的方向、監督及執行。本行為審計意見承擔全部責任。

本行與治理層溝通審計的計劃範圍及時間以及重大審計發現等，其中包括本行在審計中識別出內部控制的任何重大不足之處。

INDEPENDENT AUDITOR'S REPORT (Continued)
獨立核數師報告(續)

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

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

The engagement partner on the audit resulting in the independent auditor's report is Wong Tin Chak, Samuel.

本行亦向治理層提交聲明，表明本行已符合有關獨立性的相關專業道德要求，並與彼等溝通可能合理被認為會影響本行獨立性的所有關係及其他事項以及在適用的情況下相關的防範措施。

從與治理層溝通的事項中，本行確定該等對本期間綜合財務報表的審計最為重要的事項，因而構成關鍵審計事項。本行在核數師報告中闡釋該等事項，除非法律或規例不允許公開披露該等事項，或在極端罕見的情況下，合理預期倘於本行之報告中註明某事項造成的負面後果超過產生的公眾利益，則本行決定不應在報告中註明該事項。

出具獨立核數師報告的審計項目合夥人為王天澤。

Deloitte Touche Tohmatsu

Certified Public Accountants
Hong Kong

28 March 2018

德勤•關黃陳方會計師行

執業會計師
香港

二零一八年三月二十八日

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

綜合損益及其他全面利潤表

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

		NOTES 附註	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Revenue	收益	5	14,618,872	16,919,188
Cost of sales	銷售成本		(11,027,571)	(14,091,196)
Gross profit	毛利		3,591,301	2,827,992
Other income, gains and losses	其他收入、收益及虧損	7	298,601	197,969
Selling and marketing costs	銷售及市場推廣成本		(587,187)	(415,567)
Administrative expenses	行政費用		(437,517)	(499,687)
Other operating expenses	其他經營開支	8	(13,403)	(839,181)
Write-down of completed properties held for sale	已建成待售物業之撇減		(7,746)	(4,892)
Net gain on disposal of interests in subsidiaries	出售子公司權益之收益淨額		72,063	228
Results from operating activities	來自經營活動的業績		2,916,112	1,266,862
Finance income	融資收入	9	95,619	70,574
Finance costs	融資成本	10	(224,191)	(135,088)
Net finance costs	融資成本淨額		(128,572)	(64,514)
Share of (losses) profits of associates	應佔聯營公司(虧損)溢利		(999)	370
Share of profits of joint ventures	應佔合營企業溢利		139,496	195,015
Revaluation gain on investment properties	投資物業重估收益	22	329,268	687,638
Profit before income tax	除所得稅前溢利		3,255,305	2,085,371
Income tax expenses	所得稅開支	11	(1,419,687)	(1,024,852)
Profit for the year from continuing operations	來自持續經營業務的年內溢利		1,835,618	1,060,519
Discontinued operations	終止經營業務			
Profit for the year from discontinued operations	來自終止經營業務的年內溢利		-	180,063
Profit and total comprehensive income for the year	年度溢利及全面收入總額		1,835,618	1,240,582
Attributable to:	以下人士應佔：			
Owners of the Company	本公司擁有人		1,319,308	1,112,543
Non-controlling interests	非控股權益		516,310	128,039

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)
 綜合損益及其他全面利潤表(續)

For the year ended 31 December 2017
 截至二零一七年十二月三十一日止年度

		NOTE 附註	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Earnings per share:	每股盈利：			
From continuing and discontinued operations	來自持續及終止經營業務			
Ordinary share (basic and diluted)	普通股(基本及攤薄)	17	0.46	0.39
From continuing operations	來自持續經營業務			
Ordinary share (basic and diluted)	普通股(基本及攤薄)	17	0.46	0.33

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

As at 31 December 2017
於二零一七年十二月三十一日

		NOTES 附註	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
ASSETS	資產			
Non-Current Assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	18	1,228,459	1,282,241
Intangible assets	無形資產	19	1,296	1,341
Land use rights	土地使用權	20	24,042	24,608
Other financial assets	其他金融資產	21	174,567	174,567
Investment properties	投資物業	22	9,082,000	8,216,000
Properties under development	發展中物業	23	14,976,268	15,082,454
Interests in associates	聯營公司權益	25	6,084	–
Interests in joint ventures	合營企業權益	26	686,413	541,203
Deferred tax assets	遞延稅項資產	31(iv)	817,628	210,427
Total non-current assets	非流動資產總額		26,996,757	25,532,841
Current Assets	流動資產			
Properties under development	發展中物業	23	8,945,329	3,928,278
Completed properties held for sale	已建成待售物業	24	11,669,969	9,707,441
Trade, other receivables and advance deposits	應收賬款、其他應收款項及預付按金	27	12,568,170	7,809,166
Tax recoverable	可收回稅項	28	712,849	466,079
Other financial assets	其他金融資產	21	–	866,059
Restricted bank deposits	受限制銀行存款	29	2,401,495	1,436,984
Bank balance and cash	銀行結餘及現金	30	5,455,227	4,358,259
Total current assets	流動資產總額		41,753,039	28,572,266
Total assets	資產總額		68,749,796	54,105,107
EQUITY AND LIABILITIES	權益及負債			
Capital And Reserves	資本及儲備			
Share capital	股本	37	1,132,855	1,132,855
Share premium	股份溢價	38	3,416,546	3,416,546
Reserves	儲備	38	961,894	851,214
Perpetual securities	永久證券	39	787,823	787,823
Retained earnings	保留溢利		3,560,011	2,641,360
Total equity attributable to owners of the Company	本公司擁有人應佔權益總額		9,859,129	8,829,798
Non-controlling interests	非控股權益		1,725,761	893,896
Total equity	權益總額		11,584,890	9,723,694

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
綜合財務狀況表(續)

As at 31 December 2017
於二零一七年十二月三十一日

		NOTES 附註	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
LIABILITIES	負債			
Non-Current Liabilities	非流動負債			
Interest-bearing loans	計息貸款	32	9,081,312	5,770,601
Bonds	債券	34	2,919,171	4,581,996
Deferred tax liabilities	遞延稅項負債	31(iv)	957,999	899,639
Total non-current liabilities	非流動負債總額		12,958,482	11,252,236
Current Liabilities	流動負債			
Interest-bearing loans	計息貸款	32	1,480,500	3,713,620
Other financial liabilities	其他金融負債	21	98,178	329,543
Trade and other payables	應付賬款及其他應付款項	33	16,948,717	14,277,517
Pre-sale deposits	預售按金		19,782,530	10,120,297
Tax payable	應付稅項	31(i)	1,787,012	1,231,422
Bonds within one year	一年內到期的債券	34	4,109,487	3,456,778
Total current liabilities	流動負債總額		44,206,424	33,129,177
Total liabilities	負債總額		57,164,906	44,381,413
Total equity and liabilities	權益及負債總額		68,749,796	54,105,107
Net current liabilities	流動負債淨額		(2,453,385)	(4,556,911)
Total assets less current liabilities	總資產減流動負債		24,543,372	20,975,930

The consolidated financial statements on page 140 to 281 were approved and authorised for issue by the board of directors on 28 March 2018 and are signed on its behalf by:

第140至281頁的綜合財務報表於二零一八年三月二十八日獲董事會批准及授權刊發，並由以下代表簽署：

Chen Jun

陳軍

Chairman of the Board of Directors and Chief Executive Officer
董事會主席兼行政總裁

Hou Guangjun

侯光軍

Chief Operation Officer
首席營運官

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

	Issued capital	Shares premium	Merger reserves	Capital redemption reserve	Award Scheme	PRC statutory reserves	Revaluation reserve	Perpetual securities	Retained earnings	Subtotal	Attributable to non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
At 1 January 2017	1,132,855	3,416,546	455,392	1,231	149,279	418,281	25,589	787,823	2,641,360	8,829,798	893,896	9,723,694
Profit for the year	-	-	-	-	-	-	-	-	1,319,308	1,319,308	516,310	1,835,618
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	-	-	-	1,319,308	1,319,308	516,310	1,835,618
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	141,161	141,161
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	(39,949)	(39,949)
Disposal of investment properties	-	-	-	-	-	-	(25,589)	-	25,589	-	-	-
Capital contribution from non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	214,343	214,343
Dividends recognised as distribution	-	-	-	-	-	-	-	-	(244,139)	(244,139)	-	(244,139)
Dividends paid to perpetual securities	-	-	-	-	-	-	-	-	(45,838)	(45,838)	-	(45,838)
(Note 39)	-	-	-	-	-	-	-	-	(136,269)	(136,269)	-	-
Transfer to reserves	-	-	-	-	-	-	-	-	-	-	-	-
As at 31 December 2017	1,132,855	3,416,546	455,392	1,231	149,279	554,550	-	787,823	3,560,011	9,859,129	1,725,761	11,584,890

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)
綜合權益變動表(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

	Issued capital	Shares premium	Merger reserves	Capital redemption reserve	Shares held for Share Award Scheme	PRC statutory reserves	Revaluation reserve	Perpetual securities	Retained earnings	Subtotal	Attributable to non-controlling interests	Total
	已發行股本	股份溢價	合併儲備	贖回儲備	股份獎勵計劃	法定儲備	重估儲備	永久證券	保留溢利	小計	非控股權益	合計
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
At 1 January 2016	1,132,855	3,416,546	455,392	1,231	149,279	396,333	25,589	-	1,550,565	6,929,432	738,676	7,668,108
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	-	-	-	1,112,543	1,112,543	128,039	1,240,582
Issue of perpetual securities	-	-	-	-	-	-	-	787,823	-	787,823	-	787,823
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	(36,319)	(36,319)
Capital contribution from non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	43,500	43,500
Transfer to reserves	-	-	-	-	-	21,748	-	-	(21,748)	-	-	-
As at 31 December 2016	1,132,855	3,416,546	455,392	1,231	149,279	418,281	25,589	787,823	2,641,360	8,829,798	893,896	9,723,694

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
OPERATING ACTIVITIES	經營業務		
Profit for the year	年度溢利	1,835,618	1,240,582
Adjustments for:	調整項目：		
Depreciation of property, plant and equipment	物業、廠房及設備折舊	97,514	89,546
Amortisation of intangible assets	無形資產攤銷	45	45
Amortisation of land use rights	土地使用權攤銷	566	788
Change in fair value of investment properties	投資物業公允價值變動	(329,268)	(687,638)
Losses (gains) from financial assets/liabilities carried at fair value through profit or loss ("FVTPL")	按公允價值列賬於損益(「按公允價值列賬於損益」)的金融資產／負債的虧損(收益)	335,812	(174,834)
Foreign exchange (gain) loss	匯兌(收益)虧損	(607,869)	811,487
Write-down of properties under development and completed properties held for sale	發展中物業及已建成待售物業之撇減	7,746	4,892
Write-down of impairment of receivables	應收款項減值撇減	-	13,030
Net finance expenses	融資成本淨額	128,572	64,519
Share of net gains of associates and joint ventures	應佔聯營公司及合營企業淨收益	(138,497)	(195,385)
Net gain on disposal of interests in subsidiaries	出售子公司權益之淨收益	(72,063)	(246,797)
Net (gain) loss on disposal of property, plant and equipment	出售物業、廠房及設備之(收益)虧損淨額	(1,128)	118
Income tax expense	所得稅開支	1,419,687	1,090,365
Operating profit before changes in working capital	營運資金變動前的經營溢利	2,676,735	2,010,718
Increase in trade, other receivables and advance deposits	應收賬款、其他應收款項及預付按金增加	(1,214,334)	(2,001,343)
(Increase) decrease in properties under development, completed properties held for sale and other properties	發展中物業、已建成待售物業及其他物業(增加)減少	(2,788,206)	1,127,546
Increase in trade, other payables and advance receipts	應付賬款、其他應付款項及預收款項增加	12,001,035	2,007,940
Income tax paid	已付所得稅	(1,709,283)	(795,832)
Net cash inflow from operating activities	經營業務現金流入淨額	8,965,947	2,349,029

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)
綜合現金流量表(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
INVESTING ACTIVITIES	投資活動		
Proceeds from sale of property, plant and equipment	出售物業、廠房及設備所得款項	3,519	348
Interest received	已收利息	95,619	70,574
Proceeds from disposal of interests in subsidiaries	出售子公司權益所得款項	106,715	279,204
Proceeds from disposal of financial assets	出售金融資產所得款項	298,882	161,547
Decrease in restricted cash	受限制現金減少	576,826	404,785
Increase in restricted cash	受限制現金增加	(1,541,337)	(1,220,151)
Amounts advance to related parties	預付關連人士款項	(4,294,004)	(1,229,287)
Repayment from related parties	關連人士還款	760,753	255,631
Acquisition of subsidiaries	收購子公司	(2,262,530)	–
Capital contribution to a joint venture	向合營企業出資	(5,714)	(50,000)
Capital contribution to associates	向聯營公司出資	(7,721)	(150)
Acquisition of property, plant and equipment	收購物業、廠房及設備	(42,651)	(65,094)
Acquisition of financial assets	收購金融資產	–	(380,230)
Net cash outflow used in investing activities	投資活動現金流出淨額	(6,311,643)	(1,772,823)
FINANCING ACTIVITIES	融資活動		
Proceeds from interest-bearing loans	計息貸款所得款項	9,118,862	4,827,908
Proceeds from perpetual securities	永久證券所得款項	–	787,823
Proceeds from issuance of bonds	發行債券所得款項	2,697,623	2,956,815
Capital contribution from non-controlling shareholders	非控股股東出資	214,343	43,500
Advance from related parties	來自關連人士預付款	728,902	3,891,514
Repayment to related parties	向關連人士還款	(1,930,141)	(2,774,050)
Repayment of bonds	償還債券	(3,360,550)	(4,706,715)
Repayment of interest-bearing loans	償還計息貸款	(7,788,220)	(5,505,142)
Dividend paid	已付股息	(250,944)	–
Perpetual securities dividend paid	已付永久證券之股息	(45,838)	–
Interest paid	已付利息	(907,743)	(1,006,919)
Net cash outflow used in financing activities	融資活動現金流出淨額	(1,523,706)	(1,485,266)
Net increase (decrease) in cash and cash equivalents	現金及現金等價物增加(減少)淨額	1,130,598	(909,060)
Cash and cash equivalents at the beginning of the year	年初的現金及現金等價物	4,358,259	5,207,187
Effect of foreign exchange rate changes	匯率變動的影響	(33,630)	60,132
Cash and cash equivalents at the end of the year	年末的現金及現金等價物	5,455,227	4,358,259
REPRESENTED BY BANK BALANCES AND CASH	由下列項目組成： 銀行結餘及現金	5,455,227	4,358,259

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

1. GENERAL INFORMATION AND BASIS OF PREPARATION

1.1 General information

Greenland Hong Kong Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 13 April 2006 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 2007, as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681 GT, George Town, Grand Cayman, British West Indies. In 2006, the companies comprising the Group underwent a reorganisation (the “**Reorganisation**”) to rationalise the Group’s structure in preparation for the listing of the Company’s shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”). On 30 June 2006, the Company became the holding company of the subsidiaries now comprising the Group. The Company’s shares are listed on the Hong Kong Stock Exchange since 10 October 2006.

Greenland Holdings Corporation Limited is the ultimate controlling shareholder of the Group.

The consolidated financial statements are presented in Renminbi (“**RMB**”), which is also the functional currency of the Company.

The Company is an investment holding company. The principal activity of its subsidiaries (together with the Company referred to as the “**Group**”) is the development for sale and rental of residential properties in the People’s Republic of China (the “**PRC**”) and the operation of hotels.

1. 一般資料及編製基準

1.1 一般資料

綠地香港控股有限公司(「**本公司**」)於二零零六年四月十三日根據開曼群島公司法第22章(二零零七年經合併及修訂的第3條法例)在開曼群島註冊成立為受豁免有限公司。本公司註冊辦事處的地址為Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681 GT, George Town, Grand Cayman, British West Indies。二零零六年，為籌備本公司股份於香港聯合交易所有限公司(「**香港聯交所**」)主板上市，包括在本集團內的公司進行了一項重組(「**重組**」)，以使本集團的架構合理化。於二零零六年六月三十日，本公司成為本集團現時屬下各子公司的控股公司。本公司股份自二零零六年十月十日起在香港聯交所上市。

綠地控股股份有限公司為本集團的最終控股股東。

該等綜合財務報表以人民幣(「**人民幣**」)呈列，人民幣亦為本公司的功能貨幣。

本公司為投資控股公司，其子公司(連同本公司統稱「**本集團**」)的主要業務為在中華人民共和國(「**中國**」)開發住宅物業以供銷售及出租以及經營酒店。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

1. GENERAL INFORMATION AND BASIS OF PREPARATION (Continued)

1.2 Basis of preparation

As of 31 December 2017, the Group's net current liabilities are approximately RMB2,453 million. The Directors consider the Group is able to operate as a going concern, taken into account the cash flows generated from operating activities, and undrawn loan facilities from banks, amounting approximately RMB5,864 million, to meet its liquidity requirements in the next twelve months. The consolidated financial statements have been prepared on the basis that the Group will continue to operate throughout the next twelve months as a going concern.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

2.1 Amendments to IFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board ("IASB") for the first time in the current year.

Amendments to IAS 7	Disclosure Initiative
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to IFRS 12	As part of the Annual Improvements to IFRSs 2014-2016 Cycle

Except as described below, the application of the amendments to IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

1. 一般資料及編製基準(續)

1.2 編製基準

截至二零一七年十二月三十一日，本集團的流動負債淨額約為人民幣2,453,000,000元。董事經考慮經營業務所得現金流量及未從銀行提取的貸款融資為數約人民幣5,864,000,000元足以應付未來十二個月的流動資金需求後，認為本集團能夠持續經營。綜合財務報表乃按照本集團可繼續在未來十二個月持續經營的基準而編製。

2. 應用新訂及經修訂國際財務報告準則(「國際財務報告準則」)

2.1 本年度強制生效的國際財務報告準則修訂

本集團已於本年度首次採納下列由國際會計準則理事會(「國際會計準則理事會」)所頒佈的國際財務報告準則之修訂。

國際會計準則 第7號之修訂	披露計劃
國際會計準則 第12號之修訂	就未變現虧損確認 遞延稅項資產
國際財務報告準則 第12號之修訂	國際財務報告準則 二零一四年至 二零一六年 週期的年度改進 一部分

除下文所述者外，於本年度應用國際財務報告準則之修訂對本集團於本年度及先前年度之財務表現及狀況及／或於該等綜合財務報表所載之披露並無重大影響。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度**2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (Continued)****2.1 Amendments to IFRSs that are mandatorily effective for the current year (Continued)***Amendments to IAS 7 Disclosure Initiative*

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

A reconciliation between the opening and closing balances of these items is provided in Note 48. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure in Note 48, the application of these amendments has had no impact on the Group's consolidated financial statements.

2. 應用新訂及經修訂國際財務報告準則(「國際財務報告準則」)(續)**2.1 本年度強制生效的國際財務報告準則修訂(續)***國際會計準則第7號之修訂披露計劃*

本集團於本年度首次應用該等修訂。該等修訂規定實體作出披露，以使財務報表使用者可評估融資活動所產生的負債之變動，包括因現金流量及非現金變動而產生的變動。此外，倘自該等金融資產產生的現金流量已計入或未來現金流量將計入自融資活動產生的現金流量，則該等亦須披露金融資產的變動。

具體而言，修訂要求披露以下內容：(i)融資現金流量變動；(ii)因取得或失去子公司或其他業務的控制權而產生的變動；(iii)匯率變動的影響；(iv)公允價值變動；及(v)其他變動。

有關該等項日期初及期末結餘之對賬已於附註48提供。根據修訂本之過渡條文，本集團並無披露去年之比較資料。除於附註48之額外披露外，應用該等修訂並無對本集團綜合財務報表造成影響。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

2.2 New and revised IFRSs in issue but not yet effective:

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	Financial Instruments ¹
IFRS 15	Revenue from Contracts with Customers and the related amendments ¹
IFRS 16	Leases ²
IFRS 17	Insurance Contracts ⁴
IFRIC 22	Foreign Currency Transactions and Advance Consideration ¹
IFRIC 23	Uncertainty over Income Tax Treatments ²
Amendments to IFRS 2	Classification and Measurement of Share-based payment Transactions ¹
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts ¹
Amendments to IFRS 9	Prepayment Features with Negative Compensation ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to IAS 19	Plan Amendment, Curtailment and Settlement ²
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures ²
Amendments to IAS 28	As part of the Annual Improvements to IFRSs 2014-2016 Cycle ¹
Amendments to IAS 40	Transfers of Investment Property ¹
Amendments to IFRSs	Annual Improvements to IFRSs 2015-2017 Cycle ²

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

² Effective for annual periods beginning on or after 1 January 2019.

³ Effective for annual periods beginning on or after a date to be determined.

⁴ Effective for annual periods beginning on or after 1 January 2021.

2. 應用新訂及經修訂國際財務報告準則(「國際財務報告準則」)(續)

2.2 已頒佈但尚未生效的新訂及經修訂國際財務報告準則：

本集團尚未應用下列已頒佈但尚未生效的新訂及經修訂國際財務報告準則：

國際財務報告準則第9號	金融工具 ¹
國際財務報告準則第15號	來自客戶合約的收益及其相關修訂 ¹
國際財務報告準則第16號	租賃 ²
國際財務報告準則第17號	保險合約 ⁴
國際財務報告詮釋委員會詮釋第22號	外幣交易及預付代價 ¹
國際財務報告詮釋委員會詮釋第23號	所得稅處理的不確定性 ²
國際財務報告準則第2號之修訂	股份支付交易之分類及計量 ¹
國際財務報告準則第4號之修訂	在國際財務報告準則第4號「保險合約」下應用國際財務報告準則第9號「金融工具」 ¹
國際財務報告準則第9號之修訂	提早還款特性及負補償 ²
國際財務報告準則第10號及國際會計準則第28號之修訂	投資者與其聯營公司或合營企業之間出售或注入資產 ³
國際會計準則第19號之修訂	計劃修訂、縮減或支付 ²
國際會計準則第28號之修訂	於聯營公司及合營企業的長期權益 ²
國際會計準則第28號之修訂	香港財務報告準則二零一四年至二零一六年週期的年度改進的一部分 ¹
國際會計準則第40號之修訂	轉讓投資物業 ¹
國際財務報告準則之修訂	國際財務報告準則二零一五年至二零一七年週期的年度改進 ²

¹ 於二零一八年一月一日或之後開始的年度期間生效。

² 於二零一九年一月一日或之後開始的年度期間生效。

³ 於待定期日或之後開始的年度期間生效。

⁴ 於二零二一年一月一日或之後開始的年度期間生效。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度**2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)****2.2 New and revised IFRSs in issue but not yet effective: (Continued)**

Except as disclosed below, the directors of the Company anticipate that application of the new and amendments to IFRSs will have no material impact to the Group's consolidated financial statements in the future.

IFRS 9 Financial Instruments

IFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of IFRS 9 which are relevant to the Group are:

- all recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income ("FVTOCI"). All other financial assets are measured at their fair value at subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

2. 應用新訂及經修訂國際財務報告準則(「國際財務報告準則」)(續)**2.2 已頒佈但尚未生效的新訂及經修訂國際財務報告準則：(續)**

除下文所披露者外，本公司董事預期未來應用新訂及經修訂國際財務報告準則將不會將本集團綜合財務報表造成重大影響。

國際財務報告準則第9號金融工具

國際財務報告準則第9號引入有關金融資產、金融負債、一般對沖會計法的分類及計量新要求及金融資產的減值要求。

與本集團相關之國際財務報告準則第9號的主要規定：

- 所有屬國際財務報告準則第9號範圍內的已確認金融資產其後均須按攤銷成本或公允價值計量。具體而言，目的是收取合約現金流量的業務模式內持有的債務投資，及合約現金流量僅為償還本金及尚未償還本金利息的債務投資，一般於其後會計期末按攤銷成本計量。倘債務工具乃於同時透過收取合約現金流量及出售金融資產而達到目標的業務模式內持有，而其合約條款於特定日期帶來純粹為本金及尚欠本金額利息付款的現金流，則一般按公允價值列賬於其他全面收入(「按公允價值列賬於其他全面收入」)計量。所有其他金融資產均於其後會計期間按其公允價值計量。此外，根據國際財務報告準則第9號，實體可作出不可撤回的選擇，以於其他全面收入呈列股權投資(並非持作交易目的)公允價值的其後變動，而只有股息收入一般於損益確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

2.2 New and revised IFRSs in issue but not yet effective: (Continued)

IFRS 9 Financial Instruments (Continued)

- in relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group's financial instruments and risk management policies as at 31 December 2017, the directors of the Company anticipate the following potential impact on initial application of IFRS 9:

- Debt instruments classified as loan receivables carried at amortised cost as disclosed in Notes 27, 29 and 30 respectively: these are held within a business model whose objective is to collect the contractual cash flows that are solely payments of principal and interest on the principal outstanding. Accordingly, these financial assets will continue to be subsequently measured at amortised cost upon the application of IFRS 9;

2. 應用新訂及經修訂國際財務報告準則(「國際財務報告準則」)(續)

2.2 已頒佈但尚未生效的新訂及經修訂國際財務報告準則：(續)

國際財務報告準則第9號金融工具(續)

- 就金融資產減值而言，與國際會計準則第39號項下按已產生信貸虧損模式計算相反，國際財務報告準則第9號規定按預期信貸虧損模式計算。預期信貸虧損模式規定實體於各報告日期將預期信貸虧損及該等預期信貸虧損的變動入賬，以反映信貸風險自首次確認以來的變動。換言之，毋須再待發生信貸事件即可確認信貸虧損。

根據本集團於二零一七年十二月三十一日的金融工具及風險管理政策，本公司董事預期初步應用國際財務報告準則第9號可能產生以下潛在影響：

- 按攤銷成本計入並獲分類為應收貸款之債務工具分別披露於附註27、29及30：彼等以收取合約現金流量作為目的業務模式下持有，以及附有純粹作本金及尚未償還本金利息付款的合約現金流量。因此，於採用國際財務報告準則第9號時，該等金融資產將繼續按攤銷成本計量；

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度**2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (Continued)****2.2 New and revised IFRSs in issue but not yet effective: (Continued)***IFRS 9 Financial Instruments (Continued)**Classification and measurement (Continued):*

- Equity securities classified as available-for-sale investments carried at cost less impairment as disclosed in Note 21: these securities qualified for designation as measured at FVTOCI under IFRS 9, however, the Group plans not to elect the option for designating these securities to be measured at FVTOCI and will measure these securities at fair value with subsequent fair value gains or losses to be recognised in profit or loss;
- All other financial assets and financial liabilities continue to be measured on the same bases as are currently measured under IAS 39.

Impairment

In general, the directors of the Company anticipate that the application of the expected credit loss model of IFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised costs and other items that subject to the impairment provisions upon application of IFRS 9 by the Group.

The directors of the Company are still assessing the full impact of the application of the expected loss model on the results and financial position of the Group, but expect the accumulated amount of impairment loss to be recognised by the Group as at 1 January 2018 may increase as compared to the accumulated amount recognised under IAS 39.

2. 應用新訂及經修訂國際財務報告準則(「國際財務報告準則」)(續)**2.2 已頒佈但尚未生效的新訂及經修訂國際財務報告準則：(續)***國際財務報告準則第9號金融工具(續)**分類及計量(續)*

- 被分類為可供出售投資(按成本扣除減值列賬)之股本證券於附註21中披露：該等證券按國際財務報告準則第9號，符合資格指定為按公允價值列賬於其他全面收入計量。然而，本集團無意選擇將該等證券指定為按公允價值列賬於其他全面收入計量，該等證券將按公允價值計量，但其後公允價值收益或虧損將於損益內確認；
- 所有其他金融資產及金融負債將繼續按現時所根據的國際會計準則第39號的相同基準計量。

減值

一般而言，本公司董事預期應用國際財務報告準則第9號的預期信貸虧損模式將導致本集團於應用國際財務報告準則第9號後，就本集團按攤銷成本計量之金融資產以及其他須作出減值撥備的項目之尚未產生的信貸虧損提前撥備。

本公司董事正在評估應用預期虧損模式對本集團業績及財務狀況的全面影響，惟預期本集團於二零一八年一月一日確認的減值虧損累計金額可能較根據國際會計準則第39號確認的累計金額有所增加。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

2.2 New and revised IFRSs in issue but not yet effective: (Continued)

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

2. 應用新訂及經修訂國際財務報告準則(「國際財務報告準則」)(續)

2.2 已頒佈但尚未生效的新訂及經修訂國際財務報告準則：(續)

國際財務報告準則第15號來自客戶合約的收益

國際財務報告準則第15號制定一項單一全面模式供實體用作將來自客戶合約的收益入賬。國際財務報告準則第15號生效後，將會取代國際會計準則第18號收益、國際會計準則第11號建築合約及相關詮釋等現行收益確認指引。

國際財務報告準則第15號的核心原則為實體所確認描述向客戶轉讓已承諾貨品或服務的收益金額，應反映該實體預期就交換該等貨品或服務有權獲得的代價。具體而言，該準則引入確認收益的五個步驟：

- 步驟1：識別與客戶訂立的合約
- 步驟2：識別合約的履約責任
- 步驟3：釐定交易價格
- 步驟4：按合約的履約責任分配交易價格
- 步驟5：當(或於)實體履行履約責任時確認收益

根據國際財務報告準則第15號，實體當(或於)履行履約責任時確認收益，即當特定履約責任的相關貨品或服務的「控制權」轉移至客戶時。國際財務報告準則第15號已加入更多特定指引以處理特別情況。此外，國際財務報告準則第15號要求更詳盡之披露。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度**2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)****2.2 New and revised IFRSs in issue but not yet effective: (Continued)****IFRS 15 Revenue from Contracts with Customers (Continued)**

In 2016, the IASB issued Clarifications to IFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The Group recognises revenue from the following major sources:

- Sale of properties
- Running hotels and servicing fees
- Property management and other related service fee

The directors of the Company do not anticipate that the application of IFRS 15 will have a material impact on the timing and amounts of revenue recognized in the respective reporting periods. However, application of IFRS 15 may have impact on the following areas:

- The Group has considered all the relevant facts and circumstances in assessing whether the property sales contracts contain significant financing component, including the difference between the amount of promised consideration and the cash selling price of the property; and the combined effect of the expected length of time between the Group transfers the property to the customer and the customer pays for the property and the prevailing interest rates in the relevant market. The directors of the Company do not consider the financing component to be significant.
- Currently, the Group expensed off the costs associated with obtaining the property sales contracts with customers. Under the requirement of IFRS 15, incremental costs of obtaining a contract is eligible for capitalisation as deferred contract costs, if they meet certain criteria. Accordingly, the directors of the Company expects a recognition of deferred contract costs would result an increase in opening retained profit and recognition of deferred tax liabilities at 1 January 2018.

In addition, the application of IFRS 15 in the future may result in more disclosures in the consolidated financial statements.

2. 應用新訂及經修訂國際財務報告準則(「國際財務報告準則」)(續)**2.2 已頒佈但尚未生效的新訂及經修訂國際財務報告準則：(續)****國際財務報告準則第15號來自客戶合約的收益(續)**

二零一六年，國際會計準則理事會頒佈對國際財務報告準則第15號的澄清，內容有關識別履約責任、主體對代理代價及發牌的應用指引。

本集團確認下列主要來源的收益：

- 物業銷售
- 經營酒店及服務費
- 物業管理及其他相關服務費

本公司董事預期初步應用國際財務報告準則第15號將不會對於各個報告期間確認收益的時間及金額產生重大影響。然而，應用國際財務報告準則第15號可能對下列範疇造成影響：

- 於評估物業銷售合約是否包含重大融資部分時，本集團已考慮所有相關事實及情況，包括承諾代價及與物業現金出售價之金額差異、本集團將物業轉讓予客戶及客戶就物業付款的預計時間差異之綜合影響以及有關市場的現行利率。本公司董事融資部分不屬重大。
- 目前，本集團向客戶取得物業銷售合約有關的成本已作費用化處理。根據國際財務報告準則第15號的規定，取得合約之增量成本可資本化為遞延合約成本，惟須滿足若干標準。因此，本公司董事預期確認遞延合約成本將導致期初保留溢利增加及確認於二零一八年一月一日的遞延稅項負債。

此外，未來應用國際財務報告準則第15號可能導致於綜合財務報表內作出更多披露。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

2.2 New and revised IFRSs in issue but not yet effective: (Continued)

IFRS 16 Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 supersedes the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective.

