Fullshare Holdings Limited
豐盛控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00607)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

The board (the "**Board**") of directors (the "**Directors**") of Fullshare Holdings Limited (the "**Company**") hereby announces the consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2017 (the "**Year 2017**"), together with the comparative figures for the previous year prepared in accordance with the generally accepted accounting principles in Hong Kong as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2017

	Notes	**2017** ***RMB'000***	2016 *RMB'000* (Restated)
REVENUE	*5*	**11,026,457**	4,311,423
Cost of sales		**(8,066,730)**	(3,447,168)
Gross profit		**2,959,727**	864,255
Fair value change in financial instruments	*4*	**1,907,073**	3,361,459
Other income and gains	*5*	**694,774**	243,882
Other expenses	*6*	**(794,058)**	(7,490)
Selling and distribution expenses		**(544,894)**	(228,803)
Administrative expenses		**(1,416,261)**	(507,853)
Finance costs	*7*	**(731,051)**	(89,996)
Change in fair value of properties held for sale transferred to investment properties		**416,137**	–
Gain on disposal of subsidiaries, net		**364,534**	98,502
Gain on a bargain purchase recognised in acquisition of subsidiaries		**38,038**	3,752
Share of profits and losses of:			
Joint ventures		**152,950**	(7)
Associates		**65,922**	5,501
PROFIT BEFORE TAX	*6*	**3,112,891**	3,743,202
Income tax expense	*8*	**(976,427)**	(740,918)
PROFIT FOR THE YEAR		**2,136,464**	3,002,284

	Note	2017 *RMB'000*	2016 *RMB'000* (Restated)
OTHER COMPREHENSIVE (LOSS)/INCOME			
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:			
Available-for-sale investments changes in fair value		**(338,549)**	299,557
Income tax effect on change in fair value		**85,689**	(74,889)
		(252,860)	224,668
Exchange differences on translation of foreign operations		**(306,177)**	214,478
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX		**(559,037)**	439,146
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,577,427**	3,441,430
Profit/(loss) attributable to:			
Owners of the parent		**2,267,453**	3,086,019
Non-controlling interests		**(130,989)**	(83,735)
		2,136,464	3,002,284
Total comprehensive income/(loss) attributable to:			
Owners of the parent		**1,778,375**	3,464,232
Non-controlling interests		**(200,948)**	(22,802)
		1,577,427	3,441,430
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*10*		
Basic		**RMB11.49 cents**	RMB19.03 cents
Diluted		**RMB11.48 cents**	RMB19.03 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2017

	Notes	31 December 2017 RMB'000	31 December 2016 RMB'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment		**5,664,321**	6,557,946
Investment properties	*11*	**3,980,790**	2,765,354
Prepaid land lease payments		**1,161,142**	1,386,949
Goodwill	*12*	**2,047,674**	1,667,339
Other intangible assets		**677,707**	884,745
Investments in joint ventures		**1,967,578**	1,907,275
Investments in associates		**672,087**	1,802,355
Available-for-sale investments	*13*	**4,894,177**	1,070,090
Loan receivable	*14*	**399,000**	399,400
Trade receivables	*15*	**–**	11,057
Financial assets designated as at fair value through profit or loss	*18*	**689,712**	526,351
Prepayments, deposits and other receivables	*16*	**343,987**	746,656
Deferred tax assets		**294,954**	210,070
Total non-current assets		**22,793,129**	19,935,587
CURRENT ASSETS			
Deposits paid for potential acquisitions		**211,823**	33,897
Inventories		**2,419,827**	2,645,111
Prepaid land lease payments		**26,830**	30,211
Trade and bills receivables	*15*	**6,650,273**	7,270,482
Consideration receivables		**149,216**	139,847
Loan receivables	*14*	**2,926,751**	328,816
Prepayments, deposits and other receivables	*16*	**2,182,825**	2,720,784
Tax prepaid		**10,213**	41,097
Financial assets held for trading	*17*	**7,242,057**	5,537,114
Structured bank deposits		**110,000**	739,000
Properties under development		**929,653**	1,471,003
Properties held for sale		**438,885**	1,073,868
Pledged bank deposits		**2,894,031**	2,581,830
Restricted bank deposits		**216,461**	–
Cash and cash equivalents		**5,221,679**	3,864,068
Total current assets		**31,630,524**	28,477,128

	Notes	31 December 2017 RMB'000	31 December 2016 RMB'000 (Restated)
CURRENT LIABILITIES			
Trade and bills payables	*19*	**6,814,951**	6,870,880
Other payables and accruals	*20*	**2,203,367**	2,022,911
Receipts in advance and deposits received		**971,666**	1,421,363
Dividend payable		**–**	9,545
Convertible bonds		**–**	23,681
Bank and other borrowings	*22*	**8,688,795**	6,225,935
Taxation payable		**829,316**	660,867
Warranty provision		**120,664**	104,197
Obligations under finance leases		**–**	7,007
Derivative financial instruments	*21*	**95,489**	–
Deferred income		**6,771**	10,453
Total current liabilities		**19,731,019**	17,356,839
NET CURRENT ASSETS		**11,899,505**	11,120,289
TOTAL ASSETS LESS CURRENT LIABILITIES		**34,692,634**	31,055,876
NON-CURRENT LIABILITIES			
Corporate bonds	*23*	**1,919,988**	8,387
Bank and other borrowings	*22*	**3,363,646**	2,749,983
Deferred tax liabilities		**2,119,643**	1,890,096
Deferred income		**85,658**	93,740
Total non-current liabilities		**7,488,935**	4,742,206
Net assets		**27,203,699**	26,313,670
EQUITY			
Equity attributable to owners of the parent			
Share capital		**161,084**	161,084
Equity reserve		**422,833**	422,833
Reserves		**23,407,519**	21,954,383
		23,991,436	22,538,300
Non-controlling interests		**3,212,263**	3,775,370
Total equity		**27,203,699**	26,313,670

NOTES:

31 December 2017

1. CORPORATE AND GROUP INFORMATION

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law (2007 Revised) of the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

During the year, the Group was involved in the following principal activities:

- Property development and investment
- Tourism
- Investment and financial services
- Provision of healthcare and education products and services
- New energy business

In the opinion of the Directors, the holding company and the ultimate holding company of the Company is Magnolia Wealth International Limited, which is incorporated in the British Virgin Islands ("**BVI**") with limited liability.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, derivative financial instruments and certain equity or equity linked investments which have been measured at fair value. These financial statements are presented in Renminbi and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2017. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without any loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12 included in Annual Improvements to HKFRSs 2014-2016 Cycle	Disclosure of Interests in Other Entities: Clarification of the Scope of HKFRS 12

None of the above amendments to HKFRSs has had a material impact on the Group's financial performance and positions for the period presented in these financial statements. The Group has provided the information for the current period in its annual consolidated financial statement for the year ended 31 December 2017 upon the adoption of amendments to HKAS 7, which require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

2.3 PRIOR YEAR RESTATEMENT

2.3.1 Restatement of prior year's financial statements as a result of finalised purchase price allocation of prior year acquisitions

During the year ended 31 December 2016, the Group acquired approximately 73.91% interests in China High Speed Transmission Equipment Group Co., Ltd ("**CHS**") and 70% equity interests in Northern King Holdings Limited, Wise Stream Limited and their subsidiaries (collectively referred to as "**Baoqiao Group**") of which the valuations have not been completed and the respective fair values of the identifiable net assets and goodwill were determined provisionally. During the year ended 31 December 2017, the Group made certain fair value adjustments, with reference to the finalised independent valuation, to the carrying amounts of the identifiable assets and liabilities of CHS and Baoqiao Group as a result of completing the initial accounting. The adjustments to the fair values at the acquisition date of the identifiable net assets were made as if initial accounting had been completed on the acquisition date. In addition, the depreciation and amortisation of the respective assets subsequent to the acquisition date were adjusted accordingly.

The above restatements relate to acquisitions which have effected during the year ended 31 December 2016 and hence have no financial impact on the consolidated financial position as at 1 January 2016. Accordingly no restated consolidated statement of financial position as at 1 January 2016 is presented.

2.3.2 Quantitative impact on the consolidated financial statements

i. Restated consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2016

For the year ended 31 December 2016

	As originally stated *RMB'000*	**Adjustments** *RMB'000*	**As restated** *RMB'000*
Revenue	4,311,423	–	4,311,423
Cost of sales	(3,439,428)	(7,740)	(3,447,168)
Gross profit/(loss)	871,995	(7,740)	864,255
Fair value change in financial instruments	3,361,459	–	3,361,459
Other income and gains	243,882	–	243,882
Other expenses	(7,490)	–	(7,490)
Selling and distribution expenses	(228,803)	–	(228,803)
Administrative expenses	(509,354)	1,501	(507,853)
Finance costs	(89,996)	–	(89,996)
Gain on a bargain purchase recognised in acquisition of subsidiaries	3,752	–	3,752
Gain on disposal of subsidiaries	98,502	–	98,502
Share of profits and losses of:			
Joint ventures	(7)	–	(7)
Associates	5,501	–	5,501
Profit/(loss) before tax	3,749,441	(6,239)	3,743,202
Income tax expense	(716,436)	(24,482)	(740,918)
Profit/(loss) for the year	3,033,005	(30,721)	3,002,284

For the year ended 31 December 2016

	As originally stated *RMB'000*	Adjustments *RMB'000*	As restated *RMB'000*
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Available-for-sale investments changes in fair value	292,793	6,764	299,557
Income tax effect on change in fair value	(73,198)	(1,691)	(74,889)
	219,595	5,073	224,668
Exchange differences on translation of foreign operations	214,478	–	214,478
Other comprehensive income for the year, net of tax	434,073	5,073	439,146
Total comprehensive income/(loss)	3,467,078	(25,648)	3,441,430
Profit/(loss) attributable to:			
Owners of the parent	3,105,196	(19,177)	3,086,019
Non-controlling interests	(72,191)	(11,544)	(83,735)
	3,033,005	(30,721)	3,002,284
Total comprehensive income/(loss) attributable to:			
Owners of the parent	3,482,628	(18,396)	3,464,232
Non-controlling interests	(15,550)	(7,252)	(22,802)
	3,467,078	(25,648)	3,441,430

ii. Restated consolidated statement of financial position as at 31 December 2016

	As originally stated *RMB'000*	Adjustments *RMB'000*	As restated *RMB'000*
Total non-current assets	19,817,545	118,042	19,935,587
Total current assets	28,477,128	–	28,477,128
Total current liabilities	17,356,839	–	17,356,839
Total non-current liabilities	4,759,281	(17,075)	4,742,206
Equity attributable to owners of the parent	22,556,696	(18,396)	22,538,300
Non-controlling interests	3,621,857	153,513	3,775,370
Total equity	26,178,553	135,117	26,313,670

Details of the financial line items as restated in the consolidated statement of financial position as at 31 December 2016 includes the followings:

	As originally stated *RMB'000*	Adjustments *RMB'000*	As restated *RMB'000*
Non-current assets			
Property, plant and equipment	6,565,282	(7,336)	6,557,946
Prepaid land lease payments	1,386,939	10	1,386,949
Goodwill	1,573,910	93,429	1,667,339
Other intangible assets	852,806	31,939	884,745
Non-current liabilities			
Deferred tax liabilities	1,907,171	(17,075)	1,890,096

3. OPERATING SEGMENT INFORMATION

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

(a) Properties – investment, development and sale of properties, and provision of construction related service;

(b) Tourism – tourist service;

(c) Investment and financial services – holding and investing in a variety of investments and financial products with potential or for strategic purposes including but not limited to listed and unlisted securities, bonds, funds, derivatives, structured and other treasury products; and rendering the investment and financial related consulting services;

(d) Healthcare and education – healthcare and education products and services; and

(e) New energy – manufacture and sale of gear products.

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

Segment assets exclude deferred tax assets, certain property, plant and equipment, tax prepaid, pledged bank deposits, structured bank deposits, cash and cash equivalents, deposits paid for potential acquisitions, consideration receivable and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude taxation payable, dividend payable, bank and other borrowings, deferred tax liabilities, convertible bonds, corporate bonds and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

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

During the year ended 31 December 2017, management has revisited the reportable segments and the Group's internal reporting. After taking into account the future strategic plan, size of operations and the correlation of the businesses newly acquired with the operation already in place, it is determined that the investment and financial related consulting services business acquired in December 2016 is grouped into investment segment and education business acquired in 2017 is combined with healthcare segment. This change to the reportable segment has no impact on presentation of the segment information for the year ended 31 December 2016.

Year ended 31 December 2017

	Properties RMB'000	Tourism RMB'000	Investment and financial services RMB'000	Healthcare and education RMB'000	New energy RMB'000	Total RMB'000
Segment revenue:						
Sales to external customers	**2,007,216**	**167,453**	**49,049**	**560,825**	**8,241,914**	**11,026,457**
Fair value change in financial instruments	**–**	**–**	**1,907,073**	**–**	**–**	**1,907,073**
Segment results	**1,404,242**	**48,334**	**2,202,884**	(256,377)	250,723	3,649,806
Reconciliation:						
Unallocated interest income						**120,779**
Gain on disposal of subsidiaries, net						**364,534**
Gain on a bargain purchase recognised in acquisition of subsidiaries						**38,038**
Loss on disposal of associates						**(128,151)**
Unallocated income and losses						**(94,436)**
Corporate and other unallocated expenses						**(106,628)**
Finance costs						**(731,051)**
Profit before tax						**3,112,891**
Segment assets	**6,669,619**	**1,783,039**	**16,504,495**	**857,982**	**19,687,767**	**45,502,902**
Reconciliation:						
Corporate and other unallocated assets						**8,920,751**
Total assets						**54,423,653**
Segment liabilities	**1,470,987**	**33,991**	**312,224**	**41,535**	**8,372,569**	**10,231,306**
Reconciliation:						
Corporate and other unallocated liabilities						**16,988,648**
Total liabilities						**27,219,954**

Year ended 31 December 2016

	Properties *RMB'000*	Tourism *RMB'000*	Investment and financial services *RMB'000* (Restated)	Healthcare and education *RMB'000*	New energy *RMB'000* (Restated)	Total *RMB'000* (Restated)
Segment revenue:						
Sales to external customers	2,894,843	134,321	3,716	362,464	916,079	4,311,423
Fair value change in financial instruments	–	–	3,361,459	–	–	3,361,459
Segment results	616,756	(43,029)	3,390,209	(154,355)	(131,927)	3,677,654
Reconciliation:						
Unallocated interest income						70,302
Gain on disposal of subsidiaries, net						98,502
Gain on a bargain purchase recognised in acquisition of subsidiaries						3,752
Unallocated income and gains						77,814
Corporate and other unallocated expenses						(94,826)
Finance costs						(89,996)
Profit before tax						3,743,202
Segment assets	6,659,135	1,558,496	7,866,745	1,016,351	23,592,029	40,692,756
Reconciliation:						
Corporate and other unallocated assets						7,719,959
Total assets						48,412,715
Segment liabilities	2,108,289	28,378	–	271,406	8,094,924	10,502,997
Reconciliation:						
Corporate and other unallocated liabilities						11,596,048
Total liabilities						22,099,045

Geographical information

(a) Revenue from external customers

	2017	2016
	RMB'000	*RMB'000*
Mainland China	**7,976,092**	3,795,094
Hong Kong	**49,049**	–
Australia	**369,175**	134,321
Singapore	**227**	4,761
Europe	**364,977**	3,716
United States of America	**1,932,173**	357,091
Other countries	**334,764**	16,440
	11,026,457	4,311,423

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2017	2016
	RMB'000	*RMB'000*
		(Restated)
Mainland China	**12,853,881**	13,464,377
Hong Kong	**131,888**	129,165
Australia	**1,090,805**	623,412
Singapore	**13**	–
United States of America	**155,342**	168,250
Europe	**3,185**	2,992
Other countries	**39,507**	31,250
	14,274,621	14,419,446

The non-current asset information above is based on the locations of the assets and excludes financial instruments, deferred tax assets and investments in joint ventures and associates.

