景瑞控股
JINGRUI HOLDINGS

JINGRUI HOLDINGS LIMITED
景瑞控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01862)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

ANNUAL RESULTS HIGHLIGHTS

- Contracted sales for the year ended 31 December 2017 was approximately RMB18,372.7 million, representing a year-on-year increase of 9.5%.
- Revenue for the year ended 31 December 2017 was RMB15,668.4 million, representing a year-on-year increase of 4.1%.
- For the year ended 31 December 2017, the Group recorded a net profit for the year of RMB903.9 million, representing a year-on-year increase of 453.1%. Profit attributable to equity holders was RMB805.8 million, representing an increase of 658.0% as compared to last year.
- Net assets as of 31 December 2017 was RMB6,132.9 million, representing an increase of 34.6% as compared to that of 31 December 2016.
- As of 31 December 2017, net debt-to-adjusted-capital ratio was approximately 68%, representing a year-on-year increase of 17 percentage points. Total cash at bank and on hand reached RMB9,513.2 million, representing a year-on-year decrease of 11.3%.
- The Board proposed to distribute a final dividend of HKD0.25 per share (2016: nil) for the year ended 31 December 2017.

The board (the "**Board**") of directors (the "**Directors**") of Jingrui Holdings Limited ("**Jingrui**" or the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "**Group**" or "**we**" or "**us**" or "**our**") for the year ended 31 December 2017 (the "**Year**"):

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2017

	Note	Year ended 31 December 2017 RMB'000	2016 RMB'000
Revenue	3	**15,668,404**	15,051,277
Cost of sales	6	**(13,150,265)**	(14,440,998)
Gross profit		**2,518,139**	610,279
Fair value gains on investment properties		**35,964**	81,059
Selling and marketing costs	6	**(363,862)**	(408,502)
Administrative expenses	6	**(607,751)**	(409,186)
Other income	4	**290,656**	79,763
Other gains – net	5	**136,051**	964,323
Operating profit		**2,009,197**	917,736
Finance income	7	**59,630**	46,124
Finance costs	7	**(170,332)**	(142,837)
Finance costs – net		**(110,702)**	(96,713)
Share of results of joint ventures		**(70,164)**	(35,978)
Share of results of associates		**(8,001)**	–
		(78,165)	(35,978)
Profit before income tax		**1,820,330**	785,045
Income tax expense	8	**(916,398)**	(621,621)
Profit for the year		**903,932**	163,424
Attributable to:			
Equity holders of the Company		**805,761**	106,295
Holders of perpetual capital instruments		**20,472**	71,500
Non-controlling interests		**77,699**	(14,371)
		903,932	163,424
Earnings per share for profit attributable to equity holders of the Company			
– Basic earnings per share	9	**RMB0.62**	RMB0.08
– Diluted earnings per share	9	**RMB0.62**	RMB0.08

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Year ended 31 December	
	2017	2016
	RMB'000	*RMB'000*
Profit for the year	**903,932**	163,424
Other comprehensive income that may be reclassified subsequently to profit or loss		
Changes in fair value of available-for-sale financial assets, net of tax	**(138,286)**	63,098
Transfer of fair value gains previously taken to other reserves to consolidated income statement upon disposal of available-for-sale financial assets	**–**	(5,054)
Other comprehensive income for the year, net of tax	**(138,286)**	58,044
Total comprehensive income for the year	**765,646**	221,468
Attributable to:		
Equity holders of the Company	**667,475**	164,339
Holders of perpetual capital instruments	**20,472**	71,500
Non-controlling interests	**77,699**	(14,371)
	765,646	221,468

CONSOLIDATED BALANCE SHEET
As at 31 December 2017

		As at 31 December	
		2017	2016
	Note	***RMB'000***	*RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**54,893**	33,473
Investment properties		**5,782,972**	3,201,772
Intangible assets		**10,699**	15,986
Investments in joint ventures		**257,330**	462,512
Investments in associates		**106,462**	–
Deferred income tax assets		**267,968**	311,318
Available-for-sale financial assets		**769,198**	654,177
Trade and other receivables and prepayments	*11*	**717,805**	572,689
		7,967,327	5,251,927
Current assets			
Prepayments for leasehold land		**911,176**	348,089
Properties held or under development for sale		**12,761,909**	17,755,193
Trade and other receivables and prepayments	*11*	**6,124,024**	3,371,019
Prepaid income taxes		**212,911**	339,269
Restricted cash		**1,248,445**	1,277,442
Cash and cash equivalents		**8,264,836**	9,447,181
Available-for-sale financial assets		**251,813**	251,813
Right to acquire the land use rights		**1,434,745**	–
		31,209,859	32,790,006
Total assets		**39,177,186**	38,041,933
OWNERS' EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital: nominal value		**79,361**	79,361
Reserves		**3,652,445**	3,224,519
		3,731,806	3,303,880
Perpetual capital instruments		**–**	538,083
Non-controlling interests		**2,401,115**	716,106
Total equity		**6,132,921**	4,558,069

CONSOLIDATED BALANCE SHEET (CONTINUED)
As at 31 December 2017

		As at 31 December	
		2017	2016
	Note	***RMB'000***	*RMB'000*
LIABILITIES			
Non-current liabilities			
Borrowings		**9,309,683**	9,261,009
Deferred income tax liabilities		**1,457,523**	889,615
Financial liabilities for put option written on non-controlling interests		**–**	13,612
		10,767,206	10,164,236
Current liabilities			
Trade and other payables	*12*	**9,206,924**	8,543,694
Amounts due to non-controlling interests of subsidiaries		**635,839**	320,628
Finance lease liabilities		**4,251**	4,107
Advanced proceeds received from customers		**6,566,599**	9,857,221
Current income tax liabilities		**984,398**	631,138
Borrowings		**4,805,080**	3,960,341
Current portion of derivative financial instrument		**–**	2,499
Financial liabilities for put option written on non-controlling interests		**73,968**	–
		22,277,059	23,319,628
Total liabilities		**33,044,265**	33,483,864
Total equity and liabilities		**39,177,186**	38,041,933

1 GENERAL INFORMATION

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

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

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

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

The annual results set out in this announcement do not constitute the Group's consolidated financial statements for the year ended 31 December 2017 but are extracted from those financial statements.

2 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") and disclosure requirements of the Hong Kong Companies Ordinance Cap.622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of derivative instruments, investment properties and available-for-sale financial assets, which are carried at fair value.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

New amendments of HKFRSs adopted by the Group in 2017

The following new amendments to existing standards are mandatory for the first time for the financial year beginning on 1 January 2017 and are relevant to the Group's operations.

- Amendments to HKAS 12 "Income Tax" clarify how to account for deferred tax assets related to debt instruments measured at fair value.
- Amendments to HKAS 7 "Statement of Cash Flows" introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financial activities.
- Amendments to HKFRS 12 "Disclosure of Interests in Other Entities" clarify that the disclosure requirements of HKFRS 12 are applicable to interests in entities classified as held for sale except for summarised financial information.

The adoption of the above new amendments starting from 1 January 2017 did not give rise to any significant impact on the Group's results of operations and financial position for the year ended 31 December 2017.

Certain new accounting standards, amendments and interpretations of HKFRSs have been published that are not mandatory for the financial year beginning on 1 January 2017 and have not been early adopted by the Group. The Group has already commenced an assessment of the impact of these new standards, amendments and interpretations, certain of which are relevant to the Group's operation. According to the preliminary assessment made by the directors, the Group does not anticipate that the adoption when they become effective will result in any material impact on the Group's results of operations and financial position except that HKFRS 15, HKFRS 9 and HKFRS 16 will have some impact on the Group's financial statements.

(1) HKFRS 15 "Revenue from Contracts with Customers" (mandatory for financial years commencing on or after 1 January 2018) replaces the previous revenue standards: HKAS 18 "Revenue" and HKAS 11 "Construction Contracts", and the related interpretations on revenue recognition. HKFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach: (1) Identify the contract(s) with customer; (2) Identify separate performance obligations in a contract; (3) Determine the transaction price; (4) Allocate transaction price to performance obligations; and (5) Recognise revenue when performance obligation is satisfied. It moves away from a revenue recognition model based on an approach of transfer of risk and rewards to an approach based on transfer of control. HKFRS 15 provides specific guidance on capitalisation of contract cost and license arrangements. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. Under HKFRS 15, an entity recognises revenue when a performance obligation is satisfied.

The Group is currently assessing the effects of applying the new standard on the Group's consolidated financial statements and has identified the following areas that are likely to be affected:

- Presentation of contract assets and liabilities

  Reclassification shall be made as at 1 January 2018 to be consistent with the terminology used under HKFRS 15.

- Accounting for revenue from sales of properties

  Currently, revenue from sales of properties is recognised when the risks and rewards of the properties are transferred to the purchasers, which is when the construction of relevant properties has been completed and the properties have been delivered to the purchasers pursuant to the sales contracts and collectability of related receivables is reasonably assured. Under HKFRS 15, for those properties that have no alternative use to the Group due to contractual reasons and when the Group has an enforceable right to payment from the customers for performance completed to date, the Group would recognise revenue when the performance obligations are satisfied over time in accordance with the input method for measuring progress. In addition, the transaction price and amount of revenue from sales of properties will be adjusted when significant financing component relating to advance receipts exists in that contract.

- Accounting for costs incurred to obtain a contract

  Following the adoption of HKFRS 15, stamp duty, sales commissions and other costs directly attributable to obtaining a contract, if recoverable, will be capitalised as contract assets.

The directors are in the process of assessing the impact of HKFRS 15 and preliminarily consider that it may have some impact on the Group's consolidated financial position and results of operation upon adoption of the new standard on 1 January 2018.

(2) HKFRS 9 (2014) "Financial Instruments" (mandatory for financial years commencing on or after 1 January 2018) replaces the whole of HKAS 39. HKFRS 9 has three financial assets classification categories for investments in debt instruments: amortised cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss. Classification is driven by the entity's business model for managing the debt instruments and their contractual cash flow characteristics. Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in OCI, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss. Where non-derivative financial liabilities are designated at fair value through profit or loss, the changes in the fair value due to changes in the liability's own credit risk are recognised in OCI, unless such changes in fair value would create an accounting mismatch in profit or loss, in which case, all fair value movements are recognised in profit or loss. There is no subsequent recycling of the amounts in OCI to profit or loss. For financial liabilities held for trading (including derivative financial liabilities), all changes in fair value are presented in profit or loss.

HKFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model, which constitutes a change from the incurred loss model in HKAS 39. HKFRS 9 contains a 'three stage' approach, which is based on the change in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment losses and applied the effective interest rate method. Where there is a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL.