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected as operating lease payments under IAS 17 are presented as operating cash flows; upon application of IFRS 16, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively by the group.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

2. 應用新訂及經修訂國際財務報告準則(「國際財務報告準則」)(續)

2.2 已頒佈但尚未生效的新訂及經修訂國際財務報告準則：(續)

國際財務報告準則第16號租賃

國際財務報告準則第16號為識別出租人及承租人的租賃安排及會計處理引入一個綜合模式。當國際財務報告準則第16號生效時，將取代現有租賃指引，包括國際會計準則第17號租賃及相關詮釋。

國際財務報告準則第16號根據所識別資產是否由客戶控制來區分租賃及服務合約。除短期租賃及低值資產租賃外，經營租賃(資產負債表外項目)及融資租賃(資產負債表內項目)的差異就承租人會計處理移除，並須就承租人的所有租賃(即所有資產負債表內項目)確認使用權資產及相應負債的模式替代。

使用權資產初步按成本計量，並隨後以成本(惟若干例外情況除外)減累計折舊及減值虧損計量，並就租賃負債任何重新計量而作出調整。租賃負債乃按租賃付款(非當日支付)的現值初步計量。隨後，租賃負債就(其中包括)利息及租賃付款以及租賃修訂的影響作出調整。此外，由於國際會計準則第17號項下的經營租賃付款以經營現金流量呈列，現金流量的分類亦將受影響；而應用於國際財務報告準則第16號之時，租賃付款將分配為本金及利息部份，其將按組別分別以融資及經營現金流量呈列。

與承租人會計處理方法相反，國際財務報告準則第16號大致保留國際會計準則第17號內出租人的會計規定，並繼續規定出租人將租賃分類為經營租賃或融資租賃。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度**2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (Continued)****2.2 New and revised IFRSs in issue but not yet effective: (Continued)***IFRS 16 Leases (Continued)*

Furthermore, extensive disclosures are required by IFRS 16.

As at 31 December 2017, the Group has non-cancellable operating lease commitments of RMB59,167,000 as disclosed in Note 43. A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of IFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above.

In addition, the Group currently considers refundable rental deposits paid of RMB13,105,000 and refundable rental deposits received of RMB9,340,000 as rights and obligations under leases to which IAS 17 applies. Based on the definition of lease payments under IFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost and such adjustments are considered as additional lease payments. Adjustments to refundable rental deposits paid would be included in the carrying amount of right-of-use assets. Adjustments to refundable rental deposits received would be considered as advance lease payments.

2. 應用新訂及經修訂國際財務報告準則(「國際財務報告準則」)(續)**2.2 已頒佈但尚未生效的新訂及經修訂國際財務報告準則：(續)***國際財務報告準則第16號租賃(續)*

此外，國際財務報告準則第16號亦要求較廣泛的披露。

誠如附註43披露，於二零一七年十二月三十一日，本集團有不可撤銷的經營租賃承擔人民幣59,167,000元。初步評估顯示該等安排將符合國際財務報告準則第16號項下租賃的定義，因此本集團將就所有租賃確認使用權資產及對應負債，除非於應用國際財務報告準則第16號時其符合低值或短期租賃。此外，應用新的規定或會導致上述的計量、呈列及披露變化。

此外，本集團目前將已付的可退回租賃按金人民幣13,105,000元及已收的可退回租賃按金人民幣9,340,000元視為適用於國際會計準則第17號的租賃權利及義務。根據國際財務報告準則第16號項下的租賃付款定義，該等按金並非有關使用相關資產的權利的付款，因此，該等按金的賬面值可調整至攤銷成本，而有關調整乃被視為額外租賃付款。已付可退回租賃按金的調整將計入使用權資產的賬面值。已收可退回租賃按金的調整將會被視為預收租賃付款。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

2.2 New and revised IFRSs in issue but not yet effective: (Continued)

Amendments to IAS 40 Transfers of Investment Property

The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by observable evidence that a change in use has occurred. The amendments further clarify that situations other than the ones listed in IAS 40 may evidence a change in use, and that a change in use is possible for properties under construction. For example, change in use for transfer from properties under development for sale in the ordinary course of business to investment properties could be evidenced by inception of an operating lease to another party. Currently, the Group accounts for such transfer only upon commencement of an operating lease.

The directors of the Company anticipate that the application of these amendments will result in early recognition of such transfers on the Group's consolidated financial statements in future periods should there be a change in use of any of its properties.

2. 應用新訂及經修訂國際財務報告準則(「國際財務報告準則」)(續)

2.2 已頒佈但尚未生效的新訂及經修訂國際財務報告準則：(續)

國際會計準則第40號轉讓投資物業

該等修訂澄清，向投資物業轉讓或由投資物業轉讓需要評估物業是否符合投資物業的定義或已不再符合投資物業的定義，並以可觀察的證據證明已發生使用變更。該修訂進一步澄清，除國際會計準則第40號所列的情況外，其他情況可能會證明使用情況有所改變，在建物業也有可能會改變使用情況。例如，在日常業務過程中出售的發展中物業轉移至投資物業可由改變用途至向另一方展開經營租賃業務一刻生效。目前，本集團僅在經營租賃開始時才進行轉移。

本公司董事預計，倘本集團任何物業的用途改變，則應用此等修訂將導致於未來期間在本集團綜合財務報表提前確認有關轉讓。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度**3. SIGNIFICANT ACCOUNTING POLICIES****3.1 Statement of compliance**

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by IASB. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

3.2 Fair value and historical cost

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments and investment properties, which are measured at fair values, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of IAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

3. 重大會計政策**3.1 合規聲明**

綜合財務報表乃根據符合國際會計準則理事會所頒佈的國際財務報告準則(「國際財務報告準則」)編製而成。此外，綜合財務報表載有聯合交易所有限公司證券上市規則(「上市規則」)及香港公司條例所規定的適用披露資料。

3.2 公允價值及歷史成本

綜合財務報表乃根據歷史成本基準編製而成，惟若干金融工具及投資物業乃按下文所載之會計政策所闡釋以公允價值計量。

歷史成本一般根據就交換貨品及服務而付出的代價公允價值計算。

公允價值為於計量日期市場參與者於有序交易中出售資產所收取或轉讓負債所支付的價格，而不論該價格是直接觀察所得抑或運用另一估值技術估計得出。在估計資產或負債的公允價值時，本集團會考慮市場參與者於計量日期為該資產或負債進行定價時將會考慮的該等特徵。在本綜合財務報表中計量及披露的公允價值均在此基礎上予以釐定，但國際會計準則第17號租賃範圍內的租賃交易以及與公允價值有若干類似之處但並非公允價值的計量(例如國際會計準則第2號存貨中的可變現淨值或國際會計準則第36號資產減值中的使用價值)除外。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Fair value and historical cost (Continued)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

3.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

3. 重大會計政策(續)

3.2 公允價值及歷史成本(續)

此外，就財務報告而言，公允價值計量根據公允價值計量的輸入數據可觀察性及公允價值計量的輸入數據對其整體的重要性分類為第一層次、第二層次或第三層次，詳情如下：

- 第一層次輸入數據為實體於計量日期可以取得的相同資產或負債於活躍市場之報價(未經調整)；
- 第二層次輸入數據為就資產或負債直接或間接地可觀察之輸入數據(第一層次內包括的報價除外)；及
- 第三層次輸入數據為資產或負債的不可觀察輸入數據。

主要會計政策載列如下。

3.3 合併基準

綜合財務報表納入本公司及由本公司及其子公司控制的實體的財務報表。當本公司符合以下條件時，即取得控制權：

- 可對被投資公司行使權力；
- 參與被投資公司業務所得可變回報涉及的風險或權利；及
- 能運用其權力影響其回報。

倘有事實及情況顯示上文所列三項控制權要素之一項或以上出現變動，本集團會重新評估其是否對被投資公司擁有控制權。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)****3.3 Basis of consolidation (Continued)**

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

3. 重大會計政策(續)**3.3 合併基準(續)**

倘本集團於被投資公司的投票權未能佔大多數，而投票權足以賦予本公司實際能力以單方面指揮被投資公司的相關活動，即對被投資公司擁有權力。本集團於評估本集團於被投資公司的投票權是否足以賦予其權力時，會考慮所有相關事實及情況，包括：

- 相對其他投票權持有人所持投票權的數量及分散情況，本集團持有投票權的數量；
- 本集團、其他投票權持有人或其他人士持有的潛在投票權；
- 其他合約安排產生的權利；及
- 顯示本集團目前能夠或不能在需要作出決定時指揮相關活動的任何額外事實及情況(包括於過往股東大會上的投票模式)。

子公司綜合入賬於本集團取得有關子公司的控制權時開始，並於本集團喪失有關子公司的控制權時終止。具體而言，年內收購或出售的子公司的收入及開支乃自本集團取得控制權當日起計入綜合損益及其他全面利潤表，直至本集團不再控制有關子公司當日為止。

損益及其他全面收入的每個項目乃歸屬於本公司擁有人及非控股權益。子公司的全面收入總額歸屬於本公司擁有人及非控股權益，即使此舉會導致非控股權益出現虧絀結餘。

如有需要，將對子公司的財務報表作出調整，以令其會計政策與本集團的會計政策一致。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 Basis of consolidation (Continued)

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 when applicable, the cost on initial recognition of an investment in a joint venture or an associate.

3. 重大會計政策(續)

3.3 合併基準(續)

有關本集團成員間的交易的所有集團內部資產及負債、權益、收入、開支及現金流量均於綜合賬目時全數抵銷。

本集團於現有子公司的擁有權權益變動但並無導致本集團喪失該等子公司的控制權，則入賬作為權益交易。本集團的相關權益部分與非控股權益的賬面值均會作出調整，以反映彼等於子公司的相對權益變動，包括按照本集團與非控股權益之權益比例，將本集團與非控股權益之間的相關儲備重新歸屬。

非控股權益所調整的金額與所付或所收代價的公允價值之間的任何差額，均直接於權益確認並歸屬於本公司擁有人。

倘本集團喪失子公司的控制權，則取消確認該子公司的資產及負債以及非控股權益(如有)。收益或虧損於損益確認，並按(i)所收代價的公允價值及任何保留權益的公允價值的總額及(ii)資產(包括商譽)之賬面值，與本公司擁有人應佔子公司負債之間的差額計算得出。所有先前就該子公司於其他全面收益確認之金額應予入賬，猶如本集團已直接出售相關資產或負債入賬(即按適用國際財務報告準則訂明重新分類至損益或直接轉撥至保留溢利)。於喪失控制權當日在該前子公司保留的任何投資的公允價值，將根據國際會計準則第39號被視為其後入賬首次確認的公允價值，或(如適用)首次確認合營企業或聯營公司投資的成本。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)****3.4 Business combinations**

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below); and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

3. 重大會計政策(續)**3.4 業務合併**

收購業務乃以收購法入賬。業務合併所轉讓代價按公允價值計量，乃按本集團所轉讓資產、所產生對被收購公司前擁有人的負債及所發行以交換被收購公司控制權的股權於收購日期的公允價值總和計算。收購相關成本一般於產生時於損益確認。

於收購日期，已收購可識別資產及已承擔負債乃按其公允價值確認，惟以下除外：

- 遞延稅項資產或負債及有關僱員福利安排的負債或資產乃分別根據國際會計準則第12號*所得稅*及國際會計準則第19號*僱員福利*確認及計量；
- 有關被收購公司的股份支付安排的負債或股本工具，或由本集團訂立以取代被收購公司的股份支付安排的股份支付安排，乃於收購日期根據國際財務報告準則第2號*股份支付*計量(見下文的會計政策)；及
- 根據國際財務報告準則第5號*持作待售非流動資產及終止經營業務*分類為持作待售資產(或出售組別)乃根據該準則計量。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Business combinations (Continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed at the acquisition date. Measurement period cannot exceed one year from the acquisition date.

3. 重大會計政策(續)

3.4 業務合併(續)

商譽乃按已轉讓代價、於被收購公司的任何非控股權益金額及收購公司先前於被收購公司持有的股權公允價值(如有)的總額超過所收購可識別資產及所承擔負債於收購日期的淨額之差額計量。倘經重新評估後,所收購可識別資產及所承擔負債的淨額超過已轉讓代價、於被收購公司的任何非控股權益金額及收購公司先前於被收購公司持有的股權公允價值(如有)的總和,超出部分將即時於損益中確認為議價購買收益。

屬現時擁有權權益且於清盤時賦予其持有人權利按比例分佔相關子公司淨資產的非控股權益初步按非控股權益應佔被收購公司可識別資產淨值已確認金額的比例計量。

倘本集團在業務合併中轉讓的代價包括或然代價安排所產生的資產或負債,或然代價則按其於收購日期的公允價值計量,並計入作為在業務合併中所轉讓代價的一部分。合資格作計量期間調整的或然代價公允價值變動會作出追溯調整,並會對商譽作出相應調整。計量期間調整為於計量期間取得有關於收購日期存在的事實及情況的額外資料所引致的調整。計量期間自收購日期起不可超過一年。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)****3.4 Business combinations (Continued)**

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interests were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised at that date.

3. 重大會計政策(續)**3.4 業務合併(續)**

或然代價的公允價值變動的其後會計處理如不合資格作計量期間調整乃取決於或然代價的分類方式。分類為權益的或然代價不會於其後報告日期重新計量，而其後結算將於權益內入賬。分類為資產或負債的或然代價於其後報告日期重新計量為公允價值，而相應收益或虧損則於損益中確認。

倘業務合併乃分階段達成，本集團先前持有的被收購公司股權會按收購日期(即本集團取得控制權當日)的公允價值重新計量，而由此產生的收益或虧損(如有)會在損益中確認。於收購日期前由被收購公司權益產生且先前已於其他全面收入中確認的金額，均重新分類至損益，而此處理方法在處置該權益時亦適用。

倘業務合併的初步會計處理於合併發生的報告期末仍未完成，本集團會呈報未完成會計處理的項目的臨時金額。該等臨時金額會在計量期間(見上文)調整，並會確認額外資產或負債，以反映所取得有關於收購日期已存在的事實及情況的新資料，而倘知悉有關資料，將會影響當日確認的金額。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.5 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit, or group of cash generating unites, to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit, or group of cash generating unites to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit, or the group of cash generating unites.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal or any of the cash-generating unit within group of cash-generating units in which the Group monitors goodwill.

3.6 Acquisition of a subsidiary not constituting a business

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to the property under development at the respective fair values, the remaining balance of the purchase price is then allocated to the other individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

3. 重大會計政策(續)

3.5 商譽

收購業務所產生的商譽按收購業務(見上文的會計政策)當日訂立的成本減任何累計減值虧損(如有)列賬。

為進行減值測試，商譽會被分攤至預期可受惠於合併的協同效益的本集團各現金產生單位(或現金產生單位組別)，即就內部管理而言監控商譽的而且不大於經營分部的最低層級。

獲分攤商譽的現金產生單位或一組現金產生單位每年進行減值測試，或當有跡象顯示該單位可能出現減值則更頻密地進行。就報告期內進行收購所產生的商譽，獲分攤商譽的現金產生單位或一組現金產生單位會於該報告期末前進行減值測試。當現金產生單位的可收回金額低於其賬面值，則首先分攤減值虧損以抵減分攤至該單位或該組現金產生單位的任何商譽的賬面值，其後按單位內各資產的賬面值按比例分攤至單位的其他資產。

出售相關現金產生單位時，商譽應佔的金額會在釐定出售損益金額或本集團於其中監控商譽的現金產生單位組別中的任何現金產生單位時包括在內。

3.6 收購不構成業務的子公司

倘本集團收購一組不構成業務的資產或負債，本集團識別及確認個別可識別的所收購資產及所承擔負債，將購買價首先按公允價值分配至發展中物業，購買價的餘額按於購買日期的相對公允價值分配至其他個別可識別資產及負債。該項交易並不導致商譽或議價購買收益。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)****3.7 Investments in associates and joint ventures**

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

3. 重大會計政策(續)**3.7 於聯營公司及合營企業投資**

聯營公司指本集團對其有重大影響力的實體。重大影響力為參與被投資公司的財務及營運決策的權力，但並非對該等政策擁有控制權或共同控制權。

合營企業指一項合營安排，據此，對該安排擁有共同控制權的訂約人士擁有對該合營安排的淨資產的權利。共同控制權指按照合約協定對某項安排所共有的控制權，共同控制權僅在相關活動的決定需要共同享有控制權的各方一致同意時方始存在。

聯營公司及合營企業的業績及資產與負債以權益會計法計入該等綜合財務報表。用作權益會計目的的聯營公司及合營企業的財務報表，乃使用與本集團在類似情況下就類似交易及事件所採用的一致會計政策編製。根據權益法，聯營公司或合營企業投資初步按成本於綜合財務狀況表確認，並於其後調整以確認本集團應佔聯營公司或合營企業的損益及其他全面收入。損益及其他全面收益以外之聯營公司／合營企業的淨資產變動不會入賬，除非該等變動導致本集團持有的所有權權益出現變動。倘本集團應佔聯營公司或合營企業的虧損超出本集團於該聯營公司或合營企業的權益(包括實質上構成本集團於聯營公司或合營企業淨投資一部分的任何長期權益)，本集團會終止確認其應佔的進一步虧損。僅於本集團已產生法律或推定責任或已代表聯營公司或合營企業支付款項的情況下，方會確認額外虧損。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.7 Investments in associates and joint ventures (Continued)

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3. 重大會計政策(續)

3.7 於聯營公司及合營企業投資(續)

於聯營公司或合營企業投資乃自被投資公司成為聯營公司或合營企業當日起按權益法入賬。收購聯營公司或合營企業投資時，投資成本超出本集團應佔被投資公司的可識別資產及負債的公允價值淨額的任何金額會確認為商譽，並計入該投資的賬面值內。本集團應佔可識別資產及負債的公允價值淨額超出投資成本之任何金額，於重新評估後會即時在收購該投資的期間內於損益確認。

國際會計準則第39號的規定乃用於釐定有否必要確認本集團於聯營公司或合營企業投資的任何減值虧損。如必要，則根據國際會計準則第36號資產減值將投資的全部賬面值(包括商譽)作為單一資產，透過比較其可收回金額(使用價值及公允價值減銷售成本兩者中的較高者)與其賬面值進行減值測試。任何已確認的減值虧損構成投資賬面值的一部分。倘其後投資的可收回金額增加，則根據國際會計準則第36號確認該減值虧損撥回。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)****3.7 Investments in associates and joint ventures (Continued)**

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of IAS 39, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

3. 重大會計政策(續)**3.7 於聯營公司及合營企業投資(續)**

當本集團不再對聯營公司或合營企業具有重大影響力，其會入賬為出售於被投資方的全部權益，所產生收益或虧損於損益確認。倘本集團保留於前聯營公司或合營企業的權益且該保留權益為國際會計準則第39號範圍內的金融資產，本集團會於該日按公允價值計量保留權益，而該公允價值被視為於首次確認時的公允價值。聯營公司或合營企業的賬面值與出售聯營公司或合營企業相關權益的任何保留權益及任何所得款項公允價值之間的差額，會於釐定出售聯營公司或合營企業的收益或虧損時包括在內。此外，本集團會將先前在其他全面收入就該聯營公司或合營企業確認的所有金額入賬，基準與該聯營公司或合營企業直接出售相關資產或負債所需基準相同。因此，該聯營公司或合營企業先前已於其他全面收入確認的收益或虧損，會於出售相關資產或負債時重新分類至損益。本集團會於出售／部分出售相關聯營公司或合營企業時將收益或虧損由權益重新分類至損益(作為重新分類調整)。

當聯營公司投資變為合營企業投資或合營企業投資變為聯營公司投資，本集團會繼續使用權益法。發生該等擁有權權益變動時，不會對公允價值重新計量。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.7 Investments in associates and joint ventures (Continued)

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

3.8 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities as described below:

(i) *Sales of properties*

Revenue from sales of properties is recognised when a Group entity has delivered the relevant properties to the customers and collectability of the related receivables is reasonably assured. Deposits and instalments received on properties sold prior to the date of revenue recognition are recorded as advances from customers and presented as trade, other payables and advance deposits under current liabilities.

3. 重大會計政策(續)

3.7 於聯營公司及合營企業投資(續)

倘本集團削減其於聯營公司或合營企業的擁有權權益而本集團繼續使用權益法，若有關收益或虧損會於出售相關資產或負債時重新分類至損益，則本集團會將先前已於其他全面收入確認與削減擁有權權益有關的收益或虧損比例重新分類至損益。

倘集團實體與本集團的聯營公司或合營企業進行交易，與有關聯營公司或合營企業進行交易產生的溢利及虧損會在本集團綜合財務報表確認，惟僅以與本集團並無關連的聯營公司或合營企業權益為限。

3.8 收益確認

收益按已收或應收代價的公允價值計量。倘未來經濟利益可能流向本集團且收益金額能夠可靠計算且符合以下本集團各業務的特定準則。本集團會確認收益：

(i) *物業銷售*

當集團實體將有關物業交付客戶及合理確定能收取有關應收款項時確認物業銷售收益。在確認收益當日前出售物業所收取的訂金及分期付款項列作預收客戶款項，並在流動負債列為應付賬款、其他應付款項及預付按金。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)****3.8 Revenue recognition (Continued)****(ii) Sales of goods and services rendered**

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Revenue in relation to property management and hotel operation is recognised when the services are rendered.

Revenue from landscape projects is recognised in proportion to the stage of completion of the projects by the end of reporting period. The stage of completion is assessed by reference to the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs.

(iii) Rental income

The Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy for lease below.

(iv) Interest income

Interest income is accrued on a time apportionment basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3. 重大會計政策(續)**3.8 收益確認(續)****(ii) 銷售貨品及提供服務**

銷售貨品收益於所有權重大風險及回報轉讓至買方時確認。有關物業管理及酒店營運的收益於提供服務時確認。

園藝項目的收益於報告期末按項目完成階段的比例確認。完成階段參考至今已施工工程產生的合約成本佔估計總合約成本的比例而評估。

(iii) 租金收入

本集團確認經營租賃收益的會計政策於下文有關租賃的會計政策中載述。

(iv) 利息收入

利息收入乃參照未償還本金及適用實際利率，按時間劃分基準累計。適用實際利率指透過金融資產預計年期將估計未來現金收入貼現至該資產於初步確認時的賬面淨值的利率。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.9 Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

3.10 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

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

All other borrowing costs are recognised in profit or loss in the year in which they are incurred.

3. 重大會計政策(續)

3.9 外幣

於編製各個別集團實體的財務報表時，以該實體功能貨幣以外的貨幣(外幣)進行的交易，按交易日期的現行匯率確認。於各報告期末，以外幣結算的貨幣項目乃按當日的現行匯率重新換算。以公允價值列賬的外幣計值非貨幣項目，會按釐定公允價值當日的現行匯率重新換算，而以外幣按歷史成本計量的非貨幣項目則不會重新換算。

結付貨幣項目產生的以及重新換算貨幣項目時的匯兌差額於其產生期間在損益中確認，惟以下除外：

- 有關用作未來生產的在建資產的外幣借貸的匯兌差額，會在其被視為該等外幣借貸利息成本的調整時，計入該等資產的成本。

3.10 借貸成本

因收購、興建或生產需要長時間方可達到可使用狀態或出售的資產而直接產生的借貸成本，將加入至該等資產的成本，直至有關資產大致達到可使用狀態或可供出售時為止。

在等待使用於合資格資產前將特定借貸暫時投資所賺取的投資收入會從合資格進行資本化的借貸成本中扣除。

所有其他借貸成本均於產生的年度於損益確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)****3.11 Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before income tax" as reported in the consolidated statement of profit or loss and other comprehensive income because of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

3. 重大會計政策(續)**3.11 稅項**

所得稅開支指即期應付稅項及遞延稅項的總和。

即期應付稅項乃按年內應課稅溢利計算。應課稅溢利有別於綜合損益及其他全面利潤表所呈報的除所得稅前溢利，原因為於其他年度的應課稅或可扣稅的收入及開支項目，亦不包括毋須課稅或可扣稅的項目。本集團的即期稅項負債乃按報告期末已執行或實際已執行的稅率計算。

遞延稅項就綜合財務報表內資產及負債的賬面值與計算應課稅溢利所用的相應稅基之間的暫時差額而確認。遞延稅項負債一般就所有應課稅暫時差額確認。遞延稅項資產一般在可能會有應課稅溢利以供扣減可扣稅暫時差額時確認所有可供扣減暫時差額。倘在某項交易中，商譽或首次確認(業務合併除外)其他資產及負債所產生的暫時差額不會影響應課稅溢利或會計溢利，有關資產及負債則不予確認。此外，倘初始確認商譽產生暫時差額，則不予確認遞延稅項負債。

由子公司及聯營公司投資以及合營企業權益相關的應課稅暫時差額會確認遞延稅項負債，惟倘本集團能夠控制暫時差額的撥回及暫時差額很大機會於可見將來不會撥回則除外。與該等投資有關的可扣稅暫時差額所產生的遞延稅項資產只有在有足夠應課稅溢利可供動用暫時差額的利益並預期於可見將來撥回的情況下方始確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.11 Taxation (Continued)

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3. 重大會計政策(續)

3.11 稅項(續)

遞延稅項資產的賬面值於報告期末審閱，倘不再可能有足夠應課稅溢利以收回全部或部分資產，則削減遞延稅項資產的賬面值。

遞延稅項資產及負債乃按預期適用於清償負債或變現資產期間的稅率(以報告期末已執行或實際已執行的稅率(及稅法)為基準)計量。

遞延稅項負債及資產計量反映本集團預期於報告期末收回或清償其資產及負債賬面值的方式所產生的稅務結果。

為計量按公允價值模型計量的投資物業的遞延稅項負債或遞延稅項資產，除非假設被推翻，否則有關物業的賬面值乃假設為可通過出售全數收回。當投資物業可予折舊，並於旨在隨著時間的推移而非通過出售消耗絕大部分包括在投資物業內的經濟利益的業務模式內持有時，有關假設會被推翻。

即期及遞延稅項會在損益中確認，除非其與於其他全面收入確認或直接於權益確認的項目有關(在該情況下，即期及遞延稅項亦分別於其他全面收入或直接於權益確認)。倘即期稅項或遞延稅項源自業務合併的首次入賬，有關稅務影響則計入業務合併入賬。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)****3.12 Government grants**

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

3.13 Leasing

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

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset. Other than investment properties measured under fair value model, such costs are recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

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

3. 重大會計政策(續)**3.12 政府補助**

只有在合理確定本集團將會遵守其附帶條件時及將可收取補助時，方會確認政府補助。

政府補助在本集團將補貼擬補償的相關成本確認為開支期間按有系統的基準於損益確認。

就已經產生的開支或虧損收取作為補償的政府補助，或為向本集團提供即時財務支持而收取的政府補助，而無未來相關成本者，乃於可收取時在當期損益內確認。

3.13 租賃

當租賃條款將絕大部分有關擁有權的風險及回報轉移至承租人，租賃則歸類為融資租賃。所有其他租賃均歸類為經營租賃。

本集團作為出租人

經營租賃的租金收入按相關租賃年期以直線法於損益確認。磋商及安排經營租賃所產生的初始直接成本會加入租賃資產的賬面值。除以公允價值模型計量之投資物業外，該等成本按租賃年期以直線法確認為開支。

本集團作為承租人

經營租賃付款按相關租賃年期以直線法確認為開支。作為訂立經營租賃的優惠而已收取及應收取的利益，乃按租賃年期以直線法確認為租金開支扣減。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.14 Employee benefits

Retirement benefit costs and termination benefits

The Group participates in state-managed retirement benefit schemes, which are defined contribution schemes, pursuant to which the Group pays a fixed percentage of its qualifying staff's wages as contributions to the plans. Payments to such retirement benefit schemes are charged as an expense when employees have rendered service entitling them to the contributions.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another IFRS requires or permits their inclusion in the cost of an asset.

3. 重大會計政策(續)

3.14 僱員福利

退休福利成本及離職福利

本集團參加由國家管理的退休福利計劃，該等計劃為界定供款計劃，據此，本集團按合資格員工的工資的固定百分比向該等計劃供款。向該等退休福利計劃支付的款項在僱員已提供可享有該等供款的服務時作為開支扣除。

離職福利負債在實體不再可撤回離職福利要約及實體確認任何相關重組成本時(以較早者為準)確認。

短期及其他長期僱員福利

短期僱員福利乃於僱員提供服務時預期支付的福利的未折現金額確認。所有短期僱員福利乃確認為開支，除非另一國際財務報告準則規定或准許在資產成本當中予以加入。

僱員就工資及薪金、年假及病假累計方面的福利會在扣除任何已支付的金額後確認負債。

就其他長期僱員福利確認的負債乃按本集團就僱員截至報告日期止所提供的服務而預期作出的估計未來現金流出的現值計量。因服務成本、利息及重新計量而導致的負債賬面值的任何變動乃於損益確認，除非另一國際財務報告準則規定或准許在資產成本當中予以加入。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)****3.14 Employee benefits (Continued)***Share options granted to employees*

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options reserve.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will continue to be held in share options reserve.

3. 重大會計政策(續)**3.14 僱員福利(續)***授予僱員之購股權*

向僱員及提供類似服務的其他人士作出的股權結算以股份為基礎之付款乃於授出日期按股權工具的公允價值計量。

不考慮所有非市場歸屬條件，於授出日期釐定的股權結算以股份為基礎之付款的公允價值乃於歸屬期間，基於本集團對將會最終歸屬的股權工具的估計，按直線法支銷，權益(購股權儲備)則相應增加。於各報告期末，本集團根據對所有非市場歸屬條件的評估，對估計預期將歸屬的股權工具數目作出修訂。修訂原有估計的影響(如有)於損益內確認，令累計開支反映經修訂估計，並對購股權儲備作出相應調整。

購股權獲行使時，先前於購股權儲備中確認的數額將轉撥至股份溢價。當購股權於歸屬日期後失效或於屆滿日仍未獲行使，先前在購股權儲備中確認的金額將繼續於購股權儲備持有。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.15 Property, plant and equipment

Property, plant and equipment, including land and buildings held for use in the production or supply of goods or services, or for administrative purposes other than construction in progress, are stated in the consolidated statement of financial position at cost less accumulated depreciation and accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment other than construction in progress less their residual values over their estimated useful lives, using the straightline method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

If an item of property, plant and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item (including the relevant prepaid lease payments) at the date of transfer is recognised in other comprehensive income and accumulated in property revaluation reserve. On the subsequent sale or retirement of the asset, the relevant revaluation reserve will be transferred directly to retained profits.

3. 重大會計政策(續)

3.15 物業、廠房及設備

物業、廠房及設備包括持作生產或供應貨品或服務用途，或作行政用途的土地及樓宇(在建工程除外)，乃按成本減累計折舊及累計減值虧損(如有)在綜合財務狀況表列賬。

建設中以供生產、供應或行政用途的物業按成本減任何已確認的減值虧損列賬。成本包括專業費用及(就合資格資產而言)根據本集團會計政策資本化的借貸成本。該等物業於竣工及可作擬定用途時歸類至物業、廠房及設備的適當類別。該等資產在可作擬定用途時，開始按其他物業資產的相同基準計提折舊。

折舊按撇銷物業、廠房及設備(在建工程除外)項目成本減估計可使用年期的剩餘價值，以直線法確認。估計可使用年期、剩餘價值及折舊方法會於各報告期末審閱，而任何估計變動的影響則按未來基準入賬。

倘物業、廠房及設備項目因業主自用結束證明用途改變而成為投資物業，於轉撥日期該項目(包括相關預付租賃付款)的賬面值及公允價值之間的任何差額於其他全面收益確認以及於物業重估儲備累計。資產於其後出售或棄用時，相關重估儲備將直接轉撥至保留溢利。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)****3.16 Investment properties**

Investment properties are properties (including and properties under construction for such purposes) held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are classified and accounted for as investment properties and are measured using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year in which the item is derecognised.

3. 重大會計政策(續)**3.16 投資物業**

投資物業為持有目的在於賺取租金收入及／或資本增值的物業(包括就此等目的之在建物業)。

投資物業初始按成本(包括任何直接應佔支出)計量。首次確認後，投資物業按其公允價值計量。本集團所有以經營租約持有以賺取租金或達致資本增值的物業權益分類及入賬為物業投資，且以公允價值模式計量。投資物業公允價值變動所產生的收益或虧損會在產生期間計入損益。

在建投資物業招致的建造成本會資本化為在建投資物業賬面值的一部分。

投資物業於永久不再使用或預期不會因其出售產生日後經濟利益時取消確認。因取消確認資產所產生的任何收益或虧損(按資產的出售所得款項淨額與賬面值之間的差額計算)在項目取消確認的年度內計入損益。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.17 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale from the time when the investment (or a portion of the investment) is classified as held for sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

3. 重大會計政策(續)

3.17 待售非流動資產

倘非流動資產或出售組別的賬面值將主要透過出售交易(而非透過持續使用)收回,且有相關資產(或出售組別)可按其現況即時出售(僅受有關資產(或出售組別)的一般及慣常出售條款所規限),而有關出售很可能發生時,其將被分類為待售。管理層必須致力達成銷售,並應預期自分類為待售之日一年內可確認完成有關出售。

倘本集團致力執行涉及失去於子公司的控制權的出售計劃,該子公司的所有資產及負債會於達致上述分類標準時被分類為待售,而不論本集團會否於出售後保留於該子公司的非控股權益。

當本集團承諾進行涉及出售於聯營公司或合營企業之投資或部分投資之出售計劃,倘符合上述條件,將予出售之該項投資或部分投資分類為待售,而本集團將由投資(或其部分)分類為待售之時起,終止就該分類為待售之部分使用權益法。

分類為待售之非流動資產(及出售組別)按其賬面值與公允價值減出售成本之較低者計量。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)****3.18 Intangible assets**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with effect of any changes in estimate being accounted for a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

An intangible asset is derecognised on disposals, or when no future economic benefits are expected from use. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the assets, are recognised in profit or loss when the asset is derecognised.