Information about major customer

Revenue from customers of the corresponding years individually amounted to over 10% of the total sales of the Group is as follows:

	2017	2016
	RMB'000	*RMB'000*
Customer A[1]	**2,603,785**	N/A

[1] Revenue from sale of gear products in the new energy segment.

4. FAIR VALUE CHANGE IN FINANCIAL INSTRUMENTS

	2017	2016
	RMB'000	*RMB'000*
Fair value change in listed equity investments	**2,075,665**	3,345,853
Fair value change in derivative financial instruments *(note 21)*	**(125,829)**	–
Fair value change in financial assets designated as at fair value through profit or loss *(note 18)*	**(45,506)**	26,351
Fair value change in derivative components of convertible bonds	**2,743**	(10,745)
	1,907,073	3,361,459

5. REVENUE AND OTHER INCOME

Revenue mainly represents the net invoiced value of properties and goods sold, after allowances for returns and trade discounts; gross rental income received and receivable; an appropriate proportion of contract revenue of construction contracts, income from hotel operations and the value of services rendered.

An analysis of revenue, other income and net gains is as follows:

	2017	2016
	RMB'000	*RMB'000*
		(Restated)
Revenue		
Sale of properties	**1,704,330**	2,638,593
Sale of goods	**8,594,290**	1,258,950
Rendering of services	**375,722**	134,529
Gross rental income	**173,361**	58,954
Hotel operations	**167,453**	134,321
Revenue from construction contracts	**–**	82,360
Others	**11,301**	3,716
	11,026,457	4,311,423
Other income		
Bank interest income	**120,779**	38,546
Other interest income	**167,240**	57,577
Government grants	**39,275**	31,300
Investment income	**120,902**	24,037
Management fee income	**60,945**	21,782
Others	**1,448**	9,429
	510,589	182,671
Gains		
Gain on disposal of items of property, plant and equipment	**833**	4,874
Foreign exchange gain, net	**–**	56,337
Change in fair value of investment properties	**92,932**	–
Gain on disposal of available-for-sale investments	**3,666**	–
Gain from land resumption	**86,754**	–
	184,185	61,211
	694,774	243,882

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2017	2016
	RMB'000	*RMB'000*
		(Restated)
Cost of inventories sold	**6,641,532**	1,109,116
Cost of properties sold	**952,925**	2,009,357
Cost of hotel operations	**179,237**	154,575
Cost of services provided	**266,939**	96,529
Direct operating expenses arising from rental-earning investment properties	**24,609**	2,573
Cost of construction contracts	**1,488**	75,018
Depreciation	**668,403**	159,172
Amortisation of patents and technology	**20,545**	3,383
Amortisation of customer relationship	**54,000**	4,500
Amortisation of brand name	**1,767**	–
Research and development costs:		
Deferred expenditure amortised	**46,466**	2,397
Current year expenditure	**327,135**	55,661
	373,601	58,058
Minimum lease payments under operating leases	**15,024**	9,667
Amortisation of prepaid land lease payments	**28,753**	2,560
Auditor's remuneration	**7,970**	2,449
Other consulting fee	**18,128**	7,262
Employee benefit expense (including directors' and chief executives' remuneration)		
Wages and salaries	**1,011,958**	173,211
Pension scheme contributions	**233,578**	21,333
Other benefits	**254,150**	35,766
	1,499,686	230,310

	Notes	2017	2016
		RMB'000	*RMB'000*
			(Restated)
Write-down of inventories to net realisable value		**154,999**	–
Warranty provision		**148,794**	11,485
Fair value change in financial instruments	*4*	**(1,907,073)**	(3,361,459)
Government grants*		**(39,275)**	(31,300)
Change in fair value of properties held for sale transferred to investment properties	*11*	**(416,137)**	–
Change in fair value of investment properties	*11*	**(92,932)**	–
Gain on disposal of subsidiaries, net		**(364,534)**	(98,502)
Foreign exchange differences, net		**110,831**	(56,337)
Items included in other expenses:			
Impairment loss of other intangible assets		**63,409**	–
Impairment loss of property, plant and equipment		**189,279**	–
Impairment loss of goodwill	*12*	**14,883**	–
Impairment loss of investment in an associate		**94,000**	–
Impairment loss on trade receivables		**107,841**	2,098
Impairment loss on prepayments, deposits and other receivables		**85,664**	–
Loss on disposal/liquidation of associates		**128,151**	5,392

* Government grants received for which related expenditure has not yet been undertaken are included in deferred income in the consolidated statement of financial position. There are no unfulfilled conditions or contingencies relating to these grants.

At 31 December 2017, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in the future years (2016:nil).

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2017	2016
	RMB'000	*RMB'000*
Interest on bank and other borrowings	**660,837**	120,898
Interest on convertible bonds	**1,414**	2,412
Interest on corporate bonds	**77,341**	807
Interest on finance leases	**163**	96
Less: Interest capitalised	**(8,704)**	(34,217)
	731,051	89,996

8. INCOME TAX EXPENSE

The Group calculates the income tax expense for the year using the tax rates prevailing in the jurisdictions in which the Group operates.

	2017	2016
	RMB'000	*RMB'000*
		(Restated)
Current tax – charge for the year		
– People's Republic of China ("**PRC**")	**495,762**	293,045
– Hong Kong	**47,625**	2,192
– Land appreciation tax ("**LAT**")	**155,524**	111,965
Overprovision in respect of prior year	**(8,488)**	–
Deferred tax	**286,004**	333,716
Total tax charge for the year	**976,427**	740,918

PRC corporate income tax ("CIT")

Except for certain subsidiaries of the Group which are qualified as high technology development enterprises and are thus subject to tax at a preferential tax rate of 15% for 3 years from the date of approval, PRC CIT has been provided at the rate of 25% (2016: 25%) on the taxable profits of the Group's remaining PRC subsidiaries, for the year ended 31 December 2017.

PRC LAT

According to the requirements of the Provisional Regulations of the PRC on LAT（中華人民共和國土地增值稅暫行條例）effective from 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT（中華人民共和國土地增值稅暫行條例實施細則）effective from 27 January 1995, all gains arising from a transfer of real estate property in PRC effective from 1 January 1994 are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value,with an exemption provided for property sale of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profits arising in Hong Kong during the year ended 31 December 2017.

Singapore CIT

No provision for taxation in Singapore has been made, as the Group did not generate any assessable profits arising in Singapore for the years ended 31 December 2017 and 2016.

Australia company tax

Australia company tax has been provided at the rate of 30% (2016: N/A) on the taxable profits of the Group's Australian subsidiaries for the year ended 31 December 2017.

9. DIVIDENDS

	2017	2016
	RMB'000	*RMB'000*
Proposed final – RMB1.5 cents (2016: RMB1.5 cents) per ordinary share	**295,936**	295,936

The proposed final dividends for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to owners of the parent, and the weighted average number of ordinary shares of 19,729,061,731 (2016: 16,218,109,448) in issue during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to owners of the parent, adjusted to reflect the interest on the convertible bonds and fair value change on the conversion option derivative components of the convertible bonds. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	2017	2016
	RMB'000	*RMB'000*
		(Restated)
Earnings		
Earnings for the purpose of the basic earnings per share calculation	**2,267,453**	3,086,019
Interest on convertible bonds	**1,414**	2,412
Fair value change on the derivative component of the convertible bonds *(note 4)*	**(2,743)**	10,745
Profit attributable to ordinary equity holders of the parent before interest and fair value change on convertible bonds	**2,266,124**	3,099,176

	Number of shares	
	2017	2016
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**19,729,061,731**	16,218,109,448
Effect of dilution – weighted average number of ordinary shares:		
Convertible bonds	**5,303,096**	1,453,411
	19,734,364,827	16,219,562,859

* Since the convertible bonds had an anti-dilutive effect on the basic earnings per share for the year ended 31 December 2016, the diluted earnings per share amounts was based on the profit for the year 31 December 2016 attributable to the owners of the parent, of RMB3,086,019,000, and the weighted average number of ordinary shares of 16,218,109,448 in issue during that year.

11. INVESTMENT PROPERTIES

	2017	2016
	RMB'000	*RMB'000*
Carrying amount at 1 January	**2,765,354**	330,600
Additions	**–**	302,754
Acquisition of subsidiaries	**–**	2,132,000
Change in fair value of properties held for sale upon transfering to investment properties	**416,137**	–
Increase in fair value recognised in profit or loss	**92,932**	–
Transfers from properties held for sale	**733,863**	–
Disposal of subsidiaries	**(5,600)**	–
Disposal	**(21,896)**	–
Carrying amount at 31 December	**3,980,790**	2,765,354

12. GOODWILL

	RMB'000
Cost at 1 January 2016, net of accumulated impairment	1,474
Acquisitions of subsidiaries	1,667,339
Attributable to disposal of subsidiaries	(1,474)
Cost and net carrying amount at 31 December 2016 (restated)	1,667,339
Cost at 1 January 2017, net of accumulated impairment (restated)	1,667,339
Acquisitions of subsidiaries	462,154
Attributable to disposal of subsidiaries	(63,840)
Impairment during the year	(14,883)
Exchange difference	(3,096)
Cost and net carrying amount at 31 December 2017	2,047,674
At 31 December 2017:	
Cost	2,062,557
Accumulated impairment	(14,883)
Net carrying amount	2,047,674

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash generating units ("**CGUs**") for impairment testing:

- Healthcare service CGU;
- Gear products CGU;
- Investment and consulting service CGU; and
- Early learning service CGU

Healthcare service CGU

The recoverable amount of healthcare service CGU has been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 18.7% (2016: 18.8%). The growth rate used to extrapolate the cash flows of healthcare service CGU beyond the five-year period is 3% (2016: 3%).

Gear products CGU (represents group of CGUs of industrial manufacturing)

As at 31 December 2016, the recoverable amount of the gear products CGU has been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 11.0%. The growth rate used to extrapolate the cash flows of the gear products CGU beyond the five-year period is 3%, which was the same as the long term average growth rate of the gear products industry.

As at 31 December 2017, the recoverable amount of the gear products CGU has been determined based on fair value less costs of disposal, based on using the closing price of CHS quoted on The Stock Exchange of Hong Kong Limited ("**HKEX**") as at 31 December 2017, which is within Level 1 of the fair value hierarchy.

Investment and consulting service CGU

As at 31 December 2017, the recoverable amount of investment and consulting service CGU was determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rates applied to the cash flow projections are ranging from 17.3% to 21.4% (2016: N/A). The growth rate used to extrapolate the cash flows of investment and consulting service CGU beyond the five-year period is 3% (2016: N/A), which was the same as the long term average growth rate of the investment and consulting service industry.

Early learning service CGU

As at 31 December 2017, the recoverable amount of early learning service CGU has been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 12.6% (2016: N/A). The growth rate used to extrapolate the cash flows of early learning service CGU beyond the five-year period is 2% (2016:N/A), which was the same as the long term average growth rate of the early learning service industry.

As at 31 December 2017, the carrying amount of goodwill allocated to each of the CGUs is as follows:

	Early learning service *RMB'000*	Healthcare service *RMB'000*	Gear products *RMB'000*	Investment and consulting service *RMB'000*	Total *RMB'000*
Carrying amount of goodwill	459,058	–	1,469,065	119,551	2,047,674

As at 31 December 2016, the carrying amount of goodwill allocated to each of the CGUs is as follows:

	Healthcare service *RMB'000*	Gear products *RMB'000* (restated)	Unallocated* *RMB'000* (restated)	Total *RMB'000* (restated)
Carrying amount of goodwill	14,883	1,532,905	119,551	1,667,339

* Goodwill as at 31 December 2016 included an amount of RMB119,551,000 which was not allocated to any CGU at the end of the reporting period as the valuation of the purchase price allocation has not been completed by the date of approval of the consolidated financial statements as of and for the year ended 31 December 2016. During the year ended 31 December 2017, the purchase price allocation was completed and management allocated the respective goodwill to investment and consulting service CGU of the Group.

Assumptions were used in the value-in-use calculation of the early learning service CGU, healthcare service CGU and investment and consulting service CGU as at 31 December 2017. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill.

Budgeted gross margins

The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

Discount rates

The discount rates used are before tax and reflect specific risks relating to the relevant units.

Growth rate estimates

Rates are based on common industry practice.

During the year ended 31 December 2017, the Group recognised an impairment loss of RMB14,883,000 (2016: nil) in relation to goodwill of healthcare service, arising from the acquisition of Five Seasons IX Limited and its subsidiaries, the principal activity of which is provision of high-end healthcare services. Since the competition of this industry was keen, the operating performance and the growth rate is below the expectation, which resulted in a continuous operating loss. In addition, the expected synergy effect with Group's other business did not happen. Accordingly, management provided impairment in the year ended 31 December 2017.

13. AVAILABLE-FOR-SALE INVESTMENTS

	Notes	**2017** **RMB'000**	2016 *RMB'000*
Listed equity investments, at fair value	*(1)*	**590,393**	781,508
Unlisted equity investments, at cost	*(2)*	**4,303,784**	288,582
		4,894,177	1,070,090

During the year, the gross loss in respect of the Group's available-for-sale investments recognised in other comprehensive income amounted to RMB343,628,000 (2016: gross gain of RMB299,557,000).

The above investments consist of investments in equity securities which were designated as available-for-sale financial assets.

Notes:

(1) At 31 December 2017, the balance includes the Group's investments in 50,093,000 H shares of Guodian Technology & Environment Group Corporation Limited*（國電科技環保集團股份有限公司）amounting to RMB22,110,000 (2016: RMB24,197,000), net of accumulated impairment loss of RMB4,217,000 (2016: RMB4,217,000), the investments in 16,962,000 shares of Riyue Heavy Industry Co., Ltd.*（日月重工股份有限公司）("Riyue Heavy") amounting to RMB380,794,000 (2016: RMB706,461,000), the investment in 4,593,000 shares of Bank of Jiangsu Co., Ltd.*（江蘇銀行股份有限公司）amounting to RMB33,756,000 (2016: RMB50,850,000) and the investment in 3,088,154 American Depository Shares (the "ADSs") of Tuniu Corporation ("Tuniu") (TOUR.O.NASDAQ) amounting to RMB153,733,000 (2016:nil).