While the Group has yet to undertake a detailed assessment, the Group expects that there will not have significant impact on the majority of the available-for-sale financial assets. There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities.

While the Group has not yet completed the detailed assessment, the ECL model introduced by HKFRS 9 will generally result in earlier recognition of losses compared to the current incurred loss model of HKAS 39.

(3) HKFRS 16 "Leases" (mandatory for financial years commencing on or after 1 January 2019). The standard will affect primarily the accounting for the Group's operating leases. HKFRS 16 provides new provisions for the accounting treatment of leases and will in the future no longer allow lessees to recognise certain leases outside of the balance sheet. Instead, all non-current leases must be recognised in the form of an asset (for the right of use) and a financial liability (for the payment obligation). Thus each lease will be mapped in the Group's consolidated balance sheet. Short-term leases of less than twelve months and leases of low-value assets are exempted from the reporting obligation. The new standard will therefore results in an increase in right of use assets and an increase in financial liabilities in the consolidated balance sheet. In the consolidated income statement, as a result, the operating expenses under otherwise identical circumstances will decrease, while depreciation and amortisation and the interest expenses will increase.

The directors consider that the adoption of the new standard will have some impact on the consolidated financial position of the Group as the related right-of-use assets and lease liabilities will be recognised upon adoption of the new standard on 1 January 2019. There will also have some impact on the consolidated income statement of the Group as the impact of amortisation of the right-of-use assets and unwinding the discount of the related payable will be different from the operating lease charges that would have been recognised under the current standard.

3 REVENUE AND SEGMENT INFORMATION

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

The Group manages its business by two operating segments based on their products and services, which is consistent with the way in which information is reported internally to the Group's CODM for the purpose of resources allocation and performance assessment:

- Property development segment engages in real estate development in the PRC; and

- Property investment and management segment invests in properties for their rental income potential and/or for capital appreciation, provides management and security services to residential and commercial properties in the PRC, and is engaged in property design and decoration and other miscellaneous businesses.

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

(a) Revenue

Revenue of the Group consists of the following:

	Year ended 31 December	
	2017	2016
	RMB'000	*RMB'000*
Revenue from sales of properties	**15,254,725**	14,737,396
Revenue from property management	**272,538**	164,905
Revenue from design and decoration of properties	**66,942**	69,181
Rental income	**57,789**	10,663
Others	**16,410**	69,132
	15,668,404	15,051,277

(b) **Segment information**

	Year ended 31 December 2017				
	Property development *RMB'000*	**Property investment, management and others** *RMB'000*	**Total segment** *RMB'000*	**Elimination** *RMB'000*	**Total Group** *RMB'000*
Segment revenue	**15,254,725**	**747,520**	**16,002,245**	**(333,841)**	**15,668,404**
Segment profit before income tax expense	**1,789,011**	**26,740**	**1,815,751**	**4,579**	**1,820,330**
Finance income	**56,974**	**2,656**	**59,630**	**–**	**59,630**
Finance costs	**(149,812)**	**(20,520)**	**(170,332)**	**–**	**(170,332)**
Share of results of joint ventures	**(69,676)**	**(488)**	**(70,164)**	**–**	**(70,164)**
Share of results of associates	**(5,575)**	**(2,426)**	**(8,001)**	**–**	**(8,001)**
Depreciation and amortisation	**(5,084)**	**(5,659)**	**(10,743)**	**–**	**(10,743)**

A reconciliation to profit for the year is as follows:

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

	As at 31 December 2017				
Segment assets	**46,614,694**	**25,448,724**	**72,063,418**	**(32,886,232)**	**39,177,186**
Segment assets include:					
Investments in joint ventures	**257,330**	**–**	**257,330**	**–**	**257,330**
Investments in associates	**70,888**	**35,574**	**106,462**	**–**	**106,462**
Additions to non-current assets (other than financial instruments and deferred income tax assets)	**76,255**	**3,044,947**	**3,121,202**	**–**	**3,121,202**
Segment liabilities	**50,386,197**	**15,151,164**	**65,537,361**	**(32,493,096)**	**33,044,265**

	Year ended 31 December 2016				
	Property development *RMB'000*	Property investment, management and others *RMB'000*	Total segment *RMB'000*	Elimination *RMB'000*	Total Group *RMB'000*
Segment revenue	14,737,396	640,742	15,378,138	(326,861)	15,051,277
Segment profit before income tax expense	656,451	121,619	778,070	6,975	785,045
Finance income	43,567	2,557	46,124	–	46,124
Finance costs	(140,234)	(2,603)	(142,837)	–	(142,837)
Share of results of joint ventures	(35,966)	(12)	(35,978)	–	(35,978)
Depreciation and amortisation	(7,900)	(5,226)	(13,126)	–	(13,126)

A reconciliation to profit for the year is as follows:

Total segment profits before income tax expense	785,045
Income tax expense	(621,621)
Profit for the year	163,424

	As at 31 December 2016				
Segment assets	69,808,687	9,342,824	79,151,511	(41,109,578)	38,041,933
Segment assets include:					
Investments in joint ventures	462,024	488	462,512	–	462,512
Additions to non-current assets (other than financial instruments and deferred income tax assets)	602,885	1,858,453	2,461,338	–	2,461,338
Segment liabilities	68,941,371	5,634,763	74,576,134	(41,092,270)	33,483,864

4 OTHER INCOME

	Year ended 31 December	
	2017	2016
	RMB'000	*RMB'000*
Government grants	**31,325**	12,587
Compensation income	**1,202**	6,662
Interest income on loans to joint ventures	**38,016**	24,416
Interest income on loans to a related party	**–**	3,664
Dividend from available-for-sale financial assets	**16,321**	21,368
Gains arising from acquisition of Hangzhou Jiaheng Property Co., Ltd.	**–**	2,549
Gains arising from acquisition of LKN Investment International Pte Ltd. ("LKN Investment") *(note)*	**187,255**	–
Gains arising from acquisition of Sanquan Apartments	**1,882**	–
Gains arising from acquisition of Changzhou Jingshang Property Co., Ltd.	**8,493**	–
Gains arising from acquisition of Shanghai Zhaoliang Advertising Co., Ltd.	**169**	–
Others	**5,993**	8,517
	290,656	79,763

note: On 31 May 2017, the Group entered into a share purchase agreement with a third party, HL Global Enterprises Limited, pursuant to which the Group agreed to purchase the entire equity interests of LKN Investment which indirectly owns investment properties located in Shanghai, the PRC, at consideration of RMB395,000,000. Gains arising from negative goodwill of RMB187,255,000 was mainly attributable to the subsequent increase of the fair value of acquired investment properties upon the completion of the acquisition in November 2017.

5 OTHER GAINS – NET

	Year ended 31 December	
	2017	2016
	RMB'000	*RMB'000*
(Losses)/gain from disposal of shares in Tianjin Jingxiu Property Investment Co., Ltd.	**(9,615)**	557,096
Gain on re-measurement of the existing interests in Modern Jump Limited upon gain of its control	**–**	50,916
Gain on re-measurement of the existing interests in Ningbo Jingrui Property Co., Ltd. upon gain of its control	**72,976**	–
Gain from re-measurement of the existing interests in Changzhou Jingshang Property Co., Ltd. upon gain of its control	**934**	–
Gains from disposal of available-for-sale financial assets	**–**	3,559
Gain from disposal of interests in Shanghai Jiajing Investment Co., Ltd.	**–**	358,712
Gain from disposal of interests in Shanghai Garden City Real Estate Development Co., Ltd.	**–**	15,384
Loss from disposal of partial interests in Ningbo Jingrui Property Co., Ltd.	**–**	(10,837)
Gain from disposal of partial interests in Shanghai Ruice Investment Co., Ltd.	**–**	2,420
Gain from disposal of partial interests in Hangzhou Xiaoying Property Co., Ltd. upon lost of control	**30,311**	–
Gains from disposal of partial interests in certain other subsidiaries upon lost of control	**3,022**	–
Other losses in connection with acquisition of subsidiaries	**–**	(1,978)
(Losses)/gains from disposal of property, plant and equipment	**(40)**	157
Changes in fair values of derivative financial instruments	**2,499**	(229)
Compensation and late payment charges	**(17,537)**	(18,619)
Gains from disposal of investment properties	**56,269**	–
Fair value gains upon transfer of properties held for sale to investment properties	**–**	8,700
Others	**(2,768)**	(958)
	136,051	964,323

6 EXPENSES BY NATURE

Expenses included in cost of sales, selling and marketing costs and administrative expenses are analysed as follows:

	Year ended 31 December	
	2017	2016
	RMB'000	*RMB'000*
Cost of properties sold	**12,566,646**	13,458,291
Cost of property management	**144,606**	62,174
Cost of design and decoration of properties	**61,728**	70,808
Business tax and surcharges (a)	**224,987**	657,270
Accrual of provision for impairment of properties held or under development for sale	**55,697**	92,793
Depreciation of property, plant and equipment	**9,657**	12,181
Amortisation of intangible assets	**1,086**	945
Bank charges	**10,735**	7,584
Staff costs	**444,895**	405,823
Entertainment expenses	**21,703**	19,939
Stamp duty and other taxes	**33,021**	25,951
Professional fees	**184,384**	90,442
Auditors' remuneration		
– annual audit and interim review	**3,850**	3,630
– non-audit services	**1,152**	1,847
Sales commission	**22,524**	61,777
Advertising and publicity costs	**116,277**	120,335
Office and meeting expenses	**38,305**	31,049
Rental expenses	**21,151**	14,706
Travelling expenses	**19,200**	14,963
Accrual/(reversal) of provision for impairment of receivables *(Note 11)*	**8,238**	(2,642)
Goodwill impairment on Property Sky Limited	**6,690**	–
Other expenses	**125,346**	108,820
Total cost of sales, selling and marketing costs and administrative expenses	**14,121,878**	15,258,686

note:

(a) Before 1 May 2016, the PRC companies of the Group were subject to business tax and surcharges. Business tax was levied at 5% of revenue from sale of properties and rental income, while surcharges were 4% to 12% of business tax. Since 1 May 2016, the PRC companies of the Group are subject to value added tax and surcharges.