3.19 Impairment of tangible and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the assets may be impaired.

When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

3. 重大會計政策(續)**3.18 無形資產**

分開收購且具有有限可使用年期的無形資產按成本減累計攤銷及累計減值虧損列賬。攤銷乃按其估計可使用年期以直線法確認。估計可使用年期及攤銷方法於各報告期末審閱，而任何估計變動的影響則按未來基準入賬。分開收購且具有無限可使用年期的無形資產按成本減累計減值虧損列賬。

無形資產於出售或預期不會因使用該資產產生日後經濟利益時取消確認。因取消確認無形資產所產生的收益或虧損按資產的出售所得款項淨額與賬面值之間的差額計量，並在資產取消確認時於損益中確認。

3.19 有形及無形資產(商譽除外)減值

於報告期末，本集團審閱其有形資產及無形資產的賬面值，以釐定該等資產是否有任何減值虧損跡象。如有任何有關跡象，則估計資產的可收回金額，以釐定減值虧損(如有)的程度。具有無限可使用年期的無形資產及尚未可供使用的無形資產至少每年及在有跡象顯示資產可能出現減值時進行減值測試。

如不可能估計個別資產的可收回金額，本集團估計該資產所屬現金產生單位的可收回金額。如可識別合理及一致的分配基準，企業資產亦分配至個別現金產生單位，或將其分配至可識別合理及一致的分配基準的最小現金產生單位組別。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.19 Impairment of tangible and intangible assets other than goodwill (Continued)

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3. 重大會計政策(續)

3.19 有形及無形資產(商譽除外)減值(續)

可收回金額為公允價值減出售成本與使用價值兩者的較高者。在評估使用價值時，估計未來現金流量將使用可反映當時市場對貨幣時間價值及資產(其未來現金流量估計乃未經調整)特定風險的評估的稅前貼現率貼現至其現值。

倘估計資產(或現金產生單位)的可收回金額低於其賬面值，則將該資產(或現金產生單位)賬面值撇減至其可收回金額。於分配減值虧損時，則減值虧損將首先分配以調低任何商譽之賬面值(如適用)，其後根據該單位內各資產之賬面值按比例分配至其他資產。資產的賬面值不會扣減至低於其公允價值減出售成本(倘可計量)、其使用價值(倘可釐定)及零中的最高者。將另行分配至資產的減值虧損金額按比例分配至該單位的其他資產。減值虧損即時於損益確認。

倘於其後撥回減值虧損，則將該資產的賬面值調增至經修訂的估計可收回金額，惟增加後的賬面值不得超過該資產於過往年度未曾確認減值虧損而應有的賬面值。減值虧損的撥回即時於損益確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)****3.20 Properties under development**

Properties under development, representing leasehold land and buildings located in the PRC under development for future sale in the ordinary course of business, are stated at the lower of cost and net realisable value. Cost comprises the costs of land use rights, construction costs, borrowing costs capitalised and other direct development expenditure. Net realisable value represents the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. Properties under development are transferred to completed properties for sale upon completion of development.

The Group transfers a property from inventories to investment property when there is a change in use to hold the property to earn rentals or/and for capital appreciation rather than for sale in the ordinary course of business, which is evidenced by the commencement of an operating lease to another party. Any difference between the fair value of the property at the date of transfer and its previous carrying amount is recognised in profit or loss.

3.21 Completed properties for sale

Completed properties for sale are stated at the lower of cost and net realisable value. Cost comprises the costs of land use rights, construction costs, borrowing costs capitalised and other direct development expenditure. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

The Group transfers a property from completed properties for sale to investment property when there is a change in use to hold the property to earn rentals or/and for capital appreciation rather than for sale in the ordinary course of business, which is evidenced by the commencement of an operating lease to another party. Any difference between the fair value of the property at the date of transfer and its previous carrying amount is recognised in profit or loss.

3. 重大會計政策(續)**3.20 發展中物業**

發展中物業指位於中國發展中的租賃土地及樓宇，以供日後在日常業務過程中出售，乃按成本及可變現淨值兩者的較低者列賬。成本包括土地使用權成本、建造成本、資本化借貸成本及其他直接發展開支。可變現淨值指日常業務過程中的估計售價減去估計竣工成本及出售所需的估計成本。發展中物業會在發展完成後轉撥至已建成待售物業。

當持有物業之用途從在一般業務過程中出售轉變為賺取租金或／及資本增值，而且有證據顯示開始租賃予其他方時，本集團將該物業由存貨轉為投資物業。該物業於轉換日之公允價值與其原有賬面值之差異於損益中確認。

3.21 已建成待售物業

已建成待售物業按成本或可變現淨值兩者的較低者列賬。成本包括土地使用權成本、建造成本、資本化借貸成本及其他直接發展開支。可變現淨值指日常業務過程中的估計售價減去出售所需的估計成本。

倘改變用途，將已建成待售物業由在日常業務過程中出售改為持有物業以賺取租金收入或／及資本增值（證據為出租予另一方的經營租賃開始），本集團則將已建成待售物業項目轉撥至投資物業。物業於轉撥當日的公允價值與其先前的賬面值之間的差額會在損益中確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.22 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

3.23 Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3. 重大會計政策(續)

3.22 撥備

當本集團因過往事件而有現時責任，且本集團有可能日後須履行該責任，而且該項責任的金額可以可靠地計量，則會確認撥備。確認為撥備之金額乃根據於報告期末要履行該項現時責任所須代價的最佳估計，當中考慮圍繞責任的風險及不確定性。倘採用估計用以履行責任所需現金流量來對撥備進行計量，則其賬面值乃該等現金流量的現值(倘金錢的時間值的影響為重大)。

繁重合約項下所產生現時責任乃確認及計量為撥備。當本集團為達致其所擁有合約項下責任而不可避免地產生的費用超出預期自該合約收取的經濟利益時，則被視為存在繁重合約。

3.23 金融工具

當集團實體成為工具合約條文之訂約方，則確認金融資產及金融負債。

金融資產及金融負債初步按公允價值計量。收購或發行金融資產及金融負債(按公允價值列賬於損益的金融資產及金融負債除外)直接應佔的交易成本乃於首次確認時加入金融資產或金融負債(按適用者)的公允價值或自當中扣除。收購按公允價值列賬於損益的金融資產或金融負債直接應佔的交易成本即時於損益內確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)****3.23 Financial instruments (Continued)***(i) Financial assets*

The Group's financial assets are classified into the following specified categories: financial assets carried at FVTPL, loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL, of which interest income is included in net gains or losses.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is (i) held for trading, or (ii) it is designated as at FVTPL or (iii) contingent consideration that may be received by an acquirer as part of a business combination.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

3. 重大會計政策(續)**3.23 金融工具(續)***(i) 金融資產*

本集團的金融資產分類以下特定類別：按公允價值列賬於損益的金融資產、貸款及應收款項以及可供出售金融資產。此分類取決於金融資產的性質和用途並在首次確認時予以確定。

實際利率法

實際利率法是計算金融資產攤銷成本以及按有關期間攤分利息收入的方法。實際利率乃按金融資產預計年期或(如適當)較短期間精確貼現估計未來現金收入(包括所付或所收的一切費用作為實際利率的一部分、交易成本及其他溢價或貼現)至首次確認時的賬面淨值的比率。

除分類為按公允價值列賬於損益的該等金融資產(其利息收入計入收益或虧損淨額)外，債務工具的利息收入按實際利率法確認。

按公允價值列賬於損益的金融資產

倘金融資產乃(i)持作交易目的；或(ii)指定為按公允價值列賬於損益；或(iii)收購方可能收取之或然代價(作為業務合併的一部分)，則分類為按公允價值列賬於損益。

金融資產於下列情況下分類為持作交易目的：

- 主要為於不久的將來出售而購入；或
- 於首次確認時屬於本集團一併管理的可識別金融工具組合的一部分，且最近有短期獲利的實際模式；或
- 為衍生工具，但並非指定為對沖工具，亦非有效對沖工具。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.23 Financial instruments (Continued)

(i) Financial assets (Continued)

Financial assets at FVTPL (Continued)

A financial asset other than a financial asset held for trading (or contingent consideration that may be received by an acquirer as part of a business combination) may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Fair value is determined in the manner described in Note 40.

3. 重大會計政策(續)

3.23 金融工具(續)

(i) 金融資產(續)

按公允價值列賬於損益的金融資產(續)

金融資產(持作買賣之金融資產除外)(收購方可能支付之或然代價)可於下列情況下於初步確認時指定為按公允價值列賬於損益：

- 該指定消除或大幅減少可能會出現的計量或確認方面的一致性；或
- 該金融資產構成一組金融資產或金融負債或金融資產及金融負債組合之一部分，而根據本集團制定的風險管理或投資策略，該項資產乃以公允價值為基礎進行管理及評估績效，且有關分組之資料乃按此基準向內部提供；或
- 其構成包含一項或多項嵌入衍生工具的合約之一部分，而國際會計準則第39號允許將整個組合合約(資產或負債)指定為按公允價值列賬於損益。

按公允價值列賬於損益的金融資產按公允價值列賬，重新計量所產生的任何收益或虧損在損益中確認。公允價值按附註40所述的方式釐定。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)****3.23 Financial instruments (Continued)***(i) Financial assets (Continued)**Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amounts due from related parties, restricted cash, bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

Equity and debt securities held by the Group that are classified as available-for-sale are measured at fair value at the end of each reporting period except for unquoted equity investments whose fair value cannot be reliably measured. Changes in the carrying amount of available-for-sale debt instruments relating to interest income calculated using the effective interest method are recognised in profit or loss. Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

3. 重大會計政策(續)**3.23 金融工具(續)***(i) 金融資產(續)**貸款及應收款項*

貸款及應收款項指並非於活躍市場報價而具有固定或可確定付款的非衍生金融資產。於首次確認後，貸款及應收款項(包括應收賬款及其他應收款項、應收關連人士款項、受限制現金、銀行結餘及現金)以實際利率法按攤銷成本減減值計量。

除利息確認並不重大的短期應收款項外，利息收入乃應用實際利率確認。

可供出售金融資產

可供出售金融資產為非衍生工具，指定為可供出售或不會分類為按公允價值列賬於損益的金融資產、貸款及應收款項或持有至到期投資。

本集團持有的分類為可供出售股本及債務證券按各報告期末的公允價值計量，惟其公允價值不能可靠計量的沒有報價股本投除外資。以實際利率法計算的利息收入有關的可供出售債務工具賬面值變動於損益內確認。當本集團確立可獲得股息的權利時，則於損益確認可供出售股本投資的股息。可供出售金融資產賬面值的其他變動乃於其他全面收入內確認及累計。倘投資被出售或確定為出現減值，累計收益或虧損重新分類至損益(見下文有關金融資產減值虧損的會計政策)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.23 Financial instruments (Continued)

(i) Financial assets (Continued)

Available-for-sale financial assets (Continued)

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation

3. 重大會計政策(續)

3.23 金融工具(續)

(i) 金融資產(續)

可供出售金融資產(續)

於活躍市場並無市場報價且其公允價值不能可靠計量的可供出售股本投資，於報告期末按成本減任何已識別減值虧損計量(見下文有關金融資產減值虧損的會計政策)。

金融資產減值

金融資產(除按公允價值列賬於損益外)於報告期末評估有否出現虧損跡象。倘有客觀證據證明因首次確認金融資產後發生的一項或多項事件令金融資產的估計未來現金流量受到影響，則金融資產被視為已減值。

就可供出售股本投資而言，該投資的公允價值顯著或持續下降至低於其成本值，將被視為減值的客觀證據。

就所有其他金融資產而言，減值的客觀證據可包括：

- 發行人或對手方遭遇重大財務困難；或
- 違約，如拖欠或無法如期償還利息或本金；或
- 借款人可能會宣告破產或進行其他財務重組

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)****3.23 Financial instruments (Continued)***(i) Financial assets (Continued)**Impairment of financial assets (Continued)*

For certain categories of financial assets, such as trade and other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade or other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

3. 重大會計政策(續)**3.23 金融工具(續)***(i) 金融資產(續)**可供出售金融資產(續)*

就評估為不作個別減值的若干類別金融資產(例如應收賬款及其他應收款項)而言,會另行按集體基準評估減值。應收款項組合減值的客觀證據可包括本集團的過往收款經驗、組合內遞延付款數目增加、有關拖欠應收款項的國家或地方經濟狀況的可觀察變動。

就按攤銷成本列賬的金融資產而言,所確認的減值虧損金額為該資產賬面值與按該金融資產原實際利率貼現的估計未來現金流量現值兩者之間的差額。

就按成本列賬的金融資產而言,減值虧損金額按資產賬面值與按類似金融資產當前市場回報率貼現的估計未來現金流量現值兩者之間的差額計量。有關減值虧損將不會於其後期間撥回。

就所有金融資產而言,金融資產賬面值直接按減值虧損扣減,惟應收賬款及其他應收款項例外,其賬面值乃透過使用撥備賬目扣減。撥備賬的賬面值變動於損益內確認。倘應收賬款或其他應收款項被視為無法收回,則從撥備賬撇銷。其後收回過往撇銷的款項乃計入損益。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.23 Financial instruments (Continued)

(i) Financial assets (Continued)

Impairment of financial assets (Continued)

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income. In respect of available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

(ii) Financial liabilities and equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

3. 重大會計政策(續)

3.23 金融工具(續)

(i) 金融資產(續)

可供出售金融資產(續)

倘可供出售金融資產被視為出現減值，先前於其他全面收入確認的累計收益或虧損會在期內重新分類至損益。

就按攤銷成本計量的金融資產而言，倘於其後期間減值虧損金額減少，而該減少可客觀地與確認減值虧損後發生的事件相關連，則先前確認的減值虧損透過損益撥回，惟該資產於撥回減值日期的賬面值不得超過在並無確認減值情況下應有的攤銷成本。

就可供出售股本投資而言，先前於損益確認的減值虧損不會透過損益撥回。減值虧損後的任何公允價值增幅會在其他全面收入確認。就可供出售債務投資而言，倘投資公允價值增加可客觀地與確認減值虧損後發生的事件相關連，則透過損益撥回減值虧損。

(ii) 金融負債及股本

集團實體發行的債務及股本工具乃根據所訂立合約安排的性質與金融負債及股本工具的定義分類為金融負債或股本。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)****3.23 Financial instruments (Continued)***(ii) Financial liabilities and equity (Continued)**Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

The Group's financial liabilities are generally classified into financial liabilities at fair value through profit or loss ("FVTPL") and other financial liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

3. 重大會計政策(續)**3.23 金融工具(續)***(i) 金融資產(續)**股本工具*

股本工具是能證明在扣除本集團所有負債後在本集團的資產中擁有剩餘權益的任何合約。本集團發行的股本工具乃按已收所得款項扣除直接發行成本確認。

購回本公司自有股本工具乃直接於權益確認及扣減。概不就買賣、發行或註銷本公司自有股本工具而於損益確認收益或虧損。

金融負債

本集團的金融負債一般分類為按公允價值列賬於損益(「按公允價值列賬於損益」)的金融負債及其他金融負債。

實際利率法

實際利率法是計算金融負債攤銷成本以及按有關期間攤分利息費用的方法。實際利率乃按金融負債預計年期或(如適當)較短期間精確貼現估計未來現金付款(包括所付或所收的一切費用及利率差價作為實際利率的一部分、交易成本及其他溢價或貼現)至首次確認時的賬面淨值的比率。

利息費用按實際利率法確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.23 Financial instruments (Continued)

(ii) Financial liabilities and equity (Continued)

Financial liabilities (Continued)

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) held for trading; or (ii) contingent consideration that may be paid by an acquirer as part of a business combination to which IFRS 3 applies.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term;
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item.

Financial liabilities at amortised cost

Financial liabilities including bank and other borrowings, trade and other payables, long-term payables, amounts due to related parties and bonds are subsequently measured at amortised cost, using the effective interest method.

3. 重大會計政策(續)

3.23 金融工具(續)

(i) 金融資產(續)

金融負債(續)

按公允價值列賬於損益的金融負債

當金融負債為(i)持作交易目的；或(ii)收購公司作為業務合併(應用國際財務報告準則第3號)一部分而可能支付的或然代價，則分類為按公允價值列賬於損益的金融負債。

金融負債於下列情況下分類為持作交易目的：

- 主要為於不久的將來購回而收購；
- 於首次確認時屬於本集團一併管理的可識別金融工具組合的一部分，且最近有短期獲利的實際模式；或
- 為衍生工具，但並非指定為對沖工具，亦非有效對沖工具。

按公允價值計量，重新計量所產生的任何收益或虧損會在損益確認。於損益確認的收益或虧損淨額包括金融負債的任何已付利息，並計入「其他收益及虧損」項目。

按攤銷成本計值的金融負債

金融負債包括銀行及其他借貸、應付賬款及其他應付款項、長期應付款、應付關連人士款項及債券，其後以實際利率法按攤銷成本計量。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)****3.23 Financial instruments (Continued)****(ii) Financial liabilities and equity (Continued)***Financial liabilities (Continued)**Derivative financial instruments*

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the contracts are not measured at FVTPL.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee contract issued by the Group are initially measured at their fair values and, if not designated as at fair value through profit or loss, are subsequently measured at the higher of: (i) the amount of obligation under the contract, as determined in accordance with IAS 37 provisions, Contingent Liabilities and Contingent Assets; and (ii) the amount initially recognised less, when appropriate, cumulative amortization recognised over guarantee period.

3. 重大會計政策(續)**3.23 金融工具(續)****(i) 金融資產(續)***金融負債(續)**衍生金融工具*

衍生工具初始按照訂立衍生工具合同之日的公允價值確認，隨後在報告期末重新計量公允價值。除非衍生工具被指定為有效套期工具，在這種情況下，確認損益的時間取決於套期關係的性質，否則產生的收益或損失立即確認為損益。

嵌入式衍生工具

倘嵌入非衍生主合約的衍生工具符合衍生工具的定義，其風險及特徵並非與主合約密切相關，而合約不會以按公允價值列賬於損益的方式計量，則視作獨立衍生工具處理。

財務擔保合約

財務擔保合約乃要求發行人就持有人因特定債務人未能根據債務工具的條款於到期時付款而蒙受的損失，而向持有人支付特定款項的合約。由本集團發出而並無指定為按公允價值列賬於損益的財務擔保合約首次按其公允價值確認，並會按以下兩者中的較高者計量：(i)合約項下的責任金額，按國際會計準則第37號撥備、或然負債及或然資產釐定；及(ii)首次確認金額減(如適用)於擔保期間確認的累計攤銷。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.23 Financial instruments (Continued)

(ii) Financial liabilities and equity (Continued)

Financial liabilities (Continued)

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralized borrowing for the proceeds received.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. 重大會計政策(續)

3.23 金融工具(續)

(i) 金融資產(續)

金融負債(續)

取消確認

本集團僅在從資產收取現金流量的合約權利屆滿，或向另一實體轉讓金融資產及資產擁有權的絕大部分風險及回報時，方會取消確認金融資產。倘本集團既無轉讓亦無保留擁有權的絕大部分風險及回報而繼續控制所轉讓的資產，則本集團仍會繼續將其持續涉及的有關資產確認入賬，並確認相關負債。倘本集團保留所轉讓金融資產擁有權的絕大部分風險及回報，則本集團仍會繼續確認有關金融資產，並就已收的所得款項確認有抵押借貸。

完全取消確認金融資產時，資產賬面值與已收及應收代價以及已於其他全面收入確認並於權益累計的累計收益或虧損總和之間的差額，會在損益中確認。

本集團當及僅當本集團的責任已解除、取消或屆滿時取消確認金融負債。所取消確認的金融負債賬面值與已付及應付代價之間的差額在損益中確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The following critical accounting judgement and key sources of estimation uncertainty are used in the preparation of the consolidated financial statements.

Critical judgements in applying accounting policies**Recognition of deferred tax assets and liabilities**

At 31 December 2017, the Group has recognised deferred tax assets as set out in Note 31(iii). The ability to realise the deferred tax assets mainly depends on whether it is probable that future taxable profits will be available against which related tax benefits under the deferred tax assets can be utilised. In cases where the actual future taxable profits generated are less than expected, a reversal of deferred tax assets may arise, which will be recognised in profit or loss for the period in which such a reversal takes place.

The Group recognises deferred tax in respect of the changes in fair value of the investment properties based on directors' best estimate assuming future tax consequences through usage of such properties for rental purpose, rather than through sale. The final tax outcome could be different from the deferred tax liabilities recognised in the consolidated financial statements should the investment properties are subsequently disposed by the Group, rather than consumed substantially all of the economic benefits embodied in the investment properties by leasing over time. In the event the investment properties are being disposed, the Group may be liable to higher tax upon disposal considering the impact of land appreciation tax.

4. 重大會計判斷及估計不確定因素的主要來源

編製綜合財務報表時所用的重大會計判斷及估計不確定因素的主要來源如下。

應用會計政策的重大判斷**遞延稅項資產及負債確認**

於二零一七年十二月三十一日，本集團確認於附註31(iii)所載的遞延稅項資產。遞延稅項資產能否變現主要取決於是否很可能獲得能利用該等遞延稅項資產的相關稅務利益進行抵扣之未來應課稅溢利。倘若產生之未來實際應課稅溢利少於預期金額，該等遞延稅項資產可能出現撥回，並將於有關撥回發生期間之損益內確認。

本集團根據董事的最佳估計確認投資物業公允價值變動的遞延稅項，假設未來稅務結果是通過將該等物業用作出租用途而非通過出售引致。倘投資物業其後被本集團出售，而非以租賃方式隨著時間的推移消耗絕大部分包括在投資物業內的經濟利益，則最終稅務結果可能與綜合財務報表內確認的遞延稅項負債有別。倘投資物業被出售，考慮到土地增值稅的影響，本集團在出售時可能須繳納更高的稅項。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty

Valuation of investment properties

Debenham Tei Leung Limited ("DTZ"), having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property portfolio every six months. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in arms' length transaction.

In the absence of current prices in an active market, the valuations are prepared by direct comparison approach for investment properties under development and income capitalisation approach for completed investment properties, considering the capitalisation rates, average unit market rent and average market unit price.

Valuations reflect, where appropriate: the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, and the market's general perception of their creditworthiness; the allocation of maintenance and insurance responsibilities between the Group and the lessee; and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices and where appropriate counter-notices have been served validly and within the appropriate time.

Investment property under construction or development is valued by estimating the fair value of the completed investment property and then deducting from that amount the estimated costs to complete construction or development, financing costs and a reasonable profit margin.

4. 重大會計判斷及估計不確定因素的主要來源(續)

估計不確定因素的主要來源

投資物業估值

戴德梁行有限公司(「戴德梁行」)(該測量師行具有適當獲認可之專業資格，且對被估值物業之位置及種類有近期經驗)對本集團的投資物業組合每六個月評估一次。公允價值按市值(即自願買方及自願賣方雙方經公平磋商於估值日期買賣一項物業的估計款額)釐定。

若缺乏活躍市場現時價格，則會在考慮到資本化率、平均單位市場租金及平均單位市場價格後以直接比較法為發展中投資物業作出評估，並以收入資本化法為已建成投資物業作出評估。

估值反映(如適用)：實際佔用物業或有支付租賃承擔義務，或有可能在租出空置物業後佔用物業的租戶的類型，及市場對彼等可信度的普遍看法；本集團與承租人之間維修及保險責任的分配；及物業的剩餘經濟壽命。當續期租金或續期租約因預期會出現復歸的增加而未能決定時，則假定所有通知及反向通知(如適用)已有效並在適當的時間送達。

興建中或發展中的投資物業的估值是估計已建成投資物業的公允價值並從該金額扣減估計完成建築或發展的成本、融資成本及合理的利潤率。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度**4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)****Key sources of estimation uncertainty (Continued)***PRC land appreciation taxes*

The Group is subject to land appreciation taxes in the PRC. However, the implementation and settlement of these taxes varies among various tax jurisdictions in cities of the PRC, and the Group has not finalised its PRC land appreciation taxes calculation and payments with most of local tax authorities in the PRC. The calculation of LAT are highly dependent on the appropriateness of the rates used, which are determined by the appreciation of land value. The appreciation of land value is determined with reference to proceeds of the properties less the estimated deductible expenditures, including the cost of land use rights and all property development expenditures. The Group estimated the deductible expenditures according to the understanding of the relevant PRC tax laws and regulations. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and the related income tax provisions in the periods in which such tax is finalised with local tax authorities.

Impairment of non-financial long-lived assets

If circumstances indicate that the carrying amounts of non-financial long-lived assets (other than investment properties, properties under development, completed properties held for sale and deferred tax assets) may not be recoverable, the assets may be considered impaired and are tested for impairment. An impairment loss is recognised when the asset's recoverable amount has declined below its carrying amount. The recoverable amount is the greater of the fair value less costs of disposal and value in use. In determining the recoverable amount, the Group estimates the future cash flows to be derived from continuing use and ultimate disposal of the asset and applies an appropriate discount rate to these future cash flows.

4. 重大會計判斷及估計不確定因素的主要來源(續)**估計不確定因素的主要來源(續)***中國土地增值稅*

本集團須支付中國之土地增值稅。然而，有關稅項之執行及結算在中國各城市不同稅務司法權區有異，而本集團尚未與中國大部分地方稅務機關落實中國土地增值稅之計算及付款方法。土地增值稅的計算與所使用根據土地價值增幅釐定的比率的適當性高度相關。土地價值增幅乃經參考物業所得款項減去估計可扣稅開支(包括土地使用權成本及所有物業發展開支)而釐定。本集團按其對相關中國稅務法律及規例之理解估計可扣稅開支。最終稅務結果可能與初步記錄的金額有別，而有關差異將影響地方稅務機關落實有關稅項期間之所得稅開支及相關所得稅撥備。

非金融長期資產之減值

當情況顯示非金融長期資產(投資物業、發展中物業、已建或待售物業及遞延稅項資產除外)之賬面值可能不可收回時，該等資產可能會被視為已減值及會進行減值測試。當資產之可收回金額跌至低於其賬面值時，則會確認減值虧損。資產的可收回金額乃其公允價值減出售成本與使用價值兩者中的較高者。於釐定可收回金額時，本集團會估計持續使用及最終出售資產所產生之未來現金流量及採用合適折現率折現此等未來現金流量。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Write-down of properties under development and completed properties held for sale

Management performs a regular review on the carrying amounts of properties under development and completed properties held for sale. Based on management's review, write-down of properties under development and completed properties held for sale will be made when the estimated net realisable value has declined below the carrying amount.

In determining the net realisable value of completed properties held for sale, management refers to prevailing market data such as recent sales transactions, market survey reports available from independent property valuers and internally available information, as basis for evaluation. As of 31 December 2017, the amount of the write-down of completed properties held for sale was RMB25,908,000 (As of 31 December 2016: RMB101,233,000).

In respect of properties under development, the estimate of net realisable value requires the application of a risk-adjusted discount rate to the estimated future cash flows to be derived from these properties. These estimates require judgement as to the anticipated sale prices by reference to recent sales transactions in nearby locations, marketing costs (including price discounts required to stimulate sales) and the estimated costs to completion of properties, the legal and regulatory framework and general market conditions.

4. 重大會計判斷及估計不確定因素的主要來源(續)

估計不確定因素的主要來源(續)

發展中物業及已建成待售物業之撇減

管理層對發展中物業及已建成待售物業之賬面值進行定期審閱。根據管理層之審閱，當估計可變現淨值跌至低於賬面值時，將會對發展中物業及已建成待售物業作出撇減。

於釐定已建成待售物業之可變現淨值時，管理層會以最近銷售交易、由獨立物業估值師所提供之市場調查報告及內部可得資料等當時市場數據作為評估基準。於二零一七年十二月三十一日，已建成待售物業之撇減金額為人民幣25,908,000元(於二零一六年十二月三十一日：人民幣101,233,000元)。

就發展中物業而言，可變現淨值之估計須應用已調整風險折現率，折現該等物業產生之估計未來現金流量。此等估計需要透過參考附近地點之最近銷售交易、市場推廣成本(包括促銷所需之價格折讓)及建成物業之估計成本、法律及監管架構以及一般市場情況，對預期銷售價格作出判斷。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度**4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)****Key sources of estimation uncertainty (Continued)***Write-down of receivables*

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The allowance for doubtful debts is the difference between the debt's carrying amount and the present value of the estimated future cash flows. If difference occurs from re-estimation, it will influence the carrying amount of debts in the re-estimation period. As of 31 December 2017, the amount of the write-down of receivables was RMB69,135,000 (As of 31 December 2016: RMB69,265,000).

5. REVENUE**4. 重大會計判斷及估計不確定因素的主要來源(續)****估計不確定因素的主要來源(續)***應收款項撇減*

如有客觀減值虧損證據，本集團會考慮未來現金流量的估計。呆賬撥備為債務賬面值與估計未來現金流量現值兩者的差額。倘重新估計結果有異，將會影響重新估計期間債務的賬面值。於二零一七年十二月三十一日，應收款項撇減金額為人民幣69,135,000元(於二零一六年十二月三十一日：人民幣69,265,000元)。

5. 收益

		2017	2016
		二零一七年	二零一六年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Sales of properties	物業銷售	14,101,515	16,430,695
Rental income	租金收入	36,321	41,609
Hotel operation income	酒店運營收入	137,361	177,100
Property management income and other related services	物業管理收入及其他相關服務	343,675	269,784
		14,618,872	16,919,188

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

6. SEGMENT REPORTING

The Group has four reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the chief operating decision maker (the "CODM"), Group's senior executive management, reviews internal management reports at least on a monthly basis. The following summary describes the operations in each of the Group's reportable segments.

Sales of properties: this segment develops and sells residential properties. Currently the Group's activities in this unit are carried out in Shanghai, Kunming, Changshu, Wuxi, Suzhou, Haikou, Nanchang, Taiyuan, Ningbo, Huangshan, Hangzhou, Xuzhou and Nanning.

Lease of properties: this segment leases commercial and residential properties to generate rental income and gain from the appreciation in the properties' values in the long term. Currently the Group's investment property portfolio is located in Shanghai, Suzhou, Nanning and Wuxi.

Hotel and related services: this segment operates hotels and service apartments to generate accommodation service and related income. Currently the Group's activities in this unit are carried out in Shanghai, Suzhou and Huangshan.

Property management and other related services: this segment provides property management services, project management services, greenery construction services and other related services to external customers and group companies. Currently the Group's activities in this unit are carried out in Shanghai, Kunming, Changshu, Huangshan, Wuxi, Nanning, Suzhou, Haikou, Taiyuan and Xi'an.

For the purposes of assessing segment performance and allocating resources between segments, the Group's CODM monitors the results, assets and liabilities attributable to each reportable segment on the following basis:

6. 分部報告

如下文所述，本集團有四個可申報分部，為本集團的策略性業務單位。策略性業務單位提供不同的產品及服務，由於需要不同的技術及營銷策略，因此獨立管理。就各策略性業務單位而言，主要經營決策者（本集團之高層行政管理人員）最少每月審閱內部管理報告。以下概要說明本集團各可申報分部的營運。

物業銷售：本分部發展及銷售住宅物業。目前本集團於上海、昆明、常熟、無錫、蘇州、海口、南昌、太原、寧波、黃山、杭州、徐州及南寧經營此單位的業務。

物業租賃：本分部出租商業及住宅物業以產生租金收入以及長期物業升值的收益。目前本集團的投資物業組合位於上海、蘇州、南寧及無錫。

酒店及配套服務：本分部經營酒店及服務式公寓，以產生住宿服務及相關收入。目前本集團於上海、蘇州及黃山經營此單位的業務。

物業管理及其他相關服務：本分部向外部客戶及集團公司提供物業管理服務、項目管理服務、綠化建設服務以及其他相關服務。目前本集團於上海、昆明、常熟、黃山、無錫、南寧、蘇州、海口、太原及西安經營此單位的業務。

為評估分部表現及於各分部間進行資源配置，本集團之主要經營決策者按以下基準監控各可申報分部之業績、資產及負債：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度**6. SEGMENT REPORTING (Continued)**

Segment assets include all current and non-current assets with the exception of interests in associates and interests in joint ventures. Segment liabilities include all current and non-current liabilities except for bonds managed at corporate level.

Revenue and expenses are allocated to the reportable segments with reference to the revenue generated and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Segment results do not include share-based payments, net gain on disposal of equity interests in subsidiaries, share of profit (loss) of associate, share of profits of joint ventures and any other transactions managed at the corporate level.