Up to the date of the Announcement, there were no addition or disposal of Riyue Heavy and Tuniu. The market value of the Group's equity investments in Riyue Heavy and Tuniu at the date of the Announcement was approximately RMB330,929,000 and RMB119,531,000 respectively.

(2) The amount represents the investments in unlisted equity securities issued by private entities established in Mainland China and are held by the Group as non-current assets, which are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

On 17 April 2017, the Group's subsidiary entered into a limited partnership agreement with 34 other partners in respect of the establishment of an investment fund in the PRC named Zhejiang Zheshang Chanrong Equity Investment Fund L.P.*（浙江浙商產融股權投資基金合夥企業（有限合夥））(the"**Zheshang Fund**"). The Group's subsidiary is a limited partner and has invested RMB2,000,000,000 in the Zheshang Fund.

On 31 August 2017, the Group's subsidiary entered into a limited partnership agreement with Ningbo Zhongbang Chanrong Holding Co., Ltd.*（寧波眾邦產融控股有限公司）("**Ningbo Zhongbang**") and Ningbo Jingbang Asset Management Co., Ltd.*（寧波靖邦資產管理有限公司）("**Ningbo Jingbang**") in respect of the establishment of an investment fund in the PRC named Shanghai Guiman Enterprise Management L.P.*（上海圭蔓企業管理合夥企業（有限合夥））(the "**Guiman Fund**"). The Group's subsidiary is a limited partner and has invested RMB500,000,000 in the Guiman Fund.

The remaining amount includes the unlisted equity investments with individual amount less than RMB500,000,000 and are held by the Group as non-current assets, which are measured at cost less impairment.

14. LOAN RECEIVABLES

	Notes	**2017** RMB'000	2016 RMB'000
Loan receivable – non-current	*(a)*	**399,000**	399,400
Loan receivables – current	*(a)-(j)*	**2,926,751**	328,816
		3,325,751	728,216

(a) The Company's subsidiary entered into an agreement on 24 June 2016, pursuant to which an entrusted loan of RMB400,000,000 was lent to an independent third party through a financial institution. The balance is unsecured, bears an interest at 8.5% per annum and is repayable before 28 June 2019.

(b) The Company's subsidiary had entered into an agreement on 18 October 2016, pursuant to which a loan of HK$225,000,000 (equivalent to approximately RMB202,916,000) was lent to an independent third party on 31 October 2016. On 11 April 2017 and 12 October 2017, extension agreements have been entered into between both parties to extend the loan for total one additional year. The balance is unsecured, bears an interest at 5.8% per annum and is repayable on 18 April 2018.

(c) The balance of RMB158,000,000 represented loans made to a former subsidiary of the Group, Shenzhen Anke High Technology Company Limited（深圳安科高技術股份有限公司）(“**Shenzhen Anke**”), which was disposed of in the year ended 31 December 2017. Details of the disposal are set out in the consolidated financial statements. The balance is unsecured, bearing interest from 4.90% to 5.44%, and is repayable in the year ended 31 December 2018.

(d) The Group’s subsidiaries entered into several agreements during the year ended 31 December 2017, pursuant to which, loans of RMB400,000,000 in aggregate were lent to an independent individual. The loans were made on 3 August 2017, 16 November 2017 and 23 October 2017 respectively, among which RMB130,000,000 was due and repaid on 21 December 2017. The outstanding loans at 31 December 2017 are secured by the Tuniu shares beneficially owned by the individual and guaranteed by an independent third party, bear interests from 8% to 12% per annum and are repayable in June 2018.

(e) The Group’s subsidiary entered into agreements in June and September 2017, pursuant to which loans of RMB843,929,000 in aggregate were lent to an independent third party. The loans were made on 8 June 2017, 9 June 2017 and 30 September 2017, respectively. The balance is secured, bears the interest at 14% per annum and is repayable in July 2018.

(f) The Group’s subsidiary entered into an agreement on 28 July 2017, pursuant to which a loan of RMB200,000,000 was lent to an independent third party for a period from 28 July 2017 to 28 January 2018. On 8 January 2018, extension agreement has been entered into between both parties to extend the loan for six months. During the year ended 31 December 2017, RMB20,000,000 was due and repaid. The outstanding balance as at 31 December 2017 was guaranteed by an independent third party, bore an interest at 10% per annum.

(g) The Group’s subsidiaries entered into two agreements with an independent third party on 15 November 2017 and 28 December 2017, respectively, pursuant to which loans of RMB1,000,000,000 in aggregate were lent to the independent third party. The balance is unsecured, bears an interest at 8% per annum and is repayable in May 2018. Up to the date of this announcement, RMB500,000,000 has been repaid.

(h) The Group’s subsidiary entered into an agreement on 28 December 2017, pursuant to which a loan of RMB260,000,000 was lent to the independent third party. The balance was secured, bore an interest at 8% per annum and has been fully repaid on 26 February 2018.

(i) The Group’s subsidiary entered into an agreement during the year ended 31 December 2017, pursuant to which a loan of US$28,700,000 (equivalent to approximately RMB197,652,000) was lent to an independent third party on 24 April 2017. During the year ended 31 December 2017, RMB170,652,000 was due and repaid. The outstanding balance of RMB26,750,000 as at 31 December 2017 is unsecured, bears an interest at 6.5% and is repayable on 1 May 2018.

(j) The balance of RMB125,500,000 as at 31 December 2016 represented the loan made to a former subsidiary of the Company, Guangzhou Fullshare Healthcare Management Co., Ltd.*（廣州豐盛健康管理有限公司）which was disposed of during the year ended 31 December 2016. The balance was unsecured, interest-free and was fully repaid in March 2017.

15. TRADE AND BILLS RECEIVABLES

	2017	2016
	RMB'000	*RMB'000*
Trade receivables	**3,897,080**	4,025,888
Bills receivables	**2,853,321**	3,286,299
Impairment	**(100,128)**	(30,648)
	6,650,273	7,281,539
For reporting purposes:		
Current portion	**6,650,273**	7,270,482
Non-current portion	**–**	11,057
	6,650,273	7,281,539

The Group generally allows a credit period of 180 days to its trade customers for gear products and healthcare products. Apart from that, the Group does not have a standardised and universal credit period granted to its customers for other sales, and the credit period of individual customers is considered on a case-by-case basis and stipulated in the relevant contracts, as appropriate. In view of the fact that the Group's trade and bills receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade and bills receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date and the bill's received date and net of provisions, is as follows:

	2017	2016
	RMB'000	*RMB'000*
Within 90 days	**3,618,030**	3,768,960
91 to 180 days	**1,534,268**	1,447,886
181 to 365 days	**993,620**	1,493,164
Over 365 days	**504,355**	571,529
	6,650,273	7,281,539

At 31 December 2017, retentions receivable included in trade receivables amounted to RMB223,473,000 (2016: RMB294,351,000), which are repayable within terms ranging from one to five years, among which, retentions receivable of RMB72,467,000 (2016: RMB33,946,000) were expected to be recovered after more than one year.

16. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2017	2016
	RMB'000	*RMB'000*
		(Restated)
Prepayments	**595,516**	1,338,471
Other receivables*	**583,174**	551,524
Deposits and other receivables	**1,310,629**	480,206
VAT recoverable	**84,953**	131,684
Other tax prepaid	**510**	61,383
Amounts due from joint ventures**	**14,126**	191,156
Amounts due from associates**	**23,568**	713,016
Impairment	**(85,664)**	–
	2,526,812	3,467,440
For reporting purposes:		
Current portion	**2,182,825**	2,720,784
Non-current portion	**343,987**	746,656
	2,526,812	3,467,440

* At 31 December 2017 and 2016, the amount represents an advance made to an insurance company in the PRC, which will mature in 2018, and carries interest at an annualised fixed rate at 6.33% per annum. Interest and the principal amount are repayable at the maturity date. It is stated at amortised cost less impairment, if any, at the end of the reporting period.

** All the amounts due from the Group's joint ventures and associates are unsecured, interest-free and repayable within 180 days.

17. FINANCIAL ASSETS HELD FOR TRADING

The balances as at 31 December 2017 and 2016 represent the fair values of equity shares of a portfolio of Hong Kong listed securities based on the closing prices of these securities quoted on the HKEX on that date. The directors of the Company consider that the closing prices of these securities are the fair values of the investments.

	2017	2016
	RMB'000	*RMB'000*
Listed equity investments, at market value		
Zall Group Ltd. (02098.HKEX)	**6,761,509**	5,125,172
China Saite Group Company Limited (00153.HKEX)	**95,194**	96,844
Nanjing Sinolife United Company Limited ("**Nanjing Sinolife**") (03332.HKEX)*	**–**	67,809
C&D International Investment Group Limited (01908.HKEX)	**345,317**	184,657
Medicskin Holdings Limited (08307.HKEX)	**40,037**	62,632
	7,242,057	5,537,114

* During the year ended 31 December 2017, the Group entered into an agreement with its associate, Hin Sang Group (International) Holding Co., Ltd, pursuant to which the Group agreed to dispose of all of the 45,411,600 shares in Nanjing Sinolife held by the Group at the consideration of approximately HK$73,113,000 (equivalent to approximately RMB62,194,000).

18. FINANCIAL ASSETS DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notes	2017 RMB'000	2016 RMB'000
Contractual right in relation to a listed entity, at fair value	(a)	**493,699**	526,351
Convertible Bonds	(b)	**196,013**	–
		689,712	526,351

Notes:

(a) On 12 August 2016, the Group entered into an agreement with Xizang Ruihua Capital Management Co., Ltd.*（西藏瑞華投資管理有限公司）("**Xizang Ruihua**") and Jiangsu Ruihua Investment Holdings Group Co., Ltd.*（江蘇瑞華投資控股集團有限公司）to acquire certain income right of the restricted shares of Bohai Jinkong Investment Group Co., Ltd.*（渤海金控投資股份有限公司 000415.SZ) held by Xizang Ruihua. The financial assets were revalued on 31 December 2017 based on valuations performed by Avista at RMB493,699,000 (2016: RMB526,351,000). During the year ended 31 December 2017, the unrealised loss arising from holding this investment amounted to approximately RMB32,652,000 (2016: unrealised gain of RMB26,351,000) was recorded and included in fair value change in financial instruments.

(b) On 25 January 2017, the Group entered into an agreement with GF Capital (Hong Kong) Limited（廣發融資（香港）有限公司）, the convertible bond agent of Automated System Holdings Limited（自動系統集團有限公司, 00771.HKEX) to acquire the zero-interest convertible bonds of Automated System Holdings Limited with a principal amount of HK$250,000,000 at a cash consideration of HK$250,000,000 (equivalent to RMB221,730,000). The bonds are zero-interest and mature on 24 January 2020. The financial assets were revalued on 31 December 2017 based on valuations performed by APAC Asset Valuation and Consulting Limited, an independent professionally qualified valuer, at HK$235,000,000 (equivalent to RMB196,013,000). During the year ended 31 December 2017, the unrealised loss arising from holding this investment amounting to approximately HK$15,000,000 (equivalent to RMB12,854,000) was recorded and included in fair value change in financial instruments.

19. TRADE AND BILLS PAYABLES

	2017	2016
	RMB'000	*RMB'000*
Trade payables	**2,033,043**	2,182,270
Bills payables	**4,781,908**	4,688,610
	6,814,951	6,870,880

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date and the date of issurance of the bills, is as follows:

	2017	2016
	RMB'000	*RMB'000*
Within 3 months	**5,169,819**	5,110,906
3 to 6 months	**609,473**	1,273,637
6 to 12 months	**796,492**	195,564
Over 1 year	**239,167**	290,773
	6,814,951	6,870,880

Included in the trade and bills payables are trade payables of RMB5,325,000 (2016: RMB91,770,000) due to associates and RMB178,000(2016: RMB194,000) due to joint ventures which are repayable within 90 days, which represents credit terms similar to those offered by the associates or joint ventures to their major customers.

The trade payables are non-interest-bearing and are normally settled on terms of 90 to 180 days.

20. OTHER PAYABLES AND ACCRUALS

	2017 *RMB'000*	2016 *RMB'000*
Accruals	**996,413**	1,107,783
Amounts due to joint ventures	**30,000**	31,096
Amounts due to associates	**1,350**	28,208
Due to other related parties	**–**	4,701
Other tax payables	**124,983**	95,618
Other payables	**524,569**	424,751
Payroll and welfare payables	**176,199**	190,746
Client's fund*	**216,461**	–
Liability arising from financial guarantee contracts	**11,108**	–
Payables for purchase of property, plant and equipment	**122,284**	140,008
	2,203,367	2,022,911

* As at 31 December 2017, the balance represented payable to a client who is an individual third party in respect of the segregated bank balance received and held for the client in the course of the conduct of the regulated activities of the Group's subsidiary. The balance was fully returned to the client after the deal was completed on 5 January 2018.

All the amounts due to joint ventures and associates and other related parties, other tax payables, other payables and payables for purchase of property, plant and equipment are unsecured, interest-free and repayable within 180 days. Financial liability included in other payables is unsecured, non-interest-bearing and repayable on demand.

21. DERIVATIVE FINANCIAL INSTRUMENTS

	2017	
	Assets ***RMB'000***	**Liabilities** ***RMB'000***
Forward contracts	**–**	**95,489**

During the year ended 31 December 2017, the Group entered into several forward contracts with independent third parties to acquire three entities which hold in aggregate 4,104,137 Class A ordinary shares, 6,949,997 Class B ordinary shares and 5,618,635 ADSs of Tuniu at an aggregate consideration of US$90,254,000. As at 31 December 2017, the Group had outstanding future contracts relating to the acquisition of two entities which hold in aggregate 4,104,137 Class A ordinary shares, 6,949,997 Class B Shares and 2,530,481 ADSs of Tuniu with consideration of US$62,152,000. These forward contracts are not designated for hedge purposes and are measured at fair value through profit or loss. The Group determined the fair value of these forward contracts based on the quoted price of Tuniu ADSs on NASDAQ at 31 December 2017. The contract period was expired on 15 January 2018. Subsequent to the end of the reporting period, the expiry date of the contracts was extended to 30 April 2018. Changes in the fair value of non-hedging derivative amounting to RMB125,829,000 were charged to the statement of profit or loss during the year (2016: nil).