7 FINANCE COSTS – NET

	Year ended 31 December	
	2017	2016
	RMB'000	*RMB'000*
Finance income		
– Interest income on bank deposits	**59,630**	46,124
Finance costs		
– Interest on bank loans, senior notes, trust financing arrangements and corporate bonds	**(1,113,895)**	(1,253,709)
– Net foreign exchange gains/(losses) on financing activities	**143,388**	(83,112)
– Changes in discounted present value of financial liabilities for put option written on non-controlling interests	**(1,332)**	(799)
– Loss from early redemption of senior notes	**(53,822)**	–
– Less: Amounts capitalised	**855,329**	1,194,783
	(170,332)	(142,837)
Net finance costs	**(110,702)**	(96,713)

8 INCOME TAX EXPENSE

	Year ended 31 December	
	2017	2016
	RMB'000	*RMB'000*
Current income tax		
– PRC land appreciation tax	**508,935**	280,322
– PRC corporate income tax	**458,189**	242,661
	967,124	522,983
Deferred income tax	**(50,726)**	98,638
Total income tax charged for the year	**916,398**	621,621

PRC corporate income tax

Under the Corporate Income Tax Law of the PRC (the "CIT Law"), the CIT rate applicable to the Group's subsidiaries located in the PRC from 1 January 2008 is 25%.

The CIT Law and its implementation rules impose a withholding tax at 10% for dividends distributed by a PRC-resident enterprise to its immediate holding company outside PRC for earnings generated beginning 1 January 2008 and undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax. A lower 5% withholding tax rate may be applied when the immediate holding companies are established in Hong Kong according to the tax treaty arrangement between the PRC and Hong Kong. The directors of the Company had confirmed that retained earnings of the Group's PRC subsidiaries as at 30 June 2013 will not be distributed in the foreseeable future. No PRC withholding income tax was accrued for the year ended 31 December 2017 (2016: Nil). The Group controls the dividend policies of these subsidiaries and it has been determined that the remaining earnings will not be distributed in the foreseeable future.

As at 31 December 2017, the Group did not recognise deferred income tax for PRC withholding income tax with amount of RMB202,635,000 (31 December 2016: RMB100,651,000) on the remaining unremitted distributable profits generated by its PRC subsidiaries attributable to the investors outside the PRC with amount of RMB2,026,353,000 (31 December 2016: RMB1,006,509,000).

Land appreciation tax

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including lease charges for land use rights and all property development expenditures, and is included in the consolidated income statement as income tax expense.

9 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share for the years ended 31 December 2017 and 2016 are calculated by dividing the Group's profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December	
	2017	2016
Group's profit attributable to equity holders of the Company *(RMB'000)*	**805,761**	106,295
Weighted average number of shares in issue *(in thousand)*	**1,291,302**	1,291,302
Basic earnings per share *(RMB)*	**0.62**	0.08

(b) Diluted earnings per share

	Year ended 31 December	
	2017	2016
Group's profit attributable to equity holders of the Company *(RMB'000)*	**805,761**	106,295
Weighted average number of shares in issue *(in thousand)*	**1,291,302**	1,291,302
Effect of dilutive potential ordinary shares in respect of share award scheme *(in thousand)*	**4,431**	N/A
Weighted average number of ordinary shares for diluted earnings per share *(thousands)*	**1,295,733**	1,291,302
Diluted earnings per share *(RMB)*	**0.62**	0.08

For the year ended 31 December 2016, diluted earnings per share was equal to basic earnings per share as there were no shares with a dilutive impact outstanding.

10 DIVIDENDS

	Year ended 31 December	
	2017	2016
	RMB'000	*RMB'000*
Proposed final dividend of HKD25 cents (2016: Nil) per ordinary share (a)	**258,260**	–

notes:

(a) At a board meeting held on 15 March 2018, the directors proposed a final dividend for the year ended 31 December 2017 of HKD25 cents per ordinary share using the share premium account. This proposed dividend is not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of share premium for the year ending 31 December 2018 upon approval by the shareholders at the forthcoming annual general meeting of the Company.

(b) The final dividend in respect of the year ended 31 December 2014 of RMB6 cents per ordinary share using the share premium account, amounting to approximately RMB77,478,000 was approved at the annual general meeting of the Company held on 11 May 2015. Such dividend not yet paid out by the Company as at 31 December 2016 and 31 December 2017 was RMB1,379,000, which was included in dividend payable (Note 12).

11 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December	
	2017	2016
	RMB'000	*RMB'000*
Trade receivables	**42,076**	161,564
Less: Provision for impairment of trade receivables	**(552)**	(205)
Trade receivables – net	**41,524**	161,359
Amounts due from joint ventures and associates	**2,954,902**	1,561,307
Prepaid business tax and surcharges (a)	**270,106**	331,014
Receivables arising from disposal of subsidiaries (b)	**5,611**	540,401
Loans due from disposed subsidiaries assumed by third parties (c)	**285,943**	506,276
Tender deposits (d)	**80,600**	36,600
Deposits with public housing fund centres (e)	**63,619**	66,273
Prepayments of construction costs	**17,695**	43,517
Temporary funding receivables (f)	**103,900**	93,535
Deposits paid for construction work	**448,842**	274,239
Amounts due from non-controlling interests of subsidiaries (g)	**922,737**	105,000
Deposits paid to secure borrowings	**23,780**	–
Prepayments for acquisition of completed properties for sale (h)	**1,209,668**	–
Deposits paid for advanced proceeds received from customers (i)	**230,610**	–
Prepayments for investments (j)	**36,751**	141,496
Others	**162,373**	91,632
Less: Provision for impairment of other receivables	**(16,832)**	(8,941)
	6,841,829	3,943,708
Less: Non-current portion (k)	**(717,805)**	(572,689)
	6,124,024	3,371,019

notes:

(a) Prior to 1 May 2016, business tax and surcharges are levied when the Group receives advances from customers and the prepaid taxes are recorded as prepayments before the relevant revenue is recognised.

(b) The balance represents the outstanding considerations of RMB147,000 (31 December 2016: RMB316,280,000) and RMB5,464,000 (31 December 2016: RMB224,121,000) for disposal of equity interests in Tianjin Jingxiu Property Investment Co., Ltd. ("Tianjin Jingxiu") and Shanghai Jiajing Investment Co., Ltd. ("Shanghai Jiajing") respectively.

(c) The balance represents the outstanding loans of RMB175,943,000 of Shanghai Jingqi Property Development Co., Ltd. (31 December 2016: RMB325,476,000) and RMB110,000,000 of Tianjin Jingxiu (31 December 2016: RMB180,800,000), originally due by the two disposed subsidiaries to the Group, which have been assumed and shall be paid off by Hengda Real Estate Group Shanghai Shengjian Property Co., Ltd. and Hengda (Tianjin) Real Estate Group Co., Ltd. respectively according to the share transfer agreements.

(d) The balance represents the tender deposits for bidding of land use rights, which will be subsequently returned or transferred to prepayments for leasehold land upon successful bidding of the land use rights.

(e) The balance represents the deposits paid to public housing fund centres to secure the housing fund loans taken by certain property purchasers of the Group. Such deposits will be released upon the transfer of the properties' ownership certificates to these purchasers.

(f) Temporary funding receivables are funds temporarily advanced to non-related parties, which are non-interest bearing and unsecured.

(g) The balance as at 31 December 2017 includes amounts of RMB99,137,500 which were the outstanding principal balance due from the non-controlling interests of Suzhou Ailide Trade Co., Ltd, with an annual interest rate of 7.2%, unsecured and repayable on demand.

Except for the amounts due from the non-controlling interests of Suzhou Ailide Trade Co., Ltd. as mentioned above, the funding provided to other non-controlling interests of certain subsidiaries are unsecured, non-interest bearing and repayable on demand.

(h) The balance represents the prepayments paid to third parties for the selling rights of certain completed properties and for decoration work located in Hangzhou.

(i) The balance represents the deposits paid to local government upon receiving advanced proceeds of properties from customers in Changzhou.

(j) In November 2017, the Group made prepayments for purchase of 18.77% equity interests in Chongqing Jingteng Property Co., Ltd, a non-wholly owned subsidiary of the Group from the non-controlling interests with a consideration of HKD42,226,000 (equivalent to RMB35,883,000) and relevant taxes of RMB868,000. The transaction was completed in January 2018.

In December 2016, the Group made prepayments for investments in a third party with a total consideration of RMB141,496,000, which have been completed as at 31 December 2017.

(k) The balance as at 31 December 2017 includes prepayments for investments of RMB35,883,000 and relevant taxes of RMB868,000 (31 December 2016: RMB141,496,000) and a shareholder loan principal and interest receivable, totalling RMB681,054,000 (31 December 2016: RMB431,193,000), due from Shanghai Ruice Investment Co., Ltd.. The shareholder loan has an annual interest rate of 8% and will be matured till October 2019.

The aging analysis of trade receivables, based on the property delivery or service rendered date is as follows:

	As at 31 December	
	2017	2016
	RMB'000	*RMB'000*
Less than 1 year	**39,179**	150,511
Between 1 and 2 years	**451**	3,021
Between 2 and 3 years	**1,149**	5,874
Over 3 years	**1,297**	2,158
	42,076	161,564

As at 31 December 2017, trade receivables of RMB36,821,000 (2016: RMB157,550,000) were past due but not impaired. The balances are related to independent customers for whom there is no recent history of default.

	As at 31 December	
	2017	2016
	RMB'000	*RMB'000*
Less than 1 year	**33,924**	146,560
Between 1 and 2 years	**451**	2,965
Between 2 and 3 years	**1,149**	5,867
Over 3 years	**1,297**	2,158
	36,821	157,550

As at 31 December 2017, trade and other receivables of RMB17,384,000 (2016: RMB9,146,000) were considered impaired and provided for. The other classes within trade and other receivables do not contain impaired assets.

Movements on the provision for impairment of trade and other receivables are as follows:

	Year ended 31 December	
	2017	2016
	RMB'000	*RMB'000*
At beginning of the year	**9,146**	18,172
Accrual/(reversal) of provision for receivables impairment	**8,238**	(2,642)
Reduction arising from disposal of a subsidiary	**–**	(6,384)
At end of the year	**17,384**	9,146

The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral security.

As at 31 December 2017 and 2016, the fair value of trade and other receivables approximate their carrying amounts.