For the year ended 31 December 2017

		Sales of properties	Lease of properties	Hotel and related services	Property management and other related services	Total
		物業銷售 RMB'000 人民幣千元	物業租賃 RMB'000 人民幣千元	酒店及 配套服務 RMB'000 人民幣千元	物業管理及 其他相關服務 RMB'000 人民幣千元	合計 RMB'000 人民幣千元
Revenue from external customers	外部客戶收益	14,101,515	36,321	137,361	343,675	14,618,872
Inter-segment revenue	分部間收益	-	-	-	110,561	110,561
Reportable segment revenue	可申報分部收益	14,101,515	36,321	137,361	454,236	14,729,433
Reportable segment profit	可申報分部溢利	1,240,463	330,281	14,772	88,726	1,674,242
Interest income	利息收入	85,073	219	181	10,146	95,619
Interest expenses	利息費用	(210,393)	(542)	(12,372)	(884)	(224,191)
Revaluation gains on investment properties	投資物業重估收益	-	329,268	-	-	329,268
Depreciation and amortisation	折舊及攤銷	9,621	-	84,751	3,753	98,125
Reportable segment assets	可申報分部資產	61,028,600	9,082,000	839,987	1,824,027	72,774,614
Additions to non-current segment assets during the year	年內增加分部非流動資產	32,004	866,000	410	13,747	912,161
Reportable segment liabilities	可申報分部負債	47,661,577	4,813,692	410,840	971,918	53,858,027

6. 分部報告(續)

分部資產包括所有流動及非流動資產(除聯營公司權益及合營企業權益外)。分部負債包括所有流動及非流動負債(除由企業層管理之債券外)。

收益及開支乃參照可申報分部產生之收益及開支或因分部應佔之資產折舊或攤銷而產生者，分配至該等分部。分部業績並不包括股份支付、出售子公司股權之收益淨額、應佔聯營公司溢利(虧損)、應佔合營企業溢利及任何其他由企業層管理之交易。

截至二零一七年十二月三十一日止年度

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

6. SEGMENT REPORTING (Continued)

For the year ended 31 December 2016

6. 分部報告(續)

截至二零一六年十二月三十一日止年度

		Sales of properties	Lease of properties	Hotel and related services	Property management and other related services	Total
		物業銷售 RMB'000 人民幣千元	物業租賃 RMB'000 人民幣千元	酒店及 配套服務 RMB'000 人民幣千元	物業管理及 其他相關服務 RMB'000 人民幣千元	合計 RMB'000 人民幣千元
Revenue from external customers	外部客戶收益	16,430,695	41,609	177,100	269,784	16,919,188
Inter-segment revenue	分部間收益	–	–	–	110,064	110,064
Reportable segment revenue	可申報分部收益	16,430,695	41,609	177,100	379,848	17,029,252
Reportable segment profit	可申報分部溢利	63,774	451,137	27,928	82,996	625,835
Interest income	利息收入	53,155	105	1,617	15,697	70,574
Interest expenses	利息費用	(127,234)	(4,845)	(2,362)	(647)	(135,088)
Revaluation gains on investment properties	投資物業重估收益	–	687,638	–	–	687,638
Depreciation and amortisation	折舊及攤銷	11,089	–	74,174	2,253	87,516
Reportable segment assets	可申報分部資產	47,182,765	8,336,000	1,181,965	1,025,003	57,725,733
Additions to non-current segment assets during the year	年內增加分部非流動資產	2,123	950,710	606	4,320	957,759
Reportable segment liabilities	可申報分部負債	33,577,952	5,082,927	604,900	548,622	39,814,401

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度**6. SEGMENT REPORTING (Continued)****Reconciliation of reportable segment revenue, profit, assets and liabilities****6. 分部報告(續)****可申報分部收益、溢利、資產及負債的對賬**

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Revenue	收益		
Reportable segment revenue	可申報分部收益	14,729,433	17,029,252
Elimination of inter-segment revenue	分部間收益對銷	(110,561)	(110,064)
Consolidated revenue	綜合收益	14,618,872	16,919,188
Profit	溢利		
Reportable segment profit	可申報分部溢利	1,674,242	625,835
Elimination of inter-segment profits	分部間溢利對銷	(49,184)	(7,498)
Net gain on disposal of interests in subsidiaries	出售子公司權益之收益淨額	72,063	246,797
Share of (loss) profit of associate	應佔聯營公司(虧損)溢利	(999)	370
Share of profits of joint ventures	應佔合營企業溢利	139,496	195,015
Consolidated profit after income tax	除所得稅後綜合溢利	1,835,618	1,060,519
Assets	資產		
Reportable segment assets	可申報分部資產	72,774,614	57,725,733
Elimination of inter-segment receivables	分部間應收款項對銷	(3,721,779)	(3,471,762)
Elimination of inter-segment investments	分部間投資對銷	(995,536)	(690,067)
Interests in associates	聯營公司權益	6,084	–
Interests in joint ventures	合營企業權益	686,413	541,203
Consolidated total assets	綜合資產總額	68,749,796	54,105,107
Liabilities	負債		
Reportable segment liabilities	可申報分部負債	53,858,027	39,814,401
Elimination of inter-segment payables	分部間應付款項對銷	(3,721,779)	(3,471,762)
Bonds	債券	7,028,658	8,038,774
Consolidated total liabilities	綜合負債總額	57,164,906	44,381,413

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

6. SEGMENT REPORTING (Continued)

Geographical information

In view of the fact that the Group mainly operates in the PRC, no geographical segment information is presented.

Information about major customers

For the years ended 31 December 2017 and 2016, no single customer contributes 10% or more of the total sales of the Group.

6. 分部報告(續)

地區資料

由於本集團主要在中國營運，故概無呈列地區分部資料。

有關主要客戶的資料

截至二零一七年及二零一六年十二月三十一日止年度，概無單一客戶貢獻本集團總銷售的10%或以上。

7. OTHER INCOME, GAINS AND LOSSES

7. 其他收入、收益及虧損

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
(Losses) gains from financial assets/liabilities carried at FVTPL	來自按公允價值列賬於損益的金融資產／負債(虧損)收益		
– Unrealised	– 未變現	(254,464)	156,286
– Realised	– 已變現	(81,348)	18,548
Foreign exchange gain	匯兌收益	607,869	–
Forfeited deposits from customers	來自客戶的沒收違約金	13,894	7,648
Government grants (Note)	政府補助(附註)	1,746	6,014
Net gain (loss) on disposal of property, plant and equipment	出售物業、廠房及設備之收益(虧損)淨額	1,128	(118)
Others	其他	9,776	9,591
		298,601	197,969

Note: The amount of government grants represents the incentive subsidies received from the PRC local district authorities for the business activities carried out by the Group in the district. There are no specific conditions attached to the grants.

附註：政府補助金額指因本集團於區內進行業務活動而自中國當地地區機關收到的優惠補貼。該等補助並無特定附帶條件。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度**8. OTHER OPERATING EXPENSES****8. 其他經營開支**

		2017	2016
		二零一七年	二零一六年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Foreign exchange loss	匯兌虧損	–	811,487
Write-down of receivables	應收款項撇減	–	13,030
Donations	捐款	320	249
Others	其他	13,083	14,415
Total	合計	13,403	839,181

9. FINANCE INCOME**9. 融資收入**

		2017	2016
		二零一七年	二零一六年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Interest income on bank deposits and entrusted loans	銀行存款及委託貸款利息收入	95,619	70,574

10. FINANCE COSTS**10. 融資成本**

		2017	2016
		二零一七年	二零一六年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Interest expenses on bonds	債券利息費用	375,792	531,937
Interest expenses on interest-bearing loans	計息貸款利息費用	596,952	481,948
Less: interest of bonds capitalised	減：資本化的債券利息	(299,985)	(438,118)
interest of loans capitalised	資本化的貸款利息	(448,568)	(440,679)
Net interest expenses on interest-bearing loans and bonds	計息貸款及債券利息費用淨額	224,191	135,088

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

11. INCOME TAX EXPENSES

(i) Income tax in the consolidated statement of profit or loss and comprehensive income represents:

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Current tax (Note 31(i))	即期稅項(附註31(i))		
– in respect of current year	– 本年度	1,345,185	618,074
– in respect of prior years	– 過往年度	43,458	19,145
– provision for land appreciation tax for current year	– 本年度土地增值稅撥備	629,475	324,322
		2,018,118	961,541
Deferred tax (Note 31(ii) and (iii))	遞延稅項(附註31(ii)及(iii))		
– (credit) charge for current year	– 本年度(抵免)開支	(598,431)	74,157
– reversal for land appreciation tax	– 土地增值稅撥回	–	(10,846)
		(598,431)	63,311
Total income tax expenses	所得稅開支總額	1,419,687	1,024,852

Enterprise income tax

No provision for Hong Kong Profits Tax has been made as the Group did not earn any income subject to Hong Kong Profits Tax during both years.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

Pursuant to the Enterprise Income Tax Law of the PRC, the Group's main operating companies were subject to PRC income tax at a rate of 25% (2016: 25%).

Land appreciation tax

According to the requirements of the Provisional Regulations of the PRC on LAT effective from 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT effective from 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for property sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items. Land appreciation tax of RMB629,475,000 (2016: RMB324,322,000) has been included in profit or loss during the year.

11. 所得稅開支

(i) 綜合損益及全面利潤表內的所得稅指：

企業所得稅

由於本集團於兩個年度均無賺取任何須繳納香港利得稅的收入，故並無作出香港利得稅撥備。

根據開曼群島及英屬處女群島的規則及規例，本集團毋須繳納任何開曼群島及英屬處女群島所得稅。

根據中國企業所得稅法，本集團的主要營運中公司均須按25%的稅率繳納中國所得稅(二零一六年：25%)。

土地增值稅

根據於一九九四年一月一日生效之《中華人民共和國土地增值稅暫行條例》以及於一九九五年一月二十七日生效之《中華人民共和國土地增值稅暫行條例實施細則》的要求，出售或轉讓於中國之國有土地使用權、樓宇及其附屬設施之所有收入須就增值額按介乎30%至60%之累進稅率繳納土地增值稅，惟倘普通住宅房之物業出售之增值額不超過可扣稅項目總額之總和20%，則可獲豁免。年內計入損益中的土地增值稅為人民幣629,475,000元(二零一六年：人民幣324,322,000元)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度**11. INCOME TAX EXPENSES (Continued)****(i) Income tax in the consolidated statement of profit or loss and comprehensive income represents: (Continued)****Land appreciation tax (Continued)**

Deferred land appreciation tax is levied on investment properties which is held within a business model whose objective is to consume all of the economic benefits through sale. During the year, no deferred land appreciation tax has been included in profit or loss (2016: a charge of RMB10,846,000).

(ii) The income tax expense for the year can be reconciled to the accounting profit as follows:**11. 所得稅開支(續)****(i) 綜合損益及全面利潤表內的所得稅指：(續)****土地增值稅(續)**

於旨在通過出售消耗所有經濟利益的業務模式內持有的投資物業須繳納遞延土地增值稅。年內概無計入損益中的遞延土地增值稅(二零一六年：計入人民幣10,846,000元)。

(ii) 年內所得稅開支與會計溢利對賬如下：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Profit before tax from continuing operations	來自持續經營業務的除稅前溢利	3,255,305	2,085,371
Tax at the applicable PRC enterprise income tax rate of 25% (2016: 25%)	按中國適用企業所得稅率25% (二零一六年：25%)計算之稅項	813,826	521,343
Tax effect of income not taxable for tax purposes	就稅務而言不課稅所得收入的稅務影響	(78,885)	(50,501)
Tax effect of share of results of associates	應佔聯營公司業績的稅務影響	250	(92)
Tax effect of share of results of joint ventures	應佔合營企業業績的稅務影響	(34,874)	(48,754)
Tax effect of expenses not deductible for tax purposes	不可抵扣的稅項費用的稅務影響	183,800	379,231
Under-provision in respect of prior years	過往年度撥備不足	43,458	19,145
Tax effect of tax losses not recognised	未確認稅務虧損的稅務影響	128,003	105,159
Tax effect of impairment losses not recognised (realised)	未確認(變現)的減值虧損的稅務影響	(20,767)	28,217
Utilisation of tax losses previously not recognised	利用過往未確認的稅務虧損	(87,230)	(164,002)
LAT provision for the year	年內土地增值稅撥備	629,475	313,475
Tax effect of LAT	土地增值稅的稅務影響	(157,369)	(78,369)
Tax charge for the year	年度稅務費用	1,419,687	1,024,852

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

11. INCOME TAX EXPENSES (Continued)

(ii) **The income tax expense for the year can be reconciled to the accounting profit as follows: (Continued)**

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

In accordance with the accounting policy set out in Note 3.11, the Group has not recognised deferred tax assets in respect of cumulative tax losses of certain subsidiaries for the year as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity.

11. 所得稅開支(續)

(ii) **年內所得稅開支與會計溢利對賬如下：(續)**

香港利得稅乃就兩個年度在香港產生的估計應課稅溢利按稅率16.5%計算。

其他司法權區的稅項是根據有關司法權區的現行稅率計算。

根據附註3.11所載列的會計政策，由於部分子公司不大可能在有關稅務司法權區及實體取得未來應課稅溢利以抵銷可動用的虧損，故本集團在年內未就累計稅項虧損確認遞延稅項資產。

12. PERSONNEL EXPENSES

12. 員工開支

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Staff costs (including directors' emoluments)	員工成本(包括董事酬金)	482,718	447,731
Less: capitalised in properties under development and investment properties under development	減：發展中物業及發展中投資物業的資本化	(97,459)	(102,561)
Total	總計	385,259	345,170

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度**13. PROFIT FOR THE YEAR****13. 年度溢利**

		2017	2016
		二零一七年	二零一六年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
The following expenses(income) are included in results from operating expenses(income)	以下費用(收入)已計入經營開支(收入)的業績中		
Cost of properties sold	已出售物業成本	10,478,611	13,180,395
Auditors' remuneration	核數師酬金		
– audit services	– 審核服務	2,110	2,470
– audit-related services	– 審核相關服務	505	300
Depreciation of property, plant and equipment	物業、廠房及設備折舊	97,514	86,683
Amortisation of land use rights	土地使用權攤銷	566	788
Amortisation of intangible assets	無形資產攤銷	45	45
Write-down of completed properties held for sale	已建成待售物業之撇減	7,746	4,892
Operating lease charges	經營租賃支出	24,410	29,698
Gross rental income from investment properties	來自投資物業的租金總收入	36,321	41,609
Less: direct operating expenses incurred for investment properties that generated rental income during the year	減：因年內產生租金收入的投資物業計提直接經營開支	(22,397)	(22,395)
direct operating expenses incurred for investment properties that did not generate rental income during the year	因年內並無產生租金收入的投資物業計提直接經營開支	(4,359)	(4,907)
		9,565	14,307

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

14. DIRECTORS' REMUNERATION

14. 董事酬金

		Directors' Fee	Basic salaries, allowances and other benefits	Contributions to retirement benefit schemes	Bonus	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
For the year ended	截至二零一七年					
31 December 2017	十二月三十一日止年度					
Executive Directors	執行董事					
Mr. Chen Jun	陳軍先生	-	3,071	88	296	3,455
Mr. Hou Guangjun	侯光軍先生	-	2,204	88	519	2,811
Mr. Wu Zhengkui	吳正奎先生	-	-	-	-	-
Mr. You Defeng	游德鋒先生	-	660	35	458	1,153
Mr. Wang Weixian	王偉賢先生	-	338	32	-	370
Ms. Wang Xuling	王煦菱女士	-	1,622	16	448	2,086
Independent Non-Executive Directors	獨立非執行董事					
Mr. Cheong Ying Chew, Henry	張英潮先生	338	-	-	-	338
Mr. Fong Wo, Felix, JP	方和先生(太平紳士)	338	-	-	-	338
Mr. Kwan Kai Cheong	關啟昌先生	338	-	-	-	338
Total	合計	1,014	7,895	259	1,721	10,889

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度14. DIRECTORS' REMUNERATION
(Continued)

14. 董事酬金(續)

		Basic salaries, allowances and other benefits	Contributions to retirement benefit schemes	Bonus	Total	
	Directors' Fee	基本薪金、津貼及其他福利	退休福利計劃供款	花紅	合計	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	
<hr/>						
For the year ended	截至二零一六年					
31 December 2016	十二月三十一日止年度					
<hr/>						
Executive Directors	執行董事					
Mr. Chen Jun	陳軍先生	–	2,618	83	467	3,168
Mr. Hou Guangjun	侯光軍先生	–	2,072	83	258	2,413
Mr. Wu Zhengkui	吳正奎先生	–	–	–	–	–
Mr. You Defeng	游德鋒先生	–	1,604	83	249	1,936
Mr. Wang Weixian	王偉賢先生	–	323	15	–	338
Ms. Wang Xuling	王煦菱女士	–	1,605	98	249	1,952
<hr/>						
Independent Non-Executive Directors	獨立非執行董事					
Mr. Cheong Ying Chew, Henry	張英潮先生	323	–	–	–	323
Mr. Fong Wo, Felix, JP	方和先生(太平紳士)	323	–	–	–	323
Mr. Kwan Kai Cheong	關啟昌先生	323	–	–	–	323
<hr/>						
Total	合計	969	8,222	362	1,223	10,776

The emolument of the Executive Director Mr. Wu Zhengkui was borne by Greenland Holdings.

執行董事吳正奎先生的酬金由綠地控股承擔。

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

上文所示執行董事酬金主要就彼等提供本公司及本集團事務管理服務而支付。

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

上文所示獨立非執行董事的酬金主要就彼等擔任本公司董事而支付。

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

年內概無董事或主要行政人員放棄或同意放棄任何薪酬的安排。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

15. EMPLOYEES' REMUNERATION

The five highest paid individuals of the Group during the year ended 31 December 2017 comprise four directors of the Company (2016: four), whose remuneration is disclosed in Note 14. Details of remuneration paid to the remaining highest paid individual of the Group are as follows:

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Basic salary, allowances and other benefits	基本薪金、津貼及其他福利	2,472	2,107
Contributions to retirement benefit schemes	退休福利計劃供款	88	83
Bonus	花紅	442	258
		3,002	2,448
The emoluments of above individual are within the following band:			
Hong Kong Dollar ("HKD")	港元(「港元」)		
3,000,001–3,500,000	3,000,001–3,500,000	1	–
2,500,001–3,000,000	2,500,001–3,000,000	–	1
		1	1

15. 僱員酬金

本集團截至二零一七年十二月三十一日止年度的五名最高薪酬人士包括本公司四名(二零一六年：四名)董事，其酬金已於附註14披露。向本集團其餘最高薪酬人士支付的酬金詳情如下：

16. DIVIDENDS

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Dividends recognised as distribution during the year	於年內確認為分派之股息		
2016 Final: HKD0.1 per share (2015 Final: Nil)	二零一六年末期：每股0.1港元 (二零一五年末期：無)	244,139	–

16. 股息

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2017 of HKD0.15 per share (2016: final dividend in respect of the year ended 31 December 2016 of HKD0.10 per share), in an aggregate amount of HKD419,052,000 (2016: HKD279,368,000), has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

於報告期末後，本公司董事已建議截至二零一七年十二月三十一日止年度每股0.15港元的末期股息(二零一六年：截至二零一六年十二月三十一日止年度每股0.10港元的末期股息)，總額為419,052,000港元(二零一六年：279,368,000港元)，其有待股東於應屆股東大會上批准方可作實。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度**17. EARNINGS PER SHARE****17. 每股盈利**

		2017 二零一七年 RMB per share 每股人民幣	2016 二零一六年 RMB per share 每股人民幣
Basic and diluted earnings per share	每股基本及攤薄盈利		
From continuing operations	來自持續經營業務	0.46	0.33
From discontinued operations	來自終止經營業務	–	0.06
Total basic and diluted earnings per share	每股基本及攤薄盈利總額	0.46	0.39

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

計算每股基本及攤薄盈利所用的盈利及普通股加權平均數如下：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Earnings used in the calculation of basic and diluted earnings per share	計算每股基本及攤薄盈利所用的盈利	1,319,308	1,112,543
Distribution related to perpetual securities	永久證券分派	(45,575)	(20,141)
Profit for the year from discontinued operations used in the calculation of basic and diluted earnings per share	計算每股基本及攤薄盈利所用的來自終止經營業務的年內溢利	–	(180,390)
Earnings used in the calculation of basic and diluted earnings per share from continuing operations	計算來自持續經營業務的每股基本及攤薄盈利所用的盈利	1,273,733	912,012

		2017 二零一七年 '000 千股	2016 二零一六年 '000 千股
Weighted average number of ordinary shares	普通股的加權平均數	2,770,980	2,770,980

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

18. PROPERTY, PLANT AND EQUIPMENT

18. 物業、廠房及設備

		Buildings	Leasehold improvements	Motor vehicles	Fixtures, fittings & equipment	Construction in progress	Total
		樓宇	租賃物業裝修	汽車	裝置、傢俱及設備	在建工程	合計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Cost	成本						
Balance at 1 January 2016	於二零一六年一月一日的結餘	1,468,355	76,863	46,717	408,239	90,071	2,090,245
Addition	添置	-	497	1,387	5,165	58,045	65,094
Disposal of subsidiaries	出售子公司	(191,134)	-	-	(74,969)	(147,885)	(413,988)
Disposals	轉讓	-	-	(958)	(583)	-	(1,541)
Balance at 31 December 2016	於二零一六年十二月三十一日的結餘	1,277,221	77,360	47,146	337,852	231	1,739,810
Addition	添置	-	1,882	1,273	13,395	26,101	42,651
Transfer from construction in progress	轉撥自在建工程	-	11,650	-	-	(11,650)	-
Acquisition of subsidiaries	收購子公司	-	677	-	2,833	-	3,510
Disposal of a subsidiary	出售一家子公司	-	-	-	(65)	-	(65)
Disposals	轉讓	-	-	(745)	(12,712)	-	(13,457)
Balance at 31 December 2017	於二零一七年十二月三十一日的結餘	1,277,221	91,569	47,674	341,303	14,682	1,772,449
Depreciation	折舊						
Balance at 1 January 2016	於二零一六年一月一日的結餘	255,147	43,729	31,844	212,619	-	543,339
Charge for the year	年內折舊	47,577	8,621	7,726	25,622	-	89,546
Disposal of subsidiaries	出售子公司	(125,245)	-	-	(48,996)	-	(174,241)
Disposals	轉讓	-	-	(574)	(501)	-	(1,075)
Balance at 31 December 2016	於二零一六年十二月三十一日的結餘	177,479	52,350	38,996	188,744	-	457,569
Charge for the year	年內折舊	71,356	2,829	1,470	21,859	-	97,514
Disposal of a subsidiary	出售一家子公司	-	-	-	(27)	-	(27)
Disposals	轉讓	-	-	(342)	(10,724)	-	(11,066)
Balance at 31 December 2017	於二零一七年十二月三十一日的結餘	248,835	55,179	40,124	199,852	-	543,990
Carrying amounts	賬面值						
At 31 December 2016	於二零一六年十二月三十一日	1,099,742	25,010	8,150	149,108	231	1,282,241
At 31 December 2017	於二零一七年十二月三十一日	1,028,386	36,390	7,550	141,451	14,682	1,228,459

(i) All buildings owned by the Group are located in the PRC.

(i) 本集團擁有的所有樓宇均位於中國。

(ii) As at 31 December 2017, property, plant and equipment with a total carrying value of RMB522,476,000 (as at 31 December 2016: RMB404,000,000) were pledged as collateral for the Group's borrowings.

(ii) 於二零一七年十二月三十一日，本集團已抵押賬面總值人民幣522,476,000元(於二零一六年十二月三十一日：人民幣404,000,000元)的物業、廠房及設備作為本集團借貸的抵押品。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

19. INTANGIBLE ASSETS

19. 無形資產

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Cost	成本		
Balance at 1 January	於一月一日的結餘	1,700	1,700
Amortisation	攤銷		
Balance at 1 January	於一月一日的結餘	359	314
Amortisation charge for the year	年內攤銷開支	45	45
Balance at 31 December	於十二月三十一日的結餘	404	359
Carrying amounts	賬面值		
Balance at 31 December	於十二月三十一日的結餘	1,296	1,341
Useful life for amortisation	攤銷可使用年期	38 years 38年	38 years 38年

Intangible assets represent contractor qualification in PRC, for own use purpose.

無形資產為供自用的中國承包商資格。

20. LAND USE RIGHTS

20. 土地使用權

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Cost	成本		
Balance at 1 January	於一月一日的結餘	30,850	95,133
Disposal of subsidiaries	出售子公司	–	(64,283)
Balance at 31 December	於十二月三十一日的結餘	30,850	30,850
Amortisation	攤銷		
Balance at 1 January	於一月一日的結餘	6,242	20,395
Amortisation charge for the year	年內攤銷開支	566	1,020
Derecognised on disposal of subsidiaries	出售子公司時取消確認	–	(15,173)
Balance at 31 December	於十二月三十一日的結餘	6,808	6,242
Carrying amounts	賬面值		
Balance at 31 December	於十二月三十一日的結餘	24,042	24,608
Useful life for amortisation	攤銷可使用年期	39-42 years 39-42年	39-42 years 39-42年

Land use rights represent lease prepayments for acquiring rights to use land, which is all located in the PRC, for own use properties.

土地使用權指收購使用土地權利的租賃預付款項，全部位於中國，用作自用物業。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

21. OTHER FINANCIAL ASSETS/LIABILITIES

21. 其他金融資產／負債

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Other financial assets Available for sale investments Equity (i)	其他金融資產 可供出售投資 權益(i)	174,567	174,567
Financial assets carried at FVTPL Held for trading derivatives that are not designated in hedge accounting relationship (Note)	按公允價值列賬於損益的金融資產 並非對沖會計關係指定的 持作買賣衍生工具(附註)	–	485,829
Loans Loans to related parties (Note 45.3)	貸款 向關連人士作出貸款(附註45.3)	–	380,230
		174,567	1,040,626
Current Non-current	流動 非流動	– 174,567	866,059 174,567
Other financial liabilities Financial liabilities carried at FVTPL Held for trading derivatives that are not designated in hedge accounting relationship (Note)	其他金融負債 按公允價值列賬於損益的金融負債 並非對沖會計關係指定的 持作買賣衍生工具(附註)	98,178	329,543

Note: These being foreign exchange forward contracts entered into by the Group to manage the exposure of foreign exchange risk arising from United States Dollars ("USD") loans and bonds.

附註：其為本集團為管理自美元(「美元」)貸款及債券產生的外匯風險而訂立的外幣遠期合約。

(i) The Group holds the interests on the following companies:

(i) 本集團於下列公司持有權益：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Shanghai Jianbang Dining Limited Company	上海建邦餐飲有限公司	1,800	1,800
Hainan Tianhong Jiye Real Estate Co., Ltd ("Tianhong Real Estate")	海南天泓基業房地產開發有限公司 (「天泓房地產」)	172,767	172,767
		174,567	174,567

Since the above available for sale investments do not have a quoted market price in an active market and the fair value cannot be reliably measured, they are measured at cost less impairment.

由於上述可供出售投資並無活躍市場報價，且公允價值不能可靠地計量，故此按成本計量。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

22. INVESTMENT PROPERTIES

22. 投資物業

		Completed investment properties 已建成 投資物業 RMB'000 人民幣千元	Investment properties under development 發展中 投資物業 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
FAIR VALUE	公允價值			
As at 1 January 2016	於二零一六年一月一日	1,390,000	5,856,000	7,246,000
Additions	添置	–	950,710	950,710
Transferred	轉撥	1,982,000	(1,982,000)	–
Disposals	出售	(668,348)	–	(668,348)
Net increase in fair value recognised in profit and loss	在損益確認的公允價值 增加淨額	542,348	145,290	687,638
As at 31 December 2016	於二零一六年十二月 三十一日	3,246,000	4,970,000	8,216,000
Additions	添置	–	1,235,707	1,235,707
Disposal	出售	(408,975)	–	(408,975)
Disposal of a subsidiary	出售子公司	(290,000)	–	(290,000)
Net increase in fair value recognised in profit and loss	在損益確認的公允價值 增加淨額	98,975	230,293	329,268
As at 31 December 2017	於二零一七年十二月 三十一日	2,646,000	6,436,000	9,082,000

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

本集團所有根據經營租賃持有以賺取租金收入或資本增值的物業權益按公允價值模式計量，並分類及入賬為投資物業。

The fair value of the Group's investment properties as at 31 December 2017 and 2016 has been arrived at on the basis of a valuation carried out on the respective dates by DTZ, independent valuers not related to the Group.

本集團於二零一七年及二零一六年十二月三十一日的投資物業公允價值乃按由與本集團並無關連的獨立估值師戴德梁行於相關日期進行的估值為基準達致。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

22. INVESTMENT PROPERTIES (Continued)

For completed investment properties, the valuations have been arrived at using income capitalisation approach, where appropriate. The completed investment properties are valued by income capitalisation approach by capitalising the net rental income derived from the existing tenancies with due allowance for the reversionary income potential of the respective properties.

For investment properties under construction or development that are measured at fair value, the valuations have been arrived at assuming that the investment properties will be completed in accordance with the development proposals and the relevant approvals for the proposals have been obtained. The key inputs in the valuations include the market value of the completed investment properties, which are estimated with reference to sales evidence of similar properties in the nearest locality, with adjustments made to account for differences in locations and other factors specific to the respective properties based on the valuers' judgement. Costs of development are also taken into account including construction costs, finance costs and professional fees, as well as developer's profit margin which reflects the remaining risks associated with the development of the properties at the valuation date and the return that the developer would require for bringing them to completion status, which is determined by the valuers based on its analyses of recent land transactions and market value of similar completed properties in the respective locations.

There has been no change to the valuation technique during the year.

In estimating the fair value of the investment properties, the highest and best use of the investment properties is their current use.

22. 投資物業(續)

就已建成投資物業而言，已在適當情況下採用收入資本化法進行評值。已建成投資物業已採用收入資本化法透過將從現有租戶收取之租金收入淨額撥充資本連同就各物業任何潛在復歸收入作出適當扣減計算。

就按公允價值列賬之在建或發展中投資物業而言，估值乃基於假設該等投資物業將根據發展規劃及已取得的相關規劃的批覆完工。估值的主要輸入值包括已建成投資物業的市值(乃參考鄰近地域相似物業的銷售憑證估計，同時，根據估值師判斷的不同地段的差異以及各物業的其他不同特質進行調整)。該估值也將物業的開發成本納入考慮，包括建設成本、財務費用和專業費用，以及開發商的利潤率(於估值日反映物業開發的剩餘風險和開發商在物業開發完工時所期待的回報)，該等因素取決於估值師對近期土地交易和不同區域類似已完工物業市場價值的分析。

年內，估值技術概無變更。

就評估投資物業公允價值而言，投資物業現有用途即其最佳用途。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度**22. INVESTMENT PROPERTIES (Continued)**

The following table presents the fair value of the Group's investment properties measured at the end of the reporting period on a recurring basis, categorised into the level 3 fair value hierarchy as defined in IFRS 13, fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

At 31 December 2017, the Group's investment properties are measured at level 3 category of fair value measurement and during the year ended 31 December 2017, there were no transfers into or out of Level 3.

22. 投資物業(續)

下表呈列本集團於報告期末按經常性基準計量的投資物業公允價值，有關公允價值於國際財務報告準則第13號公允價值計量所界定之公允價值第三層架構中進行分類。公允價值所歸類的層次乃經參考以下估值技術所用的輸入數據的可觀察性及重要性而釐定：

於二零一七年十二月三十一日，本集團的投資物業按公允價值計量類別的第三層次計量，截至二零一七年十二月三十一日止年度，第三層次並無轉入或轉出。

	Valuation Techniques 估值技術	Key input 主要輸入數據	Range 範圍	Notes 附註
Completed investment properties located in Mainland China 位於中國內地的已建成投資物業	Income capitalisation approach 收入資本化法	Capitalisation rates 資本化率	3.5%-8.5%	(i)
		Average unit market rent 平均單位市場租金	RMB39 – RMB274 per sq.m per month 每月每平方米 人民幣39元至 人民幣274元	(ii)
Investment properties under development located in Mainland China 位於中國內地的發展中投資物業	Direct comparison approach 直接比較法	Average market unit price 平均單位市場價格	RMB2,203 – RMB105,900 per sq.m 每平方米 人民幣2,203元至 人民幣105,900元	(ii)

Notes: Descriptions of the sensitivity in key inputs and interrelationship:

附註：主要輸入數據敏感度及相互關係的描述：

- (i) The fair value measurement is negatively correlated to the key input that a lower factor will result in a higher fair value.
- (ii) The fair value measurement is positively correlated to the key input that a higher factor will result in a higher fair value.

(i) 公允價值計量與主要輸入數據呈負相關，即系數越低，公允價值越高。

(ii) 公允價值計量與主要輸入數據呈正相關，即系數越高，公允價值越高。

As at 31 December 2017, the Group has not obtained the State-owned Land Use Rights Certificate for the investment properties, which are amounted to RMB131,000,000 (as at 31 December 2016: RMB109,000,000).

於二零一七年十二月三十一日，本集團並未取得國有土地使用權證的投資物業為數人民幣131,000,000元(於二零一六年十二月三十一日：人民幣109,000,000元)。

As at 31 December 2017, investment properties with a total carrying value of RMB571,000,000 (as at 31 December 2016: RMB860,000,000) were pledged as collateral for the Group's borrowings.