22. BANK AND OTHER BORROWINGS

	2017			2016		
	Effective interest rate (%)	**Maturity**	***RMB'000***	Effective interest rate (%)	Maturity	*RMB'000*
Current						
Bank loans – unsecured	**1.05-5.80**	**2018**	**4,250,763**	4.57-6.69	2017	2,734,923
Bank loans – secured	**2.80-5.78**	**2018**	**1,253,015**	1.48-8.14	2017	2,818,949
Guaranteed listed bonds	**–**	**–**	**–**	9.77	2017	260,694
Other borrowings – unsecured	**3.00-8.00**	**2018**	**1,778,320**	1.19	2017	142,200
Current portion of long term loans:						
Bank loans – secured	**4.90-5.60**	**2018**	**95,000**	5.94-6.18	2017	215,000
Other loans – secured	**–**	**–**	**–**	2.99-13.21	2017	2,075
Loan from related parties – unsecured	**–**	**2018**	**811,697**	–	2017	52,094
Medium-term notes – unsecured	**6.20**	**2018**	**500,000**	–	–	–
			8,688,795			6,225,935
Non-current						
Medium-term notes – unsecured	**8.50**	**2019**	**500,000**	6.20-8.50	2018-2019	1,000,000
Bank loans – secured	**4.90-8.00**	**2019-2026**	**1,592,712**	4.90-6.18	2018-2026	1,729,983
Other borrowings – secured	**6.00-8.00**	**2019**	**666,000**	–	–	–
Other borrowings – unsecured	**6.10-6.41**	**2019-2020**	**604,934**	4.75	2018	20,000
			3,363,646			2,749,983
			12,052,441			8,975,918

As at 31 December 2017, the Group's borrowings denominated in currencies other than RMB were US$215,217,000 (2016: US$20,000,000), HK$940,200,000 (2016: HK$455,522,000) and EUR24,390,000 (2016: nil) which were equivalent to RMB1,409,557,000, RMB784,219,000 and RMB190,298,000 (2016: RMB138,740,000, RMB409,919,000 and nil) respectively. All other borrowings were denominated in RMB.

	2017	2016
	RMB'000	*RMB'000*
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**5,598,778**	5,768,872
In the second year	**448,150**	471,841
In the third to fifth years, inclusive	**531,125**	356,125
Beyond five years	**613,437**	902,017
	7,191,490	7,498,855
Other borrowings repayable:		
Within one year	**3,090,017**	457,063
In the second year	**1,515,934**	520,000
In the third to fifth years, inclusive	**255,000**	500,000
	4,860,951	1,477,063
	12,052,441	8,975,918

Notes:

Certain of the Group's bank loans are secured by:

(i) The mortgages over the Group's investment properties, which had an aggregate carrying value at the end of the reporting period of RMB3,599,360,000 (2016: RMB2,347,014,000);

(ii) The mortgages over the Group's properties under development, which had an aggregate carrying value at the end of the reporting period of approximately RMB95,525,000 (2016: RMB487,620,000);

(iii) The pledge of certain of the Group's bank deposits amounting to RMB2,893,955,000 (2016: RMB2,545,444,000);

(iv) The pledge of certain of the Group's trade receivables amounting to RMB977,986,000 (2016: RMB1,292,704,000);

(v) The pledge of the Group's property, plant and equipment amounting to RMB171,016,000 (2016: RMB114,750,000);

(vi) The pledge of the Group's prepaid land lease payments amounting to RMB58,170,000 (2016: RMB178,482,000);

(vii) The pledge of the Group's financial assets held for trading amounting to RMB2,459,408,000 at 31 December 2016. There was no such pledge as at 31 December 2017;

(viii) The pledge of certain of the Group's available-for-sale investments amounting to RMB200,000,000 (2016: nil); and

(ix) The pledge of the Group's 36% equity interest in CHS, a subsidiary of the Group (2016: nil).

23. CORPORATE BONDS

2014 Corporate Bonds

On 8 December 2014, the Company issued a six-year semi-annual coupon corporate bond with a principal amount of HK$10,400,000 (equivalent to approximately RMB8,268,000) carrying interest at 7% per annum, before direct issue cost of approximately RMB1,262,000 (the "**2014 Corporate Bonds**"). The effective interest rate as at 31 December 2017 was 9.6% (2016: 9.6%).

	RMB'000
At 1 January 2016	7,794
Imputed interest	807
Interest paid	(621)
Exchange difference recognised in profit or loss	459
At 31 December 2016 and 1 January 2017	8,439
Imputed interest	834
Interest paid	(631)
Exchange difference recognised in profit or loss	(621)
At 31 December 2017	8,021

2017 Corporate Bonds

In March and July 2017, the Group issued two five-year annual coupon corporate bonds with principal amounts of RMB900,000,000 and RMB1,020,000,000, carrying interest at 6.47% and 6.50% per annum, respectively, before direct issue cost of approximately RMB7,982,000, in aggregate (the "**2017 Corporate Bonds**"). The effective interest rates as at 31 December 2017 were 6.59% and 6.62%, respectively (2016: N/A).

	RMB'000
At 1 January 2017	–
Issued	1,912,018
Imputed interest	76,507
At 31 December 2017	1,988,525

	2017	2016
	RMB'000	*RMB'000*
Analysed for reporting purposes as:		
Current liabilities (included in other payables and accruals)	**76,558**	52
Non-current liabilities	**1,919,988**	8,387
	1,996,546	8,439

24. CONTINGENT LIABILITIES

(a) As at 31 December 2017, contingent liabilities not provided for in the consolidated financial statements were as follows:

	2017	2016
	RMB'000	*RMB'000*
Guarantees given to banks in connection with mortgage facilities	**1,418,901**	1,680,063

The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) issue of the real estate ownership certificate which will generally be available within an average period of two to three years upon the completion of guarantee registration and receipt of such certificate by the bank; and (ii) the satisfaction of mortgaged loan by the purchasers of properties.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the mortgages.

The directors of the Company consider that the likelihood of default in payments by purchasers is minimal and, in case of default in payments, the net realisable value of the related properties can recover the repayment of the outstanding mortgage principals together with the accrued interests and penalties. Therefore, the financial guarantees measured at fair value are immaterial, and no provision has been made.

(b) The subsidiary of CHS entered into an agreement (the "**Agreement**") effective from 1 January 2013 with a third party (the "**Subcontractor**"), pursuant to which, the subsidiary of CHS assigns the Subcontractor and the Subcontractor agrees to repair certain of the wind gear products sold by the subsidiary of CHS at a fixed fee at certain percentage of annual sales of those wind gear products of the subsidiary of CHS (the "**Fixed Fee**"). The subsidiary of CHS is not liable for any additional cost incurred by the Subcontractor in relation to the repair of those wind gear products, other than the Fixed Fee. The Subcontractor however has not entered into any agreements with the customers of the wind gear products for the repair services. In the event of closure, liquidation, or inability of the Subcontractor to provide those repair services, the subsidiary of CHS is still liable for such repair obligations should those customers claim for that against the subsidiary of CHS. In the opinion of the directors, based on their experience, the financial position of the Subcontractor and their assessment of the current economic environment, the possibility of the default or inability by the Subcontractor to carry out the obligation is remote. Accordingly, no provision for the repair obligation of wind gear products has been made in the Group's consolidated financial statements at the end of the reporting period.

(c) At 31 December 2017, the Group provided guarantees to the Group's two (2016: one) associates and one former subsidiary (2016: N/A) in favour of their bank loans of RMB740,000,000 (2016: RMB236,000,000) in aggregate and RMB73,200,000 (2016: N/A) respectively. These amounts represented that the balances could be required to be paid by the Group if the guarantees were called upon the entirety. At the end of the reporting period, an amount of RMB11,108,000 (2016: nil) has been recognised in the consolidated statement of financial position as liabilities.

25. PLEDGE OF ASSETS

As at 31 December 2017, certain assets of the Group were pledged to secure banking facilities (2016: convertible bonds and banking facilities) granted to the Group as follows:

	2017	2016
	RMB'000	*RMB'000*
Properties under development	**95,525**	487,620
Investment properties	**3,599,360**	2,347,014
Property, plant and equipment	**171,016**	114,750
Trade receivables	**977,986**	1,292,704
Prepaid land lease payments	**58,170**	178,482
Financial assets held for trading	**–**	2,459,408
Available-for-sale investments	**200,000**	–
Pledged bank deposits	**2,894,031**	2,581,830
	7,996,088	9,461,808

As at 31 December 2017, the Group has pledged its 36% equity interest in CHS, a subsidiary of the Group, for certain banking facilities granted to the Group (2016: nil).

As at 31 December 2016, the Group has pledged its 25% equity interest in Nanjing High Speed Gear Manufacturing Co. Ltd（南京高速齒輪製造有限公司）, a subsidiary of the Group, for certain banking facilities granted to the Group. The pledge was released during the year ended 31 December 2017.

Details of the Group's bank and other borrowings which are secured by the assets of the Group are included in note 22 to the consolidated results in this announcement.

26. CAPITAL COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	2017	2016
	RMB'000	*RMB'000*
Contracted, but not provided for:		
Properties under development	**492,202**	956,979
Land and buildings	**62,400**	90,277
Plant and machinery	**238,758**	274,316
Capital contributions payable to an associate	**1,391,110**	59,260
Investments in available-for-sale investments	**635,000**	980,000
	2,819,470	2,360,832

27. EVENTS AFTER THE REPORTING PERIOD

(a) On 3 January 2018, Nanjing High Accurate Drive Equipment Manufacturing Group Co., Ltd.,*（南京高精傳動設備製造集團有限公司）a subsidiary of the Group, issued a corporate bond of RMB500,000,000, which carries an interest rate of 7.5% per annum with a term of not more than 5 years.

(b) On 17 January 2018, each of Five Seasons XVI Limited (a wholly-owned subsidiary of the Company) ("**Five Season XVI**") and Mr. Ji entered into a non-legally binding memorandum of understanding ("**MOU**") with an independent third party, Neoglory Prosperity Inc.*（新光圓成股份有限公司）, a PRC company listed on the Shenzhen Stock Exchange (002147.SSE) ("**Potential Offeror**"), respectively, in relation to a possible conditional voluntary partial cash offer for more than 50% but not exceeding 75% of the issued capital of CHS, one of the principal subsidiaries of the Company whose shares are listed on the Hong Kong Stock Exchange ("**Proposed Offer**"). Subsequent to the entering into of the MOU, the Potential Offeror and Five Seasons XVI have been in discussions of a possible sale and purchase of Five Seasons XVI' direct shareholding interests in CHS that would represent more than 50% but not exceeding 73.91% of the issued shares of CHS ("**Possible Transaction**"). If the Possible Transaction materialises and is completed, it will result in a change in control of CHS and a mandatory general offer, in cash, for the issued shares of CHS to be made under Rule 26.1 of The Hong Kong Code on Takeovers and Mergers by the Potential Offeror instead of the Proposed Offer. Moreover, if the Possible Transaction materialises and is completed, it will involve a disposal of shares in a subsidiary of the Company which may constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules ("**Possible Disposal**"). As at the date of approval of the consolidated financial statements, the discussion between all parties are still on-going. No commitment or any formal or legally binding agreement has been reached or entered into, nor any material terms and conditions in respect of the Possible Transaction or the Possible Disposal have been agreed.

(c) On 9 February 2018, the Company, China Merchants Securities Asset Management Company Limited* (招商證券資產管理有限公司) and Ningbo Zhongbang Chanrong Holding Company Limited* (寧波眾邦產融控股有限公司), both being limited partners of Ningbo Fengdong Investment Management Partnership Enterprise (Limited Partnership)*（寧波豐動投資管理合夥企業（有限合夥））("**Fund**") (collectively referred to as "**Limited Partners**") and Ningbo Zhongxin Wanbang Asset Management Company Limited*（寧波眾信萬邦資產管理有限公司）, being the general partner of the Fund entered into a forward sale and purchase agreement ("**Forward Purchase Agreement**") pursuant to which the Company has conditionally agreed to acquire from each of the Limited Partners their respective interests in the Fund at a maximum consideration of RMB3,342,506,567 which was determined with reference to the capital contributions made by the Limited Partners of an aggregate amount of RMB2,630,367,000 and the expected return to be distributed by the Fund in accordance with the terms of the limited partner agreement on the relevant settlement date in accordance with the terms of the Forward Purchase Agreement. The maximum consideration for the acquisition is estimated to be approximately RMB3,342,507,000.

The object of the Fund is to invest in Shanghai Joyu Culture Communication Company Limited*（上海景域文化傳播股份有限公司）("**Shanghai Joyu**"), or such other companies or businesses as may be agreed by the Limited Partners and the general partner. Shanghai Joyu is principally engaged in the tourism and vacation businesses and is a one-stop O2O service provider in the PRC tourism business. Its "Lvmama" travel website*（「驢媽媽」旅遊網）is a well-known online travel agency in the PRC. As at the date of approval of the consolidated financial statements, it is informed that the Fund has completed the acquisition from the shareholders of Shanghai Joyu and capital injection in Shanghai Joyu and currently holds approximately 26.33% interests in Shanghai Joyu.

28. COMPARATIVE AMOUNTS

During the year, certain comparative figures in respect of the year ended 31 December 2016 have been reclassified to conform with the current year's presentation.

BUSINESS REVIEW

The revenue of the Group for the Year 2017 was derived from property, tourism, investment and financial services, healthcare and education and new energy businesses.

(1) Property business

(a) Property sales

During the Year 2017, the Group had contracted sales of approximately Renminbi ("**RMB**") 1,268,199,000, representing a decrease of approximately 46% as compared with the year ended 31 December 2016 (the "**Year 2016**"). The Group made contracted sales for an aggregate gross floor area ("**GFA**") of approximately 73,541 sq.m., representing a decrease of approximately 42% as compared with the Year 2016. As at 31 December 2017, the Group's contracted sales for the contracts signed but properties not yet delivered were approximately RMB244,612,000 with a total GFA of 14,978 sq.m.. The decrease in contracted sales and GFA was mainly due to substantial completion of sales for ZhuGong*（諸公）Project and Amber Garden*（琥珀花園）Project in 2017. The average contracted selling price in the Year 2017 was approximately RMB17,245 per sq.m., representing a decrease of approximately 7% as compared with the Year 2016.

As at 31 December 2017, a breakdown of the major properties held domestically by the Group and their construction status was as follows:

Project name	Address	Project type	Construction progress of the project	Expected completion date	Site area *(sq.m.)*	GFA Completed *(sq.m.)*	GFA under Construction *(sq.m.)*	Accumulated contracted sales GFA *(sq.m.)*	Interest attributable to the Group
Yuhua Salon（雨花客廳）A1	No. 119 Ruanjian Avenue, Yuhuatai District, Nanjing, Jiangsu Province, the People's Republic of China ("**PRC**")	Office and commercial project	Completed	Completed	33,606	78,165	–	49,253	100%
Yuhua Salon（雨花客廳）A2	No. 119 Ruanjian Avenue, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Hotel and office project	Under construction	Fourth quarter of 2018	30,416	–	81,380	–	100%
Yuhua Salon（雨花客廳）C South	East to Ningdan Road, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Office and commercial project	Completed	Completed	42,639	118,690	–	66,072	100%
Yuhua Salon（雨花客廳）C North	East to Ningdan Road, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Apartment and commercial project	Completed	Completed	48,825	133,538	–	65,799	100%
Amber Garden（琥珀花園）	1 and 2 Jiadong, Xishanqiaojiedao, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Residential project	Completed	Completed	79,717	214,227	–	164,977	100%
Kunshan Herong（昆山和融）	North to Chinese Garden Road, West to Huangshan Road, Development District, Kunshan, the PRC	Residential project	Under construction	Second quarter of 2018	48,553	82,269	63,400	39,052	100%
					283,756	626,889	144,780	385,153	

(b) *Investment properties*

During the Year 2017, the investment properties of the Group mainly included Wonder City*（虹悅城）, certain units of Yuhua Salon*（雨花客廳）, Nantong Youshan Meidi Garden Project*（南通優山美地花園項目）, Huitong Building Project*（匯通大廈項目）and Zhenjiang Youshan Meidi Garden Project*（鎮江優山美地花園項目）.