As at 31 December 2017 and 31 December 2016, the carrying amounts of trade and other receivables and prepayments are denominated in below currencies:

	As at 31 December 2017	As at 31 December 2016
	RMB'000	*RMB'000*
– RMB	**6,730,721**	3,943,708
– USD	**75,225**	–
– HKD	**35,883**	–
	6,841,829	3,943,708

12 TRADE AND OTHER PAYABLES

	As at 31 December	
	2017	2016
	RMB'000	*RMB'000*
Trade payables	**3,310,324**	2,919,814
Notes payable	**–**	31,216
Amounts due to joint ventures and associates	**3,875,816**	4,921,010
Amount due to a related party	**–**	494
Business and other taxes payable	**312,403**	147,039
Electricity fee and cleaning fee collected on behalf	**27,977**	23,444
Deed tax collected on behalf	**21,622**	36,634
Accrued payroll	**17,072**	11,975
Interest payable	**202,098**	201,883
Temporary funding payables	**800,000**	–
Construction deposits received from suppliers	**34,731**	24,255
Deposits received from customers	**21,417**	32,233
Deposits received in connection with cooperation with a third party for decoration work	**200,000**	–
Payables for sales commission	**2,091**	28,184
Payables for acquisition of San Quan Apartments (a)	**63,669**	–
Payables for acquisition of LKN Investment (b)	**9,820**	–
Payables for acquisition of Hangzhou Jiaheng Property Co., Ltd. (c)	**6,000**	16,500
Payables for acquisition of 20% equity interests of Fengxiang Property Development Co., Ltd. ("Shanghai Fengxiang") (d)	**40,800**	–
Dividend payable *(Note 10)*	**1,379**	1,379
Others	**259,705**	147,634
	9,206,924	8,543,694

(a) The balance represents the payables relating to the acquisition of San Quan Apartments by the Group from an independent third party.

(b) The balance represents the payables relating to the acquisition of LKN Investment by the Group from an independent third party.

(c) Pursuant to an equity purchase agreement entered into in April 2016 between two third parties and the Group through its wholly owned subsidiary, Shanghai Xiaoyi Investment Co., Ltd., the Group acquired the 100% equity interests of Hangzhou Jiaheng at a total consideration of RMB296,000,000 in April 2016.

As at 31 December 2017, consideration amount of RMB6,000,000 (31 December 2016: RMB16,500,000) remaining unpaid was included in the trade and other payables.

(d) The balance represents the payables relating to the acquisition of 20% equity interests of Shanghai Fengxiang by the Group.

The aging analysis of trade payables and notes payable, based on the invoice date or service rendered date are as follows:

	As at 31 December	
	2017	2016
	RMB'000	*RMB'000*
Less than 1 year	**3,144,079**	2,830,121
Between 1 and 2 years	**120,738**	87,060
Between 2 and 3 years	**30,917**	16,087
Over 3 years	**14,590**	17,762
	3,310,324	2,951,030

As at 31 December 2017 and 2016, the fair value of trade and other payables approximate their carrying amounts.

As at 31 December 2017 and 31 December 2016, the carrying amounts of trade and other payables are denominated in below currencies:

	As at 31 December 2017	As at 31 December 2016
	RMB'000	*RMB'000*
RMB	**9,088,415**	8,446,752
USD	**111,398**	88,844
HKD	**7,111**	8,098
	9,206,924	8,543,694

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

In 2017, the Group achieved contracted sales of approximately RMB18,372.7 million and total contracted gross floor area ("**GFA**") sold of approximately 1,010,756 square meters ("**sq.m.**"). At the same time, the Group implemented strong sales receivables collection management, and the amount collected from property sales was RMB17,154.8 million for the Year, accounting for approximately 93.4% of our contracted sales for the Year.

During the Year, our contracted sales were mainly distributed across 28 development projects in 13 cities in the PRC accounting for approximately 93.3% of the total contracted sales. In 2017, we successively launched 9 new development projects pre-sold for the first time, mainly including Hangzhou Jingrui Majestic Mansion (杭州景瑞•天賦), Suzhou Jingrui Majestic Mansion (蘇州景瑞•無雙), Hangzhou Jingrui Flange Park (杭州景瑞•法蘭公園), Hangzhou Jingrui Yangming Valley (杭州景瑞•陽明谷), Ningbo Tili Garden (寧波•緹酈苑), Ningbo Rong An Zodia Tower (寧波•榮安星院), Nantong Jingrui Lanting (南通•景瑞蘭亭), Tianjin Maritime International (天津•海上國際) and Nanjing Golden East (南京•金域東方), the contracted sales of which accounted for approximately 36.0% of the total contracted sales. In the meantime, sales of existing projects continued to perform well, accounting for approximately 64.0% of the total contracted sales, mainly including Ningbo Jingrui Headream Mansion (寧波景瑞•海志府), Changzhou Jingrui Dignity Mansion (常州景瑞•望府), Shaoxing Jingrui Dignity Mansion (紹興景瑞•望府), Suzhou Jingrui Happy Family Garden (蘇州景瑞•東環之歌), Suzhou Jingrui Jade Bay (蘇州景瑞•翡翠灣), Shaoxing Jingrui Nobility Mansion (紹興景瑞•御江山), Shanghai Jingrui City Park (上海景瑞•城中公園), Shaoxing Jingrui Lake of Dawn (紹興景瑞•曦之湖),Shanghai Jingrui Upper Riverside (上海景瑞•尚濱江) and Tianjin Jingrui Hyatt Mansion (天津景瑞•悦府).

During the Year, income from property sales recognized by the Group amounted to RMB15,254.7 million, representing an increase of 3.5% as compared to last year. This was mainly attributable from the growth in property sales in projects such as Hangzhou Jingrui Shenhua No. One, Nantong Jingrui Nobility Mansion, Shaoxing Jingrui Lake of Dawn, Shaoxing Jingrui Dignity Mansion, Ningbo Jingrui Majestic Mansion, Suzhou Jingrui Happy Family Garden, Nantong Jingrui Royal Mansion, Tianjin Jingrui Hyatt Mansion, Shanghai Jingrui City Park and Suzhou Jingrui Dignity Mansion. Revenue from property sales of the Group accounted for approximately 97.4% of our total revenue for the Year, and property sales was the principal operating business of the Group. We also provided property management services for all our self developed projects to enhance project value, establish good reputation and brand image for our projects and increase customer loyalty and satisfaction.

We continued to adhere to the development strategy of intensively penetrating into the Yangtze River Delta region, with special focus on first-tier and second-tier core cities in this region. In 2017, we acquired 23 projects in cities such as Shanghai, Hangzhou, Ningbo, Nanjing, Beijing, Wuhan and Tianjin, at a total consideration of approximately RMB19,021 million, thereby increasing our total GFA of land reserves by approximately 2,665,804 sq.m., with the land cost per sq.m. (calculated based on the expected total GFA) amounting to approximately RMB7,135 per sq.m.. As at 31 December 2017, the total GFA of the land reserves held by us in aggregate amounted to approximately 4,406,344 sq.m.. The increase in GFA as compared with last year was mainly due to the increase of land acquisition (especially intensifying our efforts in acquisition of existing properties) and expansion into the real estate market in Wuhan in 2017. We expect our land reserves to be sufficient to meet our development needs for the next two to three years. We believe a majority of our land reserves are situated in first-tier and second-tier core cities in the Yangtze River Delta region in the PRC, which will be more beneficial to our development strategy of intensively penetrating into the Yangtze River Delta region.

We have consistently applied the principle of steady financial management, with a view to maintain healthy cash flows and guarantee capital safety. In April 2017, the Company issued senior notes of US$400 million at coupon rate of 7.75% with a term of 3 years. We believe that such issuance will reduce our finance costs effectively and further optimize our debt structure.

The strong performance of contracted property sales further strengthened our financial position during the Year. As at 31 December 2017, our cash at bank and on hand (including restricted cash) reached RMB9,513.2 million. At the same time, unutilized bank facilities amounted to approximately RMB9,858.3 million. As at 31 December 2017, our net debt-to-adjusted-capital ratio was approximately 68%. We believe that the current liability level is within a reasonable range given our current development stage and also matches our operations. The Group will continue to improve our liability level and structure for sound risk control so as to lay a solid foundation for our sustained operations and steady future growth.

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

At the same time, in order to carry out better resources allocation and achieve professional management so that the Group's overall strategic objective will be accomplished, the Group, focusing on its core real estate business, conducted reorganization of organizational structure and business operation in 2017 and set up five major business segments, namely Jingrui Properties (景瑞地產), Yan Capital (優鉞資產), Co-Fortune Capital (合福資本), Apartment Platform (公寓平臺) and Office Platform (辦公平臺), among which: Jingrui Properties focuses on property development in four metropolitan areas in China and is committed to providing customized life products and services based on the strategy of "customer insight"; Yan Capital is engaged in real estate fund raising activities and asset management and manages to finish a transition from real estate debt fund to equity fund; Co-Fortune Capital is committed to investment in real estate ecological cycle, and enhances products and serving capabilities by leveraging on its capital to stimulate its real estate development business; Apartment Platform involves into urban renewal and provides operating management services covering apartment development, holding and leasing in the first-tier cities such as Shanghai, Beijing and Shenzhen as well as key second-tier cities; and Office Platform involves into urban renewal and provides operating management services covering office development, holding and leasing in the first-tier cities such as Shanghai, Beijing and Shenzhen.

BUSINESS REVIEW

Jingrui Properties

Property Development

In 2017, we achieved contracted sales of approximately RMB18,372.7 million and the total contracted GFA sold was approximately 1,010,756 sq.m. Our contracted sales were primarily generated from the Zhejiang and Jiangsu regions. The contracted sales (excluding car parks) generated from the Zhejiang and Jiangsu regions was approximately RMB9,500.9 million and RMB5,171.4 million, representing 51.7% and 28.1% of the total contracted sales, respectively.