於二零一七年十二月三十一日，本集團已將賬面總值人民幣571,000,000元(於二零一六年十二月三十一日：人民幣860,000,000元)的投資物業抵押作為本集團借貸的抵押品。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

23. PROPERTIES UNDER DEVELOPMENT

23. 發展中物業

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Cost	成本		
Balance at 1 January	於一月一日的結餘	19,010,732	24,304,385
Cost capitalised	成本資本化	12,779,663	12,045,124
Acquisition of subsidiaries	收購子公司	4,361,407	–
Transfer to completed properties held for sale (Note 24)	轉撥至已建成待售物業(附註24)	(12,230,205)	(17,338,777)
Balance at 31 December	於十二月三十一日的結餘	23,921,597	19,010,732
Properties under development expected to be completed:	預期將於以下期間建成的發展中物業：		
– within twelve months	– 十二個月內	2,220,131	3,928,278
– beyond twelve months	– 十二個月後	21,701,466	15,082,454
Interest capitalisation included in the above:	已計入上述項目的被資本化利息：		
Balance at 1 January	於一月一日的結餘	1,085,724	1,482,565
Cost capitalised	成本資本化	647,441	612,376
Transfer to completed properties held for sale	轉撥至已建成待售物業	(403,396)	(1,009,217)
Balance at 31 December	於十二月三十一日的結餘	1,329,769	1,085,724

All the properties under development are located in the PRC.

所有發展中物業均位於中國。

The weighted average interest rate of capitalised interest of borrowings and bonds is 4.80% (2016: 4.54%).

借貸及債券的資本化利率的加權平均利率為4.80%(二零一六年：4.54%)。

As at 31 December 2017, properties under development of approximately RMB7,111,580,000 (as at 31 December 2016: RMB6,194,409,000) were pledged as collateral for the Group's borrowings.

於二零一七年十二月三十一日，本集團已抵押價值約人民幣7,111,580,000元(於二零一六年十二月三十一日：人民幣6,194,409,000元)的發展中物業作為本集團借貸的抵押品。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度**24. COMPLETED PROPERTIES HELD FOR SALE** **24. 已建成待售物業**

		2017	2016
		二零一七年	二零一六年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Cost	成本		
Balance at 1 January	於一月一日的結餘	9,808,674	5,097,866
Transfer from properties under development (Note 23)	轉撥自發展中物業(附註23)	12,230,205	17,338,777
Disposal of a subsidiary	出售子公司	(190,295)	–
Transfer to cost of sales	轉撥至銷售成本	(10,152,707)	(12,627,969)
Balance at 31 December	於十二月三十一日的結餘	11,695,877	9,808,674
Write-down of completed properties held for sale:	撇減已建成待售物業：		
Balance at 1 January	於一月一日的結餘	(101,233)	(212,263)
Additions	添置	(7,746)	(4,892)
Transfer to cost of sales	轉撥至銷售成本	83,071	115,922
Balance at 31 December	於十二月三十一日的結餘	(25,908)	(101,233)
		11,669,969	9,707,441

All the completed properties held for sale are located in the PRC.

所有已建成待售物業均位於中國。

As at 31 December 2017, no completed properties held for sale were pledged as collateral for the Group's borrowings (as at 31 December 2016: RMB397,900,000).

於二零一七年十二月三十一日，概無抵押已建成待售物業作為本集團借貸的抵押品(二零一六年十二月三十一日：人民幣397,900,000元)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

25. INTERESTS IN ASSOCIATES

25. 聯營公司權益

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Cost of unlisted investments in associates	聯營公司非上市投資成本	7,971	250
Share of postacquisition profits, net of dividends received	應佔收購後溢利，扣除已收股息	(1,887)	(250)
		6,084	–

No associate was individually material to the Group for the year.

年內概無聯營公司對本集團而言屬個別重大。

Details of each of the Group's associates at the end of the reporting period are as follow:

本集團各聯營公司於報告期末的詳情如下：

Name of associate	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest and voting power held by the Group as at 31 December 於十二月三十一日
聯營公司名稱	主營業務	註冊成立及主要經營地點	本集團擁有權益及所持表決權比例
			2017 二零一七年
			2016 二零一六年
Shanghai Yingkun Investment Limited Partnership Corporation ("Shanghai Yingkun") (Note i)	Investing and consulting	Shanghai, the PRC	23%
上海穎堃投資合夥企業(有限合夥) (「上海穎堃」)(附註i)	投資及諮詢	中國上海	23%
Guangxi Greenland Jinyao Property Co., Ltd ("Guangxi Jinyao") (Note ii)	Property development	Guangxi, the PRC	18%
廣西綠地金耀置業有限公司 (「廣西金耀」)(附註ii)	物業發展服務	中國廣西	–
Guangxi Jiuquwan Automobile Industry Investment Limited ("Guangxi Jiuquwan") (Note iii)	Property development	Guangxi, the PRC	15%
廣西九曲灣汽車文化產業投資有限公司 (「廣西九曲灣」)(附註iii)	物業發展服務	中國廣西	–

(i) Shanghai Yingkun is a limited partnership corporation. Shanghai Daokun Investment Management Co., Ltd, the subsidiary of the Group, is the general partner of Shanghai Yingkun. The Group is one of the four partners (including general and limited partners), while resolution about any partnership-related events is made in an one partner one vote approach, and must be approved by more than half of all partners. Profits and losses of Shanghai Yingkun are distributed in accordance with the subscription capital shares of the partners. Therefore, Shanghai Yingkun was recognised as an associate.

(i) 上海穎堃為一間有限合夥企業。本集團的子公司上海道堃資產管理有限公司為上海穎堃的普通合夥人。本集團為四名合夥人(包括一般及有限合夥人)之一，而合夥相關事件的決議案乃以各名合夥人一人一票的方式作出，並須獲得過半數合夥人批發。上海穎堃的損益按合夥人的認繳資本股份分配。因此，上海穎堃已確認為聯營公司。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度**25. INTERESTS IN ASSOCIATES (Continued)**

- (ii) In March 2017, Guangxi Jinyao was established by the Group and other two shareholders. The Group occupied 18% equity interests. According to the Articles of Association of Guangxi Jinyao, only one out of six directors of Guangxi Jinyao is appointed by the Group, while a valid board resolution requires half of the total votes. The Group thus does not have the power to control or jointly control Guangxi Jinyao. Therefore, Guangxi Jinyao was recognised as an associate.
- (iii) In December 2017, the Group obtained 15% equity interests of Guangxi Jiuquwan. According to the Articles of Association of Guangxi Jiuquwan, only one out of five directors of Guangxi Jiuquwan is appointed by the Group, while a valid board resolution requires half of the total votes. The Group thus does not have the power to control or jointly control Jiuquwan. Therefore Guangxi Jiuquwan was recognised as an associate.

Aggregate information of associates that are not individually material:

25. 聯營公司權益(續)

- (ii) 於二零一七年三月，本集團與另外兩名股東成立廣西金耀。本集團佔18%股權。根據廣西金耀的組織章程細則，廣西金耀六名董事中僅有一名由本集團委任，而董事會決議案需獲過半數投票方為有效。本集團因而並無持有廣西金耀的控制權或共同控制權。因此，廣西金耀確認為聯營公司。
- (iii) 於二零一七年十二月，本集團取得廣西九曲灣15%股權。根據廣西九曲灣的組織章程細則，廣西九曲灣五名董事中僅有一名由本集團委任，而董事會決議案需獲過半數投票方為有效。本集團因而並無持有廣西九曲灣的控制權或共同控制權。因此，廣西九曲灣確認為聯營公司。

並非個別重大聯營公司的匯總資料：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Group's share of total (losses) profits for the year	本集團應佔年度(虧損)溢利總額	(999)	370
Aggregate carrying amount of the Group's interests in these associates	本集團於該等聯營公司的權益賬面總值	6,084	—

The Group has discontinued recognition of its share of losses of certain associates as its share of losses of those associates equals or exceeds its interests in the associate. The amounts of unrecognised share of losses of these associates, both for the year and cumulatively, are as follows:

本集團已終止確認其應佔若干聯營公司的虧損，此乃由於其應佔該等聯營公司虧損相等或超越其於該等聯營公司的權益。應佔該等聯營公司虧損的年內及累計未確認金額如下：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Unrecognised share of losses of associates for the year	應佔聯營公司年內未確認虧損	600	—
Accumulated unrecognised share of losses of associates	應佔聯營公司累計未確認虧損	600	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

26. INTERESTS IN JOINT VENTURES

26. 合營企業權益

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Cost of unlisted investments in joint ventures	合營企業非上市投資成本	361,807	356,093
Share of postacquisition profits, net of dividends received	應佔收購後溢利， 扣除已收股息	324,606	185,110
		686,413	541,203

Details of the Group's joint ventures at the end of reporting period is as follows:

本集團於報告期末的合營企業詳情如下：

Name of joint venture	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest and voting power held by the Group as at 31 December 於十二月三十一日 本集團的擁有權益及所持表決權比例
合營企業名稱	主營業務	註冊成立及主要經營地點	2017 二零一七年 2016 二零一六年
Forever Rich Enterprise Limited (「Forever Rich」)	Property development	Suzhou, Jiangsu Province, the PRC	50%
Forever Rich Enterprise Limited (「Forever Rich」)	物業發展服務	中國江蘇省蘇州市	50%
Haikou Chengjian Green Island Landscape Engineering Co., Ltd (「Haikou Chengjian」) (Note i)	Landscape engineering	Haikou, Hainan Province, the PRC	32.5%
海口城建綠島景觀綠化工程有限公司 (「海口城建」)(附註i)	園林綠化工程	中國海南省海口市	32.5%

Both of the above joint ventures are accounted for using the equity method in these consolidated financial statements.

上述合營企業均按權益法於該等綜合財務報表入賬。

- (i) In March 2016, Haikou Chengjian was established by the Group and other two shareholders. The Group occupied 32.5% equity interests. According to the Articles of Association of Haikou Chengjian, the Group and other shareholders jointly control Haikou Chengjian. Therefore, Haikou Chengjian is recognised as a joint venture.

- (i) 於二零一六年三月，海口城建由本集團及另外兩名股東成立。本集團佔32.5%股權。根據海口城建的章程細則，本集團及其他股東共同控制海口城建。因此，海口城建獲確認為合營企業。

Summarised financial information of a material joint venture

Summarised financial information in respect of each of the Group's material joint ventures is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with IFRSs.

The joint venture is accounted for using the equity method in these consolidated financial statements.

重大合營企業財務資料概要

下文載列本集團各重大合營企業的財務資料概要。下文所載財務資料概要為合營企業於根據國際財務報告準則編製的財務報表所示金額。

合營企業按權益法於該等綜合財務報表入賬。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度**26. INTERESTS IN JOINT VENTURES (Continued)**

Forever Rich

26. 合營企業權益(續)

Forever Rich

		2017	2016
		二零一七年	二零一六年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Current assets	流動資產	1,747,608	2,187,062
Non-current assets	非流動資產	233,235	80,484
Current liabilities	流動負債	717,177	1,284,166

The above amounts of assets and liabilities include the following:

上述資產及負債金額包括：

		2017	2016
		二零一七年	二零一六年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Bank balance and cash	銀行結餘及現金	160,788	217,743

		2017	2016
		二零一七年	二零一六年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Revenue	收益	894,636	1,489,339
Profit for the year	年度溢利	280,286	391,005
Total comprehensive income for the year	年度全面收入總額	280,286	391,005
The above profit for the year includes the following:	上述年度溢利包括：		
Depreciation and amortisation	折舊及攤銷	315	301
Finance income	融資收入	26,233	38,331
Income tax expense	所得稅開支	93,503	128,818

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

26. INTERESTS IN JOINT VENTURES (Continued)

Forever Rich (Continued)

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

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Net assets of Forever Rich	Forever Rich淨資產	1,263,666	983,380
Proportion of the Group's ownership interest in Forever Rich	本集團於Forever Rich的擁有權權益比例	50%	50%
Carrying amount of the Group's interest in Forever Rich	本集團的Forever Rich權益的賬面值	631,833	491,690

Aggregate information of the joint venture that is not individually material:

26. 合營企業權益(續)

Forever Rich(續)

以上財務資料概要與於綜合財務報表確認的合營企業權益賬面值的對賬：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Group's share of total losses for the year	本集團應佔年度虧損總額	(647)	(487)
Aggregate carrying amount of the Group's interests in the joint venture	本集團於該合營企業的權益賬面總值	54,580	49,513

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度**27. TRADE, OTHER RECEIVABLES AND
ADVANCE DEPOSITS****27. 應收賬款、其他應收款項及預
付按金**

		2017	2016
		二零一七年	二零一六年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Trade receivables	應收賬款	169,584	403,969
Less: allowance for doubtful debts	減：呆賬撥備	(25,735)	(25,865)
		143,849	378,104
Other non-trade receivables	其他非貿易應收款項	1,977,481	1,857,713
Less: allowance for doubtful debts	減：呆賬撥備	(43,400)	(43,400)
		1,934,081	1,814,313
Receivables due from related parties (Note 45.3)	應收關連人士款項 (附註45.3)	6,981,132	3,247,268
Advance payments to contractors	預付承包商款項	1,603,103	1,535,814
Advance deposits for acquisition of land use rights	收購土地使用權的預付按金	1,120,000	431,886
Other tax prepayments	其他預繳稅款	786,005	401,781
Total	總計	12,568,170	7,809,166

The receivables due from related parties are unsecured, non-interest bearing and repayable on demand. Non-trade receivable balances, deposits and advances to third parties are expected to be settled or recovered within one year. Other tax prepayments mainly represent prepayment of value-added tax, tax surcharge during the pre-sale stage of certain properties.

In general, the Group provides no credit term to its customers.

Trade receivables due from related parties and the third parties disclosed above include amounts (see below for aged analysis) that are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable. The following is an aged analysis of trade receivable that are not impaired based on the sales recognition date at the end of each reporting period.

應收關連人士款項為無抵押、免息及須於要求時償還。非貿易應收款項結餘、按金及預付第三方的款項預期於一年內清還或收回。其他預繳稅款主要指因預售若干物業而預繳的增值稅及附加稅。

本集團一般不會向客戶提供信貸期。

以上披露的應收關連人士及第三方賬款包括(賬齡分析見下文)於報告期末已超過信用期而本集團尚未確認呆賬撥備的款項，此乃由於信貸品質並無出現重大變動，而有關款項仍被視為可以收回。以下為於各報告期末根據銷售確認日期並未減值的應收賬款賬齡分析。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

**27. TRADE, OTHER RECEIVABLES AND
ADVANCE DEPOSITS (Continued)**

**27. 應收賬款、其他應收款項及預
付按金(續)**

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
0-90 days	0-90日	138,287	352,512
91-180 days	91-180日	622	586
181-365 days	181-365日	3,656	25,006
Over 365 days	超過365日	5,153	–
		147,718	378,104

Movement in the allowance for doubtful debts

呆賬撥備變動

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Balance at beginning of the year	年初結餘	69,265	56,235
Impairment losses recognised on receivables	應收款項確認的減值虧損	–	13,030
Amounts written off as uncollectible	未能收回的撇賬額	(130)	–
Balance at end of the year	年末結餘	69,135	69,265

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

Included in the allowance for doubtful debts are individually impaired trade receivables amounting to RMB25,735,000 (2016: RMB25,865,000) and impaired non-trade receivables amounting to RMB43,400,000 (2016: RMB43,400,000) which have been placed under liquidation. The impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of the expected liquidation proceeds. The Group does not hold any collateral over these balances.

本集團確定應收賬款的可收回程度時，會考慮應收賬款自首次授出信貸日期起至報告期末止的任何信貸品質變動。鑒於客戶基礎龐大而互無關連，因此信貸風險的集中度有限。

呆賬撥備中包括已個別減值的應收賬款人民幣25,735,000元(二零一六年：人民幣25,865,000元)及已個別減值的其他應收款項人民幣43,400,000元(二零一六年：人民幣43,400,000元)，已進入清盤程序。所確認的減值為該等應收賬款的賬面值與預計清盤所得款項現值之間的差額。本集團並無就該等結餘持有任何抵押品。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度**28. TAX RECOVERABLE****28. 可收回稅項**

		2017	2016
		二零一七年	二零一六年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Enterprise income tax	企業所得稅	259,848	110,445
Land appreciation tax	土地增值稅	453,001	355,634
		712,849	466,079

29. RESTRICTED BANK DEPOSITS**29. 受限制銀行存款**

		2017	2016
		二零一七年	二零一六年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Deposits for construction and development of properties	建築及發展物業按金	637,669	256,582
Deposit for mortgage loans	按揭貸款按金	1,342,601	427,558
Deposits pledged for interest-bearing loans and bank acceptance notes	就計息貸款及銀行承兌票據而抵押的按金	400,000	740,000
Others	其他	21,225	12,844
		2,401,495	1,436,984

Pledged bank deposits represent deposits pledged to banks to secure short-term banking facilities granted to the Group. The pledged bank deposits carry interest at fixed rates which range from 0.3% to 2% (2016: 0.3% to 2%) per annum.

已抵押銀行存款指就取得授予本集團的短期銀行融資而抵押予銀行的存款。已抵押銀行存款按固定年利率介乎0.3%至2%(二零一六年：0.3%至2%)計息。

30. BANK BALANCE AND CASH**30. 銀行結餘及現金**

		2017	2016
		二零一七年	二零一六年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Cash at bank and cash in hand is denominated in	以下列貨幣結算的銀行存款及現金		
RMB	人民幣	6,954,102	4,847,557
USD	美元	733,481	113,534
HKD	港元	169,139	834,152
		7,856,722	5,795,243

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

30. BANK BALANCE AND CASH (Continued)

Bank balances carry interest at market rates which range from 0.3% to 2% (31 December 2016: 0.3% to 2%) per annum.

RMB is not a freely convertible currency and the remittance of funds out of the PRC is subject to exchange restrictions imposed by the PRC government.

As of 31 December 2017, the carry amount of advance from customers under supervision is RMB524,631,000 (as of 31 December 2016: RMB371,781,000).

30. 銀行結餘及現金(續)

銀行結餘按市場年利率介乎0.3%至2%(二零一六年:0.3%至2%)計息。

人民幣並非自由兌換貨幣，從中國匯出人民幣須遵守中國政府制訂的匯兌限制。

於二零一七年十二月三十一日，受監管預收客戶款項賬面值為人民幣524,631,000元(於二零一六年十二月三十一日：人民幣371,781,000元)。

31. TAX PAYABLE/DEFERRED TAX ASSETS/(LIABILITIES)

(i) Current taxation in the consolidated statement of financial position represents:

31. 應付稅項／遞延稅項資產(負債)

(i) 綜合財務狀況表的本期稅項指：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
PRC income tax	中國所得稅		
Balance brought forward	承前結餘	586,537	261,764
Provision for PRC enterprise income tax for the year (Note 11(i))	年內中國企業所得稅撥備(附註11(i))	1,345,185	683,587
Under provision in prior years (Note 11(i))	過往年度撥備不足(附註11(i))	43,458	19,145
Disposal of a subsidiary	出售子公司	(15)	—
PRC income tax paid	已付中國所得稅	(927,196)	(377,959)
Balance carried forward	結餘結轉	1,047,969	586,537
PRC land appreciation tax	中國土地增值稅		
Balance brought forward	承前結餘	644,885	569,649
Provision for PRC land appreciation tax for the year (Note 11(i))	年內中國土地增值稅撥備(附註11(i))	629,475	324,322
PRC land appreciation tax paid	已付中國土地增值稅	(535,317)	(249,086)
Balance carried forward	結餘結轉	739,043	644,885
Total	合計	1,787,012	1,231,422

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度**31. TAX PAYABLE/DEFERRED TAX ASSETS/ (LIABILITIES) (Continued)****(ii) Deferred tax assets recognised:**

The components of deferred tax assets recognised in the consolidated statement of financial position and the movements during the year were as follows:

		Temporary difference on revenue recognition and related cost of sales 收益確認及有關 銷售成本的 暫時差異 RMB'000 人民幣千元	Temporary difference on land appreciation tax and other accruals 土地增值稅的 暫時差異及 其他應計項目 RMB'000 人民幣千元	Tax losses 稅務虧損 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
At 1 January 2016	於二零一六年一月一日	131,926	141,249	65,864	339,039
Disposal of subsidiaries	出售子公司	(4,182)	(7,129)	(2,921)	(14,232)
Additions	增加	37,017	30,939	11,057	79,013
Realisation	變現	(64,236)	(48,068)	-	(112,304)
At 31 December 2016	於二零一六年十二月三十一日	100,525	116,991	74,000	291,516
Additions	增加	658,620	36,152	-	694,772
Realisation	變現	(58,830)	(5,299)	(58,251)	(122,380)
At 31 December 2017	於二零一七年十二月三十一日	700,315	147,844	15,749	863,908

As at 31 December 2017, the Group had unused tax losses of RMB2,499,758,000 (as at 31 December 2016: RMB2,569,672,000) available to offset against future profits. Deferred tax assets have been recognised in respect of the tax losses of RMB62,996,000 (as at 31 December 2016: RMB296,000,000) at the applicable income tax rates of the respective subsidiaries as at 31 December 2017. No deferred tax assets have been recognised in respect of the remaining tax losses of RMB2,436,762,000 (as at 31 December 2016: RMB2,273,672,000) because the management is of the view that it is not probable that the individual subsidiaries concerned can generate profits to utilise the tax losses before the tax losses become expired. The unrecognised tax losses for the year ended 31 December 2017 will expire in the following years ending 31 December.

31. 應付稅項／遞延稅項資產(負債)(續)**(ii) 已確認遞延稅項資產：**

已在綜合財務狀況表確認的遞延稅項資產部分及年內變動如下：

於二零一七年十二月三十一日，本集團可用來抵銷未來溢利的未動用稅務虧損為人民幣2,499,758,000元(於二零一六年十二月三十一日：人民幣2,569,672,000元)。於二零一七年十二月三十一日，就稅務虧損按個別子公司適用之所得稅率確認的遞延稅項資產為人民幣62,996,000元(於二零一六年十二月三十一日：人民幣296,000,000元)。由於管理層認為有關個別子公司不大可能可產生溢利以於稅務虧損到期前動用稅務虧損，因此並未就其餘稅務虧損人民幣2,436,762,000元(於二零一六年十二月三十一日：人民幣2,273,672,000元)確認遞延稅項資產。於截至二零一七年十二月三十一日止年度的未確認稅務虧損將於其後截至十二月三十一日止年度屆滿。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

**31. TAX PAYABLE/DEFERRED TAX ASSETS/
(LIABILITIES) (Continued)**

(ii) Deferred tax assets recognised: (Continued)

At the end of the reporting period, the Group has deductible temporary differences of RMB18,165,000 (31 December 2016: RMB101,233,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised

31. 應付稅項／遞延稅項資產(負債)(續)

(ii) 已確認遞延稅項資產：(續)

於報告期末，本集團的可扣稅暫時差額為人民幣18,165,000元(二零一六年十二月三十一日：人民幣101,233,000元)。由於不大可能產生可扣稅暫時差額用以抵銷應課稅溢利，故並無就該等可扣稅暫時差額確認遞延稅項資產。

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
2017	二零一七年	-	311,683
2018	二零一八年	373,921	391,210
2019	二零一九年	441,071	454,492
2020	二零二零年	708,539	713,571
2021	二零二一年	401,221	402,716
2022	二零二二年	512,010	-
		2,436,762	2,273,672

(iii) Deferred tax liabilities recognised:

The components of deferred tax liabilities recognised in the consolidated statement of financial position and the movements during the year were as follows:

(iii) 已確認遞延稅項負債：

已在綜合財務狀況表確認的遞延稅項負債部分及年內變動如下：

		Revaluation of investment properties 投資物業 重估 RMB'000 人民幣千元	Fair value adjustments 公允價值 調整 RMB'000 人民幣千元	Deferred land appreciate tax 遞延土地 增值稅 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
At 1 January 2016	於二零一六年一月一日	580,869	352,831	10,846	944,546
Disposal of subsidiaries	出售子公司	-	6,162	-	6,162
Additions	增加	162,010	-	-	162,010
Realisation	變現	(56,812)	(64,332)	(10,846)	(131,990)
At 31 December 2016	於二零一六年十二月三十一日	686,067	294,661	-	980,728
Acquisition of subsidiaries	收購子公司	-	67,824	-	67,824
Disposal of a subsidiary	出售子公司	(18,234)	-	-	(18,234)
Additions	增加	91,745	-	-	91,745
Realisation	變現	(83,103)	(34,681)	-	(117,784)
At 31 December 2017	於二零一七年十二月三十一日	676,475	327,804	-	1,004,279

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度**31. TAX PAYABLE/DEFERRED TAX ASSETS/ (LIABILITIES) (Continued)**

(iv) Net-off of deferred tax assets and liabilities:

31. 應付稅項／遞延稅項資產(負債)(續)

(iv) 抵銷遞延稅項資產及負債：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Deferred tax assets recognised	已確認遞延稅項資產	863,908	291,516
Net-off with deferred tax liabilities	與遞延稅項負債抵銷	(46,280)	(81,089)
Deferred tax assets	遞延稅項資產	817,628	210,427
Deferred tax liabilities recognised	已確認遞延稅項負債	1,004,279	980,728
Net-off with deferred tax assets	與遞延稅項資產抵銷	(46,280)	(81,089)
Deferred tax liabilities	遞延稅項負債	957,999	899,639

32. INTEREST-BEARING LOANS**32. 計息貸款**

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Current	短期		
Secured bank loans (Note i and ii)	有抵押銀行貸款(附註i及ii)	–	693,700
Unsecured loans	無抵押貸款	–	370,000
Current portion of non-current secured bank loans	有抵押銀行長期貸款的即期部分	1,361,500	1,392,050
Current portion of non-current unsecured loans	無抵押長期貸款的即期部分	119,000	646,000
Current portion of equity pledge loans	股權抵押貸款的即期部分	–	611,870
		1,480,500	3,713,620
Non-current	長期		
Secured bank loans (Note i and ii)	有抵押銀行貸款(附註i及ii)	5,839,967	4,219,000
Equity pledge loan (Note iii)	股權抵押貸款(附註iii)	2,970,000	3,059,351
Unsecured loans	無抵押貸款	1,751,845	1,142,170
Less: current portion of non-current secured bank loans	減：有抵押銀行長期貸款的即期部分	(1,361,500)	(1,392,050)
current portion of non-current unsecured loans	無抵押長期貸款的即期部分	(119,000)	(646,000)
current portion of equity pledge loans	股權抵押貸款的即期部分	–	(611,870)
		9,081,312	5,770,601

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

32. INTEREST-BEARING LOANS (Continued)

As at 31 December 2017, the Group's secured loans were secured by the following:

- (i) Properties with a total carrying amount of RMB8,205,056,000 (as at 31 December 2016: RMB7,856,309,000) (Notes 18, 22, 23 and 24);
- (ii) Pledged time deposits of RMB400,000,000 (as at 31 December 2016: RMB740,000,000).
- (iii) Equity interests of certain subsidiaries of the Company.

The Group's non-current loans were repayable as follows:

32. 計息貸款(續)

於二零一七年十二月三十一日，本集團的有抵押貸款以下列各項作為抵押：

- (i) 本集團賬面總值人民幣8,205,056,000元(於二零一六年十二月三十一日：人民幣7,856,309,000元)的物業(附註18、22、23及24)；
- (ii) 本公司人民幣400,000,000元(於二零一六年十二月三十一日：人民幣740,000,000元)的有抵押定期存款；
- (iii) 本集團若干子公司的股本權益。

本集團的長期貸款須於以下期間償還：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Over 1 year but less than 2 years	超過一年但兩年內	3,607,871	3,864,456
Over 2 years but less than 5 years	超過兩年但五年內	5,116,441	1,672,145
Over 5 years	超過五年以上	357,000	234,000
		9,081,312	5,770,601

The effective interest rate of the year ended 31 December 2017 was as follows:

於截至二零一七年十二月三十一日止年度的實際利率如下：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Effective interest rate	實際利率		
Fixed-rate borrowings	固定利率借貸	—	2.70%
Variable-rate borrowings	可變利率借貸	2.47%-5.46%	3.98%-5.57%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

33. TRADE AND OTHER PAYABLES

33. 應付賬款及其他應付款項

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Payables due to related parties (Note 45.3)	應付關連人士款項(附註45.3)		
– trade related	– 貿易相關	64,817	10,715
– non-trade related	– 非貿易相關	4,966,070	6,282,716
		5,030,887	6,293,431
Trade payables	應付賬款	9,361,992	5,612,084
Payable on purchase of land use right	購買土地使用權應付款項	620,555	620,555
Consideration payable on acquisition of subsidiaries	收購子公司之應付代價	274,484	–
Other taxes payable	其他應付稅項	173,190	143,226
Interest payable	應付利息	161,951	180,261
Dividends payable	應付股息	234	238
Other payables and accrued expenses	其他應付款項和預提費用	1,325,424	1,427,722
		11,917,830	7,984,086
Total	合計	16,948,717	14,277,517

The aged analysis of trade payables due to related parties and the third parties is stated as follows:

應付關連人士及第三方的應付賬款賬齡分析如下：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
0–90 days	0–90日	7,074,106	5,149,707
91–180 days	91–180日	290,866	24,801
181–365 days	181–365日	881,354	167,304
365 days–3 years	365日–3年	1,180,483	270,272
		9,426,809	5,612,084

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

34. BONDS

On 23 January 2014, the Company issued 5.50% bonds due 2018 (the “**A Bond**”) with an aggregated nominal value of RMB1,500,000,000 at a value equal to 99% of the face value. The A Bond is listed on the Hong Kong Stock Exchange. The Bond carries interest at the rate of 5.50% per annum, payable semi-annually on 23 January and 23 July in arrears. The A Bond matured and repaid on 23 January 2018.

On 7 August 2014, the Company issued 4.375% bonds due 2017 (the “**B Bond**”) with an aggregated nominal value of USD500,000,000 at a value equal to 99.31% of the face value. The B Bond is listed on the Hong Kong Stock Exchange. The B Bond carries interest at the rate of 4.375% per annum, payable semi-annually on 7 February and 7 August in arrears and will mature on 7 August 2017, unless redeemed earlier. The net proceeds after deducting the direct issuance costs, amounted to approximately USD492,287,000 (equivalent to RMB3,035,935,000). On 7 August 2017, the bonds matured and were repaid.

On 28 July 2016, the Company issued 3.875% bonds due 2019 (the “**C Bond**”) with an aggregated nominal value of USD450,000,000 at a value equal to 99.301% of the face value. The C Bond is listed on the Hong Kong Stock Exchange. The C Bond carries interest at the rate of 3.875% per annum, payable semi-annually on 28 January and 28 July in arrears and will mature on 28 July 2019, unless redeemed earlier. The net proceeds after deducting the direct issuance costs, amounted to approximately USD443,986,000 (equivalent to RMB2,956,815,000).

On 7 July 2017, the Company issued 4.50% bonds due 2018 (the “**D Bond**”) with an aggregated nominal value of USD400,000,000 at a value equal to 100.00% of the face value. The D Bond is listed on the Hong Kong Stock Exchange. The D Bond carries interest at the rate of 4.50% per annum, payable semi-annually on 7 January and 7 July in arrears and will mature on 5 July 2018, unless redeemed earlier. The net proceeds after deducting the direct issuance costs, amounted to approximately USD398,800,000 (equivalent to RMB2,697,623,000).

The A Bond, B Bond and C Bond (the “**Bonds**”) have the benefit of a keepwell deed from Greenland Holdings Group Company Limited, the intermediate controlling shareholder of the Company.

34. 債券

於二零一四年一月二十三日，本公司按等同面值99%的價值發行於二零一八年到期總面值人民幣1,500,000,000元的5.50厘債券(「**甲債券**」)。甲債券於香港聯交所上市。甲債券按年利率5.50厘計息，於每年一月二十三日及七月二十三日每半年期末付息。甲債券於二零一八年一月二十三日到期及償還。

於二零一四年八月七日，本公司按等同面值99.31%的價值發行於二零一七年到期總面值500,000,000美元的4.375厘債券(「**乙債券**」)。乙債券於香港聯交所上市。乙債券按年利率4.375厘計息，於每年二月七日及八月七日每半年期末付息，並將於二零一七年八月七日期(除非獲提早贖回)。經扣除直接發行成本後的所得款項淨額約為492,287,000美元(相等於人民幣3,035,935,000元)。於二零一七年八月七日，債券到期並已償還。

於二零一六年七月二十八日，本公司按等同面值99.301%的價值發行於二零一九年到期總面值450,000,000美元的3.875厘債券(「**丙債券**」)。丙債券於香港聯交所上市。丙債券按年利率3.875厘計息，於每年一月二十八日及七月二十八日每半年期末付息，並將於二零一九年七月二十八日期(除非獲提早贖回)。經扣除直接發行成本後的所得款項淨額約為443,986,000美元(相等於人民幣2,956,815,000元)。

於二零一七年七月七日，本公司按等同面值100.00%的價值發行於二零一八年到期總面值400,000,000美元的4.50厘債券(「**丁債券**」)。丁債券於香港聯交所上市。丁債券按年利率4.50厘計息，於每年一月七日及七月七日每半年期末付息，並將於二零一八年七月五日期(除非獲提早贖回)。經扣除直接發行成本後的所得款項淨額約為398,800,000美元(相等於人民幣2,697,623,000元)。

甲債券、乙債券及丙債券(「**債券**」)附有本公司中介控股股東綠地控股集團有限公司提供的保持良好契據的利益。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度**34. BONDS (Continued)**

The D Bond has an embedded issuer's redemption option, the Company may, by giving not less than 15 nor more than 30 days' notice to the trustee in writing and to the bondholders, redeem the Bonds, in whole or in part, at a redemption price equal to 101 per cent of their principal amount, together with accrued and unpaid interest.