	Address	Existing use	Term of contract	GFA *(sq.m.)*	Interest attributable to the Group
Nanjing					
Wonder City（虹悅城）	No. 619 Yingtian Da Jie, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Shopping mall	Medium-term covenant	100,605	100%
Yuhua Salon（雨花客廳） (certain units)	No. 119 Ruanjian Avenue, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Office and shopping mall	Medium-term covenant	91,858	100%
Yuhua Salon（雨花客廳） (certain units)	No. 119 Ruanjian Avenue, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Car park	Medium-term covenant	3,307	100%
Nantong					
Nantong Youshan Meidi Garden Project（南通優山美地花園項目）	No. 1888, Xinghu Avenue, Nantong, Jiangsu Province, the PRC	Commercial	Medium-term covenant	20,876	100%
Huitong Building（匯通大廈項目）	No. 20, Zhongxiu Street, Nantong, Jiangsu Province, the PRC	Commercial	Medium-term covenant	20,461	100%
Zhenjiang					
Zhenjiang Youshan Meidi Garden Project（鎮江優山美地花園項目）	At the cross of Guyang North Road and Yushan North Road, Jingkou District, Zhenjiang, Jiangsu Province, the PRC	Commercial	Medium-term covenant	10,085	100%

(c) Green building services and entrusted construction services

During the Year 2017, the Group engaged in providing technical design and consulting services, green management services and entrusted construction services in the PRC. During the Year 2017, the revenue from both green building services and entrusted construction services was approximately RMB129,745,000 (2016: RMB192,520,000).

(d) Investments in property companies

During the Year 2017, the Group has indirectly subscribed for approximately 50.39% interest in Fullshare Value Fund I (A) L.P. ("**FVF I (A) L.P.**") at an amount of US$136,566,000. The principal investment of FVF I (A) L.P. is in certain portion of a building namely GSH Plaza (formerly known as Equity Plaza) in Singapore. The Group's investment in FVF I (A) L.P. has been accounted for as an investment in a joint venture under the equity method.

On 20 November 2017, a direct wholly-owned subsidiary of the Company entered into an agreement ("**ADHL Agreement**") with Hongkong Ruihua Investment Management Limited (香港瑞華投資管理有限公司), an independent third party, in relation to the disposal of 559,865,959 shares ("**ADHL Sale Shares**") in Applied Development Holdings Limited ("**ADHL**"), a company listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (stock code: 519.HK), at a total consideration of HK$442,294,108. The ADHL Sale Shares represented approximately 22.35% of the then issued share capital of ADHL. ADHL is principally engaged in resort and property development, property investment and investment holdings. The completion of the disposal of the ADHL Sale Shares took place on 27 December 2017 in accordance with the terms of the ADHL Agreement.

(2) Tourism business

The tourism business of the Group includes the Laguna project and the Sheraton project.

The Laguna project is located in Bloomsbury of Queensland in Australia, adjacent to a large-scale comprehensive development project in the Great Barrier Reef with a land lot site area of approximately 29,821,920 sq.m. The land is currently held for future development.

The Sheraton project comprises the Sheraton Mirage Resort and the Golf Club project, which are located in Port Douglas of Queensland in Australia, a globally renowned tourist attraction. The refurbishment of Sheraton Mirage Resort and other nearby facilities was completed in 2016, which included the lobby, guest rooms, golf clubhouse, indoor landscape and outdoor landscape. Positive feedbacks are received from customers on its overall refurbishment quality. During the Year 2017, the hotel has been operating steadily with improving customer service quality and increasing operating revenue and profit. The Sheraton project comprises 295 guest rooms, 4 restaurants and bars and an 18-hole golf course, with a total land lot site area of approximately 1,108,297 sq.m., and has a total GFA of approximately 62,328 sq.m.

During the Year 2017, the revenue from tourism business was approximately RMB167,453,000 (2016: RMB134,321,000).

(3) Investment and financial services business

During the Year 2017, the Group's investment and financial services business consists of holding and investing in various listed and unlisted equities and treasury products and provision of investment and financial related services.

a) Listed equity investments held for trading

The portfolio of listed equity investments of the Group held for trading as at 31 December 2017 and 31 December 2016 is set out as follows:

As at 31 December 2017

Stock code *(Note 1)*	Name	Number of shares held *(Note 2)*	Effective shareholding interest as at 31 December 2017	Acquisition cost *RMB'000*	Carrying amount as at 31 December 2017 *RMB'000*	Unrealised holding gain/ (loss) arising on revaluation for the year ended 31 December 2017 *RMB'000*	Realised (loss) arising from disposal for the year ended 31 December 2017 *RMB'000*	Dividend received/ receivable for the year ended 31 December 2017 *RMB'000*
153.HK	China Saite Group Company Limited	203,800,000	8.74%	95,024	95,194	5,370	–	–
1908.HK	C&D International Investment Group Limited	60,000,000	8.16%	218,666	345,317	99,931	–	3,488
2098.HK	Zall Group Ltd. ("**Zall Group**")	949,224,000	8.16%	947,452	6,761,509	1,991,988	–	–
8307.HK	Medicskin Holdings Limited	80,000,000	16.65%	45,334	40,037	(18,980)	–	3,512
3332.HK	Nanjing Sinolife United Company Limited ("**Nanjing Sinolife**")	0 *(Note 3)*	0.00%	65,375	–	–	(2,644)	4,800
					7,242,057	2,078,309	(2,644)	11,800

Notes:

1. All of the above companies are listed companies on the Stock Exchange.

2. All of the shares held by the Group are ordinary shares of the relevant company.

3. The Group completed the disposal of 45,411,600 H shares of Nanjing Sinolife at the consideration of approximately HK$73,113,000 on 18 October 2017.

As at 31 December 2016

Stock code *(Note 1)*	Name	Number of shares held *(Note 2)*	Effective shareholding interest as at 31 December 2016	Acquisition cost *RMB'000*	Carrying amount as at 31 December 2016 *RMB'000*	Unrealised holding gain arising on revaluation for the year ended 31 December 2016 *RMB'000*	Realised gain arising from disposal the year ended 31 December 2016 *RMB'000*	Dividend received/ receivable for the year ended 31 December 2016 *RMB'000*
153.HK	China Saite Group Company Limited	203,800,000	9.09%	95,024	96,844	1,820	–	–
1908.HK	C&D International Investment Group Limited	40,000,000	9.35%	142,902	184,657	41,434	–	–
2098.HK	Zall Group	949,224,000	8.83%	947,452	5,125,172	3,276,615	–	–
8307.HK	Medicskin Holdings Limited	80,000,000	16.65%	45,334	62,632	15,261	–	–
3332.HK	Nanjing Sinolife	45,411,600 (Note 3)	4.80%	65,375	67,809	2,433	–	–
Others					–	8,290	–	–
					5,537,114	3,345,853	–	–

Notes:

1. All of the above companies are listed companies on the Stock Exchange.

2. All of the shares held by the Group are ordinary shares of the relevant company.

3. Such shares held by the Group are H shares of Nanjing Sinolife.

The performance and prospect of the Group's major investment during the Year 2017 are as follow:

Zall Group

The principal activities of Zall Group include developing and operating large-scale consumer product-focused wholesale shopping malls and the related value-added businesses, such as warehousing, logistics, e-commerce and financial services in the PRC. On 28 June 2017, Zall Group has completed the acquisition of certain equity interest of a group of e-commerce companies for enhancing its e-commerce business development. The Group held approximately 949,224,000 shares in Zall Group, representing approximately 8.16% of its entire issued capital as at 31 December 2017 (31 December 2016: 8.83%). The carrying amount of the investment in Zall Group accounted for approximately 12% of the Group's total assets as at 31 December 2017 (31 December 2016: 11%). The Group believes that Zall Group's growth momentum remains strong and expects the Group's investment in Zall Group to continue to generate a return for the Group.

b) Other investments

During the Year 2017, apart from the above listed equity investments, the Group continued to monitor the portfolio performance and adjust the investments portfolio when necessary. The diversified investment portfolio is to implement the direction of expanding the sources of the Group's investment income and stabilize its long term investment strategies.

On 14 April 2017, the Group entered into a limited partnership agreement with thirty-four other partners in respect of, among other matters, the establishment of an investment fund in the PRC named Zhejiang Zheshang Chanrong Equity Investment Fund L.P.*（浙江浙商產融股權投資基金合夥企業（有限合夥））and the subscription of interest therein. The general partner and executive partner of the investment fund is Ningbo Qianchao Yongxin Investment Management LLP*（寧波錢潮湧鑫投資管理合夥企業（有限合夥））, a limited partnership established in the PRC. The Group considers that such investment could bring more investment opportunities and better investment returns by leveraging on the other partners' advantageous resources or experience in investment management. Pursuant to the limited partnership agreement, approximately RMB2,000,000,000 is to be contributed by Nanjing High Accurate Drive Equipment Manufacturing Group Co., Ltd*（南京高精傳動設備制造集團有限公司）("**Nanjing High Accurate Drive**") as a limited and other eleven limited partners. The Group's investment in above partnership is recorded as available-for-sale investments.

The Group entered into a limited partnership agreement with Ningbo Zhongbang Chanrong Holding Co., Ltd.*（寧波眾邦產融控股有限公司）and Ningbo Jingbang Asset Management Co., Ltd.*（寧波靖邦資產管理有限公司）on 31 August 2017. The Group contributed approximately RMB500,000,000 to Shanghai Guiman Enterprise Management L.P.*（上海圭蔓企業管理合夥企業（有限合夥））as a limited partner and the full capital contribution is approximately RMB1,000,500,000. The investment objective is to maximize the benefits of partners and social efficiency. The Group's investment in above partnership is recorded as available-for-sale investments.

The Group contracted to make a capital injection at an aggregated amount of approximately US$67,568,000 into Fullshare Global Opportunities Fund L.P. ("**Global Opportunities Fund**") representing approximately 44% of the committed fund size. The objective of Global Opportunities Fund is to seek long-term capital appreciation through investment of the comprehensive health business (including but not limited to medical healthcare, health living, healthcare internet, healthcare finance, big data, etc.). The Group's investment in Global Opportunities Fund is recorded as available-for-sale investments.

c) Investment and financial related consulting services

The Group offers various financial services via a well developed group of companies acquired in Year 2016 (referred to as "**Baoqiao Group**") to clients including listed companies, individuals and financial institutions. Such financial services include corporate finance, investment management, equity capital markets and money lending services. During the Year 2017, the investment and financial related consulting services business provided by Baoqiao Group has contributed revenue amounting to approximately RMB49,049,000 (2016: RMB3,716,000) to the Group.

During the Year 2017, this segment recorded a profit of approximately RMB2,202,884,000 (2016: RMB3,390,209,000). The unrealised gain before tax from change in fair value of the listed securities held for the Year 2017 of approximately RMB2,075,665,000 (2016: RMB3,345,853,000) was mainly attributable to price appreciation of Zall Group. The loss/gain from unrealised fair value changes after tax of the available-for-sale investment recognised under other comprehensive loss was approximately RMB257,937,000 (2016: gain of approximately RMB224,668,000). As at 31 December 2017, the total amount of financial assets held for trading was approximately RMB7,242,057,000 (31 December 2016: RMB5,537,114,000), and the total amount of available-for-sale investments held by the Group was approximately RMB4,894,177,000 (31 December 2016: RMB1,070,090,000).

(4) Healthcare and education business

During the Year 2017, the Group has optimized and integrated the business of this segment. The Group completed the acquisitions of 90% interest of an early childhood education project and several other education centres in Australia. The management believes such acquisitions would be the first stepping stone for extending the healthcare business to the education aspect. During the Year 2017, the Group disposed approximately 53.10% of the issued share capital in Shenzhen Anke High-Tech Company Limited*（深圳安科高技術股份有限公司）("**Shenzhen Anke**"), and retained 19.09% interest in Shenzhen Anke to continue to enjoy return and the synergy effect from the operation and growth of Shenzhen Anke. Such disposal was completed on 27 December 2017.

During the Year 2017, the revenue of healthcare and education segment was RMB560,825,000 (2016:RMB362,464,000).

(5) New energy business

The segment is principally engaged in the research, design, development, manufacturing and distribution of a broad range of mechanical transmission equipments that are used to generate wind power and a wide range of industrial applications. In 2017, this segment recorded sales revenue from continuing operations of approximately RMB8,241,914,000 (2016: RMB916,079,000), representing an increase of approximately 900% as compared with that of 2016. The significant increment is due to that after completion of the acquisition of CHS in late 2016, approximately only one month revenue was consolidated in the financial statements of Year 2016, whereas the whole year revenue generated by this segment was consolidated in Year 2017.

1. Gear segment

(i) Wind gear transmission equipment

The wind gear transmission equipment is a major product that has been developed by the Group. In the Year 2017, sales revenue of wind power gear transmission equipment business was approximately RMB6,803,417,000. The revenue in the wind power industry was still in a state of callback and downstream customers were cautious about the newly installed capacity in the Year 2017.

The Group is a leading supplier of wind gear transmission equipment in the PRC. By leveraging its strong research, design and development capabilities, the segment has a range of products including 750KW, 1.5MW, 2MW and 3MW wind power transmission equipment, which have been provided to domestic and overseas customers in bulk. The product technology has reached an internationally advanced technical level and is well recognised by customers in general. In addition to the provision of diversified large wind power gear boxes to customers, the Group has also successfully developed 5MW and 6MW wind power gear box with a technological level comparable to its international peers, thus enabling us to have the capability and technology to produce those products.

Currently, the Group maintains a strong customer portfolio. Customers of its wind power business include the major wind turbine manufacturers in the PRC, as well as renowned international wind turbine manufacturers such as GE Renewable Energy, Nordex, Senvion, Unison, Suzlon, Inox Wind, etc. With our quality products and good services, the Group has also received a wide range of recognition and trust from customers at home and abroad. The Group has wholly-owned subsidiaries in the USA, Germany, Singapore, Canada and India to support the sustainable development strategy of the segment and strive to have closer communication and discussion with potential overseas customers, and has newly set up a wholly-owned subsidiary in Vietnam to grasp opportunities in the emerging market, with a view to providing further diversified services for global customers.