Details of the Group's contracted sales in 2017

The following table sets out the geographic breakdown of the Group's contracted sales in 2017:

Project Name	**Contracted GFA Sold**	**Contracted sales**	**Contracted Average Selling Price ("ASP")**
	sq.m.	*RMB'000*	*RMB/sq.m.*
Shanghai			
Shanghai Jingrui City Park	17,594	681,193	38,717
Shanghai Jingrui Upper Riverside	4,425	495,764	112,051
Shanghai Jingrui The French Lakeside Villa	1,555	56,735	36,484
Shanghai Jingrui Xuhui New City	909	13,980	15,372
Tianjin			
Tianjin Jingrui Sunny City	500	8,789	17,579
Tianjin Jingrui Hyatt Mansion	34,159	376,829	11,032
Tianjin Maritime International	73,299	1,042,293	14,220
Chongqing			
Chongqing Jingrui Royal Bay	16,700	111,344	6,667
Chongqing Jingrui Online Family	6,853	115,288	16,823
Chongqing Jingrui Blue Valley	788	4,300	5,457
Sub-total of centrally direct-controlled municipalities	**156,782**	**2,906,515**	**18,539**
Hangzhou			
Hangzhou Jingrui Royal Bay	3,515	54,796	15,588
Hangzhou Jingrui Royal Mansion	5,843	90,755	15,532
Hangzhou Jingrui Shenhua No. One	4,653	181,896	39,090
Hangzhou Jingrui Shenhua County	4,777	134,882	28,235
Hangzhou Jingrui Majestic Mansion	70,519	2,712,919	38,471
Hangzhou Jingrui Flange Park	82,642	1,364,939	16,516
Hangzhou Jingrui Yangming Valley	311	30,972	99,646

Project Name	Contracted GFA Sold *sq.m.*	Contracted sales *RMB'000*	Contracted Average Selling Price ("ASP") *RMB/sq.m.*
Ningbo			
Ningbo Jingrui Dignity Mansion	1,195	18,914	15,825
Ningbo Jingrui Harbour City	5,659	108,909	19,244
Ningbo Jingrui Titian Garden	3,187	59,445	18,654
Ningbo Jingrui Headream Mansion	58,355	1,472,701	25,237
Ningbo Tili Garden	24,686	470,834	19,073
Nignbo Rong An Zodiac Tower	1,344	29,621	22,037
Shaoxing			
Shaoxing Jingrui The Mansion	380	3,755	9,882
Shaoxing Jingrui Dignity Mansion	83,979	1,164,757	13,870
Shaoxing Jingrui Lake of Dawn	60,837	576,771	9,481
Shaoxing Jingrui Nobility Mansion	84,140	691,164	8,214
Huzhou			
Huzhou Jingrui Dignity Mansion	14,376	220,093	15,309
Taizhou			
Taizhou Jingrui Dignity Mansion	4,654	98,090	21,075
Zhoushan			
Zhoushan Jingrui Peninsula Bay	2,192	14,693	6,702
Sub-total of Zhejiang Province	**517,244**	**9,500,906**	**18,368**
Suzhou			
Suzhou Jingrui Jade Bay	59,580	713,120	11,969
Suzhou Jingrui Dignity Mansion	12,904	191,698	14,855
Suzhou Jingrui Nobility Mansion	239	3,639	15,242
Suzhou Jingrui Happy Family Garden	64,230	947,726	14,755
Suzhou Jingrui Majestic Mansion	9,829	309,540	31,493
Changzhou			
Changzhou Jingrui Dignity Mansion	88,996	1,417,467	15,927
Wuxi			
Wuxi Jingrui Dignity Mansion	14,056	168,079	11,958

Project Name	Contracted GFA Sold *sq.m.*	Contracted sales *RMB'000*	Contracted Average Selling Price ("ASP") *RMB/sq.m.*
Nantong			
Nantong Jingrui Dignity Mansion	1,173	14,050	11,978
Nantong Jingrui Nobility Mansion	3,336	51,128	15,324
Nantong Jingrui Royal Mansion	29,295	301,806	10,302
Nantong Jingrui Lanting	8,190	68,920	8,145
Nanjing			
Nanjing Jingrui The Spring Lake	19,028	398,143	20,925
Nanjing Jingrui Golden East	25,264	576,000	22,799
Yangzhou			
Yangzhou Jingrui Dignity Mansion	610	10,050	16,467
Sub-total of Jiangsu Province	**336,730**	**5,171,366**	**15,358**
Car park (lots)	6,992	793,925	–
Total	**1,010,756**(1)	**18,372,712**	**18,177**

Note:

(1) Excluding the area of car parks

Land Bank

As at 31 December 2017, the total land bank of the Group was approximately 4,406,344 sq.m. or approximately 2,521,210 sq.m. on an attributable basis. From 1 January 2018 to 15 March 2018, we acquired 6 projects in Tianjin, Beijing and Wuhan including Jin Bin Tang (Gua) 2017-1# and Tower A of Cheng Yuan Building in Haidian district. As at 15 March 2018, the total land bank of the Group was approximately 4,705,997 sq.m. or approximately 2,820,863 sq.m. on an attributable basis.

Breakdown of the Group's land bank by cities for the year ended 31 December 2017

City	Total GFA	Percentage of the Group's Total GFA	GFA Attributable to the Group's Interests	Percentage of GFA Attributable to the Group's Interests
	sq.m.	*%*	*sq.m.*	*%*
Municipalities directly under the central government				
Shanghai	204,191	4.6%	176,963	7.0%
Beijing	24,300	0.6%	24,300	1.0%
Tianjin	603,810	13.6%	120,914	4.8%
Chongqing	6,868	0.2%	6,868	0.3%
Sub-total	**839,169**	**19.0%**	**311,405**	**13.1%**
Zhejiang Province				
Hangzhou	614,524	13.9%	285,083	11.3%
Ningbo	1,084,956	24.6%	669,139	26.6%
Shaoxing	101,598	2.3%	101,598	4.0%
Huzhou	5,804	0.1%	5,804	0.2%
Zhoushan	67,962	1.5%	67,962	2.7%
Sub-total	**1,874,844**	**42.5%**	**1,129,586**	**44.8%**
Jiangsu Province				
Suzhou	304,015	6.9%	259,334	10.3%
Changshu	85,615	2.0%	34,246	1.4%
Nanjing	237,360	5.4%	128,607	5.1%
Wuxi	139,301	3.2%	139,301	5.5%
Changzhou	147,256	3.3%	75,101	3.0%
Nantong	201,390	4.6%	193,592	7.6%
Yangzhou	2,403	0.1%	2,403	0.1%
Sub-total	**1,117,340**	**25.5%**	**832,583**	**33.0%**
Wuhan	574,992	13.0%	229,997	9.1%
Total	**4,406,344**	**100.0%**	**2,503,571**	**100.0%**

In 2017, we acquired 23 projects in cities such as Shanghai, Hangzhou, Suzhou, Ningbo, Nanjing, Tianjin and Wuhan, at a total consideration of approximately RMB19,021 million, increasing our total GFA of land reserves by approximately 2,665,804 sq.m.. We successfully expanded into the real estate market in Wuhan through the acquisition of Lot K4, Dazhou Village,Wuhan.

From 1 January 2017 to 15 March 2018, we acquired 6 projects in Tianjin, Beijing and Wuhan, including Jin Bin Tang (Gua) 2017-1# and Tower A of Cheng Yuan Building in Haidian district, with an expected total GFA of approximately 299,653 sq.m. and an aggregate consideration of approximately RMB2,769 million.

Details of land and property acquisition for the year ended 31 December 2017

City	Project/Land Parcel	Land Use	Attributable Interest	Site Area	Expected Total GFA	Expected Total GFA Above Ground	Consideration	Average Land Cost/ Property Cost (based on the expected total GFA)	Average Land Cost/ Property Cost (based on the expected total GFA above ground)
			%	*sq.m.*	*sq.m.*	*sq.m.*	*RMB million*	*RMB/sq.m*	*RMB/sq.m*
Shanghai	Shanghai Jingrui Shenxin Tower	Commercial	100%	–	3,361	3,361	102	30,348	30,348
Shanghai	Shanghai Jingrui Keyuan Tower	Composite	100%	663	10,061	9,360	220	29,818	32,051
Shanghai	Shanghai Jingrui Elite Residences	Residential	100%	1,440	9,916	9,159	395	39,835	43,127
Beijing	Sanquan Apartment Project	Residential	100%	3,000	24,300	24,300	1,280	52,675	52,675
Ningbo	Hongtang Project	Residential	100%	25,250	78,712	51,971	364	4,624	7,004
Ningbo	Huaguang City Project	Commercial and residential	28%	14,727	53,486	38,290	424	7,927	11,073
Ningbo	Chunxiao Project	Residential	50%	106,266	299,240	223,122	873	2,917	3,913
Ningbo	Lot 8, Jiangshan	Residential	50%	33,937	86,712	61,086	709	8,176	11,607
Ningbo	South Cixi Sanskrit Garden	Residential	100%	24,077	42,336	31,300	62	1,464	1,981
Ningbo	High-tech Zone Commercial Project	Commercial	100%	12,917	31,000	31,000	105	3,387	3,387
Ningbo	Panhuo Project (Rong An Zodiac Tower)	Residential	25%	16,134	24,201	24,201	177	7,314	7,314
Suzhou	Porject in Meili Town, Changshu	Residential	25%	34,798	85,615	62,514	111	4,252	5,823
Suzhou	Lot 16 in Qidu	Residential	50%	7,585	14,550	8,343	30	2,062	3,596
Suzhou	Lot 17 in Qidu	Composite	50%	5,759	20,928	17,250	30	1,433	1,739
Hangzhou	Hangzhou Jingrui Greenview Mansion	Residential	50%	84,856	187,424	141,916	579	6,072	8,019
Hangzhou	Acer Serrulatum Villa Garden	Residential	100%	49,804	25,400	25,400	712	28,031	28,031
Hangzhou	Yangming Valley	Residential	100%	61,000	18,300	18,300	998	54,536	54,536
Hangzhou	Liuxia Plot	Residential	7%	42,727	47,000	47,000	105	27,043	27,043
Hangzhou	North Linpingshan Plot	Commercial and residential	13%	77,500	155,000	155,000	126	8,529	8,529
Nanjing	Nanjing Jingrui Lot G18, Luhe	Composite	60%	28,500	106,333	94,129	540	5,078	5,737
Nanjing	Project in Chunhua (Golden East)	Residential	17%	66,267	176,379	132,534	1,493	8,465	11,265
Wuhan	Lot K4, Dazhou Village, Wuhan	Composite	40%	106,494	574,992	410,000	574	5,704	8,000
Tianjin	Maritime International	Composite	20%	362,548	590,558	439,099	3,052	5,168	6,951
Total				**1,166,248**	**2,665,804**	**2,058,635**	**19,021**	**7,135**	**9,240**

Details of land and property acquisition from 1 January 2018 to 15 March 2018

City	Project/Land Parcel	Land Use	Attributable Interest	Site Area	Expected Total GFA	Expected Total GFA Above Ground	Consideration	Average Land/ Properties Cost (based on the expected total GFA)	Average Land/ Properties Cost (based on the expected total GFA above ground)
				sq.m.	*sq.m.*	*sq.m.*	*RMB million*	*RMB/sq.m.*	*RMB/sq.m.*
Beijing	Block A Project of Cheng Yuan Building in Haidian District	Composite	100%	2,700	9,699	9,699	269	27,735	27,735
Beijing	NAGA Shangyuan Project in Dongzhimen	Residential & commercial	100%	2,200	5,768	5,768	280	48,541	48,541
Tianjin	Jin Bin Tang (Gua) No. 2017-1	Residential & commercial	100%	44,722	105,334	80,500	538	5,105	6,680
Tianjin	Jin Hai He Yuan (Gua) No. 2018-014	Residential & commercial	100%	60,460	119,463	90,690	1,140	9,543	12,570
Wuhan	Houguan Lake Plot in Caidian District	Tourist & Residential	100%	38,020	54,020	38,020	240	4,434	6,300
Beijing	Foresea Zhongjin Project in Zhongguancun	Office	100%	425	5,369	5,369	302	56,246	56,246
Total				**148,528**	**299,653**	**230,046**	**2,769**	**9,242**	**12,038**