The issuer's redemption option is regarded as an embedded derivative not closely related to the host contract. The directors consider the fair value of the issuer redemption option to be immaterial.

The movements of different components of Bonds are set out below:

34. 債券(續)

丁債券具有嵌入式發行人贖回權。本公司可透過向受託人及債券持有人發出不少於15日且不多於30日的書面通知，按相等於債券本金額101%的贖回價連同累計未付利息贖回全部或部分債券。

發行人贖回權被視為與主合約並無密切關係的嵌入式衍生工具。董事認為發行人贖回權的公允價值並不重大。

債券不同部分的變動載列如下：

		Total
		合計
		RMB'000
		人民幣千元
As at 31 December 2016	於二零一六年十二月三十一日	8,038,774
Net proceeds from bonds issued	發行債券所得淨額	2,697,623
Interests charged	利息開支	375,792
Interest paid/payable	已付／應付利息	(349,502)
Repayment of bonds	償還債券	(3,360,550)
Exchange realignment	匯兌調整	(373,479)
As at 31 December 2017	於二零一七年十二月三十一日	7,028,658

The Bonds represent the contractually determined stream of future cash flows discounted at the rate of interest determined by the market instruments of comparable credit status taken into account the business risk and financial risk of the Company. The effective interest rate is 4.355%-5.680% per annum for the year ended 31 December 2017.

債券為按利率折現的約定未來現金流量，利率經考慮本公司的業務風險及財務風險後，按照信貸狀況相若的市場工具釐定。截至二零一七年十二月三十一日止年度，實際年利率為4.355%至5.680%。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

34. BONDS (Continued)

The Bonds was repayable as follows:

At 31 December 於十二月三十一日		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Represented by	由下列項目組成		
Bonds within one year	一年內到期的債券	4,109,487	3,456,778
Bonds	債券		
After one year but within two years	一年後但兩年內	2,919,171	1,496,432
After two years but within five years	兩年後但五年內	-	3,085,564
		2,919,171	4,581,996

34. 債券(續)

債券須於以下年期償還：

35. EMPLOYEE RETIREMENT SCHEME

The employees of the Group are members of a state-managed retirement benefit scheme operated by the PRC government. The subsidiaries are required to contribute 20%-22% of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

The total expense recognised in profit or loss of RMB38,407,000 (2016: RMB43,901,000) represents contributions payable to these plans by the Group at rates specified in the rule of the plans. As at 31 December 2017, contributions of RMB840,000 (as at 31 December 2016: RMB996,000) due in respect of the year had not been paid over to the plans. The amounts were paid subsequent to the end of the year.

35. 僱員退休計劃

本集團之僱員均為中國政府管理之國家運營退休福利計劃之成員。該等子公司須按照僱員薪金費用的20%-22%向退休福利計劃供款，以撥支有關福利。就退休福利計劃而言，本集團之唯一責任為作出所訂明供款。

損益中確認的開支總額人民幣38,407,000元(二零一六年：人民幣43,901,000元)乃本集團按該等計劃規則訂明的費率應付該等計劃的供款。於二零一七年十二月三十一日，就年內應繳供款人民幣840,000元(於二零一六年十二月三十一日：人民幣996,000元)仍未支付予有關計劃。該等款項已於年末後支付。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度**36. SHARE-BASED PAYMENT****Share award scheme**

The Company adopted the Share Award Scheme on 3 December 2010. The purpose of the Share Award Scheme is to recognise and reward the contribution of the executives and employees (whether serving full-time or part-time) and directors of the Group to the growth and development of the Group through an award of the shares of the Company. Details of the Share Award Scheme were set out in the Company's 2012 annual report.

On 2 April 2013, the Board of Directors approved to grant 16,103,000 shares of the Company to the eligible participants, of which 400,000 shares were granted to a director and 2,000,000 shares were granted to four independent non-executive directors (500,000 shares each) respectively. The shares granted to the independent non-executive directors were vested immediately. The vesting date of the remaining granted shares is 31 March 2015.

Movements in the number of shares held for the Share Award Scheme is as follows:

	Shares held for the Share Award Scheme	Awarded shares
	股份獎勵計劃 所持股份	獎勵股份
	(thousand)	(thousand)
	(千股)	(千股)
Outstanding as of 31 December 2017 and 31 December 2016	於二零一七年十二月三十一日及 二零一六年十二月三十一日 尚未行使	22,697
		–

As at 31 December 2017, the carrying amount of shares held for the Share Award Scheme was RMB49,279,000 (as at 31 December 2016: RMB49,279,000).

During the years ended 31 December 2017 and 2016, no expenses in relation to share-based payments is charged to administrative expenses in profit or loss.

36. 股份支付**股份獎勵計劃**

本公司於二零一零年十二月三日採納股份獎勵計劃。股份獎勵計劃的目的是通過授予本公司的股份，肯定及獎賞本集團的主管人員、僱員(不論全職或兼職)及董事為本集團的增長及發展所作出的貢獻。股份獎勵計劃詳情載於本公司二零一二年年報。

於二零一三年四月二日，董事會批准向合資格參與者授出16,103,000股本公司股份，其中400,000股授予一名董事及2,000,000股分別授予四名獨立非執行董事(各500,000股)。向獨立非執行董事授出之股份已即時歸屬。餘下授出股份之歸屬日期為二零一五年三月三十一日。

股份獎勵計劃所持股份的數目變動如下：

於二零一七年十二月三十一日，股份獎勵計劃所持股份的賬面值為人民幣49,279,000元(於二零一六年十二月三十一日：人民幣49,279,000元)。

截至二零一七年及二零一六年十二月三十一日止年度並無於損益的行政費用就股份支付扣除開支。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

37. SHARE CAPITAL

37. 股本

**The Group and the Company
as at 31 December
2017 and 2016**

本集團及本公司
於二零一七年及二零一六年
十二月三十一日

		No. of shares	Amount
		股份數目	金額
		(thousand)	HKD'000
		(千股)	千港元
Authorised:	法定：		
Ordinary shares of HKD0.5 each	每股面值0.5港元的普通股	7,000,000	3,500,000
Convertible preferred shares of HKD0.5 each	每股面值0.5港元的可轉換優先股	3,000,000	1,500,000
Total	合計	10,000,000	5,000,000

**The Group and the Company
as at 31 December
2017 and 2016**

本集團及本公司
於二零一七年及二零一六年
十二月三十一日

		No. of shares	Amount
		股份數目	金額
		(thousand)	RMB'000
		(千股)	人民幣千元
Ordinary shares, issued and fully paid:	普通股，已發行及繳足：		
At 1 January and 31 December	於一月一日及十二月三十一日	2,793,677	1,132,855

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度**37. SHARE CAPITAL (Continued)****Authorised and issued share capital****(i) Ordinary shares**

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at any general meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(ii) Convertible preference shares ("CPS")

The holders of CPS will not have the right to attend and vote at a general meeting (except for the winding up of the Company or for any resolution to vary or abrogate the rights or privileges of such holder or vary the restrictions to which the CPS are subject). The conversion period is any time after issue, provided that the conversion right will be suspended to the extent that it would result in the Company failing to comply with the public float requirement. Each CPS (at the option of the holder) will be convertible at any time (and without payment of any additional consideration) to ordinary shares on a one to one basis. Each CPS will confer on the holder thereof the right to receive dividend *pari passu* with holders of ordinary shares on the basis of the number of ordinary shares into which each CPS may be converted and on an as converted basis. On a distribution of assets on liquidation, winding up or a dissolution of the Company, the assets and funds of the Company available for distribution: (a) will first be paid to the holders of CPS *pari passu* among themselves in respect of the aggregate nominal amounts paid up on the CPS held by them; and (b) the remaining assets will be distributed *pari passu* to the holders of any class of shares (including the CPS). The CPS will be transferable without any restriction by the holders thereof. The CPS will be non-redeemable. No application will be made for the listing of the CPS on the Stock Exchange or any other stock exchange.

No changes in the authorised and issued share capital of the Company during the year.

37. 股本(續)**法定及已發行股本****(i) 普通股**

普通股持有人有權收取不時宣派的股息，並有權在本公司任何股東大會上按照每持有一股股份獲得一票的比例參與投票。所有普通股均就本公司剩餘資產享有同等權利。

(ii) 可轉換優先股(「可轉換優先股」)

可轉換優先股的持有人將無權出席股東大會及於會上表決(惟為本公司清盤或將更改或廢除有關持有人之權利或特權或更改可轉換優先股所受之限制之任何決議案則除外)。轉換期為發行後的任何時間，惟倘會導致本公司無法遵守任何公眾持股量規定，則轉換權將暫告中止。每股可轉換優先股(按持有人選擇權)將可隨時(且毋須支付任何額外代價)按一對一基準轉換為普通股。每股可轉換優先股將賦予其持有人享有與普通股持有人同等之收取股息權利，基準為按每股可轉換優先股可轉換而成之普通股數目計算以及猶如已予以轉換。當本公司清盤、清算或解散時分派資產，本公司可供分派的資產及資金：(a)將首先就可轉換優先股持有人所持有可轉換優先股的已繳足面值總額向可轉換優先股持有人支付，而彼等之間具同等地位；及(b)餘下資產將向任何類別股份(包括可轉換優先股)的持有人分派，而彼等之間具同等地位。可轉換優先股之持有人轉讓可轉換優先股將不受任何限制。可轉換優先股不可贖回。概不會就可轉換優先股在聯交所或任何其他證券交易所上市提出申請。

本公司年內法定及已發行股本概無變動。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

38. SHARE PREMIUM AND RESERVES

(a) Share premium

The application of the share premium account is governed by the Companies Law of the Cayman Islands.

(b) Merger reserves

The merger reserves represent the difference between the Company's share of the nominal value of the paid-up capital of the subsidiaries acquired over the nominal value of the ordinary shares issued by the Company.

(c) Capital redemption reserve

Capital redemption reserve represents the nominal value of the shares repurchased which has been paid out of the Company's distributable reserves.

(d) PRC statutory reserves

Transfers from retained earnings to PRC statutory reserves were made in accordance with the relevant PRC rules and regulations and the articles of association of the Company's subsidiaries incorporated in the PRC and were approved by the respective boards of directors. The statutory reserves consist of:

(i) General reserve fund

Transfers from retained earnings to the general reserve fund were made in accordance with the articles of association of the Company's subsidiaries and were approved by the respective boards of directors.

For the entity concerned, the general reserve fund can be used to cover previous years' losses, if any, and may be converted into capital in proportion to equity holders' existing equity holdings, provided that the balance after such conversion is not less than 25% of their registered capital.

(ii) Enterprise expansion fund

Transfers from retained earnings to the enterprise expansion fund were made in accordance with the articles of association of the Company's subsidiaries and were approved by the respective boards of directors.

For the entity concerned, the enterprise expansion fund can be used for business development purposes and for working capital purpose. This fund is non-distributable other than upon liquidation. Transfers to this fund must be made before distribution of dividends to the equity holders.

38. 股份溢價及儲備

(a) 股份溢價

股份溢價賬的動用受開曼群島公司法所規管。

(b) 合併儲備

合併儲備指本公司應佔被收購子公司的繳足股本面值與本公司發行的普通股面值的差額。

(c) 資本贖回儲備

資本贖回儲備指以本公司可供分派儲備支付之購回股份面值。

(d) 中國法定儲備

由保留溢利轉撥至中國法定儲備乃根據有關中國規則及規例與本公司在中國註冊成立之子公司的章程細則進行，並獲各自董事會批准。法定儲備包括：

(i) 法定盈餘公積金

由保留溢利轉撥至法定盈餘公積金乃根據本公司子公司的章程細則進行，並獲各自董事會批准。

就有關的公司而言，法定盈餘公積金可用作彌補上年度虧損（如有），亦可按股權持有人現時的持股比例兌換為股本，惟兌換後結餘不得少於註冊資本的25%。

(ii) 企業發展基金

由保留溢利轉撥至企業發展基金乃根據本公司子公司的章程細則進行，並獲各自董事會批准。

就有關的公司而言，企業發展基金可用作業務發展及營運資金。除清盤外，該基金不可分派。須將保留溢利轉撥至該基金後方可向股權持有人分派股息。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度**38. SHARE PREMIUM AND RESERVES (Continued)****(e) Revaluation reserve**

The revaluation reserve relates to property reclassified from owner-occupied to investment properties. For such reclassifications, the cumulative increase in the fair value of the property at the date of reclassification in excess of any previous impairment losses is included in the revaluation reserve.

39. PERPETUAL SECURITIES

On 27 July 2016 (the “**Issue Date**”), the Group issued USD denominated senior perpetual capital securities (“**Perpetual Securities**”) with an aggregate principal amount of USD120,000,000. The Perpetual Securities confer the holders a right to receive distributions at the applicable distribution rate from the Issue Date semi-annually in arrears in USD.

The principal terms of the Perpetual Securities were disclosed in the Group’s 2016 consolidated financial statements.

As the Perpetual Securities only impose contractual obligations on the Group to repay principal or to pay any distributions under certain circumstances which are at the Group’s discretion, they have in substance confer the Group an unconditional right to avoid delivering cash or other financial asset to settle contractual obligations, therefore they do not meet the definition for classification as financial liabilities under IAS 32 Financial Instruments: Presentation. As a result, the whole instrument is classified as equity, and distributions if and when declared are treated as equity dividends.

Distribution of USD6,750,000 (equivalent to RMB45,838,000) has been provided and paid by the Company for the year.

38. 股份溢價及儲備 (續)**(e) 重估儲備**

重估儲備與由自用重新分類至投資物業的物業有關。就該等重新分類而言，物業公允價值於重新分類日期的累計增幅超過過往減值虧損的數額計入重估儲備。

39. 永久證券

二零一六年七月二十七日(「**發行日期**」)，本集團發行本金總額為120,000,000美元的以美元計值的高級永久資本證券(「**永久證券**」)。永久證券賦予持有人權利，自發行日期起按適用的分派率每半年期末收取以美元支付的分派。

永久證券的主要條款於本集團二零一六年的綜合財務報表中披露。

由於永久證券僅對本集團施加在本集團酌情下償付本金或在若干情況下支付任何分派的合約責任，其實際上賦予本集團避免分發現金或其他金融資產以履行合約責任的無條件權利，因此其並不符合國際會計準則第32號「金融工具：呈報」項下之分類為金融負債之定義。因此，整項工具分類作權益，或倘有宣派則在宣派時當作權益股息。

本公司已計提及支付年內分派6,750,000美元(相當於人民幣45,838,000元)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

40. FINANCIAL INSTRUMENTS

The Group conducts its operations in the PRC and accordingly is subject to special considerations and significant risks. These include risks associated with, among others, the political, economic and legal environment, influence of national authorities over pricing regulation and competition in the industry.

The Group has exposure to the following risks from its use of financial instruments:

- market risk (including currency risk and interest rate risk)
- credit risk
- liquidity risk

This note presents information about the Group's exposure to each of the above risks, and the Group's objectives, policies and processes for measuring and managing risk.

Management has overall responsibility for the establishment and oversight of the Group's risk management framework. Management establishes policies to identify and analyse the risks faced by the Group, to set up appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. Through training and management standards and procedures, management aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

40.1 Categories of financial instruments

40. 金融工具

本集團在中國經營業務，故須受特定因素及重大風險影響，其中包括政治、經濟及法制環境、國家機構實施價格管制的影響及行業競爭等風險。

本集團使用的金融工具具有以下風險：

- 市場風險(包括外幣風險與利率風險)
- 信貸風險
- 流動性風險

本附註呈列有關本集團涉及上述各項風險、本集團計量管理風險的目標、政策及程序的資料。

管理層全權負責建立並監督本集團的風險管理架構。管理層建立政策是為了辨明和分析本集團面臨的風險，並設置適當的風險限制和控制措施以監控風險是否在限制範圍內。風險管理政策及系統須定期進行審閱以反映市場環境及本集團經營活動的變化。管理層通過其培訓和管理標準及程序，旨在建立具紀律性及建設性的控制環境，使得身處其中的所有僱員明白自身的角色及義務。

40.1 金融工具類別

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Financial assets	金融資產		
Total bank balances and cash	銀行結餘及現金總額	7,856,722	5,795,243
Loans and receivables	貸款及應收款項	9,059,063	5,819,915
Financial assets carried at FVTPL	按公允價值列賬於損益的金融資產	-	485,829
Available for sale investments	可供出售投資	174,567	174,567
Total	合計	17,090,352	12,275,554
Financial liabilities	金融負債		
Amortised cost	攤銷成本	34,365,763	31,650,243
Financial liabilities carried at FVTPL	按公允價值列賬於損益的金融負債	98,178	329,543
Total	合計	34,463,941	31,979,786

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度**40. FINANCIAL INSTRUMENTS (Continued)****40.2 Foreign currency risk management**

The Group is mainly exposed to the fluctuations in exchange rates between RMB and HKD/USD. The exposure in HKD/USD arises mainly from the Group's bank balances and cash, trade and other receivables, trade and other payables, interest bearing loans, and Bonds.

In respect of the monetary assets and liabilities denominated in foreign currencies, the Group ensures manages the net exposures to this risk by utilizing forward foreign exchange contracts.

The management closely monitors foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Denominated in HKD		2017	2016
以港元計價		二零一七年	二零一六年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Trade and other receivables	應收賬款及其他應收款項	73,769	88,358
Bank balance and cash	銀行結餘及現金	169,139	834,397
Trade and other payables	應付賬款及其他應付款項	(953,698)	(375,286)
Interest-bearing loans	計息貸款	(326,001)	(1,227,970)
Overall exposure	總風險	(1,036,791)	(680,501)

40. 金融工具(續)**40.2 外幣風險管理**

本集團主要面對人民幣與港元／美元之間匯率波動的風險。港元／美元的風險主要來自本集團銀行結餘及現金、應收賬款及其他應收款項、應付賬款及其他應付款項、計息貸款及債券。

有關以外幣計價的貨幣資產及負債，本集團通過遠期外匯合約管理淨風險。

管理層密切監控外匯風險並將於需要時考慮對沖重大外匯風險。

於報告期末，本集團以貨幣資產及貨幣負債計值的外幣賬面值如下。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

40. FINANCIAL INSTRUMENTS (Continued)

40.2 Foreign currency risk management (Continued)

Denominated in USD 以美元計價		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Trade and other receivables	應收賬款及其他應收款項	2,356	14
Bank balance and cash	銀行結餘及現金	733,481	113,413
Bonds	債券	(5,528,808)	(6,542,342)
Trade and other payables	應付賬款及其他應付款項	(1,687,053)	(1,617,195)
Interest-bearing loans	計息貸款	(1,718,307)	(2,525,068)
Overall exposure	總風險	(8,198,331)	(10,571,178)

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 5% (2016: 5%) increase and decrease in RMB against the relevant foreign currencies. 5% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. A positive number below indicates an increase in post-tax profit where RMB strengthens 5% against the relevant currency. For a 5% weakening of RMB against the relevant currency, there would be an equal and opposite impact on the profit and the amounts below would be negative.

外幣敏感度分析

下表顯示，在人民幣兌以下外幣升值及貶值5%(二零一六年：5%)的情況下本集團的敏感度。5%乃管理層對合理可能的的外幣匯率變動的評估。敏感度分析僅包括現有以外幣計值之貨幣項目，並按外幣匯率出現5%變化調整其於年結日之換算數額。下列正數表示人民幣兌相關貨幣升值5%時則除稅後溢利增加。倘人民幣兌相關外幣貶值5%，對溢利會有同等及相反的影響，下述金額會變成負數。

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Profit or loss	溢利或虧損		
HKD	港元	51,840	25,519
USD	美元	409,917	398,212
Equity	權益		
HKD	港元	51,840	25,519
USD	美元	409,917	398,212

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度**40. FINANCIAL INSTRUMENTS (Continued)****40.2 Foreign currency risk management (Continued)***Forward foreign exchange contracts*

The Group enters into forward foreign exchange contracts to manage the exposure of foreign exchange risk arising from USD loans and bonds.

The follow table details the forward foreign currency contracts, outstanding at 31 December 2017.

Outstanding contracts		Average exchange rate	Foreign currency	Notional value	Fair value assets liabilities 公允價值 資產負債
未平倉合約		平均匯率	外幣	名義價值	資產負債
			USD'000 千美元	RMB'000 人民幣千元	RMB'000 人民幣千元
Cash flow	現金流量				
Buy USD	買美元				
within one year	一年內	7.0251	200,000	1,405,020	(98,178)

40.3 Interest rate risk management

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank deposits and bonds (see Notes 30 and 34 for details).

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balance (see Note 30 for details) and variable-rate interest-bearing loans (see Note 32 for details).

The Group manages the net exposure to interest rate risks by maintaining sufficient lines of credit to obtain acceptable lending costs and by monitoring the exposure to such risks on an ongoing basis. When appropriate and at times of interest rate uncertainty or volatility, interest rate swaps may be used to assist in the Group's management of interest rate exposure.

40. 金融工具(續)**40.2 外幣風險管理(續)***遠期外匯合約*

本集團訂立遠期外匯合約以管理美元貸款及債券產生的外幣匯兌風險。

下表詳述於二零一七年十二月三十一日的未平倉遠期外匯合約。

40.3 利率風險管理

本集團面對有關固定利率銀行存款及債券(詳情見附註30及34)的公允價值利率風險。

本集團亦面對有關可變利率銀行結餘(詳情見附註30)及可變利率計息貸款(詳情見附註32)的現金流量利率風險。

本集團通過維持充足的信貸額度以使借貸成本處於可接受水平及通過持續監控該等風險來管理利率淨風險。在適當時及倘利率不明朗或波動，可以使用利率掉期協助本集團管理利率風險。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度**40. FINANCIAL INSTRUMENTS (Continued)****40.3 Interest rate risk management (Continued)***Interest rate sensitivity analysis*

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For variable rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year.

(a) *Interest rate profile*

The following table details the interest rate profile of the Group's interest-bearing borrowings and bonds by the end of reporting period.

40. 金融工具(續)**40.3 利率風險管理(續)***利率敏感度分析*

下述敏感度分析乃根據報告期末非衍生工具利率風險而釐定。就可變利率負債而言，編製該分析時乃假設於報告期末未償還負債金額在全年均為未償還。

(a) *利率情況*

下表詳述於報告期末本集團的計息借貸及債券利率情況。

		2017 二零一七年		2016 二零一六年	
		Effective interest rate 實際利率	RMB'000 人民幣千元	Effective interest rate 實際利率	RMB'000 人民幣千元
Fixed rate borrowings	固定利率借貸				
Secured interest bearing loans	有抵押計息貸款	-	-	2.70%	693,700
Bonds	債券	4.81%	7,028,658	4.85%	8,038,774
			7,028,658		8,732,474
Variable rate borrowings	可變利率借貸				
Secured interest bearing loans	有抵押計息貸款	4.70%	8,809,967	4.70%	7,278,351
Unsecured interest bearing loans	無抵押計息貸款	4.08%	1,751,845	4.94%	1,512,170
			10,561,812		8,790,521
Total borrowings	借貸總額		17,590,470		17,522,995
Fixed rate borrowings as a percentage of total borrowings	固定利率借貸佔借貸總額 百分比		40%		50%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度**40. FINANCIAL INSTRUMENTS (Continued)****40.3 Interest rate risk management (Continued)***Interest rate sensitivity analysis (Continued)**(b) Sensitivity analysis*

The sensitivity analyses below have been determined based on the exposure to interest rates for interest-bearing loans at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If the market lending interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2017 would have decreased/increased by RMB79,214,000 (2016: decreased/increased by RMB80,514,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank balance and cash and interest-bearing loans.

40.4 Credit risk management

As at 31 December 2017, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arises from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position; and
- the amount of contingent liabilities disclosed in Note 42.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

40. 金融工具(續)**40.3 利率風險管理(續)***利率敏感度分析(續)**(b) 敏感度分析*

下述敏感度分析乃根據報告期末計息貸款利率風險而釐定。就可變利率負債而言，編製該分析時乃假設於報告期末未償還負債金額在全年均為未償還。內部向主要管理人員匯報利率風險採用100個基點增幅或減幅，乃管理層對合理可能的利率變動的評估。

倘市場借貸利率增加／減少100個基點，且所有其他可變值維持不變，本集團截至二零一七年十二月三十一日止年度的除稅後溢利將會減少／增加人民幣79,214,000元（二零一六年：減少／增加人民幣80,514,000元），主要由於本集團面對可變利率銀行結餘及現金以及計息貸款的利率風險。

40.4 信貸風險管理

於二零一七年十二月三十一日，由於對手方未能履行責任及本集團提供的財務擔保導致本集團財務虧損而使本集團承受的最高信貸風險乃來自：

- 綜合財務狀況表所述的各類經確認的金融資產的賬面值；及
- 於附註42披露的或然負債金額。

為盡量降低信貸風險，本集團的管理層已委派一組人員負責釐定信貸額、信貸審批及其他監察程序以確保採取跟進措施收回逾期債務。此外，於報告期末，本集團檢討每項個別貿易債務的可收回金額，以確保就不可收回金額作足夠的減值虧損。就此而言，本公司董事認為本集團的信貸風險已大幅降低。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

40. FINANCIAL INSTRUMENTS (Continued)

40.4 Credit risk management (Continued)

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in Note 27.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has influences on credit risk, but to a lesser extent. At 31 December 2017, The Group's concentration of credit risk as 25% (at December 2016: 79%) of the total trade receivables was due from the largest counterparty.

Bank balance and cash and restricted bank deposits are placed with a group of banks and financial institutions which management considers have good credit ratings.

40.5 Liquidity risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from banks to meet its liquidity requirements in the short and longer term.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short-, medium- and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

40. 金融工具(續)

40.4 信貸風險管理(續)

有關本集團產生於應收賬款及其他應收款項涉及信貸風險的其他量化披露載於附註27。

本集團的信貸風險主要受各客戶的特定情況所影響。客戶營運行業及國家的違約風險對信貸風險亦有影響，但程度較小。於二零一七年十二月三十一日，本集團對應收賬款總額產生的信貸風險集中度為25%(於二零一六年十二月：79%)，乃應收最大對手單位的款項。

銀行結餘及現金以及受限制銀行存款存於一組管理層認為具有良好信貸評級的銀行及金融機構。

40.5 流動性風險管理

流動性風險為本集團在到期日無法履行其財務義務的風險。本集團的政策為定期監控其流動資金需要及遵守借款契約的情況，確保維持充足的現金儲備及從銀行獲得足夠的已訂約融資額度，以應付本集團短期及較長期的流動資金需求。

流動性風險管理的最終責任在於董事會，其已設立合適的流動性風險管理框架，以管理本集團的長、中、短期資金及流動性管理需要。本集團通過維持足夠儲備、銀行融資及儲備借貸融資，以及持續監控預測及實際現金流量，加上將金融資產及負債的到期情況進行匹配，以管理流動性風險。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

40. FINANCIAL INSTRUMENTS (Continued)

40.5 Liquidity risk management (Continued)

40.5.1 Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

40. 金融工具(續)

40.5 流動性風險管理(續)

40.5.1 流動性及利息風險列表

下表詳述本集團具協定還款期間的非衍生金融負債項下合約承擔的其餘到期情況。下表乃按本集團可能需要付款的最早日期為基準，根據金融負債的未貼現現金流量釐定。

		Weighted average effective interest rate 加權平均 實際利率 %	Within 1 year or on demand 一年內或 按要求 RMB'000 人民幣千元	Within 2 years but over 1 year 兩年內但 一年以上 RMB'000 人民幣千元	Within 5 years but over 2 years 五年內但 兩年以上 RMB'000 人民幣千元	Over 5 years 五年 以上 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元	Carrying amount 賬面值 RMB'000 人民幣千元
31 December 2017	二零一七年十二月三十一日							
Trade and other payables	應付賬款及其他應付款項	-	16,775,293	-	-	-	16,775,293	16,775,293
Variable interest rate loans	可變利率貸款	4.59%	1,554,012	3,866,402	5,947,369	493,484	11,861,267	10,561,812
Bonds	債券	4.81%	4,327,678	3,054,330	-	-	7,382,008	7,028,658
Financial guarantees issued:	已出具的財務擔保：							
Maximum amount guaranteed	最高擔保額	-	9,922,333	-	-	-	9,922,333	-
			32,579,316	6,920,732	5,947,369	493,484	45,940,901	34,365,763
31 December 2016	二零一六年十二月三十一日							
Trade and other payables	應付賬款及其他應付款項	-	13,856,976	270,272	-	-	14,127,248	14,127,248
Variable interest rate loans	可變利率貸款	4.74%	3,171,402	4,133,753	1,883,748	330,479	9,519,382	8,790,521
Fixed interest rate loans	固定利率貸款	2.70%	712,411	-	-	-	712,411	693,700
Bonds	債券	4.85%	3,592,311	1,662,214	3,242,614	-	8,497,139	8,038,774
Financial guarantees issued:	已出具的財務擔保：							
Maximum amount guaranteed	最高擔保額	-	7,274,193	-	-	-	7,274,193	-
			28,607,293	6,066,239	5,126,362	330,479	40,130,373	31,650,243

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

40. FINANCIAL INSTRUMENTS (Continued)

40.5 Liquidity risk management (Continued)

40.5.1 Liquidity and interest risk tables (Continued)

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that such an amount will not be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

40.6 Fair value measurements

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

40.6.1 Fair value of the Group's financial asset and financial liability that is measured at fair value on a recurring basis

A certain financial asset is measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined, as well as the level of the fair value hierarchy into which the fair value measurements are categorised based on the degree to which the inputs to the fair value measurements is observable.

40. 金融工具(續)

40.5 流動性風險管理(續)

40.5.1 流動性及利息風險列表(續)

上述財務擔保合約金額乃在擔保對手單位作出申索時，本集團根據有關安排被迫全數結付擔保的最高金額。根據於報告期末的預期，本集團認為在有關安排下有相關金額應當不需支付。然而，此項估計乃受對手單位就擔保事項作出申索的或然率而變動，而該或然率乃取決於受擔保的由對手單位持有的金融應收款項蒙受信貸虧損的可能性。

40.6 公允價值計量

此附註提供有關本集團如何釐定多項金融資產及金融負債的公允價值的資料。

40.6.1 本集團以經常性基準按公允價值計量的金融資產及金融負債的公允價值

於各報告期末，有某項金融資產按公允價值計量。下表提供的資料，乃有關該等金融資產及金融負債公允價值如何釐定，以及根據公允價值計量輸入數據可以觀察的程度而分類的公允價值計量的公允價值層級。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度**40. FINANCIAL INSTRUMENTS (Continued)****40.6 Fair value measurements (Continued)****40.6.1 Fair value of the Group's financial asset and financial liability that is measured at fair value on a recurring basis (Continued)**

Financial assets 金融資產		Fair values as at 31 December 於十二月三十一日的公允價值		Fair value hierarchy 公允價值層級	Valuation techniques and key inputs 估值技巧及主要輸入數據
		2017	2016		
		二零一七年	二零一六年		
Foreign currency structured forward contracts classified as financial assets carried at FVTPL (Note 21)	分類為按公允價值列賬於損益的金融資產的外幣結構性遠期合約(附註21)	Liability - RMB98,178,000 負債 - 人民幣98,178,000元	Asset - RMB485,829,000 資產 - 人民幣485,829,000元 Liability - RMB329,543,000 負債 - 人民幣329,543,000元	Level 2 第二層	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties 折現現金流量。 未來現金流量乃根據遠期外幣匯率(來自報告期末可觀察的遠期外幣匯率)及合約遠期匯率估計,所用折現率乃反映多個對手單位的信貸風險

40.6.2 Fair value of financial assets and financial liabilities that are not measured at fair value

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

40.6.2 並非以公允價值計量的金融資產及金融負債的公允價值

除下表所詳述外,董事認為綜合財務報表內所確認的金融資產及金融負債的賬面值與公允價值相若。

		2017 二零一七年		2016 二零一六年	
		Carrying amount 賬面值 RMB'000 人民幣千元	Fair value 公允價值 RMB'000 人民幣千元	Carrying amount 賬面值 RMB'000 人民幣千元	Fair value 公允價值 RMB'000 人民幣千元
Bonds	債券	7,028,658	7,004,283	8,038,774	7,993,453

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

41. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

Consistent with industry practice, the Group monitors its capital structure on the basis of a net gearing ratio (total interest-bearing loans and bonds less cash and cash equivalents (including restricted cash) over total equity). Therefore, the Group defined debts as interest-bearing loans and bonds.

The Group is not subject to any externally imposed capital requirements.

The Group's risk management committee reviews the capital structure of the Group on a semi-annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital.

The gearing ratio at end of the reporting period was as follows.