(ii) Industrial gear transmission equipment

The Group's traditional gear transmission equipment products are mainly supplied to customers in industries such as metallurgy, construction materials, traffic, transportation, petrochemical, aerospace and mining.

The Group adjusted the development strategy for traditional industrial gear transmission equipment. Above all, with the focus on energy-saving and environmentally-friendly products, the Group self-developed standardized and modular products which are internationally competitive in order to facilitate the change in sales strategies and explore new markets and new industries. At the same time, the Group strengthened its efforts to provide and sell parts and components of relevant products as well as system solutions to its customers, helping them enhance their current production efficiency without increasing capital expenditure, thereby maintaining the Company's position as a major supplier in the traditional industrial transmission product market.

In respect of transmission equipment for high-speed rails, metro lines, urban train and tram segments, the Group has obtained International Railway Industry Standard (IRIS) certificate for its rail transportation products, which has laid a solid foundation for the Group's rail transportation products to expand into high-end international railway markets. Currently the products have been successfully applied to rail transportation transmission equipment in Beijing, Shanghai, Shenzhen, Nanjing, Qingdao, Dalian, Suzhou, Lanzhou, Nanchang, Shijiazhuang, Fuzhou, Jinan, Wenzhou, Xi'an, Wuhan, Hong Kong, Singapore, Brazil, India, Mexico, Tunisia and Australia. The Group will continue to actively extend the transmission equipment business into high-speed rails, metro lines, urban train and tram segments, and accelerate the research and development of rail transportation gear equipment products.

The metro gear box that used in the metro of Shanghai, Hong Kong and Melbourne is PDM385 type two-stage metro gear box, which was developed by the Group on the basis of the assimilation of domestic and foreign standards and customer specifications and several years' experience in design and manufacturing. PDM385 type two-stage metro gear box is characterized by its compacted structure, low noise, and easy maintenance, etc. With a 1.2 million km, or 10-year maintenance-free life span, the key components can endure for a period of 35 years. During the Year 2017, the industrial gear business segment generated sales revenue of approximately RMB1,001,004,000 for the Group.

2. *Marine gear transmission equipment*

During the Year 2017, the Group has continued the strategy of disposing loss making businesses in order to further enhance the overall performance. The Group has disposed two subsidiaries of the marine gear transmission segment on 27 February 2017 and 18 April 2017 to two separate independent third parties. During the period from 1 January 2017 to the date of disposal, marine gear transmission equipment recorded sales revenue of approximately RMB23,573,000.

3. Computer numerical controlled ("CNC") machine tool products

CNC machine tool is the core equipment of the equipment manufacturing industry. Due to the sophistication of the application of machine tools in heavy equipments, the international markets of machine tools are dominated by a few manufacturers. Despite the Group's relentless efforts on developing advanced and efficient machine tools in order to establish a presence in the heavy and high-end equipment manufacturing markets, the Group reported consecutive decrease in revenue of CNC machine tool business since the financial year ended 31 December 2014.

During the Year 2017, the Group provided CNC machine tool products to customers through various subsidiaries and recorded sales revenue of approximately RMB60,554,000.

4. Diesel engine products

The Group's diesel engine products business is operated by Nantong Diesel Engine Co., Ltd. ("**Nantong Diesel**").

The products of Nantong Diesel cover a wide range of models, including marine diesel engines, diesel engines for power generation and gas engines. Its products are widely used in fishing vessels, inland river vessels, generating units, engineering machinery, agricultural irrigation and drainage facilities, air compression equipment and other ancillary machines.

Nantong Diesel possessed the proprietary intellectual property rights and was recognised as "Famous Brand Product of China Fishery Vessel & Machine Field", "China's Key New Product", "Jiangsu Province Key Protective Product" and "Jiangsu Province Credit Product". It was also awarded "Scientific & Technological Progress Prize of State Mechanical Industry". Recovery in shipping industry was faltered because the global economy remained uncertain. As such, the sales of the Group's diesel engine products were also affected. During the Year 2017, the Group's sales revenue from diesel engines products amounted to approximately RMB115,591,000.

Local and export sales

During the Year 2017, the Group maintained its position as the leading supplier of mechanical transmission equipment in the PRC. During the Year 2017, the overseas sales amounted to approximately RMB2,631,914,000. Overseas sales accounted for 31.9% to total sales of new energy business segment. At present, the overseas customers of the Group are based mainly in the U.S. and other countries and regions such as Europe, India and Japan. Although the economies in Europe and the U.S. were yet to be fully recovered during the Year 2017, the Group introduced different types of products in order to extend its coverage to the overseas markets.

PROSPECT

In 2018, the Company will continue to pursue its platform-oriented and internationalized development. Meanwhile, with the principle of upholding integrity and by focusing on healthy lifestyle, the Group will integrate its resources on health services, healthy tourism, cultural tourism and tourism development, and constantly explore business innovations and optimize the industrial chain of healthy lifestyle, so as to create higher returns for its shareholders and co-operative partners.

The principal target of the Group's business operation is to achieve revenue and profit growth, while healthy financial management policies remain the ground rules of our financial control. In 2018, the Company will conduct investment and financing activities with prudence to effectively control the proportion of equity financing and debt financing both domestically and abroad, so as to enhance the financial liquidity and effectiveness of usage rate of capital. At the same time, we will conduct internal corporate governance and operation with a more prudent, open and transparent attitude, so as to further strengthen our risk control and to enhance our risk resistance capability.

FINANCIAL REVIEW

Revenue

The revenue of the Group increased by approximately RMB6,715,034,000, or 156%, from approximately RMB4,311,423,000 in Year 2016 to approximately RMB11,026,457,000 in Year 2017. The revenue in Year 2017 was derived from the properties segment, tourism segment, investment and financial services segment, healthcare and education segment and new energy segment of approximately RMB2,007,216,000, RMB167,453,000, RMB49,049,000, RMB560,825,000 and RMB8,241,914,000 respectively, and the revenue in Year 2016 was derived from the properties segment, tourism segment, investment and financial services segment, healthcare and education segment and new energy segment of approximately RMB2,894,843,000, RMB134,321,000, RMB3,716,000, RMB362,464,000 and RMB916,079,000 respectively.

In Year 2017, the revenue of the properties segment decreased by approximately RMB887,627,000, or 31%, as compared to Year 2016. The properties segment includes investment, development and sales of properties and provision of construction related services. Revenue decreased in the properties segment was mainly due to the decrease in sales of properties by approximately RMB934,263,000, from approximately RMB2,638,593,000 in Year 2016 to approximately RMB1,704,330,000 in Year 2017. The total delivered GFA of the Group's properties decreased from approximately 167,169 sq.m. in Year 2016 to approximately 100,820 sq.m. in Year 2017, while the average selling price increased from approximately RMB15,784 per sq.m. to approximately RMB16,905 per sq.m.

The revenue of the tourism segment was mainly derived from a hotel operated in Australia. The revenue increased by approximately RMB33,132,000, or 25% as compared to Year 2016. This was mainly due to the hotel renovation in the first half of Year 2016 which affected the revenue from this segment in 2016 and the marketing efforts made after completion of the renovation works in the second half of Year 2016 which increased the average occupancy and daily rate in Year 2017.

The revenue of the investment and financial services segment increased by approximately RMB45,333,000, or 1,220%. The revenue of this segment in Year 2017 was generated by Baoqiao Group acquired in late 2016.

The revenue of the healthcare and education segment increased by approximately RMB198,361,000, or 55%, which was mainly due to revenue of approximately RMB202,190,000 derived from the newly acquired in early 2017 childhood education project in Australia.

The revenue of the new energy segment increased by approximately RMB7,325,835,000, or 800%, which was derived from CHS acquired in December 2016. A significant increase in revenue of this segment was mainly because only one month revenue has been consolidated in the financial statements of Year 2016 after the acquisition of CHS by the end of November 2016. Revenue in 2017 mainly included the sales of wind gear transmission equipment and industrial gear transmission equipment of approximately RMB6,803,417,000 and RMB1,001,004,000 respectively.

Cost of sales

The cost of sales of the Group increased by approximately RMB4,619,562,000, or 134%, from approximately RMB3,447,168,000 in Year 2016 to approximately RMB8,066,730,000 in Year 2017. The cost of sales in Year 2017 derived from the properties segment, tourism segment, investment and financial services segment, healthcare and education segment and new energy segment was approximately RMB1,054,162,000, RMB179,237,000, RMB1,789,000, RMB446,695,000 and RMB6,384,847,000 respectively, whereas the cost of sales in Year 2016 derived from the properties segment, tourism segment, investment and financial services segment, healthcare and education segment and new energy segment was approximately RMB2,151,576,000, RMB154,575,000, RMB698,000, RMB258,502,000 and RMB881,817,000 respectively.

The cost of sales for the properties segment decreased by approximately RMB1,097,414,000, or 51% as compared to Year 2016, which was mainly due to the decrease of 66,349 sq.m., or 40%, in the area of properties delivered in Year 2017 as compared to Year 2016.

Cost of sales of the tourism segment increased by approximately RMB24,662,000, or 16% as compared to Year 2016. The increase in cost of sales was less than its revenue growth because certain costs were fixed.

Cost of sales of the investment and financial services segment increased by approximately RMB1,091,000, or 156% as compared to Year 2016, which was primarily due to more transaction costs were incurred in provision of financial consulting service. Due to a higher gross profit nature for this industry, the proportion of increase in cost of sales was significantly less than that of revenue.

Cost of sales of the healthcare and education segment increased by approximately RMB188,193,000, or 73% as compared to Year 2016. The reason for the higher increase in cost of sales than revenue is that the gross profit margin of newly acquired early childhood education project in Australia is lower than that of the original medical equipment.

The cost of sales of the new energy segment was approximately RMB6,384,847,000 in Year 2017, which includes the impact of the accounting adjustment of approximately RMB311,976,000 made on the premium over the cost of inventory and other non-current assets upon the acquisition of CHS in late 2016. If this accounting adjustment is excluded, the cost of sales would be approximately RMB6,072,871,000.

Gross profit and gross profit margin

The gross profit of the Group increased by approximately RMB2,095,472,000, or 242%, from approximately RMB864,255,000 in Year 2016 to approximately RMB2,959,727,000 in Year 2017. The gross profit margin increased from 20% in Year 2016 to 27% in Year 2017. The gross profit and gross profit margin in Year 2017 mainly derived from the properties segment and new energy segment were approximately RMB953,054,000 and 47% (for the properties segment) and RMB1,857,067,000 and 23% (for the new energy segment) respectively. The increase in gross profit margin was mainly attributable to a higher average selling price of the properties achieved and diminishing accounting impact of amortisation of premium arising from acquisitions in Year 2017 than in Year 2016. In addition, only one month's gross profit of the new energy segment has been consolidated in the financial statements after its acquisition in Year 2016, while the whole year gross profit has been included in Year 2017, therefore the Group's gross profit in Year 2017 increased substantially.

Fair value change in financial instruments

The Group maintains its investment segment through possessing and investing in various investment and financial products for potential or strategic use purposes. The Group recorded a gain on change in fair value of financial instruments of approximately RMB1,907,073,000 for Year 2017, as compared to a gain on change in fair value of approximately RMB3,361,459,000 for Year 2016. The fair value gain mainly derived from listed equity investments. The Group will closely monitor its investment performance and will adjust its investment plan and portfolio when necessary.

Other income and gains

Other income and gains increased by approximately RMB450,892,000, or 185%, from approximately RMB243,882,000 in Year 2016 to approximately RMB694,774,000 in Year 2017. Other income and gains in Year 2017 mainly included other interest income of approximately RMB167,240,000, investment income of approximately RMB120,902,000 and bank interest income of approximately RMB120,779,000. Other income and gains in Year 2016 mainly included other interest income of approximately RMB57,577,000, exchange gain of approximately RMB56,337,000 and bank interest income of approximately RMB38,546,000.

Other expenses

Other expenses of the Group increased by approximately RMB786,568,000, or 10,502%, from approximately RMB7,490,000 in Year 2016 to approximately RMB794,058,000. The other expenses in Year 2017 mainly included impairments loss on certain current and non-current assets of approximately RMB555,076,000, loss on disposal/liquidation of associates of approximately RMB128,151,000 and exchange loss of approximately RMB110,831,000. In consideration of poor performance of certain non-wind power business of new energy segment and high end healthcare service, indicators of impairment were identified. The management assessed the market conditions of these business lines and considered the situation may not be greatly improved in the foreseeable future. Accordingly, a significant impairment loss was made in 2017.

Selling and distribution expenses

Selling and distribution expenses of the Group increased by approximately RMB316,091,000, or 138%, from approximately RMB228,803,000 in Year 2016 to approximately RMB544,894,000, which was mainly due to the selling and distribution expenses of approximately RMB372,805,000 incurred from CHS, the subsidiary acquired in late 2016, have been included in Year 2017, while only one month of selling and distribution expenses amounted to approximately RMB59,074,000 from CHS was included in Year 2016.

Administrative expenses

Administrative expenses of the Group increased by approximately RMB908,408,000, or 179%, from approximately RMB507,853,000 in Year 2016 to approximately RMB1,416,261,000 in Year 2017. The increase in administrative expenses was mainly from CHS acquired in late 2016. The administrative expenses incurred by CHS was approximately RMB1,018,555,000 in Year 2017, which was approximately RMB882,960,000 higher than in Year 2016, in which only one-month administrative expenses have been consolidated. The administrative expenses in Year 2017 mainly included salaries and staff welfare of approximately RMB434,232,000, professional fees of approximately RMB115,980,000 and research and development expenses of approximately RMB354,627,000 (Year 2016: salaries and staff welfare of approximately RMB140,863,000, professional fee of approximately RMB87,696,000 and research and development expenses and license fee of approximately RMB100,555,000).

Finance costs

Finance costs of the Group increased by approximately RMB641,055,000, or 712%, from approximately RMB89,996,000 in Year 2016 to approximately RMB731,051,000 in Year 2017, which was mainly due to the finance costs of approximately RMB526,289,000 derived from CHS, the subsidiary acquired in late 2016, and the higher average borrowing amount of the Group in Year 2017 than in Year 2016.

Change in fair value of properties held for sale transferred to investment properties

During the Year 2017, the Group has transferred certain parts of its shopping mall of carrying value of approximately RMB733,863,000 from properties held for sale to investment properties for rental income or appreciation purpose. The fair value of these properties were approximately RMB1,150,000,000 at the date of transfer and was valued by a professional valuer. A fair value gain of approximately RMB416,137,000 was recorded. There was no similar transaction in Year 2016.