Revenue from Sale of Properties

The revenue from sale of properties in 2017 was approximately RMB15,254.7 million, representing an increase of 3.5% as compared to last year, and its distribution is mainly as follows:

	Revenue	Percentage of Total Revenue	GFA	ASP
	RMB'000	*%*	*sq.m.*	*RMB/sq.m.*
Shanghai				
Shanghai Jingrui @WAY Across	9,632	0.1	188	51,273
Shanghai Jingrui City Park	755,317	5.0	20,985	35,994
Shanghai Jingrui The French Lakeside Villa	266,399	1.7	8,999	29,603

	Revenue	Percentage of Total Revenue	GFA	ASP
	RMB'000	*%*	*sq.m.*	*RMB/sq.m.*
Jiangsu Province				
Suzhou Jingrui Nobility Mansion	1,487,145	9.7	96,807	15,362
Suzhou Jingrui Jade Bay	203,031	1.3	20,888	9,720
Suzhou Jingrui Dignity Mansion	628,570	4.1	47,033	13,364
Suzhou Jingrui Happy Family Garden	1,054,228	6.9	78,614	13,410
Changzhou Jingrui Dignity Mansion	205,795	1.3	18,775	10,961
Nantong Jingrui Dignity Mansion	81,373	0.5	8,996	9,046
Nantong Jingrui Nobility Mansion	57,112	0.4	4,862	11,747
Nantong Jingrui Royal Mansion	944,970	6.2	112,980	8,364
Yangzhou Jingrui Dignity Mansion	9,571	0.1	610	15,682
Wuxi Jingrui Dignity Mansion	793,526	5.2	93,743	8,465
Zhejiang Province				
Huzhou Jingrui Dignity Mansion	249,863	1.6	18,314	13,644
Zhoushan Jingrui Peninsula Bay	15,978	0.1	2,964	5,390
Shaoxing Jingrui Dignity Mansion	1,202,466	7.9	100,067	12,017
Shaoxing Jingrui The Mansion	375,693	2.5	54,893	6,844
Shaoxing Jingrui Lake of Dawn	1,326,608	8.7	185,191	7,163
Taizhou Jingrui Dignity Mansion	39,424	0.3	2,146	18,368
Ningbo Jingrui Dignity Mansion	10,111	0.1	553	18,281
Ningbo Jingrui The Mansion	10,571	0.1	644	16,426
Ningbo Jingrui Harbour City	166,625	1.1	10,202	16,332
Ningbo Jingrui Majestic Mansion	1,064,960	7.0	88,018	12,099
Hangzhou Jingrui Royal Bay	58,729	0.4	4,382	13,402
Hangzhou Jingrui Royal Mansion	110,428	0.7	8,171	13,515
Hangzhou Jingrui Shenhua No. One	2,200,228	14.4	75,122	29,289
Hangzhou Jingrui Shenhua County	170,091	1.1	6,047	28,129
Chongqing				
Chongqing Jingrui Royal Bay	126,756	0.8	19,759	6,415
Chongqing Jingrui Online Family	230,390	1.5	22,433	10,270
Tianjin				
Tianjin Jingrui Hyatt Mansion	864,773	5.6	89,425	9,670
Other projects	42,315	0.3	3,512	12,045
Subtotal	**14,762,678**	**96.8**	**1,205,323**	**12,248**
Car park	492,047	3.2	5,530	–
Total	15,254,725	100.0	–	–

Yan Capital (優鋮資產)

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

During the reporting period, Yan Capital promoted and established three funds with a total size of approximately RMB860 million.

Co-Fortune Capital (合福資本)

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

Apartment Platform (公寓平臺)

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

During the reporting period, the Apartment Platform has commenced the operation of Beijing Sanquan Apartment Project, Shanghai Yangti Project and Hangzhou Chengxi Intime Project. Currently, the apartment projects being renovated include Shanghai Jinling Road Project and Shanghai Xiaomuqiao Project. The developed apartment products, represented by "Su She" (素舍) and "Pu Shu" (璞樹), are designed to serve as serviced apartments for young white-collar professionals and high-end businessmen, respectively.

Office Platform (辦公平臺)

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

During the reporting period, the Office Platform held the Shanghai Zhangjiang Garden Building Project.

Employees and Remuneration Policies

As at 31 December 2017, we had a total of 2,743 fulltime employees in the PRC and Hong Kong. 705 of our employees worked in property development operations, 1,983 were engaged in property management and 55 were engaged in customer services and other related operations.

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

The Group's staff costs for the year ended 31 December 2017 amounted to RMB444.9 million (for the year ended 31 December 2016: RMB405.8 million). Staff costs include a remuneration expense in relation to share-based payments of RMB8.6 million recognized for the Year (for the year ended 31 December 2016: RMB4.4 million).

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

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2017, the revenue of the Group reached RMB15,668.4 million, representing an increase of 4.1% as compared to RMB15,051.3 million last year. Our revenue consists of revenue from (i) sales of properties, (ii) property management, (iii) decoration of properties, (iv) rental income and (v) others. The table below sets forth our revenue for each of the businesses described above and the percentage on total revenue represented for the periods indicated:

Revenue by business segments

	2017		2016		
		Percentage of the total revenue		Percentage of the total revenue	Year-on-year change
	RMB'000	*%*	*RMB'000*	*%*	*%*
Sales of properties	**15,254,725**	**97.4**	14,737,396	97.9	3.5
Property management	**272,538**	**1.7**	164,905	1.1	65.3
Design and decoration of properties	**66,942**	**0.4**	69,181	0.5	(3.2)
Rental income	**57,789**	**0.4**	10,663	0.1	442.0
Others	**16,410**	**0.1**	69,132	0.4	(76.3)
Total	**15,668,404**	**100.0**	15,051,277	100.0	4.1

Revenue from sales of properties has constituted, and is expected to continue to constitute, a substantial majority of our total revenue, representing approximately 97.4% of our total revenue for the Year.

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

During the Year, the properties delivered by the Group mainly included Hangzhou Jingrui Shenhua No. One, Nantong Jingrui Nobility Mansion, Shaoxing Jingrui Lake of Dawn, Shaoxing Jingrui Dignity Mansion, Ningbo Jingrui Majestic Mansion, Suzhou Jingrui Happy Family Garden, Nantong Jingrui Royal Mansion, Tianjin Jingrui Hyatt Mansion, Shanghai Jingrui City Park and Suzhou Jingrui Dignity Mansion. Revenue from sales of properties increased by approximately 3.5% to approximately RMB15,254.7 million in 2017 from approximately RMB14,737.4 million in 2016, mainly due to an increase in the average selling prices of properties delivered and the proportion of revenue from sales of properties in first-tier and second-tier cities during the Year.

Our property management revenue represents revenue generated from property management services we provide through our wholly-owned subsidiary, Shanghai Jingrui Property Management Co., Ltd., to owners of all our properties and certain properties developed by third parties. Property management revenue is recognized over the period when our property management services are rendered. In 2017, property management revenue of the Group was approximately RMB272.5 million, representing an increase of approximately 65.3% as compared to that of last year. The absolute amount of our property management revenue increased significantly, primarily due to the continued growth in the total area of our completed properties and the increase in the proportion of outreach business.

Revenue from decoration of properties represents realised revenue generated from decoration works we provided. In 2017, such revenue of the Group was approximately RMB66.9 million, representing a decrease of 3.2% as compared to that of last year, of which the revenue slightly declined due to the decrease of revenue from the Licheng's service to related parties as well as the increase of revenue from customized fine decoration works.

Rental income mainly includes operating revenue from leasing our investment properties and certain other completed properties and is recognized on a straight line basis over the relevant lease terms. We currently focus on the development of residential properties but usually develop certain ancillary retail areas in our projects, which increases the value of such projects and enables us to better serve residents of our property projects. In 2017, rental income of the Group was approximately RMB57.8 million, representing an increase of 442.0% as compared to that of last year. The increase was mainly due to an increase in the properties held by the Group for investment during the Year. Our rental income was generated from leasing the retail areas of Shanghai Jingrui Life Square, Ningbo Jingrui Harbour City, Beijing Sanquan Apartment and Shanghai Keyuan Tower.

Cost of Sales

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

Our cost of sales decreased by 8.9% from RMB14,441.0 million in 2016 to RMB13,150.3 million in 2017, primarily due to a decrease in the GFA delivered during the Year.

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

	2017		2016	
	RMB'000	*%*	*RMB'000*	*%*
Construction costs	**5,588,090**	**42.5**	5,850,775	40.5
Land use right costs	**5,743,559**	**43.7**	6,473,495	44.8
Capitalized interest	**1,234,997**	**9.4**	1,134,021	7.9
Subtotal: Total cost of properties	**12,566,646**	**95.6**	13,458,291	93.2
Business tax and surcharges	**224,987**	**1.7**	657,270	4.6
Provision for impairment of properties held or under development for sale	**55,697**	**0.4**	92,793	0.6
Other costs (1)	**302,935**	**2.3**	232,644	1.6
Total	**13,150,265**	**100.0**	14,440,998	100.0
Total GFA delivered (sq.m.)	**1,205,323**		1,418,720	
Average cost of properties per sq.m. sold (RMB) (2)	**10,426**		9,486	
Average cost per sq.m. as % of ASP	**85.1**		92.4	

Notes:

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

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

Gross Profit and Gross Profit Margin

Our gross profit increased by 312.6% from RMB610.3 million in 2016 to RMB2,518.1 million in 2017. We recorded gross profit margin of approximately 16.1% for the year ended 31 December 2017, compared to that of approximately 4.1% for the year ended 31 December 2016. Our gross profit margin significantly increased as compared to that of last year, which was mainly due to the completion of a majority of the adjustment in our overall strategy of changing our focus from third-tier and fourth-tier cities to first-tier and second-tier cities which resulted in high-quality business growth and a substantial increase in the average selling prices of properties in line with an increase in our stock of properties in first-tier and second-tier cities.