41. 資本管理

本集團管理資本以確保本集團系內公司能夠繼續根據持續經營基準經營，同時透過取得最佳股債平衡，為股東創造最大回報。本集團整體策略與去年保持不變。

根據行業慣例，本集團以負債比率淨額（計息貸款及債券總額減去現金及現金等價物（包括受限制現金）後除以權益總額）作為監控資本架構的基準。因此，本集團界定債項為計息貸款及債券。

本公司並無受外部施加的資本規定所規限。

本集團的風險管理委員會每半年對本集團的資本架構進行審視。委員會審視過程中，會考慮資金成本及各類別資金相關的風險。

報告期末的槓桿比率如下。

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Debts	債項	17,590,470	17,522,995
Bank balance and cash	銀行結餘及現金	(7,856,722)	(5,795,243)
Net debts	淨債項	9,733,748	11,727,752
Equity	權益	11,584,890	9,723,694
Net debts to equity ratio	淨債項佔權益比率	84%	121%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度**42. FINANCIAL GUARANTEES**

As at the reporting date, the Group has issued the following guarantees:

The Group has arranged mortgage loan facilities for certain purchasers of property units and provided financial guarantees to secure obligations of such purchasers for repayments. The outstanding guarantees amounted to RMB9,922,333,000 as at 31 December 2017 (as at 31 December 2016: RMB7,274,193,000). Such guarantees terminate upon the earlier of (i) the issuance of the real estate ownership certificate which will generally be available within six months after the buyer takes possession of the relevant properties; and (ii) the satisfaction of the mortgaged loan by the buyer of the properties.

In the opinion of directors of the Company, the fair values of the financial guarantee contracts of the Group are insignificant at initial recognition and the directors consider the possibility of default by the parties involved to be remote. Accordingly, no value has been recognised in the statement of financial position as at 31 December 2017 and 2016.

42. 財務擔保

於報告日期，本集團已發出以下擔保：

本集團已為部分物業單位的買方提供按揭貸款，並對該等買方的還款責任提供財務擔保。於二零一七年十二月三十一日，已授出的擔保為人民幣9,922,333,000元（於二零一六年十二月三十一日：人民幣7,274,193,000元）。該等擔保於以下較早期間終止：(i)發出房地產所有權證（一般在買方擁有有關物業後六個月內發出）時；及(ii)物業買方償還按揭貸款時。

本公司董事認為，本集團財務擔保合約於首次確認時的公允價值很低，而董事認為有關訂約方違約的機會極微。因此，並無於二零一七年及二零一六年十二月三十一日的財務狀況表中確認任何價值。

43. OPERATING LEASE ARRANGEMENTS

The Group as lessee

43. 經營租賃安排

本集團作為承租人

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Minimum lease payments paid under operating leases during the year	年內支付經營租賃之最低租賃付款	24,410	29,698

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

於報告期末，本集團就下列到期之不可註銷經營租賃而有未來最低租金付款承擔：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Within one year	一年內	10,153	10,384
In the second to fifth year inclusive	兩年後但五年內	35,221	18,518
Over five years	超過五年	13,793	—
Total	合計	59,167	28,902

Operating lease payments represent rentals payable by the Group for certain office premises. Leases are negotiated for a term ranging from 1 to 6 years with fixed rentals.

經營租賃付款指本集團就若干辦公室物業的應付租金。經磋商後之租賃期介乎一至六年之間，為固定租金。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

43. OPERATING LEASE ARRANGEMENTS (Continued)

The Group as lessor

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Property rental income, net of negligible outgoings under operating leases during the year	物業租金收益，扣除年內經營租賃的小額開支	36,321	41,609

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

於報告期末，本集團與租戶訂立下列未來最低租賃付款：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Within one year	一年內	52,422	21,211
In the second to fifth year inclusive	兩年後但五年內	184,531	64,221
Over five years	超過五年	44,335	28,634
Total	合計	281,288	114,066

Property rental income represents rentals receivable by the Group. Leases are negotiated for a term ranging from 1 to 10 years with fixed rentals.

物業租金收益指本集團應收租金。經磋商後之租賃期介乎一至十年之間，為固定租金。

44. CAPITAL COMMITMENTS

44. 資本承擔

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Property under development and investment properties under development contracted but not provided in the consolidated financial statements	已訂約但未於綜合財務報表撥備的發展中物業及發展中投資物業	11,138,547	6,571,193

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度**45. RELATED-PARTY TRANSACTIONS**

As Greenland Holdings, the holding company of the Company, is controlled by the PRC government, the directors consider that the Company is ultimately controlled by the PRC government and the Group operates in an economic environment currently predominated by entities controlled, jointly controlled or significantly influenced by the PRC government. Apart from the transactions with Greenland Holdings and its subsidiaries, and other related parties as disclosed in Note 45, the Group also conducts business with other government related entities in the ordinary course of business. In the opinion of the directors of the Company, these transactions are considered as individually and collectively insignificant to the operation of the Group. The directors consider those government-related entities are independent third parties so far as the Group's business transactions with them are concerned.

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

45.1 Related party disclosure

During the year, transactions with the following parties were considered as related-party transactions:

Name of Party 有關人士名稱	Relationship 關係
Greenland Holdings 綠地控股	Ultimate controlling shareholder of the Company 本公司最終控股股東
Mr. Wang Weixian 王偉賢先生	Honorary Chairman of the Company; Substantial shareholder of the Company 本公司名譽主席；本公司主要股東
Boom Rich Investments Limited Boom Rich Investments Limited	Shareholder of the Company 本公司股東
SPG Investment Holdings Ltd SPG Investment Holdings Ltd	Shareholder of the Company 本公司股東
Shanghai Greenland Taiyang Property Co., Limited ("Greenland Taiyang") 上海綠地泰陽置業有限公司(「綠地泰陽」)	A subsidiary controlled by Greenland Holdings 由綠地控股控制的子公司

45. 關連人士交易

由於本公司的控股公司綠地控股由中國政府控制，因此董事認為本公司最終由中國政府控制，而本集團經營所在的經濟環境現時由中國政府所控制、共同控制或發揮重大影響力的實體作主導。除與綠地控股及其子公司以及附註45所披露的其他關連人士進行交易外，本集團在日常業務過程中亦與其他政府相關實體有業務往來。本公司董事認為，該等交易個別及整體對本集團的營運而言並不被視為重大。董事認為，就本集團與該等政府相關實體之間的業務交易而言，該等政府相關實體為獨立第三方。

本公司與子公司(乃本公司的關連人士)之間的結餘及交易，已於綜合賬目時對銷，並無於本附註披露。本集團與其他關連人士之間的交易詳情披露如下。

45.1 關連人士披露

年內與以下人士進行的交易視為關連人士交易：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

**45. RELATED-PARTY TRANSACTIONS
(Continued)**

45.1 Related party disclosure (Continued)

45. 關連人士交易(續)

45.1 關連人士披露(續)

Name of Party 有關人士名稱	Relationship 關係
Shanghai Greenland Construction Engineering Co., Ltd. ("Greenland Engineering") 上海綠地建築工程有限公司(「綠地工程」)	A subsidiary controlled by Greenland Holdings 由綠地控股控制的子公司
Greenland Hong Kong Investment Group Limited 綠地香港投資集團有限公司	A subsidiary controlled by Greenland Holdings 由綠地控股控制的子公司
Shanghai Greenland Construction (Group) Co., Ltd ("Greenland Construction") 上海綠地建設(集團)有限公司(「綠地建設」)	A subsidiary controlled by Greenland Holdings 由綠地控股控制的子公司
Shanghai Senmao Landscape Co., Ltd. ("Greenland Senmao") 上海綠地森茂園林有限公司(「綠地森茂」)	A subsidiary controlled by Greenland Holdings 由綠地控股控制的子公司
Vite White International Limited ("VWIL") 維特懷國際有限公司(「維特懷」)	A subsidiary controlled by Greenland Holdings 由綠地控股控制的子公司
Greenland (Group) Taiyuan Property Co., Ltd 綠地集團太原置業有限公司	A subsidiary controlled by Greenland Holdings 由綠地控股控制的子公司
Greenland Financial Investment Holdings Group., Ltd 綠地金融投資控股集團有限公司	A subsidiary controlled by Greenland Holdings 由綠地控股控制的子公司
Nanchang Greenland Shenbo Property Co., Ltd 南昌綠地申博置業有限公司	A subsidiary controlled by Greenland Holdings 由綠地控股控制的子公司
Nanchang Greenland Shenfei Property Co., Ltd 南昌綠地申飛置業有限公司	A subsidiary controlled by Greenland Holdings 由綠地控股控制的子公司
Nanchang Greenland Shenxiang Property Co., Ltd 南昌綠地申翔置業有限公司	A subsidiary controlled by Greenland Holdings 由綠地控股控制的子公司
Nanchang Greenland Shenxin Property Co., Ltd 南昌綠地申新置業有限公司	A subsidiary controlled by Greenland Holdings 由綠地控股控制的子公司
Shanxi Greenland Deyi Property Co., Ltd 山西綠地得一置業有限公司	A subsidiary controlled by Greenland Holdings 由綠地控股控制的子公司

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度**45. RELATED-PARTY TRANSACTIONS
(Continued)****45.1 Related party disclosure (Continued)****45. 關連人士交易(續)****45.1 關連人士披露(續)**

Name of Party 有關人士名稱	Relationship 關係
Shanghai Greenland (Group) Jiangxi Shenjiang Property Co., Ltd ("Jiangxi Shenjiang") 上海綠地集團江西申江置業有限公司(「 江西申江 」)	A subsidiary controlled by Greenland Holdings 由綠地控股控制的子公司
Shanghai Greenland Kanghe Property Co., Ltd 上海綠地康和置業有限公司	A subsidiary controlled by Greenland Holdings 由綠地控股控制的子公司
Nanchang Zhuoyue Property Development Co., Ltd 南昌卓越房地產開發有限公司	A subsidiary controlled by Greenland Holdings 由綠地控股控制的子公司
Greenland Financial Overseas Investment Group Co., Ltd. Greenland Financial Overseas Investment Group Co., Ltd.	A subsidiary controlled by Greenland Holdings 由綠地控股控制的子公司
Greenland Chan Ba Property Co., Ltd. 綠地集團滙灞實業有限公司	A subsidiary controlled by Greenland Holdings 由綠地控股控制的子公司
Greenland Xi'an Changsheng Industry Co., Ltd. 綠地集團西安常盛置業有限公司	A subsidiary controlled by Greenland Holdings 由綠地控股控制的子公司
Xi'an Yuhuyongjia Property Co., Ltd 西安魚化永嘉置業有限公司	A subsidiary controlled by Greenland Holdings 由綠地控股控制的子公司
Nanchang Greenland Shenrong Property Co., Ltd 南昌綠地申榮置業有限公司	A subsidiary controlled by Greenland Holdings 由綠地控股控制的子公司
China Resources Land Co., Ltd ("China Resources") 華潤置地有限公司(「 華潤置地 」)	Ultimate controlling shareholder of Super Talent 超智的最終控股股東
China Resources Land (Suzhou) Development Co., Ltd ("China Resources Suzhou") 華潤置地(蘇州)發展有限公司(「 華潤蘇州 」)	A subsidiary controlled by China Resources 由華潤置地控制的子公司
China Resources Land (Xuzhou) Development Co., Ltd ("China Resources Xuzhou") 華潤置地(徐州)發展有限公司(「 華潤徐州 」)	A subsidiary controlled by China Resources 由華潤置地控制的子公司
China Resources Land Nanjing Development Co., Ltd ("China Resources Nanjing") 華潤置地南京發展有限公司(「 華潤南京 」)	A subsidiary controlled by China Resources 由華潤置地控制的子公司

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

**45. RELATED-PARTY TRANSACTIONS
(Continued)**

45.1 Related party disclosure (Continued)

Name of Party 有關人士名稱	Relationship 關係
Great China Properties Holdings Limited 大中華地產控股有限公司	A non-controlling equity holder of Success Yield Group Limited 成耀集團有限公司的非控股股權持有人
Xu Fu Co. Limited ("Xu Fu") 旭富有限公司(「旭富」)	A non-controlling equity holder of Xu Bao Co., Ltd ("Xu Bao BVI") 旭寶有限公司(「旭寶BVI」)的非控股股權持有人
CIFI Holdings (Group) Co. Ltd. ("CIFI") 旭輝控股(集團)有限公司(「旭輝」)	Ultimate controlling shareholder of Xu Fu 旭富的最終控股股東
Super Talent Resources Limited ("Super Talent") 超智資源有限公司(「超智」)	A non-controlling equity holder of Xuzhou Mingzhi Property Co., Ltd ("Xuzhou Mingzhi") 徐州銘智房地產開發有限公司(「徐州銘智」)的非控股股權持有人
Guangxi Real Estate (Group) Co., Ltd 廣西地產(集團)有限公司	A non-controlling equity holder of Guangxi Greenland Xingtie Property Co., Ltd ("Guangxi Xingtie") and Guangxi Greenland Xintie Property Co., Ltd ("Guangxi Xintie") 廣西綠地鑫鐵置業有限公司(「廣西鑫鐵」)的非控股股權持有人
Wuxi Metro Group Co., Ltd 無錫地鐵集團有限公司	A non-controlling equity holder of Wuxi Guangcheng Metro Above-Station Property Development Co., Ltd ("Wuxi Guangcheng") 無錫廣成地鐵上蓋置業有限公司(「無錫廣成」)的非控股股權持有人
Yingxiang Holdings Limited 鷹翔控股集團有限公司	A non-controlling equity holder of Wujiang Shenyang Real Estate Development Co., Ltd ("Wujiang Shenyang") 吳江神鷹房地產開發有限公司(「吳江神鷹」)的非控股股權持有人
Shanghai Yiwo investment and management Co., Ltd 上海翼沃投資管理有限公司	A non-controlling equity holder of Suzhou Lvwo Amusement Equipment Co., Ltd ("Suzhou Lvwo") 蘇州綠沃遊樂設備有限公司(「蘇州綠沃」)的非控股股權持有人

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度**45. RELATED-PARTY TRANSACTIONS (Continued)****45. 關連人士交易(續)****45.1 Related party disclosure (Continued)****45.1 關連人士披露(續)**

Name of Party 有關人士名稱	Relationship 關係
Shanghai Yingkun 上海穎堃	An associate of the Group 本集團聯營公司
Guangxi Jinyao 廣西金耀	An associate of the Group 本集團聯營公司
Guangxi Jiuquwan 廣西九曲灣	An associate of the Group 本集團聯營公司
Haikou Chengjian. 海口城建	A joint venture of the Group 本集團合營企業
Forever rich Forever rich	A joint venture of the Group 本集團合營企業

45.2 Transactions**45.2 交易**

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Services provided	提供服務		
Greenland Chan Ba Property Co., Ltd	綠地集團滬瀾實業有限公司	1,002	—
Greenland Xi'an Changsheng Industry Co., Ltd	綠地集團西安常盛置業有限公司	73	—
Shanghai Yingkun	上海穎堃	1,347	—
Xi'an Yuhayongjia Property Co., Ltd	西安魚化永嘉置業有限公司	7,165	—
		9,587	—
Receipt of construction services	收取建造服務		
Greenland Construction	綠地建設	167,671	841,145
Greenland Engineering	綠地工程	1,929,084	548,755
Greenland Senmao	綠地森茂	115,198	176,098
		2,211,953	1,565,998

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

45. RELATED-PARTY TRANSACTIONS
(Continued)

45.2 Transactions (Continued)

45. 關連人士交易(續)

45.2 交易(續)

		2017	2016
		二零一七年	二零一六年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Interest expenses incurred	招致的利息開支		
Nanchang Greenland Shenfei Property Co., Ltd	南昌綠地申飛置業有限公司	3,829	—
Jiangxi Shenjiang	江西申江	11,558	—
Nanchang Greenland Shenxiang Property Co., Ltd	南昌綠地申翔置業有限公司	12,328	—
Nanchang Greenland Shenbo Property Co., Ltd	南昌綠地申博置業有限公司	1,283	—
Nanchang Zhuoyue Property Development Co., Ltd	南昌卓越房地產開發有限公司	12,825	—
Nanchang Greenland Shenxin Property Co., Ltd	南昌綠地申新置業有限公司	15,198	—
		57,021	—
Provide entrusted loan	提供委託貸款		
China Resources	華潤置地	—	380,230
Receipt of entrusted loan	收取委託貸款		
China Resources	華潤置地	380,230	—
China Resources Suzhou	華潤蘇州	—	356,270
Nanchang Greenland Shenfei Property Co., Ltd	南昌綠地申飛置業有限公司	—	170,000
		380,230	526,270
Repayment of entrusted loan from	償還委託貸款		
China Resources Suzhou	華潤蘇州	522,170	—
Nanchang Greenland Shenfei Property Co., Ltd	南昌綠地申飛置業有限公司	370,000	—
		892,170	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度**45. RELATED-PARTY TRANSACTIONS (Continued)****45.3 Balances****45. 關連人士交易(續)****45.3 結餘**

		2017	2016
		二零一七年	二零一六年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Other financial assets (Note 21)	其他金融資產(附註21)		
China Resource	華潤置地	-	380,230
Receivables due from related parties (Note 27)	應收關連人士款項(附註27)		
Trade receivables	應收賬款		
Greenland Chan Ba Property Co., Ltd	綠地集團滄瀾實業有限公司	290	-
Greenland Xi'an Changsheng Industry Co., Ltd	綠地集團西安常盛置業有限公司	33	-
Xi'an Yuhuangyongjia Property Co., Ltd	西安魚化永嘉置業有限公司	2,118	-
Shanghai Yingkun	上海穎堃	1,428	-
Advance payments to related parties	預付關連人士款項		
Greenland Engineering	綠地工程	375,248	288,697
Greenland Senmao	綠地森茂	20,758	6,516
Greenland Construction	綠地建設	114,264	21,680
Guangxi Real Estate (Group) Co., Ltd	廣西地產(集團)有限公司	3,367	-
Non-trade balances due from related parties	應收關連人士其他應收款項結餘		
Haikou Chengjian	海口城建	19,325	-
Guangxi Jinyao	廣西金耀	89,478	-
Guangxi Jiuquwan	廣西九曲灣	30,891	-
Greenland Holdings	綠地控股	10	-
China Resources	華潤置地	280,000	75,000
Greenland Construction	綠地建設	7,171	5,694
Greenland Taiyang	綠地泰陽	992	992
Great China Properties Holdings Limited	大中華地產控股有限公司	64,741	69,280
Shanghai Greenland Kanghe Property Co., Ltd	上海綠地康和置業有限公司	10	10
Forever Rich	Forever Rich	20,458	21,719
Greenland Senmao	綠地森茂	1,000	30
Greenland (Group) Taiyuan Property Co., Ltd	綠地集團太原置業有限公司	182,364	243,472
Nanchang Greenland Shenbo Property Co., Ltd	南昌綠地申博置業有限公司	841,573	-
Nanchang Greenland Shenfei Property Co., Ltd	南昌綠地申飛置業有限公司	1,114,230	-
Nanchang Greenland Shenxin Property Co., Ltd	南昌綠地申新置業有限公司	272,813	-
Nanchang Greenland Shenrong Property Co., Ltd	南昌綠地申榮置業有限公司	29,900	-
Xi'an Yuhuangyongjia Property Co., Ltd	西安魚化永嘉置業有限公司	34	-
Boom Rich Investments Limited	Boom Rich Investments Limited	12	-
Shanxi Greenland Deyi Property Co., Ltd	山西綠地得一置業有限公司	39	39
Yingxiang Holdings Limited	鷹翔控股集團有限公司	14	-
Greenland Financial Overseas Investment Group Co., Ltd.	Greenland Financial Overseas Investment Group Co., Ltd.	-	693,700
Guangxi Real Estate (Group) Co., Ltd	廣西地產(集團)有限公司	1,477,668	209,396
VWIL	維特懷	2,340	2,484
Mr. Wang Weixian and the companies controlled by Mr. Wang Weixian	王偉賢先生及王偉賢先生控制的公司	-	1
CIFI	旭輝	2,028,563	1,608,558
		6,981,132	3,247,268

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

45. RELATED-PARTY TRANSACTIONS
(Continued)

45.3 Balances (Continued)

45. 關連人士交易(續)

45.3 結餘(續)

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Entrusted loans	委託貸款		
China Resources Suzhou	華潤蘇州	-	522,170
Nanchang Greenland Shenfei Property Co., Ltd	南昌綠地申飛置業有限公司	-	370,000
		-	892,170
Payables due to related parties (Note 33)	應付關連人士款項(附註33)		
Trade balances due to related parties	應付關連人士應付賬款結餘		
Greenland Senmao	綠地森茂	10,287	10,715
Wuxi Metro Group Co., Ltd	無錫地鐵集團有限公司	5,325	-
CIFI	旭輝	5	-
Greenland Engineering	綠地工程	48,035	-
Shanghai Yivo Investment and Management Co., Ltd	上海翼沃投資管理有限公司	1,165	-
Interest payables due to related parties	應付關連人士利息		
Nanchang Greenland Shenfei Property Co., Ltd	南昌綠地申飛置業有限公司	3,829	-
Jiangxi Shenjiang	江西申江	11,558	-
Nanchang Greenland Shenxiang Property Co., Ltd	南昌綠地申翔置業有限公司	12,328	-
Nanchang Greenland Shenbo Property Co., Ltd	南昌綠地申博置業有限公司	1,283	-
Nanchang Zhuoyue Property Development Co., Ltd	南昌卓越房地產開發有限公司	12,825	-
Nanchang Greenland Shenxin Property Co., Ltd	南昌綠地申新置業有限公司	15,198	-
Non-trade balances due to related parties	應付關連人士非貿易結餘		
Mr. Wang Weixian and the companies controlled by Mr. Wang Weixian	王偉賢先生及王偉賢先生控制的公司		
- dividends payable	- 應付股息	-	6,805
- other payables	- 其他應付款項	1,158	5,332
Nanchang Greenland Shenbo Property Co., Ltd	南昌綠地申博置業有限公司	20,000	20,000
Nanchang Greenland Shenxiang Property Co., Ltd	南昌綠地申翔置業有限公司	160,000	160,000
Nanchang Greenland Shenxin Property Co., Ltd	南昌綠地申新置業有限公司	237,000	237,000
SPG Investment Holdings Ltd	SPG Investment Holdings Ltd	1	-
Jiangxi Shenjiang	江西申江	151,767	150,000
Greenland Financial Investment Holdings Group., Ltd	綠地金融投資控股集團有限公司	-	739,850
China Resources Xuzhou	華潤徐州	62	140
China Resources Nanjing	華潤南京	442	318
Nanchang Zhuoyue Property Development Co., Ltd	南昌卓越房地產開發有限公司	200,000	200,000
Guangxi Real Estate (Group) Co., Limited	廣西地產(集團)有限公司	1,738	83,090
Greenland Hong Kong Investment Group Limited	綠地香港投資集團有限公司	136,457	949,928
Super Talent	超智	590,988	632,419
Greenland Senmao	綠地森茂	229	1,050
Nanchang Greenland Shenfei Property Co., Ltd	南昌綠地申飛置業有限公司	50,000	50,000
Wuxi Metro Group Co., Ltd	無錫地鐵集團有限公司	646,788	-
Yingxiang Holdings Limited	鷹翔控股集團有限公司	78,492	-
Shanghai Yingkun	上海穎堃	66,000	306,384
Great China Properties Holdings Limited	大中華地產控股有限公司	64,785	69,326
Greenland Construction	綠地建設	-	50
Xi'an Yuhuangongjia Property Co., Ltd	西安魚化永嘉置業有限公司	1,730	-
Xu Fu	旭富	921,725	978,545
CIFI	旭輝	892,955	950,447
Greenland Holdings	綠地控股	686,732	686,732
		5,030,887	6,238,131

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度**45. RELATED-PARTY TRANSACTIONS (Continued)****45.3 Balances (Continued)**

Non-trade balances due to related parties amounting to RMB617,000,000 were unsecured and interest-bearing, and all other non-trade balances due to related parties were non-interest bearing, unsecured and repayable on demand.

45.4 Compensation of key management personnel

Remuneration for key management personnel, including amounts paid to the Company's directors as disclosed in Note 14 and five of the highest payment to employees as disclosed in Note 15, was as follows:

Salaries and other emoluments	工資及其他薪酬
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45. 關連人士交易(續)**45.3 結餘(續)**

應付關連人士的非貿易結餘人民幣617,000,000元為無抵押及免息，而所有其他應付關連人士的非貿易結餘為無抵押、免息並須按要求償還。

45.4 關鍵管理人員薪酬

關鍵管理人員薪酬包括在附註14中披露支付予本公司董事的薪酬和在附註15中披露支付予五位最高薪酬僱員的薪酬，詳情如下：

	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Salaries and other emoluments	12,877	11,917

46. ACQUISITION OF SUBSIDIARIES

On 22 March 2017, the Group completed the acquisition of 90% interest in Wuxi Guangcheng for consideration of RMB1,247,000,000. Wuxi Guangcheng is principally engaged in property development business and was acquired with objective of improving the Group's property development business. The Group accounted for the acquisition of the 90% of issued share capital of the Wuxi Guangcheng as an acquisition of asset.

On 11 September 2017, the Group completed the acquisition of 100% interest in Foshan Hongyi Real Estate Investment Co., Ltd. ("Foshan Hongyi") for consideration of RMB1,056,080,000. Foshan Hongyi is principally engaged in property development business and was acquired with objective of improving the Group's property development business. The Group accounted for the acquisition of the 100% of issued share capital of the Foshan Hongyi as an acquisition of asset.

46. 收購子公司

於二零一七年三月二十二日，本集團完成收購無錫廣成90%已發行股本，代價為人民幣1,247,000,000元。無錫廣成主要從事物業開發業務，收購的目的為改善本集團物業開發業務。本集團將收購無錫廣成90%已發行股本入賬為資產收購。

於二零一七年九月十一日，本集團完成收購佛山市鴻億置業投資有限公司(「佛山鴻億」)100%已發行股本，代價為人民幣1,056,080,000元。佛山鴻億主要從事物業開發業務，收購的目的為改善本集團物業開發業務。本集團將收購佛山鴻億100%已發行股本入賬為資產收購。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

46. ACQUISITION OF SUBSIDIARIES (Continued)

On 2 November 2017, the Group completed the acquisition of 99% interest in Wujiang Shenyang for consideration of RMB257,895,000. This acquisition has been accounted for using the acquisition method. Wujiang Shenyang is engaged in property development business and was acquired to continue the expansion of the Group's property development business.

Consideration transferred

		Wuxi Guangcheng 無錫廣成 RMB'000 人民幣千元	Foshan Hongyi 佛山鴻億 RMB'000 人民幣千元	Wujiang Shenyang 吳江神鷹 RMB'000 人民幣千元
Cash	現金	1,247,000	1,056,080	257,895

Assets acquired and liabilities recognised at the date of acquisition are as follows:

		Wuxi Guangcheng 無錫廣成 RMB'000 人民幣千元	Foshan Hongyi 佛山鴻億 RMB'000 人民幣千元	Wujiang Shenyang 吳江神鷹 RMB'000 人民幣千元
Property, plant and equipment	物業、廠房及設備	–	1,575	1,935
Trade and other receivables	應收賬款及其他應收款項	–	2,031	22,609
Properties under development	發展中物業	2,417,721	1,176,051	767,635
Bank balance and cash	銀行結餘及現金	315	2,354	21,292
Trade and other payables	應付賬款及其他應付款項	(1,032,480)	(125,931)	(485,147)
Deferred tax liabilities	遞延稅項負債	–	–	(67,824)
Net assets acquired	已收購淨資產	1,385,556	1,056,080	260,500

No goodwill arose from the Wujiang Shenyang acquisition.

The non-controlling interests in Wuxi Guangcheng and Wujiang Shenyang recognised at the acquisition date were measured at their proportionate share of net assets acquired. The non-controlling interests of Wuxi Guangcheng and Wujiang Shenyang approximately amounted to RMB138,556,000 and RMB2,605,000 respectively.

46. 收購子公司(續)

於二零一七年十一月二日，本集團完成收購吳江神鷹99%已發行股本，代價為人民幣257,895,000元。收購已按收購法入賬。吳江神鷹從事物業開發業務，收購乃為繼續本集團物業開發業務的擴充。

已轉撥代價

收購日期的已收購資產及已確認負債載列如下：

吳江神鷹收購事項概無產生商譽。

於收購日期確認的無錫廣成及吳江神鷹非控股權益乃按彼等各自於已收購淨資產的佔比所計量。無錫廣成及吳江神鷹非控股權益分別約為人民幣138,556,000元及人民幣2,605,000元。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度**46. ACQUISITION OF SUBSIDIARIES
(Continued)****Net cash outflow on acquisitions**

		Wuxi Guangcheng 無錫廣成	Foshan Hongyi 佛山鴻億	Wujiang Shenyong 吳江神鷹
		RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元
Cash consideration paid	已付現金代價	1,247,000	1,056,080	257,895
Less: bank balance and cash acquired	減：已收購銀行結餘及現金	(315)	(2,354)	(21,292)
Less: consideration payable	減：應付代價	–	(216,080)	(58,404)
		1,246,685	837,646	178,199

Included in the losses for the year are RMB22,721,000, RMB786,000 and RMB2,026,000 respectively attributable to the additional business generated by Wuxi Guangcheng, Foshan Hongyi and Wujiang Shenyong. No revenue from the date of acquisition to 31 December 2017 are attributable to Wuxi Guangcheng, Foshan Hongyi and Wujiang Shenyong.

Had the acquisitions been completed on 1 January 2017, total group revenue for the year would have been RMB14,765,439,000 and profit for the year would have been RMB1,794,052,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2017, nor is it intended to be a projection of future results.

46. 收購子公司(續)**收購的現金流出淨額**

年內虧損分別包括人民幣22,721,000元、人民幣786,000元及人民幣2,026,000元，其乃由於無錫廣成、佛山鴻億及吳江神鷹所產生的額外業務所致。收購日期至二零一七年十二月三十一日，概無無錫廣成、佛山鴻億及吳江神鷹應佔的收益。

倘收購已於二零一七年一月一日完成，年度集團收益總額將為人民幣14,765,439,000元，而年內溢利則為人民幣1,794,052,000元。備考資料僅供說明之用，並不一定表示倘收購於二零一七年一月一日完成時本集團可實際取得的收益及經營業績，亦不擬作為未來業績的預測。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

47. DISPOSAL OF A SUBSIDIARY

On 5 April 2017, the Group disposed of its entire 50% equity interest in Shanghai Xinqi Investment Management Co., Ltd ("Shanghai Xinqi") to an independent third party for a cash consideration of approximately RMB112,012,000.

The effect of disposal of Shanghai Xinqi is analysed as follows:

47. 出售一家子公司

於二零一七年四月五日，本集團向一名獨立第三方以現金代價約人民幣112,012,000元出售其於上海新琪投資管理有限公司(「上海新琪」)的全部50%股權。

出售上海新琪的影響分析如下：

		RMB'000 人民幣千元
Property, plant and equipment	物業、廠房及設備	38
Investment properties	投資物業	290,000
Properties under development	發展中物業	190,295
Trade, other receivables and advance deposits	應收賬款、其他應收款項及預收款項	13,221
Bank balance and cash	銀行結餘及現金	5,297
Deferred tax liabilities	遞延稅項負債	(18,234)
Interest-bearing loans	計息貸款	(102,159)
Tax payable	應付稅項	(15)
Trade and other payables	應付賬款及其他應付款項	(298,545)
Net assets disposed of	已出售之淨資產	79,898
Gain on disposal of a subsidiary:	出售子公司收益：	
Consideration received	已收代價	112,012
Net assets disposed of	已出售之淨資產	(79,898)
Non-controlling interests	非控股權益	39,949
Gain on disposal of Shanghai Xinqi	出售上海新琪收益	72,063
Net cash inflow arising on disposal:	出售的現金流入淨額：	
Total cash consideration received	已收現金總代價	112,012
Bank balance and cash disposed of	已出售的銀行結餘及現金	(5,297)
Proceeds from disposal of subsidiaries	出售子公司所得款項	106,715

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度**48. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES**

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities:

		Borrowings	Bonds	Loans from related parties	Interest payable	Total
		借款	債券	來自關連人士的貸款	應付利息	合計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
At 1 January 2017	於二零一七年一月一日	9,484,221	8,038,774	6,227,416	180,261	23,930,672
Financing cash flows	融資現金流量	1,330,642	(662,927)	(1,201,239)	(907,743)	(1,441,267)
Disposal of a subsidiary	出售子公司	(102,159)	-	-	-	(102,159)
Foreign exchange	外匯	(150,892)	(373,479)	(117,128)	-	(641,499)
Interest expenses	利息開支	-	-	-	972,744	972,744
Interest expenses adjustment	利息開支調整	-	26,290	-	(26,290)	-
At 31 December 2017	於二零一七年十二月三十一日	10,561,812	7,028,658	4,909,049	218,972	22,718,491

49. SUBSEQUENT EVENT

- (1) On 26 January 2018, the Group distributed the dividend of Perpetual Securities issued on 27 July 2016. The amount is USD3,375,000 (approximately RMB22,053,000).
- (2) On 23 January 2018, the Group entered into the equity transfer agreement with Guangdong Zhengyu Investment Group Co., Ltd to purchase 70% equity interest in Zhaoqing Hengchang Industrial Investment Co., Ltd (the "Target Company") for a total transaction amount of approximately RMB1,855 million. Upon completion, the Target Company will become an indirect non-wholly owned subsidiary of the Group.