Gain on disposal of subsidiaries, net

In Year 2017, the Group disposed of certain subsidiaries, and recorded a net total gain of approximately RMB364,534,000. In February 2017 and April 2017, the Group completed the disposal of its 100% equity interest in Nanjing High Accurate Marine Equipment Co., Ltd.*（南京高精船用設備有限公司）and Zhenjiang Tongzhou Propeller Co., Ltd.*（鎮江同舟螺旋槳有限公司）at an aggregate cash consideration of RMB607,000,000. The Group completed its disposal of 100% equity interest in Nanjing Jingjing Photoelectric Science & Technology Co., Ltd.*（南京京晶光電科技有限公司）and its subsidiaries at a cash consideration of approximately RMB155,176,000 in April 2017. No gain or loss was recorded from above-mentioned transactions. In June 2017, the Group completed the disposal of 80% equity interest in Nanjing Tianyun Real Estate Development Company Limited*（南京天韻房地產開發有限公司）at a consideration of RMB787,000,000 and recorded a gain before tax of approximately RMB29,297,000. In July 2017, the Group completed the disposal of 90% equity interest in Chongqing Tongjing Changhao Property Limited*（重慶同景昌浩置業有限公司）at a consideration of RMB248,000,000, and recorded a loss before tax of approximately RMB3,248,000. In December 2017, the Group completed the disposal of 53.1% equity interest in Shenzhen Anke and its subsidiaries at a consideration of RMB303,450,000, and recorded a gain before tax of approximately RMB345,758,000 after considering the fair value of the remaining equity interest. The Group completed the disposal of 45% equity interest of Ordos Shenchuan at a consideration of approximately RMB7,000,000 and recorded a loss before tax of approximately RMB7,273,000.

In Year 2016, the Group disposed of certain subsidiaries, and recorded a net total gain of approximately RMB98,502,000. In June 2016, the Group completed the disposal of 100% equity interest in Fullshare Green Building Group Company Limited*（豐盛綠建集團有限公司）and its certain subsidiaries at a total consideration of RMB240,000,000 and recorded a gain before tax of approximately RMB14,283,000. In December 2016, the Group completed the disposal of 51% equity interest in Fudaksu Pte. Limited and its subsidiaries at a consideration of approximately RMB120,340,000 and recorded a gain before tax of approximately RMB64,124,000. In December 2016, the Group completed the disposal of 100% equity interest in Guangzhou Fullshare Healthcare Management Co., Ltd.* （廣州豐盛健康管理有限公司）and its subsidiaries at a consideration of RMB55,000,000 and recorded a gain before tax of approximately RMB45,460,000. In December 2016, the Group completed the disposal of 63% equity interest in Jiangsu New Best Zhong-Chuan Technology Co., Ltd *（江蘇新貝斯中傳科技有限公司）at a consideration of RMB18,000,000, and recorded a loss before tax of approximately RMB25,365,000.

Gain on a bargain purchase recognised in acquisition of subsidiaries

In June 2017, the Group acquired 100% equity interest of Kunshan Herong Properties Development Limited*（昆山和融房地產開發有限公司）("**Kunshan Herong**") at a consideration of approximately RMB26,410,000. As the fair values of the identifiable assets and liabilities of Kunshan Herong assessed by the independent valuer at the acquisition date was higher than the consideration, a gain on a bargain purchase recognised in acquisition of subsidiaries of approximately RMB38,038,000 was recorded.

In September 2016, the Group completed the acquisition of 100% equity interest of High Access International Investments Limited and its subsidiaries at a consideration of approximately RMB1,296,872,000 by issuing 341,555,000 shares of the Company. The Group recorded a gain on a bargain purchase recognised in acquisition of subsidiaries of approximately RMB3,752,000.

Share of profits and losses of joint ventures and associates

In Year 2017, the Group recorded net gains of approximately RMB152,950,000 and RMB65,922,000 from its joint ventures and associates respectively. The share of profits from joint ventures mainly derived from Five Seasons Cultural Tourism Development Company Limited*（五季文化旅遊發展有限公司）, a company principally engaged in provision of culture and tourism service, of approximately RMB80,319,000. The share of profits of associates mainly derived from ADHL, a company principally engaged in resort and property development, of approximately RMB56,803,000.

The share of result of joint ventures and associates in Year 2016 was immaterial.

Income tax expense

In Year 2017, the corporate income tax ("**CIT**") expense, the land appreciation tax ("**LAT**") expense and the deferred tax expense of the Group amounted to approximately RMB534,899,000, RMB155,524,000 and RMB286,004,000, respectively, and in Year 2016, the CIT expense, the LAT expense and the deferred tax expense amounted to approximately RMB295,237,000, RMB111,965,000 and RMB333,716,000, respectively. The current CIT expense in Year 2017 increased by approximately RMB239,662,000 as compared to Year 2016, mainly due to more gross profit generated from the properties and new energy segments than last year.

The LAT expense in Year 2017 increased by approximately RMB43,559,000 as compared to Year 2016. Although the properties sales in Year 2017 decreased, more LAT provision was provided in Year 2017 as the properties projects delivered in Year 2017 charged a higher effective LAT rate. The deferred tax expense in Year 2017 was mainly derived from the provision for the fair value gains in financial instruments of approximately RMB342,303,000 and fair value gains on investment properties of approximately RMB132,823,000; deferred tax credit from unpaid LAT provision of approximately RMB60,505,000 and reversal of deferred tax liabilities of approximately RMB119,464,000 recognised at the date of acquisition of CHS when the inventories were sold and non-current assets were amortised. The net deferred tax expense in Year 2016 was RMB333,716,000, which was mainly derived from the provision for the fair value gains in financial instruments of approximately RMB557,154,000 and deferred tax credit from reversal of deferred tax liabilities of approximately RMB58,666,000 recognised at the date of acquisition of CHS when the inventories were sold and reversal of approximately RMB144,737,000 recognised at the date of acquisition of Jiangsu Anjiali Company Limited*（江蘇安家利置業有限公司）upon the delivery of property units of Amber Garden Phase II*（琥珀花園二期）.

Profit for the year

In Year 2017, the Group recorded a profit of approximately RMB2,136,464,000. Excluding the net gain on disposal of subsidiaries of approximately RMB364,534,000, gain on bargain purchase recognised in acquisition of subsidiaries of approximately RMB38,038,000 and the relevant tax expenses of approximately RMB145,698,000 for the above gains, the Group recorded a net profit for approximately RMB1,879,590,000 for Year 2017. In Year 2016, the Group recorded a profit of approximately RMB3,002,284,000. Excluding the net profit on disposal of subsidiaries of approximately RMB98,502,000, gain on a bargain purchase of approximately RMB3,752,000 and the relevant tax expenses of approximately RMB4,455,000 for above gains, the Group recorded a net profit of approximately RMB2,904,485,000 for Year 2016. The adjusted net profit decreased by approximately RMB1,024,895,000 in Year 2017 as compared to the Year 2016. The decrease in net profit was mainly due to the decrease in profit after tax of the fair value gain in financial instruments of approximately RMB1,232,000,000.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

In Year 2017, the Group financed its operations and investments mainly by internally generated funds and debt financing.

Cash position

As at 31 December 2017, the Group had cash and cash equivalents of approximately RMB5,221,679,000, (31 December 2016: RMB3,864,068,000,) excluding pledged bank deposits, represented an increase by approximately RMB1,357,611,000, or 35% as compared to 31 December 2016.

Bank and other borrowings

As at 31 December 2017, bank and other borrowings of the Group amounted to approximately RMB12,052,441,000, including bank loans of approximately RMB7,191,490,000 and other borrowings of approximately RMB4,860,951,000. Among the bank and other borrowings, approximately RMB8,688,795,000 are repayable within one year, RMB1,964,084,000 are repayable over one year but not exceeding two years, RMB786,125,000 are repayable over two years but not exceeding five years and RMB613,437,000 are repayable over five years. As at 31 December 2016, bank and other borrowings of the Group amounted to approximately RMB8,975,918,000, including bank loans of approximately RMB7,498,855,000 and other borrowings of approximately RMB1,477,063,000. Among bank and other borrowings, approximately RMB6,225,935,000 are repayable within one year, approximately RMB991,841,000 are repayable over one year but not exceeding two years, RMB856,125,000 are repayable over two years but not exceeding five years and approximately RMB902,017,000 are repayable over five years.

The borrowings balance increased by approximately RMB3,076,523,000, or 34%, from 31 December 2016 to 31 December 2017, which was mainly used for new investments in Year 2017.

Corporate bonds

As at 31 December 2017, the corporate bonds of the Group amounted to approximately RMB1,919,988,000 (31 December 2016: RMB8,387,000). The interest rate was fixed and the balances were repayable over two years but not exceeding five years. The corporate bonds of approximately RMB1,912,018,000 and RMB7,970,000 were denominated in RMB and Hong Kong dollars respectively.

Leverage

As at 31 December 2017, total cash and cash equivalents of the Group amounted to approximately RMB5,221,679,000 (31 December 2016: RMB3,864,068,000), excluding pledged bank deposits). Total balances of bank and other borrowings, obligation under finance lease, convertible bonds and corporate bonds amounted to approximately RMB13,972,429,000 as at 31 December 2017 (31 December 2016: approximately RMB9,014,993,000). The gearing ratio of the Group as at 31 December 2017, calculated as a ratio of the sum of bank and other borrowings, obligation under finance lease, convertible bonds and corporate bonds to total assets, was approximately 26% (31 December 2016: approximately 19%). The net equity of the Group as at 31 December 2017 was approximately RMB27,203,699,000 (31 December 2016: approximately RMB26,313,670,000).

As at 31 December 2017, the Group recorded total current assets of approximately RMB31,630,524,000 (31 December 2016: RMB28,477,128,000) and total current liabilities of approximately RMB19,731,019,000 (31 December 2016: RMB17,356,839,000). The current ratio of the Group, calculated by dividing total current assets by total current liabilities, was about 1.6 as at 31 December 2017 (31 December 2016: 1.6).

FOREIGN EXCHANGE EXPOSURE

The assets, liabilities and transactions of the Group are mainly denominated in RMB, Hong Kong dollars, Australian dollars, US dollars, Euros and Singaporean dollars. The Group currently does not have a foreign currency hedging policy. In order to manage and reduce foreign exchange exposure, the management will evaluate the Group's foreign exchange exposure from time to time and take actions as appropriate.

TREASURY POLICIES

As at 31 December 2017, bank and other borrowings of approximately RMB9,668,367,000, RMB784,219,000, RMB190,298,000 and RMB1,409,557,000 were denominated in RMB, Hong Kong dollars, Euro dollars and US dollars (31 December 2016: RMB8,427,259,000, RMB409,919,000, nil and RMB138,740,000 respectively). Bank and other borrowings of approximately RMB8,685,724,000 (31 December 2016: RMB6,571,858,000) were at fixed interest rates, the remaining balances were either at variable rates or non-interest bearing. Cash and cash equivalents held by the Group were mainly denominated in RMB and Hong Kong dollars. The Group currently does not have foreign currency and interest rate hedging policies. However, the management of the Group monitors the foreign exchange and interest rate exposure from time to time and will consider hedging significant foreign exchange and interest rate exposure if needed.

As at 31 December 2017, trade and bills receivables and trade and bills payables of the Group were approximately RMB6,650,273,000 and RMB6,814,951,000 (31 December 2016: RMB7,281,539,000 and RMB6,870,880,000), respectively. The Group has a policy in financial risk management to ensure settlement of all receivables and payables during the credit period.

PLEDGE OF ASSETS

Details of the Group's pledged assets as at 31 December 2017 are set out in note 25 to the consolidated result in this announcement.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES OR ASSOCIATED COMPANIES

To expand the scale of operations and improve the quality of the assets of the Group, the Group conducted and completed the following material corporate acquisitions and disposals in Year 2017:

On 23 January 2017, an indirect wholly-owned subsidiary of the Company, as purchaser, entered into an equity transfer agreement with Kunshan Ronghui Properties Development Limited*（昆山市融匯房地產開發有限公司）, as vendor, in relation to the acquisition of the entire equity interest in Kunshan Herong at a cash consideration of RMB26,410,000. Completion of the acquisition took place on 28 June 2017. Details of the acquisition were set out in the announcements of the Company dated 18 May 2016, 20 July 2016, 29 December 2016 and 23 January 2017 respectively.

On 3 March 2017, Five Seasons XXII Pte. Ltd. ("**Five Seasons XXII SG**"), the then direct wholly-owned subsidiary of the Company, as purchaser, entered into a sale and purchase agreement (as supplemented by side letters dated 28 April 2017, 12 May 2017, 6 June 2017 and 26 July 2017 respectively) with GSH Properties Pte. Ltd., TYJ Group Pte. Ltd. and Vibrant DB2 Pte. Ltd. (collectively, the "**GSH Vendors**"), as vendors, in relation to (i) the acquisition of the entire issued and paid-up share capital of Plaza Ventures Pte. Ltd. ("**Plaza Ventures**") at an initial aggregate consideration of S$231,943,895 (equivalent to approximately RMB1,130,841,068 as at 3 March 2017), subject to adjustments, and (ii) the transfer and assignment of the shareholder loans granted by the GSH Vendors to Plaza Ventures (the "**GSH Shareholders Loans**") to Five Seasons XXII SG at an initial consideration equivalent to the amount of the GSH Shareholders Loans due and outstanding in the management accounts of Plaza Ventures as at 31 March 2017, subject to adjustments. On 26 July 2017, the Company disposed the entire equity interest in the sole shareholder of Five Seasons XXII SG and assigned a shareholder loan to FVF I (A) L.P. at the aggregate cash consideration of S$108,655,349.37 (equivalent to approximately RMB538,367,591.83 as at 26 July 2017), and both Five Seasons XXII SG and its sole shareholder ceased to be subsidiaries of the Company on the same date. Completion of the acquisition of Plaza Ventures and the assignment of the GSH Shareholders Loans by Five Seasons XXII SG took place on 31 July 2017. Details of the transactions were set out in the announcements of the Company dated 6 February 2017, 3 March 2017, 6 June 2017 and 26 July 2017 respectively.

On 20 April 2017, Nanjing High Accurate Drive, an indirect non-wholly owned subsidiary of the Company, as vendor, Jiangsu Shiji Yuntong Technology Co., Ltd.*（江蘇世紀運通科技有限公司）, as purchaser, entered into an equity transfer agreement in relation to the entire equity interest of Nanjing Jingjing Photoelectric Science & Technology Co., Ltd.*（南京京晶光電科技有限公司）for a cash consideration of approximately RMB155,176,000. Completion of the disposal took place on 20 April 2017. Details of the disposal were set out in the announcement of CHS dated 27 April 2017.