Fair Value Gains on Investment Properties

Our fair value gains on investment properties decreased by 55.6% from RMB81.1 million in 2016 to RMB36.0 million in 2017. Fair value gains in 2016 were primarily due to the increase in fair value of investment properties of Ningbo Jingrui Harbour City, while fair value gains in 2017 were primarily due to the increase in fair value of Beijing Sanquan Apartment and Shanghai Jingrui Shenxin Tower.

Selling and Marketing Costs

Our selling and marketing costs decreased by 10.9% from RMB408.5 million in 2016 to RMB363.9 million in 2017, primarily due to adopting measures of reducing costs and increasing efficiency.

Administrative Expenses

Our administrative expenses increased by 48.5% from RMB409.2 million in 2016 to RMB607.8 million in 2017. Such increase was primarily due to the increase in staff costs and expenses arising from our business expansion.

Other Income and Other Gains/(Losses), Net

Other income increased by 264.2% from RMB79.8 million in 2016 to RMB290.7 million in 2017. Other income recorded in 2017 was attributable to gains arising from acquisition of LKN Investment International Pte Ltd..

We recorded other gains of RMB136.1 million in 2017, compared to other gains of RMB964.3 million in 2016. Other gains recorded in 2017 were primarily due to the appreciation of the existing equity interests arising from the share repurchase by Ningbo Jingrui Property Co., Ltd. and gains from disposal of 50 % equity interest in Hangzhou Xiaoying Real Estate Development Co., Ltd. (杭州銷穎房地產開發有限公司) ("**Hangzhou Xiaoying**"), as well as gains from sales of investment properties held by the Group, and other gains recorded in 2016 were primarily due to gains from disposal of Tianjin Jingxiu Property Investment Co., Ltd. ("**Tianjin Jingxiu**"), Shanghai Jiajing Investment Co., Ltd. ("**Shanghai Jiajing**") and Shanghai Jingqi Property Development Co., Ltd. ("**Shanghai Jingqi**").

Finance (Costs)/Income, Net

Our finance income increased by 29.3% from RMB46.1 million in 2016 to RMB59.6 million in 2017, primarily as a result of the increase in interest income on bank deposits. Our finance costs increased by 19.2% from RMB142.8 million in 2016 to RMB170.3 million in 2017, mainly due to a decrease in the ratio of capitalized interest as a result of the increased investment in the properties held by the Group.

Income Tax Expense

Our income tax expense increased by 47.4% from RMB621.6 million in 2016 to RMB916.4 million in 2017, primarily due to the increase in land appreciation tax and income tax as a result of the increase in profit from sales of properties.

Profit/(loss) for the Year

Profit for the Year reached RMB903.9 million, of which profit attributable to our equity holders was RMB805.8 million in 2017. Profit for the Year without taking into account the changes in fair values of investment properties and relevant deferred tax was RMB877.0 million.

Profit attributable to the holders of perpetual capital instruments decreased by 71.4% from RMB71.5 million in 2016 to RMB20.5 million in 2017.

Profit or loss attributable to non-controlling interests increased by 640.7% from a loss of RMB14.4 million in 2016 to a gain of RMB77.7 million in 2017.

LIQUIDITY AND CAPITAL RESOURCES

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

Cash Positions

As at 31 December 2017, our cash at bank and on hand (including restricted cash) was RMB9,513.3 million. Our cash at bank and on hand are mainly dominated in RMB and US dollars. Restricted cash of the Group mainly comprised deposits pledged for borrowings and guarantees in respect of mortgage facilities for certain purchasers of the Group's properties.

Borrowings

Our total outstanding borrowings increased from RMB13,221.4 million as at 31 December 2016 to RMB14,114.8 million as at 31 December 2017. As at 31 December 2017, we had approximately RMB9,858.3 million unutilized banking facilities. All of the Group's secured borrowings were secured by one or a combination of the following methods: land use rights, properties under development, investment properties, properties, shares of the Company's subsidiaries, bank deposits and/or guarantees by the Company's subsidiaries. As at 31 December 2017, the assets used as collaterals for the borrowings amounted to RMB10,838.2 million (31 December 2016: RMB9,384.4 million) and the total guarantee provided to joint ventures for their borrowings amounted to RMB1,000.0 million (31 December 2016: RMB1,420.0 million). Our borrowings are mainly denominated in RMB and US dollars.

Breakdown of our borrowings by categories

	As at 31 December		
	2017	2016	Year-on-year change
	RMB'000	*RMB'000*	*%*
Current Borrowings:			
Bank loans, secured	**764,418**	562,850	35.8
Trust financing arrangements, secured:			
– conventional loan	**471,400**	2,155,271	(78.1)
Add: current portion of long-term borrowings:			
Bank loans, secured	**1,772,770**	1,013,220	75.0
Trust financing arrangements, secured	**1,374,300**	229,000	500.1
Senior notes due 2018, secured (c)	**422,192**	–	–
Total Current Borrowings	**4,805,080**	3,960,341	21.3
Non-Current Borrowings:			
Bank loans, secured	**5,061,368**	3,749,770	35.0
Trust financing arrangements, secured:			
– conventional loan	**1,904,800**	2,615,000	(27.2)
– equity with repurchase obligation	**480,000**	580,000	(17.2)
Senior notes due 2020, secured	**2,579,882**	–	–
Senior notes due 2019, secured	**–**	638,838	(100.0)
Senior notes due 2018, secured	**422,192**	445,974	(5.3)
Corporate bonds due 2021	**1,487,920**	1,484,530	0.2
Corporate bonds due 2019	**942,783**	989,117	(4.7)
Less: current portion of long-term borrowings:			
Bank loans, secured	**(1,772,770)**	(1,013,220)	75.0
Trust financing arrangements, secured	**(1,374,300)**	(229,000)	500.1
Senior notes due 2018, secured	**(422,192)**	–	–
Total Non-Current Borrowings	**9,309,683**	9,261,009	0.5
Total	**14,114,763**	13,221,350	6.8

Breakdown of our borrowings by maturity profiles

	As at 31 December			
	2017		2016	
	RMB'000	***%***	*RMB'000*	*%*
Within 1 year	**4,805,080**	**34.0**	3,960,341	30.0
Between 1 and 2 years	**3,582,494**	**25.4**	3,788,514	28.6
Between 2 and 5 years	**4,894,389**	**34.7**	5,433,495	41.1
Over 5 years	**832,800**	**5.9**	39,000	0.3
Total	**14,114,763**	**100.0**	13,221,350	100.0

The proportion of the Group's long-term borrowings in the total borrowings was 66% for the year ended 31 December 2017, ensuring the healthy and stable cash flow of the Group in the future.

Borrowing Costs

The Group's weighted average effective interest rates on bank and other borrowings were 6.98% and 8.46% as at 31 December 2017 and 2016 respectively. The Group's bank and other borrowings as at 31 December 2017 were primarily borrowings at fixed interest rates.

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

	Year ended 31 December		
	2017	2016	Year-on-year change
	RMB'000	*RMB'000*	%
Finance costs			
– Interest expensed	**258,566**	58,926	338.8
– Net foreign exchange (gains)/losses on financing activities expensed	**(143,388)**	83,112	(272.5)
– Amount capitalized	**855,329**	1,194,783	(28.4)
– Loss from early redemption of senior notes	**53,822**	–	–
Total	**1,024,329**	1,336,821	(23.4)

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

	As at 31 December	
	2017	2016
Bank loans	**5.98%**	7.30%
Trust financing arrangements	**9.57%**	10.01%
Senior notes	**9.66%**	14.20%
Corporate bonds	**6.28%**	6.28%
Weighted average effective interest rates	**6.98%**	8.46%

Net Debt-to-Adjusted-Capital Ratio

As at 31 December 2017, our net debt-to-adjusted capital ratio was 68%. Net debt-to-adjusted capital ratio is calculated as net borrowings at the end of the period divided by the aggregate of total equity and amounts due to non-controlling interests of subsidiaries, and multiplied by 100%. Net debt is calculated as total borrowings minus cash and cash equivalents and restricted cash. Our net debt-to-adjusted capital ratio was 51% as at 31 December 2016.

CONTINGENT LIABILITIES

We provide mortgage guarantees to banks in respect of the mortgage loans they provided to our customers in order to secure the repayment obligations of such customers. The mortgage guarantees are issued from the date of grant of the relevant mortgage loans and released upon the earlier of (i) the transfer of the relevant real estate ownership certificate to the customer, or (ii) the settlement of mortgage loans by the customers. If a purchaser defaults on a mortgage loan, we maybe 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.

As at 31 December 2017, the material contingent liabilities incurred for our provision of guarantees to financial institutions in respect of the mortgage loans they provided to our property purchasers were approximately RMB4,649.5 million (2016: RMB14,273.5 million). In addition, we provide guarantee for certain bank loans amounting to RMB1,000.0 million (2016: RMB1,420 million) for our joint ventures.

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

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

Except for the contingent liabilities disclosed above, as of 31 December 2017, we did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings and other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

INTEREST RATE RISK

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

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

FOREIGN EXCHANGE RISK

We are engaged in the development, sale and management of properties solely in the PRC with almost all our transactions denominated in RMB. In addition, the majority of our assets and liabilities are denominated in RMB. Accordingly, we are not exposed to significant foreign currency risks, except for bank deposits and our senior notes which were issued in 2015 and 2017, which were denominated in US dollars.

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

AVAILABLE-FOR-SALE FINANCIAL ASSETS

As at 31 December 2017, the fair value of the Group's available-for-sale financial assets increased by 12.7% to approximately RMB1,021.0 million from approximately RMB906.0 million as at 31 December 2016. The fair value of the current portion of the available-for-sale financial assets of approximately RMB251.8 million represents the remaining equity interests in Shanghai Jingqi held by the Group, and the fair value of the non-current portion of approximately RMB769.2 million mainly represents the investments in unlisted equity securities and liquid opportunity fund, as well as the new project investments in other ecosystem project of the real estate industry during the Year.

MATERIAL ACQUISITION AND DISPOSAL

On 2 June 2017, the Group entered into an equity transfer agreement with Meihao Holdings Group Co., Ltd. to acquire 65% equity interest in Hangzhou Xiaoying. The transaction was completed on 7 June 2017, and a total consideration of RMB725,654,171 was paid by the Group to Meihao Holdings Group Co., Ltd.. Upon completion, Hangzhou Xiaoying became a subsidiary of the Group. For details, please refer to the announcement in relation to the acquisition of 65% equity interest in Hangzhou Xiaoying published by the Company on 2 June 2017.