48. 來自融資活動產生的負債的對賬

下表詳述本集團融資活動所產生的負債變動(包括現金及非現金變動)。融資活動所產生的負債已經或將會於本集團綜合現金流量表內分類為融資活動現金流量：

49. 結算日後事件

- (1) 於二零一八年一月二十六日，本集團就二零一六年七月二十七日發行的永久證券分派股息，金額為3,375,000美元(約人民幣22,053,000元)。
- (2) 於二零一八年一月二十三日，本集團與廣東正域投資集團有限公司簽訂股權轉讓協議，以收購肇慶亨昌實業投資有限公司(「目標公司」)70%股權，總代價約為人民幣1,855,000,000元。完成後，目標公司將成為本集團的間接非全資子公司。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

50. STATEMENT OF FINANCIAL POSITION OF THE COMPANY **50. 公司財務狀況表**

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
ASSETS	資產		
Investment in subsidiaries	子公司投資	13,750,666	13,958,444
Total non-current assets	非流動資產總額	13,750,666	13,958,444
Trade, other receivables and advance deposits	應收賬款、其他應收款項及預付按金	81,472	758,703
Other financial assets	其他金融資產	–	141,654
Bank balance and cash	銀行結餘及現金	298,284	46,335
Total current assets	流動資產總額	379,756	946,692
Total assets	資產總額	14,130,422	14,905,136
CAPITAL AND RESERVES	資本及儲備		
Share capital	股本	1,132,855	1,132,855
Share premium	股份溢價	3,416,546	3,416,546
Reserves	儲備	309,670	309,670
Perpetual securities	永久證券	787,823	787,823
Accumulated losses	累計虧損	(1,159,730)	(315,587)
Total equity attributable to equity holders of the Company	本公司股權持有人應佔權益總額	4,487,164	5,331,307
LIABILITIES	負債		
Bonds	債券	2,919,171	4,581,996
Interest-bearing loans	計息貸款	1,632,845	–
Total non-current liabilities	非流動負債總額	4,552,016	4,581,996
Interest-bearing loans	計息貸款	924,967	1,207,200
Trade and other payables	應付賬款及其他應付款項	56,788	327,855
Bonds within one year	一年內到期的債券	4,109,487	3,456,778
Total current liabilities	流動負債總額	5,091,242	4,991,833
Total liabilities	負債總額	9,643,258	9,573,829
Total equity and liabilities	權益及負債總額	14,130,422	14,905,136

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

50. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued) 50. 公司財務狀況表(續)

		Reserves 儲備						Total 合計
		Share capital 股本	Share premium 股份溢價	Capital redemption reserve 資本贖回儲備	Contributed surplus 實繳盈餘	Perpetual securities 永久證券	Accumulated losses 累計虧損	
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
		[Note i] (附註i)						
At 1 January 2016	於二零一六年一月一日	1,132,855	3,416,546	1,231	308,439	–	(517,888)	4,341,183
Issue of perpetual securities	發行永久證券	–	–	–	–	787,823	–	787,823
Profit and total comprehensive income for the year	年度溢利及全面收入總額	–	–	–	–	–	202,301	202,301
At 31 December 2016	於二零一六年十二月三十一日	1,132,855	3,416,546	1,231	308,439	787,823	(315,587)	5,331,307
Loss and total comprehensive expense for the year	年度虧損及全面開支總額	–	–	–	–	–	(554,166)	(554,166)
Dividends recognised as distribution	確認為分派的股息	–	–	–	–	–	(244,139)	(244,139)
Dividends paid to perpetual securities	向永久證券支付股息	–	–	–	–	–	(45,838)	(45,838)
At 31 December 2017	於二零一七年十二月三十一日	1,132,855	3,416,546	1,231	308,439	787,823	(1,159,730)	4,487,164

Note (i): The excess of the consolidated net assets represented by the shares of the subsidiaries acquired over nominal value of the shares issued by the Company in exchange under the Reorganisation was transferred to the contributed surplus account in the Company's financial statements.

附註(i)：所收購子公司股份之綜合淨資產超過本公司於重組時發行以交換該等股份面值之差額轉撥至本公司財務報表的實繳盈餘賬。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

51. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the Company's principal subsidiaries as at 31 December 2017 and 2016 are as follows.

51. 本公司主要子公司詳情

本公司於二零一七年及二零一六年十二月三十一日之主要子公司詳情如下。

Name of subsidiary 子公司名稱	Principal activity 主要業務	Registered capital 註冊資本	Place and date of incorporation 註冊成立地點及日期	Proportion of ownership interest and voting power held by the Company as at 31 December 本集團於十二月三十一日的擁有權益及所持表決權比例	
				2017 二零一七年	2016 二零一六年
SPG Investment Ltd.	Investment holding 投資控股	USD1 1美元	British Virgin Islands, 2 March 2004 英屬處女群島， 二零零四年三月二日	100%	100%
Shanghai Cambridge (Group) Co., Ltd. 上海康橋半島（集團）有限公司	Property development, sales and lease 房地產開發、銷售及租賃	USD67,670,000 67,670,000美元	the PRC, 25 August 1998 中國， 一九九八年八月二十五日	98.24%	98.24%
Shanghai SPG Property Service Co., Ltd. 上海盛高物業服務有限公司	Property management services 物業管理服務	RMB5,000,000 人民幣5,000,000元	the PRC, 17 January 2001 中國， 二零零一年一月十七日	98.42%	98.42%
Shanghai SPG Hotel Development Co., Ltd. 上海盛高酒店發展有限公司	Hotel operation, property development, sales and lease 酒店營運、房地產開發、銷售及租賃	RMB405,500,000 人民幣405,500,000元	the PRC, 1 December 2006 中國， 二零零六年十二月一日	98.24%	98.24%
Shanghai Oriental Cambridge Property Development Co., Ltd. 上海東方康橋房地產發展有限公司	Property development, sales and lease 房地產開發、銷售及租賃	RMB650,000,000 人民幣650,000,000元	the PRC, 26 September 2002 中國， 二零零二年九月二十六日	100%	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

**51. PARTICULARS OF PRINCIPAL
SUBSIDIARIES OF THE COMPANY
(Continued)**

Details of the Company's principal subsidiaries as at 31 December 2017 and 2016 are as follows. (Continued)

51. 本公司主要子公司詳情(續)

本公司於二零一七年及二零一六年十二月三十一日之主要子公司詳情如下。(續)

Name of subsidiary 子公司名稱	Principal activity 主要業務	Registered capital 註冊資本	Place and date of incorporation 註冊成立地點及日期	Proportion of ownership interest and voting power held by the Company as at 31 December 本集團於十二月三十一日的擁有權權益及所持表決權比例	
				2017	2016
				二零一七年	二零一六年
Shanghai Zhujia Cambridge Property Development Co., Ltd. 上海珠佳康橋半島房地產開發有限公司	Property development and sales 房地產開發及銷售	RMB280,000,000 人民幣280,000,000元	the PRC, 24 September 2003 中國， 二零零三年九月二十四日	100%	100%
Huangshan SPG Property Development Co., Ltd. 黃山盛高半島房地產發展有限公司	Hotel development and operation 酒店開發及經營	RMB270,000,000 人民幣270,000,000元	the PRC, 7 January 2004 中國， 二零零四年一月七日	100%	100%
Kunming SPG Land Development Co., Ltd. 昆明盛高置地發展有限公司	Property development, sales and lease 房地產開發、銷售及租賃	RMB142,500,000 人民幣142,500,000元	the PRC, 9 November 2006 中國， 二零零六年十一月九日	100%	100%
Kunming SPG Grand City Development Co., Ltd. 昆明盛高大城房地產發展有限公司	Property development, sales and lease 房地產開發、銷售及租賃	USD40,000,000 40,000,000美元	the PRC, 15 June 2007 中國， 二零零七年六月十五日	100%	100%
Suzhou Runjian Property Co., Ltd. 蘇州潤建置業有限公司	Property development, sales and lease 房地產開發、銷售及租賃	RMB300,000,000 人民幣300,000,000元	the PRC, 28 September 2007 中國， 二零零七年九月二十八日	100%	100%
Suzhou SPG Property Management Co., Ltd. 蘇州盛高物業服務有限公司	Hotel Operations, Property management services 酒店營運、物業管理服務	RMB500,000 人民幣500,000元	the PRC, 5 March 2009 中國， 二零零九年三月五日	100%	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

51. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Details of the Company's principal subsidiaries as at 31 December 2017 and 2016 are as follows. (Continued)

51. 本公司主要子公司詳情(續)

本公司於二零一七年及二零一六年十二月三十一日之主要子公司詳情如下。(續)

Name of subsidiary 子公司名稱	Principal activity 主要業務	Registered capital 註冊資本	Place and date of incorporation 註冊成立地點及日期	Proportion of ownership interest and voting power held by the Company as at 31 December 本集團於十二月三十一日的擁有權益及所持表決權比例	
				2017 二零一七年	2016 二零一六年
Wuxi Guosheng Property Development Co., Ltd. 無錫國盛房產開發有限公司	Property development, sales and lease 房地產開發、銷售及租賃	HKD1,196,530,000 1,196,530,000港元	the PRC, 2 November 2007 中國， 二零零七年十一月二日	100%	100%
Wuxi Shenglian Property Development Co., Ltd. 無錫盛聯房產開發有限公司	Property development, sales and lease 房地產開發、銷售及租賃	HKD1,105,000,000 1,105,000,000港元	the PRC, 2 November 2007 中國， 二零零七年十一月二日	100%	100%
Hainan Jianqiao Property Co. Ltd. 海南建橋置業有限公司	Property development, sales and lease 房地產開發、銷售及租賃	RMB115,000,000 人民幣115,000,000元	the PRC, 4 January 2008 中國， 二零零八年一月四日	100%	100%
Hubei Huazhong Constructing Co., Ltd. 湖北華中建築裝飾有限責任公司	Construction and decoration services 建築及裝修服務	RMB100,000,000 人民幣100,000,000元	the PRC, 21 May 2009 中國， 二零零九年五月二十一日	100%	100%
Changshu SPG Land Development Co., Ltd. 常熟盛高房產開發有限公司	Property development, sales and lease 房地產開發、銷售及租賃	RMB200,000,000 人民幣200,000,000元	the PRC, 12 July 2007 中國， 二零零七年七月十二日	100%	100%
Changshu SPG Real Estate Development Co., Ltd. 常熟盛地置業有限公司	Property development, sales and lease 房地產開發、銷售及租賃	RMB550,000,000 人民幣550,000,000元	the PRC, 24 October 2007 中國， 二零零七年十月二十四日	100%	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度**51. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)**

Details of the Company's principal subsidiaries as at 31 December 2017 and 2016 are as follows. (Continued)

51. 本公司主要子公司詳情(續)

本公司於二零一七年及二零一六年十二月三十一日之主要子公司詳情如下。(續)

Name of subsidiary 子公司名稱	Principal activity 主要業務	Registered capital 註冊資本	Place and date of incorporation 註冊成立地點及日期	Proportion of ownership interest and voting power held by the Company as at 31 December 本集團於十二月三十一日的擁有權權益及所持表決權比例	
				2017	2016
				二零一七年	二零一六年
Shanxi SPG Land Development Co., Ltd. 山西盛高置地發展有限公司	Property development, sales and lease 房地產開發、銷售及租賃	USD20,000,000 20,000,000美元	the PRC, 27 August 2009 中國， 二零零九年八月二十七日	100%	100%
Ningbo SPG Cicheng Property Development Co., Ltd. 寧波盛高慈城房地產發展有限公司	Property development, sales and lease 房地產開發、銷售及租賃	RMB600,000,000 人民幣600,000,000元	the PRC, 21 March 2011 中國， 二零一一年三月二十一日	100%	100%
Hangzhou Tuojiang Zhiye Co., Ltd. 杭州拓江置業有限公司	Property development, sales and lease 房地產開發、銷售及租賃	USD582,000,000 582,000,000美元	the PRC, 22 July 2013 中國， 二零一三年七月二十二日	50% (Note i) (附註i)	50% (Note i) (附註i)
Haikou Greenland Hongxiang Property Co., Ltd. 海口綠地鴻翔置業有限公司	Property development, sales and lease 房地產開發、銷售及租賃	RMB600,000,000 人民幣600,000,000元	the PRC, 27 November 2013 中國， 二零一三年十一月二十七日	100%	100%
Shanghai Daokun Investment Management Co., Ltd. 上海道堃資產管理有限公司	Investing and consulting 投資及諮詢	RMB10,000,000 人民幣10,000,000元	the PRC, 9 June 2015 中國， 二零一五年六月九日	100%	100%
Shanghai He Mao Property Co., Ltd. 上海合茂房地產發展有限公司	Property development, sales and lease 房地產開發、銷售及租賃	RMB630,000,000 人民幣630,000,000元	the PRC, 11 December 2013 中國， 二零一三年十二月十一日	50% (Note i) (附註i)	50% (Note i) (附註i)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

51. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Details of the Company's principal subsidiaries as at 31 December 2017 and 2016 are as follows. (Continued)

51. 本公司主要子公司詳情(續)

本公司於二零一七年及二零一六年十二月三十一日之主要子公司詳情如下。(續)

Name of subsidiary 子公司名稱	Principal activity 主要業務	Registered capital 註冊資本	Place and date of incorporation 註冊成立地點及日期	Proportion of ownership interest and voting power held by the Company as at 31 December 本集團於十二月三十一日的擁有權益及所持表決權比例	
				2017 二零一七年	2016 二零一六年
Nanning Greenland Yingkai Investment Co., Ltd 南寧綠地嶺愷投資有限公司	Property development, sales and lease 房地產開發、銷售及租賃	RMB558,500,000 人民幣558,500,000元	the PRC, 1 November 2013 中國， 二零一三年十一月一日	100%	100%
Success Yield Group Limited 成耀集團有限公司	Investment of subsidiaries 投資子公司	USD200 200美元	the BVI, 6 May, 2011 英屬處女群島， 二零一一年五月六日	50% (Note i) (附註i)	50% (Note i) (附註i)
Xu Bao BVI 旭寶BVI	Investment of subsidiaries 投資子公司	HKD2 2港元	the BVI, 6 September, 2012 英屬處女群島， 二零一二年九月六日	50% (Note i) (附註i)	50% (Note i) (附註i)
Xuzhou Nanbu Property Co., Ltd 徐州南部房地產開發有限公司	Property development, sales and lease 房地產開發、銷售及租賃	USD50,000,000 50,000,000美元	the PRC, 23 January 2014 中國， 二零一四年一月二十三日	100%	100%
Xuzhou Mingzhi 徐州銘智房地產開發有限公司	Property development, sales and lease 房地產開發、銷售及租賃	HKD1,414,000,000 1,414,000,000港元	the PRC, 3 March 2014 中國， 二零一四年三月三日	50% (Note i) (附註i)	50% (Note i) (附註i)
Shanghai Xiangxuan Zhiye Co., Ltd 上海翔軒置業有限公司	Property development, sales and lease 房地產開發、銷售及租賃	RMB20,000,000 人民幣20,000,000元	the PRC, 17 January 2014 中國， 二零一四年一月十七日	100%	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度**51. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)**

Details of the Company's principal subsidiaries as at 31 December 2017 and 2016 are as follows. (Continued)

51. 本公司主要子公司詳情(續)

本公司於二零一七年及二零一六年十二月三十一日之主要子公司詳情如下。(續)

Name of subsidiary 子公司名稱	Principal activity 主要業務	Registered capital 註冊資本	Place and date of incorporation 註冊成立地點及日期	Proportion of ownership interest and voting power held by the Company as at 31 December 本集團於十二月三十一日的擁有權權益及所持表決權比例	
				2017	2016
				二零一七年	二零一六年
Greenland (Kunming) Property Co., Ltd ("Greenland Kunming") 綠地集團(昆明)置業有限公司 (「綠地昆明」)	Property development, sales and lease 房地產開發、銷售及租賃	RMB517,272,222 人民幣517,272,222元	the PRC, 17 December 2012 中國， 二零一二年十二月十七日	55%	55%
Greenland (Kunming Wuhua) Development Co., Ltd 綠地集團(昆明五華)房地產開發有限公司	Property development, sales and lease 房地產開發、銷售及租賃	RMB528,000,000 人民幣528,000,000元	the PRC, 19 December 2012 中國， 二零一二年十二月十九日	55%	55%
Shanghai Wuli Property Co., Ltd 上海五里置業有限公司	Property development, sales and lease 房地產開發、銷售及租賃	RMB6,000,000,000 人民幣6,000,000,000元	the PRC, 21 February 2014 中國， 二零一四年二月二十一日	100%	100%
Nanning Greenland Hongkai Property Co., Ltd 南寧綠地鴻愷置業有限公司	Property development, sales and lease 房地產開發、銷售及租賃	HKD700,000,000 700,000,000港元	the PRC, 20 May 2014 中國， 二零一四年五月二十日	100%	100%
Haikou Wuyuan Property Co., Ltd 海口綠地五源置業有限公司	Property development, sales and lease 房地產開發、銷售及租賃	RMB200,000,000 人民幣200,000,000元	the PRC, 26 January 2014 中國， 二零一四年一月二十六日	100%	100%
Hainan Tianhongjiye Shiye Co., Ltd ("Tianhong Shiye") 海南天泓基業實業有限公司 (「天泓實業」)	Property development, sales and lease 物業開發、銷售及租賃	RMB100,000,000 人民幣100,000,000元	the PRC, 21 December 2009 中國， 二零零九年十二月二十一日	50.1% (Note i) (附註i)	50.1% (Note i) (附註i)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

51. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Details of the Company's principal subsidiaries as at 31 December 2017 and 2016 are as follows. (Continued)

51. 本公司主要子公司詳情(續)

本公司於二零一七年及二零一六年十二月三十一日之主要子公司詳情如下。(續)

Name of subsidiary 子公司名稱	Principal activity 主要業務	Registered capital 註冊資本	Place and date of incorporation 註冊成立地點及日期	Proportion of ownership interest and voting power held by the Company as at 31 December 本集團於十二月三十一日 擁有權益及所持表決權比例	
				2017 二零一七年	2016 二零一六年
Hainan Tianhongjiye Investment Co., Ltd ("Tianhong Investent") 海南天泓基業投資有限公司 (「天泓投資」)	Property development, sales and lease 物業開發、銷售及租賃	RMB180,000,000 人民幣180,000,000元	the PRC, 12 January 2010 中國， 二零一零年一月十二日	50.1% (Note i) (附註i)	50.1% (Note i) (附註i)
Nanning Greenland Xinyuan Property Co., Ltd 南寧綠地信源置業有限公司	Property development, sales and lease 物業開發、銷售及租賃	RMB300,000,000 人民幣300,000,000元	the PRC, 27 November 2014 中國， 二零一四年十一月二十七日	100%	100%
Suzhou Lvjie Property Co., Ltd 蘇州綠杰置業有限公司	Property development, sales and lease 物業開發、銷售及租賃	USD2,250,000,000 2,250,000,000美元	the PRC, 22 October 2015 中國， 二零一五年十月二十二日	100%	100%
Shanghai Greenland Financial Information Services Co., Ltd 上海綠地金融信息服務有限公司	Financing 融資	RMB100,000,000 人民幣100,000,000元	the PRC, 23 January 2015 中國， 二零一五年一月二十三日	100%	100%
Nanchang Shenyang Property Co., Ltd 南昌申陽置業有限公司	Property development, sales and lease 物業開發、銷售及租賃	USD25,000,000 25,000,000美元	the PRC, 24 December 2015 中國， 二零一五年十二月二十四日	100%	100%
Guangxi Xingtie 廣西興鐵	Property development, sales and lease 物業開發、銷售及租賃	RMB3,000,000 人民幣3,000,000元	the PRC, 4 August 2015 中國， 二零一五年八月四日	60%	60%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度**51. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)**

Details of the Company's principal subsidiaries as at 31 December 2017 and 2016 are as follows. (Continued)

51. 本公司主要子公司詳情(續)

本公司於二零一七年及二零一六年十二月三十一日之主要子公司詳情如下。(續)

Name of subsidiary 子公司名稱	Principal activity 主要業務	Registered capital 註冊資本	Place and date of incorporation 註冊成立地點及日期	Proportion of ownership interest and voting power held by the Company as at 31 December 本集團於十二月三十一日的擁有權益及所持表決權比例	
				2017 二零一七年	2016 二零一六年
Guangxi Xintie 廣西鑫鐵	Property development, sales and lease 物業開發、銷售及租賃	RMB100,000,000 人民幣100,000,000元	the PRC, 29 April 2016 中國， 二零一六年四月二十九日	60%	60%
Suzhou Lvyang Property Co., Ltd 蘇州綠穎置業有限公司	Property development, sales and lease 物業開發、銷售及租賃	RMB20,000,000 人民幣20,000,000元	the PRC, 13 July 2016 中國， 二零一六年七月十三日	100%	100%
Guangxi Greenland Hengrun Property Development Co., Ltd 廣西綠地恒潤置業發展有限公司	Property development, sales and lease 物業開發、銷售及租賃	RMB100,000,000 人民幣100,000,000元	the PRC, 5 May 2016 中國， 二零一六年五月五日	65%	65%
Suzhou Lwvo 蘇州綠沃	Commercial management 商業管理	RMB12,750,000 人民幣12,750,000元	the PRC, 1 January 2017 中國， 二零一七年一月一日	80% (Note ii) (附註ii)	—
Wuxi Guangcheng 無錫廣成	Property development, sales and lease 物業開發、銷售及租賃	RMB20,000,000 人民幣20,000,000元	the PRC, 19 December 2013 中國， 二零一三年十二月十九日	90% (Note iii) (附註iii)	—
Wujiang Shenying 吳江神鷹	Property development, sales and lease 物業開發、銷售及租賃	RMB50,000,000 人民幣50,000,000元	the PRC, 14 July 2011 中國， 二零一一年七月十四日	99% (Note iii) (附註iii)	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

51. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Details of the Company's principal subsidiaries as at 31 December 2017 and 2016 are as follows. (Continued)

51. 本公司主要子公司詳情(續)

本公司於二零一七年及二零一六年十二月三十一日之主要子公司詳情如下。(續)

Name of subsidiary 子公司名稱	Principal activity 主要業務	Registered capital 註冊資本	Place and date of incorporation 註冊成立地點及日期	Proportion of ownership interest and voting power held by the Company as at 31 December 本集團於十二月三十一日擁有權益及所持表決權比例	
				2017 二零一七年	2016 二零一六年
Foshan Hongyi 佛山鴻億	Property development, sales and lease 物業開發、銷售及租賃	RMB100,000,000 人民幣100,000,000元	the PRC, 3 July 2007 中國， 二零零七年七月三日	100% (Note iii) (附註iii)	-
Jiaxing Luzhan Real Estate Co., Ltd. ("Jiaxing Luzhan") 嘉興綠辰置業有限公司(「嘉興綠辰」)	Property development, sales and lease 物業開發、銷售及租賃	RMB326,150,000 人民幣326,150,000元	the PRC, 1 September 2017 中國， 二零一七年九月一日	70% (Note ii) (附註ii)	-
Jiaxing Qinghua Real Estate Co., Ltd. ("Jiaxing Qinghua") 嘉興慶華置業有限公司(「嘉興慶華」)	Property development, sales and lease 物業開發、銷售及租賃	RMB156,381,000 人民幣156,381,000元	the PRC, 1 September 2017 中國， 二零一七年九月一日	70% (Note ii) (附註ii)	-
Jiaxing Tongchuang Real Estate Co., Ltd. ("Jiaxing Tongchuang") 嘉興桐創置業有限公司(「嘉興桐創」)	Property development, sales and lease 物業開發、銷售及租賃	RMB222,669,000 人民幣222,669,000元	the PRC, 1 September 2017 中國， 二零一七年九月一日	70% (Note ii) (附註ii)	-

Note i: The Group has the right to appoint a majority of directors to the board of directors. Hence the Group has the power over these entities and has the ability to use its power to affect its returns. Therefore, these entities are accounted for as subsidiaries of the Company.

Note ii: The subsidiary is newly established in 2017.

Note iii: The subsidiary is acquired in 2017.

Except for SPG Investment Ltd., all the subsidiaries are indirectly held.

None of the subsidiaries had issued any debt securities at the end of the year.

No minority interest was individually material to the Group for the year.

附註i：本集團有權委任董事會的過半數董事。因此，本集團對該等實體擁有權力，並有能力運用其權力影響其回報。有鑑於此，該等實體入賬作為本公司的子公司。

附註ii：該子公司於二零一七年新成立。

附註iii：該子公司於二零一七年獲收購。

除SPG Investment Ltd.外，所有子公司為間接擁有。

年末概無子公司已發行任何債務證券。

年內概無個別少數權益對本集團而言屬重大。

SUMMARY OF CONSOLIDATED FINANCIAL INFORMATION

綜合財務資料概要

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

綜合損益及其他全面利潤表

Year ended 31 December 截至十二月三十一日止年度		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元	2014 二零一四年 RMB'000 人民幣千元	2013 二零一三年 RMB'000 人民幣千元
Revenue	收益	14,618,872	16,919,188	5,687,953	2,840,025	5,447,768
Cost of sales	銷售成本	(11,027,571)	(14,091,196)	(4,647,388)	(2,060,909)	(4,001,353)
Gross profit	毛利	3,591,301	2,827,992	1,040,565	779,116	1,446,415
Other income, gains and losses	其他收入、收益及虧損	298,601	197,969	176,430	11,808	63,515
Selling and marketing costs	銷售及市場推廣成本	(587,187)	(415,567)	(318,911)	(265,450)	(87,532)
Administrative expenses	行政費用	(437,517)	(499,687)	(428,641)	(427,585)	(329,707)
Other operating expenses	其他經營開支	(21,149)	(844,073)	(887,192)	(12,697)	(344,454)
Net gain (loss) on disposal of equity interest in subsidiaries	出售子公司股權之收益(虧損)淨額	72,063	228	590	(500)	214,354
Results from operating activities	來自經營活動的業績	2,916,112	1,266,862	(417,159)	84,692	962,591
Finance income	融資收入	95,619	70,574	58,947	82,980	99,057
Finance expenses	融資成本	(224,191)	(135,088)	(199,114)	(186,180)	(415,331)
Fair value changes on financial derivatives	衍生金融工具的公允價值變動	-	-	-	-	112,812
Net finance expenses	融資成本淨額	(128,572)	(64,514)	(140,167)	(103,200)	(203,462)
Share of profits (loss) of associates	應佔聯營公司溢利(虧損)	(999)	370	(1,007)	94	(114,096)
Share of profit (loss) of joint ventures	應佔合營企業溢利(虧損)	139,496	195,015	4	(2,726)	(48,175)
Revaluation gain (loss) on investment properties	投資物業重估收益(虧損)	329,268	687,638	1,115,249	522,212	(80,539)
Profit (loss) before income tax	除所得稅前溢利(虧損)	3,255,305	2,085,371	556,920	501,072	516,319
Income tax expense	所得稅開支	(1,419,687)	(1,024,852)	(540,664)	(436,951)	(483,169)
Profit for the year from continuing operations	來自持續經營業務的年內溢利	1,835,618	1,060,519	16,256	64,121	33,150
Discontinued operations	終止經營業務					
Profit for the year from discontinued operations	來自終止經營業務的年內溢利	-	180,063	15,389	-	-
Profit and total comprehensive income for the year	年度溢利及全面收入總額	1,835,618	1,240,582	31,645	64,121	33,150
Attributable to:	以下人士應佔：					
Owners of the Company	本公司擁有人	1,319,308	1,112,543	220,240	107,690	34,513
Non-controlling interests	非控股權益	516,310	128,039	(188,595)	(43,569)	(1,363)
Earnings (loss) per share	每股盈利(虧損)					
Basic earnings per share (RMB)	每股基本盈利(人民幣元)	0.46	0.39	0.08	0.04	0.02
Diluted earnings per share (RMB)	每股攤薄盈利(人民幣元)	0.46	0.39	0.08	0.04	0.02

SUMMARY OF CONSOLIDATED FINANCIAL INFORMATION (Continued)
綜合財務資料概要(續)CONSOLIDATED STATEMENT OF FINANCIAL POSITION
綜合財務狀況表

Year ended 31 December 截至十二月三十一日止年度		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元	2014 二零一四年 RMB'000 人民幣千元	2013 二零一三年 RMB'000 人民幣千元
Assets	資產					
Non-current assets	非流動資產					
Property, plant and equipment	物業、廠房及設備	1,228,459	1,282,241	1,546,906	1,619,850	922,979
Intangible assets	無形資產	1,296	1,341	1,386	1,431	1,476
Land use rights	土地使用權	24,042	24,608	74,738	76,924	74,953
Other financial assets	其他金融資產	174,567	174,567	174,567	2,800	2,800
Investment properties	投資物業	9,082,000	8,216,000	7,246,000	5,722,000	1,719,000
Properties under development	發展中物業	14,976,268	15,082,454	15,587,580	17,599,647	6,832,762
Investments in associates	聯營公司投資	6,084	–	–	3,603	3,509
Interests in joint ventures	合營企業權益	686,413	541,203	296,187	938,022	677,111
Long-term receivable	長期應收款	–	–	–	596,096	673,627
Deferred tax assets	遞延稅項資產	817,628	210,427	269,727	185,915	212,882
Total non-current assets	非流動資產總額	26,996,757	25,532,841	25,197,091	26,746,288	11,121,099
Current assets	流動資產					
Properties under development	發展中物業	8,945,329	3,928,278	8,716,805	4,489,993	2,205,091
Completed properties held for sale	已建成待售物業	11,669,969	9,707,441	4,885,603	1,727,423	2,651,528
Trade, other receivables and advance deposits	應收賬款、其他應收款項及預付按金	13,281,019	8,275,245	5,214,650	2,760,960	3,964,698
Long-term receivable with one year	一年內到期的長期應收款	–	–	–	125,561	125,561
Other financial assets	其他金融資產	–	866,059	143,000	–	–
Restricted cash	受限制現金	2,401,495	1,436,984	621,618	156,693	749,693
Bank balance and cash	銀行結餘及現金	5,455,227	4,358,259	5,207,187	5,032,763	922,037
Total current assets	流動資產總額	41,753,039	28,572,266	24,788,863	14,293,393	10,618,608
Total assets	資產總額	68,749,796	54,105,107	49,985,954	41,039,681	21,739,707
Equity And Liabilities	權益及負債					
Capital And Reserves	資本及儲備					
Share capital	股本	1,132,855	1,132,855	1,132,855	1,068,154	1,068,154
Share premium	股份溢價	3,416,546	3,416,546	3,416,546	2,362,986	2,362,986
Reserves	儲備	961,894	851,214	829,466	834,203	833,173
Perpetual securities	永久證券	787,823	787,823	–	–	–
Retained earnings	保留溢利	3,560,011	2,641,360	1,550,565	1,353,595	1,355,871
Total equity attributable to owners of the Company	本公司擁有人應佔權益總額	9,859,129	8,829,798	6,929,432	5,618,938	5,620,184
Non-controlling interests	非控股權益	1,725,761	893,896	758,676	371,648	86,889
Total equity	權益總額	11,584,890	9,723,694	7,688,108	5,990,586	5,707,073

SUMMARY OF CONSOLIDATED FINANCIAL INFORMATION (Continued)
綜合財務資料概要(續)CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
綜合財務狀況表(續)

Year ended 31 December 截至十二月三十一日止年度		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元	2014 二零一四年 RMB'000 人民幣千元	2013 二零一三年 RMB'000 人民幣千元
Liabilities	負債					
Non-current liabilities	非流動負債					
Interest bearing loans	計息貸款	9,081,312	5,770,601	6,577,283	4,454,928	1,441,839
Long-term payable	長期應付款	-	-	26,494	30,437	33,935
Bonds	債券	2,919,171	4,581,996	4,714,521	8,763,401	4,224,594
Deferred tax liabilities	遞延稅項負債	957,999	899,639	875,234	491,791	359,537
Total non-current liabilities	非流動負債總額	12,958,482	11,252,236	12,193,532	13,740,557	6,059,905
Current liabilities	流動負債					
Interest bearing loans	計息貸款	1,480,500	3,713,620	3,265,938	1,227,105	1,725,007
Other financial liabilities	其他金融負債	98,178	329,543	-	-	-
Trade, other payables and advance receipts	應付賬款、其他應付款項及預收款項	36,731,247	24,397,814	21,471,556	19,314,718	7,325,317
Tax payable	應付稅項	1,787,012	1,231,422	831,413	760,715	916,405
Bonds within one year	一年內到期的債券	4,109,487	3,456,778	4,529,407	-	-
Long-term payable within one year	一年內到期的長期應付款	-	-	6,000	6,000	6,000
Total current liabilities	流動負債總額	44,206,424	33,129,177	30,104,314	21,308,538	9,972,729
Total liabilities	負債總額	57,164,906	44,381,413	42,297,846	35,049,095	16,032,634
Total equity and liabilities	權益及負債總額	68,749,796	54,105,107	49,985,954	41,039,681	21,739,707
Net current (liabilities) assets	流動(負債)資產淨額	(2,453,385)	(4,556,911)	(5,315,451)	(7,015,145)	645,879
Total assets less current liabilities	總資產減流動負債	24,543,372	20,975,930	19,881,640	19,731,143	11,766,978

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