On 25 May 2017, Five Seasons VII Pty Ltd ("**Five Seasons VII AUS**"), an indirect wholly-owned subsidiary of the Company, as purchaser, and Nanjing Construction Group (Australia) Whisper Bay Pty Ltd as a trustee of the Nanjing Construction Group (Australia) Unit Trust ("**Nanjing Construction AUS**") as vendor, entered into a sale and purchase agreement whereby, among other things, Five Seasons VII AUS conditionally agreed to purchase, and Nanjing Construction AUS conditionally agreed to sell the entire issued share capital (the "**Sale Shares**") of Whisper On The Water Pty Ltd at the consideration of AU$1,021,590 (equivalent to approximately RMB5,258,635 as at 25 May 2017) (subject to adjustment); on the same date, the Group entered into certain land sale agreements with the relevant vendors, pursuant to which the Group conditionally agreed to purchase and the relevant vendors conditionally agreed to sell certain land properties at an aggregate consideration of AU$79,068,325 (equivalent to approximately RMB407,004,124 as at 25 May 2017) which, together with the aggregate consideration for the acquisition of the Sale Shares, shall be settled by the Company through allotting and issuing 165,442,061 new Shares (subject to adjustment) under specific mandate at the issue price of approximately HK$2.961 each to Nanjing Construction Group (BVI) Limited. The proposed acquisitions were subsequently terminated on 24 August 2017. Details of the proposed acquisitions and their terminations were set out in the announcements of the Company dated 26 May 2016, 25 November 2016, 25 May 2017, 26 May 2017, 16 June 2017, 14 July 2017 and 24 August 2017 respectively.

On 27 June 2017, Nanjing Fengli Equity Interest Investments Enterprise*（南京豐利股權投資企業）("**Nanjing Fengli**"), an indirect wholly-owned subsidiary of the Company, as vendor, Nanjing Changfa Dushi Real Estate Development Co. Ltd.*（南京長發都市房地產開發有限公司）("**Nanjing Changfa**"), as purchaser, and Nanjing Tianyun Real Estate Development Company Limited*（南京天韻房地產開發有限公司）("**Nanjing Tianyun**") entered into an equity interest transfer agreement pursuant to which, Nanjing Fengli conditionally agreed to sell, and Nanjing Changfa conditionally agreed to acquire, 80% equity interest in Nanjing Tianyun at the total consideration of RMB787,000,000. Completion of the disposal took place on 29 June 2017 and Nanjing Tianyun ceased to be a subsidiary of the Company. Details of the disposal were set out in the announcement of the Company dated 27 June 2017.

In October 2017, Nanjing High Accurate Drive, Nanjing Sanbao Technology Group Co., Ltd.*（南京三寶科技集團有限公司）and Zhongbang Jinkong Investment Co., Ltd.*（眾邦金控投資有限公司）agreed to adjust the total maximum capital contribution to Nanjing Dongbang Equipment Limited*（南京動邦裝備有限公司）("**Nanjing Dongbang**"), a joint venture company, from RMB2,000,000,000 to RMB50,000,000 by reducing their respective capital contribution to Nanjing Dongbang on a pro rata basis. The capital contribution made by Nanjing High Accurate Drive was reduced to RMB22,500,000 from its original amount of RMB900,000,000. The major business scope of the Nanjing Dongbang is investment in manufacturing industry. Due to the unfavorable economic environment as a whole, the capital contribution reduction can help retain resources for the development of other businesses of CHS and increase the effectiveness of use of funds. Details of the capital reduction were set out in the announcement of CHS dated 21 December 2017. On 22 December 2017, CHS also disposed its interest in Nanjing Dongbang to an independent third party.

On 20 November 2017, a direct wholly-owned subsidiary of the Company, as vendor, entered into an agreement (the "**ADHL Agreement**") with Hongkong Ruihua Investment Management Limited 香港瑞華投資管理有限公司, as purchaser, in relation to the disposal of 559,865,959 shares (the "**ADHL Sale Shares**") in ADHL, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 519), at a total consideration of HK$442,294,108, subject to terms and conditions as set out in the ADHL Agreement (the "**ADHL Disposal**"). As at the date of the ADHL Agreement, the ADHL Sale Shares represent approximately 22.35% of the then issued share capital of ADHL. Upon completion of the ADHL Disposal, the Group will cease to hold any equity interest in ADHL. Completion of the ADHL Disposal took place on 27 December 2017. Details of the disposal were set out in the announcement of the Company dated 20 November 2017.

On 22 December 2017, Nanjing Fenglue Asset Management Company Limited*（南京豐略資產管理有限公司）("**Nanjing Fenglue**") (as vendor), an indirect wholly-owned subsidiary of the Company entered into the disposal agreements (the "**Disposal Agreements**") with each of (i) the connected purchasers in relation to the disposal of approximately 31.75% of the total issued share capital of Shenzhen Anke at an aggregate cash consideration of RMB181,450,000; and (ii) the independent purchasers in relation to the disposal of approximately 21.35% of the total issued share capital of Shenzhen Anke at an aggregate cash consideration of RMB122,000,000. Completion of the disposals took place on 27 December 2017. Upon completion of the disposals, the Company will through Nanjing Fenglue hold approximately 19.09% of the total issued share capital of Shenzhen Anke and Shenzhen Anke ceased to be a subsidiary of the Company. Details of the disposal were set out in the announcement of the Company dated 22 December 2017.

The Company confirms that it has complied with all the disclosure requirements under Chapter 14 and 14A of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

In Year 2017, save as disclosed above in this announcement, the Group did not have any material acquisition or disposal of subsidiaries or associates.

OPERATING SEGMENT INFORMATION

Details of the operating segment information of the Group in the Year 2017 are set out in note 3 to the consolidated result in this announcement.

CAPITAL COMMITMENTS

Details of the capital commitments of the Group as at 31 December 2017 are set out in note 26 to the consolidated result in this announcement.

CONTINGENT LIABILITIES

Details of contingent liabilities of the Group as at 31 December 2017 are set out in note 24 to the consolidated result in this announcement.

PROPOSED FINAL DIVIDEND

The Board has resolved to recommend a final dividend of RMB1.5 cents (2016: RMB1.5 cents) per share in cash distributed from the share premium account of the Company for the Year 2017 to the shareholders of the Company (the "**Shareholders**") whose names appear on the register of members of the Company on 1 June 2018. Such final dividend will not be subject to any withholding tax. As at 31 December 2017, the balance of the Company's share premium account was approximately RMB17,491,141,000. After the payment of the final dividend, assuming there are no other changes to the share premium account, the balance of the Company's share premium account is expected to be reduced to approximately RMB17,195,205,000. The proposed final dividend will be declared in RMB but paid in Hong Kong dollars. The final dividend payable in Hong Kong dollars will be converted from RMB at the spot rate of RMB to Hong Kong dollars of 1.25 as announced by the Hongkong and Shanghai Banking Corporation Limited as at 29 March 2018.

The proposed final dividend is subject to the approval of the Shareholders at the forthcoming annual general meeting to be held on 25 May 2018 (the "**AGM**"). The final dividend is expected to be paid on 15 June 2018.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM of the Company to be held on Friday, 25 May 2018, the register of members of the Company will be closed from Friday, 18 May 2018 to Friday, 25 May 2018, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:00 p.m. on Thursday, 17 May 2018.

For determining the entitlement to the proposed final dividend (subject to approval by the Shareholders at the AGM), the register of members of the Company will be closed from Thursday, 31 May 2018 to Friday, 1 June 2018, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible for the above proposed final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with branch share registrar and transfer office of the Company in Hong Kong, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:00 p.m. on Wednesday, 30 May 2018.

STAFF AND REMUNERATION POLICIES

As at 31 December 2017, the Group had about 7,594 employees (31 December 2016: 9,325 employees). The Group's total staff costs (including executive directors' remuneration) amounted to approximately RMB1,499,686,000 in Year 2017 (Year 2016: approximately RMB230,130,000). Employee remunerations are determined according to the Group's operating results, job requirements, market salary level and ability of individuals. The Group regularly reviews its remuneration policy and additional benefit programs and makes necessary adjustments to bring them in line with the industry level. In addition to basic salaries, the Group has established revenue sharing programs and performance appraisal plans to provide rewards according to the Group's results and employees' individual performance.

SUBSEQUENT EVENTS

As at 31 December 2017, details of the subsequent events of the Group are set out in note 27 to the consolidated result in this announcement.

AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 of the Listing Rules. The primary duties of the audit committee of the Company are to review and supervise the financial reporting process and internal control system of the Group and to review the Group's interim and annual reports and financial statements. The audit committee of the Company had reviewed the consolidated financial statements of the Group for the Year 2017. The audit committee of the Company currently comprises three independent non-executive Directors.

FUND RAISING ACTIVITIES

On 7 September 2016, the Company entered into a subscription agreement with Macquarie Bank Limited ("**MBL**") to issue zero coupon convertible notes due 2017 (the "**Notes**") in an aggregate principal amount of HK$350,000,000 comprising five sub-tranches of HK$70,000,000 each at the issue price of 99% of the principal amount of the Notes. The Notes are convertible into ordinary shares of the Company at a conversion price of 95% of the volume weighted average price of the shares of the Company as traded on the Stock Exchange on the trading day immediately preceding the conversion date (the "**Conversion Price**"). The floor price, being the minimum conversion price, shall initially be HK$3.00 per share of the Company (the "**Floor Price**"), subject to adjustments. Pursuant to the terms of the subscription agreement, the Company is obliged to issue and MBL is obliged to subscribe and pay for, within 5 trading days after conversion of all the Notes of the immediately preceding sub-tranche, the next succeeding sub-tranche of the Notes.

The issue of the Notes and the right of conversion into shares of the Company attached to the Notes were approved and authorised by the Shareholders under specific mandate at the extraordinary general meeting of the Company held on 18 October 2016. During the year ended 31 December 2016, the first sub-tranche Notes, second sub-tranche Notes and the third sub-tranche Notes were issued on 1 November 2016, 17 November 2016 and 18 November 2016, respectively. During the year ended 31 December 2016, (i) the first sub-tranche Notes have been fully converted into a total of 16,940,000 shares of the Company from 1 November 2016 to 16 November 2016 at the conversion price ranging from HK$4.087850 to HK$4.155395 per share of the Company; (ii) the second sub-tranche Notes have been fully converted into a total of 16,640,000 shares of the Company from 17 November 2016 to 18 November 2016 at the conversion price of HK$4.146275 and HK$4.24118 per share of the Company respectively; and (iii) the third sub-tranche Notes have been partially converted in an aggregate principal amount of HK$45,000,000 into a total of 10,610,000 shares of the Company at HK$4.24118 per share of the Company on 18 November 2016.

The estimated net proceeds from the issue of all of the Notes of approximately HK$346,000,000 will be applied to finance any possible acquisitions or investments as and when opportunities arise and to supplement the general working capital of the Group. The Company has received the net proceeds of approximately HK$183,150,000 from the issue of the three sub-tranches of the Notes in the year ended 31 December 2016 which were used as intended as to approximately 79.31% to develop and invest in the healthcare segment of the Group and the remaining net proceeds as to approximately 20.69% were used for general working capital.

The Notes are redeemable at the option of the Company at a price of 99% of the principal amount of the Notes. Any Notes not converted will be redeemed at 99% of its principal amount on the maturity date (being 1 November 2017) (the "**Maturity Date**").

During the Year 2017, no outstanding third sub-tranche Notes were converted into new shares of the Company nor new sub-tranche of the Notes were issued. The outstanding third sub-tranche Notes were redeemed and cancelled by the Company on the Maturity Date at the remaining principal amount of HK$25,000,000. As at 31 December 2017, the Company has no outstanding Notes that are convertible into shares of the Company.

Further details of the subscription were set out in the announcement of the Company dated 7 September 2016, the circular of the Company dated 29 September 2016 and the interim report of the Company for the six months ended 30 June 2017.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY OR ITS SUBSIDIARIES

In November 2014, CHS issued 8.3% guaranteed bonds due 20 November 2017 of a total principal amount of RMB650,000,000 with a listing on the Stock Exchange (the "**Bonds**"). As at 31 December 2015 and 31 December 2016, the outstanding principals of the Bonds amounted to RMB264,630,000.

On 29 November 2016, CHS issued an announcement to holders of the Bonds in relation to the change of control of CHS occurred on 29 November 2016 due to the acquisition by the Company (the "**Relevant Event**"). After the occurrence of the Relevant Event, a holder of the Bonds will have the right, at the option of such holder of the Bonds, to require CHS to redeem all, but not some only, of such bondholder's Bonds on 12 January 2017 at 101% of their principal amount together with accrued interest to 12 January 2017. As at 12 January 2017, CHS received valid put exercise notices from those holders of the Bonds holding such Bonds in the aggregate principal amount of RMB151,590,000 (the "**Redeemed Bonds**"). Settlement of the Redeemed Bonds (the "**Redemption**") was completed on 12 January 2017 (i.e., the Put Settlement Date) and the Redeemed Bonds were cancelled on the same date. The aggregate amount of consideration paid by CHS in relation to the Redemption was RMB154,898,000. CHS redeemed all outstanding Bonds in full upon maturity ("**Redemption on Maturity**") on 20 November 2017 by payment of a total consideration of approximately RMB117,795,000. After completion of the Redemption on Maturity, the Bonds were cancelled and delisted from the Stock Exchange.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company or its subsidiaries during the Year 2017.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and related notes thereto for the Year 2017 as set out in this announcement have been agreed with the Group's auditors, Ernst & Young ("**E&Y**"), which is consistent with the figures set out in the Group's consolidated financial statements for the Year 2017. The work performed by E&Y 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 E&Y in this announcement.

CORPORATE GOVERNANCE CODE

The Company is committed to maintaining a high standard of corporate governance. It believes that a high standard of corporate governance provides a framework and solid foundation for the Group to manage business risks, enhance transparency, maintain a high standard of accountability and protect interests of the Shareholders and other stakeholders.

The Company has applied the principles and complied with the CG Code during the Year 2017 except for the following deviation:

On 14 August 2017, Mr. Deng Xiaoxiong ("**Mr. Deng**") has resigned as the co-chief executive officer of the Company ("**CEO**") as Mr. Deng wished to focus on and allocate more time and effort to the management of the healthcare business of the Group.

Under the Code Provision A.2.1 of the CG Code, the roles of chairman and CEO should be separate and should not be performed by the same individual. During the Year 2017, the positions of chairman and CEO of the Company were held by Mr. Ji. The Board believes that the holding of both positions of chairman and CEO by the same individual allowed more effective planning and execution of business strategies. The Board has full confidence in Mr. Ji and believes that his dual roles will be beneficial to the Group.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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. Having made specific enquiry of all Directors regarding any non-compliance with the Model Code during the Year 2017, they have all confirmed their full compliance with the required standards as set out in the Model Code throughout the Year 2017.

ANNUAL GENERAL MEETING

The AGM for approving, among other things, the audited consolidated financial statements of the Group for the Year 2017, will be held at 3:00 p.m. on 25 May 2018, details of which will be set out in the notice of the AGM to be published in due course.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement has been published on the website of the Stock Exchange, www.hkexnews.hk, and the website of the Company, www.fullshare.com. The annual report for the Year 2017 will be despatched to the Shareholders and published on the above-mentioned websites in due course.

By Order of the Board
Fullshare Holdings Limited
Ji Changqun
Chairman

Hong Kong, 29 March 2018

As at the date of this announcement, the executive Directors are Mr. Ji Changqun (Chairman), Mr. Shi Zhiqiang, and Mr. Wang Bo; and the independent non-executive Directors are Mr. Lau Chi Keung, Mr. Chow Siu Lui and Mr. Tsang Sai Chung.

* *for identification purpose only*