On 17 July 2017, the Group entered into an equity transfer agreement with Hangzhou Yuhang Supply and Marketing Holdings Group Co., Ltd. (杭州余杭供銷控股集團有限公司) to acquire the remaining 35% equity interest in Hangzhou Xiaoying. The transaction was completed on 28 July 2017, and a total consideration of RMB390,738,400 was paid by the Group to the seller. Upon completion, Hangzhou Xiaoying became a wholly owned subsidiary of the Group. For details, please refer to the announcement in relation to the acquisition of 35% equity interest in Hangzhou Xiaoying published by the Company on 17 July 2017 and the circular to shareholders dated 22 September 2017.

On 11 September 2017, the Group and Hangzhou Tengshun Real Estate Development Co., Ltd. (杭州騰順房地產開發有限公司) ("**Hangzhou Tengshun**") entered into a disposal agreement. Pursuant to the disposal agreement, the Group (i) transferred 50% of the equity interest in Hangzhou Xiaoying to Hangzhou Tengshun and (ii) assigned 50% of the Relevant shareholder loan owed to it by Hangzhou Xiaoying to Hangzhou Tengshun, at a total consideration of RMB578,696,286 in cash (subject to the payment of an additional cash consideration of RMB25,000,000 by Hangzhou Tengshun to Hangzhou Jingxiao). Upon completion of the disposal, the Group will hold 50% of the equity interest in Hangzhou Xiaoying. Hangzhou Xiaoying will cease to be a subsidiary of the Company and will be accounted for as a joint venture of the Company, and the accounts of Hangzhou Xiaoying will not be consolidated in the financial statements of the Group. For details, please refer to the announcement in relation to the disposal of 50% equity interest in Hangzhou Xiaoying published by the Company on 11 September 2017.

On 27 September 2017, Wuhan Ruixiao Property Investment Co., Ltd. (武漢瑞驍房地產投資有限公司) ("**Wuhan Ruixiao**") , a wholly owned subsidiary of the Company, entered into a cooperation agreement with Wuhan Xinfeilun Property Development Co., Ltd. (武漢新飛輪房地產開發有限公司) ("**Wuhan Xinfeilun**") and Wuhan Tongbang Mechanical and Electrical Equipment Co., Ltd. (武漢同邦機電設備有限公司) ("**Wuhan Tongbang**"), pursuant to which: (i) Wuhan Ruixiao shall make a capital injection of an aggregate amount of RMB762,000,000 to Wuhan Yingjin Property Development Co., Ltd. (武漢盈錦嘉園房地產開發有限公司) ("**Wuhan Yingjin**") by way of capital contribution in cash and in the form of shareholder's loan; and (ii) Wuhan Ruixiao shall make an advance of RMB574,000,000 to Wuhan Xinfeilun. Accordingly, the total commitment and consideration to be made by Wuhan Ruixiao pursuant to the cooperation agreement shall be RMB1,336,000,000. Upon completion of the acquisition, Wuhan Yingjin has been interested in as to 40% by Wuhan Ruixiao and 60% by Wuhan Xinfeilun. Wuhan Yingjin wholly owns and develops the Land located at Hongshan District, Wuhan, PRC, and Wuhan Yingjin is accounted for as a non-wholly owned subsidiary of the Company given that Wuhan Ruixiao has control of the majority of the board of Wuhan Yingjin according to the cooperation agreement. For details, please refer to the announcement in relation to the acquisition of 40% equity interest in Wuhan Yingjin published by the Company on 27 September 2017 and the circular to the shareholders dated 15 December 2017.

FUTURE PLANS FOR MATERIAL INVESTMENT

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

PROSPECTS

Looking to 2018, China's economy will continue its steady growth momentum and head into a positive direction, with higher priority placed on the economic structure and improvement on quality and efficiency, while China's monetary policy is expected to remain sound. With regard to the policies on the real estate market, the Chinese government is expected to adhere to its differentiated regulatory policies, i.e. satisfying the rigid demand for first-time home buyers and their desire to improve living conditions while curbing speculation on real estate. The Chinese government will formulate different policies in different cities, with multiple solutions implemented to guide the real estate market back on the track of steady and balanced development. With the guideline of "accelerating the reform of the housing system and building a long-term mechanism" issued at the working conference of the Central Committee of CPC, the government will speed up its pace in building a housing system with multi-entity supply, multi-channel warranty and equal rights for both tenants and owners with a view to vigorously promoting house lease market. In the future, the real estate market will be in a more regulated and healthy development.

Jingrui will adhere to its goal of transformation and continue to uphold original ambition of serving the needs of its customers so as to enhance its value-design capability with "customer insights" and "excellent product strength" at the core, create and provide systematic services based on "customer value design" so as to enhance the added value and brand value of its products and accelerate its transformation from a real estate developer with low valuation to an operator with high valuation. In the future, Jingrui will adhere to its goal of providing customized services throughout the entire life cycle, covering a series of customized services from purchase, decoration to the post-intake stage, aiming to provide the occupants with complete one-stop product solutions. In addition, Jingrui is also vigorously building a "Customer Gathering Platform", i.e. providing its customers with a more efficient and convenient interactive platform for them to participate in the interactive pre-project customization and further enhance its efficiency in learning the customers' insights and demands, aiming to lay the foundation of its information technology platform for providing full-scale customized services to its customers in the future.

In the future, Jingrui will continue to expand its cooperation with the funds and set up different types of funds to match the needs of different investors so as to provide them with high-quality assets. At the same time, with the supply of stable and sustainable capital, Jingrui will be able to integrate the upstream and downstream eco-circle resources in the industry, and enhance its operational capability in a post-real estate market. In addition to the development of traditional residential buildings, Jingrui will continue to increase its investment in the properties by exploring high-quality operating assets such as office buildings and long-term rented apartments in the first-tier cities and acquiring quality second-hand projects as opportunities arise. Jingrui's targeted rate of merger and acquisition of secondhand projects will be not less than 50%, and its holding of investment in apartments and office buildings will reach 20% – 30%. Holding of renovated second-hand apartments and office buildings can turn into capitalized offering in the future; the held properties may also form asset bundles through operation and become long-term funds across market cycles. Meanwhile, rental and sale of the held properties may also help hedge the risks in property sales during the same period, and the withdrawal of quality core properties will also provide attractive return to the Company. Jingrui will adhere to its goal of turning into an "asset manager" and building a grand platform for "general asset management in terms of fund raising, investment, management and disposal" and accomplish a beautiful transformation eventually.

Jingrui is committed to providing its customers with a wide range of services to enhance the quality of their life while actively enhancing its service value. On the one hand, it will strive to optimize the return to its investors with high premium, i.e. profits from investment, management fee income and operating income from its held properties; on the other hand, this will facilitate Jingrui's transformation into an operator with high valuation, i.e. from high operational efficiency to high profitability, thus achieving sustainable development of the Company.

DIVIDEND

Subject to the approval by the shareholder of the Company at the annual general meeting, the Board proposed to pay a final dividend of HKD0.25 per share for the year ended 31 December 2017 (2016: nil) to shareholders whose names appear on the register of members of the Company on 10 May 2018.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Saturday, 21 April 2018 to Thursday, 3 May 2018, both days inclusive, in order to determine the identity of the shareholders who are entitled to attend the forthcoming annual general meeting to be held on Thursday, 3 May 2018. All transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on Friday, 20 April 2018.

The register of members of the Company will be closed from Wednesday, 9 May 2018 to Thursday, 10 May 2018, both days inclusive, in order to determine the identity of the shareholders who are eligible to receive the final dividend. All transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on Tuesday, 8 May 2018. Subject to approval by the shareholders at the annual general meeting, dividend warrants are expected to be despatched to the shareholders by post on or before Monday, 21 May 2018.

CORPORATE GOVERNANCE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. During the Year, the Company has adopted the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") as its own code of corporate governance. The Company has been in compliance with the code provisions set out in the CG Code for the Year save for a deviation from the code provision set out in paragraph A.2.1 of the CG Code with respect of the roles of chairman and chief executive should be separate and should not be performed by the same individual. Since the listing of the Company, Mr. Yan Hao ("**Mr. Yan**") has acted as the co-chairman and the chief executive officer of the Company. Notwithstanding the corporate governance measures adopted by the Company and the appointment of Mr. Chen Xin Ge ("**Mr. Chen**") as the other co-chairman with an aim to balance the power and authority of Mr. Yan, this is a deviation from the code provision set out in paragraph A.2.1 of the CG Code. Mr. Yan, as one of the founders of the Group, is instrumental to the Company's growth and business expansion since 1999. The Board considered that vesting the roles of co-chairman and chief executive officer of the Company in Mr. Yan facilitates and maximizes the effectiveness of the execution of the Group's business strategies. The executive functions and day-to-day management of the business are carried out by Mr. Yan as the chief executive officer of the Company. In addition, the Board believes that the powers and authorities of the co-chairmen of the Company have not been concentrated as the responsibilities have been shared between the co-chairmen of the Company. The Board also believes that the balance of power and authority is adequately ensured by the operations of senior management of the Company and the Board, which comprises experienced and high calibre individuals. The Board currently comprises four executive Directors (including Mr. Yan) and three independent non-executive Directors and therefore has a strong independence element in its composition. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG code.

REVIEW BY AUDIT COMMITTEE

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

The figures in respect of the Group's consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet and the related notes thereto for the year ended 31 December 2017 as set out in this results announcement have been agreed by the Group's auditor, PricewaterhouseCoopers ("**PwC**"), to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by PwC in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PwC on this announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Save as disclosed below, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Year.

The Company has redeemed all the outstanding 2019 Notes with an aggregate principal amount of approximately US$93.7 million on 8 August 2017 at the redemption price equal to 106.813% of the principal amount thereof, being approximately US$100.1 million, plus accrued and unpaid interest of approximately US$6.4 million to the redemption date. The total redemption price paid by the Company on the redemption date is approximately US$106.5 million. Upon completion of the redemption, the 2019 Notes have been cancelled. There are no outstanding 2019 Notes in issue after the redemption. The 2019 Notes was delisted from the Stock Exchange on 16 August 2017.

On 12 April 2017, the Company issued US$400 million 7.75% senior notes due 2020. The notes are listed and traded on the Stock Exchange.

PUBLICATION OF THE AUDITED CONSOLIDATED ANNUAL RESULTS AND 2017 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.jingruis.com) and the 2017 Annual Report containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

By order of the Board
Jingrui Holdings Limited
Yan Hao Chen Xin Ge
Co-chairmen

Hong Kong, 15 March 2018

As at the date of this announcement, the Board comprises Yan Hao, Chen Xin Ge, Xu Chao Hui and Xu Hai Feng, as executive Directors; Han Jiong, Qian Shi Zheng and Lo Wing Yan William, as independent non-executive Directors.

* *For identification purpose only*